

Sri Lanka: Unemployment benefits for COVID-19 job losses

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The Government is seriously considering a proposal to provide financial unemployment benefits to scores of Sri Lankans who have lost their jobs owing to the COVID-19 pandemic and those who are at risk of losing their jobs.

If approved, the proposal will be implemented in the forthcoming 2021 budget to be presented in Parliament in November with funds being allocated for this purpose.

The proposal was made by several trade unions at a recent meeting of the National Labour Advisory Council (NLAC) chaired by Labour Minister Nimal Siripala de Silva. The Minister, in response, said the proposal will be favourably considered.

According to Palitha Athukorala, President of the National Union of Seafarers, who was present at the meeting, it was suggested that the starting capital for the scheme should come from the balance of dormant Employees Provident Fund (EPF) accounts lying in the Central Bank.

“There is a large amount of money lying unused in dormant account of EPF members which have not been claimed and the proposal was to use this money as start-up capital to launch this new fund,” he said. The Minister had requested the unions to meet the Governor of the Central Bank Prof. W.D. Lakshman and seek his approval to use these funds.

Dozens of workers, particularly in small and medium scale enterprises, are known to have lost their jobs as the COVID-19 pandemic devastated Sri Lanka’s economy. Many of the job losses also came from the apparel sector with factories losing orders amidst weakened demand from the US and Europe which are struggling with rising infections from COVID-19.

At the NLAC meeting, it was suggested to get the support of the International Labour Organisation (ILO) in terms of technical assistance for the unemployment benefits’ scheme. Mr. Athukorala said that such a scheme had also been proposed by President Gotabaya Rajapaksa in his presidential election manifesto.

According to official data, the total number of EPF accounts of members at end 2019 was nearly 19 million with the balance in these accounts totalling Rs. 2.5 trillion. The amount lying in dormant accounts is not known but expected to be a sizable amount and sufficient to start up the unemployment benefits’ scheme.

Under normal circumstances, when an employer wants to terminate employees, he/she has to make an application to the termination division of the Department of Labour and seek their approval.

According to the proposal, those who are terminated after such an application is approved by the department, will be entitled to the unemployment benefits.

The Minister has instructed the Ministry Secretary to prepare details of those who have lost the jobs as a result of the pandemic and then have another meeting with the unions next week.

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