NA 80/36

INSTITUTE OF POLICY STUDIES

A Statistical Overview of Employment and Unemployment Trends

By
R.B.M. Korale

Research Studies **Employment Series 5**

D.F.C.C. Building - 2nd Floor
73/5, Galle Road
Colombo 3.
Sri Lanka

INSTITUTE OF POLICY STUDIES

A Statistical Overview of Employment and Unemployment Trends

By
R. B. M. Korale

USAID / DIO
COLOMBO, SRI LANKA

NA 80/36

CONTENTS

	Page
Synopsis	5
Introduction	8
Sources of data	9
Labour force estimates	15
Employment Growth Trends	18
Unemployment	29
Measurement of the economically active population	46
An Evaluation and review of the labour force and its growth trends	57
References	60

A STATISTICAL OVERVIEW OF EMPLOYMENT AND UNEMPLOYMENT TRENDS: SYNOPSIS

R. B. M. Korale

The principal objective of the paper is to provide a statistical overview of employment and unemployment trends as they have evolved during the past three decades. Its other objectives are described at p 08 of the paper.

The censuses of population and surveys udertaken in Sri Lanka before 1963 did not provide for the total enumeration or estimation of the unemployed population. and to this extent they underestimated the labour force characteristics. The concepts and definitions used in measuring the labour force have varied from one inquiry to another, resulting in a loss of comparability. The labour force estimates derived from the surveys conducted since 1946 are set out in Table 2, (p 17) and the rates of growth for selected periods have ialso been computed. According to this unadjusted data, the labour force has grown form 2.6 million in 1946 to 5.97 million in 1985, a rise of 129% at an average rate of 2.1% per annum. In addition to the rapid growth in the labour force, its internal composition has changed due to the influx of persons with higher educational attainments. The economically active population will continue to grow at rates exceeding 2% in the short and medium term.

During the 40 years between 1946 and 1986, total employment increased by 2.520 million or 96.5%. The rate of growth of employment during the 25 years from 1946 to 1971 was slow in relation to labour force growth (see p 19), adding only 1 million unemployment opportunities. The rate of employment growth improved after the mid 1970s and nearly 1.5 million opportunities arose between 1971 and 1985. A detailed analysis of the distribution of the employed population by industry sector (p. 20-24), indicates the trends in sectoral employment, inter-sectoral shifts, the sectors and subsectors that have lagged behind, and prospects for labour absorption in the different sectors. The occupational distribution of the employed population and the employment status structure as it has changed over time are also reviewed.

The dimensions of the unemployment problem are set out in Table 7 (p. 30). Unemployment rose from an estimated 300,000 at the beginning of the 1960s to 840,000 in 1971. It continued to grow till 1977. The land and Labour Utilization Survey 1975 returned an unemployment figure of nearly 1 million. Unemployment has been particularly high among new entrants to the labour force. From the inception of the problem in the mid 1960s, over 70% of all unemployed, (78.2% in 1985) have been below the age of 30 years. The distribution of unemployment among males follows closely the pattern for both sexes taken together. A distinguishing feature of male unemployment has been its higher relative share in the 15-19 age group, more males than females having dropped out of school, to look for work. The growth of female unemployment has been high because of a rise in female educational attainments and non-diversification of job opportunities acceptable to females (p. 33-34). Unemployment in the age group 10-14years has declined from 29,500 in 1971 to 9,500 in 1985. Nearly one fourth of the unemployed have been in the age group 15-19 years for more than two decades.

The regional distribution of unemployment did not change very significantly between 1971 and 1981. The wet zone districts of Colombo, Gampaha, Kalutara, Kandy, Nuwara Eliya, Galle. Matara, Ratnapura and Kegalle have contained 72% of al unemployed (see p. 39 and 42). As much as 52.6% of those unemployed have been from households with per capita household incomes of less than Rs. 250 per month (household incomes less than Rs. 1600 per month). There is not much variation in income backgrounds betwen unemployed males and females. Data on the educational attainments, regional distribution and household income of the unemployed population has been reviewd and several tabulations which cross-classify these characteristics with other variables included (see p. 37-45).

The difficulties of measuring employment and unemployment through censuses and surveys in developing countries have been highlighted recently. and the underestimation, arising from the use of a short reference period accepted. The concepts and definitions used in many of the surveys undertaken in the 1940s, 1950s and 1960s would have invariably led to underestimating of the unemployed population. Those designing the surveys have been overly concerned about possible overestimation of the extent of unemployment. Underestimation of the employed population has also occurred in some surveys. In the Census 1981 only those casual workers who had worked for a major part of the reference period of 30 days were classified as employed, causing a severe uuder-estimation of employment in the agriculture, construction and service sectors.

The fluctuations in employment and unemployment estimates appeared to be mainly due to errors in measurement as they cannot be accounted for purely by changes in the level of economic activity. Demographic factors do not cause sudden changes but only gradual shifts. In view of the deficiencies evident in the data, the labour force participation rates by age and sex have been examined to discern a trend and thereby reconstruct the labour force components for selected years.

The age-specific labour force participation rates have been studied from a number of sources (p. 49-51). Based on the trend observed in the age-specific participation rates (Tables 19 and 20) and other assumptions, projected participation rates have been computed for the survey years 1980 and 1985 and for 1986 (Tables 21 and 22). These rates and the mid-year population figures have been used to estimate the labour force components for these years (see p. 52-56).

In the concluding chapter, an attempt is made to set the limits within which the estimates on employment, unemployment and the labour force would have varied and to identify the path taken by these variables. Based on the analysis, the trends in the labour force and the number employed and unemployed are summarized below.

ESTIMATED TRENDS IN COMPONENTS OF THE LABOUR FORCE

In millions

Year	*Labour force*	*Employment*	*Unemployment*
1946	2.6 - 2.7	2.3 - 2.35	0.25
1950	2.8 - 2.9	2.55 - 2.6	0.25 - 0.30
1953	3.0 - 3.05	2.7 - 2.75	0.3 - 0.325
1960	3.4 - 3.5	3.0 - 3.1	0.35 - 0.40
1963	3.6 - 3.7	3.2 - 3.3	0.35 - 0.40
1968	4.15	3.67	0.47
1971	4.45	3.65	0.839
1975	4.95	3.95	0.985
1976	5.09	4.08	1.01 - 1.07
1980	5.56	4.73	0.80 - 0.85
1985	6.26	5.2	1.05 - 1.08
1986	6.39	5.28 - 5.3	1.10 - 1.15
1987	6.53	5.36 - 5.39	1.14 - 1.17

A STATISTICAL OVERVIEW OF EMPLOYMENT AND UNEMPLOYMENT TRENDS

By

R. B. M. Korale

Introduction

Sri Lanka's demographic and labour force variables have aroused much interest and came into focus, mainly because of the very high levels of unemployment the country has been experiencing for more than two decades. In the post-independent era it has been, except during very brief periods, a case of slow growth in demand for labour, leaving a part of the nett annual additions to the work-force without productive employment and adding them to the expanding pool of surplus labour. The problem of surplus labour has become complex and intractable. In addition to open unemployment, underemployment of different types and intensities, the mismatch between expectations and opportunities and structural unemployment have aggravated the problem. The dimensions, incidence and characteristics of the unemployed population are therefore important, and detailed information on them is of interest and value for decision making and policy review.

The problem of surplus labour in Sri Lanka has been studied from several perspectives and the objective of this paper is restricted to the provision of a statistical overview of employment and unemployment trends as they have evolved during the past three decades. The statistical data base available on employment and unemployment is neither comprehensive nor of high quality. Surveys for the measurement of the labour force have not been undertaken regularly and comparability between data sets has been lost through changes in definition and concepts. Because of these-limitations, a detailed analysis of the subject has been difficult. The study proposes to :

* Identify the sources of labour force data and describe the type and nature of the information available and their volume and content.
* Briefly present the problems and issues which have been encountered in the measurement of employment and unemployment in census and surveys which affected the quality of the estimates.
* Utilise the available data in the form in which they are presented to set out and analyse the overall dimensions and trends of employment and unemployment.
* Examine in detail the changes and shifts in employment and unemployment, including those at sectoral and subsectoral levels. specially in those components and parameters of interest for policy purposes.
* Noting the limitations in data quality and possible underestimation of labour force variables, trace the trends of labour force variables, reconstructiing where necessary and preparing limits over time.

The paper has been set out in six sections :

— Sources of data
— Labour force estimates
— Employment growth trends
— Unemployment
— Measurement of the economically active population
— Evaluation and review of the labour force and its growth trends

SOURCES OF DATA

There are several sources of data on employment and unemplloyment, but only the censuses of population and socio-economic surveys which sampled the country as a whole and elicited data on the economically active population can be used for a statistical analysis of employment and un-unemployment. The establishment surveys which cover particular sectofs and subsectors of the economy and employment/unemployment registration data may be useful in combination with other sources, but cannot be directly used for analysing employment and unemployment trends.

The censuses of population conducted befoe 1o46 attempted to elicit information on the occupational stafus of the populatiob, but provided noinformation on unemployment. The censuses conducted after 1946 have obtained information on the employment status of the population, but the coverage of unemployment has varied. National statistical surveys have been undertaken for different socio-economic purposes and not necessarily to measure labour force characetristics. During the past 40 years, only seven s0rveys have been undertaken wigh the objective of measuring the characteristics of the labour force. The samples used in some of these 2were, however, not of adequa adequate size to obtain statistically reliable estimates for some variables which need to be disagrgre-disaggregated for analysis. It has therefore become necessary to depend on population census data for details analysis; these are also subject to certain weaknesses arisising from errors in classofication, underestimation of characteristics, etc.

The establishment and administration records, such as those of the Employeexs Provident Fund, Employees Trust Fund, Jlb Bank and Wages Boards, are also of little value for a statistical study, because of inadequate coverage, un-updated records and lack of detail. The absence of an employment registration scheme with comprehensionve coverage of job seekers, which would have provided information for varying survey estimates, makes it difficult to measure employment in surveys; those seeking jobs have no institution to record their availability, an act which is consi-dered an essential ingredient in the measurement of unemployment. The censuses and surveys that have provided data on employment and unemployment are listed in Table 1 with information on year of survey, agency responsible, sample size, design and coverage.

Loss of Comparability

Surveys on employment have been unde:taken for, and by, a number of state sector organisations, and the concepts and definitions used in these different inquiries have varied. This has been primarily due to differing organisational viewpoints, as well as to the changes in the definition of the workforce recommended by international organisations such as the International Labour Organisation (ILO).

The Census of Population 1946 used the concept of gainful employment, and persons who were employed, excluding unpiaid family workers, and persons who were previously employed but were temporarily unemployed at the time of the census were enumerated. Because of the need to obtain information concerning the unemployed following the deterioration of the unemployment problem the definition of unemployment was widened over the years, and in Census 1971 even discouraged workers who were not actively seeking employment were enumerated as unemployed. Thereafter the definition of the unemployed again became more constricted by widening the coverage of the employed by reducing the time duration for employment specified for enumeration as employed. In some of the recent surveys the reference period used has been 1 month. and persons who had worked for only 1 day in the month have been counted as employed, resulting in a higher estimation of the employed over an estimate when the reference period was 1 week. This exclusion in earlier surveys of particular categories which were later covered and other changes have resulted in a loss of comparability from one survey to another and prevented the estimates from disclosing a trend over time.

TABLE 1

SOURCES OF LABOUR FORCE DATA

Title of Survey, Year and Agency	*Sample Design and Size*	*Coverage*	*Tabulation Available on Economically Active Population*
1. Census of Population 1946; Department of Census and Statistics	Total enumeration	All island. Demographic and housing topics canvassed at household level.	Cross-tabulations of population by age, sex, marital status, literacy, religion, ethnicity AGA division, sector, district and gainfully occupied population by age, sex, major occupation group, employment status, etc. Only published tabulations are available.
2. Survey of Consumer Finance 1953; Central Bank	Stratified random sample of 970 households.	All island and sector, estate and non-estate level levels.	Tabulations on population and employed population by age, sex, household size, occupation, employment status, household income and expenditure.
3. Census of Population 1953; Department of Census and Statistics	Total enumeration	All island. Demographic and housing topics canvassed at household level.	Cross-tabulations of population by age, sex, marital status, literacy, religion, ethnicity and sector, district, AGA division and gainfully occupied population by age, sex, major occupational, industry division (for the first time), employment status, etc. The employment data excluded persons seeking work for the first time. Only published tabulations are available.
4. Survey of Employment, Unemployment and Underemployment 1959-1960; Department of Census and Statistics in collaboration with ILO	Stratified sample of 10,000 households	All island and at sector level.	A preliminary mimeographed report which provide sample estimates on the economically active population, classed by sex, sector, industry and occupation group, is available. Sample estimates have not been blown up to population size.
5. Census of Population and Housing 1963; Department of Census and Statistics	Total enumeration	All island, Demographic and housing topics canvassed at household level.	Cross-tabulations of the gainfully occupied population by age, sex, industry division, occupation group, employment status etc. Unemployment data more complete than from previous censuses, but unemployed population under-enumerated.

TABLE 1 (Contd)

SOURCES OF LABOUR FORCE DATA

Title of Survey. Year and Agency	*Sample Design and Size*	*Coverage*	*Tabulations Available on Economically Active Population*
6. Survey of Consumer Finances 1963; Central Bank	Stratified sample of 4984 households drawn from urban, rural and estate sectors.	All island and at sector level.	Tabulations on employed and unemployed populations, classified by selected variables including age, sex, occupation (not ISCO), income and expenditure, etc.
7. Survey of Rural Employment 1964; ILO	Cluster samples covered 1824 households in 13 villages.	Selected regions of rural sector.	Published data limited to age, sex, educational attainment, and occupational distribution of the employed and unemployed population.
8. Labour Force Survey 1968; Ministry of Planning and Economic Affairs	Stratified sample of 13,000 households drawn from urban, rural and estate sectors.	All island. Geographic and economic sectors at major division level.	Report of this survey was not published. Tabulations on labour force by age, sex, educational attainment, sector; more detailed tabulations on employment and unemployment, classified by these variables and by occupation, etc; persons's secondary activity, unemployed classified by two reference periods and by duration of unemployment, etc.
9. Survey of Rural Credit and Indebtedness 1969; Central Bank	Sample of 26,123 in 159 villages in 22 districts grouped into 5 zones.	Rural household sector.	A limited number of tables classifying the employed and unemployed by age, sex and educational attainment and the employed by industry, sector and occupational category (not ISCO).
10. Socio - Economic Survey 1969!70; Department of Census and Statistics	Stratified random sample of 9694 households drawn from urban, rural and estate sectors in 4 rounds.	All island. Geographic and economic sectors at major division level.	A number of tabulations classifying the labour force and employed and unemployed population by sector, age, sex and educational attainment and the employed by industry and occupation, etc. and the unemployed by duration of unemployment, etc.

TABLE 1 (Contd)

SOURCES OF LABOUR FORCE DATA

Title of Survey, Year and Agency	*Sample Design and Size*	*Coverage*	*Tabulations available on Economically Active Population*
11. Census of Population 1973; Department of Census and Statistics	Total enumeration. Migration and housing topics canvassed from a 10% sample in rural areas.	All island. Demographic and housing topics canvassed at household level.	Several publications including district-level reports and a general report providing cross-tabulations of the population, employed and unemployed by a number of parameters. The data files are on magnetic tapes and any special tabulation in the required format can be produced.
12. Survey of Consumer Finances 1973; Central Bank	Stratified sample of urban, rural and estate sectors of 5088 households.	All island. Sectoral and regional level.	A report containing tables and a general report have been published. Tables which cross-classify population, employed and unemployed by a number of variables including age, sex, sector, industry occupation, ethnicity, etc. have been included.
13. Determinants of Labour - Force Participation Rates 1973 Central Bank	Stratified random sample of 2500 households drawn from urban, rural and estate sectors.	All island and at sector level.	A number of tables which cross-classify the labourforce and employed and unemployed population by selected variables have been published in the report of the survey. It gives emphasis to an analysis of the labour force participation rates.
14. Land and Labour Utilization Survey 1975; Central Bank	Stratified urban, rural and estate strata; sample of 5000 households.	All island and at sector level.	A few tabulations on the employed and unemployed population have been published. A survey report has not been released.

TABLE 1 (Contd)

SOURCES OF LABOUR FORCE DATA

Title of Survey, Year and Agency	*Sample Design and Size*	*Coverage*	*Tabulations Available on Economically Active Population*
15. Consumer Finances and Socio - Economic Survey 1978/79; Central Bank	Stratified sample of 8000 households drawn from 13 zones; survey conducted in 4 rounds.	All island and at sector level.	Detailed tabulations on the employed and unemployed population classified by a number of variables have been produced in two publications, one containing tables and the other the report of the survey. Data available on tape and any special tabulation can be produced.
16. Labour Force and Socio - Economic Survey 1980/81; Department of Census and Statistics	Sample of 10,000 households drawn from sectors and districts.	All island and at sector level.	Detailed tabulations on the employed and unemployed populations cross-classified by a number of variables have been released. The data files are available on tape and any special tabulations can be released The sample estimates have been blown upto population size in the report.
17. Census of Population 1981; Department of Census and Statistics	Total enumeration. Migration and housing topics canvassed from a 10% sample in rural areas.	All island. Demographic and housing topics canvassed at household level.	This census has provided the largest volume of data on employment and unemployment. A number of publications which provide national level aggregate, district estimates, and small administrative area statistics have been released. This census underestimated the labour force and its estimates have therefore to be carefully interpreted.

TABLE 1 (Contd)

SOURCES OF LABOUR FORCE DATA

Title of Survey, Year and Agency	*Sample Design, and Size*	*Coverage*	*Tabulations Available on Economically Active Population*
18. Consumer Finances and Socio - Economic Survey 1981/82; Central Bank	Stratified random sample of 8000 households drawn from 1000 census blocks in 13 strata.	All island and at sector level.	Detailed tabulations on employed and unemployed classified by a number of relevant variables have been published in a report containing tables and in a general report. The date is on magnetic tapes and special tabulations can be processed. The survey appears to have underestimated the labour force.
19. Labour Force and Socio - Economic Survey 1985/86; Department of Census and Statistics	Stratified sample of 25,000 households drawn from the 25 administrative districts and urban, rural and estate sectots.	All island district and sector levels.	Data from the first six months of the survey has been released. Detailed tabulations of the labour force, employed and unemployed classified by a number of parameters have been published in the preliminary report. District level estimates for employment and unemployment will be available when the data from the full survey is processed.

LABOUR FORCE ESTIMATES

Sri Lanka's labour force increased from an estimated 2.612 million in 1946 to 5.972 million in 1985 a rise of 3.36 million or 129% over the 40 year period. The rapid growth of the population in the first few post-independence decades and the expansion of education at all levels have contributed to this rate of growth of the economically active population. The male work-force nearly doubled and the female component trebled during the four decades. The labour force estimates derived through the censuses and surveys (Table 2) give the folllowing rates of average annual growth for selected periods :

Period	*Rate of Growth*
1946 — 53	2.0%
1953 — 63	1.4%
1963 — 71	3.3%
1971 — 81	2.5%
1946 — 71	2.7%
1946 — 85	2.1%
1971 — 85	2.1%

The labour force growth rate has not declined below 2.5% in the past two decades, and is unlikely to decline below 2% in the short term as only migration can have a significant impact on it.

In addition to the rapid increase in the size of the labour force, its composition has changed markedly due to the influx of persons with higher educational qualifications and better vocational skills. In the case of males, the participation rates in the middle age groups have reached stable levels; the growth in the male labour force is mainly the result of increase in the size of the population of working age and the qualitative improvement resulting from the higher educational attainments and improved vocational skills of new entrants and the withdrawal of those with lower skills from higher age groups.

The increase in the female labour force has been the result of a rise in the labour force participation rates caused primarily by an improvement in the educational attainments of women of working age. Female participation rates and the composition of unemployment by age shows that significant numbers of females drop out of the labour force after a period of searching for employment. "The existence of a large reservoir of discouraged workers who had been looking for non-manual work in shops and offices which had remained scarce in relation to the number seeking these jobs had made it difficult to assess the size, magnitude and composition of the labour force variables. The surveys have disclosed estimates which were unrealistic and which remained outside the anticipated trends in the labour force. The problems of unemployment with large numbers working shorter hours and days and receiving low incomes have also had their effects in complicating these issues." (Korale, 1985).

The economically active populatuon, as already mentioned, will continue to grow at rates exceeding 2% in the short and medium term. As the new entrants to the labour force for the next one and a half decades are already born, no significant changes could occur except through external migration. Migration, both temporary and long-term, will remain an important variable in the labour market and determinant of the labour force. Unemployment, underemployment and low

income will act as push factors and the very high remuneration in foreign employment as a pull factor irrespective of location and distance to maintain the outfow at significant levels. The labour force projections envisages the economically active population increasing to 7.54 million by 1991 and 9.1 million by 2001. Because of the changes in the composition of the labour force, weaknesses in the existing data and difficulty in accurately forecasting the level of migration, regular review of the labour force estimates becomes necessary.

Table 2.

LABOUR FORCE ESTIMATES 1946 — 86

	Title of Survey	*Labour Force Participation (In Thousands)*			*Crude Participation Rate (per cent)*		
		Total	*Male*	*Female*	*Total*	*Male*	*Female*
1.	Census of Population 1946	2,611	2.041	570	39.2	57.8	18.2
2.	Census of Population 1953	2,993	2,268	724	37.0	53.1	18.9
3.	Census of Population 1963	3,464	2,742	722	32.7	49.8	14.2
4.	Labour Force Survey 1968	4,150	3,156	994	34.6	50.7	17.2
5.	Socio-Economic Survey 1969/70	4,169	3,124	1,045	38.6	57.3	19.5
6.	Census of Population 1971	4,488	3,312	1,176	35.4	50.7	19.1
7.	Survey of Labour Force Participation Rates 1973	4,560	3,267	1,293	34.4	48.5	20.2
8.	Land and Labour Utilization Survey 1975	4,957	3,490	1,467	36.5	50.2	22.1
9.	Consumer Finances and Socio-Economic Survey 1978/79	5,521	3,712	1,809	38.0	50.4	26.2
10.	Socio-Economic Survey 1980/81	5,715	4,109	1,606	37.3	53.1	21.2
11.	Census of Population 1981	5,016	3,736	1,280	33.8	49.4	17.1
12.	Consumer Finances and Socio-Economic Survey 1981/82	5,282	3,843	1,439	34.3	49.7	19.4
13.	Labour Force and Socio-Economic Survey 1985/86	5,972	4,015	1,957	38.9	52.7	25.4

Source : Korale, R.B.M. Sri Lanka Economic Journal : Vol. 1, No. 1, 1986.

EMPLOYMENT GROWTH TRENDS

The gross magnitudes of employment disclosed in surveys do not provide an accurate picture of the actual trend, but are provided here as introductory material and analysed later in the paper. The earliest reliable estimate of the country's employment is that of the Census of Population 1946, which enumerated total employment at 2.612 million. During the 40 years upto 1985, the volume of employment increased by 2.520 million to 5.132 million. The pattern of growth of employment is broadly visible from Table 3 which provides employent estimates from surveys. The estimates from the censuses conducted in 1946 and 1953 show that 380,000 employment opportunities had arisent at an average annual rate of 2.0%. However, between 1953 and 1963 employment growth was very low, with only 200,000 new jobs arising, at a growth, rate of 0.6% per year The growth of employment improved during the next intercensal period 1963-71 when 450,000 jobs were generated at an average growth rate of 1.7%per year. The growth of employment in the post-independencc period, in particular from 1946 to 1971, was slow, adding only 1 million jobs during the entire 25 years for the same period. Here it should be remembered that the 1946 and 1953 censuses did not enumerate the total unemployed population.

Employment growth improved substantially after the mid-1970s and this is reflected in survey data. Between 1971 and 1985 nearly 1.5 million job opportunities had arisen in the economy. There are four estimates of employment between 1978 and 1982, and of these the Census 1981 estimates which missed a large volume of casual employment, is an outlier. The other three survey estimate, are relatively close, and if one takes as the average of the estimate of 1981, then employment increased by over 1 million between 1971 and 1981, with an increase of nearly 700,000 between 1977 and 1981.

The employment growth rate achieved during this period enabled the backlog of unemployed to be reduced, possibly for the first time in two decades. Table 3 also shows that employment growth then slowed down, between 1981 and 1985 possibly about 275,000 opportunities were provided against a nett addition of about 500,000 to the labour force, resulting in a deterioration of the unemployment situation.

When employment estimates are broken down by sex, the differences that have occurred as a result of measurement problems which caused the trend to be disturbed are even more clear. In particular, a drop in the employment estimates seen in short inter-survey periods is not due to a decline in economic activity but generally due to one or the other or both surveys not having captured the real volume of employment. If one ignores these differences and concentrates on the overall position, the male employed population increased from approximately 2.0 million in 1946 to 3.6 million in 1985 by 80 %. Recent surveys have not returned consistent estimates on the male population, the highest estimate being provided in the Labour Force and Socio-Economic Survey 1980/81.

The estimates on female employment are even more erratic, with two relatively high estimates from the 1978/79 and 1985/86 surveys and a low estimate from the Census 1981. At the end of 1960 the number of females employed appear to have been around 800,000. It is much more difficult to assess the volume at the beginning of the 1980s because of the wide divergences in the estimates.

Table 3.

EMPLOYMENT ESTIMATES

(In thousands)

	Title of Survey	*Estimated Employment*		
		Total	*Male*	*Female*
1.	Census of Population 1946	2,612	2,042	570
2.	Census of Population 1953	2,993	2,269	724
3.	Census of Population 1963	3,200	2,543	657
4.	Labour Force Survey 1968	3,674	2,835	839
5.	Socio-Economic Survey 1969/70	3,610	2,775	835
6.	Census of Population 1971	3,649	2,838	811
7.	Survey of Labour Force Participation Rates 1973	3,767	2,820	947
8.	Survey of Consumer Finances 1973	3,398	na	na
9.	Land and Labour Utilization Survey 1975	3,973	2,990	983
10.	Consumer Finances and Socio-Economic Survey 1978/79	4,764	3,387	1,377
11.	Labour Force and Socio-Economic Survey 1980/81	4,851	3,623	1,228
12.	Census of Population 1981	4,119	3,268	881
13.	Consumer Finances and Socio-Economic Survey 1981/82	4,678	3,545	1,133
14.	Labour Force and Socio-Economic Survey 1985/86	5,132	3,581	1,551

Source : Korale, R.B.M. (Employment Trends Sri Lanka.)
Economic Journal : 1986 April, 1 (1).

Industrial Distribution of Employment

The industrial distribution of the employed population shows the pattern of utilization of the workforce in the various sectors of the economy. The Department of Census and Statistics and the Central Bank have both adopted the International Standard Industrial Classification (ISIC) in their surveys, making it possible to get these aggregates across surveys. The cross-section data from censuses and surveys show the trend in labour force utilization in these sectoral activities and the shifts within and between sectors. In most surveys, the sample sizes are not large enough to provide estimates below the major division level, and it is only from the censuses that data can be disaggregated to third and fourth digit evel economic activities. Estimates of the industrial distribution of employed persons blown up to population size are available only from a few surveys. The classification used in the Census 1946 does not enable the data to be grouped according to the current classification. The data from the censuses and surveys that provided this information is given in Table 4.

The proportion of the employed population dependent on agriculture, animal husbandry and fisheries has been constantly high, and the Labour Force and Socio-Economic Survey 1985/86 has disclosed that 2.531 million or 49.3% of the total employed were engaged in these activities. The data in Table 4 shows that the sectoral share of agriculture which had been around 52% at the beginning of the 1950s marginally declined to 49.3% by 1985. The Census 1946 enumerated the gainfully occupied population engaged in agriculture, animal husbandry and fishing at 1.381 million or 52.9% of the total gainfully occupied population. According to these two estimates the population dependent on agriculture increased by 1.149 million during the 40-year period or by 44% of the total employed population in 1946. The rate of growth amounted to 1.5% per year. In comparison to this rate of growth in agricultural employment the labour force itself increased by 3.358 million at an average annual rate of 2.1% while the country's population grew by 2.2%. In relation to these variables, growth in agricultural employment has been low. Although the share of the agricultural sector in total employment remained around 50%, agriculture was able to provide employment for only 34.2% of the increment to the labour force during this period.

The slow growth of agricultural employment by and large explains the problem of unemployment. Because of its sheer size, this sector have had to service a twofold operation of providing a high proportion of new employment as well as retaining excess population, particularly the educated rural new entrants to the workforce in the early phases of economic development. A considerable proportion of public outlays during the entire 40-year period was directed to this sector, for the development of infrastructure, including irrigation and agricultural settlements, as well as for producer subsidies. Inadequate rerturns on this investment by way of additional employment in domestic agriculture can be seen as a primary factor behind the problem of unutilized of labour in the country. The Census 1946 recorded 365,000 persons as engaged in paddy cultivation and other domestic agricultural activities. Paddy cultivation to which a major part of the resources was devoted, provided 700,000 – 800,000 additional opportunities. Over the same period, the population employed in plantation agriculture, which had stood at around 900,000, fell to about 650,000. The expansion in employment expected through crop diversification and increases in productivity was not forthcoming; productivity in fact declined. The failure to sustain employment on the plantations was another factor which aggravated the employment situation. The labour surplus in the estate sector, which is in the already overcrowded Wet Zone, spilled over ultimately into the urban sector.

Table 4.

DISTRIBUTION OF EMPLOYED POPULATION BY INDUSTRY SECTOR

(Figures in thousands; percentages in brackets)

	Sector	*Census* 1953	*Census* 1963	*Census* 1971	*LF & SES* 1980/81	*Census* 1981	*Consumer Finance* 1981/82	*LF & SES* 1985/86
1.	Agriculture, hunting, forestry & fishing	1584.1 (52.9)	1681.9 (52.6)	1828.9 (50.1)	2293.3 (47.3)	1863.8 (45.2)	2360.7 (51.2)	2530.9 (49.3)
2.	Mining & quarrying	13.8 (0.5)	9.4 (0.3)	13.1 (0.4)	63.4 (1.3)	38.6 (0.9)	77.9 (1.7)	66.7 (1.3)
3.	Manufacturing	289.2 (9.7)	292.3 (9.2)	339.4 (9.3)	572.0	416.8 (10.1)	573.6 (12.4)	648.5 (12.7)
4.	Electricity, gas & water	3.3 (0.1)	7.8 (0.2)	9.6 (0.3)	19.2 (0.4)	15.2 (0.4)	14.3 (0.3)	21.5 (0.4)
5.	Construction	56.7 (1.9)	85.1 (2.7)	103.6 (2.8)	216.1	124.8 (3.9)	238.4 (5.2)	226.9 (4.4)
6.	Wholesale & retail trade	228.8 (9.4)	349.1 (10.9)	343.8 (9.4)	485.8 (10.0)	433.3 (10.5)	493.4 (10.7)	513.9 (10.0)
7.	Transport, storage & communication	104.3 (5.5)	137.6 (4.3)	178.9 (4.9)	202.4 (4.2)	198.8 (4.8)	188.6 (4.1)	220.0 (4.3)
8.	Finance, insurance, real estates & business services	65.1 (2.2)	15.6 (0.5)	24.9 (0.7)	52.6 (1.1)	45.5 (1.1)	68.2 (1.5)	65.1 (1.3)
9.	Community, social & personal services	396.2 (13.2)	440.9 (13.8)	492.8 (13.5)	644.6 (13.3)	596.7 (14.5)	581.4 (12.6)	631.4 (12.3)
10.	Activities not adequately described	197.8 (6.6)	175.4 (5.5)	313.9 (8.6)	301.9 (6.2)	385.8 (9.4)	15.2 (0.3)	206.8 (4.0)
11.	All economic activities	2993.3 (100.0)	3195.1 (100.0)	3648.9 (100.0)	4851.3 (100.0)	4119.3 (100.0)	4610.7 (100.0)	5131.7 (100.0)

Source : Korale, R.B.M. (1985). Unemployment and Wages : A Case Study of Sri Lanka. World Bank Research Paper.

There were no clear and sustained strategies for the development of horticulture and market garden crops. With resources and inputs concentrated on paddy cultivation, these did not receive sufficient priority. No significant contribution to employment therefore came from this subsector; its contribution was mainly in the form of secondary employment in activities to augment household incomes. The animal husbandry subsector has also not generated significant new employment. Government policies and investments have not been condusive to its rapid expansion. Imports of processed milk foods and other animal proteins allowed as a result of consumer pressure have not made animal husbandry attractive for investment. Nor has the fisheries subsector generated much employment, its total contribution still being about 75,000 opportunities.

Employment in the entire agricultural sector should have grown at twice the rate if the labour surplus, including underutilized labour, was to be absorbed and unemployment contained at a moderate level of 5–6%.

The mining and quarrying sector has added only 50,000 – 60,000 employment opportunities from the mid 1950s to date. It has remained relatively insignificant, having accounted for 0.3%-0.5% of total employment since the early 1950s till the beginning of the 1970s and then increasing its share to about 1.3% - 1.5% at present. The recent expansion of the construction industry has contributed to the growth of this subsector. Increasing demand for construction material could; however, result in mechanisation, thereby increasing productivity rather than employment which is now accruing mostly from informal sector activities; significant gains in employment cannot therefore be expected from this sector. The dispersal of construction activities and the offer of incentives for the organisation of small-scale informal sector enterprises could counter this negative trend.

In the manufacturing sector, employment expanded moderately from around 290,000 at the beginning of the 1960s to around 650,000 by 1985, with the sectoral share rising from about 9% in 1963 to 12.7% in 1985. Table 4 shows an increase of about 300,000 taking place after 1 971. Initially the expansion of employment was through the establishment of basic industries in the public sector and import substitution industries in the private sector. The recent increases in employment have mainly resulted from the establishment of enterprises with foreign collaboration under export diversification programmes.

The data shows that the growth of manufacturing employment in the intercensal periods 1953-63 and 1963-71 was slow with only about 50,000 jobs added during the entire 18 years. During this phase, although planners envisaged that the sector would grow at rates exceeding 6-8%, performance remained rather poor over long periods. Between 1971 and 1977 the sector suffered due to foreign exchange constraints and other factors. Had it grown throughout at around 6-8%, it would have created a further 200,000 - 300,000 employment opportunities. The poor performance of this sector and its inability to diversify into new technologies were further factors behind the failure to match job opportunities with expectations. Labour absorption in this sector did not keep pace with the output of the educational and technical training institutions, intensifying the supply and demand imbalance for middle-level and lower level skills which had developed through the 1960s and 1970s.

The electricity, gas and water sector has continued to remain small, with the total employed rising from about 3,000 in 1953 to about 22,000 in 1985 and its share from 0.1% to 0.4% of total employment. These activities have been undertaken primarily by the public sector, and capital investment during this period has been high in relation to employment. Significant changes in the

organisation of these activities are unlikely in the short term; these activities, which are treated as infrastructural, will remain largely within the public sector. Additional employment through improvements in the quality of services or large-scale expansion is unlikely in view of the scale of investment required.

The construction sector provided employment to about 50,000 or 1.9% of the total employed at the beginning of the 1950s. "In spite of the priority accorded to the construction and irrigation facilities and peasant settlement projects, it has continued to remain small being around 3% - 5% of all employment (3.3% of output till the end of the 1970s). It was viewed as a possible source of employment by policy makers, but a shortage of capital equipment and the absence of an adequately skilled workforce has prevented it from being a potential source of employment creation. The wide fluctuation in capital inputs over time has prevented stability and growth in this sector. The recent spurt in development activity has provided around 100,000 jobs between 1978-1982 in this sector Thereafter again the present indication is that it has remained static and even started to decline." (Korale, 1986)

The sectoral share of wholesale and retail trade has for all practical purposes remained static during the past three and a half decades or so, accounting for 10% of total employment and providing additional employment for approximately 200,000. As regards employment trends the data in Table 4 shows that only about 50,000 of these additional jobs arose bwteen 1953 and 1971, and that employment in this sector stagnated between 1963 and 1971. Approximately 150,000 opportunities were created between 1971 and 1985, with the greater proportion arising after the liberalisation of economic policy in 1977. The Labour Force and Socio-Economic Survey 1985/86 data on the age composition of those employed in this sector shows that 29% and 26.4% were in the age groups 20-29 and 30-39 respectively; this generally conforms with the age distribution for all economic activities, reflecting that the pattern of entry to these occupations has not varied substantially over time.

The share of the transport, storage and communication sector in total employment has also remained practically unchanged during the past three and a half decades. The increase in volume of employment through this sector amounts to about 100,000 between 1953 and 1986. The nationalisation of transport and the controls exercised on the import of motor vehicles for more than 15 years until 1977 did not allow employment growth in this sector. Except for a very small percentage of less than 3%, employment in transport and storage activities has remained a male preserve. With the slow growth of the economy and of the urban population, there have been no heavy demands on this sector.

The classification used in the Census 1953 for the finance, insurance and business service sector encompassed certain other activities so that its employment estimate is not comparable with the data from other sources. Table 4 shows employment in this sector growing from about 15,000 in 1963 to 65,000 in 1985, an increase of 50,000. The sectoral share rose from about 0.5% to about 1.3%. Much of this additional employment has come in the recent past with the extension of financial and banking services.

The community, social and personal services sector now provides employment to approximately 630,000 or 1/8th of the total working population. Its share has somewhat declined, from 13.2 - 13.8% in the 1950s and 1960s to 12.3% in 1985, while the number employed has moved up from about 441,000 in 1963 to 631,000 in 1985. The expansion has been primarily due to increased

employment in government services, where about 475,000 are now employed. As there has been considerable over-staffing of public sector organisations, a significant further increase in state employment is unlikely for several years. When allowance is made for the growth of employment in government services, it is seen that opportunities in other subsectors within this major division community, social and personal services have in fact declined between the 1950s and 1980s. With economic development, it is this sector which responds creating additional opportunities. The disposable incomes and other consumption expenditure and living standards ultimately determine the volume of employment within this sector. Employment in personal services, such as household work and domestic service can be expected to continue to decline. The expansion of the tourist industry could directly contribute to rising employment within this sector and also create other opportunities through linkage effects elsewhere in the economy. Tourism has, however, faced difficulties because of the unsettled conditions in the country and esealation in prices.

Occupational Distribution

The occupational distribution of employment reflects the changes in the skill formation and stratification and manpower utilization pattern which accompany economic and social development. With economic growth, a shift away from occupations in agriculture, animal husbandry and fisheries and an increase in the relative shares of professional and technical, administrative and managerial, and service occupations are observed. In the initial phase of development, both the magnitude and the shares of professional and technical and administrative and managerial groups are not only demand-based, but are determined by the output of the academic professional and technical institutions. The accuracy of survey data on occupational distribution is influenced by the ability of the survey to capture the totality of the employed population, epecially the self-employed, own-account workers and workers in casual employment. This issue is discussed elsewhere and the comments made in this section are subject to the weaknesses noted in the survey data, specially those leading to under-estimation which alter the relative proportions and disturb the trends as a consequence.

Detailed information on the occupational breakdown of the employed population is available only from the censuses of population. Other surveys generally provide a breakdown at major group level only. Data from selected sources for the period 1953 - 85 both in numerical and percentage terms is provided in Table 5. The distinguishing feature is the very high percentage of workers in agricultural occupations, the relative share having declined by a mere 4% or so over a 30-year period.

The professional, technical and related worker group had increased from about 115,000 in 1953 to about 275,000 in 1985, by about 160,000, but the relative share of this major group went up marginally by about 1.5%. Classificational problems make it difficult to discern any pattern in the trends relating to the administrative and managerial category, in which an apparent fluctuation in the total number mainly results changes in classification and misclassification. The higher estimate of the Consumer Finance Survey 1981/82 could probably be a result of the inclusion of persons in technical supervisory positions in production and related occupations, and of managers and administrators in wholesale and retail trade. The administrative and managerial group has continued to remain small at around 25,000.

The clerical and related group increased from about 110,000 in 1963 to about 280,000, an addition of 170,000 over more than two decades. The sectoral share rose by approximately 2.0%. The rate of growth in these occupations was far too low in relation to the higher out-turn from secondary and tertiary education, leading to great pressure for the limited openings available.

Table 5.

OCCUPATIONAL DISTRIBUTION OF THE EMPLOYED POPULATION 1953 — 1986

(Figures in thousands; percentages in brackets).

Major Occupational Groups	*Census* 1953	*Census* 1963	*Census* 1971	*LF & SES* 1980/81	*Consumer Finances* 1981/82	*LF & SES* 1985/86
Professional, technical and related workers	113.6 (3.8)	142.7 (4.5)	178.5 (4.9)	269.2 (5.5)	304.1 (6.5)	272.9 (5.3)
Administrative & managerial workers	28.8 (0.9)	32.9 (1.0)	14.0 (0.4)	25.4 (0.5)	51.4 (1.1)	26.4 (0.5)
Clerical and related workers	103.3 (3.5)	110.4 (3.7)	186.1 (5.1)	274.1 (5.6)	262.0 (5.6)	280.5 (5.5)
Sales workers	221.2 (7.4)	212.2 (6.6)	272.4 (7.5)	396.0 (8.2)	392.9 (8.4)	442.0 (8.6)
Service workers	439.5 (14.7)	359.6 (8.1)	198.0 (5.4)	265.4 (5.5)	257.3 (5.5)	241.5 (4.7)
Agricultural, animal husbandry & forestry workers, fishermen & hunters	1536.1 (51.3)	1653.6 (51.7)	1782.1 (48.8)	2191.2 (45.2)	2180.0 (46.6)	2438.3 (47.5)
Production & related workers, transport equipment operators & labourers	488.3 (16.3)	739.7 (23.1)	926.4 (25.4)	1415.4 (24.2)	996.4 (21.3)	1420.9 (27.7)
Workers not classified	62.5 (2.1)	40.6 (1.3)	91.5 (2.5)	14.0 (0.3)	239.9 (5.0)	9.2 (0.2)
Total	2993.3 (100.0)	3199.7 (100.0)	3649.0 (100.0)	4851.4 (100.0)	4678.0 (100.0)	5131.7 (100.0)

With changes in the classification making the data from the different censuses incomparable, no clear trend can be seen in the major occupational group of service workers. The data from the last four surveys (1971-85), based on the same classification (ISCO 1962 Revision), shows no significant increase in the volume of opportunities between 1971 and 1985. Similar problems have affected the data in respect of production and related workers, transport equipment operators and labourers. Here too the sectoral share has shown fluctuations more as a result of classificational differences than of the performance of the economy. The Consumer Finances and Socio-Economic Survey 1981/82 estimate for this major group appears to be an outlier, and the estimates from the two Labour Force and Socio-Economic Surveys (1980/81 and 1985/86) are more in line with other evidence. The Census of Population 1981 data, which was out of line with other data sets, was not considered in the analysis. The survey figures would be subject to the weakness of having returned underestimates of the total economically active population. These difficulties are apparent when one compare the total employment estimate of 4.764 million from the Consumer Finances Survey 1978/79 with the Consumer Finances Survey 1981/82 estimate of 4.678 million. According to the economic growth trends for this period and other evidence, the 1981/82 fig0re has to be an undercount. These differences and limitations should be noted when studying the broad trends identifiable from these statistics.

The cross-sectional data available from the surveys shows that the occupational distribution has been changing only slowly, with a movement towards the professional and technical, administrative and managerial, and clerical occupations; indicating that economic diversification has been slow and heavy dependence on agriculture has continued. The slow growth of the professional, technical and managerial categories also reflects the time taken to establish facilities for their training, as well as the loss of significant numbers through migration for employment abroad. The numbers leaving from professional categories stood at 2000-4000 at the beginning of the 1970s. Total migration increased substantially after the mid 1970s, with skilled and unskilled workers migrating to the Middle East. The number of migrants in relation to stock became very high, both in the case of professional, technical and related groups, and managerial and administrative categories. These migration losses and slow outturn from training institutions have also prevented the sectoral shares of these groups increasing.

Employment Status Structure

In a study of employment trends it is necessary to examine the changes in employment status distribution over time. This categorization of employment reflects the pattern of manpower utilization and distribution and the availability of additional workers for paid employment when the demand for labour increases. This distribution also reflects the pattern of economic organisation and the relative size of the labour component, as against employers and self-employed persons, while the characteristics and concentration of labour are shown by its classification by age, sex and geographic locality. The magnitude of the employer group and its share in total employment indicates the number of entrepreneurs in the various economic sectors and geographic localities. The magnitude and share of unpaid family workers show the degree to which young workers are retained within family enterprises and is also an indicator of work-sharing and underemployment.

Information on the employed population classified by the four employment status groups (paid employee, employer, worker on own account and unpaid family worker) is available from most censuses and surveys. The Census 1946 excluded unpaid family workers from the definition of employed and to this extent it underestimated total employment. Information from selected

Table 6.

EMPLOYED POPULATION CLASSIFIED BY EMPLOYMENT STATUS AND SEX 1953 — 86

		Paid Employees		*Employers*		*Workers on own Account*		*Unpaid Family Workers*		*Unspecified*		*Total*	
		Number	%	*Number*	%	*Number*	%	*Number*	%	*Number*	%	*Number*	%
Census of Population	T	1832,295	61.2	93843	3.1	898156	30.0	169055		—	—	2993349	100.0
1953	M	1347,550	59.4	84643	3.7	761414	33.6	75133		—	—	2268740	100.0
	F	484,745	66.9	9200	1.3	136742	18.9	93922	12.9	—	—	724609	100.0
Census of Population	T	2081060	65.0	77190	2.4	853130	26.7	164090	5.1	24260	0.8	3199730	100.0
1963	M	1541160	60.6	73430	2.9	794860	31.3	120370	4.7	13100	0.5	2542920	100.0
	F	539900	82.2	3760	0.6	58270	8.9	43720	6.6	11160	1.7	656810	100.0
Labour Force Survey	T	—	61.7	—	1.6	—	30.3	—	6.4	—	—	—	100.0
1968	M	—	56.5	—	1.8	—	35.9	—	5.8	—	—	—	100.0
	F	—	76.6	—	0.6	—	10.2	—	12.6	—	—	—	100.0
Socio-Economic Survey	T	2371700	65.7	82100	2.3	970200	26.8	186100	5.2	—	—	3610100	100.0
1969/70		—	—	—	—	—	—	—	—	—	—	—	—
	F	—	—	—	—	—	—	—	—	—	—	—	—
Census of Population	T	2429957	66.6	113846	3.1	913750	25.0	191322	5.3	—	—	364887	100.0
1971		1806949	63.7	107539	3.8	813122	29.0	100794	3.5	—	—	2838404	100.0
	F	623008	76.9	6327	0.8	90628	11.2	90528	11.1	—	—	810471	100.0
Consumer Finance Survey	T	—	60.8	—	1.5	—	31.0	—	6.7	—	—	—	100.0
1973	M	—	57.2	—	1.7	—	36.1	—	5.0	—	—	—	100.0
	F	—	72.4	—	0.8	—	14.9	—	11.9	—	—	—	100.0
Socio-Economic Survey	T	3057893	63.0	86880	1.8	1250848	25.8	455836	9.4	—	—	4851457	100.0
1980/81		2225190	61.4	82240	2.3	1067707	29.5	248232	6.8	—	—	3623369	100.0
	F	832703	67.8	4640	0.4	183141	14.9	207604	16.9	—	—	1228088	100.0
Census of Population	T	2769469	67.3	71062	1.7	1169814	28.4	108920	2.6	—	—	4119263	100.0
1981	M	2061822	63.5	63789	2.0	1054111	32.4	68706	2.1	—	—	4328428	100.0
	F	707647	81.3	7273	0.8	115703	13.3	40214	4.6	—	—	870837	100.0
Labour Force & Socio-	T	2991177	58.2	121075	2.4	1334116	26.6	685381	13.4	—	—	5131749	100.0
Economic Survey	M	2085240	58.2	107324	3.0	1059362	29.6	329413	9.2	—	—	3581539	100.0
1985/86	F	905437	58.5	13753	0.9	274754	17.7	355968	22.9	—	—	1559413	100.0

F : Female; M : Male; T : Both sexes.

data sources is provided in Table 6. It shows that the shares of the different employment status groups have remained quite stable over the years. The variations recorded in the percentage have also been due to changes in the definitions and reference period used. Paid employees increased from about 1.8 million in 1953 to 2.4 million in 1971 and to around 3.0 million in 1980, around which level the figure has stagnated thereafter. The number of employers has not risen significantly and it appears that their share has declined.

The numerical magnitude of employment had in fact declined according to the Census 1981, this census having returned the lowest figure. A careful evaluation of the socio-economic causes for the stagnation of the employer group and the decline in its share in employment are worth examining as they have a direct bearing on the growth of employment generally.

The increase in the number of self-employed is an outcome of the policies pursued by successive governments to move landless people to agricultural settlements and to promote self-employment through programmes of assistance to craftsmen. The number of self-employed persons increased by about 400,000 between the early 1960s and 1985. As mentioned earlier, the volume of unpaid family workers is an index to the work-sharing that goes on in the economy. The statistics show that the number of unpaid family workers went up by about 500,000 between 1970 and 1985. The expansion has been mainly a result of the difficult job situation which has required households to cushion their unemployed youth.

UNEMPLOYMENT

Public policy is directed at achieving many economic and social goals and because of the problem of surplus labour, the reduction of unemployment has been a policy objective for several decades. It has, however, been difficult to achieve and often not much more than half the planned increase in employment opportunities has materialised. In these circumstances the employment situation continued to deteriorate from 1950 to the middle of the 1970, except for a brief period between 1978 and 1982.

At the time Sri Lanka gained independence in 1948, unemployment was not a major issues. Until then labour continued to be imported from South India for unskilled work. The paucity of academically and professionally qualified personnel and skilled and semi-skilled workers was perceived as a factor limiting economic and employment growth. Underemployment and low incomes were accepted as arising from a lack of skills which education and training could resolve and these were therefore given higher priority. The demand for low-level skills was satisfied within a decade or so, and joblessness among the educated became a feature from the 1960s. This position has remained virtually unchanged but for some variation in intensity.

Although regular surveys to measure unemployment have not been undertaken, a dozen surveys have elicited information on this condition. The volume and content of the data collected in these surveys have varied; some produced data only on a few characteristics, with national estimates, while others yielded information on a number of parameters enabling high levels of disaggregation. In some surveys, particulars relating to age, sex and educational attainments are only available as tabulated data, making it difficult to use them with the data from other surveys which had used standard formats, eg. 5 year age-sex groups. The definitions of unemployed used in these surveys are also different as already referred to and this should be borne in mind when evaluating the data in the Tables in this section.

Unemployment Magnitudes

National unemployment aggregates elicited through surveys appear in Table 7. The Census 1946 did not measure unemployment and the figure of 25,058 consisted of workers who had been employed earlier but were temporarily unemployed at the time of the census. The Census 1953 also did not measure the entirety of the unemployed population.

The first realistic estimate of 340,000 was obtained from the Survey of Employment, Unemployment and Underemployment 1959/60. The Census 1963 figure for unemployment was also an underestimate. Unemployment became acute in the 1960s and the Census 1971, which used a definition covering even discouraged workers, returned a figure of 839,000. Between 1960 and 1971 unemployment thus appears to have grown by 500,000. The problem continued to worsen till 1976 and the Land and Labour Utilization Survey 1975 estimated the number at 985,000. The surveys conducted in 1978/79 and the early 1980s estimated unemployment to be around 850,000. Between 1974 and 1982 unemployment declined as a result of the high growth rates achieved by the economy during this period. But after 1982 unemployment has again increased. Although survey data do not directly disclose this position, the comparison of intersurvey estimates on employment and other parameters reflect it. These issues are discussed later in the paper.

Table 7.

UNEMPLOYMENT ESTIMATES

	Title of Survey	*Sample*	*Estimated Unemployment*			
			Male	*Female*	*Both Sexes*	*Unemployment rate per cent*
1.	Survey of Employment, Unemployment Underemployment 1959/60	10,000 households	250,000	90,000	340,000	10.5
2.	Census of Population 1963	Total enumeration	199,450	65,480	264,970	7.7
3.	Survey of Consumer Finances 1963	4,984 households			457,700	13.8
4.	Labour Force Survey 1968	13,000 households	312,000	152,200	464,200	13.4
5.	Socio-Economic Survey 1968/69	9,694 households	349,000	209,600	558,600	14.3
6.	Census of Population 1971 Adjusted	Total enumeration	474,065 474,065	365,199 197,917	839,264 671,982	18.7 15.6
7.	Determinants of Labour Force Participation Rates, July 1973	2,500 households	446,929	346,071	793,000	18.3
8.	Survey of Sri Lanka Consumer Finance 1973	5,000 households			1,073,000	24.0
9.	Land & Labour Utilization Survey 1975	5,000 households	499,500	484,800	984,300	19.7
10.	Consumer Finances & Socio-Economic 1978-79	5,000 households			874,000	14.8
11.	Labour Force & Socio-Economic Survey 1980/81	10,000 households	503,207	553,961	857,168	15.3
12.	Census of Population 1981	10% sample	498,726	396,417	895,143	17.9
13.	Consumer Finances & Socio-Economic Survey 1981/82	8,000 households	297,729	321,337	609,266	11.7
14.	Labour Force & Socio-Economic Survey 1985/86	25,000 households	433,243	407,009	840,252	14.1

Source : Korale, R.B.M. (1985). Unemploument and Wages : A Case Study of Sri Lanka. World Bank Research Paper.

Unemployment by Age

Statistical sources have consistently shown that the unemployment problem has been one which has in particular afflicted new entrants to the labour force in the lower age groups. "Nearly all inquiries concerning the labour force conducted during the last 10 to 15 years indicate that employment in Sri Lanka has always been a problem that had its impact primarily on persons below 30 years of age. In other words these inquiries in general revealed that over 70% of all unemployed comprised those who were below this age level." (Korale, 1979). Subsequent surveys have also continued to show this pattern of distribution of the unemployed by age. They have, however, confirmed that unemployment among those below 14 years has declined in both numerical and relative terms over the years. The Labour Force and Socio-Economic Survey 1985/86 revealed that only 1.2% of the unemployed fell into this age bracket. The next higher age group of 15-19 years accounted for about one third of all unemployed at the beginning of the 1960s. The number of unemployed in this age group having increased from 112,000 in 1963 to 200,000 in 1971 and peaked at 400,000 in 1975, has now fallen to around 200,000 (Table 8). When it reached 400,000 in 1975, the age bracket had covered nearly two single-year cohorts of new entrants to the workforce. It should be noted that unemployment in this age group will be under-recorded because of the definition used which provides for enumerating as students or trainees and thus excluding them from the labour force those persons who were seeking work and at the same time participating part time in a formal or non-formal education or training programmes. The exclusion of discouraged workers would similarly lower the number under this age group.

These comments apply equally to the next age group of 20-24 years. The number recorded as unemployed in this age group was around 110,000 in 1963 and nearly 300,000 by 1971; recent surveys have disclosed that the total magnitude has stagnated around this level. Table 8 shows that four surveys undertaken between 1968 and 1985 indicated 35-38% of all unemployed as coming from this age group. That both the magnitude and relative share have remained stable over a long period implies that the additions to, and withdrawals from, this age class have balanced each other, many of the unemployed presumably ending their unemployment status by accepting any type of available work after being unemployed for several years. The number of unemployed persons in the next age group of 25-29 years had increased from 50,000 in the 1950s to over 200,000 by the mid-1970s, and has since declined to about 150,000. The age groups below 30 years have accounted for more than 70% of the unemployed and even at present represent 80% of all unemployed.

The fact that the unemployment problem is not the result of a periodic downturn in the economy is evident from the data, which has also consistently shown that the proportion of unemployed amongst those over 35 years has remained relatively small, mounting to 10-12%. High unemployment has not continued into the age groups over 30 years; by that age job-seekers tend to accept any work that is available, while among females, a high proportion drop out from the labour force altogether to remain as housewives.

Male Unemployment

Unemployment among males follows fairly closely the pattern for both sexes described above. A distinguishing feature is its higher relative share in the 15-10 age group which is a few percentage points more than that for both sexes. More males than females drop out of school to look for work and young males from poor households secure work earlier than females. Another fact worth noting is that the new entrants to the labour force have higher educational

Table 8.

UNEMPLOYED POPULATION BY AGE GROUP (BOTH SEXES)

(Figures in thousands; Percentages in brackets)

Age Group	*Census* 1963 *Adjusted*	*Labour Force Survey* 1968	*Socio-Economic Survey* 1969/70	*Census* 1971	*L & LUS* 1975	*LF & SES* 1980/81	*Census* 1981	*LF & SES* 1985/86
15–19	112.6 (29.2)	185.8 (40.1)	211.6 (38.0)	206.6 (26.1)	404.1 (41.1)	229.7 (27.4)	208.1 (24.2)	186.6 (22.8)
20–24	109.4 (28.3)	179.4 (38.7)	242.9 (43.6)	296.5 (37.5)	517.7 (52.6)	517.6 (61.8)	307.4 (35.7)	307.8 (37.5)
25–29	50.4 (13.1)	55.9 (12.0)	79.7 (14.3)	131.4 (16.6)			169.6 (19.7)	146.4 (17.9)
30–34	29.2 (7.6)	18.5 (4.0)	14.8 (2.7)	54.9 (6.9)	50.7 (5.1)	70.1 (8.4)	89.7 (10.4)	76.8 (9.4)
35–39	22.7 (5.9)	8.5 (1.8)		35.0 (4.4)			41.7 (4.8)	38.1 (4.6)
40–45	17.5 (4.5)	6.0 (1.3)	6.3 (1.1)	22.7 (2.9)	5.9 (0.6)	15.9 (1.9)	21.0 (2.4)	27.9 (3.9)
45–49	17.8 (4.6)	4.0 (0.9)		19.1 (2.4)			11.9 (1.4)	15.3 (1.9)
50–54	21.8 (5.6)	4.3 (0.9)	1.8 (0.3)	13.6 (1.7)	5.9 (0.6)	4.3 (0.5)	7.6 (0:9)	8.1 (.10)
55–59	4.8	1.8		10.9			4.2	12.5
Total (15–59)	386.2 (100.0)	464.2 100.0	557.1 100.0	790.7 100.0	984.3 100.0	837.6 100.0	861.2 100.0	819.5 100.0

L & LUS : Labour and Land Utilization Survey
LF & SES : Labour Force & Socio-Economic Survey

attainments than those who withdrew on retirement or death, intensify the mismatch between opportunities and expectations. It was estimated that about 60,000 males had left the workforce annually according to the Census 1971 distribution; the current role of withdrawal would be higher, around 75,000 per year. The bulk of these withdrawals are from agriculture and production process occupations where educational attainments are below the average for the workforce and where a high proportion of the new entrants have 10-12 years or more of secondary school education and training.

Female Unemployment

The employment prospects of females have worsened to a greater extent than those of males. Table 9 shows that unemployment among females which stood at around 130,000 in 1963, increased to 150,000 by 1968 and thereafter to 340,000 by 1971. The Land and Labour Utilization Survey 1975 recorded that there were about 450,000 females in the age groups 15-29 years seeking work. The age distribution of the female unemployed disclosed in the Census 1981 and the Labour Force and Socio-Economic Survey 1985/86 has a close correspondence. Table 9 shows that the magnitude and relative share of female unemployment in the age group 15-19 years have declined during the past decade and a half. This could be the result of both pressure for jobs in the labour market, and the desire on the part of the females to acquire further education and training, as qualifications have been raised for most clerical and middle-level jobs. School enrolment and other data shows a higher retention rate for females in upper grades in schools. The data also indicate that the number of women unemployed in the age group 20-24 years has increased (except when data from the 1975 survey is excluded). These comments apply to the next age group as well. What is noteworthy is that the magnitude of female unemployment has risen and approached that of male unemployment though the total number of employed females still amounts to only about one fourth of employed males.

Statistical inquiries only reveal unemployment magnitude and rates which are at equilibrium with the level of economic activity, the occupational profile and employment situation. An important fact that cannot be ignored is that there will continue to be an increasing proportion of educated females who could at very short notice join the labour market in response to socio-economic stimuli, thus increasing or reducing female labour participation.

Teenage Unemployment

The earlier censuses and surveys did not collect data on unemployment among children and young workers. They enumerated as unemployed only those who had been previously employed but were temporarily unemployed at the time of the inquiry and young persons not previously employed were not counted as part of the workforce. By the early 1960s the unemployment situation had begun to worsen, and the definition adopted at the Census 1963 canvassed the employment and unemployment status of all persons aged 5 years and over. This census enumerated 1,439 children in the age group of 5-9 years as unemployed. In subsequent censuses and surveys the cut-off age for the economically active population was fixed at 10 years and information on child workers below this age is not therefore available although there could have been a small percentage falling into this group. Table 10 sets out the distribution of the teenage unemployed as well as the relative size of this age group in total unemployment.

Table 9.

UNEMPLOYED POPULATION BY AGE AND SEX (FEMALES)

(Figures in thousands; percentages in brackets)

Age Group	*Census* 1963 *Adjusted*	*Labour Force Survey* 1968	*Socio-Economic Survey* 1969/70	*Census* 1971	*L & LUS* 1975	*LF & SES* 1980/81	*Census* 1981	*LF & SES* 1985/86
15 – 19	28.7 (22.3)	55.7 (36.6)	67.4 (32.3)	79.2 (23.0)	190.0 (39.2)	83.4 (22.6)	78.1 (19.5)	75.6 (18.4)
20 – 24	36.7 (28.5)	62.6 (41.1)	94.7 (45.3)	127.1 (36.9)	258.9 (53.4)	233.5 (63.2)	141.3 (35.3)	158.3 (39.6)
25 – 29	18.8 (14.6)	23.2 (15.2)	37.2 (17.8)	64.2 (18.7)			(89.4) (22.4)	(86.2) (21.5)
30 – 34	10.4 (8.1)	6.2 (4.1)		27.4 (8.0)	37.7 (6.5)	44.1 (11.9)	50.3 (12.6)	42.5 (10.6)
35 – 39	8.1 (6.3)	2.2 (1.5)	5.2 (2.5)	16.5 (4.8)			23.4 (5.8)	17.5 (4.4)
40 – 44	6.6 (5.1)	1.2 (0.8)		10.1 (2.9)	2.8 (0.6)	6.8 (1.8)	9.8 (2.5)	9.6 (2.4)
45 – 49	7.4 (5.8)	0.5 (0.3)	3.5 (1.7)	6.8 (2.5)			4.4 (1.1)	6.3 (1.6)
50 – 54	11.1 (8.6)	0.6 (0.4)		6.1 (1.8)	1.4 (0.3)	1.9 (0.5)	2.1 (0.5)	2.6 (0.6)
55 – 59	0.9 (0.7)	0.0 (0.0)	0.8 (0.4)	4.8 (1.4)			1.0 (0.3)	1.4 (0.4)
Total 15 – 59	128.7 (100.0)	152.2 100.0	208.8 100.0	344.0 100.0	484.8 100.0	369.7 100.0	399.8 100.0	400.0 100.0

L & LUS Land and Land Utilization Survey
LF & SES : Labour Force & Socio-Economic Survey.

The Census 1981 enumerated more persons as unemployed in the age group 10-14 years than the two Labour Force Surveys (1980/81 and 1985/86). This could be due to the adoption of the usual status approach for the measurement of unemployment in the census while the surveys used a short reference period. The share of this age group in total unemployment has declined in relation to the position in the early 1960s and 1970s. Nearly one fourth of all the unemployed are teenage workers in the age group 15-19 years and this position has remained virtually unchanged for more than two decades. Young persons who seek employment after completing their secondary education and training as well as dropouts seem to be entering the labour market without immediate prospects of employment. The percentage of unemployed males has been even higher than that of females in this age group.

Table 10.

TEENAGE UNEMPLOYED 1963 — 85

(Figures in thousands and percentages in brackets)

Age Group	*Sex*	*Census* 1963	*Census* 1971	*LF & SES* 1980/81	*Census* 1981	*LF & SES* 1985/86
5 — 9	T	1,439 (0.5)				
	M	839 (0.4)				
	F	645 (1.0)				
10 — 14	T	15,074 (5.7)	29,670 (3.5)	14,570 (1.7)	28,663 (3.2)	9,598 (1.1)
	M	10,985 (5.5)	16,405 (3.5)	7,787 (1.6)	20,544 (4.2)	7,509 (1.7)
	F	4,089 (6.4)	13,265 (3.6)	6,783 (1.8)	8,119 (2.0)	2,089 (0.5)
15 — 19	T	68,617 (26.0)	206,572 (24.6)	229,745 (26.6)	208,108 (23.2)	186,687 (22.2)
	M	53,086 (26.6)	127,401 (26.9)	146,330 (30.1)	130,010 (26.7)	111,061 (25.6)
	F	15,531 (24.2)	79,171 (21.7)	83,415 (22.1)	78,098 (19.1)	75,626 (18.6)
All Teenage Groups	T	85,130 (32.3)	236,242 (28.1)	244,315 (28.3)	236,771 (26.4)	196,285 (23.4)
	M	64,910 (32.5)	143,806 (30.3)	154,117 (31.7)	150,564 (30.9)	118,570 (27.4)
	F	20,265 (31.6)	92,436 (25.31)	90,198 (23.9)	86,217 (21.1)	77,715 (11.1)
All Age Groups	T	263,869 (100.0)	839,264 (100.0)	863,588 (100.0)	897,249 (100.0)	840,252 (100.0)
	M	199,691 (100.0)	474,065 (100.0)	485,837 (100.0)	487,740 (100.0)	433,243 (100.0)
	F	64,178 (100.0)	365,199 (100.0)	377,691 (100.0)	409,509 (100.0)	407,009 (100.0)

F : Female; M : Male; T : Total (Female and Male).

The Consumer Finance and Socio-Economic Surveys conducted by the Central Bank in 1978/79 and 1981/82 reported that 30.7% and 30.8% respectively of the labour force in the age group 14-18 years were unemployed. Further, both these surveys disclosed that approximately 20% of all the unemployed were from this age group. The Labour Force and Socio-Economic Survey of 1985/86 has revealed that except for a small percentage amounting to 17% who had passed the GCE 'O'Level or had higher qualifications, the large majority of the unemployed young persons in this age group were school dropouts. A breakdown of the unemployed in the age groups 10-14 and 15-19 years by educational attainment from the Labour Force and Socio-Economic Survey 1985/86 is given in Table 11.

Educational Attainment of the Unemployed

The educational attainment of the unemployed population has changed substantially during the last two decades, with the percentage share of those with lower educational attainments declining rapidly in favour of those with higher educational attainments. Information on the educational background of the unemployed is not available from surveys prior to the Census 1963. This information from this census is provided in Table 12 as it gives the structure of unemployed by education at the time, and for comparison with more recent data which is in Table 13. From this body of information the following characteristics are evident.

Table 11.

UNEMPLOYMENT BY EDUCATIONAL ATTAINMENTS, CENSUS 1963

Educational Status	*Number*	*Percent*
No schooling	27,600	10.4
Not completed primary education	55,460	21.0
5 – 8 years of schooling	116,630	44.0
Completed secondary education and above	56,250	21.2
Unspecified	9,030	3.4
Total	264,970	100.0

Source : Seal, K.C. (1970)

Table 12.

TEENAGE UNEMPLOYED BY EDUCATIONAL ATTAINMENTS 1985

	Educational Attainment	*Age*	*Both sexes*		*Male*		*Female*	
			No.	*%*	*No.*	*%*	*No.*	*%*
1.	No schooling	10 — 14	1,763	18.4	1,370	18.2	394	18.9
		15 — 19	14,309	7.7	9,123	8.2	5,186	6.8
2.	Passed Grades 0 - 4	10 — 14	5,108	53.2	4,390	58.5	718	34.4
		15 — 19	35,968	19.3	24,998	22.5	10,970	14.5
3.	Passed Grades 5 - 7	10 — 14	2,727	28.4	1,749	23.3	977	46.7
		15 — 19	43,213	23.1	29,190	26.3	14,023	18.6
4.	Passed Grades 8 - 9	10 — 14	nil		nil		nil	
		15 — 19	60,892	32.6	35,021	31.5	25,871	34.2
5.	Passed GCE (OL)	10 — 14	nil		nil		nil	
		15 — 19	31,236	16.9	12,326	11.1	18,910	25.0
6.	Passed GCE (AL)	10 — 14	nil		nil		nil	
		15 — 19	1,068	0.6	403	0.4	666	0.9
7.	Passed degree & above	10 — 14	nil		nil		nil	
		15 — 19	nil		nil		nil	
	All educational attainments	10 — 14	9,598	100.0	7,509	100.0	2,089	100.0
		15 — 19	156,687	100.0	111,061	100.0	75,626	100.0

Source : Labour Force and Socio-Economic Survey 1985/86.

From this body of information, the following characteristics are evident.

* In 1963 over 30.0% of the unemployed had not completed their primary education.

* The proportion with no schooling or with only primary education dropped from 31% in 1963 to 25% in 1971 and to 18.8% by 1985.

* The percentage with GCE 'O' Level and higher qualifications increased from around 15% in 1971 to nearly 35% by 1985.

* Unemployment is most severe among females with better educational attainments; this seems to reflect the insufficient diversification of job opportunities acceptable to females as well as the availability of income support from their households. Nearly 45% of unemployed females in 1985 had passed the GCE'O' Level or higher examination

* Graduate unemployment which surfaced in the mid 1960s has been contained; the number of unemployed females has remained stable at a level of 4000-5000 as a result of the special employment programmes for graduates introduced since 1971.

Data from the Consumer Finances Surveys 1978/79 and 1981/82 on the employment expectations of the unemployed given in Table 14 suggests a high co-relation between educational attainments with a bias for professional, managerial and technical and clerical occupations among persons with GCE 'O' Level and higher qualifications. Hardly any persons with these qualifications have opted for agricultural employment, and only those with lower educational attainments have volunteered to accept work in agriculture and industry. The 1981/82 survey has also disclosed that 87% of all unemployed were those who had entered the labour force for the first time and thus the majority of them were young adults without work experience. By the time they reach their late 20s they appear to change their aspirations. "Adult workers must find some form of work however unproductive or unremunerative its nature." (Richard, 1971)

Regional Distribution of the Unemployed

Data on the regional distribution of the unemployed is available only from the censuses of population. The other surveys so far conducted are not large enough to provide statistically reliable estimates on unemployment at the level of provinces and districts and the only recent figures are therefore those from the Census 1981. However, data from the Census 1971 is still useful in discerning the regional concentration of unemployment when taken together with Census 1981. Data in Table 15.

The districts in which unemployment was high in 1971 continued to have high unemployment rates in 1981 too. The districts of Colombo and Gampaha together accounted for 30% of unemployment, and the wet zone districts of Colombo, Gampaha, Kalutara, Kandy, Nuwara Eliya, Galle, Matara, Ratnapura and Kegalle where the population concentration is high have contained 72% of all the unemployed. Table 15 shows that the districts of Colombo, Gampaha, Kalutara, Galle, Matara, Hambantota and Kegalle have had unemployment ratios exceeding 20% while Kandy has had rates between 15 and 20% and Jaffna the slightly lower rate of 14.2%. The dry zone districts, where the land-man ratios are relatively high, and the Nuwara Eliya district have had unemployment rates of less than 12%.

Table 13.

UNEMPLOYED POPULATION BY EDUCATIONAL ATTAINMENTS AND SEX

Educational Attainments and Sex		*Census* 1971		*S.E.S.* 1980/81 [1, 2]		*Census* 1981		*L.F. & S.E.S.* [1, 2] 1985/86	
		Number	%	*Number*	%	*Number*	%	*Number*	%
All Attainments	T	839,264	100.0	857,169	100.0	895,143	100.0	540,252	100.0
	M	474,265	100.0	503,207	100.0	408,726	100.0	433,243	100.0
	F	365,199	100.0	353,962	100.0	396,417	100.0	407,009	100.0
No Schooling/ Unspecified	T	100,936	12.0	32,862	3.8	4,889	5.1	37,353	4.4
	M	57,276	12.1	22,495	4.5	29,386	6.0	21,174	4.9
	F	43,660	12.0	10,367	2.9	16,503	4.2	16,181	4.0
Passed Grades 1 – 5	T	112,045 [1]	13.4	145,059	16.9	66,377	7.4	121,361	14.4
	M	73,971	15.6	108,196	21.5	46,949	9.4	77,439	17.9
	F	38,074	10.4	36,863	10.4	19,428	4.9	43,922	10.8
Passed Grades 6 – 10	T	502,679 [2]	59.9	406,356	47.4	630,551	70.5	393,004	46.8
	M	291,064	61.4	255,223	50.7	362,673	72.7	226,437	52.3
	F	211,615	58.0	151,133	42.7	267,878	67.6	166,567	40.9
Passed GCE (OL)/ NCGE or equivalent	T	112,814	13.4	220,416	25.7	126,450	14.1	209,814	25.0
	M	47,073	9.9	98,312	19.3	48,986	9.8	85,009	19.6
	F	65,741	18.0	122,104	34.5	77,464	19.6	124,715	30.7
Passed GCE (AL)/ HNCE or equivalent	T	6,892 [3]	0.8	47,678	5.6	21,658	2.4	73,300	8.7
	M	3,121	0.7	17,252	3.4	8,764	1.7	21,092	4.9
	F	3,771	1.0	30,426	8.6	12,898	3.3	52,208	12.8
Passed Degree or above	T	3,898	0.5	4,798	0.6	4,219	0.5	5,420	0.7
	M	1,560	0.3	1,729	0.4	1,959	0.1	2,003	0.4
	F	2,338	0.6	3,069	0.9	1,535	0.4	3,417	0.8

1. Passed Grades 1, 2, 3 or 4.
2. Passed Grades 5 - 9 and GCE(OL) in less than 6 subjects.
3. Academic, Technical or Professional qualification below degree level also included.

F : Females; M : Males; T : Total (Both male and female)

Table 14.

UNEMPLOYED BY EXPECTED OCCUPATION AND EDUCATION

Educational Attainments		*Professional Managerial/ & Technical*		*Clerical Services & Sales*		*Agricultural Workers*		*Workers in Industry*		*Other*		*All Occupations*	
		No.	(%)	*No.*	(%)	*No.*	(%)	*No.*	(%)	*No.*	(%)	*No.*	(%)
1. No Schooling/illiterate	1981/82		(0.0)	4	(9.5)	29	(69.0)	9	(21.5)		(0.0)	42	(100.0)
	1978/79	2	(3.1)	9	(14.1)	35	(54.7)	5	(4.7)	15	(23.4)	64	(100.0)
2. No Schooling/Literate	1981/82		(0.0)		(0.0)	2	(100.0)		(0.0)		(0.0)	2	(100.0)
	1978/79	1	(16.7)		(0.0)	3	(50.0)	2	(33.2)		(0.0)	66	(100.0)
3. Primary	1981/82	7	(3.0)	27	(11.4)	67	(28.3)	136	(57.3)		(0.0)	237	(100.0)
	1978/79	12	(3.4)	30	(8.7)	102	(29.5)	120	(34.7)	82	(23.7)	346	(100.0)
4. Secondary	1981/82	70	(10.5)	181	(27.3)	33	(5.0)	380	(57.2)		(0.0)	664	(100.0)
	1978/79	137	(12.7)	268	(24.9)	41	(8.8)	475	(44.2)	155	(14.4)	1076	(100,0)
5. Passed SSC/GCE(OL)	1981/82	188	(34.6)	262	(48.2)	8	(1.5)	–85	(15.7)		(0.0)	543	(100.0)
	1978/79	248	(42.8)	242	(41.0)	6	(1.0)	82	(13.9)	12	(2.0)	590	(100.0)
6. HSC/GCE(AL)	1981 82	69	(46.9)	70	(47.6)		(0.0)	8	(5.5)		(0.0)	147	(100.0)
	1978/79	60	(56.6)	42	(39.7)	1	(0.9)	3	(2.8)		(0.0)	106	(100.0)
7. Undergraduate	1981/82	6	(85.7)	1	(14.3)		(0.0)		(0.0)		(0.0)	7	(100.0)
	1978/79	5	(55.6)	4	(44.4)		(0.0)		(0.0)		(0.0)	9	(100.0)
8. Graduate	1981/82	12	(75.0)	4	(25.0)		(0.0)		(0.0)		(0.0)	16	(100.0)
	1978/79	6	(85.7)	1	(14.3)		(0.0)		(0.0)		(0.0)	7	(100.0)
9. Other	1981/82	1	(100.0)		(0.0)		(0.0)		(0.0)		(0.0)	1	(100.0)
All Attainments	1981/82	352	(21.1)	549	(33.1)	139	(8.4)	618	(37.2)		(0.0)	1658	(100.0)
	1978/79	472	(21.4)	596	(27.0)	188	(8.5)	685	(31.1)	264	(12.1)	2205	(100.0)

Source : Consumer Finances and Socio-Economic Survey 1978/79.
Consumer Finances and Socio-Economic Survey 1981/82.

Table 15.

NUMBER UNEMPLOYED AND UNEMPLOYMENT RATES OF THE POPULATION AGED 10 YEARS AND OVER FOR DISTRICTS, 1971 AND 1981

District	1971		1981	
	Number	*Unemployment Rate*	*Number*	*Unemployment Rate*
Sri Lanka	839,264	18.7	897,249	17.9
Colombo	259,315	26.7	134,763	21.0
Gampaha	—	—	127,510	26.9
Kalutara	69,502	26.2	79,563	27.7
Kandy	81,181	18.0	67,291	19.4
Matale	12,105	10.7	15,083	12.8
Nuwara Eliya	21,207	10.3	20,157	7.6
Galle	68,539	26.2	70,774	27.4
Matara	41,879	21.4	56,738	28.0
Hambantota	16,890	16.2	26,492	20.2
Jaffna	23,716	12.6	30,255	14.2
Mannar	1,329	5.5	1,653	5.0
Vavuniya	1,649	5.2	1,868	6.0
Mullaitivu	—	—	1,101	4.0
Batticaloa	6,352	8.9	8,879	9.8
Ampara	8,722	11.2	12,312	11.1
Trincomalee	6,526	11.5	7,832	10.6
Kurunegala	50,143	14.2	61,966	15.2
Puttalam	18,756	14.3	19,123	11.8
Anuradhapura	10,412	7.2	17,047	8.5
Polonnaruwa	6,765	11.8	11,209	11.8
Badulla	32,473	13.8	25,244	10.4
Moneragala	6,442	10.3	8,153	9.2
Ratnapura	42,921	16.7	39,773	13.8
Kegalle	52,440	23.1	52,463	23.1

Source : Department of Census and Statistics.

It is seen that the unemployment rates in the dry zone districts also show an increasing trend in the districts where peasant settlements were effected and where 1-2 hectares of land were provided for cultivation per family. The second generation of settlers appear to have to look for employment outside agriculture. The slow diversification of non-agricultural employment has led to a rise in unemployment in these areas and this trend could become more pronounced in the continued absence of non-farm job opportunities.

Unemployment and Income

Only a few sources provide data on the unemployed classified by household income and this information is not readily available as published tables. The relationship between unemployment and household income discloses the pattern of incidence of the dependency burden arising from unemployment. As the majority of the unemployed are youth, both male and female, who have, entered the workforce, as new entrants, this distribution provides information on the capacity of households to shelter and maintain job-seekers until they acquire a job in line with their expectations.

Because of the importance of the relationship between household income and unemployment the distribution of the unemployed population by per capita household income group and sex and the unemployed classified by per capita household income group and sector as disclosed by the Labour Force and Socio-Economic Survey 1985/86 are set out in Tables 16 and 17. The mean per capita household income indicated in this survey amounted to Rs. 471 while the median per captia income was Rs. 313.

Of the total unemployed population of 442,000 as much as 52.6% were from households with per capita household income of less than Rs. 250 per month. Only about one sixth of the total unemployed population came from households receiving more than Rs. 500 per month (about Rs. 2750 for a householdof $5\frac{1}{2}$ units per month). TheTable also shows little variation in their income backgrounds between unemployed males and females. The sector distribution of the unemployed by per capita household income shows that poorer households in the rural sector carry a bigger burden of unemployment, both by way of gross numbers and as a percentage share. In the estate sector unemployment is concentrated around the median income level. According to this survey a significant proportion of the urban unemployed are cushioned by households above the mean per capita income level.

Table 16.

DISTRIBUTION OF UNEMPLOYED POPULATION BY PER CAPITA HOUSEHOLD INCOME GROUP AND SEX

(All island)

Per Capita Income Group (Rs.)	*Male*		*Female*		*Both Sexes*	
	Number	*%*	*Number*	*%*	*Number*	*%*
0 — 50	18,565	4.3	6,602	1.6	25,167	3.0
50 — 100	28,901	6.7	29,395	7.2	58,296	7.0
100 — 150	56,339	13.0	55,116	13.5	111,455	13.0
150 — 200	68,607	15.9	58,816	14.5	127,423	15.3
200 — 250	62,603	14.5	57,133	14.0	119,736	14.3
250 — 300	40,495	9.3	39,881	9.8	80,376	9.7
300 — 350	36,603	8.4	35,656	6.7	72,259	8.6
350 — 400	19,919	4.6	25,624	6.3	45,543	5.4
400 — 450	19,430	4.5	21,952	5.3	41,382	4.9
450 — 500	13,535	3.1	8,548	2.1	22,083	2.6
500 — 700	26,789	6.3	35,467	8.8	62,256	7.6
700 — 900	18,069	4.3	16,113	4.0	34,182	4.2
900 — 1100	8,647	2.0	8,211	2.1	16,858	2.1
1100 — 1300	2,999	0.7	3,836	0.9	6,835	0.7
1300 — 1500	6,474	1.6	1,134	0.3	7,608	0.8
1500 & over	3,218	0.8	3,528	0.9	6,746	0.8
Total	431,193	100.0	407,012	100.0	838,205	100.0

Source : Income Distribution and Poverty in Sri Lanka (1987).

Table 17.

UNEMPLOYED POPULATION BY PER CAPITA HOUSEHOLD INCOME GROUPS AND SECTOR

Per Capita Income Group (Rs.)	*Urban*		*Rural*		*Estate*	
	Number	%	*Number*	%	*Number*	%
0 — 50	1,742	0.7	23,425	4.1	—	—
50 — 100	8,677	3.7	49,192	8.7	427	1.0
100 — 150	25,598	10.8	83,720	14.8	2,138	6.1
150 — 200	24,318	10.3	95,777	16.9	7,327	21.1
200 — 250	38,244	16.2	77,189	13.6	4,304	12.4
250 — 300	24,033	10.2	50,335	8.9	6,008	17.3
300 — 350	21,587	9.1	43,557	7.7	7,115	20.5
350 — 400	15,605	6.6	26,797	4.7	3,141	9.0
400 — 450	15,865	6.7	25,225	4.1	2,292	6.6
450 — 500	8,378	3.5	12,764	2.3	940	2.7
500 — 700	25,213	10.8	36,845	6.5	200	0.6
700 — 900	12,054	5.1	21,522	3.7	607	1.7
900 — 1100	7,464	3.1	9,099	1.6	295	0.8
1100 — 1300	3,682	1.5	3,151	0.6	—	—
1300 — 1500	854	0.4	6,754	1.2	—	—
1500 & over	3,039	1.3	3,706	0.6	—	—
Total	236,353	100.0	567,058	100.0	34,794	100.0

Source : Income Distribution and Poverty in Sri Lanka (1987).

MEASUREMENT OF THE ECONOMICALLY ACTIVE POPULATION

From the inception of statistical inquiries to measure the workforce or the economically active population, it appears that the total magnitude of the labour force and its various components have not been estimated correctly, and that these components have been subject to different margins of error. Underestimation of the total labour force has also frequently occurred; the degree of underestimation of the total labour force has varied, some inquiries producing data which is out of alignment because of the higher degree of underestimation. This is clearly evident when one examines the labour force participation rates available from these surveys; the fluctuation observed in these rates cannot be explained without allowing for underestimation. These errors in measurement have occurred due to a number of factors.

Underestimation of Unemployment

There are several issues which have affected the quality of unemployment statistics in Sri Lanka. Given the long time-frame of about 40 years, methodological issues are very relevant. The conceptual framework used for measuring unemployment has been evolving during this period. In the 1940s and 1950s, international agencies, in particular the ILO, recommended the "gainful worker" approach. Since the 1960s the measurement of the economically active population using a short reference period has been recommended. In view of the inability of the latter approach to capture the entirety of the workforce in developing countries where the agricultural sector is large, labour markets are not fully monetized and seasonal employment is a feature, the formulation of the "usual status" approach becomes necessary.

Different concepts and definitions have been used in the censuses and surveys conducted in Sri Lanka. The use of a short reference period invariably results in the exclusion of certain categories of workers such as those engaged in seasonal work and casual employment, resulting in an undercount of the unemployed population. Unemployment is a politically sensitive subject, the unemployment level and magnitude has been accepted as a measure of the success of the economic policies and programmes and high unemployment figures have been disfavoured in a largely by-partisan political environment. Thus the statistical authorities designing these surveys have been overtly concerned about any possible overestimation of unemployment magnitudes and the definitions used in these inquiries have not been framed to measure the total unemployed population. Therefore one cannot but take the view that the concepts and definitions were structured to obliquely curtail the unemployment measured through these surveys. This appears to be the position from the inception of the measurement of unemployment.

The Census of Population and Housing 1946 enumerated as unemployed only those persons who has been previously employed but were without work at the time of enumeration; it excluded all other categories of unemployed, and recorded a figure 25,082 as unemployed. Snodgrass (1968) has estimated that there were as many as 254,000 unemployed at the time of this census. The instructions to enumerators in the Census of Population 1953 stated that unemployed persons refer only to those who have had a previous employment and who are temporarily unemployed on February 1st, 1953.....remember that persons seeking employment for the first time should not be recorded as unemployed, such persons would be dependants and recorded as such. It is accepted that unemployment was underestimated in the Census 1963 and significant numbers of the unemployed were included under an unspecified group which required the use of adjusted participation rates from this census. The Census of Population 1971 used a wider definition and is believed to have returned nearly complete statistics for employment and unemployment. The Census 1981 did not define unemployment, and tried to treat it as a residual category. This census severely underestimated

employment by excluding a large proportion of casual workers and by underestimating female unemployment, leading to a reduction of female participation rates. A number of surveys, particulary those conducted by the Central Bank, have used a reference period of one month (and in some instances two months). One day's work in the reference period was adequate for classification as employed, again resulting in the underestimation of unemployment.

It is evident that these definitions were not intended to capture the totality of the unemployed and underemployed population, but to count only persons who were strictly unemployed without including those in marginal categories who would have inflated the figures. The concepts and definitions used in these censuses and surveys give the impression that the conceptual framework adopted would have invariably resulted in the underestimation of the unemployed population. Except in a very few surveys. the degree of underestimation of unemployment magnitudes has been quite large, and the errors in measurement would have been higher than 50% in the earlier surveys.

Underestimation of the Employed Population

Underestimation of the employed population has also occurred in these inquiries, as indicated above, but the intensity and degree of error would have been less than in the measurement of unemployment. The use of a short reference period normally leads to underestimation of the employed population. The Labour Force and Socio-Economic Survey 1980/81 disclosed that the statistical reference period of one week provided an employment estimate of 113,782, lower than the estimate obtained with a reference period of one year. The difference amounted to 2.4% of total employment, or nearly one year's net addition to the workforce.

The definitions used for the enumeration of seasonal workers, those in casual employment and unpaid family workers have a significant bearing on employment estimates as these categories are still relatively large in total employment. In the Census of Population 1981 a casual worker who finds work from day to day was classified as employed only if he had worked for a major part of the reference period of 30 days. An examination of the employment estimates from this census shows that employment in the agriculture, construction and service sectors has been severely underestimated because this definition was used.

Measurement Difficulties

The difficulties of accurately measuring the economically active population, especially in developing countries, have been commented on in recent research literature. "Regarding the economically active population size there is a tendency to underestimate due to (1) Particularly of some agricultural activities that, because of their seasonality or specialization in auto-consumption, are very difficult to capture or are not considered "economic" by those engaged in them. (2) Similarly some specific female work categories, for example occasional and complementary jobs which augment the families income and that are not considered work. (3) The relatively great weight of small size economic units." (Becaris, 1987). Becaris has highlighted that 30-60% underestimation of the economically active population has been noted for some Latin American countries in recent research. Considering the difficulties in measuring different economic characteristics, he has also drawn a distinction between those brought about by the under recording of a part of the economically active population and those deriving from more specific aspects. He has noted that under recording could be expected with regard to children, youth, elderly people, and those in unskilled occupations or with jobs in tertiary activities. Another recent paper shows that difficulties in measuring the economically active population are prevalent in developed countries as well The United Kingdom Census of Population 1981 Post-Enumeration Survey had revealed these difficulties. "For the question on economic activity 8% of the answers were in error. For employment status. (i.e. employees or self-employed and subdivisionas of these). 10% were misclassified. For occupations the error rate at the most detailed level was about 25%." (Barnes, 1987).

The errors in the estimates of the components of the labour force and the underestimatiou of the economically active population make it necessary to interpret carefully the magnitudes recorded by surveys. As the margins of error have varied between surveys and as there are not many sets of data, it is difficult to decide on procedures for error correction, though there is a need to adjust survey data.

Trends in Labour Force Participation

The fluctuations in employment and unemployment magnitudes estimated from the censueses and surveys have arisen mainly due to the issues discussed earier, and cannot be accounted for purely by changes in the level of economic activity. Generally, speaking purely demographic factors do not result in fluctuations in labour force participation rates but could cause gradual upward and downward shifts. Improved educational attainment, increased age at marriage, reduction in fertiliy and socio-economic development contribute to a rise in the labour force participation rates of females. In the case of males, the participation rates in the age groups between 25 and 55 years have reached stable levels and an upward or downward movement of these rates cannot therefore be expected.

In view of the deficiencies evident in the data relating to both employment and unemployment, it was decided to examine the labour force participation rates by age and sex, to discern a trend and to reconstruct the components of the labour force for selected years. An attempt at applying a statistical regression technique to the participation rates estimated from surveys to obtain a trend line over time was not successful. The wide differences between the estimates from adjacent surveys appear to have confounded the method.

The labour force participation rates for 5-year age groups for males and females were computed from the surveys in which this data is available. Several surveys conducted by the Central Bank do not provide data tabulated by 5-year age groups; it was therefore not possible to use these surveys which prevented the refinement of the estimates.

The crude participation rates derived from these surveys are in Table 16. These rates are affected by the age compcsition of the population and influenced by fertility levels in the long term. An increase in the population of non-working age lowers the participation rates and this is the main reason for the decline shown during the period 1946-63. Beyond 1963 the rates should follow an upward trend because of a decline in the share of the population below working age. But this is not evident from some survey data as a result of undercounting of the labour force.

Table 18.

ACTIVITY RATES FROM SELECTED SURVEYS

Survey	*Crude Activity Rate*			*Activity Rates (15 – 59)*		
	Both Sexes	*Male*	*Female*	*Both Sexes*	*Male*	*Female*
1946 Census	39.2	57.8	18.2	60.5	87.9	27.8
1953 Census	37.0	53.1	18.9	60.1	65.2	30.7
1963 Census	32.7	49.8	14.2	56.3	34.5	25.2
1971 Census	35.4	50.7	19.1	56.9	81.2	30.7
1980/81 LF & SES	34.3	49.7	19.4	58.3	82.0	33.7
1981 Census	33.8	49.8	19.4	54.4	79.0	29.1
1985/86 LFS & ES	38.9	52.7	25.4	61.6	84.0	40.3

LF & SES : Labour Force and Socio-Economic Survey.

Age-Specific Participation Rates

The age-specific labour force participation rates display certain features. However survey data do not necessarily show such features because of errors in the estimates. These characteristics can be used to adjust the survey data and are briefly outlined below.

* The rates should remain fairly stable and not move erratically from one survey to another.

* Upward and downward movement of the rates is possible in the case of some age groups.

* In the case of males in the age groups between 25 and 55 years, any upward or downward movement in the data is due to the inability of the survey to reflect their real magnitudes.

* Once the age-specific rates increase to a particular level, specially in the middle age groups, they are unlikely to decline suddenly and will remain by and large unaffected by short-term changes in the level of economic activity. Discouraged worker and additional worker effects are likely to counterbalance in these situations at least in overall terms.

* When one employment situation is adverse, female participation rates could, in fact, increase, as a result of the 'additional worker effect.'

The age-specific participation rates for males and females are provided in Tables 19 and 20.

The male participation rate for the age group 10-14 years has declined from around 14% and stabilised around 6-7%. Poverty and unemployment could keep it around this level. An upward or downward movement of the activity rate of the 15-19 age group is still possible. In the next age group of 20-24 years, there could be a moderate increase in the rate to about 90%. In the higher age groups, the rates have reached stable levels and they should not ordinarily change. Until the share of agricultural employment declines, and the share in employment in the formal sectors increases, the rates in the upward age brackets should not change substantially.

In the case of females, the rates have shown an increasing trend. The factors which influence these rates have been briefly discussed earlier. The participation rates in the age group 10-14 years have declined and they will remain at the 3-4% level. In the case of the 15-19 year age group, the participation rate could take an increasing trend. The Labour Force and Socio-Economic Survey 1985/86 has produced markedly higher rates than any preceeding survey. The rates from this survey for the age groups 25-49 years are higher than the rates from any survey undertaken previously. Even for the older age groups, the rates disclosed through this survey are substantially higher. The rapid increase of females with secondary and higher education has contributed to this pattern. It is difficult to assume that there will be a reversal of this trend in the short-term.

Reconstructed Estimates

Based on the age-specific participation rates in Tables 19 and 20 and other assumptions stated earlier, the age-specific participation rates given in Tables 21 and 22 were computed for the survey years 1980 and 1985, and for 1986, and the age-sex labour force components were estimated

Table 19.

MALE LABOUR FORCE PARTICIPATION RATES 1946 — 1986

Age Group	*Census* 1946	*Census* 1953	*Census* 1963	*LFS* 1968	*Census* 1971	*LFDS* 1973	*LF & SES* 1980/81	*Census* 1981	*LF & SES* 1985/86
10 — 14	14.1	10.3	8.1	5.5	6.3	3.0	5.5	5.5	6.8
15 — 19	59.2	46.5	52.2	54.3	48.6	42.4	41.9	40.4	45.5
20 — 24	83.3	81.4	87.2	85.5	89.2	83.0	86.8	78.7	87.4
25 — 29	95.0	94.5	96.2	91.8	96.9	94.8	90.0	89.9	96.6
30 — 34	99.3	95.1	98.4	91.3	97.8	96.9	96.4	93.4	96.2
35 — 39	98.4	95.9	98.7	92.6	97.3	97.2	97.0	94.1	97.9
40 — 44	99.0	95.3	98.2	96.8	96.8	95.3	96.2	93.1	96.3
45 — 49	97.5	95.4	98.0	89.9	85.7	96.1	95.3	91.7	95·8
50 — 54	90.7	93.8	96.2	90.3	92.3	88.5	90.1	87.9	91.5
55 — 59		91.2	87.8	78.1	80.9	80.7	79.1	73.4	
60 — 64	88.4	84.2	76.7	77.1	65.6	54.1	65.4	57.2	67.1
65 +		67.2	54.5	40.9	40.7	30.5	41.7	36.1	44.8

LFS : Labour Force Survey
LFDS : Labour Force Determinants Survey
LF & SES : Labour Force & Socio-Economic Survey

Table 20.

FEMALE LABOUR FORCE PARTICIPATION RATES 1946 — 1986

Age Group	*Census* 1946	*Census* 1953	*Census* 1963	*LFS* 1968	*Census* 1971	*LFDS* 1973	*LF & SES.* 1980/81	*Census* 1981	*LF & SES* 1985/86
10 — 14	11.8	9.8	4.1	3.9	4.1	2.4	3.1	2.4	4.2
15 — 19	24.3	27.8	24.2	25.0	26,4	28.2	20.6	19.0	24.2
20 — 24	23.8	28.7	31.4	38.1	42.2	49.9	39.0	36.8	48.3
25 — 29	26,3	28.5	30.1	32.1	39.3	33.8	36.8	36.5	46.2
30 — 34	28.8	30.2	27.4	26.4	34.8	38.3	33.9	33.7	44.9
35 — 39	31.1	32.2	28.1	27.6	32.6	29.7	35.8	32.1	45.1
40 — 44	33.7	34.6	28.5	27.8	30.9	29.9	36.1	28.7	45.0
45 — 49	33.4	35.6	29.3	25.1	29.8	28.2	33.6	25.6	42.2
50 — 54	30.1	35.9	28.1	20.6	24.5	26.7	28.3	19.8	38.0
55 — 59		34.1	17.5	15.6	16.7	21.8	21.1	13.3	26.1
60 — 64	26.0	30.1	11.4	9.2	10.5	7.3	13.8	7.6	22.5
65 +		23.2	8.9	4.9	5.1	5.6	5.8	4.1	10.7

LFS : Labour Force Survey
LFDS : Labour Force Determinants Survey
LF & SES : Labour Force & Socio-Economic Survey

using the mid-year population for each year. According to these reconstructed estimates. the labour force in 1980 is estimated at 5.563 million, rising to 6.259 million in 1985 and 6.395 million in 1986 with an average growth rate of 138,600 per year during the period 1980-86.

The Labour Force and Socio-Economic Survey 1980/81 estimated the employed population at 4.737 million. If one were to accept this estimate and the reconstructed labour force estimate for 1980, then the unemployed population in 1980 would amount to 826,000. This estimate seems satisfactory according to the available statistical evidence.

The Labour Force and Socio-Economic Survey 1985/86, (first six months data) has estimated the total employed population at 5.132 million and the labour force at 5.972 million. This survey, which is a household survey, did not include the institutional population, and the sample data when blown up to population size has given a population estimate which is suspected to be an underestimate. The civilian population in institutions can only yield a small increment to the employed population. The definition of employment used in the survey was wide enough (even self-employed persons and unpaid family workers contributing one hours work in the reference week were counted as employed) to capture the employed population. If only about 25 % of the difference in the labour force estimates between the survey and the adjusted figure is taken as employed, the unemployment estimate for 1985 amounts to 1.056 million.

Table 21.

PROJECTED AGE SPECIFIC PARTICIPATION RATES AND ESTIMATED LABOUR FORCE — MALES

Age Group	1980		1985		1986	
	LFPR	*LF*	*LFPR*	*LF*	*LFPR*	*LF*
10 — 14	6	57.1	6	55.2	6	56.2
15 — 19	50	399.5	46	399.7	46	407.1
20 — 24	87	645.5	87	698.6	89	727.1
25 — 29	97	539.3	97	659.6	97	671.2
30 — 34	98	429.2	98	595.8	98	606.6
35 — 39	98	417.4	98	441.9	98	449.8
40 — 44	97	354.0	97	373.4	97	380.2
45 — 49	96	322.5	96	315.8	96	321.6
50 — 54	92	242.8	92	278.7	92	283.3
55 — 59	85	189.5	85	201.4	85	204.8
60 — 64	67	117.2	67	131.3	67	134.0
65 +	40	135.6	40	144.8	40	147.2
All age groups		3,849.6		4,296.2		4,389.1

LF : Labour Force (in thousands)
LFPR Labour Force Participation Rates

Table 22.

PROJECTED AGE SPECIFIC PARTICIPATION RATES AND ESTIMATED LABOUR FORCE — FEMALES

Age Group	1980		1985		1986	
	LFPR	*LF*	*LFPR*	*LF*	*LFPR*	*LF*
10 — 14	5	45.8	4	35.2	4	35.8
15 — 19	28	218.6	26	219.7	26	223.6
20 — 24	49	359.6	49	395.4	50	410.5
25 — 29	48	264.9	48	325.4	48	331.2
30 — 34	47	192.7	47	277.3	47	282.4
35 — 39	46	192.2	46	203.7	46	207.4
40 — 44	45	142.2	45	162.0	45	165.1
45 — 49	40	118.8	40	128.4	40	130.4
50 — 54	35	77.7	35	96.6	35	98.3
55 — 59	25	45.7	25	53.5	25	54.5
60 — 64	20	27.4	20	38.8	20	34.4
65 +	10	28.5	10	32.5	10	33.0
All age groups		1,714.1		1,963.5		2,006.6

LF : Labour Force (in thousands)
LFPR : Labour Force Participation Rates

Table 23.

ESTIMATED LABOUR FORCE

In thousands

Age Group	1980	1985	1986
10 — 14	102.9	90.4	92.0
15 — 19	618.1	619.4	630.7
20 — 24	1,005.1	1,094.0	1,137.6
25 — 29	804.2	985.0	1,002.4
30 — 34	621.9	873.1	889.0
35 — 39	609.6	645.6	657.2
40 — 44	496.2	535.4	545.3
45 — 49	441.3	444.2	452.0
50 — 54	320.5	375.3	381.6
55 — 59	235.2	254.9	259.3
60 — 64	144.6	165.1	168.4
65 +	164.1	177.3	180.2
All age groups	5,563.7	6,259.7	6,395.7

Employment growth was satisfactory in 1981 and 1982, but slowed drastically in 1983, with performance in 1984 and 1985 improving over 1983; assuming an average rate of growth of employment, the employment and unemployment estimates for 1986 can be constructed. These estimates for 1980, 1985 and 1986 are provided below :

	1980	1985	1986
Employed population	4,737.6	5,203.6	5,284.4
Unemployed population	826.1	1,056.1	1,113.3
Labour force	5,563.7	6,259.7	6,395.7

Figures in thousands.

AN EVALUATION AND REVIEW OF THE LABOUR FORCE AND ITS GROWTH TRENDS

The results from the censuses and surveys have not always conformed to the country's employment and unemployment experience and have also not been consistent with other evidence on labour use, output and productivity increases, because of the weaknesses in the conceptual framework and survey design and response which have already been discussed. Because of these very weaknesses and limitations it is difficult to undertake a complete analysis and define relatively short limits within which the labour force and its components can be expected to have varied at different points of time. In this section it is proposed to review the data, and an attempt will be made to assign limits to the estimates within which employment, unemployment and the labour force have varied and to identify the path taken by these variables.

(1) The Census 1946 estimates of the labour force and unemployment were underestimates (persons actively seeking work and not previously employed were not enumerated as unemployed). Snodgrass has estimated the number unemployed in 1946 at 284,000, with an unemployment rate of 11%. He, however, estimated the employed to be fewer than the census estimate by 300,000, basing his analysis on labour use and output considerations. The age-specific male participation rates suggest that the rates had been fairly high, and did not provide for much upward movement in the middle age groups. The age-specific female participation rates when compared with subsequent data indicate that the female labour force participation rates should have been higher. Therefore the total labour force would have been higher than the Census 1946 estimates of 2.612 million and closer to 2.70 million, with a higher female component than the 0.57 million in the census estimate. The number unemployed would have been somewhat lower than that estimated by Snodgrass, and closer to 250,000. By the end of the 1940s the labour force would have been close upon 2-9 million with an unemployed population of 250,000-300,000.

(2) The Census 1953 estimate of the labour force of 2.993 million is also an underestimate. It has underestimated both the employed (male age/sex participation rates have declined over that of 1946) and the unemployed (persons seeking work for the first time was not enumerated). Snodgrass has estimated the 1953 labour force at 3.012 million, with an unemployed population of 336,000.

Unemployment continued to increase at an average rate of about 10,000 per year during the 1950s and by the beginning of the 1960s had reached the level of 300,000-350,000, consisting of 200,000-250,000 males and 75,000-100,000 females. Unemployment has been mainly among new entrants to the labour force, such persons had been excluded from the 1946 and 1953 census definitions. The labour force for 1960 would have been around 3.4 million, with the employed population slightly exceeding 3 million.

(3) The Census 1963 estimate of the unemployed labour force was again an underestimate, the unemployed having been underestimated. This made it necessary to prepare adjusted estimates and the reconstructed estimate of the unemployed amounts to 386,000-258,000 males and 128,000 females (Korale, 1979). The labour force estimate has to be adjusted accordingly.

(4) By the mid 1960s the rate of growth of the labour force had accelerated with the entry of persons from the larger cohorts born in the late 1940s and early 1950s. The economically active population has increased to 4.1-4.2 million by 1968, consisting of 3.15 million males and 1 million females. Unemployment had reached 450,000—500,000, made up of 300,000—350,000 males and 150,000-200,000 females. Youth unemployment had continued to grow; unemployment among secondary school leavers had worsened and unemployment among graduates become an issue. The use of the current status approach with short reference periods had lowered the estimates for the labour force, employment and unemployment.

(5) The Census 1971 returned fairly complete data on the labour force, employment and unemployment, and is the best source available. The female employment estimate is however, an underestimate; the requirement of 3 hours of work per day in the case of unpaid family workers may have been a contributory factor. The labour force estimated at 4.48 million included even those who were not actively seeking work. The Census showed that unemployment had deteriorated to 700,000-800,000 at the beginning of the 1970s, raising the unemployment rate to 18-20% with 400,000-450,000 males and 300,000-350,000 females unemployed. Surveys undertaken at the time disclosed that total employment had stagnated around 800,000-850,000 at the beginning of the 1970s. The total number of jobs required to meet the backlog of unemployment and underemployment was estimated at 1.40 million in 1971.

(6) Further deterioration of the unemployment problem was confirmed by the surveys undertaken in the early 1970s. Employment grew slowly, unemployment and under-employment increased further. The labour force, was estimated at 5.15 million in 1976 and the unemployed at 1.07 million (Korale, 1979).

(7) Employment grew rapidly between 1977 and 1981 adding about 600,000 opportunities. The male employed population rose to a maximum of 3.6 million and female employment reached 1.2 million by 1981. The labour force increased to 5.6 million by 1980, with 3.85 million males and 1.7 million females. Open unemployment declined to 450,000-500,000 for males and 325,000-375,000 for females.

(8) The Consumer Finance and Socio-Economic Survey 1981/82 underestimated unemployment and employment by using short reference periods. Employment growth rates declined after 1982, and the Labour Force and Socio-Economic Survey 1985/86 estimated the employed population at 5.132 million, consisting of 3,582 million males and 1.55 million females. Disaggregated data from this survey does not correspond to data from the Labour Force and Socio-Economic Survey 1980/81. The latter disclosed a higher male employment magnitude whereas the total increase in female employment during the intersurvey period was as high as 330,000 which is not consistent with the negative growth in the case of males. The increase in the labour force during the intersurvey period also falls short of the trend, indicating that the 1985/86 survey underestimated the labour force. It underestimated the total population and some underestimation of the labour force components would be a consequence.

The adjusted estimate of the labour force amounts to 6.25 million for 1985 comprising 4.296 million males and 1.963 million females. The adjusted estimate for employment is 5.203 million, so that the unemployed population for 1985 was 1.056 million. The estimates of the workforce components for 1986 and 1987 were similarly constructed by projecting the trends, giving a figure for the level of unemployment in 1987 at 1.4-1.17 million, with an unemployment rate of 17.5-17.9%.

Based on this analysis the trends in the labour force, employment and unemployment are summarized below :

In millions

Year	*Labour force*	*Employment*	*Unemployment*
1946	2.6 - 2.7	2.3 - 2.35	0.25
1950	2.8 - 2.9	2.55 - 2.6	0.25 - 0.30
1953	3.0 - 3.05	2.7 - 2.75	0.3 - 0.325
1960	3.4 - 3.5	3.0 - 3.1	0.35 - 0.40
1963	3.6 - 3.7	3.2 - 3.3	0.35 - 0.40
1968	4.15	3.67	0.47
1971	4.45	3.65	0.839
1975	4.95	3.95	0.985
1976	5.09	4.08	1.01 - 1.07
1980	5.56	4.73	0.80 - 0.85
1985	6.26	5.2	1.05 - 1.08
1986	6.39	5.28 - 5.3	1.10 - 1.15
1987	6.53	5.36 - 5.39	1.14 - 1.17

HA80/36
L

REFERENCES

Agency for International Development, (1963). Demographic Techniques for Manpower Planning in Developing Countries. Washington : Office of Labour Affairs.

Bagnall, A. R. (1986). A Guide to Labour Statistics. Sydney : Australian Bureau of Statistics.

Barnes, R. (1987). Census Evaluation : How Good is the Information that is Collected. International Statistical Institute, 46th Session, September 1987, Tokyo. Contributeed Papers.

Beccaria, L. et al. (1987). How Population Census Measure Economic Characteristics in Developing Countries. International Statistical Institute, 46th Session, September 1987, Tokyo. Contributed Papers.

Central Bank of Sri Lanka. Consumer Finances and Socio-Economic Survey 1978/79 and 1981/82. Colombo.

Department of Census and Statistics, Sri Lanka. Census of Population and Housing, 1946, 1953, 1963, 1971 and 1981. Colombo.

ESCAP. (1979). Inter-relation between Manpower and Population Problems : A Joint ESCAP/ILO Regional Seminar. Bangkok.

— (1976). Population of Sri Lanka. Bangkok.

Farooq, G. M. (1985). Population and Employment in Developing Countries. Genevea : ILO.

Korale, R. B. M. (1986). Employment Trends. *Sri Lanka Economic Journal*, 1(1), p 98-112.

— (1986). Employment and the Labour Market in Sri Lanka : A Review. Washington : World Bank.

— (1979). Dimensions and Characteristics of the Unemployment Problem. Sri Lanka Labour Gazette, (30(4), p 4-28.

— et al. (1987). Income Distribution and Poverty in Sri Lanka. Colombo.

Richards, P. J. (1962). Employment and Unemployment in Ceylon. Paris : OECD.

Snodgrass, D. R. (1966). Ceylon : An Export Economy in Transitions. Illinois : Irwin.

Srivastavá, R. K. et al. (1968). Ceylon : Labour Force Projections, 1967-1978. Colombo : Ministry of Planning & Economic Affairs.

United Nations. (1971). Methods of Projecting the Economically Active Population. Manual V. New York : UN.

Uthoff, A. and Pernia, E. M. (1986). An Introduction to Human Resource Planning in Developing Countries. Geneva : ILO.