Population Ageing in Sri Lanka (2012–2024): A Critical Analysis of Macro-Fiscal Strains and Socio-Economic Issues

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Introduction

Sri Lanka is undergoing one of the most rapid demographic transitions in South Asia, leading to a rapidly ageing population structure (De Silva & De Silva, 2023). Sri Lanka, as a developing economy, is witnessing this crisis prematurely, which is termed as ageing before becoming wealthy, whereas in developed nations, the ageing process has taken place after becoming rich (World Bank, 2022). Such structural shifts in the demographic pyramid directly change the aggregate demand for goods and services, national savings and the overall path of national fiscal policy (Central Bank of Sri Lanka, 2025).

The total population of Sri Lanka was 21.7 million in the 2024 Census of Population and Housing (Department of Census and Statistics, 2021; 2024). However, the defining characteristic of this growth is not the expansion of the aggregate population, but the disproportionate acceleration of the elderly cohort (aged 60 and above). The elderly population is projected to double from 2.5 million in 2012 to 5.2 million by 2037 within a brief span of 25 years (UNFPA Sri Lanka, 2020).

Sri Lanka is experiencing rapid population ageing due to a sharp decline in the total Fertility Rate (TFR). The child population (under 15 years) entered a negative growth trend of -4.0%, allowing the older cohort to overtake it by 2022. By 2035, the two cohorts will balance at 21% before permanently diverging.

The core research problem emerging from this transition explores how Sri Lanka will structurally balance a shrinking active workforce, an escalating fiscal burden on public pensions and healthcare, and the social challenges of elderly care amidst the breakdown of traditional extended family support systems. This study guides urgent, practical policy reforms in health care delivery and social protection frameworks to navigate this as Sri Lanka's economic recovery unfolds.

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Research Objectives

To analyze Sri Lanka's structural population ageing using 2012–2024 census data and projections up to 2062.

To evaluate the demographic intersection point where the declining child population (<15) and expanding elderly population (60+) reach equilibrium.

To investigate how a shrinking working-age population (15–59) impacts national productivity, labor supply, and fiscal sustainability.

To evaluate Cence data and formulate policy frameworks and interventions addressing the socio-economic challenges of a rapidly ageing society.

Research Methodology

This study employs a quantitative approach, using descriptive research designs, to analyse Sri Lanka's structural demographic shifts. The analysis relies entirely on secondary data from the Department of Census and Statistics, including the 2012 and 2024 National Census reports, as well as revised population projection models (2021–2062). To evaluate temporal variations, the population is segmented into three primary cohorts: children (0–14), working-age (15–59), and the elderly (60+). Data analysis was executed via descriptive statistics, percentage comparisons, and trend analysis, with empirical findings structured through comparative tables and population pyramids using Excel.

Results and Discussions

Analysis of population in Sri Lanka

Structural Evolution of the Population Pyramid

Sri Lanka’s population pyramid is experiencing a critical structural transformation from a wide, broad-based pyramid to a severely constricting, top-heavy pyramid driven by declining fertility rates. The data from 2012-2024 show a clear thinning of the bottom, especially in the 00-04 and 05-09 age groups, with a constant widening of the older cohorts. The 2032 projection depicts a temporary stabilization and a prominent bulge in the late-youth and prime working-age demographics (15–24), but the 2062 projection shows an aggressive, permanent inversion. 2062 sees the youth base shrink dramatically, while the upper tiers from 60 to 84+ years' experience a profound thickening, mathematically verifying a rapidly and irreversibly ageing society.

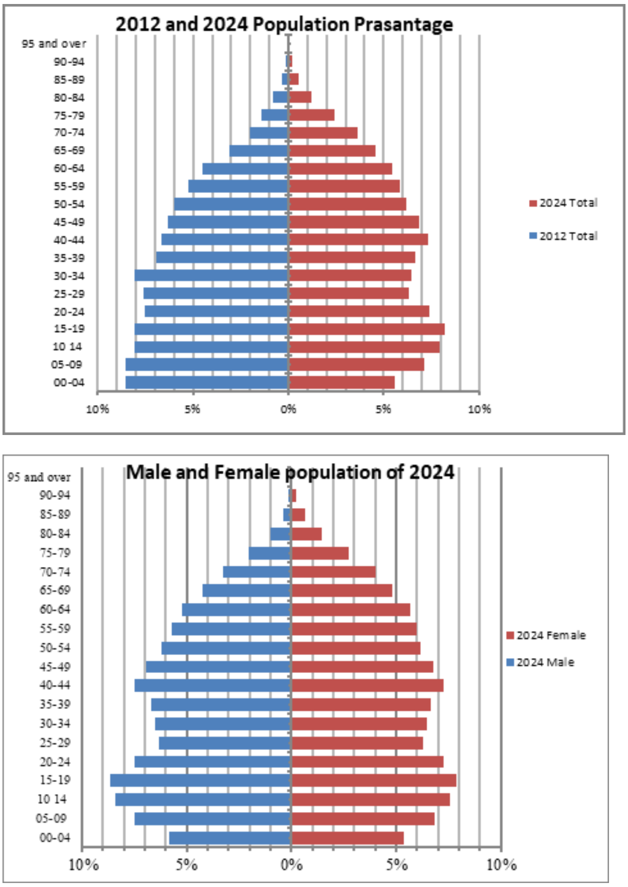

Figure 1- Population in Sri Lanka based on Gender and Ageing

Source - Census Reports, 2012-2024

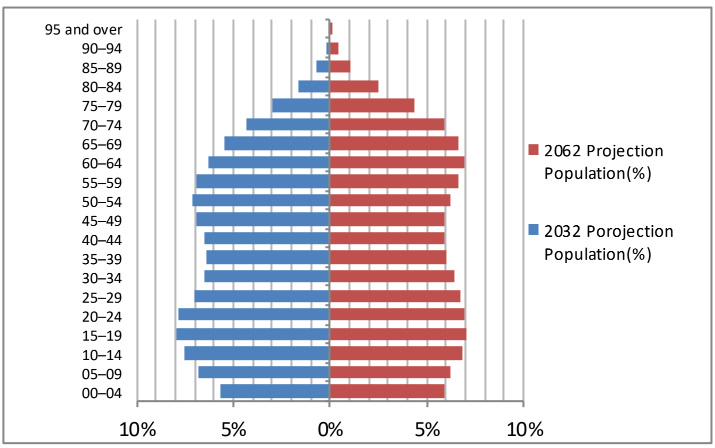

Figure 2- Population Projection in Sri Lanka based on Age Groups

The Demographic Intersection and Equilibrium of 2062

Driven by falling fertility rates, Sri Lanka's population share is undergoing an aggressive structural inversion. The child population (<15) dropped -12.1% from 5.13 million in 2012 to 4.51 million in 2024, while the elderly cohort (60+) surged from 2.52 million to 3.92 million. This rapid convergence causes senior citizens to permanently outnumber children well before 2032. Projections show the elderly share climbing to 24.53% by 2042 and hitting an absolute high of 28.00% (5.60 million) by 2062, while Children shrink to 19.00% (3.80 million). This permanent structural divergence leaves Sri Lanka with a heavily top-heavy population pyramid.

Table 1: Numerical Growth of Population by Age Cohorts (in Millions)

Age Cohort (Years)	**2012 (Census Data)**	**2024 (Census Data)**	**2032 (Projection)**	**2042 (Projection)**	**2062 (Projection)**	**Long-Term Trend Observations**
Children (<15)	5.13	4.51	4.30	4.10	3.80	Continues declining due to very low birth rates, shrinking the youth base permanently.
Working-Age (15–59)	12.71	13.35	12.50	11.90	10.60	Passed its peak in 2024. Contracts rapidly over the next few decades.
Elderly (60+)	2.52	3.92	4.60	5.20	5.60	Over 25% of the total population will be elderly by 2062, creating a top-heavy structure.
Total Population	**20.36**	**21.78**	**21.40**	**21.20**	**20.00**	Population peaks and enters a long-term natural decline before mid-century.

Contraction of the Working-Age Population

While Sri Lanka's working-age population (15–59) grew in absolute terms from 8.6 million in 1981 to 12.71 million in 2012, and reached its final numerical peak of 13.35 million in 2024, this raw growth masks a deeper, structural decline in the relative labor supply. In terms of total population share, this vital cohort has steadily eroded from 62.4% in 2012 down to 61.3% in 2024. Long-term projections indicate that this contraction will accelerate, depressing the working-age ratio to 58.4% by 2032, falling further to 56.1% by 2042, and ultimately collapsing to a historic low of 53.0% by 2062. This persistent demographic erosion poses a significant threat to the nation's long-term productivity, economic output, and fiscal stability.

Socio-Economic Impact Analysis

Economic Impacts

The Escalating Dependency Burden

As Sri Lanka's working-age population shrinks toward 53% and the elderly surpass 25%, fewer workers must sustain more dependents. This demographic imbalance will depress household disposable incomes, stifle domestic savings rates, and severely restrict national investment capital.

Severe Fiscal Strain

A contracting workforce shrinks the tax base and diminishes vital state revenues. Concurrently, the government faces skyrocketing mandatory expenditures for civil service pensions and elderly welfare, exacerbating national budgetary deficits.

Labor Shortages and Productivity Declines

Core labor-intensive sectors like agriculture, textiles, and construction face critical entry-level youth labor shortages. This deficit drives domestic wages upward, risking the global price competitiveness of Sri Lankan exports and threatening long-term economic growth.

4.2.2 Social Impacts

Healthcare System Overload

Population ageing is inherently linked to a rising prevalence of chronic non-communicable diseases (NCDs). This shift will trigger escalating per-capita expenditures for long-term geriatric care, threatening to overwhelm the medical infrastructure and supply chains of Sri Lanka's universal free healthcare system.

Widespread Elderly Poverty

Because primary financial instruments like the EPF and ETF rely on lump-sum payouts rather than steady monthly pensions, and largely exclude the massive informal workforce, an alarmingly large segment of the elderly population faces absolute poverty upon retirement.

Breakdown of Traditional Support Networks

Driven by urbanization, economic strain, and youth emigration, traditional extended families are fracturing into nuclear units. This erodes informal elder-care, leaving isolated seniors facing a severe care deficit that existing state and private nursing facilities cannot handle. This issue, which is currently limited to the urban family, is also spreading to rural society.

Conclusions and Recommendations

Conclusions

Sri Lanka is experiencing a premature and rapid macro-demographic inversion, transitioning from an expansive to a constrictive, top-heavy population structure. This shift is primarily driven by a declining Total Fertility Rate (TFR), resulting in a contraction of the child demographic (ages <15) at a rate of -4.0%. Projections indicate that by 2035, both the child and elderly cohorts (ages 60 and above) will reach an equilibrium, each constituting 21.0% of the total population. Following 2035, a permanent divergence is expected to reduce the working-age population (ages 15–59) to a historic low of 53% by 2062. This demographic transformation poses significant economic challenges, including a shrinking tax base, escalating pension and healthcare costs, critical shortages of entry-level labor in essential industries, and the dismantling of traditional family elder-care systems. These developments underscore the urgent need for comprehensive national policy reforms and enhancements to social security frameworks.

Recommendations

To adapt to its rapidly aging population, Sri Lanka must introduce flexible retirement ages, allowing healthy older adults to contribute their expertise through part-time or consultative roles. Simultaneously, a multi-tiered national pension system should be launched to guarantee informal, agricultural, and self-employed workers a reliable monthly stipend. Finally, the country must strengthen its care infrastructure by integrating specialized geriatric medicine into public hospitals and establishing public-private day-care centers to relieve the caregiving burden on working families.

Keywords - Population, Projection, Sri Lanka, Socio-Economic Issues

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