

Youth Participation in the Informal Labour Market: The Case of the Northern Province of Sri Lanka

Balamurali, N.^{1*} and Dunusinghe, P.²

¹*Department of Social Studies, Open University of Sri Lanka,* ²*Department of Economics, University of Colombo*

**balamurali_navaratnam@yahoo.com*

Informal economy (IE) plays a major role in employment creation, production and income generation while the formal sector of the country cannot absorb all the labour force of the country. More than 70 per cent of Sri Lanka's labour force is employed in the informal sector (Arunatilake, 2010). This study aimed at assessing the nature and characteristics of IE with reference to youth employment in the Northern Province of Sri Lanka. We extracted data from the Labour Force Survey (LFS) of four years from 2011 to 2014, conducted by the Department of Census Statistics of Sri Lanka. This study was started with the research problem with the notion that, Larger share of employed youth in the Northern Province engage in Informal Economy. Hence, the researcher wanted to identify 'the characteristics of youth who engage in the Informal Economy in the Northern Province'. According to this study, Contribution of IE in the Northern Province continuously declines during the last four years. In addition, the share of IE among female youth declines faster than males during the study period. However, IE still plays a significant role as 43.9 per cent of employed youth participate in the IE in the Northern Province where it is 35.2 per cent in the country in 2014. Except the Mannar district, all the other districts in the Northern Province show the decline in the share of IE during the period from 2011 to 2014. As the level of education increases, participation of youth in the informal sector decreases and this is opposite for formal sector. IE increases as age increases. Particularly it is relatively higher among the youth who are between 25 to 29 years old. Skilled agricultural and fishery workers; Craft and related workers; Plant and machine operators and assemblers; and Elementary occupations are the four dominant economic activities of the informal workers. This study found that although IE plays an important role in reducing unemployment rate, the economic condition of informal workers is lacking behind formal workers. Poor level of education, Poor economic strength, Physical and Mental incapability, Absence of vocational training, Gender deprivation etc. are some causes that make a larger workforce to engage in IE.

Keywords: Economic-vulnerability, Informal-economy, Northern-Province, Youth-Unemployment