

PRIVATE REMITTANCES

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Since the beginning of the 1990s, private remittances have continued to account for a substantial proportion of the foreign exchange earnings of the country. The highest contribution to foreign exchange earnings in the 1970s was derived from the export of tea, while in the mid 1980s this position was taken by the ready made garments sector. In addition, a significant feature of the composition of foreign exchange earnings during this period was the substantial increase in worker remittances to make private remittances the second highest contributor to foreign exchange earnings. At the beginning of the 1980s, that is in 1983, private remittances represented 27% of export earnings. However, a decline is seen by 1997 and in that year private remittances recorded a marginal decline and amounted to 20% of export earnings. However, when total export earnings are taken into account it is seen that while foreign exchange earnings from ready made garments amounted to Rs. 134,455 million, private remittances was the second highest contributor with exchange earnings amounting to Rs. 54,956 million. This is a significant characteristic of the economy as a whole.

An analysis of private remittances will reveal that it is an income received on account of export of labour. There are several categories that participate in Sri Lanka's labour exports. The first category comprises persons who sell their labour in the international labour market. In the second category is the Sri Lanka Bureau of Foreign Employment, SLBFE (the Ministry of Labour performed the functions of the SLBFE from 1970 to 1985). It mediates at an

official level between the international labour market and labour migrants. The third category comprises the employment agencies, which act as brokers in the international labour market.



Trends of Labour Market

An analysis of the international labour market reveals that the highest demand for Sri Lankan labour is derived from the Middle Eastern countries. According to statistics on overseas labour migration, 149,843 persons had migrated for employment through registered sources, while the destination of 142,143 or 95% of such migrants was the Middle East. In addition, Singapore, Korea and Cyprus have been identified as new destinations for labour migration. According to labour market trends, the female domestic labour category commands the highest demand. In 1997, of the total labour migrants, female domestic workers accounted for 99,132 and represented 66.6% of the total labour migrants. In the same year, skilled labour categories accounted for 16.4% of the total, while 1.3% represented unskilled labour. Clerical and allied categories of labour represented 2.3% while mid-level professional and high level professionals accounted for

11% and 0.4% of the total respectively. As much as 112,413 or 75% of overseas migrant workers are women.

By 1997, the total Sri Lankan labour force in the international labour market stood at 710,000. Of this number, over 600,000 or 84.5% are employed in the Middle Eastern countries while Saudi Arabia has provided employment to 225,000 or 37.5%. The other Middle Eastern countries, which have a concentration of Sri Lankan overseas migrant workers are United Arab Emirates and Kuwait. These two countries employ 20.8% and 18.3% of the total Sri Lankan overseas workers. Therefore, the future demand for Sri Lankan labour will depend to a very great extent on the political and economic trends in these labour importing countries in the Middle East. In such a scenario, it would be necessary to identify alternative labour markets. However, it has been projected that a total labour force of 5,180,600 would be required by the Middle Eastern countries by the year 2000. (Tlaviad Annani, 1992. Policies and Labour demand in GCC Countries, ILO, UNDP, Cairo). Of this number it is estimated that 2,885,200 or 55.6% will be required by Saudi Arabia. The projected labour demand for the United Arab Emirates is 1,117,000 or 21.5% of the total, while Kuwait will need an estimated 614,500 or 11.8% of the projected labour required for the Middle East. An analysis of the total labour force in Saudi Arabia, Kuwait and United Arab Emirates (UAE) shows that labour imports account for 55% of the total labour force in Saudi Arabia, 79% in Kuwait and 91% in UAE, and 82% in Qatar. Consequently, labour exports

from Sri Lanka will be dependent to a very great extent on the political and economic situation in the countries mentioned above.

Characteristics of Labour Market

Several studies have been carried out on the extent and characteristics of labour migration from Sri Lanka. Among such studies is a survey carried out by the Department of Census and Statistics, which classifies the ethnicity of migrant labour as 84% Sinhalese, 8.9% as Tamil, and 6.2% as Muslims. A survey conducted by the Marga institute records the ethnic composition of labour migrants as 72.8%, 2.5% and 17.1% respectively. A survey of labour migrants undertaken by the Sri Lanka Bureau of Foreign Employment at the Katunayake International Airport in 1994 has recorded the ethnic composition of migrants as 67.3%, 4.8% and 27.8% respectively. Of the total of all ethnic groups that have sought employment overseas, 70.2% comprise women. Domestic workers account for 66% of this total female migrant workers. A survey of female domestic workers carried out reveals that about 80% of the women seek any type of employment overseas as a strategy to overcome the poverty of their families. Women who have secured employment overseas in employment other than as domestic workers, such as in ready made garment factories stated the main reason for seeking overseas employment was their inability to obtain work in Sri Lanka or because of the ability to obtain a higher remuneration for such work. Further, migrant workers who have sought employment in new destinations such as Singapore and Cyprus, have done so because of the higher salaries that are being paid in these countries. When compared with migrant workers in the Middle East, the educational level of those women who have migrated to new destinations appear to be higher.

Among the women who have migrated overseas for employment, the most vulnerable, in terms of job security and physical safety are domestic workers. According to statistics maintained by the Sri Lanka Bureau of Foreign Employment, approximately 3% of the workers have not received their salaries according to the contract, have been dismissed from work within a very short period of time, and had been subjected to sexual harassment. In 1997 the SLBFE has received 7431 such complaints. Of this number as much as 6215 were in respect of domestic workers. This included 102 deaths and 82 detentions. Although statistically this figure constitutes a small percentage, when each of these cases are analysed it depicts a situation, which warrants the discouragement of women from seeking employment overseas. However, in discussions held with prospective migrants, it appeared that although they were aware of such incidents, they were not unduly concerned of the possibility that they would find themselves in such a situation.

It has also been reported that unskilled labour migrants too have had to face employment related problems. These include, non-placement in agreed jobs, non-payment of salaries, having to return to Sri Lanka as a result of discontinuation from employment within a very short period of commencing work, etc. According to the data supplied by the SLBFE, this category of workers is included in the 3% who have undergone these types of harassment. It is therefore difficult to conclude whether such incidents in the international labour market have a decisive influence on labour migration.

Employment Agencies

The employment agencies that act as brokers in recruiting labour for the international labour market play an important role in the migration process. In the 1970s, the employment agencies were not registered, nor were their

activities regulated. However, by 1980, registration of employment agencies with the SLBFE was made mandatory and those agencies that did not register were categorised as illegal agencies. By 1997, the number of agencies that had been registered islandwide totaled 520. Sixty seven per cent of these employment agencies are located in the Western Province.

Of those who migrated overseas for employment in 1997, 114,743 persons had been placed by employment agencies, 54,799 had secured employment through private sources, and 301 had been recruited through the SLBFE. Accordingly, it becomes evident that the employment overseas accounted for the highest number of placements overseas.

Sri Lanka Bureau of Foreign Employment

In accordance with the Foreign Employment Bureau Act No. XX of 1985, all migrant workers who are in receipt of a monthly salary of less than Rs. 10,000 are required to register with SLBFE by depositing a sum of Rs. 2700. Of this amount Rs.2000 was to be reimbursed to the employment agencies responsible for recruiting the migrant worker. In 1994, the registration fee was increased to Rs.5200. In discussions held with the employment agencies it was agreed that 70% of this amount would be paid to the agency concerned. However, a survey carried out among prospective migrants revealed that the over 90% workers, including domestic workers have had to pay an additional sum of money to the employment agencies. Although the air tickets and visas are provided free of charge to domestic workers, many indicated that the agencies charge them cost of the ticket and visa. Although the employment agencies did not deny this charge, their contention was that they provide a service to the workers and

it was a service charge to defray their expenses. Some agencies were of the view that though they make a significant contribution to the country to enhance its foreign exchange earnings, neither the government nor the Bureau has assessed their contribution nor the question of payments properly.

The SLBFE performs the function of an intermediary in bringing those who are willing to sell their labour in the international labour market and the employment agencies together. In addition, the Bureau is charged with several other functions by its Act of 1985. These are, to mediate between the employer/recruitment agency and the registered migrant worker, to negotiate for the payment of compensation in case of dismissals or discontinuation, or to pay compensation under the insurance schemes concerned by the Bureau. It also takes steps to arrange the repatriation of those workers who have been dismissed and are displaced through the Sri Lankan embassies. Its other functions include taking action to resolve disputes arising between prospective migrants and agencies, and instituting legal action against those employment agencies that engage in fraudulent activities.

Welfare Schemes for Migrant Workers

Considering the contribution of migrant workers to the foreign exchange earnings of the country, the SLBFE has commenced a wide range of welfare schemes for migrant workers and their families. Foremost among these is the establishment of 16 training centres throughout the country and conducting appropriate training programmes, especially for domestic workers. The charges levied by the Bureau for these training courses are nominal. It has also commenced a programme to award scholarships to children of low income earners

studying in Grade 5, and for the GCE OL, and GCE AL Examinations. Loan schemes for housing and self employment at concessionary rates of interest have been commenced in collaboration with the People's Bank for low income earners. Similar loan schemes have been introduced for Kuwait returnees who returned to the country consequent to the war. Discussions with the Bureau officials also revealed that a family counseling service has been commenced very recently for families of low income earners who have migrated overseas.

In addition to the activities undertaken by the Sri Lanka Bureau of Foreign Employment mentioned above, it carries out research relating to the international labour market, and is engaged in locating new destinations for Sri Lankan workers. The Bureau is also engaged in maintaining a dialogue through the Sri Lankan embassies with countries such as Saudi Arabia and Kuwait, which employ the largest number of Sri Lankans on matters relating to security of employment and welfare; and in obtaining compensation for loss employment during the Kuwait war from the United Nations and disbursing the monies thus obtained.

Thus it is seen that a broad programme of work has been initiated for the benefit of workers who make a significant contribution to the country's foreign exchange earnings. However, the stability of future private remittances will depend on the trends of labour migration and the political and economic stability of countries such as Saudi Arabia and Kuwait which account for the largest number of Sri Lankan workers.

