

THE ECONOMY

Employment Trends in the Economy

There is no flow of data on a regular basis on the employment situation in Sri Lanka. Hence it is extremely difficult to construct a coherent picture of the employment trends during a given period of time. In this column, an attempt is made to bring together the scattered data on the employment situation in recent years (see Table below). The available data are incomplete and moreover the data from different sources and for different years are not strictly comparable. Hence, as it is difficult to derive accurate conclusions from these data on the employment situation and trends; the conclusions must be necessarily tentative.

The Overall Picture

According to the population census of 1971, the total employed population in Sri Lanka in that year was 3.6 millions and the unemployed population was 796,000. According to the preliminary results of the Land and Labour Utilization Survey conducted by the Central Bank, the total employed population in early 1973 was nearly 4 million and the unemployed population was 984,000. A comparison of these statistics (although there are difficulties in such comparisons) reveal that during the period mid 1971 to early 1973, the total employment in the economy has risen by about 400,000 or about 11% and the volume of unemployment has risen by 188,000 or nearly 24%. The average annual increase in employment during this period is therefore around 114,000 and average increase in unemployment is about 54,000 per year.

Labour Department Surveys

In recent years an attempt has been made by the Department of Labour to collect statistics on employment by means of annual surveys. However, these surveys cover only industrial establishments employing five or more persons. Hence the coverage is confined to what may be termed as the

"organised business sector" of the economy which includes the plantations, business establishments in the field of manufacturing, distribution, transport and storage, banking and finance and other services. These surveys therefore exclude government departments and institutions (except those engaged in construction, manufacturing and distribution trades) and the unorganised sectors in construction, manufacturing, agriculture and services where self-employment and small scale businesses employing less than five persons are an important feature. The coverage of these surveys is around 25% of the total employment in the country. The results of these surveys are given in Table the for the period 1971-74. A comparison of these figures reveals that the total employment in the "organised business sector" of the economy has shown an improvement from 1971 to 1972, remained almost stationary in 1973 and slightly declined in 1974. It should be noted

however, that the data obtained from these surveys are strictly not comparable from year to year because of the variations in the response to the survey. This problem can be overcome if the comparison is confined to firms which have responded regularly to the survey. An index of employment prepared on that basis is also given in the Table and it shows that the total employment has shown an improvement of only 0.9% during 1971-74.

Provident Fund Statistics

Another possible index of employment trends is provided by the number of employees registered under the Employees' Provident Fund. Here again the coverage is confined to the organised sector of the economy, i.e. establishments which made contributions to the provident funds of their employees. These figures exclude the large number of self-employed or own-account workers, unpaid family labour, and government employees who are on a pensionable service. Moreover, although the EPF Act has now been widened to cover all employments, including those with a single employee, there are many errant employers evading contributions.

TABLE I
EMPLOYMENT STATISTICS
(In One Thousand)

	1971	1972	1973	1974	1975
Population	12,699	12,951	13,180	13,393	13,603
Total Employed Population ...	3,622	—	—	3,973*	—
Unemployed Population	796	—	—	984*	—
Labour Dept. Annual Surveys:					
(a) Total Employment	979	1,027	1,054	1,003	n.a.
(b) Index numbers of employment (adjusted)	100	101.7	101.6	100.9	n.a.
Employees' Provident Fund:					
(a) Total Registrants	1,955	2,074	2,151	2,208	n.a.
(b) Active Accounts	929	907	913	876	n.a.
Total Employed Public Sector:					
of which					
(a) Government Departments ...	504	554	596	659	679
(b) Semi-govt. Institutions ...	329	350	386	412	424
Index numbers of Employment in Public Sector Industrial Establishments	175	201	210	247	255
Index numbers of Employment in Public Sector Industrial Establishments	100	107	115.8	121.3	n.a.

n.a. — not available.

* — End 1974/Early 1975 data

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The total number of employees registered under the EPF has risen from less than 2 million in 1971 to over 2.2 million in 1974 (the latest year for which figures are available) representing an increase of over 250,000 or nearly 13% during a period of three years. However, these figures cannot be taken as a reliable index of the level of employment in the establishments covered by the Fund for the reason that these figures include among the employed those who are no longer employed but continue to have an account with the Fund. Hence, in order to get a better picture, it is necessary to look at the active accounts (that is accounts to which contributions are being made by employers during a year). A comparison of such figures (given in the Table) reveal that there has been a drop in employment during 1971-74. The active accounts are less than half the registered accounts. This shows that the number of registered accounts grossly exaggerate the actual number employed.

Public Sector Employment

How has the public sector fared in the field of employment creation during 1971-75? Here the available data are more reliable and hence it is possible to derive some definite conclusions. All available data point to a substantial expansion in the public sector employment. The volume of employment in the public sector as a whole has increased by 175,000 or 35% during the period 1971-75. Within this sector, the government departments have recorded an increase in employment of 95,000 or nearly 30% and the semi-government institutions (corporations, boards, universities, banks etc.) have recorded an increase of 80,000 or nearly 46%. The average annual increase in public sector employment during this period has been around 35,000 or about 8%. The index of employment in the public sector industrial establishments compiled by the Labour Department shows a growth of 21.3% during 1971-74. However, a similar index compiled for the private sector industrial establishments records a drop of 6% in employment during 1971-74.