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Lankan labour force and employment plunge in 2012

The economically active population aged 10 years and above, popularly known as a country's labour force, declined in Sri Lanka by 1.1 percent to 8.465 million due to migration of economically active persons during 2012, the Central Bank annual report showed.

According to an ex-Central Banker and economist Dr. D.R. Wijewardena, sending more for foreign jobs could also create a labour shortage in the country at a time when the unemployment rate is at historical low of 4.0 percent which is considered as near full employment.

The issue of labour shortage has been repeatedly pointed out by veterans in sectors such as Business Process Outsourcing (BPO), construction, banking and hospitality in the recent past.

Mirror Business yesterday pointed out the severe dearth of skilled IT graduates where the country produces only 3,000 IT engineers annually whereas the annual requirement is above 5,000, a situation which could be further intensified by the impending immigration laws in United States which double the skilled immigrants' quota.

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According to the quarterly labour force survey conducted by the Department of Census and Statistics, covering the entire island also disclosed that the number of employed persons too followed suit, declining by a slight 0.8 percent to 8.129 million.

This is due to the persons employed in the agricultural sector declining by 2 percent reducing labour force in the sector to 31 percent in 2012.

However the persons employed in the industry sector increased by 2 percent to 26.1 percent while the services sector composition remained virtually flat at 42.9 percent.

Most notably, year 2012 saw the public sector employment rising at the highest rate of 4.3 percent to 1.23 million, continuing the government's policy of bloating the public sector. Thus the public sector share of total employment rose to 15.1 percent from 14.4 percent a year ago.

Interestingly, even after three years in to the defeat of the terrorism, the government has kept on expanding its armed forces with new recruitments to the Sri Lanka Navy, Department of Civil Security and the Sri Lanka Air Force.

However the number of private sector employment grew by a paltry 1 percent to 3.356 million, thereby raising its share of total employment to 41.3 percent. The number of persons in self-employment category increased by a marginal 0.4 percent to 2.592 million and its share in total employment increased to 31.9 percent in 2012.

World Bank too showed in a recent report that Sri Lanka's women labour force participation at 41 percent (age 15 and above) in 2010, among the lowest in the South Asia, an issue which could hamper the aspired economic growth and the gender equality. A similar situation also prevails in Thailand and Malaysia with figures standing

at 80 and 57 percent respectively.
(DK)