

Abstract

Given the diverse natural, cultural and historical phenomena widely available within the country, tourism was an industry that had the potential to be one of the most lucrative foreign exchange earners for Sri Lanka. Although promotion of tourism was institutionalized in 1967 through a parliamentary act and enjoyed during the first 16 years, the advent of the ethnic war in 1983 caused a significant slump in tourist arrivals and revenues and the industry has never been able to achieve anticipated targets during the still ongoing conflict. This research exercise aimed to test the following hypothesis:

1. "The tourism sector in Sri Lanka is adversely affected by the terrorist activities in the Island"
2. "Effective management of saleable resources, improved infrastructure, security and opportunities for enjoyment in the Island will attract tourist."

The methodology used for the research was to select a sample population from which to extract primary data from Kandy, Colombo and Galle. These areas were selected for the high incidence of tourism activities and the results were to be extrapolated to the country as a whole. The sampling method targeted individuals directly and indirectly involved in the industry, tourists, and individuals who directly or indirectly contribute to policy formulation and/or implementation. The primary data was obtained through three questionnaires as well as through informal meetings and discussions. Secondary data was obtained through desk research on existing literature (books, publications and

institutional statistics) as well as the internet. Tourist data was limited to overseas visitors since they were the largest contributors of revenue to the industry and whose visiting patterns were most affected by the incidence of terrorist activities. The methodology designed two purposes. The first was to determine if the first hypothesis was true. The second was to do a comprehensive study of existing policy frameworks and industry mechanisms to determine if the second hypothesis was true. Additionally as an out come of the study a series of recommendations were provided to improve the growth of the industry.

The main findings of the study was that tourism has continued to be adversely affected by terrorism, that management of saleable resources, manpower and infrastructure was weak, that new policy frameworks were a significant positive step towards improving arrivals and revenues, that the security of overseas tourists has been given minimal consideration and that positive practical action based on a set of specific recommendations should be implemented in order to minimize or offset the impact of terrorism on the industry and ensure growth rate comparable to the period 1967-1982.