

Tourism and economic growth in Sri Lanka: An ARDL bound test approach

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The contribution of the tourism industry to the economic growth of Sri Lanka is very important. It is a vital segment of the Sri Lankan economy. The purpose of this study is to explore the contribution of tourism to the economic growth of Sri Lanka. The Autoregressive Distributed Lag bounds testing approach used as the analytical process to find the long-run and short-run behaviours between Sri Lankan tourism industry and economic growth using three variables real gross domestic product, international tourist arrivals and real effective exchange rate. Altogether, this analysis reveals that both short run and long run, tourism positively impact to the economic growth of Sri Lanka. Thus, it is important to Sri Lanka government focus on development of tourism infrastructure and proving political solutions, resolve conflicts which make negative consequences on Sri Lanka tourism industry.