

# **The Nexus between Tourist Receipts, Tourist Arrivals & Economic Growth of Sri Lanka**

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The travel and tourism industry is one of the world's largest industry & the direct economic impact of this industry comes from the service related accommodation facilities, transportation, entertainment, attractions etc. Many kinds of literature implied as the service sector is one of the key sectors that promote economic growth in developing nations. Thus, the general objective is to identify the relationship between tourist receipts, tourist arrivals and economic growth of Sri Lanka. Secondary data of gross domestic product (GDP), economic growth rate, tourist arrivals and tourist receipts of Sri Lanka since 1977 to 2016 were extracted from central bank annual reports. Descriptive statistical methods; graphical & trend analysis, Pearson correlation analysis & the Granger Causality test were used to analyse the data. The results of the study identified as there is an increasing trend of GDP, tourist receipts & tourist arrivals of Sri Lanka. According to the trend of GDP, there is a gradual increase from 1977 to 2001 and a sharp increase from 2001 to 2016. When considering the trends of both tourist arrivals and tourist receipts, fluctuated between 1977 and 2009. Then, both are increased sharply from 2009 to 2016 because of the end of the civil war conflict with the ensured security for the foreign tourists inside the country. There is a strong positive relationship between economic growth and the tourism industry; tourist arrivals and tourist receipts. In addition, there is a strong positive relationship between tourist arrivals and tourist receipts. The direction of the relationships or the causal relationships implied as unidirectional relationships; from tourist receipts to economic growth, from tourist arrivals to economic growth & from tourist arrivals to tourist receipts. Thus, it shows a positive impact. Hence, it is essential to promote the features of the tourism industry in order to increase economic growth.

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