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— Sri Lanka

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Labour Market Reforms for more Inclusive Growth

06 August 2022

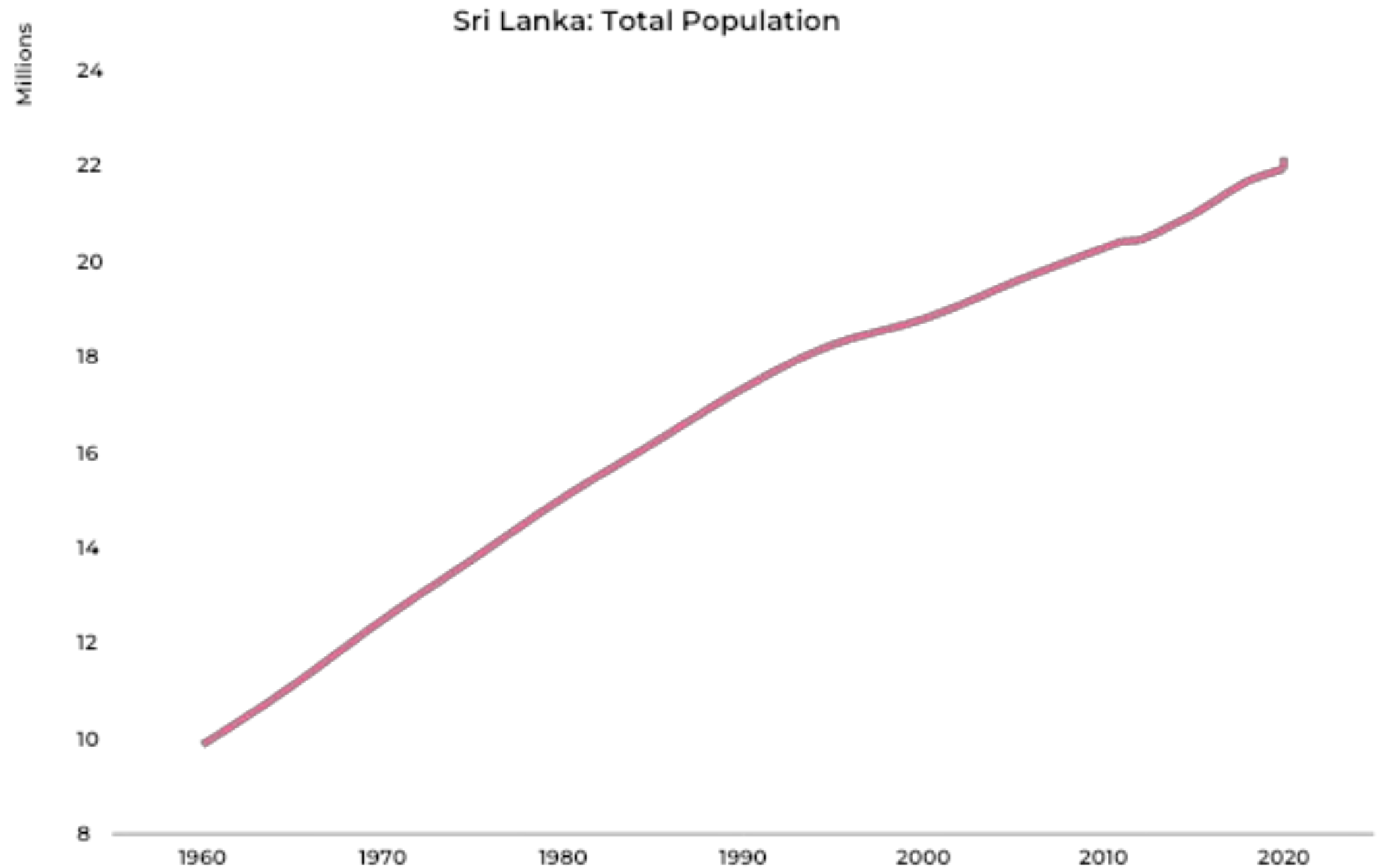
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1. 2022 Population Indicators

The population has been continuously rising since the 1960s

Total population in millions, 2022	21.6
Average annual rate of population change, 2020-2025:	0.3%
Population aged 0-14:	23%
Population aged 10-24:	23%
Population aged 15-64:	65%
Population aged 65 and older	12%

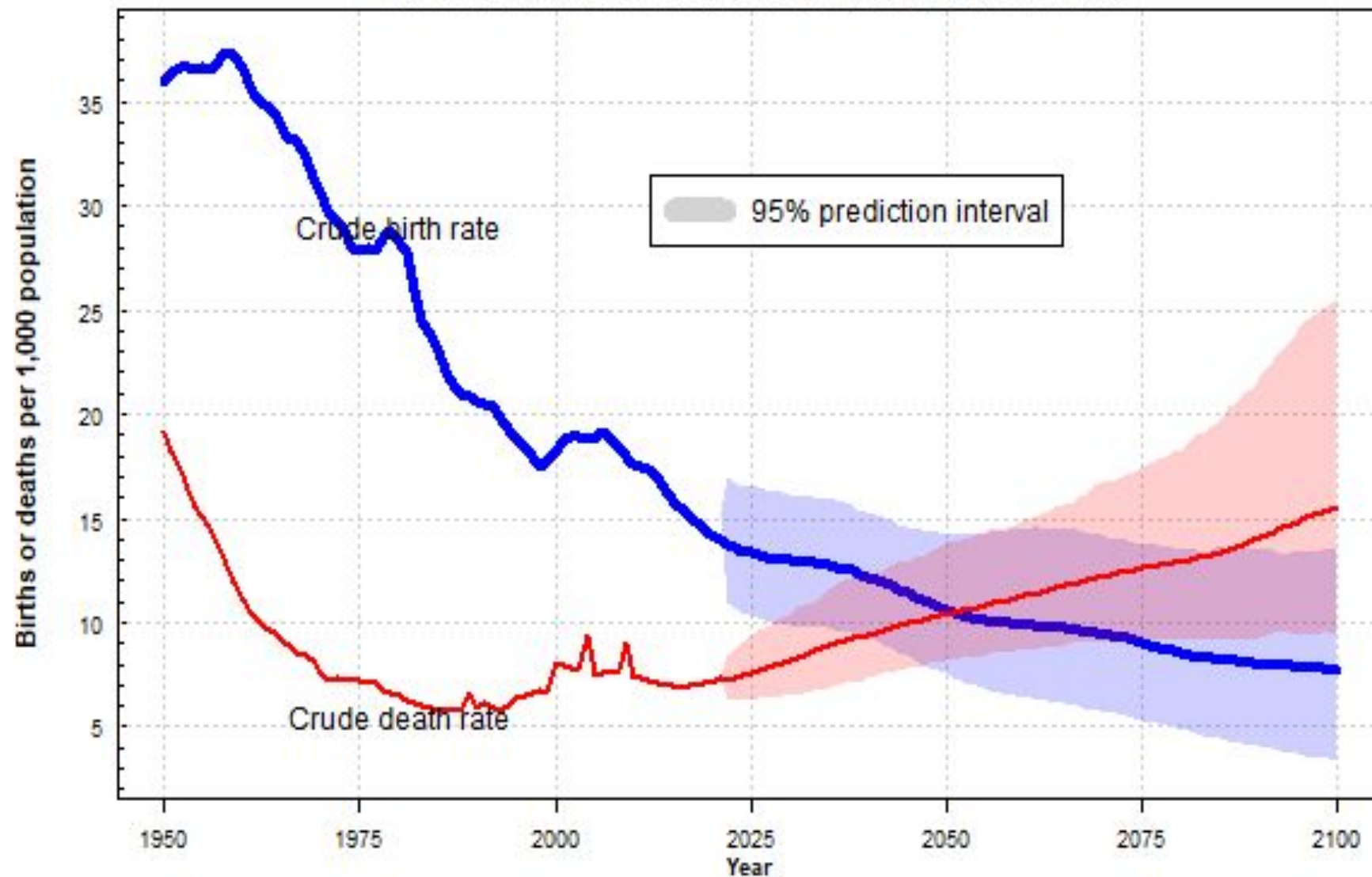


2.

The era of continuous population growth is projected to end in about 2 decades

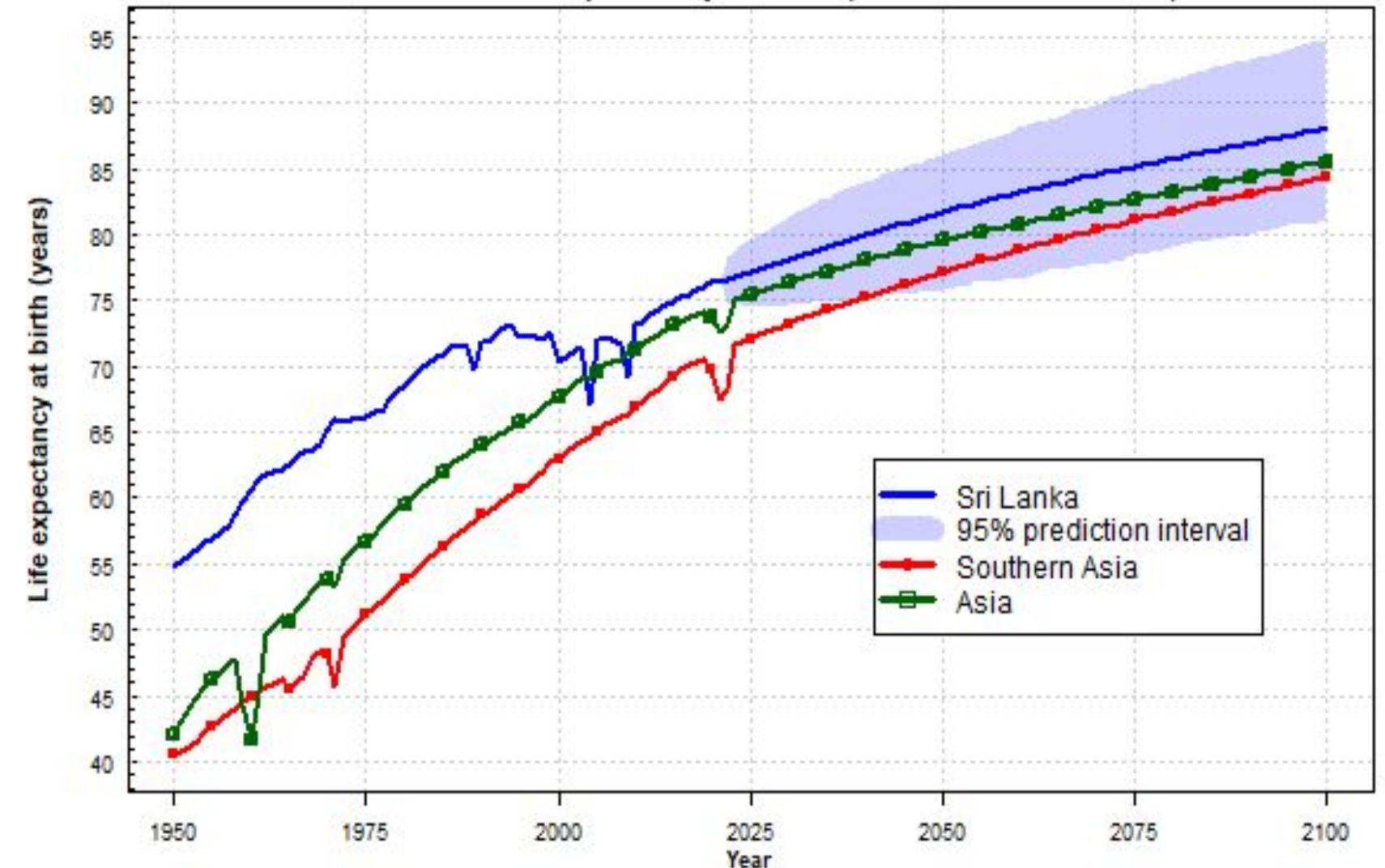
- Rapid decline in fertility rate from 5.5 in 1960 to 2.02 in 2019
- Increasing life expectancy due to investments in human development

Sri Lanka: Crude birth rate and crude death rate



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United Nations, DESA, Population Division. *World Population Prospects 2022*. <http://population.un.org/wpp/>

Sri Lanka: Life expectancy at birth (both sexes combined)

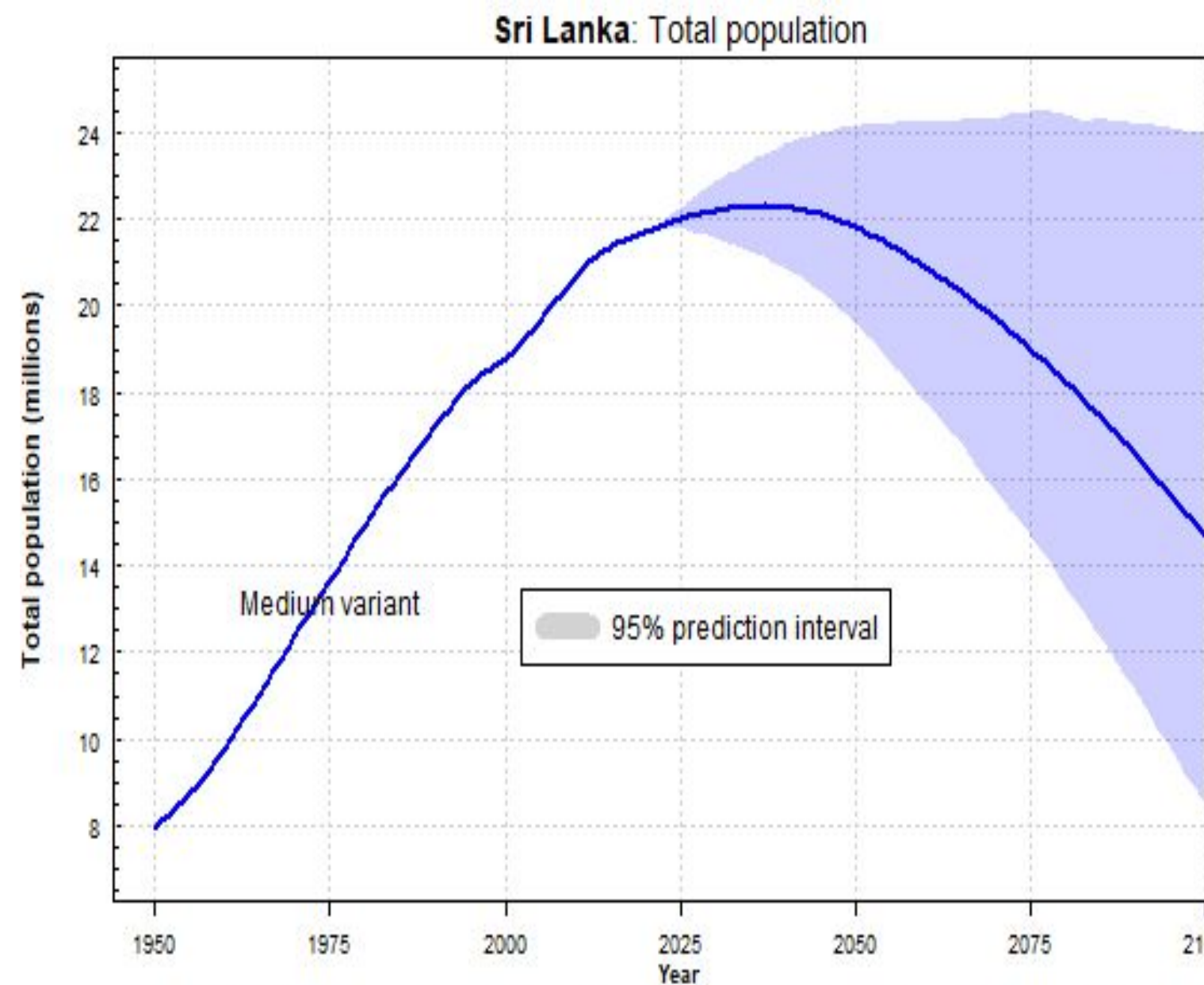
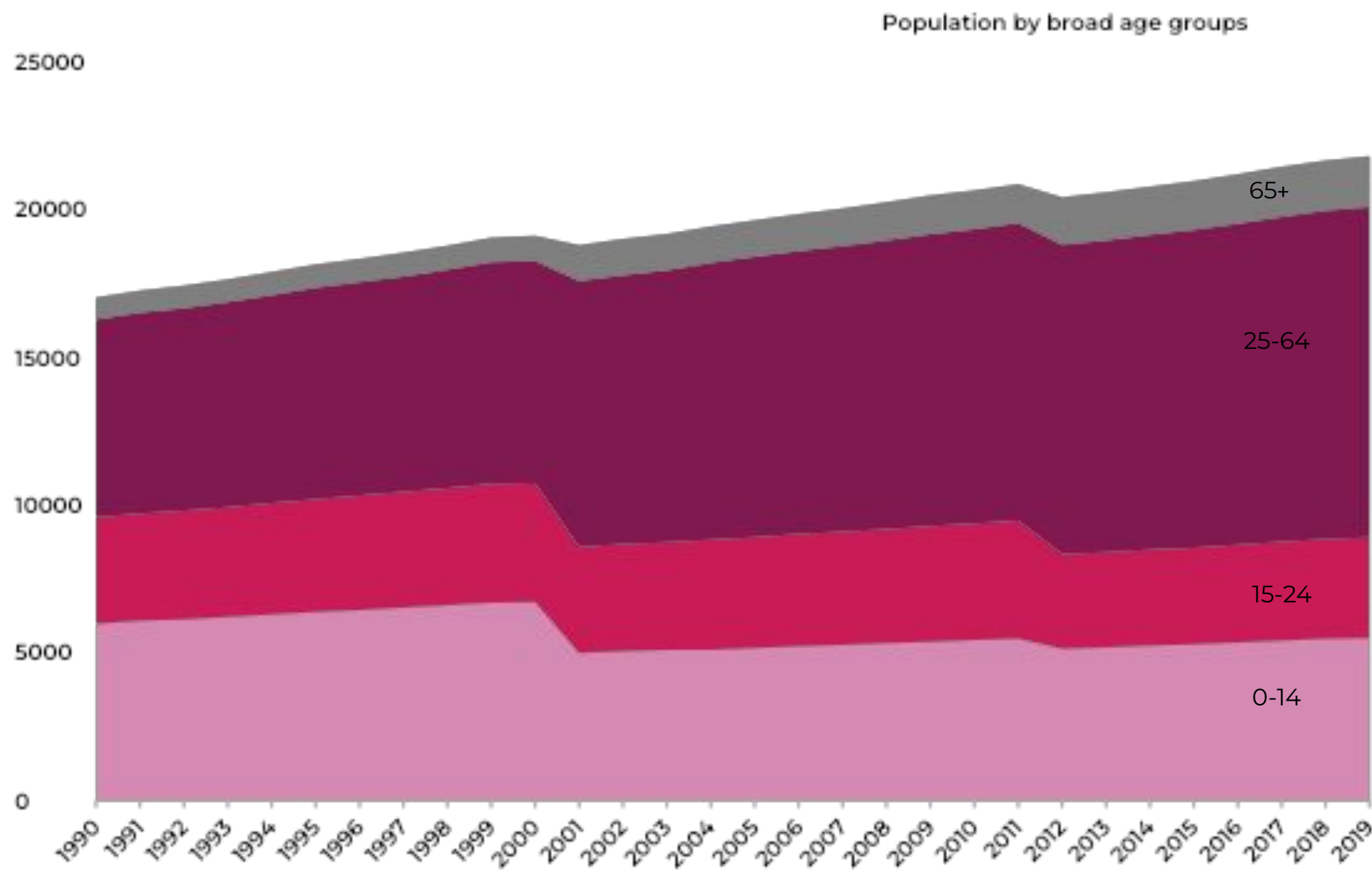


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United Nations, DESA, Population Division. *World Population Prospects 2022*. <http://population.un.org/wpp/>

3.

Contracting Population by 2038

Total population is expected to peak at 22.2 million in 2038 and then decline

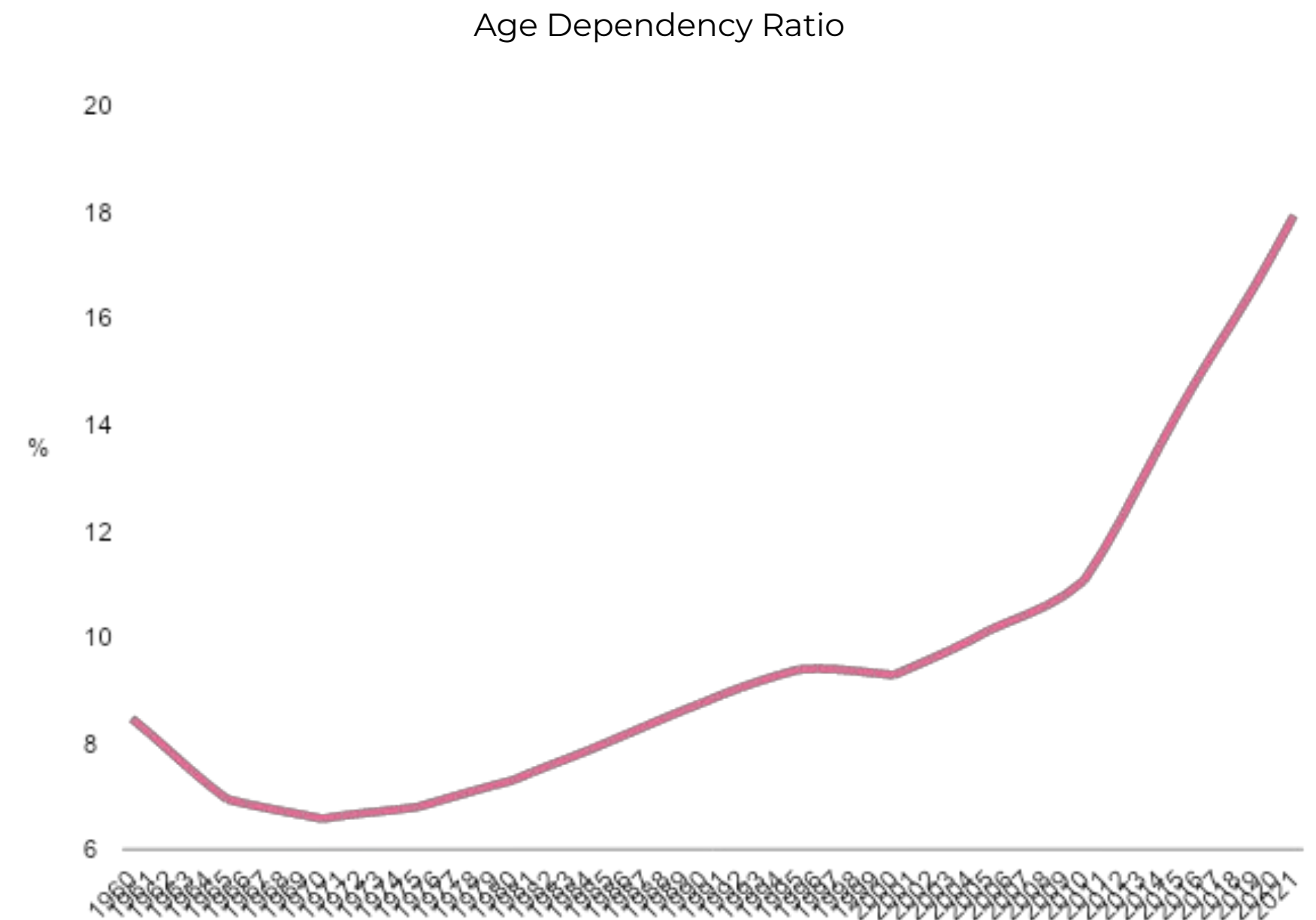
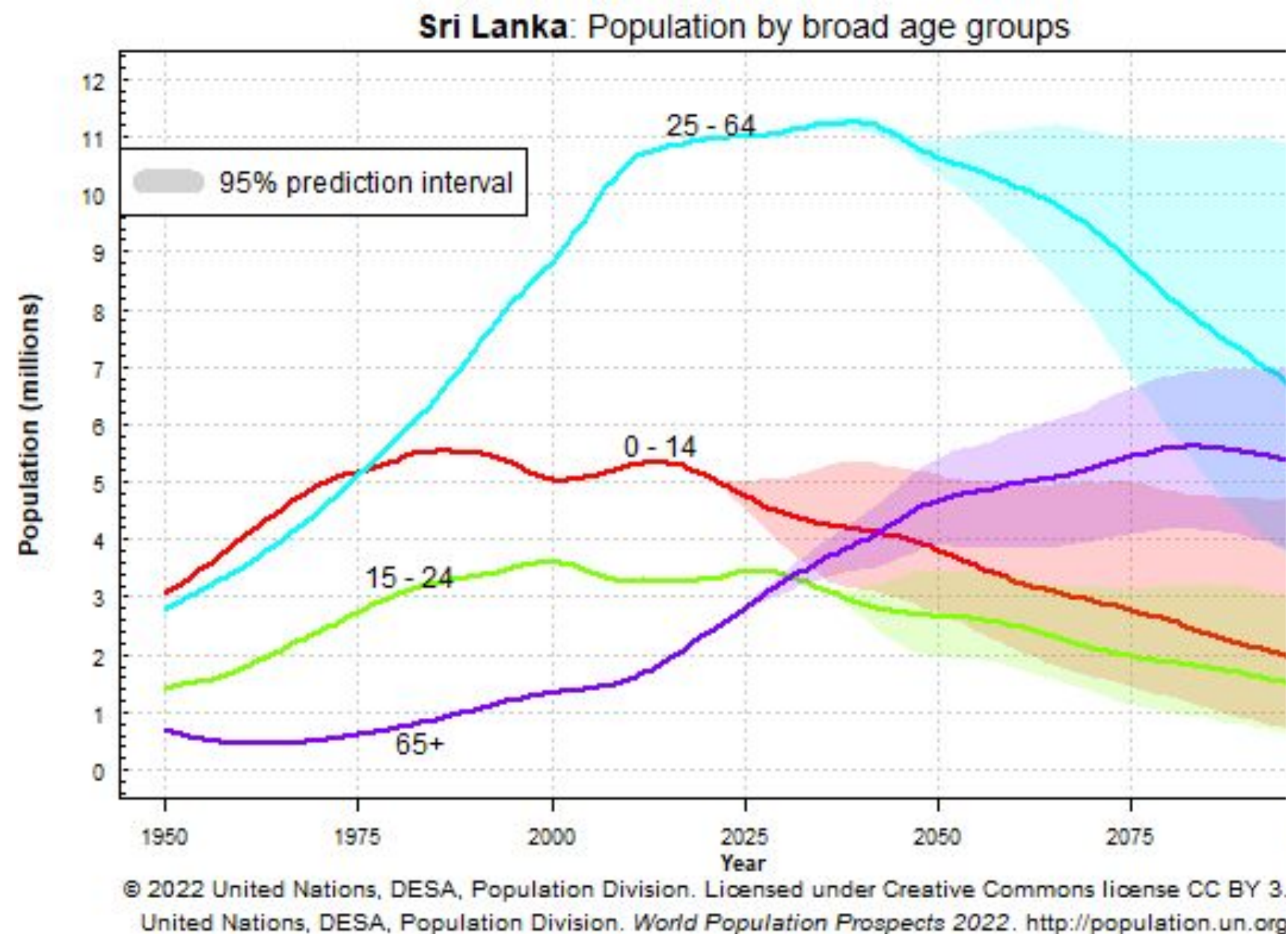


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United Nations, DESA, Population Division. *World Population Prospects 2022*. <http://population.un.org/wp>

4.

Sri Lanka is one of the fastest ageing countries in South Asia

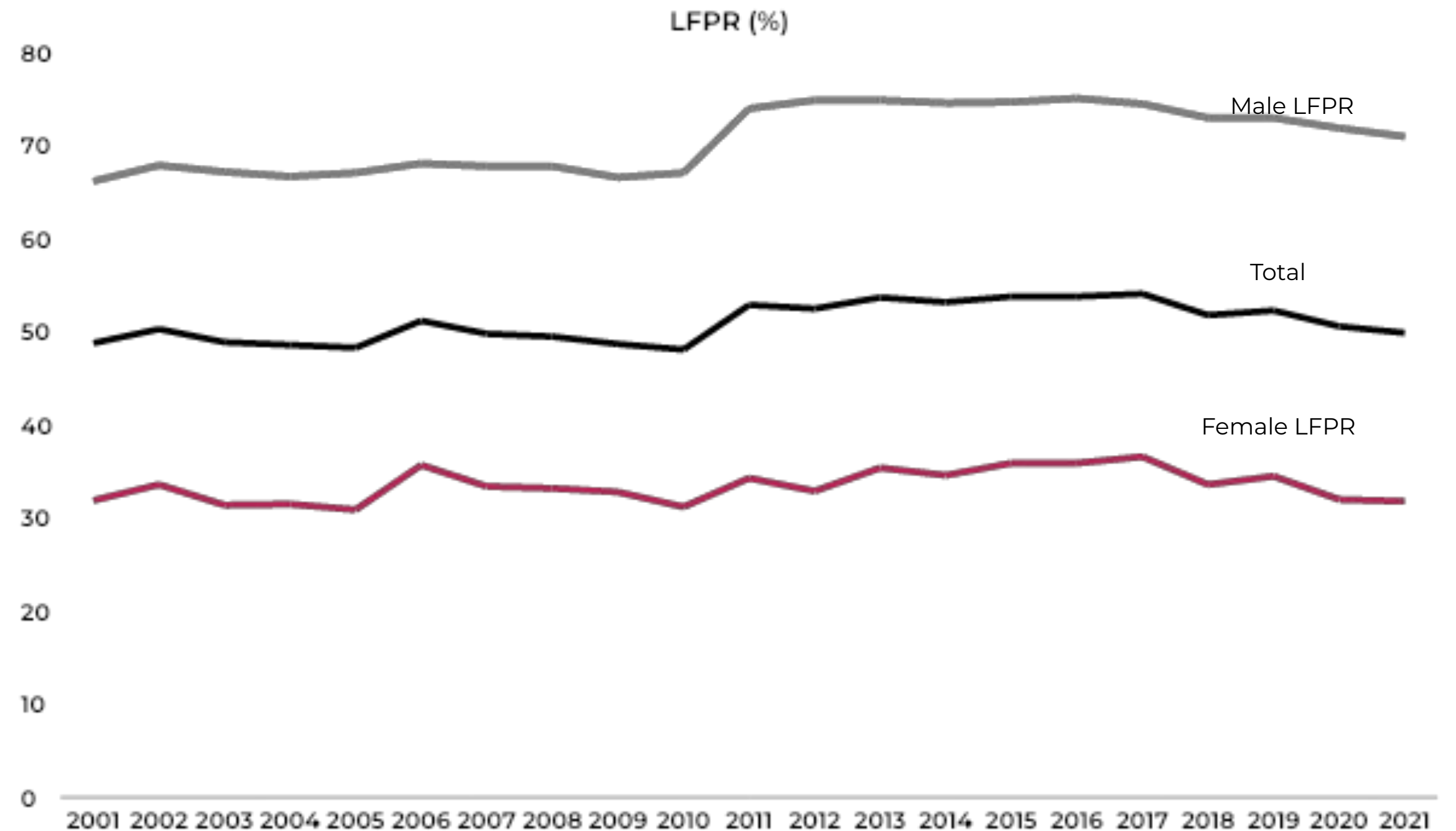
- The working-age population will peak in 2027 before starting to decline.
- The population of those aged 65 or more will double by 2040 compared with 2015
- By 2030, one in five Sri Lankans will be over the age of 60 with the majority being women



2021 Labour Force Indicators

The labour force is composed of currently economically active population, i.e., all persons who are/were employed or unemployed during the reference period of the survey (the reference period is “previous one week” for currently economically active population), 15 years of age and over.

Total labour force in millions	8.6
Labour force participation rate (LFPR)	49.9%
Female labour force participation rate	31.8%
Male labour force participation rate	71%
Employment rate	94.9%
Unemployment rate	5.1%



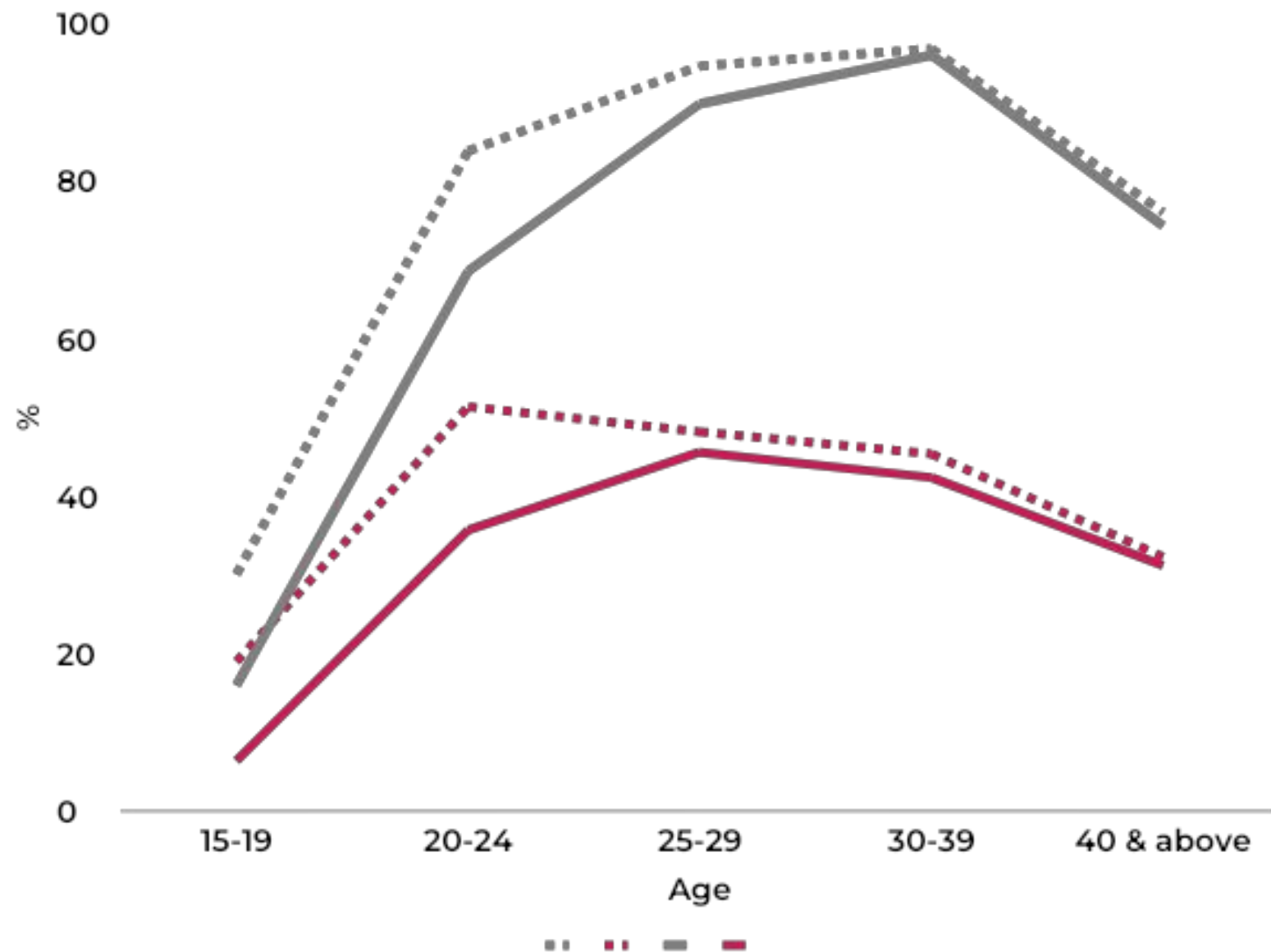
6.

Higher male participation than female participation in the labour force

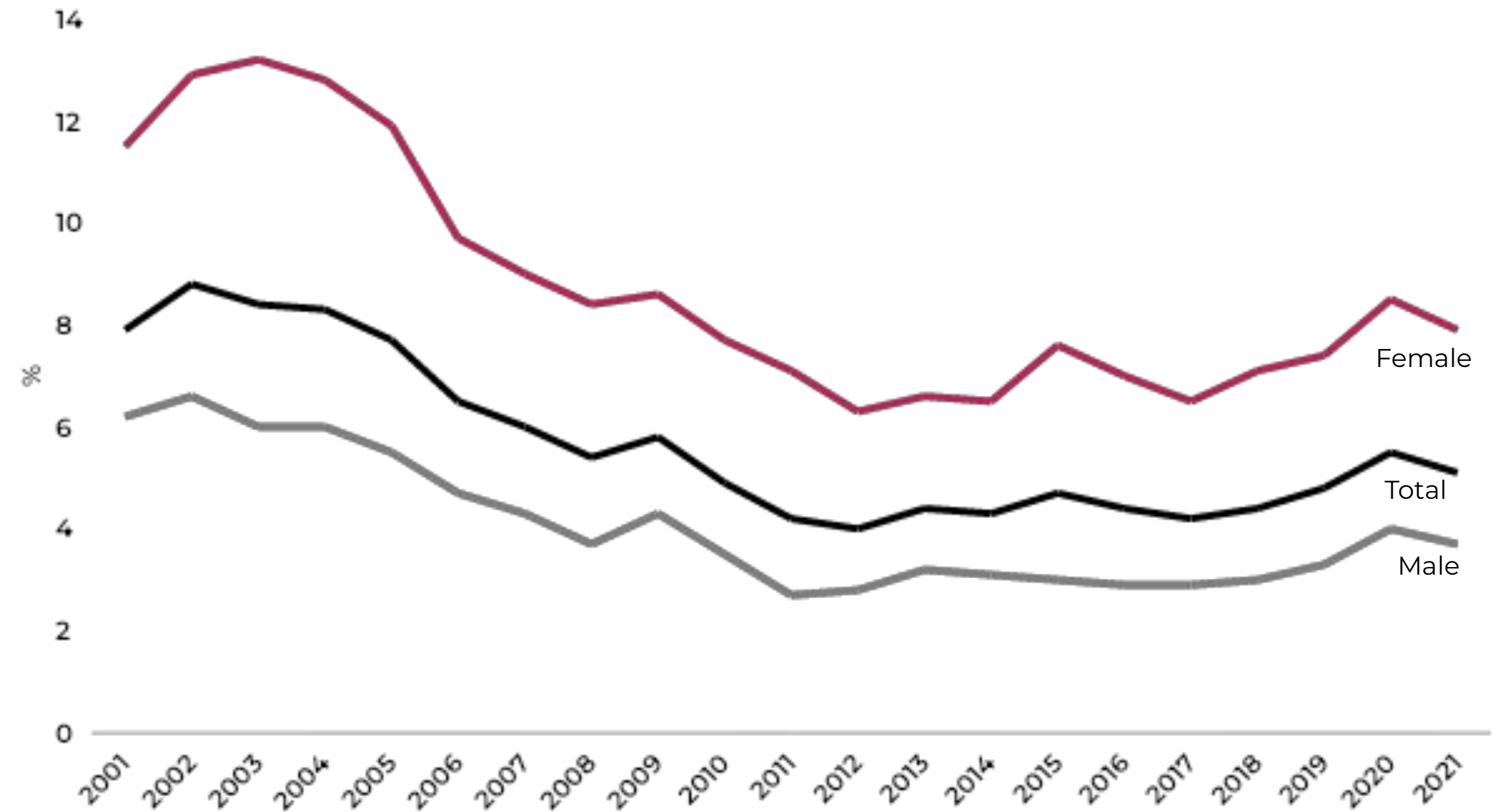
The largest decline in female and male LFPR between 2002 and 2020 happened at the 20-24 age group.

Female unemployment rate is higher than male unemployment.

Labour Force Participation Rate by Age and Sex, 2002 and 2020

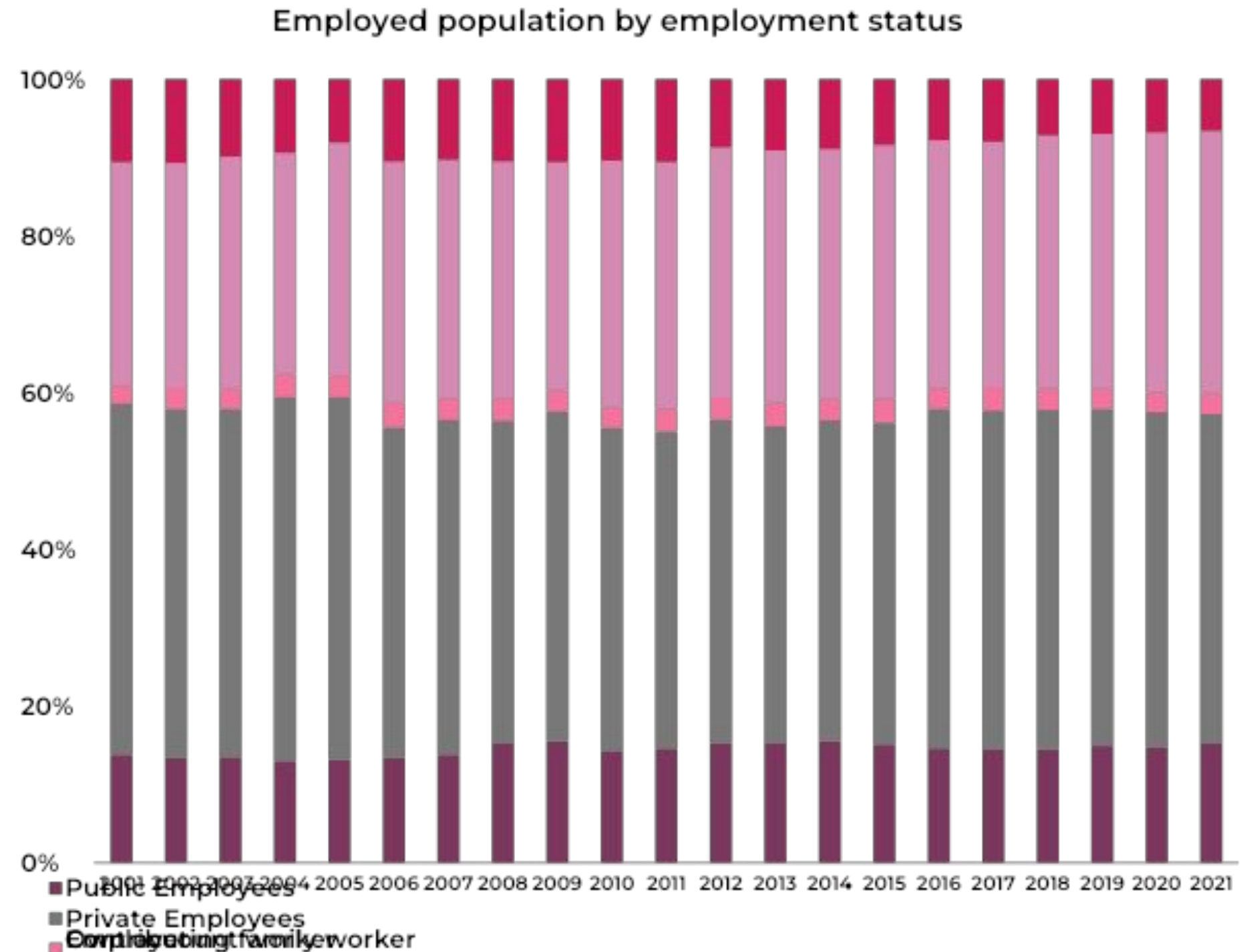
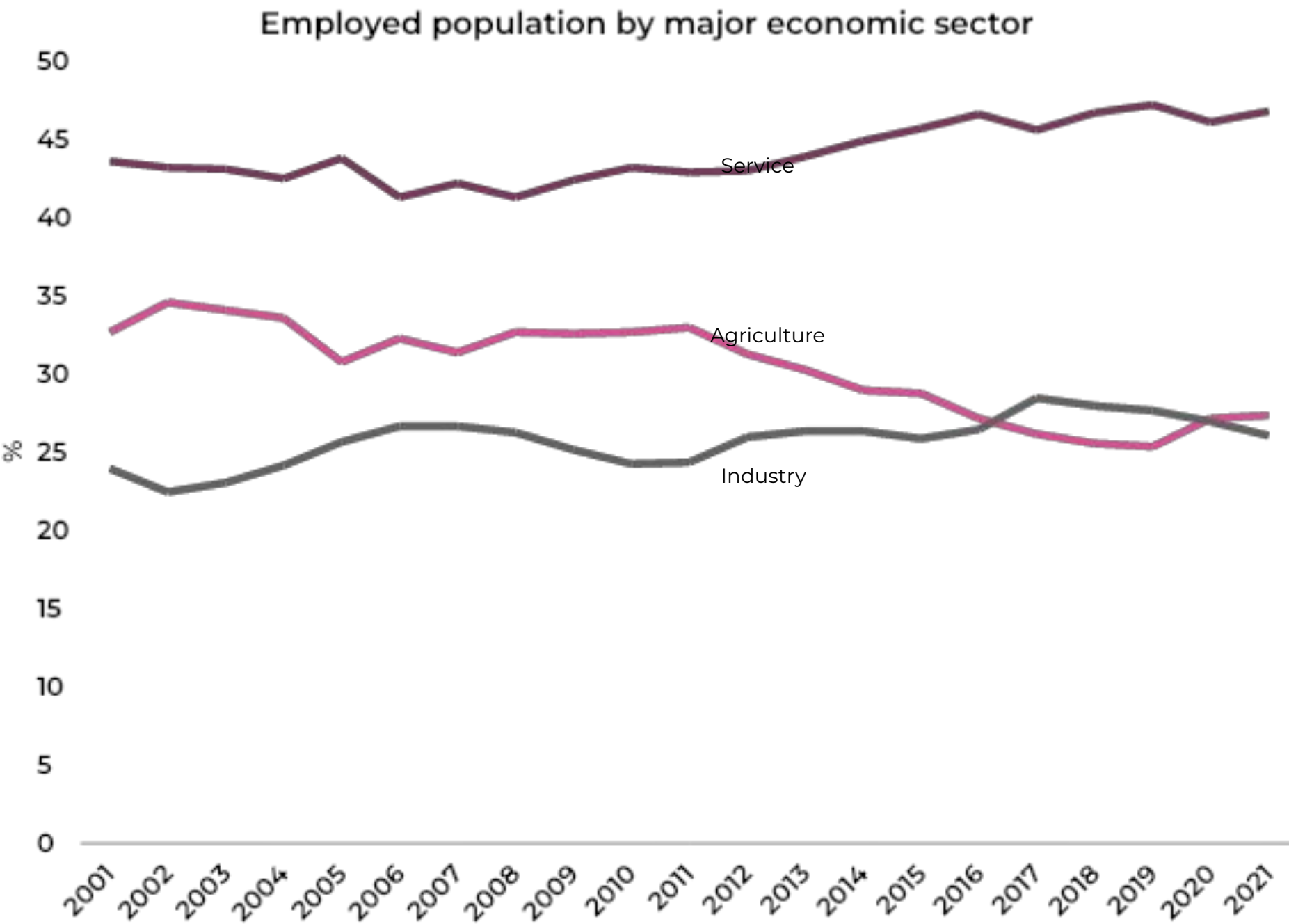


Unemployment rate by gender



Employed population by major economic sector and employment status

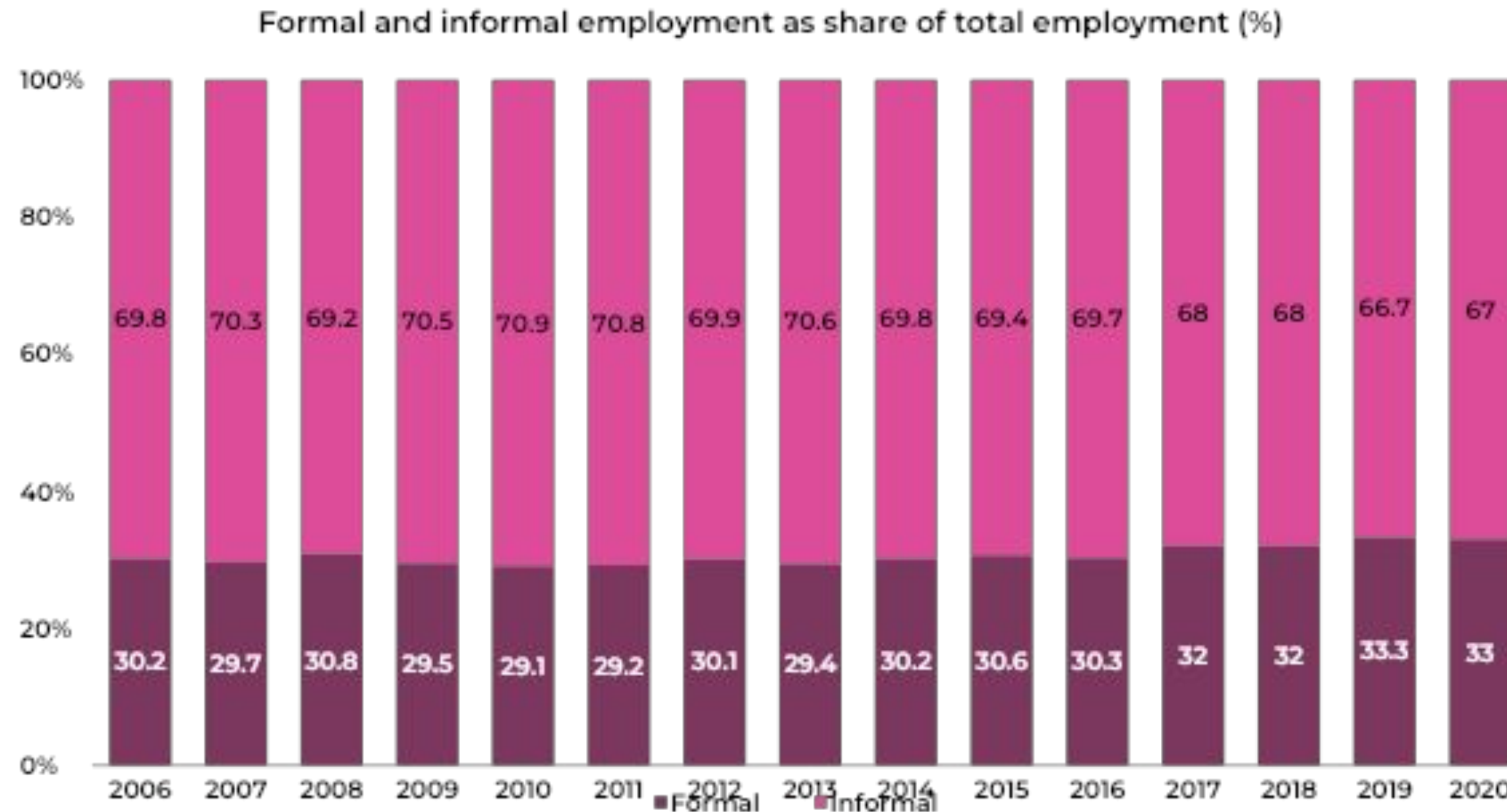
Most of the employed population is in the service sector with the private employees dominating the labour force by employment status



Greater informal employment than formal employment

DCS definition:

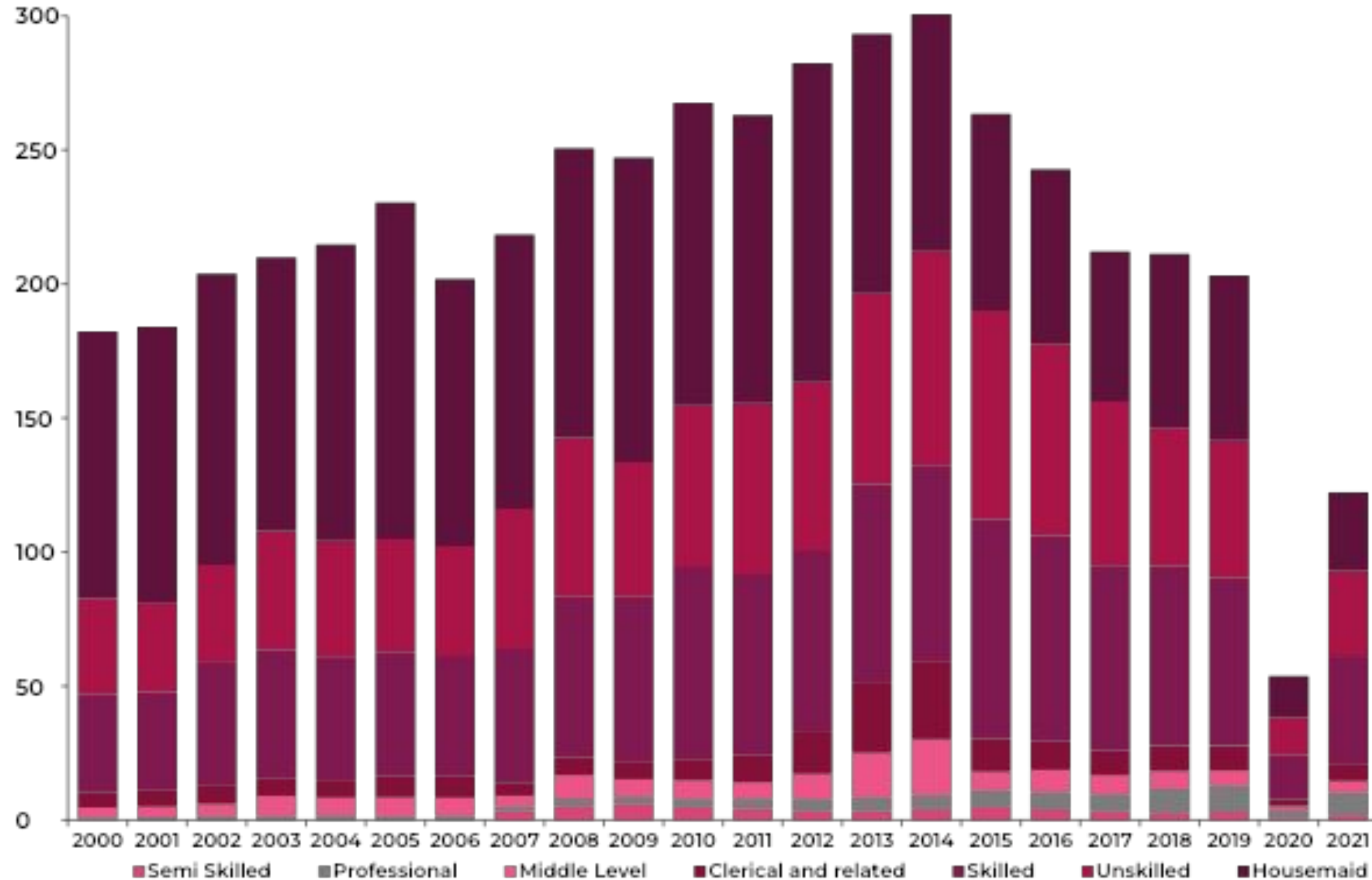
Informal Employment encompasses persons in employment who, by law or in practice, are not subject to national labour legislation and income tax or entitled to social protection and employment benefits.



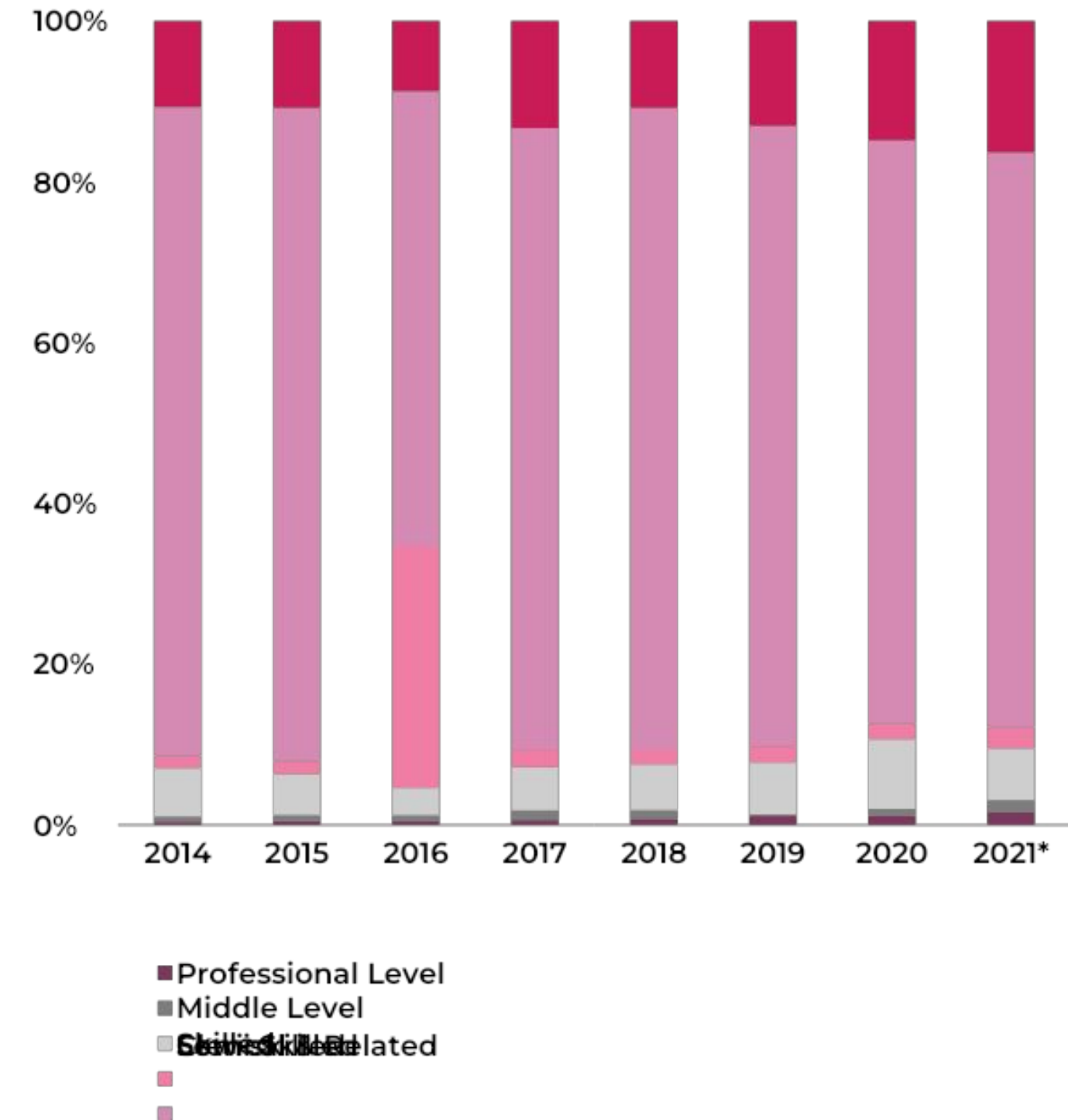
9.

Female migration is dominated by the semi and low skilled levels

Departures for foreign employment, 000'



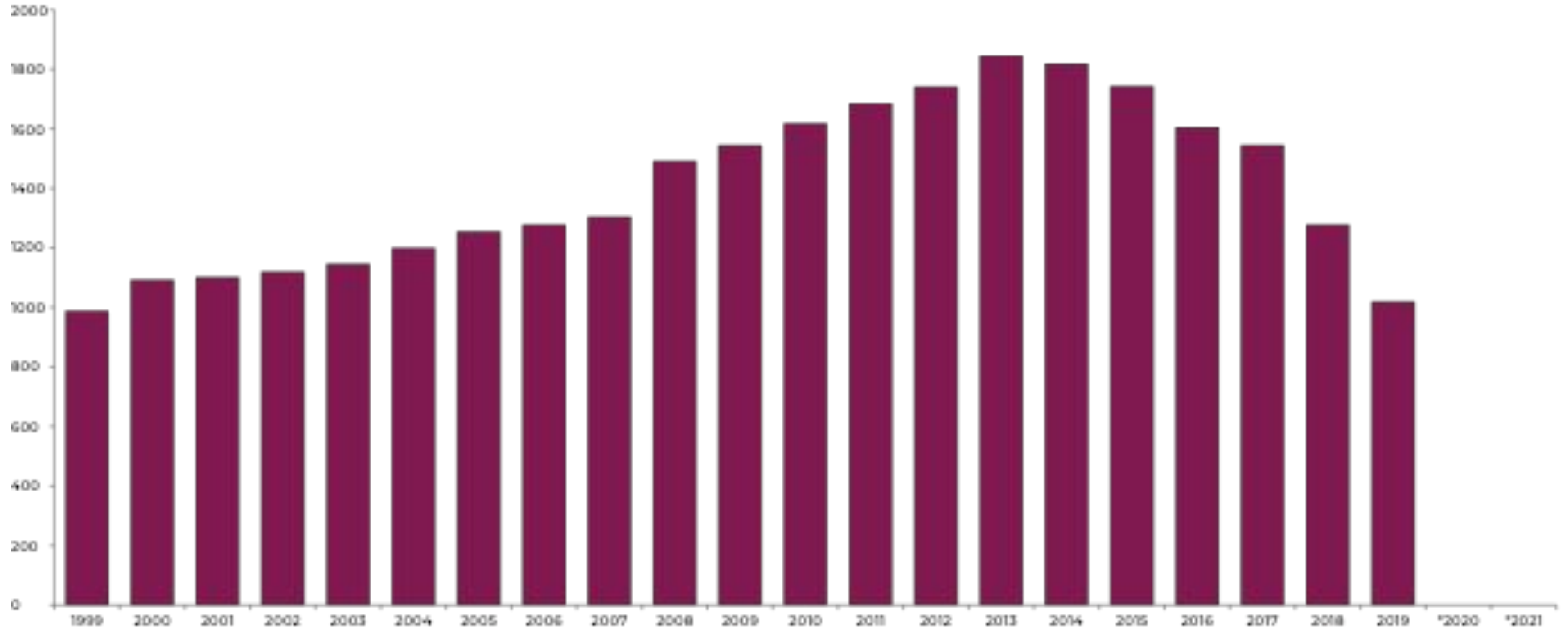
Female Registration with the SLBFE by Manpower Level 2014-2021



Sources; CBSL Economic and Social Statistics of Sri Lanka 2000-2021; Sri Lanka Bureau of Foreign Employment, Annual Statistical Report of Foreign Employment - 2021

Stock of Migrant Labour Force

Estimated stock of migrant labor force, Thousand



*The forecasting methodology does not hold for 2020 due to a large number of returnees

Sources; JB Securities Forecasting