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The Status of Manpower Workers:

A Study of the Katunayake and Biyagama Free Trade Zones

December 2024

Human Rights Commission of Sri Lanka

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Preface & Acknowledgements

It gives me great pleasure as the Commissioner in charge of the Research and Monitoring Division of the Human Rights Commission to write a message for the report: *Status of Manpower Workers : a study of the Katunayaka and Biyagama free trade zones*. This study is one of the first of the Suo Moto interventions that the Human Rights Commission plans to carry out to highlight the problems of vulnerable communities affected by the country's economic crisis.

The research was carried out by the Research and Monitoring Division of the Human Rights Commission with the assistance of the team at the *Da Bindu Collective*. The research draws from conversations with organizations and activists agitating on behalf of workers in the FTZ who participated in numerous meetings at the HRC. Report writing was carried out by Ammaraa Nilafdeen. The recommendations were developed by the Research and Monitoring division with support from the larger HRC community.

The report benefited from the participation of representatives of manpower agency representatives from both Katunayake and Biyagama, and representatives from Ministry of Industries, Department of Labour, Board of Investment of Sri Lanka, Divisional Director Health Service – Katunayaka, Divisional Sectarian – Katana, Divisional Sectarian – Biyagama, Katana, Urban Council – Seeduwa, Urban Council – Biyagama, Police OIC – Katunayaka and Police OIC – Biyagama. The Human Rights Commission appreciates the time and effort of all those who participated in these meetings. They were invaluable in making the study a success.

There are two main findings of the study. The first- there is inadequate recognition by the government and other concerned stakeholders of the growth of precarious labour in Sri Lanka, particularly in relation to the free trade and industrial Zones. Zones run by the Board of Investment (BOI) or the Department of Industries attract manpower workers in significant numbers. While there are protections in place with regards to both laws and BOI guidelines, there seems to be a reluctance to recognize manpower workers and their precarity as a problem and to respond in a suitable manner. The report attempts to illustrate the nature of manpower workers' precarity as they pertain to the FTZ.

A second important finding was that the setting up of industrial zones, either within the FTZ or outside do not include planning to accommodate the inevitable influx of labour to the area. The lack of sufficient services for the workers that will inevitably arrive has caused many problems. The report attempts to illustrate the difficulties faced by workers in the FTZ, especially female workers. The consequences of unsanitary makeshift accommodation, lack of support services to address health problems, the lack of provisions for mental health support and inadequate protection

from harassment and sexual violence are illustrated in the report. Administrative issues related to the location of large numbers of internal migrants also need to be addressed.

The Human Rights Commission has put forward many recommendations to state institutions as well as for activist organizations supporting workers' rights. The Commission will continue to push for the implementation of the recommendations listed in this report.

Funding for this project was provided by the United Nations Development Programme (UNDP) under the Support to Justice Sector – JURE Project.

I dedicate this report to the workers in the zones.

Prof. Fathima Farzana Haniffa
Commissioner
Human Rights Commission of Sri Lanka

10th December 2024

Executive Summary

In March 2024, the Human Rights Commission of Sri Lanka (HRCSL) initiated *suo motu* investigative research into the rights violations experienced by manpower workers in the Free Trade Zones (FTZ) of Biyagama and Katunayake. This investigation is part of HRCSL's broader initiative to address economic, social, and cultural rights violations at a time when the Sri Lankan population is experiencing an economic crisis.

In 1977 Sri Lanka became the first South Asian country to adopt open market reforms. As part of these changes, the Katunayake FTZ was established in 1978. Currently, there are twelve export processing zones across the country. The apparel sector is the largest industrial exporter in Sri Lanka. A considerable percentage of its workforce are female and many of the workers are migrants from various districts across the island. In these zones, the practice of hiring manpower workers has become increasingly common over the years. Unskilled workers are mostly recruited through manpower agencies, which handle their hiring, administration and wage payments. This system effectively shifts the responsibility for worker welfare away from the companies operating in the zones. The lack of an effective mechanism to monitor manpower agency registration and standards and the BOI limiting its responsibility to monitoring standards only of the companies within the zones has resulted in very limited regulatory control over manpower workers. This has resulted in many manpower workers being left vulnerable to labour rights violations.

Sri Lanka has a framework of labour laws that regulate wages, work hours, health and safety, benefits and pensions for formal sector workers. However, these laws do not adequately address newer practices which have emerged in the past two decades—such as subcontracting of workers. The Board of Investment of Sri Lanka (BOI) has issued a set of guidelines and standards for employment that companies operating within their zones should follow. This includes a 2005 policy that discourages atypical employment practices. However, these guidelines are not legally enforceable and weak implementation of such standards remains an issue due to the BOI's limited regulatory power. Additionally, the 1997 International Labour Organisation Convention on Private Employment Agencies provides a framework to regulate employment agencies and protect workers from exploitation. However, Sri Lanka has not ratified this Convention. In July 2024, a new employment draft bill was introduced to the Labour Advisory Council. This bill consolidates thirteen existing labour laws into one piece of legislation. The draft bill has faced criticism from trade unions and civil society actors for potentially formalising exploitative practices, restricting union formation and weakening labour protections, especially for women, while also including provisions to regulate manpower supply agencies. To date the commission has not received the bill for review.

The Commission also observed a shift in recruitment practices by companies within the zones. It was observed that many companies are increasingly outsourcing their unskilled labour needs to manpower agencies. While a few recognised and well-established manpower agencies operate in

the zones, many others are registered at the local authorities as small businesses and are run by one or two individuals. Some of these agencies often only make verbal agreements with day workers regarding wages and work conditions. This practice has led to irregularities in the treatment of unskilled manpower workers. The study focuses on the rights violations experienced by manpower workers hired on a day-to-day basis, who are precariously positioned and largely remain outside existing regulatory frameworks. The BOI and manpower agencies are generally not committed to ensuring worker protections, such as providing healthcare, workplace accident insurance and safety equipment for dangerous jobs for manpower workers. The commission also observed that there is a trend of the children of former FTZ workers as well as other young people engaging in manpower work due to the flexibility it offers.

The research also revealed that the ongoing economic crisis has worsened living conditions for all workers in the zones. Many workers reported wage cuts and declining living standards and are struggling to afford basic necessities or to provide for their families. Women working in the zones face additional challenges—such as difficulties fulfilling caregiving responsibilities and vulnerability to exploitation—including sexual bribery. Despite the continuous demand for workers in the zones, there remains a shortage of housing that is safe and is built to a reasonable standard. Workers are often living in unsanitary and insecure structures that are similar to plantation line rooms, and often smaller in size. Migrant workers from outside the district face difficulties in accessing government services and in exercising their right to vote.

Introduction

The HRCSL, under the Human Rights Commission of Sri Lanka Act No. 21 of 1996, initiated investigative research to identify the rights violations experienced by manpower workers in the Free Trade Zones (FTZ) in Biyagama and Katunayake. This research aims to examine the current status of manpower workers and the nature of the rights violations they face from manpower agencies, the BOI companies, and state entities in the FTZ. The research is part of the HRCSL's endeavour to address violations of economic, social, and cultural rights in the context of the economic crisis that the country has faced for the past three years. It is also a result of long-standing engagement with civil society organisations working in the country's FTZs. Additionally, the Commission has conducted *suo motu* investigations into manpower workers, who are employed in both the state and private sectors and who are featured in the media due to industrial accidents. This initiative arises from the need to understand what regulatory frameworks, statutory and activist interventions are required to ensure that this vulnerable community of workers is protected by the state.

The Economic Crisis

Sri Lanka's economy began to falter significantly from early 2019, primarily due to the impact of the Easter Sunday bombings and the COVID-19 pandemic. These events severely reduced tourism revenue, and the government had to allocate substantial expenditures toward COVID-19 relief and assistance. Additionally, the country faced the financial strain of two major elections: the presidential election in 2019 and the parliamentary election in 2020. However, the peak of the economic crisis in 2022 was not merely the result of these short-term factors. It was the culmination of longer-standing issues, including a growing fiscal deficit and increasing reliance on international borrowing, which led to an inability to repay debts.

Sri Lanka's tax revenue which was around 20% of GDP in the late 1980s, declined to 13% in 2010 and further to 11% in 2015.¹ In late 2019, additional tax cuts were introduced. As a result, Sri Lanka's budget deficit doubled between 2019 and 2020, increasing from Rs. 1,016 billion in 2019 to Rs. 2,090 billion in 2020, an increase of Rs. 1,074 billion.² In 2020, the country lost access to international financial markets due to deteriorating budget deficits and subsequent credit rating downgrades. This forced Sri Lanka to rely on official reserves to service external debts and pay for imports, leading to a sharp decline in official reserves from US\$7.6 billion in 2019 to less than US\$400 million by June 2022.³ Over the past fifteen years, foreign borrowing became a dominant means of financing debt, with foreign debt rising to nearly 50% of the central government's debt

¹ Moore, M. (2017). *The Political Economy of Long-Term Revenue Decline in Sri Lanka*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3120545

² *Why did Sri Lanka's Budget Deficit Increase in 2020?* (2021). Verité Research. <https://www.veriteresearch.org/2021/10/27/why-did-sri-lankas-budget-deficit-increase-in-2020/>

³ World Bank. (2022). <https://documents1.worldbank.org/curated/en/099836110132231642/pdf/IDU0a9e32121089e804762099000dd1b0932c748.pdf>

by 2018, the highest in twenty years. By the end of 2021, Sri Lanka had accumulated US\$88 billion in debt—\$55.4 billion in domestic and \$32.5 billion in foreign debt—almost half of which had been accumulated in the previous decade. This led to a severe debt crisis, rendering Sri Lanka unable to meet its debt obligations.⁴ In April 2022, the Central Bank announced that Sri Lanka would default on foreign debt interest payments, effectively declaring bankruptcy.⁵

The 2022 economic collapse in Sri Lanka brought the country to a standstill with critical shortages of essential items. Fuel and gas shortages led to day-long queues, sometimes stretching kilometres. At least thirteen people were reported to have died while waiting in these long queues.⁶ In April 2022, Sri Lanka was nearly out of life-saving medicines and doctors were forecasting a severe health crisis.⁷ By July, Sri Lanka had less than a day's supply of fuel, forcing the government to halt petrol sales except for essential services.⁸ The fuel crisis caused public transport to stop entirely. Markets struggled to stock basic goods and families were unable to meet their food needs. This suffering and widespread discontent fuelled the *Aragalaya* protests, where thousands took to the streets and drove out the sitting president and prime minister.

To address the economic crisis, the Sri Lankan government sought assistance from the International Monetary Fund (IMF). In March 2023, the IMF approved a \$3 billion, 48-month extended fund facility, contingent on the government's commitment to specific reforms. The program's priorities focus on several key areas, which are, fiscal consolidation through increased revenue, social safety nets, fiscal reforms, and cost-recovery energy pricing; debt restructuring to restore public debt sustainability; a strategy to stabilize prices and rebuild reserves with flexible exchange rates; measures to ensure financial sector stability; and structural reforms to tackle corruption and promote growth.⁹

As of July 2024, Sri Lanka had fulfilled only 4% of its commitments under the IMF program, with 72% of the commitments still pending, 8% unmet, and 15% with an unclear status.¹⁰ In June 2024, the IMF review projected that economic growth would recover moderately in 2024-25, though

⁴ Samarakoon, L. P. (2024). What broke the pearl of the Indian ocean? The causes of the Sri Lankan economic crisis and its policy implications. *Journal of Financial Stability*, 70, 101213. <https://doi.org/10.1016/j.jfs.2023.101213>

⁵ Daily FT. (2022). *Sri Lanka declares bankruptcy*. <https://www.ft.lk/top-story/Sri-Lanka-declares-bankruptcy/26-733409>

⁶ *13th death reported in Sri Lanka fuel queues - Times of India*. (2022, July 5). <https://timesofindia.indiatimes.com/world/south-asia/13th-death-reported-in-sri-lanka-fuel-queues/articleshow/92676023.cms>

⁷ *Timeline: Sri Lanka's worst economic, political crisis in decades*. (2022). <https://www.aljazeera.com/news/2022/7/13/timeline-sri-lankas-worst-economic-political-crisis-in-decades>

⁸ Ibid.

⁹ Sri Lanka: Request for an Extended Arrangement Under the Extended Fund Facility-Press Release; Staff Report; and Statement by the Executive Director for Sri Lanka. (2023, March 20). IMF. <https://www.imf.org/en/Publications/CR/Issues/2023/03/20/Sri-Lanka-Request-for-an-Extended-Arrangement-Under-the-Extended-Fund-Facility-Press-531191>

¹⁰ IMF Tracker. (2024, June). https://manthri.lk/en/imf_tracker

constrained by limited bank credit and ongoing fiscal consolidation. The review also highlighted uncertainties surrounding debt restructuring and policy directions post-election.¹¹

Among these reforms were measures such as the elimination of subsidies on food and fuel, along with increased taxes on income and retirement funds. These actions risked worsening hardship and further driving up prices, especially as a large portion of the population was already struggling with high inflation.¹² In February 2023, as part of the IMF agreement, the government raised electricity tariffs by 165%,¹³ doubled value-added taxes to almost 15%, and phased out fuel subsidies, leading to price hikes. The newly introduced social security reforms have had problems in their roll out and have faced criticism¹⁴ for their development of beneficiary criteria and assessment methods. The vulnerability of persons continues. A 2024 Human Rights Watch review noted that the IMF program left more than 17% of the population moderately or acutely food insecure, requiring humanitarian assistance, and in July 2024, the World Food Programme noted that 31% of children under five were malnourished.¹⁵

The domestic debt restructuring process under the IMF program has come under critique due to its targeting of the Employees Provident Fund and Employees trust fund. The hair cut that these funds have been compelled to agree to will affect the income of workers who depend on them for retirement. Garment worker and plantation workers will likely be made vulnerable.¹⁶ While the overall need for reforms and fiscal discipline may be unavoidable, there remains criticism that the above austerity measures may deepen Sri Lanka's economic crisis.¹⁷ Currently the heaviest burden is borne by the working class who have also had to endure the eroding of the social welfare system that has long been a lifeline for many low-income families.

As changes to the country's prevailing labour laws are anticipated,¹⁸ the HRCSL is concerned about the potential impact of such reforms on fundamental rights and protections of workers. There has been insufficient engagement of stakeholders and fears that anticipated changes to the

¹¹ IMF approves Sri Lanka review, calls for monetary policy for stability. (2024, June 13). EconomyNext. <https://economynext.com/imf-approves-sri-lanka-review-calls-for-monetary-policy-for-stability-167761/>

¹² *Sri Lanka: IMF Loan Risks Eroding Rights*. (2023, March 29). Human Rights Watch. <https://www.hrw.org/news/2023/03/29/sri-lanka-imf-loan-risks-eroding-rights>

¹³ Ghosh, J. (2023, September 13). Sri Lanka's Dangerous Domestic Debt Restructuring. Project Syndicate. https://www.project-syndicate.org/commentary/sri-lanka-government-imf-austerity-deal-will-exacerbate-debt-crisis-by-jayati-ghosh-and-kanchana-n-ruwanpura-2023-09?utm_source=twitter&utm_medium=organic-social&utm_campaign=page-posts-september23&utm_post-ty

¹⁴ Human Rights Watch. (2023, August 7). In Sri Lanka, Chaotic Social Security Reform Denies People's Rights. Human Rights Watch. <https://www.hrw.org/news/2023/08/07/sri-lanka-chaotic-social-security-reform-denies-peoples-rights>

¹⁵ World Food Programme. (2024, July). WFP Sri Lanka Country Brief. <https://www.wfp.org/countries/sri-lanka>

¹⁶ "Domestic Debt Restructuring in Sri Lanka: Forcing the poor to pay the debt of the rich." (2023, December 8). CADTM. <https://www.cadtm.org/Domestic-Debt-Restructuring-in-Sri-Lanka-Forcing-the-poor-to-pay-the-debt-of>

¹⁷ Kadirgamar, A. (2024, October). International Implications of Sri Lanka's IMF Solution. <https://www.cadtm.org/International-Implications-of-Sri-Lanka-s-IMF-Solution>

¹⁸ Labour Minister unveils new Employment Draft Bill. (2023, July 7). <https://www.ft.lk/front-page/Labour-Minister-unveils-new-Employment-Draft-Bill/44-750303>

labour law may contravene prevailing international minimum standards, such as the eight-hour workday, and weaken the freedom of association and collective bargaining rights will remain unaddressed.¹⁹ Sri Lanka is a member of the International Labour Organisation (ILO), which encourages the upholding of minimum labour standards.²⁰ Therefore, the HRCSL sought to investigate the potential impact that such proposed legislation may have on one of the most vulnerable worker populations in the country.

In March 2024, the HRCSL commenced a *suo motu* engagement regarding the case of two manpower workers who were killed on the Colombo-Galle Highway on 27 February 2024. On 3 March 2024, the HRCSL requested information from the Road Development Authority concerning the life insurance coverage for the workers. At the time of the accident, the workers were engaged in night-time maintenance work on the highway. The HRCSL intervened by initiating an inquiry to ensure that the relevant manpower agency was liable for providing insurance coverage to the families of these workers. The Road Development Authority responded by providing information on the manpower agency that hired the workers, details about the insurance coverage for the manpower workers, and notified the relevant agency in writing to provide compensation to the families. This intervention by the HRCSL recognised the increasing instances of informal labour being recruited by both state and private sectors.

Given the HRC's longstanding engagement activists working within the Free Trade Zones on the rights of workers—particularly those of young women migrant workers—the HRCSL decided to conduct a study on manpower workers in the Free Trade Zones.

Background to the Issue

Sri Lanka initiated an extensive economic liberalisation process in 1977, becoming the first country in the South Asian region to do so.²¹ With the introduction of open economy reforms in Sri Lanka in 1977, the country embraced increased market liberalisation and trade policies. As part of these changes, Sri Lanka established export processing zones, starting with the Katunayake Free Trade Zone (FTZ) in 1978.²² Presently, there are twelve export processing zones across the country and two industrial parks under the purview of the BOI.²³ These zones predominantly house factories in the apparel sector, producing garments and other products.²⁴ The apparel sector is

¹⁹ *Statement on the crisis faced by garment workers in Sri Lanka*. (2023). Clean Clothes Campaign.

<https://cleanclothes.org/news/2023/statement-on-the-crisis-faced-by-garment-workers-in-sri-lanka>

²⁰ <https://www.ilo.org/media/410561/download>

²¹ Athukorala, P., & Rajapatirana, S. (2000). Liberalisation and Industrial Transformation: Lessons from the Sri Lankan Experience. *Economic Development and Cultural Change*, 48(3), 543–572. <https://doi.org/10.1086/452610>

²² de Silva, R. (2023). *Threads of Injustice: Investigating the precarious working conditions of garment workers in selected Export Processing Zones in Sri Lanka*. Asian Forum for Human Rights and Development (FORUM-ASIA). <https://forum-asia.org/sl-threads/>

²³ *Locations – Investment Opportunities – Board of Investment of Sri Lanka*. (n.d.).

<https://investsrilanka.com/locations>

²⁴ de Silva (2023)

currently Sri Lanka's largest industrial exporter, employing a significant percentage of women.²⁵ The Export Development Board notes that 34% of the workforce in the apparel sector are female.²⁶ 54.8% of these zones are located in the Western province, attracting workers from across the island, resulting in a substantial population of internal migrant workers living adjacent to the zones.²⁷

While the apparel sector has been a key driver of Sri Lanka's exports, the COVID-19 pandemic exposed fragilities in the system. Global trade disruptions during the pandemic halted supply chains, causing order withdrawals, delays, cancellations, and price reductions of orders by global lead firms. These disruptions affected apparel companies and had a snowball effect on workers.²⁸ During the first wave of COVID-19 (January to October 2020), trade disruptions led to wage reductions and factories operating until curfew, limited workers' ability to return home. In the second wave (October 2020 to April 2021), FTZ factories became virus hotspots, with increased demand and a reduced workforce leading to labour rights breaches, such as excessive work hours and denial of leave.²⁹ The global and local economic crisis accompanying COVID-19 further worsened the situation for companies in FTZs. The global economic slowdown led to decreased demand for apparel due to high inflation and interest rates, with export revenue falling from USD 5.59 billion in 2022 to USD 4.86 billion in 2023.³⁰ During the pandemic and economic crisis, workers experienced severe financial and emotional hardships, leaving them highly vulnerable.

Manpower Work in the FTZs

During the research process, the HRCSL observed that the term "manpower work" broadly referred to the transformation of management processes within the zones, where most companies outsourced the recruitment and human resources (HR) management of their unskilled workforce to agencies specialising in such services. The outsourcing of this recruitment and management process has created a workforce that functions as part of BOI companies, but are administered by the manpower provider agency, who are ultimately responsible for them. As a result, the BOI company—and therefore the BOI—bears no administrative authority over, or responsibility for the workers' welfare.

²⁵ *Apparel industry sees significant performance contraction in 2023*. (2024).

<https://www.dailymirror.lk/print/breaking-news/Apparel-industry-sees-significant-performance-contraction-in-2023/108-275543>

²⁶ *Sri Lankan Apparel Industry Capability - EDB Sri Lanka*. (2024).

<https://www.srilankabusiness.com/apparel/about/industry-capability.html#:~:text=The%20Sri%20Lankan%20apparel%20sector%20is%20also%20a%20place%20where>

²⁷ de Silva (2023)

²⁸ International Labour Organisation. (2020). *What next for Asian garment production after COVID-19? The perspectives of industry stakeholders*. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/publication/wcms_755630.pdf

²⁹ de Silva (2023)

³⁰ Export Development Board. (2024). *Industry Capability Report: Sri Lankan Apparel Sector*. <https://www.srilankabusiness.com/ebooks/industry-capability-report-apparel-2024.pdf>

The more established manpower agencies have large numbers of workers on their payroll and provide their services to companies either on a long-term basis or for short periods depending on company requirements. Manpower agencies maintain records and details of workers in this subcategory and claim accountability for them. However, they also hire workers on the basis of day wages.

In discussions, some workers shared that companies in the zones required them to work as manpower (temporary) workers for six months to qualify for permanent employment in the factory. However, many had not been absorbed into the permanent workforce despite meeting this requirement. The 2005 BOI guidelines also stipulate that casual and temporary workers should be made permanent if their services are needed continuously for over six months. HRCSL's observations suggest that some companies are not adhering to this rule.

Manpower workers are employed in a variety of roles, ranging from positions within export-oriented factories within FTZs to positions in catering, cleaning, and security outside the zones.³¹ In most instances, workers hired by the agency on a day-to-day basis are sent for unskilled labour. However, in our investigations we also encountered skilled machine operators from the garment industry for instance, who worked on a day-wage basis. Workers and activists reported that one consequence of lack of consistent orders in the aftermath of Covid and the global economic slowdown has been the tendency for companies to not make even skilled workers permanent. There are no individual records maintained of those hired on a day-to-day basis.

Manpower agencies that interacted with the HRCSL observe that the demand for day-wage manpower workers has significantly increased over the past two decades in the BOI zones. With the challenges factories face in retaining long-term employees and dealing with fluctuating orders, hiring labour only when needed has become a common practice. For example, during seasonal demands such as holiday seasons, companies hire the additional labourers required from manpower agencies.

Manpower agencies also informed the HRCSL that they have observed “permanent” manpower workers who are on the monthly payroll engaging in day-wage manpower work during their days off, including holidays and weekends to earn additional income.

The day-wage manpower workers are the focus of this report. These workers are engaged through collection points located in designated areas close to the zones. The agencies include well-known and established firms referenced above as well as individual entrepreneurs registered with relevant local authorities—generally the District Secretariat alone. The precariously situated manpower workers who are the focus of the study are currently somewhat outside of existing regulatory frameworks. While there are laws that are applicable to the situation of manpower workers, (see

³¹ Skanthakumar, B. (2019). *“Living for the Day”*: Contract Workers in Sri Lanka's Free Trade Zones.

below) in practice the itinerant and non-permanent nature of their engagement with employers impacts them in problematic ways. Their labour is obtained while violating several ILO labour standards.³² These include:³³

1. Insecurity of employment
2. Lower and/or variable earnings
3. Longer and arbitrary working hours
4. Poor occupational safety and health
5. Reduced opportunities for training and skills development
6. Lack of representation and fundamental rights at work
7. Limited or non-existent social security benefits

Labour Rights and Standards Applicable to Manpower Workers

Current Legal Framework

In Sri Lanka, there are several labour laws that protect formal sector workers. These laws deal with regulations around wages, work hours, health and safety, provision of statutory benefits, gratuity, and pensions. The Labour Department is responsible for enforcing these laws.

Some commentators critique the existing legal framework on the basis that it does not adequately address contemporary labour practices.³⁴ The labour laws currently in place in Sri Lanka were drafted at a time when subcontracting work was not prevalent. Manpower workers were not contemplated during this period. In this context, it is not always easy to directly apply the existing legal framework to manpower workers to regulate their work or safeguard their interests.

Currently, workers hired through manpower agencies are subject to certain common legal standards. These include statutory provisions under the current legal system, including the Wages Board Ordinance, No. 27 of 1941 for the regulation of payment of wages, payment in lieu of leave on public holidays, leave and holiday regulations, and the Factories Ordinance, No. 45 of 1942, which regulates the number of working hours, laws on night shifts for men and women, overtime and overtime payment on working days, obligations on leave and holidays, and safety and precautionary measures to be followed by factories. The Industrial Disputes Act, No. 43 of 1950 contains provisions for collective bargaining and collective agreements with unions that have a membership of no less than 40 percent of the employees on whose behalf they seek to negotiate.

³² *Non-standard employment around the world: Understanding challenges, shaping prospects* | International Labour Organisation. (2016, November 16). <https://www.ilo.org/publications/major-publications/non-standard-employment-around-world-understanding-challenges-shaping>

³³ Skanthakumar (2019)

³⁴ Correspondence with Swasthika Arulingam, July 2024

Workers hired under a manpower agency are also entitled to contributions to the Employee Provident Fund under the Employees Provident Fund Act, No. 15 of 1958 and to the Employee Trust Fund under the Employees Trust Fund Act, No. 46 of 1980. Workers are also covered by the regulations under the Termination of Employment of Workmen Act, No. 45 of 1971 if they have worked with a company with fifteen or more employees for more than 180 days within a consistent period of twelve months.³⁵

Manpower agencies that recruit workers are required to obtain a license from the Commissioner of Labour under the Labour Department, as stipulated by the Fee-Charging Employment Agencies Act, No. 37 of 1956.³⁶ Section 19 of the Act defines a “fee-charging employment agency” to mean “any individual, firm or company who or which, with the view to deriving directly or indirectly and pecuniary or other material advantage (whether such advantage be profit, a fee or other pecuniary or other material advantage), from an employer or worker, acts as an intermediary for the purpose of procuring employment in Sri Lanka for a worker or of supplying an employer for employment in Sri Lanka with a worker...” This definition can apply to manpower agencies. Therefore, such agencies are required by law to obtain a license and can face criminal penalties of a fine or imprisonment in case of non-compliance. The Workmen’s Compensation Act, No. 19 of 1934 (as amended by Act No. 10 of 2022) now also contains provisions applicable to workers employed on a daily basis, allowing them to obtain compensation for injuries or damages caused by accidents while engaged in the workplace, as well as while traveling from their place of residence to the workplace or while returning home.

However, despite the existence of common legal standards that protect certain rights of manpower workers in FTZs, day-wage manpower workers specifically experience limited or no protection under the current legal framework. This lack of protection has been attributed in recent studies to their insufficient knowledge of the law and the inadequate enforcement of labour legislation within the BOI zones by the Labour Department.³⁷

Board of Investment Standards

The Board of Investment of Sri Lanka (BOI) maintains a Labour Standard and Employment Relations Manual³⁸ that outlines certain guidelines for enterprises in BOI regulated zones and parks. This manual provides a framework that lays out labour standards and employment relations principles, practices, and terms for BOI companies within and outside the FTZs. The framework includes several policies and principles, such as providing safe and hygienic work conditions, respecting the rights of workers to join trade unions, establishing procedures for workers’ grievances, offering fair wages, benefits, and conditions of employment, eliminating harsh and

³⁵ Skanthakumar (2019)

³⁶ Correspondence with B. Skanthakumar, July 2024

³⁷ Wickramasingha, S. (2023). *Re-imagining Vulnerabilities: The COVID-19 Pandemic and Informalised Migrant Apparel Workers in Sri Lanka*.

³⁸ <https://investsrilanka.com/wp-content/uploads/2020/11/manual.pdf>

inhumane treatment of workers, and eliminating excessive working hours and overtime work, among others.

The manual notes that existing labour laws in the country are also applicable to BOI companies and emphasizes the role of the Labour Ministry and Department of Labour in labour administration, functions, and enforcement. It mentions that the BOI supports the core labour standards laid out by the ILO.

In addition to the manual, in 2005 the BOI issued the Policy Guidelines on the Employment of Casual/Temporary Workers and Contract Labour for BOI Factories.³⁹ In this document, the BOI recognizes the prevalence of “atypical employment practices” within and outside of BOI factories, which deprives workers of employment security and statutory entitlements. The BOI discourages adopting atypical employment systems that “run counter to BOI employment/labour policy and objectives” with the aim of creating sustainable employment and promoting decent work practices as policy.

The BOI also highlights the problems associated with using labour contractors or suppliers (referring to manpower agencies) and how this practice could lead to gaps in fulfilling statutory responsibilities towards the workers. It further notes that this system of recruitment often fails to ensure that due wages and entitlements are provided by the labour contractor or supplier.

According to the 2005 policy guidelines, the BOI expects companies under their purview to adhere to several guidelines:

1. All workers, whether permanent, temporary or casual, be employed directly instead of employing them through labour contractors or suppliers.
2. Casual workers be recruited only for work or activity of a casual nature.
3. Temporary workers be recruited only for work or activity of a temporary nature.
4. All temporary workers be absorbed into the permanent cadre where their services are required on a continuing basis for more than six (6) months.
5. A contract of employment be issued in writing to each worker embodying the terms and conditions of employment, including the period of employment, and nature of work, and an acknowledgement of receipt obtained.
6. Temporary workers be paid minimum wages not less than the minimum wages offered to the same category of workers in the permanent cadre.
7. Temporary workers should be allowed to enjoy all welfare facilities and amenities provided to permanent employees.
8. Temporary/casual workers should be properly screened to ensure that they do not pose any threat to the security situation in the Zones/Factories.
9. Temporary workers be granted paid leave at least on the basis of half (1/2) day leave for each complete month of service during the period of employment.

³⁹ The document containing the policy guidelines was shared by the BOI with the Commission upon request.

10. The total number of permanent workers in the register be not less than what the enterprise had undertaken to employ in its application to the BOI.
11. Where workers are engaged on work or activity of a temporary nature, entry permit for such temporary workers should be obtained on a monthly basis, subject to extension at the end of every month, up to a maximum of six (6) months.
12. A detailed list of temporary workers indicating the period of employment, nature of work performed, and the rates of pay offered should be maintained for inspection purposes.

Studies on manpower workers over the years find that, despite the existence of the BOI manual for companies and policy guidelines for recruiting casual/temporary workers and contract labour, the implementation of manual and guidelines is weak and requires further strengthening.⁴⁰ One reason for weak implementation is that the BOI does not have statutory powers vested in a regulatory body or institution, and thus holds limited authority to ensure the implementation of these standards within the BOI zones.

International Labour Organisation Standards

The 1997 ILO Convention on Private Employment Agencies (No. 181)⁴¹ contains provisions that are relevant to labour hired through third-party private employment agencies. The Convention was adopted at the 1997 International Labour Conference. Some of the salient provisions of the Convention include the following:

- Establishes a comprehensive framework for the registration, licensing, and effective regulation of private employment agencies and the protection of workers that use their services.
- Requires ratifying member States to take measures to protect national and migrant workers from abuses and protects legitimate agencies from unfair competition by rogue operators.
- Recognizes the sector's important contribution in matching labour demand and supply.
- Prohibits private employment agencies from charging recruitment fees or costs to workers, except in specified circumstances.

⁴⁰ Skanthakumar (2019)

https://www.industrialunion.org/sites/default/files/uploads/documents/joint_trade_union_statement.pdf

⁴¹ International Labour Organisation. *The Private Employment Agencies Convention, 1997 (No. 181)*.

https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_829999.pdf

International Labour Organisation. *C181 - Private Employment Agencies Convention, 1997 (No. 181)*.

https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:55:0::NO::P55_TYPE

- Protects workers who use these agencies against discrimination in terms of minimum wages, working time and conditions, social security benefits, training, and access to occupational safety and health.
- Sets forth specific protections for migrant workers, including those engaged in domestic work, temporary work in the construction sector and seasonal agricultural work.

As of 2021, 35 out of 187 ILO member countries have ratified this Convention. However, Sri Lanka is not one of them. Additionally, the 1997 ILO Recommendation on Private Employment Agencies (No. 188) supplements the Convention's provisions outlined above. The Recommendation specifies that the Convention should be applied in conjunction with it.⁴²

Anticipated Revisions and Consolidation of Labour Laws

In July 2024, the Minister of Labour and Foreign Employment presented a draft employment bill to the National Labour Advisory Council (NLAC) for review and amendments. This bill proposes consolidating thirteen existing labour laws into one comprehensive framework with 34 new provisions, aiming to address disparities and introduce purportedly progressive measures, such as recognising part-time work, upholding gender equality, and promoting greater work flexibility.⁴³ According to media reports, this anticipated legislation contains several proposals that are relevant to manpower workers.⁴⁴ The draft legislation includes regulations for manpower supply institutes and employment agencies and establishes a social security system with insurance schemes and maternity benefits.

However, certain trade unions and civil society organisations have expressed concerns about proposals to regulate the formation of trade unions and relax laws on work hours and night work for women, fearing these changes could exploit manpower workers. The proposed changes have also been criticised for legitimising and formalising certain existing exploitative practices.⁴⁵

A formal draft of the proposed legislation is yet to be shared with the HRCSL despite requests to the Ministry of Labour. Therefore, the HRCSL has not as yet received an opportunity to formally scrutinize the contents of the proposed legislation. Concerns have been raised about the consultation process leading up to drafting the law. Some trade unions and civil society members note a lack of clear information in the public domain regarding the bill, with the available information only in Sinhala and no proper translation into English or Tamil. Moreover, it was

⁴² International Labour Organisation. *R188 - Private Employment Agencies Recommendation, 1997 (No. 188)*. https://normlex.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R188

⁴³ Daily FT. (2023). *Labour Minister unveils new Employment Draft Bill*. <https://www.ft.lk/front-page/Labour-Minister-unveils-new-Employment-Draft-Bill/44-750303>

⁴⁴ *New labour laws: 34 key points from proposed Employment Act*. (2023, July 7). NewsWire. <https://www.newswire.lk/2023/07/07/labour-ministry-highlights-keypoints-in-proposed-employment-act/>

⁴⁵ Correspondence with Swasthika Arulingam, July 2024

reported that Tamil-speaking workers were not consulted during the drafting process, which primarily involved Sinhala-speaking workers.⁴⁶ The thematic subcommittee process of the HRCSL has included several discussions about the government’s law-making process and the labour laws are among those that are seen to have been formulated without adequate consultation of stakeholders. Meanwhile, the NLAC, a tripartite consultative mechanism, removed four trade unions from its membership in 2024: the Free Trade Zone Workers and General Services Union, the Ceylon Mercantile and General Workers Union, the United Federation of Labour, and the Ceylon Estate Staff Union. A complaint has been submitted to the HRCSL regarding this removal, citing the violation of article 14(1)(d) of the Constitution.

Methodology of the Study

The report was developed using both primary and secondary data. The primary data collection involved the following:

- Observation Visits:
 - Two initial observation visits were conducted by the HRCSL to the Katunayake and Biyagama FTZs.
 - Visits to three boarding houses around the Katunayake FTZ

- Focus Group Discussions
 - Manpower Workers:
 1. Nine workers in the Katunayake zone, predominantly Sinhala-speaking.
 2. Nine workers in the Biyagama zone, predominantly Tamil-speaking.
 - Representatives of State Institutions:
 1. Labour Department
 2. Board of Investment
 3. Ministry of Industries
 4. Ministry of Women, Child Affairs, and Social Empowerment
 - Representatives of Service Providers:
 1. Katunayaka Divisional Secretariat
 2. Biyagama Divisional Secretariat
 3. Ministry of Health (Katunayaka Office)
 4. Katunayaka Police
 5. Biyagama Police
 6. Biyagama Urban Council
 7. Seeduwa Urban Council
 - Representatives of two manpower Agencies
 - Representatives of trade unions and civil society organisations

⁴⁶ Correspondence with Swasthika Arulingam, July 2024

Secondary data was collected through desk research, which involved reviewing relevant international literature and studies conducted on manpower workers in Sri Lanka. This process also included examining minutes from previous civil society meetings on manpower workers held at the HRCSL. The HRCSL interviews and focus group discussions did not include members of the LGBTIQ+ community. We acknowledge this as a limitation of the study. We have included a reference from the available literature.

Findings of the Study

The findings section of this study is divided into ten sub-sections. The first two sections begin by detailing the role of manpower agencies and the day-to-day recruitment process for workers. It then highlights the effects of inadequate documentation and communication of work agreements by agents to workers, followed by indications of differential treatment of manpower workers and a lack of accountability assumed by agencies, factories, and companies regarding their overall well-being. The subsequent sections examine the effects of the economic crisis on workers' daily lives, including the difficult choices they are forced to make as costs rise and living standards decline and include specific issues faced by women in the zones. The report then draws attention to the emergence of a "city of workers" due to the increased demand for manpower workers and describes their harsh living conditions. The next section covers the barriers to accessing government services and exercising voting rights. The final sub-section discusses why some workers still view this sector as lucrative despite the challenging conditions and rights violations they experience on a day-to-day basis and highlights the emerging trends in the workforce within these zones.

Labour Management and Outsourcing through Manpower Agencies in BOI zones

Under the 2005 guidelines for casual/temporary workers, the BOI requires companies under their purview to hire all workers directly, regardless of the type of employment, rather than through labour contractors or suppliers. However, discussions with the BOI reveal that at present if there is a need for manpower workers, companies under their purview are permitted to hire workers through labour contractors. Companies are required to interact and establish agreements regarding the supply of labour directly with a manpower agency. Once a company decides to come to an agreement with a manpower agency, the information about the agency they are using to hire workers is then provided to the BOI. There is no direct relationship between the BOI and manpower agencies.

According to the BOI,⁴⁷ as of May 2024, across companies under their purview, 674 workers are employed in the Katunayake FTZ, while 1,082 workers are employed in the Biyagama FTZ via

⁴⁷ A document with current records as of May 2024 was shared by the BOI with the Commission upon request.

manpower agencies registered with the BOI. In discussions with the HRCSL, the BOI emphasised that they do not explicitly promote the use of manpower agencies, as highlighted in their 2005 guidelines. They encourage companies under their purview to formally hire workers directly.

The Labour Department representative stated at a meeting convened by the HRCSL that according to their understanding of the current law, manpower agencies are able to operate without licensing or registration or can function by registering with the relevant local authority or divisional secretariat as a business. However, this practice is inconsistent with the provisions of the Fee-Charging Employment Agencies Act of 1956, which provides that any fee-charging employment agency cannot function without the authority of a license issued by the Commissioner of the Labour Department. The Katunayake Divisional Secretariat noted that the registration process for manpower agencies involves obtaining a police clearance report from the person who owns the agency. The Katunayake Divisional Secretariat further noted that registration of manpower agencies is not mandatory, and even if the police clearance for the owner of the agency is rejected, the agency can still operate. Currently, 35 manpower agencies are registered under the Katunayake Divisional Secretariat and three manpower agencies are registered under the Biyagama Divisional Secretariat. However, representatives from both Divisional Secretariats acknowledged that due to gaps in the registration process, the total number of manpower agencies functioning in the area could be different from those registered. They further reiterated that they have no authorisation or mandate to monitor how the agencies hire people or how they function in their respective areas.

Trade unions and civil society organisations expressed concerns regarding this current lack of clarity, transparency, and formal processes in the manpower agency registration system. They noted that there is no account of how many agencies exist in the zones and emphasised the need for a mechanism for registration and monitoring. This means that there are undocumented manpower workers in the zones who are not included in the numbers maintained by the BOI. Currently, there is no disaggregation of information on manpower workers by their location, gender, or age recorded anywhere. This lack of detailed information makes it challenging to determine the extent to which relevant labour laws or regulations might be violated.

Daily Recruitment Process of Workers by Agencies

Day-wage manpower workers typically start their day between 5.00am and 6.00am, assembling at designated locations in anticipation of work assignments from manpower agencies. In Katunayaka, workers gather outside the zone entrance, while Biyagama has multiple gathering spots from the zone entrance to nearby roads. Interactions between manpower workers and agents are mostly verbal and brief, with minimal information provided by the agents.

The HRCSL team observed many young men and women seeking temporary employment through manpower agencies for the first time. Conversations with these first-time job seekers indicated that they relied heavily on advice from other workers at the gathering spots about what to watch out

for when securing a job. Since there are no formal guidelines or information on how to approach agent representatives or what time to arrive, this recruitment process seemed to be functioning through information sharing among informal networks. During observation visits, it was evident that the primary concern for many workers is securing a job with the highest pay for the day. For example, the HRCSL team encountered two women in Biyagama who had signed up to work at a water plant in a factory without inquiring about the nature of the job. When asked if they had any information about the work they would be doing, they admitted they did not and had not given it much thought when accepting the job. They were mainly interested in the offer of LKR 1,700 for the day.

Once workers verbally negotiated terms and agreed to the job offered by an agency representative, these persons collect the workers' National Identity Cards (NIC) and noted down other relevant details. The agency representatives then continue to recruit more workers while holding onto the ID cards of those who have accepted the job offer for the day. We observed agency representatives carrying small stacks of ID cards in their hands. Workers were compelled to handover identity cards without a receipt and with no information as to how the documents will be used or whether they will be kept securely. The Katunayake Police informed the HRCSL that there have been several cases where IDs collected by agents were withheld and not returned to workers, necessitating police intervention. The police have also received numerous complaints about lost IDs due to the negligence of agents. However, the police noted that workers do not initially disclose that their IDs were taken by the agents, often claiming they lost them due to other circumstances until further probing reveals the truth.

Several workers mentioned during the HRCSL observation visits and discussions that the places they are assigned to work can sometimes be one to two hours away. However, the calculation of pay for workers does not account for the time spent commuting to work locations. Some agencies arrange transportation to the work location in the morning but do not provide transport back in the evening. This means workers are expected to cover the cost of transportation from the workplace to their place of residence. Many workers were dissatisfied with this practice and indicated they would be unwilling to accept such jobs. Sometimes, however, such details regarding the provision of transport are not disclosed upfront by the agents.

Lack of Transparency and Documentation regarding Recruitment and Daily Wage

When manpower workers agree to a job within the BOI zone, they receive a temporary pass to enter the zone. Beyond this pass, there is no documentation detailing the nature of the task, wage rates, provision of transportation, meals, or any other job conditions. All such information is communicated verbally. During an observation visit to Katunayake, a manpower worker noted that some representatives quote higher pay amounts in the morning but pay less in the evening, suggesting inconsistency and unreliability in the information provided.

Workers noted that the tasks they are told of by the agent in the morning often differ from what they end up doing during the day. Many workers discussed their inability to refuse assigned tasks even when difficult. A worker from Biyagama explained that once inside the workplace they must perform whatever tasks that are asked of them. Refusing to do so would result in being sent back and being asked not to return again, and losing the entire day's wage. As illustrated above workers are also sometimes lax with regards to asking about the task assigned to them. During observation visits we were told of workers being taken to work at ice cream shops, and neighbourhood groceries in addition to the factories in the zones. Some were transported to other zones several kilometres away. Trade unions and civil society organisations informed the HRCSL that individual-run manpower agencies, particularly around Katunayake, have been reported to take young women to work in unsafe conditions, including in households and in spas. (The term "spa" is generally a euphemism for places providing sex work.)

Workers raised concerns about arbitrary deductions from their daily payments. A worker from Katunayake said that there are times when they are promised LKR 2,000 in the morning but received only LKR 1,500 in the evening. When asked for the reason, the agent explained that LKR 500 had been deducted for food or travel expenses. Another worker suspected that while they were paid a very low daily wage – around 1200—the actual pay for the task was much higher and was being kept back by the agency. While agency representatives we interviewed in the field mentioned an agency fee there seemed to be no communication with the workers about what amount was being withheld as fees. This lack of information indicated both the possibility of exploitation of workers by the agencies but also a disempowerment of the workers through the withholding of important information. A civil society representative informed the HRCSL that language barriers often cause wage discrepancies, particularly for Tamil-speaking workers, as unclear communication from agents leads to misunderstandings about agreed wages. Some workers informed the HRCSL team that the person who pays them in the evening is often not the agency representative who recruited them, and the second person often claims to have no knowledge of what was communicated to them regarding the wage for the day. The workers also indicated their powerlessness to challenge such occurrences. HRCSL was informed by two manpower agency representatives that day-wage earners often received more per day than those earning monthly wages because EPF and ETF deductions were not made for day wages and were included in the wage. However, based on the HRCSL team's interactions with workers, it appears that there was no information regarding the possible higher amount received as day wage among workers. It is also unclear if all manpower agencies have a standard percentage of the wage that they retain as their service fee.

In addition to the irregular pay cuts and lack of information on deductions, there are also instances of manpower workers not getting paid for the day on the same day. A worker from Biyagama noted that on some days when payments are distributed, workers are unable to collect them if they are still occupied with work at their assigned workplace. In such cases, they are asked to come the next day to collect their payment from the agency office or the agent, which requires them to skip

work the next day. The HRCSL was informed of cases where overtime payments were promised in the morning but were not received at the end of the day. A worker from Katunayake mentioned that during holiday periods, when permanent workers in factories return to their villages, there is an increased demand for manpower workers. However, their pay remains the same even when working on holidays or festival days. The Katunayake Police informed the HRCSL that since January 1, 2024, they have received six complaints regarding conflicts between manpower workers, including discrepancies between promised and paid amounts by agencies. Some complaints involve delays in salary payment, with some workers not receiving their pay until several hours after their workday ends. In such cases, the police report that they bring the manpower agent for an inquiry and request prompt payment.

Agencies indicate that day-wage manpower workers generally earned a higher daily wage, as all stipulated deductions were included in their daily pay. However, the HRCSL team's interactions with the workers revealed that the money they received from the agency did not necessarily reflect a higher wage. Therefore, the benefit accrued only to those working through established manpower agencies. Some manpower workers informed the HRCSL that they often work 10–12 hours a day for wages ranging between LKR 1,000 and 1,500.

The BOI does not maintain any records of these payments. Since the payment of overtime and special rates for holidays for manpower workers are managed through agencies, the BOI and other institutions such as the relevant divisional secretariat and the Ministry of Industries report that they are currently unable to intervene in issues related to payments. Industrial zones also hire manpower workers through agencies, similar to FTZs. A representative from the Ministry of Industries noted that the ministry deals only with the companies under its purview, leaving it to the companies to engage with the relevant manpower agencies.

The BOI asserts that they have a standard set of policies, as highlighted in their manual, which they encourage companies to follow in the zone regardless of the type of employment. However, they admit to lacking regulatory power to enforce these provisions, as also noted earlier in the report. Although BOI standards stipulate that companies under their purview must maintain detailed records of the manpower workers hired, the BOI reports that there is no formal mechanism currently in place for monitoring the pay of manpower workers through manpower agencies. While the BOI cannot directly intervene in cases of payment reductions, they note that they have the ability to check the files of companies under their purview. However, the BOI would only be able to probe into the files of permanent workers maintained by these companies.

The issues highlighted above largely stem from the lack of written agreements and pay records, either with the company the manpower workers worked for, the recruiting agency, or the BOI. The Labour Department informed the HRCSL that existing labour laws can be implemented in two ways: through a routine inspection system or by investigating complaints related to non-compliance with labour laws. However, the Labour Department believes that existing laws could be more effectively enforced if employees have signed a contract or service agreement with their

employer, which in the case of manpower workers is either the manpower agency or individual agent. The Labour Department notes that they are unable to intervene with manpower workers due to the absence of formal service agreements. Although existing statutory provisions recognize contracts could be either expressed or implied, in either oral or written form under the Industrial Disputes Act of 1950,⁴⁸ the Labour Department notes that having a written contract would significantly improve enforcement efforts. The authorities, including the BOI are of the view that the absence of documentation complicates the enforcement of labour rights and protections. However, the HRCSL notes that the Labour Department does not appear to consider the statutory requirement under the Fee-Charging Employment Agencies Act of 1956 for all manpower agencies to obtain a license from the Labour Commissioner. It is noted that under the Act, the Commissioner has the power to regulate manpower agencies. The Commissioner may also issue written directions to an agency requiring a report with particulars in relation to the business of such agencies. These provisions are yet to be enforced by the Labour Department.

Differential Treatment of Workers within BOI Zones

Several workers noted that manpower workers are treated differently from permanent employees directly hired by factories. These disparities are particularly evident in the provision of meals, which are often handled differently for manpower workers. Manpower workers informed the HRCSL that they usually do not receive breakfast and are provided with only lunch at their workplace. In Katunayake, permanent workers in factories get breakfast, lunch, and sometimes evening tea, whereas manpower workers have to buy their own tea in the evening. In Biyagama, some workers noted that they do not receive food during weekdays and thus have to purchase their own meals. However, the provision of meals in factories varies. We were also told of inadequate safety equipment for manpower workers as compared with permanent workers.

Workers engaged in specific jobs often require safety gear for their protection, but discussions with workers indicated that some factories provided safety gear selectively and often did not provide such gear to manpower workers. A worker at a fish processing factory noted that safety gear, aprons, boots, soap and extra clothing to protect and clean themselves from residue, is essential but often not provided to manpower workers. Another worker in a similar factory mentioned that some factories provide only one bar of soap per month to manpower workers and expect them to manage with it. Some workers informed the HRCSL that prolonged exposure to fish residue splattering on their bodies during cutting leads to allergic reactions. A young woman who previously worked in a mosquito coil manufacturing factory had left due to the fumes and dust. Although provided with gloves and a mask, she found these insufficient for protection. Similarly, a young worker at an incense sticks factory reported that manpower workers receive only a mask, while permanent workers are provided with a mask, cap, apron, and helmet as needed to protect themselves from particles and strong odours.

Manpower workers informed the HRCSL during discussions that often the more dangerous work is assigned to them rather than permanent workers. During discussions with the Katunayake Police

⁴⁸ Ministry of Labour and Trade Union Relations (2018)

and Divisional Secretariat, they acknowledged that they too are aware that manpower workers are often assigned to more physically demanding tasks, such as loading and unloading heavy items and other dangerous work.

Inadequate Healthcare Benefits, Psychosocial Support, and Poor Work Conditions

The lack of proper employee status for manpower workers by the BOI company or the manpower agencies means that workers are rarely covered by insurance for workplace accidents. Trade unions and civil society organisations informed the HRCSL that there have been several cases of accidents involving manpower workers in the recent past where companies have taken little or no responsibility. In this context, there is no mechanism to provide insurance coverage for workplace injuries or accidents for manpower workers. Representatives from the two manpower agencies that interacted with the HRCSL noted that for “permanent” manpower workers, there are provisions for health insurance and responsibility is taken for cases of injuries or accidents on the job, along with certain welfare provisions. However, the agencies acknowledged that there are limited healthcare benefits for day-wage manpower workers. During the observation visit to Katunayake, an individual agent confirmed that they do not have an insurance scheme for their workers. During discussions with workers, many were unaware of whether they were covered by insurance. When asked if any compensation or damages were paid for safety or other issues they experienced at work, all workers responded negatively. One male worker from Biyagama shared an example to illustrate this lack of support. While working a night shift, he was asked to move a roller that was extremely hot and heavy. He said he was asleep and was woken up to move it. While attempting to move it, he sustained severe burns to his neck and had to be hospitalised. He mentioned that he was taken to the hospital by a company official and received a payment of LKR 1,200 from his agency, which was his salary for the day. After this, no one, neither the agency nor the factory checked on his condition. No compensation for the injury had been discussed.

Labour Department representatives informed the HRCSL that the recent Amendment to the Workmen’s Compensation Act, No. 19 of 1934 (as amended by Act No. 10 of 2022) provided for necessary compensation for injuries to daily wage workers caused by accidents while engaged in the workplace, as well as while traveling from their place of residence to the workplace or while returning home. However, workers that took part in discussions were not aware of such provisions that are applicable to them and that they can claim compensation.

Another neglected yet very prevalent issue that was encountered during this study is the deteriorating mental health of all workers in these zones. There are several concerns noted by service providers and the police, including cases of depression, increased suicide rates, drug use, and stress due to financial constraints exacerbated by the economic crisis. Strained personal relationships have also led to various problems among manpower workers. Many workers note

that they lack support, including from their own families, when they face financial and other problems.

The Biyagama Divisional Secretariat noted that there are several social issues for workers within the zones, especially among workers staying in boarding houses, which do not come to light because workers are worried about bringing forward these complaints to relevant authorities. They feared that reporting issues could jeopardize their jobs or cause further problems, which deterred them from seeking available support systems. The Biyagama Divisional Secretariat mentioned that sexual relationships between workers and unintended pregnancies were a common issue that they tried to provide support for. They have previously conducted counseling and awareness sessions on such issues within the Biyagama zone and noted that many people come to the Divisional Secretariat office for counseling services. A Ministry of Health (MOH) representative noted that during their counseling work, they identified clinical depression among many workers. In the instance of identifying such cases, they have developed a system to direct workers to the Negombo hospital for necessary treatment for their mental health conditions. Between February and May of 2024, twelve patients were sent to Negombo hospital for further support. The MOH representative noted that they have received six cases of suicide in the Katunayake area since 2022, and acknowledged that there could have been unreported cases as well. The MOH representative emphasised that migrant workers who relocate for manpower work are in a highly vulnerable position. Migrant workers often lack knowledge regarding the new area and have limited support networks when they first arrive. The MOH has observed workers entering into romantic relationships quickly and having unintended pregnancies, which has led to an increase in cases of abortion. Because abortions are not legally documented, there are no official statistics on abortion. However, the representative from MOH and the Biyagama Divisional Secretariat observed and informed the HRCSL that there are illegal abortion clinics maintained around the zones due to the increase in such cases.

Despite the existing services, there remains a significant gap in workers' access to psychosocial support, with many not receiving the necessary care. The MOH representatives noted the need for further support. They have proposed a psychiatric clinic within the zones as part of their expansion process. Instuting Mechanisms for raising awareness regarding reproductive health and providing family planning support was also highlighted as urgent.

Observations and discussions with manpower workers brought to light several issues regarding difficulties with accessing basic healthcare within the workplace. In Katunayake, a worker mentioned that if someone is sick, the most a company would provide is a Panadol—and there were cases where even that was not provided. In cases of severe health needs, workers are asked to take leave and go to the hospital without receiving any payment for the work completed. Another worker from Biyagama noted that in health emergencies, some companies ask the worker to leave the premises and refuse to take responsibility for them. This same worker mentioned that some of these companies lack basic first aid kits, sickrooms, or nurses to attend to workers' health needs.

In discussions, workers frequently reported companies' disregard for worker wellbeing when ill or injured. For instance, in Katunayake, a manpower worker at a garment factory mentioned that while working at a stitching machine, a needle went through her finger. When she informed the supervisor, she was given some medicine, and the nurse who examined her said it was not a serious wound and advised her to continue working. When she tried to explain that there was blood clotting in her finger and that she was in pain, and it was not possible to continue working, her requests were not accommodated. She eventually wrote a letter and took the day off. She mentioned that factories focused only on reaching their daily quota or target set and rarely prioritised the health and safety of workers. In another incident,

The HRCSL was informed that in Katunayake there are BOI-exclusive medical centres in the zones that workers in factories under BOI purview can access. In discussions, we were informed that these centers do not check if workers are temporary or permanent; if they are part of the working population, they are allowed to enter. However, during discussions, many workers seem to be unaware of the healthcare services provided by the BOI. The BOI services also include specialised primary care sections and services for pregnant mothers. Additionally, the MOH offices in Seeduwa and Kandana provide health services that workers can access. The MOH representative informed the HRCSL that *Mithuru Piyasa* counselling services are available for the workers, and an MOH doctor is available from 8am to 4pm. However, they also point out that they are aware that workers are often unable to access these services due to conflicting work times with the service availability. A representative from a civil society organisation informed the HRCSL that they have observed MOH facilities are generally unavailable after 2pm on weekdays and remain closed on Sundays. The lack of healthcare support was a significant concern among the manpower workers we interviewed. Even those unaware of their entitlements suggested advocating for the provision of some form of support. Workers mentioned that they would prefer if manpower agencies supported them in paying clinic bills for medical treatment.

Workers informed the HRCSL of several issues regarding the general hygiene, sanitary situations, and dangerous conditions in the workplaces that they had been exposed to. A worker from Katunayake noted that although there are washrooms, they are not well maintained. Hence, many people refrain from using them. In Biyagama, it was noted by workers that there is a lack of washrooms within factories. Washrooms are only open during specific times, such as lunch breaks, and during these times, there is often a large crowd waiting to use them. Once the break is over, the washrooms are locked. If workers need to use the washroom outside of these specified times or during an emergency, they have to request permission from security. Female workers mentioned that factories do not provide sanitary napkins, and they have to always carry their own. In Katunayake, female workers noted that if uniforms or clothes are provided for changing, there are no facilities like changing rooms for women. They mentioned having to change behind a locker in an open space without privacy.

Many workers endure extreme conditions of heat, cold, and dust while on the job. In meat processing factories, workers are required to work in extremely cold conditions. A worker noted that they stand in the cooler for long hours, and even though they wear the provided safety gear for protection from the intense temperature, their hands go numb after some time and it is difficult to work continuously. In Biyagama, a worker with a speech impairment mentioned that he operates a boiler, where his job is to constantly put firewood to maintain the fire and the temperature. He described the harsh working conditions to the HRCSL team and mentioned that on some days, he works for about 24 hours at a stretch. Workers are also often engaged in loading and unloading of heavy items. A worker who had previously done loading and unloading of cement bags noted that on average, one bag weighs around 20-25 kilos and if these bags fall on the legs, it can cause serious injury. Other dangerous work conditions include working with fast machine cutters and the risk of having fingers or arms caught in them. A worker from Katunayake mentioned that due to the extreme dust in some factories, even when people cough out, the mucus is black due to the dust in their work environment. To wipe off the dust and change clothes, they bring their own cloth and items from home because the factories do not provide them with any. One of the workers also mentioned that the dust on their clothes usually does not go away.

The Department of Labour noted that under the Factories Ordinance Act, No. 45 of 1942, there are safety principles to be adhered to and equipment that must be provided by companies to workers engaged in dangerous work. If factories do not comply with such standards, the Department has the mandate to check for such violations.

Ripple Effects of Economic Crisis: Low Wages, Continued Exploitation, and Decline in Standard of Living for Vulnerable Workers

Observations and discussions reveal that the state of manpower workers has worsened over the past few years, particularly since COVID-19. The economic crisis that followed had a severe impact on the socio-economic status of these workers. Trade unions and civil society organisations observe that crisis has led to workers not having three meals a day and being compelled to sell their gold jewellery. Many workers in both zones report that rising inflation and food prices have been difficult to cope with. The HRCSL team interacted with several middle-aged workers during observation visits, many of whom had built careers in the zone as young women and had retired but who were now returning to work as manpower workers due to the ongoing economic crisis. One of these workers noted that although economic recessions have occurred in earlier periods and they managed to cope, the economic decline in the past three years has been unprecedented and unmanageable. Several workers reiterated that they continue this work because they have no alternatives and require around LKR 15,000 to 20,000 per month to minimally cover food and other basic expenses. Many noted that despite the rising cost of living, there has been no increase in their wages. This increase in the cost of items and low wages has led to several issues, with a decline in nutrition being a significant one. Trade unions and civil society organisations observe that many workers are unable to afford three meals a day in the current context. When asked about

their daily food routines, female workers with children reported cooking in the morning for their children. When they return home, it is usually too late to cook, so they report buying food from outside. Mothers were generally hesitant to discuss their daily meals with the HRCSL team, but some mentioned eating dhal with rice everyday—with minimal or no vegetables. One worker mentioned that in the boarding houses where they live, there is often no space to cook. Hence, even if they wanted to cook, it is not an option for them. Since some factories do not provide food, as outlined in the previous section, workers mention that they spend about LKR 600 to 800 per day on buying food. For some, this amounts to half of their entire daily salary, leaving them with an extremely low amount for other expenses. A civil society representative informed the HRCSL that women often resort to informal loan systems with local shopkeepers to buy essential items and food when their wages fall short. Shopkeepers who are aware of the workers' vulnerable situations, are observed to exploit them by charging inflated prices. The representative also mentioned instances of sexual bribery, where women are coerced into sexual acts when they are unable to repay these loans.

One worker mentioned that many manpower workers continue to work despite inadequate wages, poor working conditions, and lack of respect from companies because they have no other options in this economic situation. The lack of awareness regarding rights and relevant labour provisions and low literacy levels among workers has also been a significant determinant of their further exploitation in this context.

Workers who are breadwinners of their family often find themselves unable to take care of their own needs or those of their dependents with the salary they earn through manpower work. During the discussion in Katunayake, many women noted that they switched to manpower work to take care of children. Although they express the desire to send money to relatives, the low salary makes it impossible to set aside money to support their families. This sentiment was common among all manpower workers. Trade unions and civil society organisations note that they have observed many workers reducing the frequency of visits home due to a lack of money. Parents also feel guilty about not being able to send their children to good schools due to increased costs, often having to enrol them in smaller schools with minimal facilities. Trade unions and civil society organisations note that they have observed some parents are unable to send their children to school and some are falling deeper and deeper into debt when attempting to manage multiple responsibilities in the current context. There is a considerable population of single mothers who are the primary caregivers for their children in these zones. Single mothers face added hurdles, as most of them do not have partners to support them financially or otherwise. For example, one female worker said that she has no support from her husband—who is an alcoholic, and she has to bear the burden of caring for the children alone. Another single mother mentioned that when she was engaged in full-time employment, she used to send money back home. However, after switching to manpower work, she stopped sending money home, and her family also no longer expects her to do so because they perceive her job as less stable than her previous employment. This same worker mentioned that she used to routinely deposit money into her children's accounts

but stopped doing so after switching to manpower work. This development is yet another indication of the effects of the sudden spike in the cost of living caused by the economic crisis.

The alarming increase in suicide rates as observed by different stakeholders in the previous section, is attributed to the immense mental strain workers face as they struggle to cope with the effects of the ongoing economic crisis as highlighted above. Most workers are unable to enjoy decent leisure time or engage in basic self-care. During discussions, one female manpower worker noted that their current salary rarely allows them to buy clothes for themselves. When asked about what they do for leisure, many workers struggled to give an answer, especially parents who are manpower workers. One worker mentioned that they no longer know what leisure is in their life.

Challenges Faced by Women: Disrupted Care Routine and Lack of Support Systems

A significant portion of the workforce in the zones consists of women. During the HRCSL team's observations and discussions with female workers and single mothers, several disruptions and challenges to their caregiving routines were identified. A single mother from Katunayake noted that she used to send her children to a daycare centre before COVID19, but during and after the pandemic, she kept them in the boarding house while she went to work. She informed the HRCSL team that she is aware of the lack of security and safety for her children in such conditions. She said that she has no alternative and that daycare centres are too expensive for her to afford. Some workers informed that the age limit of ten years in most of the daycare centres around the zones, leave mothers with older children with no care options after school hours. In other cases, it was observed that some mothers leave their children at home with relatives and come to the zones in search of manpower jobs. In Biyagama, a female worker noted that she is married and has two children back home in Hatton. Her husband and parents take care of the children while she works. A representative from the Ministry of Women, Child Affairs, and Social Empowerment, and the BOI mentioned operating daycare centres in both Katunayake and Biyagama. However, they acknowledge it is possible that "manpower' workers are unaware of these centres.

Trade unions and civil society organisations note that many daycare centers around the zones do not have adequate facilities. There is a significant lack of space and they often operate without any commitment to quality care for the children who are with them. The Biyagama Divisional Secretariat noted that there are daycare services provided by individuals, but the Divisional Secretariat does not have a mandate to inspect or check these daycare centres. They reported observing daycare centres that are overcapacity, with insufficient resources and space. However, due to the lack of a regulatory mandate, they insist that they cannot intervene directly. Instead, they assume an advisory role, informing daycare centres of measures they could take to improve. A similar situation is noted in Katunayake, where the Divisional Secretariat can only check if a complaint is brought forward regarding the daycare centre. The Katunayake Police explained that inspecting resources and spaces before granting a permit to open a daycare centre or preschool is part of their usual practice. The Divisional Secretariat officers that spoke with the HRCSL

recognize the serious need for better daycare centres and the lack of alternatives for workers with children, leading many workers to use these daycare centres despite poor conditions.

A report published by the StandUp Movement Lanka in October 2024 highlighted that women working through manpower agencies are “facing deeply troubling conditions”. The report further draws attention to issues affecting members of the LGBTIQ+ community, who face discrimination by recruiters based on their attire and appearance and are often assigned physically demanding tasks in the zones.⁴⁹ During discussions with workers, it was understood that women are in such vulnerable situations due to a lack of proper support systems. As noted in the previous section, women are sometimes subjected to sexual bribery in the zones. This vulnerability is compounded by family and relationship problems. In light of this, the HRCSL inquired into the support systems available for women facing such challenges.

During the initial visit to Katunayake, the HRCSL team was informed that the Women and Children’s desk at the police functions from morning to evening. However, no complaints regarding harassment from manpower workers had been received. Upon further probing, it was noted that there are complaints over marital problems and abuse reported by workers in the area to the Women and Children’s Desk at the police. The Katunayake Police further stated that they also have a jeep that is functional at night to arrest those involved in cases of sexual or child abuse, with women officers available if needed. The representative from the Ministry of Women, Child Affairs and Social Empowerment acknowledged the significant number of women in the zones but noted that they do not have a specific mandate to directly work with female manpower workers. However, they have a 24-hour hotline for women, which provides support for gender-based violence. A civil society representative noted during a HRCSL convened meeting that according to their observations, many workers are unaware of relevant government services and laws that apply to them. Specifically, there is a strong lack of awareness regarding laws such as the Prevention of Domestic Violence Act, No. 34 of 2005 and other relevant legal mechanisms available to workers in cases of violations.

Low Quality Accommodations and Poor Living Conditions

The increase in demand for workers in the FTZs over the years has led to the development of spaces and infrastructure to accommodate them around the zones. Interactions with stakeholders reveal that many workers relocate closer to these zones from various areas across the country, primarily to find employment in the zones and also to live closer to Colombo for convenience and better opportunities. Often, these workers are encouraged by relatives or close friends who have already taken up work in the FTZs to make this move. Manpower agencies themselves conduct

⁴⁹ *Report on exploitation of women workers and the LGBTIQ+ Community released.* (2024, October 23). Times Online. <https://sundaytimes.lk/online/news-online/Report-on-exploitation-of-women-workers-and-the-LGBTIQ-Community-released/2-1147199>

promotional programmes in rural areas, encouraging those with limited education and lacking skills to join manpower work in these zones. The areas surrounding the zones have slowly transformed into a city of workers characterised by issues and concerns specific to these areas.

An established manpower agency in Biyagama that interacted with the HRCSL stated that, although they provide hostel facilities, the majority of workers find accommodation by themselves. Over time, with the increased movement of workers and demand for temporary housing, boarding houses with line rooms⁵⁰ similar to those found in plantations have emerged around the zones, providing accommodation for many workers who relocate to these areas (see Figures 1 and 2 below).

Figure 1: Line rooms at the front entrance of a boarding house



⁵⁰ Line rooms are small, single-room accommodations originally constructed during British colonial times to house plantation workers brought in from India to Sri Lanka. Though initially designed for individuals these spaces gradually became homes for families, resulting in overcrowding and worsening conditions. Line rooms are currently characterized as having inadequate sanitary facilities, limited living space, and overcrowding—which makes them unsuitable for healthy living.

Figure 2 : Line rooms located behind the owners house.



The team observed that these line rooms were often very small even when compared to those seen in plantations. To cope with the lack of space and cramped conditions, some families rent out two rooms. The inside of the room was suited for only one bed and a few personal items, and usually, there was only a single light bulb inside. Some occupants used standing fans, while others kept their window open to cope with the lack of ventilation. Some rooms did not have a proper window, and those that did often had only one small window. Due to poor air circulation and heat, some occupants often kept their doors open throughout the day. Despite the inadequate ventilation, some rooms had gas cookers and kitchen items set up in a corner by the occupants (see Figures 3 and 4 below).

Figure 3 : Personal belongings in the room, including a bed, school items, books, and children's uniforms



Figure 4 : A small kitchen setup with a gas cooker arranged inside the room, along with other personal items.



Rooms are priced at various levels, with prices generally decreasing as the accommodation's location gets farther from the zone. In many of the boarding houses, a standard price is paid as rent, and the price for water and electricity facilities is paid separately. In some rooms, occupants are required to pay a separate amount for bathing and drinking water. In some cases, there is a charge for every bath that an occupant takes. One boarding house has a common cooking area where firewood is used to prepare food. However, a worker noted that the common cooking area becomes unusable when it rains.

Payment for Electricity usage is charged on the meter readings for the entire establishment, with several tenants splitting the bill among them. However, occupants often do not receive any information as to their own usage and are simply given the amount they have to pay by the owner of the establishment. It was also observed that some boarding houses are registered as businesses with the Ceylon Electricity Board and not as a household thereby incurring a higher rate for electricity use that is passed on to the workers. Many shops have emerged outside the boarding houses—selling firewood, plastic buckets and other essential items.

Many occupants informed the team that they faced difficulties storing personal items and safety is a significant issue in their boarding houses. One incident reported during an observation visit involved a thief entering and stealing items from an open room due to the lack of fencing and walls around these rooms. In another boarding house, the rooms were adjacent to a playground with only a rickety barbed wire fence between them. There was no protection for the rooms or for the occupants' belongings. One of the boarding establishments-- with nearly 60-rooms ---was located beside a railway track and occupants were compelled to deal with the constant noise of passing trains.

The showering areas are open spaces with little to no privacy, and there are no separate bathing areas for women and men. Wells are used as the main source of water, and it was observed that these wells are not maintained properly, posing a high risk of contamination from drains and nearby canals during heavy rain. There is no running water in the rooms, and the water in the wells is not clean. Plastic bottles were floating in some of the wells, and there was heavy algae build-up, noticeable discolouration and a thick film on the surface of the water. If there is insufficient water in these wells, limited water tanks are installed for usage. In some boarding houses, the number of washrooms available is insufficient. A worker from Biyagama mentioned that in his boarding house, one toilet was shared by around twenty persons. Toilets are available but are not maintained properly. The HRCSL team observed toilets with doors falling apart, with no locks, and no light bulbs inside (see Figures 5 and 6 below).

Figure 5 : Common bathing area with access to a well



Figure 6 : Outside view of a common toilet (located on the right side of the image)



Challenges in Accessing Government Services and Voting Rights

Given that many of the workers are migrants from other districts, they encounter problems when accessing government services and often do not interact with state institutions. Many workers mentioned that their main interactions are with Grama Niladhari, primarily to get letters to enrol children in schools. One manpower worker mentioned that they have sought permission from the Grama Niladhari to enter the airport whenever their assigned tasks are located within the airport premises. A representative from the Biyagama Divisional Secretariat informed the HRCSL that when distributing relief items and rations, temporary residents too are considered beneficiaries and that there is no discrimination against them. Representatives from both the Biyagama and Katunayake Divisional Secretariats informed the HRCSL that during the COVID-19 pandemic, although they distributed rations, they did not prioritize or give special attention to manpower workers. Therefore, it is possible that some manpower workers did not receive rations during distribution. As will be discussed below, there are also cases where state institutions are not aware of the exact numbers of workers residing in a given area. The numbers for whom relief provisions are planned, therefore, may not correspond to the actual numbers in an area leading to a shortfall.

A representative from the Biyagama Divisional Secretariat informed the HRCSL that the police usually maintain a list of temporary residents in the area and owners of boarding houses are required to submit the details of new occupants. If a worker rents a room, the relevant police form should be filled by the owner of the boarding houses and the Grama Niladhari must be informed. However, the Divisional Secretariat noted that the proper procedure is not followed by owners and there is an inaccurate count of the number of temporary residents in the area. The Katunayake Police added that many workers frequently change their place of accommodation, making it harder to keep track or expect them to complete the required procedure. One boarding house owner claimed that due to trends of temporary residency sometimes lasting only a few days, there is not much interest or initiative to promptly register occupants and provide their details to the police. The Katunayake Divisional Secretariat observed that boarding house owners are reluctant to keep workers for a long time, due to potential ownership disputes. The inconsistent registration process also affected the workers' ability to exercise their right to vote. During discussions in Katunayake, many workers informed the HRCSL that they still have their voter registration back in their hometowns—even though they have been living in Katunayake for several years. This necessitates them to travel back to their hometown during elections, which some cannot afford to do. One worker mentioned that because she has not returned to her hometown in a long time, her permanent residency there has been removed. The Katunayake Divisional Secretariat observed instances where temporary residents showed interest in getting voter registration in the area. If a resident requests voter registration, the Grama Niladhari conducts checks with owners of boarding houses. This often causes them to worry about occupants having intentions for long-term stay and they ask the residents to vacate. As a result, some occupants deliberately avoid putting their names on the voter list to prevent being asked to leave the boarding house by the owner. A similar trend is noted by the Biyagama Divisional Secretariat, where owners do not want workers to stay long-term due

to such concerns. These circumstances have prevented the workers from exercising their right to vote.

Perceived Benefits and Emerging Work Populations: Intergenerational Workers and Youth

Poor working conditions are endured by manpower workers due to a lack of alternatives. Some continue to engage in this work because of the perceived benefits, such as the flexibility it offers, as discussed in previous sections. Despite the various concerns and harsh conditions flagged, many manpower workers still express a sense of appreciation for having employment through manpower agencies. For many of these workers, the lack of job prospects in their hometowns, inadequate education, and family issues make them grateful for having some form of employment with the flexibility to not have to participate every day. At the same time, some workers also express a preference for the security that comes with permanent factory jobs. Unfortunately, they are unable to commit to these positions due to difficulties in accessing leave and meeting the demands of regular employment. As companies increasingly shift toward hiring manpower workers instead of offering permanent positions, more workers find themselves stuck in precarious temporary jobs—despite their aspirations for more stable employment. A civil society representative has observed situations where some workers prefer manpower jobs because they need the daily income for their survival and cannot afford to wait until the end of the month to receive a salary. For example, some workers urgently need the daily wage to send the money at the end of the day to their sick family members for buying essential medicines.

Workers who have been working in the FTZs for some time and find it convenient often encourage their own children or other relatives to join the sector. In both Katunayake and Biyagama, many such cases of intergenerational workers and families were noted. During the visit to Biyagama, we encountered a mother who had been working in the FTZ for a substantial period. She recently brought her daughter from Kandy to engage in manpower work, as her daughter had just completed her school education. She mentioned that she decided to bring her daughter so she could earn some money while waiting for her examination results. It was also noted that many families from the Central, Eastern, and Northern Provinces had moved to the area with multiple family members. A female worker from the central province mentioned that she came with four other members of her family to engage in manpower work and live together in a boarding house close to the zone. Another family from the eastern province, who were previously working in a factory in Batticaloa, moved to Biyagama two years ago in search of better pay. The family is engaged in different types of work and goes to different jobs depending on the work they get. On days they do not get work, they stay at home. One of these family members struggles with a health condition, so having the flexibility of when they can go to work helps with taking days off when they require rest. During a visit to Katunayake, a female worker noted that her brother-in-law and son were both living with her. Her son had recently completed his Ordinary Level exam and could not qualify for his Advanced Level studies. She mentioned that he attends language classes on Sundays in Colombo and works as a manpower worker on other days of the week to earn an extra income.

Another visible characteristic of the workforce is the youth population engaging in manpower work. During observations and discussions, many participants were young. Around Katunayake, there are also posters promoting young people to engage in manpower work and to sign up with agencies. Many youths who took part in discussions noted that doing manpower work is a short-term option. Some have aspirations of finding jobs as permanent employees in other sectors, while others express interest in becoming permanent within the BOI companies. Manpower agencies informed the HRCSL that according to their observation most of the youth seeking manpower work often lack qualifications, degrees and formal education. Without computer skills and knowledge, they are at a disadvantage when seeking employment in the formal job market. However, the agencies have also observed that more young university students are now keen on engaging in manpower work, as it offers a way to earn extra income or “pocket money” without requiring any long-term commitment. Additionally, a representative from the Biyagama Divisional Secretariat noted of an increasing trend in drug addiction and substance abuse among youth around the zones, often resulting from “bad influences” and “peer pressure”.

In conclusion, the investigative research conducted by the HRCSL highlights several long-standing issues in the zones that have not been addressed by the relevant authorities. This neglect is due to the severe lack of attention given to the challenges faced by manpower workers in these areas for many years. The findings suggest that manpower workers do not perceive the extreme rights violations they endure from multiple stakeholders as serious issues—an indication of their precarious situations, vulnerabilities and lack of agency to take action against them. The alarming lack of awareness regarding their rights as workers, along with the mechanisms available to them—despite multiple services flagged by state officials and institutions, suggests a strong disconnect between the relevant state mechanisms and the worker population in the zones. It is also noted that these workers are actively contributing to boosting and reviving Sri Lanka’s struggling economy by generating revenue through export income. Apart from the rights-based reasons for improving their work conditions, the HRCSL thus believes that state authorities and other relevant stakeholders should also consider the overarching economic benefits of addressing the pressing issues affecting these workers.

Observations and Recommendations

Short Term

1. Clean water

Observation: There is a very high risk of water in toilet derange lines/tanks mixing with groundwater.

Responsible Institutions: National Water Supply and Derange Board, Board of Investment of Sri Lanka, divisional secretariats, and Regional Director of Health Services/Ministry of Health

Recommendations: Urgently provide pipe-borne water to all residents including workers/Free Trade Zones.

2. Facilities for pregnant and breastfeeding mothers

Observation: Standardizing facilities for pregnant and breastfeeding mothers is important for their health and well-being at work. The facilities offered to manpower workers should be similar to the facilities offered to permanent workers of entities operating in the Free Trade Zone.

Responsible Institutions: Department of Labour, Board of Investment of Sri Lanka, and Ministry of Health

Recommendations: Develop and implement standardized facilities and support for pregnant and breastfeeding mothers in the Free Trade Zone. Factory owners should be tasked with the responsibility of establishing and maintaining these facilities.

Establish a monitoring mechanism to monitor and evaluate the facilities offered by entities operating in the Free Trade Zone.

3. Duty officers for manpower workers in Free Trade Zones and Industrial Parks

Observation: Dedicated duty officers can provide valuable support and guidance to manpower workers facing issues. There is a need to intervene to provide support on counselling, registration, labour issues and problem-solving.

Responsible Institutions: Divisional secretariats, Department of Labour, and Ministry of Women's Affairs

Recommendations: Assign duty officers at Divisional Secretariats to offer advice, counselling, and guidance on manpower-related issues.

4. Improving living standards

Observation: Ensuring a standardized living environment is crucial for the health and welfare of workers.

Responsible Institutions: Ministry of Health and local government authorities

Recommendations: Conduct standardized assessments of living conditions and provide recommendations for improvements.

Organize regular awareness programmes related to reproductive rights, nutrition, and sexually transmitted diseases within Free Trade Zones to educate workers on the impact of these issues.

5. Including temporary residents in disaster management and relief efforts

Observation: Temporary residents, including manpower workers, are often excluded from headcounts during disaster situations.

Responsible Institutions: Ministry of Disaster Management and divisional secretariats

Recommendations: Integrate temporary residence data into the disaster management record-keeping and database system.

Ensure that temporary residents are included in relief programmes during disasters.

6. Employee record-keeping and database maintenance

Observation: Proper record-keeping and database maintenance are essential for tracking and managing employment conditions and ensuring fair treatment and proper documentation of workers.

Responsible Institutions: Manpower labour supply agencies

Recommendations: Manpower agencies should maintain comprehensive records of all employees, including temporary and daily workers, with guidance from the Department of Labour.

7. Improving awareness regarding rights of workers

Observation: There is a low level of awareness among manpower workers about their rights, leading to exploitation and unsafe working conditions.

Responsible Institutions: Ministry of Labour, International Labour Organization and the United Nations Development Programme

Recommendations: Facilitate, organize and support continuous awareness programmes to educate workers about their rights.

Medium Term

1. Registration and regulation of manpower agencies

Observation: Registration and regulation of manpower agencies are crucial for ensuring the fair treatment and proper documentation of workers. However, the Department of Labour does not appear to recognize that the provisions of the Fee-Charging Employment Agencies Act, No. 37 of 1956 can be utilized to insist on the registration of all manpower agencies.

Responsible Institutions: Department of Labour

Recommendations: Enforce the provisions of the Fee-Charging Employment Agencies Act, No. 37 of 1956 to ensure that all manpower agencies are registered with the Department of Labour.

Launch a registration programme under the Fee-Charging Employment Agencies Act, No. 37 of 1956 for all manpower agencies. If the manpower agencies do not possess valid registration, and fail to comply with the Act, take steps to blacklist the agencies and institute legal action against them under the Act.

Actively monitor and regulate employment practices to safeguard workers' rights, ensure fair wages, and maintain decent working conditions. Standard Operating Procedures should be framed to establish minimum requirements and restrictions, including service contract letters, insurance, ID cards, and standardized wages.

Require all manpower agencies to maintain comprehensive records of all employees, including temporary and daily workers and provide guidance on how to maintain records.

2. Registration of manpower workers

Observation: Developing an application (“app”) for the registration of manpower workers requires careful planning and clear objectives. The app should provide a seamless and user-friendly experience for workers to register, update their information, and track relevant data, such as employment status, job history, and safety training.

Responsible Institutions: Department of Labour, Ministry of Industries, and Board of Investment of Sri Lanka

Recommendations: Take necessary action to introduce a simple way of registration of all manpower workers using an app.

3. Right to vote

Observation: There is a need to increase the understanding and awareness of the right to vote among manpower workers. The accessibility of voting facilities in Free Trade Zones should be enhanced to ensure that workers have no logistical difficulties accessing their native polling stations.

Responsible Institutions: Election Commission, Ministry of Home Affairs, and relevant divisional/district secretariats

Recommendations: Initiate discussions on reforming electoral law to promote the right to vote for workers’ resident in Free Trade Zones.

Provide practical solutions for the registration of persons.

4. Improved Women & Children Desks at police stations

Observation: Dedicated desks for women and children at police stations can enhance support and responsiveness to their needs.

Responsible Institutions: Sri Lanka Police and Ministry of Women's Affairs

Recommendations: Set up 24-hour Women & Children’s Desks at the Biyagama and Katunayake Police Stations.

5. Day-care centres and kindergartens

Observation: Establishing day-care centres and kindergartens is essential for supporting working parents in Free Trade Zones.

Responsible Institutions: The Children’s Secretariat – Ministry of Women and Child Affairs, and Ministry of Provincial Councils and Local Government

Recommendations: Identify and establish suitable locations for day-care centres and kindergartens.

Ensure that these facilities operate according to the best interest of the child and provide a safe and nurturing environment for children.

6. Improving access to quality education

Observation: Children of manpower workers in the Free Trade Zone have limited access to adequate education facilities.

Responsible Institutions: Ministry of Education (Provincial)

Recommendations: Conduct a needs assessment of education facilities for the children of manpower workers.

Ensure standardized education facilities that uphold child rights and promote the well-being of these children.

7. Addressing the knowledge gap

Observation: There is a growing knowledge gap regarding the emerging challenges and trends within Free Trade Zones. The HRCSL plans to play an active role in addressing this knowledge gap.

Responsible Institutions: International Labour Organization and the United Nations Development Programme

Recommendations: Facilitate continuous research through universities, civil society organisations, and independent institutions and allocation funds for research on workers’ rights.

8. Ratifying the ILO Convention on Private Employment Agencies (No. 181)

- Observation:** There is a lack of standardization of labour practices in line with international standards and best practices leading to continued exploitation of “manpower” workers.
- Responsible Institutions:** Ministry of Foreign Affairs, Ministry of Justice, and Ministry of Labour
- Recommendations:** Ratify the ILO Convention and adopt the supplementary recommendations to the Convention as necessary.

9. Strengthening the Monitoring Mechanism

- Observation:** There is a lack of attention to BOI policy guidelines of 2005.
- Responsible Institutions:** Board of Investment of Sri Lanka
- Recommendations:** The Board of Investment of Sri Lanka Policy Guidelines of 2005 include certain standards with regard to temporary workers. (See section on Board of Investment standards in the report.)

Long Term

1. Plan for new Free Trade Zones or Industrial Parks

- Observation:** Creating a Free Trade Zone or Industrial Park with a focus on large human gatherings and environmentally friendly practices requires a holistic approach. Planning for dense populations and incorporating services that minimize environmental impacts will help create a sustainable, healthy, and prosperous community within new Free Trade Zones or Industrial Parks.
- Responsible Institutions:** Department of Labour, Ministry of Industries, and Board of Investment of Sri Lanka
- Recommendations:** Conduct a needs assessment for a new Free Trade Zone or Industrial Park with factories and human settlements that are human and labour rights conscious and environmentally sustainable.

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