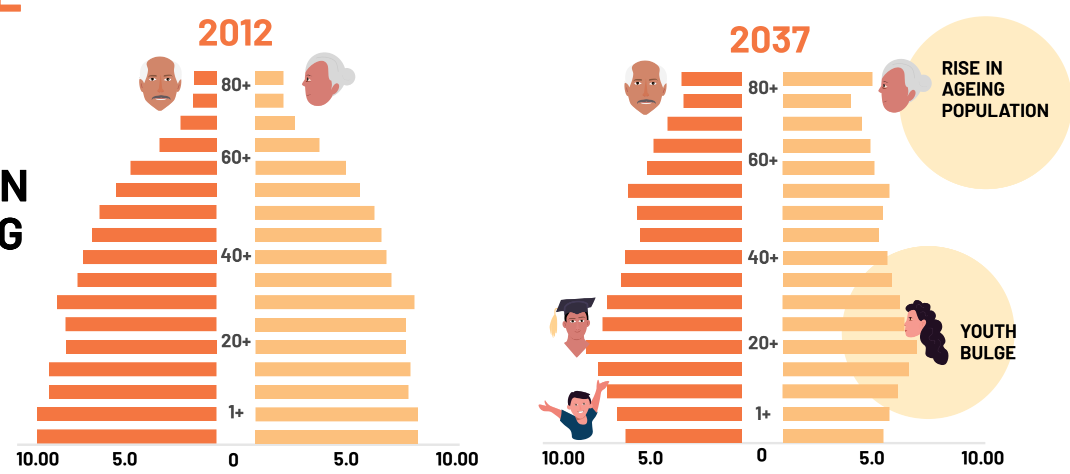
POPULATION DYNAMICS AND THE ECONOMIC LIFE CYCLE.

SRI LANKA'S POPULATION STRUCTURE IS CHANGING

Sri Lanka is experiencing a significant transformation in its age structure associated with the **youth bulge** as well as **population ageing**. These population trends create many challenges as well as opportunities.

BY 2037, 1 in 5 SRI LANKANS WILL BE OVER 60 YEARS.



LEADING TO A CONSIDERABLE IMPACT ON OUR ECONOMY AND THE WAY WE LIVE AND WORK.

10 CONSUMERS

FOR EVERY 7 WORKING ADULTS

As our population ages, the number of working adults who contribute to the economy will reduce in the future. This means the reliance on government and the social welfare system will increase.

ESTIMATES SHOW THAT BY 2037, SRI LANKA WILL NEED AN ADDITIONAL LKR 76 BILLION TO SUPPORT THIS INCREASE IN PUBLIC CONSUMPTION.

THE NATIONAL TRANSFER ACCOUNTS (NTA)

NTA EXPLORES INCOME AND CONSUMPTION TRENDS OF PEOPLE AT DIFFERENT AGES

the NTA examines the private consumption of education, health and other goods of those who are classified as child age, labour force age and older ages.

Additionally, it looks at government spending related to public consumption of education, health and other goods.

UNFPA

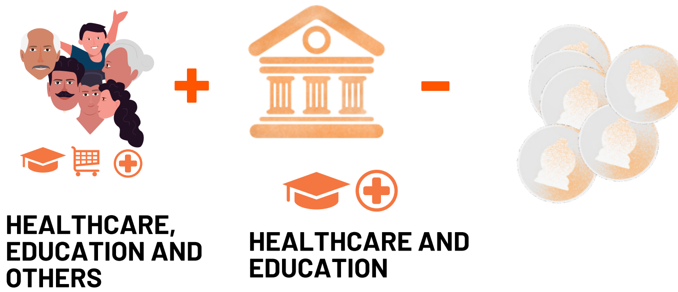
Find full report at :
https://srilanka.unfpa.org/en/publications/population-dynamics

THE NTA METHODOLOGY FACTORS AGE INO THE ECONOMIC LIFE CYCLE.

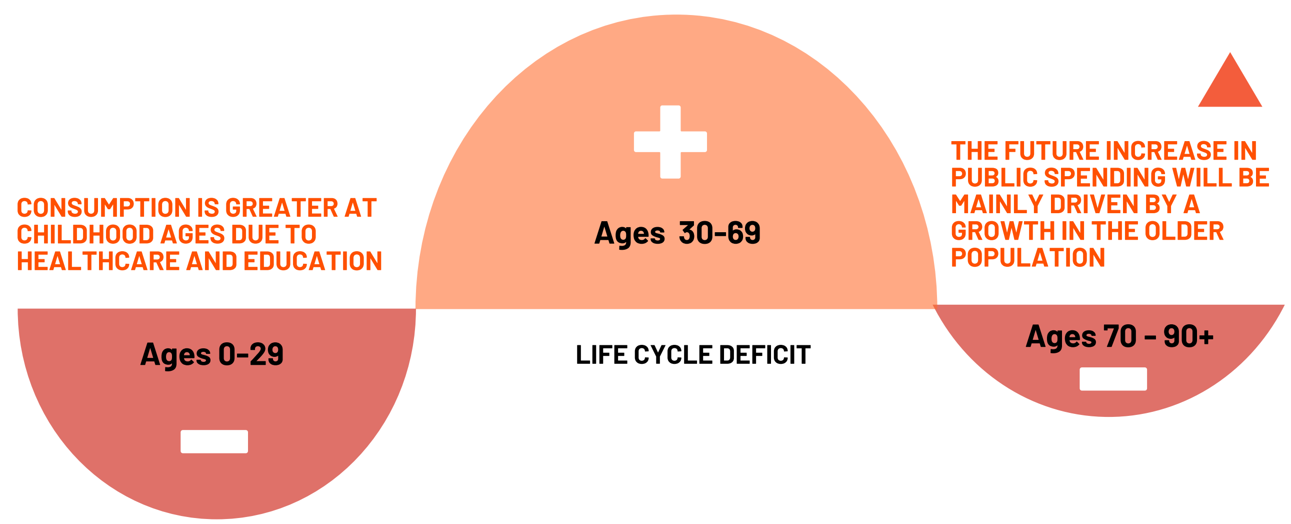
LIFE CYCLE DEFICIT = PRIVATE CONSUMPTION + PUBLIC CONSUMPTION - LABOUR INCOME

Life cycle deficit is the difference between the consumption of goods against the generated labour income.

This deficit is serviced by transfers, which are economic mechanisms and social institutions that facilitate the reallocation of resources across age.

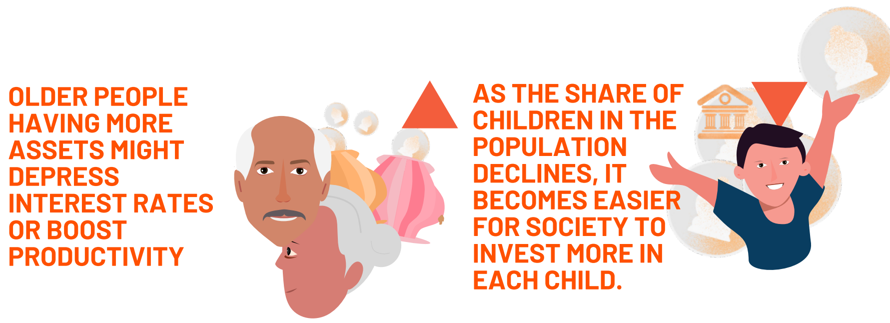


NTA SHOW THAT BETWEEN AGES 30 - 69, PEOPLE EARN MORE THAN THEY CONSUME, SHOWING THAT SRI LANKA'S LABOUR FORCE, EXCEEDS BEYOND THE CURRENT RETIREMENT AGE OF 60.



REAPING THE BENEFITS OF OUR SECOND DEMOGRAPHIC DIVIDEND

NTA show that older people have accumulated real assets that can be used later in life, through assets or savings.



To ensure that the ageing population will have sufficient private assets/savings, Sri Lanka must raise labour productivity and invest in education and healthcare to capture the benefits of the second demographic dividend.