

Significance of Tourism on Sri Lankan Economy: A Review

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Abstract

Tourism is one of the fastest growing industries globally, including in the developing world. The tourism industry is recognized by the Sri Lankan government as having a high economic potential. The aims of this study were to discuss Significance of Tourism on Sri Lankan Economy, and also to find evidence for any positive and negative effects of Tourism on Global and Sri Lankan Economy discussed in the literature. This review used 20 various research efforts from 1995 to 2015, using key words tourism, global tourism, tourism in Sri Lanka, economic impact of tourism, economic development, tourism planning. 60% of them mostly concerned of positive economic impacts of tourism. First, significant issues regarding of Tourism on Economy were identified. Due to the rise of the arrivals, tourism was able to upgrade its rank to the third level as the largest source of Foreign Exchange Earner of the national economy in 2015. Employment generated in the tourism sector (both direct and indirect) 319, 436 in 2015. Tourism exert beneficial effects upon balance of payments accounts and contribution to regional development, promote and finance infrastructural improvements and diversify economy and create new pattern of economic linkage in Sri Lanka. Then, as a result of a literature review and case studies, it was also found that tourism does not always have positive effects on economy and conversely, some negative effects, especially the import and export leakage could be obtained. The research findings indicated that with short-term and long-term strategic planning and using the specific abilities can solve the negative effects of tourism on Sri Lankan economy.

Keywords: Tourism, Economic impacts, Economic development, Sri Lanka

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