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TOURISM ECONOMICS IN SRI LANKA: A HISTORIC PERSPECTIVE

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Preface

It is the book which provides a comprehensive coverage of the core content for the students of tourism economics, for those trying to get a preliminary knowledge of tourism Economics in Sri Lankan context. The subject matter has been designed to meet both the general and the specific aims set out in the Tourism Economics.

Close attention has been paid to the requirements of the syllabuses based on the Competency Level designed by the higher educational institutions of Sri Lanka considering the students who are following Bachelor of Arts in Tourism and Hospitality.

Tourism and Hospitality in Sri Lankan context are fully elaborated in historic views. These elaborations are supported by the abundant illustrations of their relevance. The appropriate figures, tables, and photographs are provided in order to assist the readers' and the students' understanding of Tourism and Hospitality in Sri Lanka.

And also, it is proud to note that this book can be used as an instrumental Guide for the Tourists who visit Sri Lanka from the various guest countries.

Suggestions and comments for further improvement of this book from the teachers, lectures and students will be welcomed and you are kindly required to send these comments to the following address:

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Finally, we owe a special debt to our families. The inspiration they provided through the conception and development of this book cannot be measured, but certainly was essential.

S. Nisthar, S. Vijayakumar, & AAM. Nufile

S. Nisthar, S. Vijayakumar, & AAM. Nufile

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01. Introduction

Panama region is found as one of the renowned tourist destinations located in the South Eastern coast of Sri Lanka. Sri Lankan Government has been taking the various initiatives to develop the tourism sector throughout Sri Lanka and achieved the aim of over 2.5 million tourist's arrivals in 2016. The tourist arrivals recorded a 17.8 per cent increase during the year 2015, compared to 19.8 per cent growth in 2014. Among the regions, majority of tourist arrivals were from Western Europe. Meanwhile, considering the country of residence, China came second as a tourist sourcing country, next to India, because of the noteworthy increase in tourist arrivals.

Both foreign and local visitors to the National Botanical Gardens, Pinnawala Elephant Orphanage, and the National Zoological Garden in Dehiwala increased at a higher rate in 2015 reflecting the growth in tourist activities during the year. In the meantime, the income earned from the tourism industrial sector in Sri Lanka considerably increased throughout year 2015 and recorded a 22.6 per cent growth rate (Central Bank of Sri Lanka, 2015).

Sri Lanka is ranked by National Geographic Channel as the second best tourist destination of Island that should be visited and has emphasized that Sri Lanka is an Island with small space having full of perfectly everything.

Previously, The New York Times listed Sri Lanka as the best destination for tourists to visit. Although foreign tourist arrivals are increasing slowly, domestic tourism is increasing at a remarkable rate and it is instrumental so as to draw attention to the growth in domestic tourism. This situation creates great opportunities for the country of Sri Lanka to use tourism as an economic development tool because domestic tourism acts as the basis for international tourism.

A special attention is given in Sri Lanka for the regional development of the tourism industrial sector. The Panama Region is considered as a prime tourist destination in the South Eastern Coastline of Sri Lanka. This region consists of Arugambay, Kottukal, Kodakalliya, Panama, and Jalaldeen Square. Tourism industrial sector is a rapidly growing industry around the world (Tosun, 2001).

It has grown higher than world GDP since 1950s along with the expenditure of eight percent representing the total world export receipts from the goods and services produced in connection with the improvement of tourism industrial sector (World Trade Organization, 2003).

Sri Lanka is found as a renowned destination in South Asian Region for the tourists who are visiting from the world arena due to the blending uniqueness of the golden beaches, the richness of cultural heritage, and the wildlife of abundance. According to WTO, Sri Lanka is having the advantages of 49 unique destination sites of attraction, 91 sites endowed with the rare attractions accompanied by seven world heritage sites, and 6 of 300 prehistoric monuments in the world.

A Project Implementation Unit has been set up to implement the projects and activities recommended in the ‘Eastern Province Tourism Development Action Plan 2010-2012’. The projects identified for development include the construction of observation platforms at Lahugala and Kumana to view elephants and birds, respectively, the construction of a Hotel School in Batticaloa, and the conservation of Dutch Forts in Trincomalee and Batticaloa.

However, the Government of Sri Lanka (GoSL) is aware of that, before 2009 during the civil war, especially the Panama region considerably experiences a moment of slowdown in tourism development, but during the present post war scenario, and this region considerably attracts a large number of tourists as inbound category. As Sri Lanka is a developing country with an insignificant industrial development, the natural assets can arguably be better utilized if a sustainable tourism industry is established with the optimal use of resources.

Panama region represents like any other tourist destination in Sri Lanka in terms of the range of possibilities relating to its natural and geographical features, socio-economic infrastructure, various utility services and scope for the development of communication network.

In 2011, the government of Sri Lanka has published a five year plan (2011–2016) to advance the tourism sector and to boost the economy in Sri Lanka in the wake of the civil war as a tourism strategic policy asserting tourism as a key development tool for the economic development of the country. It predicted that tourism would increase the socio-economic wellbeing of the people and incorporated it in its national economic development

plans. Therefore now would be an appropriate time to evaluate socio-economic and cultural impacts of the development of tourism and to analyze the nature of these impacts on the local community, particularly to identify whether or not tourism is posing positive or negative effects (Ministry of Economic Development, 2011).

The growth of tourism has prompted observers to raise questions concerning the social acceptability of encouraging tourism as a tool of economic development. A focus on negative impacts of the growth of tourism industrial sector has led some to reject the notion that tourism could be an agent of development. Usually the economic impact in any development initiative is emphasized while evaluating the sustainability of an endeavour.

However, to make the process holistic, social impact should not be disregarded. Globally, today's business has more responsibilities because it is constantly being regulated and monitored by governments, consumers and other stakeholders. Thus it is necessary to examine the positive and negative impacts due to development in the tourism industrial sector on

the native community considering the aforementioned holistic approach (Regina, 2002).

Globally tourism industrial sector is found as an economic development processing stories from World War II and now has advanced into the biggest economic sectors of the world with contribution of 35% of global exports of services (United Nations World Tourism Organization, 2008). United Nations World Tourism Organization (UNWTO) forecasts the international tourist's arrivals of 1.6 billion worldwide by year 2020 and in addition, it confirms the prospects of this tourism sector (United Nations World Tourism Organization, 2008).

Tourism has been considered as an effective vehicle for economic growth and development of many economies in the global context (Richard, 2009). Globally it is viewed as the fastest growing industrial sector, with economies of scale benefiting from its direct impacts (United Nations World Tourism Organization, 2008).

With the strong forward and backward association of tourism industrial sector, it upholds the economies by creating and improving the infrastructural facilities and other relevant

issues (Saaymanet al., 2000). Therefore, with the appropriate support of government, the economic impacts and benefits from the tourism can be expediting the progress in economic growth and development of developing countries and enhance the living condition of local communities (Richard, 2009).

Any governments can play two major roles in the tourism industrial sector: the first one is to create a friendly atmosphere which is able to help the tourism industrial sector to organize its activities and the second one is to work out as an advocator of tourism resources of a country (Ioannides, 1995). As a result, tourism industrial sector has become a significant industry in the developed and developing economies because of its positive effects on the economic nature of a country, the livelihood of the people and socio-cultural improvement (Kishore and Vasanti, 2000).

Developing countries and Less Developing Countries along with the rich natural and cultural resources have the instrumental comparative advantages so as to attract the tourists in the expectations of innovative experiences.

The economic effects of the tourism industrial sector draw the attention of policy makers or the government and intellectuals to use it as an implement for the economic growth and economic development of poor countries.

Conversely, many authors (Michael, et al., 1993) argue that tourism industrial sectors are not able to be an option of development for the developing countries and Less Developing Countries thanks to the degree of foreign ownership of tourism assets and leakage through the drains of revenues, the disparity of benefit distribution and its social impacts and costs to the host community. This may be true if the country does not have proper policies or its people suffer cultural deformation caused by tourism.

Maldives and Ghana, for example, have adopted tourism the industrial sector in their economic growth and economic development programs and are also trying to extend the outcomes of tourism industrial sector in the poor nature of their society through domestic and foreign investment, infrastructural development and by creation of employment opportunities.

The alleviation of poverty is a major consideration for the many under-developed countries and the cover page of the UNWTO (2002) report on Tourism and Alleviation of Poverty emphasizes: Sustainable tourism can be found as the few development opportunities for the poor. Let us use it wisely and soon.

There are the extensive optimistic effects that tourism might be bringing a powerful and valuable agent of the socio-economic changes (Geoffrey and Alister, 2006). Tourism industrial sector can bring about the specific benefits of minimizing inequality found between the rich and the poor people although it should not be considered as a solution to facilitate the economic growth and development (Erlet, 1995).

Some authors (Geoffrey and Alister, 2006) argue that major benefits caused by tourism industrial sector do not reach the poor nature of the society in the developing countries and in addition, the host countries tolerate the negative environmental and social impacts.

The country of Gambia is found as the smallest and the poorest countries in Africa, however uses tourism industrial

sector as a socio-economic development driving force which represents the contribution of around 11% of GDP and generates a number of 7000 jobs (Dieke, 1993; Thomson et al.,1995). Nevertheless David (2002) argues that while the tourism industrial sector is having the potential to accelerate the economic growth and development of a country, it can also generate the disparity in the society if only a selected number of domestic groups of people receive most advantages being generated by it.

The development of tourism industrial sector has stressed the observers to raise the questions in association with the social appropriateness of cheering tourism sector as the instrumental implements of economic growth and development. A focal point on the negative effects due to the development in the tourism sector in any country has paved the way to some to discard the impression that tourism can be an agent of growth and development (Regina, 2002).

Every sector in the economies of the world has experienced its negative effects on the livelihood of the community found locally but the tourism industrial sector tolerates the major misconceptions as it is the most noticeable

sectors found in the economy. Tourism is vulnerable to taking the blame for negative changes simply because of its noticeable as an industry (Malcolm, 1989).

It is accustomed that the economic effect of any development project is emphasized while assessing the sustainable nature of an endeavour. However, to make this process of assessing the socioeconomic impacts of tourism sector holistic, social, economic, environmental and cultural impacts should not be neglected.

In the world arena, the business of current world has more responsibilities because it is constantly being regulated and monitored by governments, consumers and other stakeholders. As a result, it is essential to assess both the positive and negative impacts of the tourism development on the local community considering the aforesaid holistic concept.

02. Tourism Industry in Sri Lanka

In this section the evolution of tourism in Sri Lanka is presented. From early historical times, Sri Lanka has attracted foreign visitors. The first step to improve tourism industrial sector in Sri Lanka was initiated by the colonial government before the Second World War. The Government Tourist Bureau was established in 1937.

The Tourist Bureau closed down its activities and operations in year 1940 because of the commencement of World War II. Because of the War, poor tourism activities were found in Sri Lanka. After the independence in 1948, the new government set up the second Tourist Bureau in 1948 (Jude, et al.,2011).

Owing to the improvements in the airport of Sri Lanka, Katunayake, in 1965, the development of tourism industrial sector was also handed over to the Government Tourist Bureau. The network of accommodation established during the time period of British rule was transferred into hotels such as the Galle Face Hotel located in Kandy, Grand Hotel and St. Andrews Hotel located in Nuwara Eliya Grand Oriental Hotel, the Mount Lavinia Hotel, Queens Hotel and Suisse Hotel

located in Kandy, Bandarawela Hotel and New Oriental Hotel located in Galle.

Apart from these hotels established above, the private sectors in the country are not interested and encouraged so as to construct modern hotels with the intention of attracting foreign tourists up to 1969.

During this year, the Blue Lagoon Hotel located in Negombo, Talahena started its operations and activities. In 1964, the Prime Minister of Sri Lanka, Mrs. Sirimavo Bandaranaike set up Sri Lanka's first Hotel School, set up at the Colombo Club at Galle Face Colombo (Jude, et al., 2011).

Because of the introduction of various measures to develop the tourism industrial activities in Sri Lanka in 1967, a tremendous progress was seen in the tourism arrival. The ethnic violence of 1983 was felt very badly on the tourism sector of the county. After the violence of 1983, an open invitation was sent to various persons and organizations overseas (such as the tourism operators) engaged in tourism activities to visit Sri Lanka and observe the prevailing situation in the country (Kingsley, 2009).

In early 1990s, a detailed tourism plan was also prepared, with a view of re-structuring the tourism industry and to overcome the existing difficulties in the tourism industrial sector (Sri Lanka Tourism Master Plan 1990). Then there was a “10 year tourism plan” to achieve the target of 874,000 tourist by the year 2011 (Tourism Master Plan – Sri Lanka 1993). There was a boom in tourism sector from 1990 to 1995 (Kingsley, 2009). By 1999 an exceptional figure of 436,440 tourist arrivals to Sri Lanka has been recorded for the first time (Central Bank of Sri Lanka, 1999).

With the consideration of current development in tourism industry, Sri Lanka is identified as a thriving tourist destination. In year 2014, the people amounting to 1.5 million visited this island situated in the Indian Ocean. Sri Lanka is not only a peaceful and pleasant holiday destination famous among sun-seekers around the world, but it is a country along with so many dark tourism sites that consists of a civil war of 26-year with full of crimes that remain unaccounted for (STP Report, 2015).

Sri Lankan tourism was a lag behind position in the past years due to the civil war treasured island to be a competitive

destination (Imali, 2015). There are various factors that could lead to strong tourism growth after the civil war in Sri Lanka ended in 2009 (Inshita, 2012).

With the dawn of peace after three-decades of civil conflict in North and East of the country, tourism sector has emerged as a potential thrust sector which is rightly identified to support the nation's development goals. Since 2010, the tourism industrial sector has been on a rapid growth trajectory, bringing in significant contributions to the economy - foreign inflows to strengthen the external front, employment generation and boosting the supplier chain with greater linkages (Trans, 2014).

The government has prepared a five year plan (2011–2016) to advance the tourism industrial sector and to boost the economy after the end of the civil war in Sri Lanka (Ministry of Economic Development, 2011). The plan contains the following goals and strategies:

Goals:

1. 2.5 million visitors in 2016
2. USD 3 billion direct foreign investment in five years

3. More jobs generated from the tourism industrial sector (from 125,000 in year 2010 to 500,000 in year 2016)
4. Proceeds from tourism to benefit the population
5. Increase of foreign exchange revenue (from USD 500 million in year 2010 to USD 2.75 billion in 2016)
6. Tourism as major contribution to improve the international trade volume
7. Make Sri Lanka become the most renowned holiday destinations in Asia

Strategies:

1. Create conditions that are conducive to tourism.
2. Encourage the right “type of tourist”.
3. Ensure tourist satisfaction.
4. Promote domestic tourism.
5. Improve the global image of Sri Lanka.

In addition to this five year plan in relation to the tourism industrial sector in Sri Lanka, the Ministry of Tourism Development and Christian Religious Affairs has prepared Sri Lanka Tourism Strategic Plan 2017-2020. This plan deliberately consists of the subject matters of Improving Governance & Regulation, Understanding Visitors, Marketing and

Communicating Effectively, Developing Sustainable Destinations, Lifting Industry Standard, and Engaging the Workforce and Communities (Ministry of Tourism Development, 2017).

Presently tourism arrivals and income are in a pathetic status with comparison to the world averages and to those among opponent destinations in Asia. As a country that put forwarding its visionary strategies to be a competitive destination in 2016 and to move from low-valued marketing groups of beach tourism industry to high-valued groups, it is very important to make the tourism as the role model by identifying the instrumental aspects on competitiveness (Imali, 2015).

Sri Lanka is a popular tourism destination for “Sun and Sand” owing to the exotic bleachers of the island. The country is in a position to think beyond traditional boundaries, by tapping into the segments of new market, with new ideal tourism clusters, so as to achieve a competitive tourism destination. The stock of enriched resources in Sri Lanka will not determine the tourism market share, but how they deal with and amalgamate

other competencies to create the destination competitive advantage.

Sri Lanka is an island inherited with rich cultural heritage and vast natural resources having comparative advantage, but lower competitiveness (81th place in 2011 and 78th place in 2009 among 139 countries, World Travel and Tourism Competitiveness Report, 2011) because of competitive advantage focus on innovation driven strategies (Imali, 2015).

From the view of political environment, Sri Lanka is still trapped with some of threats. Even if the civil war in Sri Lanka is over, still the government is facing the issues such as Channel 4 and the human rights, and these factors considerably affect the tourism industrial sector in negative ways and it affects the country's image as well.

Organizing elections frequently also create threat to the tourism industrial sector because during the time period of election in some places to control the situation, curfews are implemented (Jude, et al., 2011). Jude, et al., (2011) identified some of the threats for the tourism industrial sector of Sri Lanka on the basis of the economic views as well:

01. The environmental management and tourism development are inadequately coordinated.
02. A shortage of staff who are not well trained is found to achieve the requirements of tourism industrial sector.
03. The information related to the nature of tourism industrial sector are not exchanged and disseminated due to the lack of network.
04. The public sector with the private sectors is not adequately cooperated each other in some of the identified projects.
05. A lack of infrastructure.
06. A lack of improvements in transportation.
07. Insufficient promotional efforts.
08. The constraints of airport capacity are not able to add the planes with larger capacity to the air routes of Colombo.

Sri Lankan government now is prepared to utilize tourism as a development tool in every aspect of the economy. Policy makers of the country realized that tourism could be used as a potential source of foreign exchange earnings, scope for new jobs and regional development and therefore in line with the existing government policy encourage local and foreign investments in potential tourist sites.

Inshitaand Kaushik (2012) asserts that with unexplored destinations, a rich cultural heritage, and a government committed to promoting tourism, Sri Lanka is certainly the market to improve the tourism industry.

Being located deliberately in the close proximity to expanding economies and large source markets for tourism such as India, China, and Singapore, the country offers good potential for growth. They have highlighted that the infrastructure in the country is continuously improving, thereby supporting growth in tourism.

They have also identified that markets such as the Southwest Coast and Colombo have gained greatly from increased tourist arrivals in the country. Several new tourism destinations, especially in the northern and eastern parts of Sri Lanka are projected to build up in the time period of medium term to long term and the country remains as an attractive destination perceived for tourism investments.

When we look into the future outlook of the tourism industry in Sri Lanka, already the on-going construction works on properties and renovations have set the pace to cater to the

room requirement. Renowned global brands have shown keen and even firm interest in investing in Sri Lanka. Their presence will not only boost the accommodation capacity, but is expected to bring in international and current standards and best practices to the industry.

Sheraton, Hyatt Regency, Movenpick, Marriott and Shangri-La have already taken off their projects which are expected to commence operations in the next four to five years. Apart from the high-end accommodation, steps have been taken to bring in the midrange accommodation facilities including ‘home-stays’ especially targeting the youth market and experiential visitors (Central Bank of Sri Lanka, 2013).

Robert (2014) lists some of the proposals to overcome the challenges faced by Sri Lankan governments as to achieve the target of attracting 2.5 million tourists in year 2016. Those are as follows:

01. Sri Lankan government should be effective in promoting the facilities for tourists (ex. Tourism spots, hotel rooms, etc.).
02. The institutions certified by the government should be generated to render the services to the tourists.

03. The tourist guides should be should be trained perfectly.
04. The drivers' attitudes of the vehicles should be incorporating with attractions of the tourists to Sri Lanka.
05. The staff and employees of tourist hotels should behave and collaborate with the tourists with the aim of establishing a concrete goodwill on Sri Lanka among the tourists.
06. The training programmes to improve the behavioural pattern should be extensive further in Sri Lanka.

UNCTAD (2006) lists some of the following constrains in the tourism industrial sector of Sri Lanka:

01. This sector may not be as effective in realizing its ambitions and as successful in reaching the targets defined in the previous years because people of the country are not together working as efficiently as they can.
02. SMEs understand that they might be better working together rather than depending on the organizations of established tourism and suspect the larger companies that dominate the boards of pursuing their own interests.

03. Initiatives in the ground of ‘eco’ and ‘green’, ‘alternative’, ‘responsible’ tourism industry are possibly to suffer from the fact that each initiative look for to establish its standards, own label, and accreditation.

04. As there are lower opportunities for the study of academic tourism industrial management and a major shortage of resources for the academics to attend ICT and tourism conferences or keep their knowledge updated in other ways, gaining knowledge and improving skills are the matter of personal effort or studying in abroad.

05. A significant barrier to innovation is the fact that it is very hard to start a tourism business in Sri Lanka. Start-up businesses are extremely rare. The primary reason of this can be identified in the banking sector in Sri Lanka, where it is difficult for them and SMEs to get the necessary loans, which are possibly to be assessed by the banks against the values of capital or property other than the potential of future business.

03. Challenges in development of tourism in Sri Lanka

Institute of Policy Studies Executive Director Dr. Saman Kelegama delivered a keynote address at the Annual General Meeting of the Institute of Hospitality – Sri Lanka chapter (Daily, 2015). He pointed out that a growing sector in an economy always faced challenges and the Sri Lankan tourism sector was no exception. Various commentators highlight these challenges from time to time.

Targeting the kind of tourists (high-end, middle or the lower-end) is found as a challenge in Sri Lanka. There is an argument that we must aim the higher-end and target on lower number of tourists who are spending more and bring more foreign exchange earnings. However, Sri Lanka is the country with the consideration of a ‘value for-money cheap-end destination’ and it records its strength in the tourism sector. Therefore, the lower end should not be neglected, while gradually developing the high-end and the middle level tourism (Daily, 2015).

The current contribution of tourism sector to GDP in Sri Lanka is around the average of 2% (1.7% in 2012 and 2.5% in 2013). But some of the competitors in Asian region with Sri

Lanka in tourism industry are at a higher level of contribution of tourism sector to GDP, for example, Malaysia – 12.5%, Vietnam – 7.5% and Singapore – 5%. All these challenges among others need to be recognized on a fast track basis if Sri Lanka is to make the tourism sector an above 5% of GDP contributor to the economy after 2016 (Daily, 2015).

One of other challenges faced by the tourism industrial sector in Sri Lanka is the availability of data found from the informal sector about the Foreign Guest Nights (FGNs). With the promotion of the internet and social media, the cheaper hotels are looked by many young tourists in the informal sector and as a result, all these indicate that the informal sector will grow as rapidly as the formal sector.

Data record that there are close to 11,700 rooms in the informal sector compared to 15,000 rooms in the formal sector and that is the only data available on the informal sector. Hence, more data received from the informal sector are useful for the formulation of policy and making meaningful decisions on investment in the tourism industrial sector (Daily, 2015)

Earlier, there was a need of emphasis for a good data base on the tourism industry to make informed and sensible decisions. When data is weak, there can be an over-supply of rooms and cut-throat competition with the intention of attracting tourists because the agencies of government provides speedy approvals to construct hotels without taking into much consideration of the qualitative aspects.

Another challenge is that the rates of Colombo city hotel are increased by 40%-50%. It is imposed after the end of the civil war in Sri Lanka to control the challenges in prices in city hotels and to preserve and maintain the standard of the hotels in the absence of the war-risk factor.

The price determined by the five star hotels is \$ 180 per night and this price is not matched by the various services offered was an over-pricing which is questionable by tourists. It is reported that the Colombo city hotels had faced a drop in occupancy of hotels because tourists think that they cannot get the value for money with such pricing in Sri Lanka. Thus, there is a problem in fixing price in Sri Lanka.

It is questionable whether the branding of the destination as ‘Wonder Asia’ is correctly placed because there are only two destinations such as Sigiriya and the gathering of elephant in Minneriya in Sri Lanka to match the slogan ‘Wonder of Asia’.

Human resource constraint is another challenge in the tourism industrial sector in Sri Lanka because it is estimated that the number of total hotel rooms has increased to a level of around 40,000 from the level of 26,700 by year 2016 due to the number of hotels increased by 75 in the formal sector and an indefinite number of increase in the informal sector. In this circumstance, the question arises as to whether the skilled and semi-skilled human resources (managers, cooks, waiters, gardeners, room boys, hotel car drivers, etc.) are adequate to meet this increase in hotels.

And also the quality of trained human resources in Sri Lanka can’t be believed as the quality of 4,000 trained personnel per annum from the Sri Lanka Institute of Tourism and Hotel Management and 50 to 150 tourism trained graduates per annum produced from some of the Universities like Sabaragamuwa and Uva-Wellassa and some trained personnel from the existing private colleges in tourism cannot be surly addressed.

The absence of brand destination is another challenge in Sri Lankan tourism context in order to achieve the 2016 target. In this context, one of the issues is the permanent effective brand destination. For branded destination, when Sri Lanka had a motto known as ‘Island of Paradise’ some years back by the late 1990s, it changed to ‘Land Like No Other,’ then it changed to the present one: ‘World Wonder of Asia’.

Before the name of the latest brand was introduced, the tourist industry came out with ‘Small Miracle,’ but it did not receive a favourable response from the Government and was consequently rejected. Thus, the rebranding was accompanied by diminishing returns in the tourism industry in Sri Lanka.

A mutually-agreed private-public partnership is an interconnected marketing strategy and campaign in order to promote the market destination with the preparation of proper master plan in the tourism industry in Sri Lanka. But the absence of these situations is likely to lead to demote the market destination in Sri Lankan tourism context.

Lack of target group marketing is another challenge in Sri Lankan tourism context. For example, Sri Lanka is making

any attempt to attract some of the Italian and Chinese young couples that travel to Maldives for their honeymoon. The East China Airlines which is flying from Kunming in China to the country of Maldives passing through Colombo has only 3% to 5% of passengers who get down in Colombo.

It is the case in the return flight from Maldives to Kunming as well. Italians who travel for sun and sand to Maldives are not fully aware of the different tourism products that Sri Lanka offers to complement their Maldivian experience.

These complementary and different products from Sri Lanka as well are not fully marketed to both Chinese and Italians. A number of issues confronted by the tourism businesses in Sri Lanka need to be overcome in order to promote the sector because the tourists are forced into reconsideration of travelling to Sri Lanka during the peak seasons due to the fluctuating oil prices resulted in the airline industrial activities that are impressive further to the fuel prices so as to cover up the high costs which are unfortunately imposed on to the tourism through increased air ticket prices (Sri Lanka Tourism Development Authority, 2015).

The recent comments made by Pegasus Reef Hotel Chairman D.C.R. Gunawardena in 2012/2013 annual report of the company asking “where are the one million tourists staying?” must have struck a chord with owners of star-class businesses.

The question of Gunawardena was that though Sri Lanka is looking for a million of arrivals, the impact is hardly felt in star class properties where occupancy levels are not satisfactory. “It is therefore prudent to assume that this influx of tourists have supported the bungalows, guest houses and residences of relatives as their preferred abode as opposed to regular hotels,” he has said (Dailymirror, 2015).

Because of price-wars, the price per night stay in five star hotels in Colombo is \$180 in comparison to a total of \$90, three years back. Thus, today, the result of this pricing level is that 5-star hotels of Colombo are currently averaging around 40 per cent occupancy in comparison to much earlier even during the time of off season. But, the hotels of other class in Colombo (2-3 star) are achieving large earnings at \$80 per a night and showing good occupancies.

Another challenging factor in the tourism sector is the poor service standards which are also killing the tourism industry. Recently at a cocktail in a top Colombo hotel, a young steward was not made aware of the identity of a variety of colourless alcoholic drinks he was serving around.

Every time a guest wanted Vodka or Barcardi, he rushed to the barman to check the drinks on his tray. The slowdown in the service standards is all due to the industry which is unable to be compatible with the large tourist numbers.

The tourism industrial sector is not able to employ the staff with good quality because arrivals and the events of food and beverage show an outstanding rise. While there is now some effort to increase training at the state-run hotel school, the supply is simply not enough to meet the demand.

Furthermore the tourism industry doesn't seem to be a very attractive vocation with a high turnover of staff in food & beverage and other areas of a hotel. The biggest challenge faced by the tourism industrial sector is retaining staff because the economy grows and offers the options of more attractive employments.

Abbas Esufally who is the Hemas Group head of the leisure sector and Chairman of Serendib Hotels, noted that “The tourism industry needs to compete with other industries for capital and convincing the investors who expect higher returns to provide capital to the tourism industry remains a difficult task and in addition to this, the tourism industry has not been able to attract and retain employees in the industry due to markets such as Dubai attracting employees at higher salaries which the local industry cannot afford”.

Further, the speakers said that the Tourism Act passed in 2005 had not made much progress and implementation of the Act had been yet to take place.

Some obstacles found in the tourism sector such as the condition of some roads and transportation issues that hinder tourists because they result in long hours on the road and the lack of convenience. In addition, part of the industry is handled by the informal sector and it is often difficult to regulate and maintain the quality of the goods and services supplied to the tourists. The tourism industrial sector can affect our biodiversity, eco-system, and our cultural heritages (Dailymirror, 2015).

04. Sri Lanka Tourism Development Authority (SLTDA)

The Sri Lanka Tourism Development Authority (SLTDA) is the top body for Sri Lanka Tourism. It was formed under Section 2 of the Tourism Act (No. 38 of 2005). The organization (Formally it is known as "Sri Lanka Tourist Board/Ceylon Tourist Board/ Sri Lanka Tourism Board") is assigned towards transforming Sri Lanka to be Asia's foremost tourism destination.

The SLTDA strives to improve quality, unique, diverse, and tourism industrial products and services that can formulate Sri Lanka as a unique destination in the world arena (Sri Lanka Tourism Development Authority, 2015).

The products of SLTDA are innovative, while guaranteeing the optimization of uses of resources to effectively and efficiently serve the tourism industry. Identifying and developing tourist specific, unique products and services, implementing and formulating Guidelines of Tourism Development, and implementing and facilitating the administrative and legal process for new products and services development are some of the activities of SLTDA.

Services of SLDA

SLTDA is committed to seeing Sri Lanka as the leading tourism destination in Asian region and the working towards pleasing their key stakeholders including domestic and international travelers.

SLTDA is committed so as to achieve this,

- To promote sustainable development of tourism as an instrumental sector of the country for the socio-economic wellbeing of the people.
- To promote and ensure the position of Sri Lanka in all relevant international markets and market segments.
- To work towards gaining the appreciation of domestic and international visitors through the provision of facilitation along with accommodation and all other services with effectiveness and quality.
- To utilize new info-technology tools to enhance the effectiveness of tourism marketing and operations.
- To be stimulus in reforming the tourism industrial sector to work as a team.
- To generate higher income and employment and contribute to regional development.

- To work in close collaboration with all stakeholder sectors such as investment, trade, crafts, sports, arts, culture, environment, communities and the media.

Tourism Product Development

Tourism product development is undertaken by SLTDA with the specialization in key product sectors within the tourism industry. SLDTA supports both the marketing of the products concerned and investment in development of facilities in those categories for which financial incentive schemes are present based on the projects.

Standard and Quality Assurance

SLTDA supports individuals and establishments in meeting all required standards of excellence and is committed to coordinate with the food, hospitality, accommodation and activity sectors to help develop capability and professionalism in the tourism industry, drive demand and ensure the offerings available to visitors to fit for the evolving market and competitiveness.

Tourism Marketing and Promotion

Sri Lanka Tourism Development Authority is committed to promote the tourists destinations in conjunction with all its industry stakeholders, in both the domestic and international markets.

Overseeing the activities of the authority's expanding overseas office network is a part of the promotion activities and SLTDA works closely with all national and international partners in media, travel trade and tourism professionals, who are enormously influential in the tourism industry, to promote Sri Lanka as one of a unique destination (Sri Lanka Tourism Development Authority, 2015).

Research

An Annual Statistical Report and a statistical bulletin are monthly published by SLTDA. The achievements of Sri Lanka Tourism in relation to the earnings of foreign exchange, the arrivals of tourists, the employment opportunities generated, and hotel occupancy rates are indicated by these publications. These publications are available in the website SLTDA (Sri Lanka Tourism Development Authority, 2015).

International Affairs

Participation of SLTDA at the overseas meetings generates publicity to promote Sri Lanka as a tourist destination and to gather information regarding current market trends of international tourism and to exchange ideas among the UNWTO member countries on tourism (Sri Lanka Tourism Development Authority, 2015).

Human Resource Development

Developing industry professionals in collaboration with tourism stakeholders for the smooth functioning of sustainable tourism development is another commitment of SLTDA. Some of its key activities are such as to carry out professional development programmes that consist of training, consultation, conferences and exhibitions for industry professionals, to train and license tourist guides in the country, and to attract more potential individuals to seek employment within the tourism sector.

Community Relations

The community relations activities undertaken by SLTDA to promote the tourism industry in Sri Lanka are (1) community awareness programmes (2) introducing school travel

clubs (3) assistance for underprivileged schools (4) teachers seminars on tourism (5) career fairs (6) education exhibitions (7) radio programmes (8) tourism mobile services (9) Janatha Sathkaraka Sevaya (10) informal tourist service providers (11) forums for tourism stakeholders (12) training for tourism facilitators (13) World Tourism Day initiatives (14) Tourist Police (15) Combating Commercial Sexual Exploitation of Children in Tourism project (CCECT) (Sri Lanka Tourism Development Authority, 2015)

Domestic Tourism

This initiative was launched by SLTDA in September 2008 as a means of promoting domestic tourism by creating awareness for lesser known attractions and forgotten tradition. As a further step to enhance domestic tourism, SLTDA recently initiated regional tourism projects to promote “Lesser Known Attractions” in all provinces of Sri Lanka (Sri Lanka Tourism Development Authority, 2015).

Business Tourism

After the end of the civil war in Sri Lanka, many growth opportunities have been identified in Sri Lanka. SLTDA has recognized business tourism as a key contributor for Sri Lanka’s

long term economic, social and infrastructure development goals.

The close collaboration of SLTDA with private sector partners reflects a joint commitment to develop the sector's opportunities which are composed of major expansion projects of meeting industry, infrastructure and world class accommodation. To provide necessary support for the growth of tourism industry in Sri Lanka, all institutions related to Sri Lanka Tourism is dedicated to work in perfect harmony (Sri Lanka Tourism Development Authority, 2015).

The One Stop Unit

Unit for National Investment in Tourism is a centralized centre of facilitation and promotion, which is established to help potential tourism industrial investors who are interested in investing in Sri Lanka Tourism Industrial sector.

OSU is a one-stop location and point of contact for the investors who are looking for information and data on the tourism industrial sector. The staff of specialists from the different government agencies helps investors submit applications, obtain information regarding potential investments,

identify feasible projects, and provide assistance in receiving the privileges of investment promotion, trade licenses and other related approvals requested for project clearance concerned.

OSU prevents the need for the investors to spend more time in search of responses and makes sure that all responses are handled by its staff of specialists. Furthermore, OSU minimizes the time duration spent on getting the approvals from the various agencies of the government and initiates the coordinating process in the tourism investment on behalf of the investor (Sri Lanka Tourism Development Authority, 2015).

Objectives of OSU

Services available before investment are: (1) Information on potential tourist investments (2) Help with the promotion of investment and gathering of information (3) Provision of a directory of land available (4) Help in finding similar entrepreneurs for investors interested in joint ventures (5) Help in finding similar entrepreneurs for investors interested in joint ventures (6) Help in finding similar entrepreneurs for investors interested in joint ventures (7) Help in finding similar entrepreneurs for investors interested in joint ventures (8) Help in completing application form (9) Organization of site

inspection (10) Organization of site inspection (11)
Representation of the investor at meetings (12) Fast-track
obtainment of the project clearance permit.

The services available during the investment are: (1) fast-track the approval from government agencies (2) to coordinate building plan approvals required for investment (3) to coordinate Board of Investment Incentive Schemes granting final approval. The services which are accessible after the final approval for construction works are: (1) recommendation for Visas (2) to monitor the progress of construction and facilitation on construction works (Sri Lanka Tourism Development Authority, 2015).

Projects at SLTDA

Tourism Infrastructure Projects

Due to the Tsunami catastrophe occurred in year 2004 and all the calamities and devastations newly experienced throughout the island, Sri Lanka Tourist Board (SLTB) announced a concept called “tourism zones” with the intention of recovering the situation better. The primary objective of this concept is to make specific principles and to efficiently manage these tourism zones with the idea of establishing the sustainable

tourism development (Sri Lanka Tourism Development Authority, 2015).

Dedduwa Lake Resort

Dedduwa is located to the east of Bentota in Sri Lanka and water bodies, marshy lands and abundant paddy lands are available here. To the east of the present Bentota Holiday Resort, the Dedduwa Lake project covers up 1,800 hectares of wetland. The re-opening of old waterways to Madhu Ganga 20 kilometers to the south links with this development plan and also developing the area surrounding the Dedduwa Lake.

Kalpitiya Project

The Kalpitiya region is the most attractive coastal belt situated in the Western Province of Sri Lanka and is located around 150 km away from north of the capital of Colombo . Kalpitiya is a peninsular in topographic feature that divides the Lagoon of Puttalam from the Indian Ocean and is a Sanctuary of Marine with a diversity of habitats varying from mangroves swamps, bar reefs, flat coastal plains, saltpans, bar reefs, salt marshes and the beaches of vast sand dune. Under the given the investment opportunities which are available in year 2008, Sri

Lanka Tourism initiated the Development Project of Kalpitiya Dutch Bay Resort.

Passikudah Resort

Asian Development Bank (ADB) is supporting in the development and upliftment of Kalkudah area with the concept known as “rooms in homes”. Under this concept, the whole area is found as a resort with the assurances of quality control. An eco-friendly development and improvement with the high end in Passikudah is well-known to attract surfers. This concept does not represent the traditional resort definition of hotels but still serve the tourists who need to experience the local culture of Sri Lanka.

Lesser known attractions project

The Ministry of Tourism has launched an initiative to develop and promote the lesser known attractive spots in all the provinces in Sri Lanka. These attractive spots are being communicated and circulated to potential guests, tourists, travelers and investors via the various types of media, for example websites, printed materials etc. (Sri Lanka Tourism Development Authority, 2015).

05. Tourists Attractions and Destinations in Sri Lanka

Sri Lanka is one of the attractive countries not yet fully explored by tourists. It has a distinctive attraction of its own with a land of enormous beauty, hundreds of rivers and lakes surrounded by green landscape, tropical rain forests, beautiful tea gardens, rich cultural heritage, and relics of ancient Buddhist civilizations. Anuradhapura is an ancient capital of Sri Lanka and prominent for the well-reserved ruins and debris of ancient Lankan civilization. A famous surfing destination of tourist in the eastern province of Sri Lanka is Arugam Bay.

Adam's Peak is popular for the Sri Pada “sacred footprint”. A Sri Lankan coastal city which is popular for golden beaches is the beach of Bentota situated in the Sothern part of Sri Lanka. Msjid-ul-Abrar which is a milestone of Beruwela and which is the oldest mosque of Sri Lanka constructed by Arabian traders on a rocky peninsula overseeing the town is famous among tourists.

Hambantota Bundala National Park located in the southern part of Sri Lanka is one of the foremost attractive destinations of Sri Lanka for bird watching, conserving an instrumental area of coastal wetland which is popular for its

plenty of aquatic bird life. Dambulla situated in the north central part of Sri Lanka is a famous place for major attractions of the tourists along with the best and largest preserved Buddhist cave shrine complex of Sri Lanka and the Rangiri Dambulla International Stadium is well-known for being built in just 167 days.

And also the Dambulla city represents the pride of having the mountain range of the largest rose quartz in South Asian region, and the forest of Iron wood, or Namal Uyana. Ibbankatuwa which is a pre-historic funeral site located close to Dhambulla cave shrine complex represents the latest archaeological site along with the historical significance found in Dambulla. It provides undoubtedly the evidence on the existence of indigenous civilizations long ago before the arrival of Indian power on Sri Lanka.

Ella in Sri Lanka is praised with the most beautiful views and breathtaking scenery. Another fine view in Ella found from the Ambiente Hotel which opens out with the doorway to the mountains is creating an experience like cinematic views while entering it. Some of the renowned and recognized places seen in Ella are Ravana Ella Falls, Ella Gap, Bambaragala Peak, and

Little Adam's Peak along with many pleasant walks accompanied by splendid scenery. Hikkaduwa is well-known for its beach sites and coral reefs. It is mostly a destination of tourists, and serving as a great beach with options of surfing, diving and enjoying the sun.

The National Park of Horton Plains is a national park situated in the plateau in the highlands of Sri Lanka. It is situated at a height of more than 2,000 m in the central highlands, and its altitude means that it has a colder and windier climate and weather than that of the other lowlands of Sri Lanka along with an average temperature of 16 °C per annum rather than that of 26 °C of the coastal belts of Sri Lanka.

Kalkudah (Kal-Kuda - rock-bay) is found as a famous destination of tourists with the town of coastal resort situated around 35 kilometers northwest of Batticaloa in Batticaloa District, Sri Lanka. The Dutch Fort and St. Peter's Kerk church in Kalpitiya town in Putlam district are fascinating examples representing the rich history of Sri Lanka and colonial past.

Boat rides up along the water mass of the lagoon and also the trip on canoe are the pleasant access of exploring the

coastline of the area. 4WD jeep rides up along the isolated sand dunes between the ocean and the lagoon present as a distinguishing way of enjoying the rich evening sunsets.

Kandy is the most scenic city in Sri Lanka. Therefore, a large number of tourists are attracted by this destination in Sri Lanka. Another tourist destination in Sri Lanka is Kitulgala which is a prominent tourist site for white-water rafting. The entire area of the Knuckles Mountain Range situated in Sri Lanka are having the characteristics of the outstanding landscapes which are always wrapped in thick cloudy layers, but in addition to the aesthetic value, the mountain range is having a raft of scientific interest.

Mannar Island in Sri Lanka is the potential of existing untapped tourism opportunities such as the market for pious pilgrims. In 2013 alone, 2 million international and domestic tourists, and guests made an excursion of pilgrimage to Madhu Church located in the northern part of Sri Lanka and Thirukketheeswaram located in the eastern part of Sri Lanka and visited by 1 million tourists is an ancient and most sacred of Hindu temple in Sri Lanka.

Minneriya is geographically situated close to Habaranahaving some of the hotels with the high class for tourists and also some of popular sites of world heritage such as Polonnaruwa, Sigiriya, and Anuradhapura which are situated with the relatively close proximity to Minneriya.

Pasikudah is a town of coastline resort situated about 35 kilometers northwest of Batticaloa in Batticaloa District, Sri Lanka. It is always a famous destination of local and foreign tourists. The Pinnewela Elephant Orphanage is another tourist destination situated in the northwest of Kegalle, halfway middle between Colombo and Kandy in Sri Lanka.

Sigiriya is a prehistoric rock fortress and the debris of castle situated in the middle of Matale District of Sri Lanka, enclosed with the leftovers of reservoirs, a network of gardens, and other structural phenomena. Therefore, it is found as a popular destination of tourists, and also its prehistoric paintings on the rock are famous as these paintings resemble the paintings in the Ajanta Caves of India (Sri Lanka Tourism Development Authority, 2015).

Another tourist destination is Sinharaja Forest Reserve which is a national park in Sri Lanka. In addition, it is internationally recognized and also has been declared by UNESCO as a World Heritage Site and Biosphere Reserve. Uawatuna is the most wonderful beach location by the nature. Therefore, Unawatuna is the best Scuba Diving, surfing and sea food Location in Sri Lankan style.

Roomassagla Hills, The Jungle Beach, Galle Fort, and Kathaluwa Temple are seen as the interesting and pleasant places to be visited in Unawatuna. Weligama in Sri Lanka is another popular destination of tourists and there are many boutique hotels in Weligama. It is the most famous for its discrete stilt fishermen and an off shore isle called as Taprobane where a dream house of French Count de Maunay has been constructed.

Wilpattu is another one of tourist destinations in Sri Lanka. It is the biggest and aged National Park situated in Sri Lanka. And also, it is ranked as a top national park famous in the world for its population of leopard. Yala National Park is another tourist destination in Sri Lanka. Much of the forest

reserve is seen as parkland and also it consists of freshwater lakes, jungle, rivers, beaches and scrubland.

The following major tourist attractions are found in Sri Lanka:

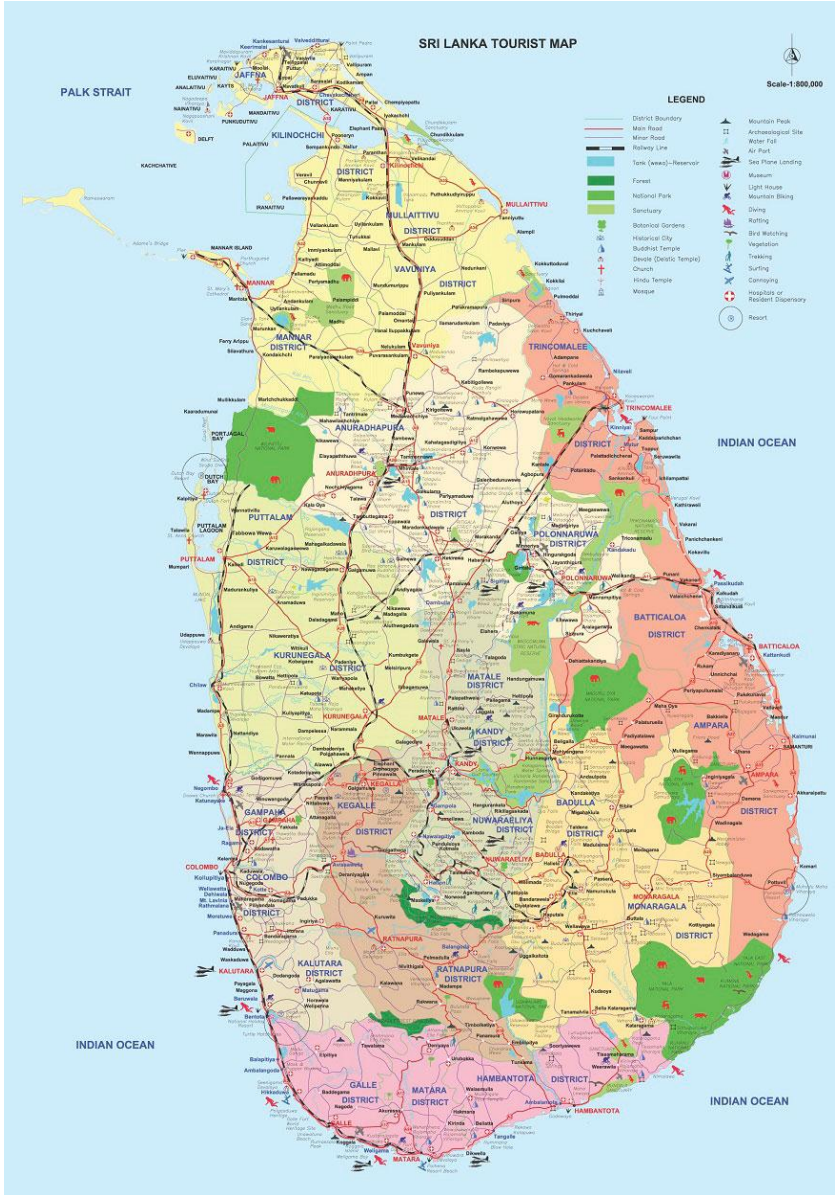
Anuradhapura, Arugam Bay, Adam's Peak, Batticaloa, Bentota, Beruwala, Bundala National Park, Colombo, Dambulla, Ella, Galle, Hambantota, Hikkaduwa, Horton Plains, Jaffna, Kalkudah, Kalpitiya, Kandy, Katunayake, Kitulgala, Knuckles Range, Mannar, Matara, Minneriya, Negombo, Nilaveli, NuwaraEliya, Pasikudah, Pinnawela, Polonnaruwa, Puttalam, Ratnapura, Sigiriya, Sinharaja, Trincomalee, Unawatuna, Weligama, Wilpattu National Park, and Yala National Park (Sri Lanka Tourism Development Authority, 2015)

Figure 5.1: Tourist Attractions in Sri Lanka



Source: http://www.sltda.lk/sri_lanka_touris_attractions#38

Figure 5.2: Map of Tourism Destinations in Sri Lanka



Source: http://www.srilanka.travel/tourist_map

06. Domestic Tourism in Sri Lanka

AS per the purpose of visits, all the tourists are categorized into two groups by the United Nations Conference on International Travel and Tourism held in Rome in 1963. They are such as Domestic Tourist and International Tourist. The Domestic tourist is defined as an individual who is traveling from place to place within the domestic country for business, religious activities, entertainment, recreation, health, cultural activities, education, sports, or any other type of purposes for a time period of not less than 24 hours (Bull, 1992).

International tourist is defined as a temporary visitor who is staying in a country visited at least 24 hours and their motives for their travel may be listed such as holidays, business, pleasure, sport, study, religion, health, sport, work assignments, and family (Francois and Lionel, 1995).

In the present global context, most of the countries have recorded economic advantages and benefits due to the tourism industrial sector. They have initiated strategic plans systematically with the use of their resources available in their countries both in the international and domestic tourism industrial sectors. The countries such as India, the Maldives, and

Bangladesh which are in the close proximity to Sri Lanka have designed this industrial sector with modernization with the view of gaining economic advantages and benefits.

The domestic tourism industrial sector has led to the large contribution to the achievement of objectives such as economic growth, employment, regional and rural development, increase of government revenue collection, equity of income distribution in these countries (Sunil, 2008).

The domestic tourism industrial sector had recorded a significant role in the economic growth and development of these countries. These countries have established the abundance of infrastructural facilities, and supplied the enhancement of the available facilities such as food, transport, tour guidance, accommodation, and other needs and requirements of the domestic tourism industrial sector.

The domestic tourism industrial sector can contribute to a determinant of higher value added to the growth and development of national economy than that of the foreign tourism industrial sector. It is because a large amount of foreign revenue collection is not drained off to the global markets for

the distribution of imported beverages and foodstuffs, luxury equipment and items, and transportations as to fulfill the standard and requirements of international guests, visitors and tourists. The need for recognition of the domestic tourism industrial sector as a vital aspect of Sri Lankan economy is essential to Sri Lanka and particularly to the tourism industrial sector (Sunil, 2008).

Since the domestic tourism industry in Sri Lanka is presently informal, it is accounting for very less benefits to the economy. It is found that 70% of domestic pilgrims and tourists of all the communities living in Sri Lanka visit Yala and Kataragama.

The reasons for choosing Yala and Kataragama are that domestic pilgrims and tourists visit these places throughout the year and the development of the tourism industry can be significant in these areas. Therefore, by formalizing the tourism industry, the regions with low income such as Yala and Kataragama can be benefited more. In addition, the value added to GNP will increase.

As a result, the benefits of income gained by the geographical location of a country due to the domestic tourism are assessed to understand the extent of reallocative effects. The growth and development connected with the domestic tourism has been unmethodical in Sri Lanka. There are the domestic tourists who used to make tours and excursions annually all over the country but no programs in connection with the domestic tourism have been recognized for the domestic tourists so far (Shantha, 2000).

As a result, the backward linkages likely in tourism industries are poorly improved. In addition, there is no proper maintenance related with the domestic tourism industries. It is evident that supplying basic requirements for fulfilling the needs of domestic tourists have not been taken into consideration. The capacity of underutilization is found in the institutions and industries established in the areas of domestic tourists' destinations all over the Island (Shantha, 2005).

The tours of domestic tourists planned with the annual, weekend, and daily basis have increased in the Island. Particularly, the domestic tourists who are the residents of the cities of the Island are pleased in the quest of pleasure and the

holidays in the weekends, but because of the poor necessary facilities required by the domestic tourists, the industry is unable to absorb the expenditure of the potential domestic tourists and thereby enhance the country's economy (Nakkawita, 1992).

As per the survey conducted, most of the domestic tourists are coming from the main cities and the city of Colombo in the Island. Most of them are of middle class and high-income groups and their capability to spend is also at a high level. 21% and 46% of the domestic tourists are prepared to spend their money in the destinations more than Rs. 5,000 and between Rs. 2,000 and 5,000 respectively. The rest of the domestic tourists are having the capability of spending their money on their tours less than Rs. 2,000 (Sunil, 2008).

Due to the absence of the proper programmes, the amounts mentioned above are not able to be spent by the domestic tourists while they are visiting their tour destinations in the Island. As a result, because of the absence of tour packages designed to attract the domestic tourists, the domestic tourism is not in a position so as to satisfactorily contribute the economy of Sri Lanka with growth and development. In contrast, the aspect of tour package is likely to be designed and provided for the

destinations at different costs. However, this aspect has still not been taken into consideration. If implemented, it would definitely bring economic advantages to the region. A growth in the domestic tourist demand and service sectors can be made through the above programme. It can highly contribute to the regional development, growth of employment and the revenue collection of government maximized (Sunil, 2008).

While looking into the arrivals of foreign tourists in order to generate additionally more foreign income to Sri Lanka, we are not able to neglect the increasing demand from domestic tourists whose per capita income is on the rise. With the increasing demand for better quality hotel rooms the pricing structures in the hotel trade are bound to increase and this can have a negative impact on domestic tourism. Hence the Government is currently looking at a few alternatives to facilitate domestic tourism (Ministry of Economic Development, 2011).

The major problems faced by domestic tourists and pilgrims arriving in the destinations are shortage of water, the threat of mosquitoes, lack of cleanliness, lack of modes of transport, and difficulties in obtaining food and funding accommodation. The establishments related to the industry of

domestic tourism are confronted with the challenges such as the shortages of infrastructural facilities, impacts of rules and regulations, inadequate land, and institutional problems. Because of these challenges, the sector of domestic tourism shows a poor growth development in the Island. And also, the growth of this sector is weakened by this sort of negligence.

The sector of domestic tourism in the Island can be motivated to achieve a target of substantial level in economic growth and development by effectively implementing a system with the well plan. Both state and private organizations related to the industry should co-operate to develop clear objectives (Sunil, 2008).

07. The Strategic Master Plan in Tourism in Sri Lanka

In the early 1990s a detailed tourism plan was prepared with a view of re-structuring the tourist industry and to overcome the existing difficulties in the tourism sector (Sri Lanka Tourism Master Plan 1990). This plan has divided the whole Sri Lanka into 14 tourist zones, and expected the tourism sector to grow at an annual average rate of twelve percent (whereas the world tourism is expected to grow only four percent annually).

Furthermore this 10-year plan expected to reach a target of 874,000 tourists by the year 2001. These predictions should make tourism a lucrative foreign exchange earner and a job provider for about 136, 000 people (Tourism Master Plan-Sri Lanka 1993). By 1999, an exceptional figure of 436,440 arrivals of tourists has been recorded for the first time in Sri Lanka (Central Bank of Sri Lanka, 1999).

In 2011, the Government had set a target of attracting 2.5 Mn high spending tourists by the year 2016. Therefore, 5 year master plan which is prepared by Ministry of Economic Development for the time period of 2011 – 2016 addresses a range of issues related to Sri Lanka Tourism Strategy which

consists of socio-economic, cultural, environmental, promotional and institutional aspects collectively with their mutual relations with National Development agenda with the intention of creating a conducive ground to achieve the target of tourist turnover by year 2016 (Ministry of Economic Development, 2011).

Some of the prime objectives of 5 year strategy to be achieved are: (1) to increase the arrivals of tourists in year 2010 from 650,000 to 2.5 million by 2016, (2) to attract 3,000 million of US Dollar invested in Sri Lanka as Foreign Direct Investment (FDI) within 5 years, (3) to increase the employment opportunities related to the tourism industry in 2010 from 125,000 to 500,000 by 2016 and enlarge the industries and the services related with the tourism throughout the island, (4) to allocate the economic benefits gained from the development of tourism industry among the more members of society and incorporate the tourism sector to the real economy, (5) to increase the foreign exchange earnings in 2010 from 500 million of US Dollar to 2.75 billion of US Dollar by year 2016, (6) to improve the various economic linkages and the global trade of Sri Lanka, and (7) to ensure the position of Sri Lanka as the most precious island of the world for tourism industry.

The specific strategies connected with the tourism industry in the Master Plan of Five Year are discussed under the five key areas in attention such as (1) to create an environment conducive for tourism, (2) to attract the exact type of tourists to the country, (3) to ensure that the tourists at their departure from the Island are happy, (4) to improve domestic tourism, and (5) to popularize the global image of Sri Lanka in the world arena.

The ex-president of Sri Lanka, Mr. Mahinda Rajapakse, declared year 2011 as “Visit Sri Lanka Year” and 2.5 million arrivals of tourists to be attracted to Sri Lanka was targeted by the president by 2016. With this in mind, Board of Management of SLTDA wanted to design a Tourism Master Plan of 10year (2011-2020) to guarantee the preservation of resources of Sri Lanka while fulfilling the needs and wants of tourists. The Master Plan would identify tourist generating markets, demand for accessibility, and diverse types of tourism product development and the development of human resource. Initially, UNWTO helped SLTDA to prepare 10-year tourism master plan.

Table 7.1: Summary of the Strategic Master Plans in Tourism Sector in Sri Lanka

Strategy	Activities	Strategy Activities Outcome / Target 2020
Increase Tourist Arrivals	Build global positive perception through the promotion campaigns of comprehensive market. Increase the openness of tourism through regional cooperation. Develop major cities of the country to be attractive tourist cities in Asia.	Increase in tourist arrivals up to 4 million per year. Increase in tourism earnings up to US \$ 8 billion.
Promote Up-Scale Tourism	Assure an experience of grand shopping for tourists. Maintain security aspects and safety standards.	Increase in the average expenditure per tourist per day up to US Dollar 200.
Diversity Tourism	Organize adventure tours. Prove boat riding, bird watching facilities. Improve facilities for exploring magnificent coral reefs, watching of dolphin and whale, and coastal fishing. Promote healthcare tourism. Promote agro-tourism. Promote community-based tourism.	Increase in the revenue collection from the visitors who are visiting the wild life parks up to 1 million of US Dollar.

<p>Focus on new markets</p>	<p>Attention on new marketing opportunities such as America, East Asia, Middle East, Australasia, and Eastern Europe. Establish a state-of-the-art information center.</p> <p>Initiate the campaigns of promotion with the assistance of Sri Lankan mission and the people in abroad.</p> <p>Establish overseas market promotion</p>	<p>Increase in tourist arrivals by regions except Western Europe and South Asia to 60 percent</p>
<p>Develop tourism infrastructure</p>	<p>Increase accommodation capacity</p> <p>Encourage public-private partnerships</p>	<p>Increase in number of hotel rooms up to 75,000</p>
<p>Popularize Tourist Attraction, Events</p>	<p>Create a data base of tourist attraction and events</p> <p>Publish an event calendar</p> <p>Promote festivals in Sri Lanka</p>	<p>Maximum domestic value creation</p>
<p>Promote Domestic Tourism</p>	<p>Provide adequate accommodation facilities at affordable rates.</p> <p>Build a relaxing environment in main cities.</p> <p>Develop all religious places of worship.</p> <p>Arrange domestic travel packages.</p> <p>Create opportunities to open up internal airlines and sea plane services.</p> <p>Promote the setting-up of theme parks.</p>	<p>Revenue from domestic visitors visiting wildlife parks, botanical gardens, zoological gardens, museums and the cultural triangle will increase up to US \$ 2.5 million.</p>

<p>Enhance Industry Professionalism</p>	<p>Encourage private sector to set up world renowned human resources development centers. Include hotel management and tourism promotion subject in the university curricula. Extend maximum support to the private sector training institutions. License tour guides in order to standardize the service accreditation of travel agents.</p>	<p>Increase in number of direct & indirect employees up to one million.</p>
<p>Conserve Fauna and Flora Attraction</p>	<p>Establish a new safari park at Ridiyagama. Develop a new dry zone botanical garden in Mirijjawila. Establish a new zoological gardens at Pinnawala.</p>	<p>Maximum number of domestic and foreign tourist attraction.</p>
<p>Improve Service Standards</p>	<p>Strengthen the regulatory bodies. Follow strict rules and regulation.</p>	<p>Tourism related crimes minimized. Improved global reputation as a high end tourism destination.</p>

Source: Ministry of Economic Development – 2011

Subsequently, Mr. John Yacoumis who is the consultant for UNWTO was appointed and from November 16th- 26th of 2011, he undertook the essential field visit to Sri Lanka. He held the discussions with the individuals of Government sector and private sector. In addition, Dr. H. Varma, the director of UNWTO, was also in Sri Lanka (November 17th- 19th) to have a

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discussion of the related matters with Ministry of Tourism,
Dept. of External Resources, and the UNDP (Ministry of
Economic Development, 2011).

08. Panama – Location and Physical Setting

The study area, Panama Region of Sri Lanka, consists of the areas such as Arugam Bay, Kudakalliya, Panama, Kottukal, and Jalaldeen Squire. This region which is located in the southern part of East coast of Sri Lanka is rich in all required features of Tourism, historical places, wild lives, and pristine sandy beach area of stunning natural beauty.

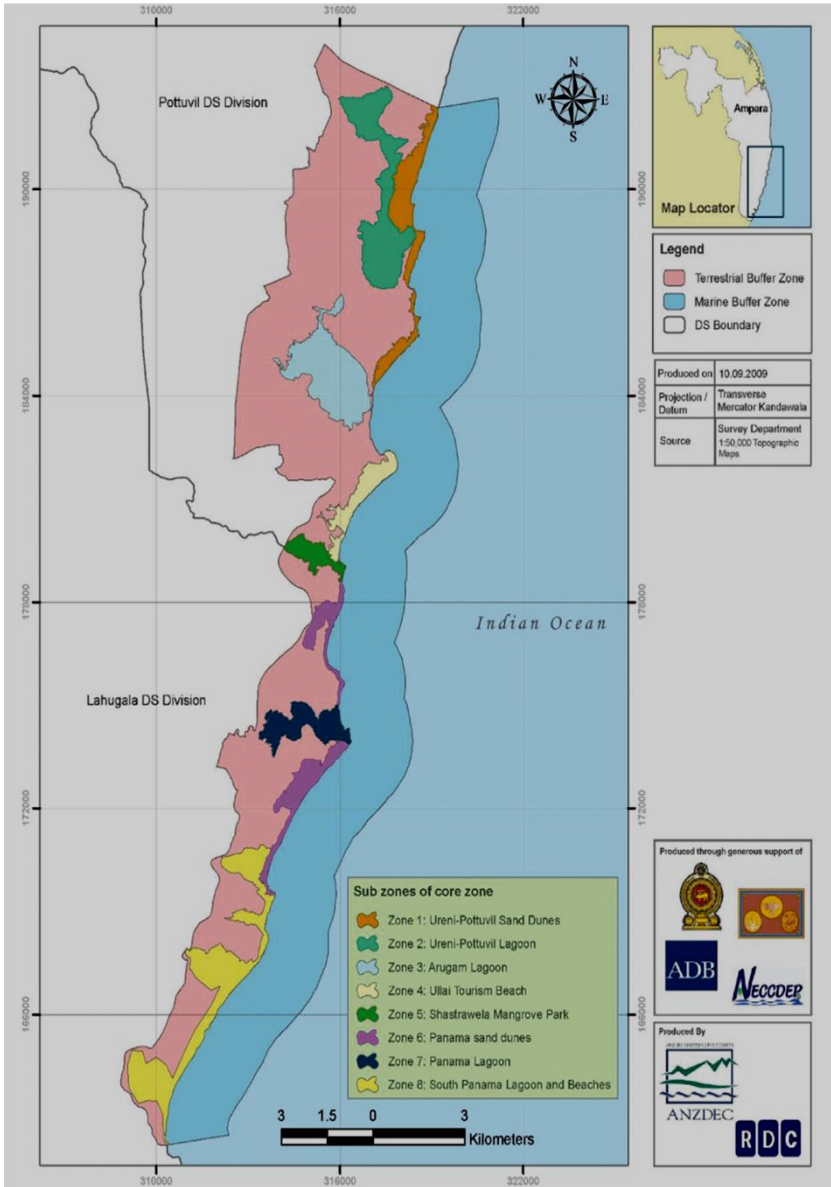
The Pottuvil-Arugam Bay- Panama area extends more than 40 km along the shoreline from Ureni to south Panama of Ampara District and consists of inshore marine habitats, intertidal habitats including those supporting mangroves, sand bars, spits, shorelines, barrier beaches and bar mouths, bays, estuaries (lagoons), coastal sand dunes, fresh water bodies, and a variety of terrestrial habitats. The coastal topography is undulating. Terrestrial habitat includes dry deciduous forest, shrub vegetation, and thorny scrubland (NECCDEP, 2009).

This region covers an area of 268.95 Sq. Km including the inland water body of 11.05 Sq. Km and bounded by the Chittagong district in the north, the Bandarban district in the east, and the Bay of Bengal in the west and the south. Arugam Bay which is a famous tourist destination located in this region has

an international standing as the 4th best wind surfing location in South East Asia and 11th best in the world due to its waves favorable for wind surfing and natural beauty. Due to the said factors demand for development activities related to tourism is higher in the area and it has identified that tourism activities are dispersing along the beach and in the other areas in an ad hoc manner.

The map of Panama region is presented in the following figure:

Figure 8.1: The map of Panama region

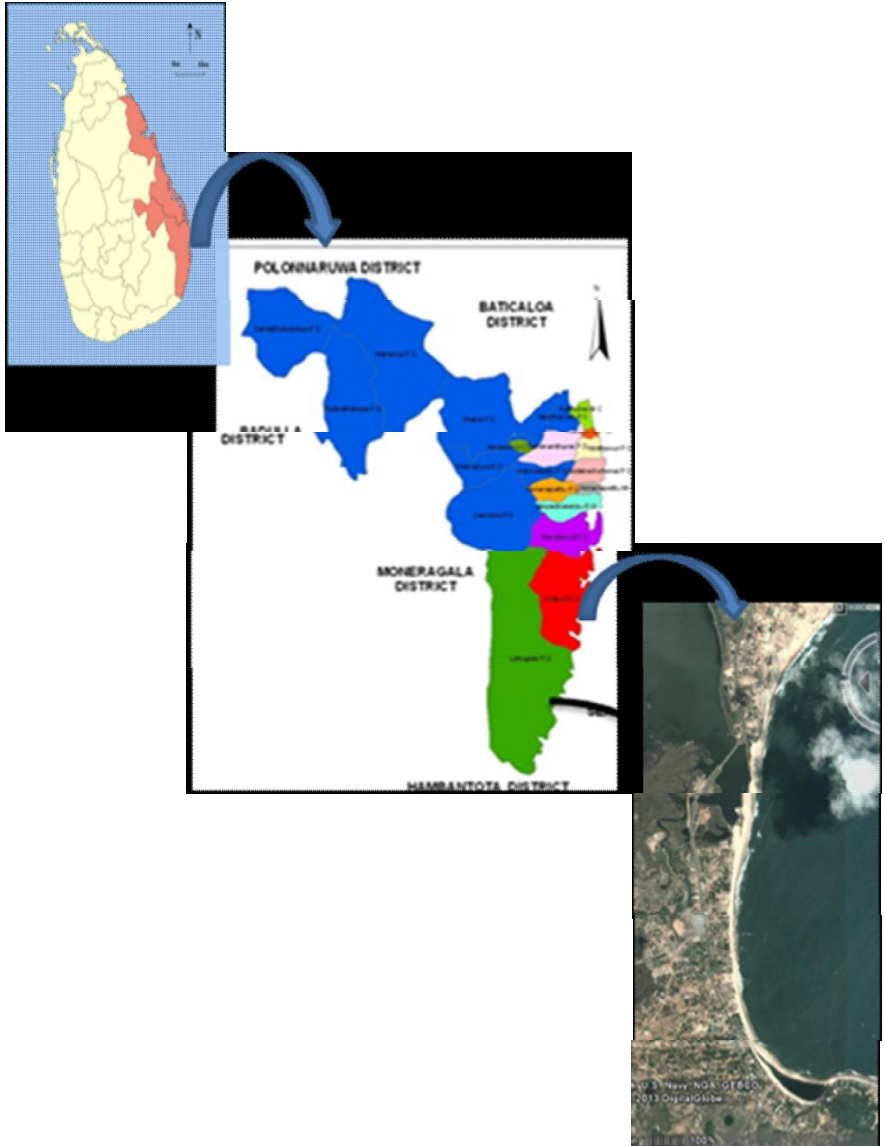


Source: (NECCDEP, 2010)

Arugam Bay is located in Pottuvil Pradeshiya Sabha, of Ampara District in Eastern Province of Sri Lanka. It is located about 325k.m. travelling distance from Colombo. Passikuda is another tourist destination which is situated about 130 km away from Arugam Bay. Mattala Mahinda Rajapaksha international airport is situated about 167km away from Arugam Bay.

Pottuvil is an environmentally sensitive area and most of the lands are fallen within the conservation area identified in Arugambay Resource Development Plan Prepared for Urban Development Authority by National Physical Planning Department in 2007.

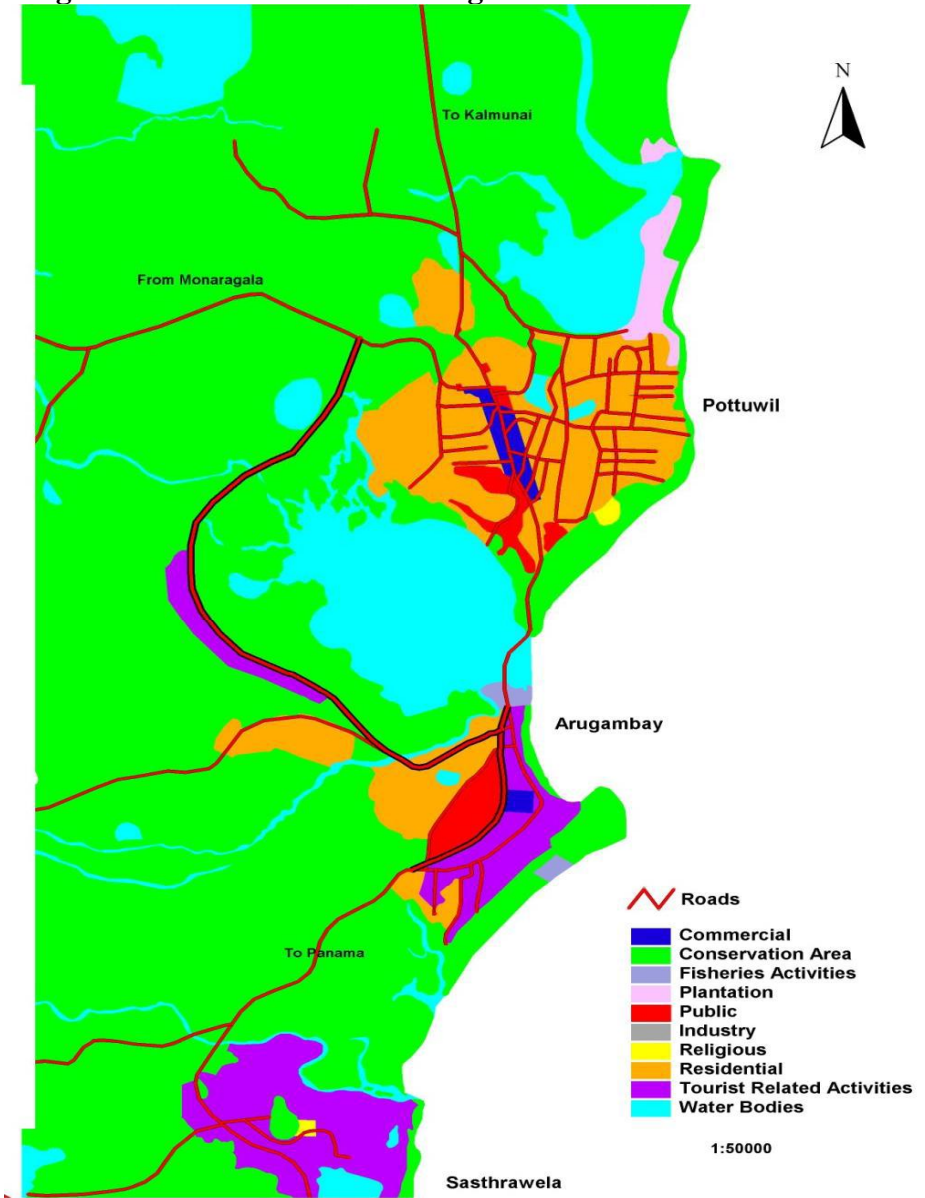
Figure 8.2: Map of Arugam Bay



Source: Urban Development Authority – 2013

S. Nisthar, S. Vijayakumar, & AAM. Nufile

Figure 8.3: Panama Tourism Region



Source: Urban Development Authority – 2013

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They are,

1. Zone One – SinnaUllai in Arugambay
2. Zone Two - Kalappukattu

Following map shows the two major zones in Arugam Bay:

Figure 8.4: Zone One and Two



Source: Urban Development Authority – 2013

Sinnaullai is a narrow (average 50m), flat beach strip which consists of most of the tourist hotels and ancillary facilities. Total land area is about 22 acres. Congested areas have small plots completely destroyed by the Tsunami in 2004.

According to the regulations of Coast Conservation and Coastal Resources Management Department, an extent of 50m is declared as a buffer zone from the Permanent Vegetation Line of the beach. It is true that an extent of 20m is declared by CCD as a setback. Presently, the rest of 30 m in extent can be used for the construction.

Before Tsunami catastrophe in 2004, only around 58 hotels were available in the country and all of the hotels were affected because of the devastation of Tsunami waves. By the field survey of last year (2013-February) it has increased up to 70 hotels.

As these hotels are constructed with the close proximity to the sea, the vulnerability of confronting a next Tsunami waves, increasing in sea level, and sea erosion are expected by the respective officials. Although they are calling as “hotels” for these structures, most of them are not up to the level of hotels

and do not have required facilities. Nevertheless, “Sinnaulai” is the core area of tourism in Arugam Bay.

Figure 8.5: Zone Two (Kalapukattu)

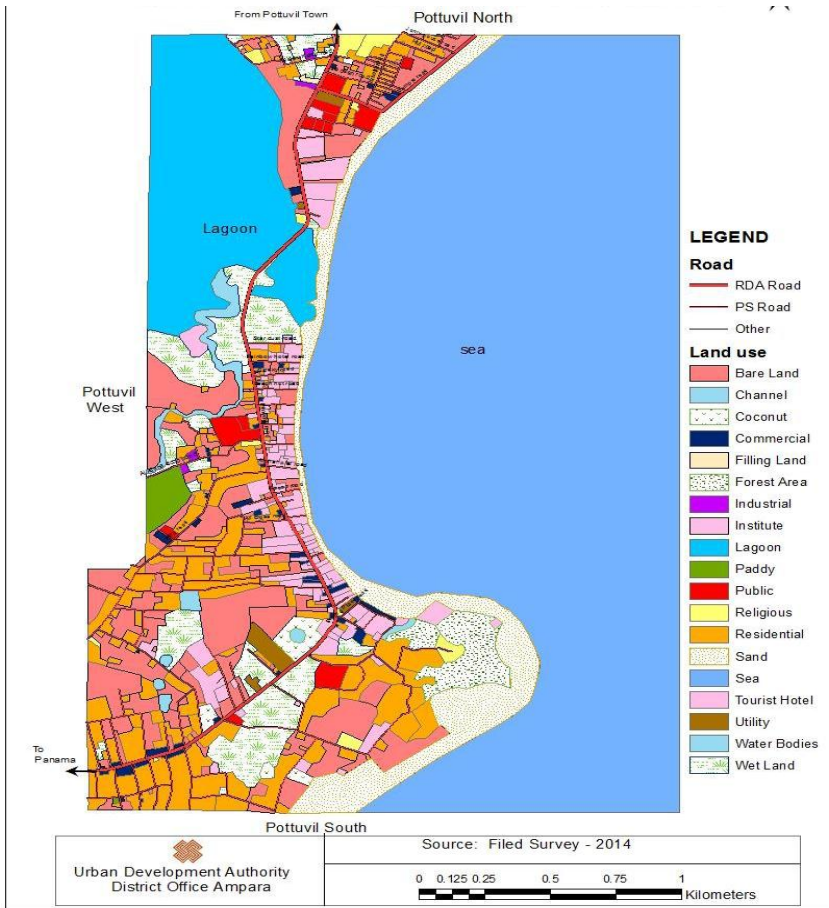


Source: Urban Development Authority – 2013

Kalapukattu area is also a narrow strip of land which is located between Arugam Bay lagoon and the Pottuvil Main road. The extent of total land is estimated at around 8 acres. Few buildings (around 4) were found before Tsunami in 2004 (about 4). It is a flat land with the existence of two damaged old and

deserted buildings. This bare land gives a feeling that traveler is entering to an area where full of natural places embedded with natural and scenic beauty are available (Urban Development Authority, 2013).

Figure 8.6: Land Use in Panama Region



Source: Urban Development Authority – 2014

The strip of this land is situated within the conservation zone of Arugambay Resource Development Plan. Nevertheless, at present there is a high pressure and demand from the private land owners to develop the land with tourist hotels. Considering all the above discussed factors following guidelines are prepared for the two areas.

Table 8.1: Land Use in Panama Region

Serial No	Type	Area (ha)	Percentage (%)
1	Commercial	4.910219	1.43
2	Bare Land	71.039156	20.62
3	Channel	4.678097	1.36
4	Coconut	3.741425	1.09
5	Filing Land	0.194907	0.06
6	Forest Area	10.765047	3.12
7	Industrial	0.739297	0.21
8	Institute	4.789597	1.39
9	Wet Land	34.500389	10.01

10	Paddy	3.483083	1.01
11	Public	6.708411	1.95
12	Religious	4.255393	1.23
13	Residential	66.540203	19.31
14	Sand	35.356877	10.26
15	Tourist Hotel	24.854131	7.21
16	Utility	2.941314	0.85
17	Water Bodies	1.673797	0.49
18	Lagoon	63.39546	18.40
Total		344.566803	100.00

Source: Urban Development Authority – 2014

09. Economic and Socio-cultural Background of Panama Region

According to the population census of 2013/2014, the total population of the division is 38609 persons. The majority ethnic group is Muslims, accounting for 78 percent of the population, followed by Tamils making up about 20 percent and Sinhalese, 2 percent.

The population of a total of 18 GN Divisions, P 1 to 8 and P 12 to 21 is predominantly Muslim (98 to 100 percent), a further seven GN divisions P 9 to 11 and P 22 to P 25 is predominantly Tamil (80 to 90 percent) and that of the other two GN divisions is mixed. The birth rate is 12.5 per thousand of population in 2013, and about 65 percent of the children born are females. The death rate is about 4 per thousand of population in 2013, and 51 percent of the deaths were of females.

The natural population growth rate in 2013 works out to approximately 1 percent. Therefore the bulk of the population growth appears to be due to inward migration to the division from areas outside of the division and not due to natural increases. The population density which was 109 persons per square kilometer in 2001 has increased to 150 in 2013.

The number of families residing within the division was estimated at 9,492, and the average family size works out to 3.8 persons. In 2013/214, about 60 percent of the population was between the ages 15 to 65, about 36 percent was below the age of 15, while the remaining 4 percent was above 65 years old. The dependency ratio works out to 67 percent. Table 4 provides the demographic characteristics of the population by GN divisions.

Table 09.1: Demographic Characteristics of Panama Region

Description	Amount
Male	19090
Female	19519
Total Population	38609
Families	9492
Density of Population	150
Literacy Rate	69%
Birth rate ('000)	12.5%
Muslims	78%

Tamils	20%
Sinhalese	2%
Death rate ('000)	4%
Population growth	1%
Dependency ratio	67%

Source: Divisional Secretariat – Pottuvil 2013/2014

Economic Background of Panama Region

According to the statistics provided by the Pottuvil Divisional Secretary (DS) office, over 77% of local families have an income of less than Rs. 2,500 per month, and a large majority of the population exists below the poverty line. 160. More than 50% of the households in Ampara District are recipients of monthly welfare payments under the Samurdhi poverty alleviation program and can therefore be classified as poor.

The situation has become worse in the Panama region where about 65% of the population has become Samurdhi recipients. This situation primarily reflects three decades of conflict that has resulted in the disruption of normal social and

economic conditions, and caused excessive damage to public and private assets, displacement of people, loss of income, decline in investments and disruption of supporting services. There is a high incidence of unemployment and under employment, and land and human resources are generally underutilized.

The employment in the Panama region is currently distributed amongst the agriculture, forestry, and fishing (63.5%); wholesale and retail trade (10.1%); construction (5%); manufacturing (4.7%); and other services (16.7%) sectors. In Arugam Bay, fisheries, tourism, and other commercial activities account for the majority of the economic activity. At present, unemployment in the area is fairly high, particularly among the young, affecting 30% of those aged between 14 and 18 years, and 28% of those between 19-25 years (Divisional Secretariat – Pottuvil, 2014).

a. Fishery industry

Fishing is a traditional livelihood for many families in the Panama region and many subsequent migrants have come to the area for fishing. Beach seining was introduced to the area by fishermen from southern Sri Lanka in 1945. Owing to the

reliability of the method, many fishermen from Wennapuwa (north western Sri Lanka) and southern coastal areas immigrated to the area on a seasonal basis (January to March). Over the years, many of these fishermen decided to settle permanently in the area (NECCDEP, 2009).

There are more than 1,000 fisher families in the area and approximately 2,000 active fishermen. Local fishermen practice three main types of fishing: near-shore fishing, beach seining (madal), and lagoon fishing. A comparatively small number of fishers, nearly 80 individuals, are involved in beach seining. A few fishermen engage in deep sea fishing.

There are seven fish landing sites in the Pottuvil/Ullai area, and the area's total annual fish production is between 1,100 and 1,300 metric tons. Prior to the tsunami, there were about 120 day boats with outboard engines, which primarily used drift gillnets to catch small pelagic fish species. The peak season for small pelagic species is July to April. Lagoon fisheries are of minor economic importance and are mainly confined to Panama lagoon.

Fishery activities were severely affected by the tsunami of 2004, as equipment and boats were destroyed and fishing grounds were disturbed. Under livelihood restoration programs, most foreign agencies provided boats and fishing gear and tools, not only to traditional fishermen but people who were not fishermen before the tsunami. With this assistance the number of boats increased from about 350 boats before the tsunami to approximately 2,000 boats at present.

At present, many boat owners hold more than five fishing boats, and deploy them all in the near-shore areas. Increasing depletion of near shore fishery grounds is anticipated, making early management intervention a high priority for the authorities. There are many boats idling at present.

The 2007 USAID Arugam Bay Coastal Development Plan (Ref.0960) has identified 2 key challenges to sustainable fishery in Arugam bay area. These 2 challenges are: absence of fisheries-related infrastructure facilities is hindering the development of healthy fishing industry.

The lack of anchoring facilities, a fishing harbour, and access to sufficient areas of beach are all important issues which

need early attention. Obtaining ice is extremely difficult due to a lack of ice-making capacity in the area. There is also a lack of onshore facilities for fishermen, such as restrooms and a community centre (for net mending and meetings), and no market or other area appropriate for fish marketing and auction. Hence, fishermen use the beach areas in an indiscriminate manner from Pottuvil to Shastrawela causing pollution and nuisance.

Prevalence of unsustainable fishing practices damages fish stocks in lagoons. Unsustainable fishing practices includes gillnetting which disturbs ecosystems and takes immature fish that have not yet reached the stage at which they could reproduce. This issue is related to the lack of extension services to fishers. The 2007 USAID study suggested the following recommendations to overcome two issues described above.

They are to prepare and implement sustainable fisheries guidelines, including a timetable for fishing (both near-shore and lagoon) that recognizes the competing needs of users, as well as the ecology of the area and target species. This should be developed through a participatory process in which stakeholders recognize the challenges they and others in the industry face and

come up with mutually acceptable approaches to managing the fishery in a mutually beneficial and sustainable way.

Implementation of an enforcement program curtails illegal fishing methods and improper construction (especially at sand dunes and along the beaches). This should be done in tandem with a program to provide appropriate fishing gear for those who currently use destructive methods. Actors involved in this endeavour should recognize that regulations and net mesh standards for fishing operations (including beach seine) must be developed to minimize by-catch of young fish and non-target species.

This is most effectively done at the national level, but an effort in the Arugam Bay area could be linked to such an endeavour to reflect stakeholder input at the local level. Any significant change in gear usage, such as inducing a switch from gill netting to long-lining, may well require training to ensure effective use and maintenance.

Community-based organizations (CBOs) engaged in the sector should be assessed and supported as a mechanism to mobilize communities for improved fisheries management. A

number of CBOs exist to represent different parts of the fisheries sector, from lagoon to deep sea fishing and these groups could be strengthened in their roles in conflict management and the dissemination of ecologically sound fishing approaches. Assessment should include levels of organizations and activities currently underway, as well as determination through active discussion of activities that members would like to undertake if they were better organized, informed, and supplied with resources.

To reduce conflict over beach space and limited berthing area for boats, one or more areas should be identified for the development of anchorage sites. These sites should be situated so as not to coincide with areas of high tourist use, but should be conveniently located for fishermen and others involved in the fish trade.

Sanitary facilities, including toilets and systems for managing fish waste, should be made available at such sites. Such facilities would enable more harmonious operation of diverse economic activities in Arugam Bay, and would benefit the key sector of tourism as well as fisheries.

Discussions with M. Abubakar, President of Fisheries Association in Pottuvil, indicate that the number of fishers is increasing because new members are joining the association. This reduces the catch and income per fisher. Hence there will be issues in the near future unless persons wishing to enter the sector are provided with alternative livelihoods (NECCDEP, 2009).

Table 9.2 shows the major fishing divisions, fishing families and active fishing population of Panama region.

Table 9.2: Active Fishing Population

Fishing Division	No. of Fishing Families	Active Fishing Population
Pottuvil	1670	1720
Ullai/Arugambay	330	448
Panama	102	172
Total	2102	2340

Source: Dept. of Marine and Aquatic Resources -2016, Kalmunai

b. Agriculture

Agriculture is the one of main economic activities in Panama region. The economy of Panama region is essentially based on agriculture, livestock and fisheries, which altogether provide employment for almost 63% of the population. Important crops include rice, chilies, groundnuts, maize, cowpea, red onion and green gram, an important legume crop in the area.

These crops are generally grown in Chena and home gardens as rain-fed crops. Paddy cultivation is largely rain-fed and less than 40% of total paddy fields have irrigation facilities. Hence paddy cultivation depends on the annual rainfall and is not a secure or stable agricultural livelihood. Important cash crops are vegetables, red onions and chilies which are grown with additional irrigation facilities such as well water. Fruits are widely cultivated for market sale, and the most important are mango, banana, lime, and oranges (NECCDEP, 2009).

One of the main environmental concerns associated with agriculture and especially with rice cultivation is the excessive use of agro-chemicals which can contaminate surface and groundwater. Pollution has been reported in many agricultural

areas of the country. Although this phenomenon is yet to be studied, the excessive richness of nutrients in the water body, which is a good indication of water pollution, is quite common in all agricultural areas of Panama region.

The livestock industry is based on cattle, buffaloes, goats, and poultry, of which cattle and buffaloes are the most important. Their numbers have declined significantly from 1990-1997. Income generated from livestock could be increased considerably if value added is promoted. The overall productivity of the sector is not sufficient to justify its basic expansion. In addition, the loss of bio diversity, soil erosion, and resulting sedimentation in water bodies are some of the negative impacts associated with uncontrolled livestock grazing (NECCDEP, 2009).

The population was between the ages 15 to 65, about 36 percent was below the age of 15, while the remaining 4 percent was above 65 years old. The dependency ratio works out to 67 percent. Table 09.1 provides the demographic characteristics of the population by GN divisions.

Socio - Cultural Background

The communities in Panama region follow the Buddhism, Hinduism, Islam and different Christianity. The 2009 NECCDEP funded STDA-EP (Ref.0950) identified many religious and cultural sites as tourism destinations and proposes development of infrastructure facilities. There are a few ancient important historical Buddhist religious sites such as Samudragiri Buddhist temple at Ullai, Pottuvil, Kudumbigala cave temple, Muhudu Maha Vihara and Shastrawela ancient temple. The famous Buddhist temple, Mudu Viharaya is also located in the Ullai area.

Okanda Kataragama Kovil is a very famous religious site for Hindu followers and there is an annual festival in the month of July. This festival coincides with main Kataragama festival and thousands of devotees travel by foot to Kataragama along the Pottuvil-Panama- Okanda route.

This is a very popular annual pilgrimage of people who follow the Hindu religion and Pada Yatra (travelling by foot) starts from the northern part of the country in Jaffna and devotees walk over 200 km for several weeks to reach Kataragama temple at the southern part of the country. There

are many churches developed during and after the colonial period. Most of these churches were renovated after the tsunami. There are also a number of mosques in the Pottuvil and Arugam bay area (NECCDEP, 2009).

10. Development of Tourism in Panama Region

The tourist industry can be considered as third important economic sector of the Panama region. However, unmanaged growth could cause adverse environmental impacts through overexploitation of resources, pollution and damage to sensitive areas such as sand dunes. The tourism industry is currently based on the Arugam Bay-Ullai beach area where it developed to reflect the restrictions imposed by the prevailing security situation over the past 30 years.

Arugam Bay tourism started in the mid-1960s, when it was discovered as a surfing destination. The waters just off the coast are considered to provide one of the best surfing locations in Asia. About 3,000 to 5,000 foreign tourists visited the area annually prior to the tsunami (NECCDEP, 2009).

The majority of tourists are considered "low to medium spending," generally visiting the area for relatively long periods for surfing. The few "high spending" foreign tourists visit to enjoy the beaches, as well as view ecological and cultural sights, but frequently stay for less time. Domestic tourists to Arugam Bay are usually "medium spending" and demand moderately

priced accommodation. Prior to the tsunami, most hotels were priced at the moderate to low end of the scale.

The Arugam Bay tourism season extends from May to December when surfing conditions are ideal with calm seas and slow water currents. The surfing season in the Hikkaduwa and western coast extends from December to May. The two seasons provide surfing throughout the year and Sri Lanka could develop as a year round surfing destination.

There is also potential to develop ecotourism based on the natural assets of the area and cultural tourism based on cultural and religious sites in the area. 184. With the improved security situation, since May 2009, there is potential for expanding tourism to include eco-tourism in Kumana (Yala North) and Lahugala National Park.

Kudumbigala ancient Buddhist hermitage provides at least one significant cultural site. Pottuvil lagoon is developing as an ecotourism destination under the Arugam Bay Tourism Association (ABTA) with assistance of the Arugam Bay Eco-Guide Association, Fishers Association and NGOs. In this

program, tourists who visit Arugam Bay have the opportunity to travel in the lagoon by boat and engage in bird watching.

The NECCDEP funded 2009 Strategic Tourism Development Plan for Eastern Province (Ref.0950) (STDP EP) provides a comprehensive review of the opportunities and constraints to tourism development in the Eastern Province including the Panama region. There are many potential cultural tourism destinations within the Panama planning area and adjoining areas.

Samudragiri Vihara located adjacent to the beach of Ullai/Arugam Bay tourism area is one of the potential tourism sites. The history of this monument that consists of an image house and other artifacts can be traced back to the 2nd Century BC. There is a short access road from the Pottuvil-Panama road.

Kudimbigala Forest Retreat comprises a complex of hundreds of small caves with inscriptions that are believed to have been inhabited by Buddhist monks in the 1st Century B.C. The complex is located in a hilly forest area and the caves are accessed by a network of pathways. STDP EP suggests development of interpretation materials and information boards.

Upgrading path network and directional signage to the most important and interesting caves are other suggestions.

Okanda Malay Hindu Temple is located in Okanda south end of SAM planning area. It is a large Murugan Hindu Temple. This marks the spot where God Kataragama is said to have landed on the island and is the staging point for the PadaYatra pilgrimage to Kataragama and Okanda. It is also the place where Sinbad the Sailor supposedly landed and embarked on his island adventures (NECCDEP, 2009).

There is also a common local tradition of visiting the Kataragama religious site via a path across the National Park. This is an ancient route that involves walking through jungle to reach Kataragama, which is a very popular centre of religious worship for Buddhists, Hindus, and Muslims in the country.

Many tourist facilities such as hotels, restaurants, guest houses and shops have been established to cater to the tourism industry (Table 10.1). However local communities, particularly Muslim communities have cultural concerns over this tourism

development. As a result of this and the security situation, the tourism industry has developed at a relatively slow pace.

The majority of tourism related facilities were destroyed or badly damaged by the tsunami. About 75 percent of hotels and restaurants have undergone renovations and have now resumed operation, including many hotels that were situated illegally and subsequently rebuilt within the CCD coastal setback zone.

Although local hoteliers usually employ local residents, some hoteliers from outside also prefer to bring in staff from outside the area, primarily from Colombo to run their hotels and/or restaurants, reducing local employment opportunities.

Table 10.1: Tourism Development and Arrival

G.N Division	Home stay (Nos.)	No. of Restaurant	No. of Tourists Arrived per year	No. of Guest Houses	No. of Guest Inn	No. of Kabanass	No. of information Centers
P/18	285	15	4382	30	10	27	15
P/05	20	13	5700	-	-	12	-
Total	305	28	10082	30	10	39	-

Source: Divisional Secretariat– Pottuvil, 2015/2016

The UDA prepared a Resources Development Plan for Arugam Bay in 2005, which recommended creating a tourism development zone. The plan also emphasized three goals for tourism development in the area, including integration between foreign investors and local people, integration between Colombo-based investors and local people, and introduction of new tourism-related businesses. However, due to protests from local stakeholders, the plan was never finalized and has, effectively, been shelved.

Arugam Bay Tourism Association (ABTA) is presently working very hard to promote Arugam Bay as key tourist destination for the country. The tourism sector is broadly defined to include individuals employed in hotels, restaurants, and guest houses, as well as tourists, investors, and artisans who produce goods to be sold to tourists.

The greatest hindrance to Arugam Bay's tourism sector was the security situation in the country and Arugam Bay's location on the east coast of the island which associated it with the more conflict-affected sites further north. Additionally, a number of security-related incidents in and around Arugam Bay have caused international and domestic tourists to avoid the

area. However with the improved security situation since May 2009 tourism is increasing. Both prior to and following the Tsunami, a large number of tourism facilities were constructed without appropriate government approvals.

Many of these operations are also limited in their capacity to operate formally in compliance with Sri Lanka Tourism Development Authority (SLTDA) regulations. This stems largely from a lack of understanding of development regulations regarding tourist structures, institutional alienation that many operators feel from government authorities based in Colombo, and perceived or real additional costs associated with establishing legal operations (NECCDEP, 2009).

The informality of tourism operations leads directly to difficulty in accessing financing from banks, as well as other limitations. In general, the abundance of informal establishments jeopardizes the economic viability of the coastal community. There is a real need to encourage the informal sector to comply with Sri Lankan law, and to support the regulatory bodies implementing laws aimed at making tourism sustainable (NECCDEP, 2009)

The USAID study clearly identified the need to strengthen community based tourism associations as part of tourism development in Arugam Bay. Strengthening tourism operations and related community-based associations such as ABTA should be part of a strategy to formalize the tourism sector in Arugam Bay. Such a capacity building strategy should be proactive, aimed at helping these associations to deliver member benefits such as training in management and operations.

ABTA in particular would be an excellent mechanism to solve industry problems, ranging from stray animals to water quality issues. Another industry challenge is developing and maintaining a harmonious and mutually beneficial relationship between the community and the tourism sector. Although many locals work in the tourism industry, there are also many in the community who object to the presence of outsiders.

Tourists may be harassed if they do not conform to culturally accepted norms of dress and behaviour. CBOs can be strengthened to play a role in ameliorating these problems, as well as promoting new income-generating activities for community members (NECCDEP, 2009).

The USAID study has identified lack of infrastructure facilities, illegal, and improper development of tourism structures, lack of proper solid waste collection system and absence of an integrated zoning system for various types of development as major negative issues for tourism development in Arugam Bay. The study revealed that there is a demand for skilled and semi-skilled employees such as cooks, waiters, restaurant managers and housekeepers.

Since the tourism sector has high potential for development, the demand for skilled employees will increase in the future. Hence, there is a need to train youths for these skilled and semi-skilled employment opportunities (NECCDEP, 2009).

There were about 50 to 60 tourist hotels and restaurants prior to the tsunami (located mostly south of the bridge). After the end of the civil war, the number of hotels has been increased to 75 (Table 10.2). Only five hotels were of a multi-storied type, and the rest were all single storied buildings. The majority of these buildings were either destroyed or badly damaged by the tsunami. About 75 percent of the hotels and restaurants have undergone renovations, and are back in operation. Tourism had picked up over the last few years due to the popularity of Arugam Bay amongst surfers.

The stunning water mass surrounded by the moon-shaped ringlet of soft golden sand situated in the eastern seashores of Sri Lanka is recognized to be a best ‘point brake’ in the world. Further, Arugam Bay is recognized as a best surfing point attracted by the tourists during the seasonal months of April to October annually.

During this time, the UK Pro-Surfing Association’s Sri Lanka Surf Championships is conducted. It is an event exposed to all of the people. The whole spot turns out to be a core of activity as all of the surfers with the best performance across the seas get together so as to enthusiastically take part in this exciting event in this one of the best surfing point in the world. April – October is the Best Season for Surfing in Arugambay (Sri Lanka Tourism Development Authority, 2016).

The Arugam Bay area is considered as the fourth best location in South East Asia and the 11th best in the world for surfing, primarily for skate or board surfing and to a lesser extent wind and kite surfing. About 3000 to 5000 foreign tourists visited the area annually prior to the tsunami.

The majority of tourists are considered “low to medium spending”, generally visiting the area for relatively long periods

for surfing. The few “high spending” short stay foreign tourists visit to enjoy the beaches, as well as view ecological and cultural sites.

The Kumana Bird Sanctuary, the Lahugala Bird and Wildlife Parks, and ancient archaeological ruins are destinations for both local and foreign tourists. The local tourists are usually “medium spending” and demand moderately priced accommodation. Prior to the tsunami, most of the hotels were of the moderate to low end in terms of price ranges.

Local tourists also frequently visit Kataragama through a route across the bridge. This is an ancient route involving walking through jungles to reach Kataragama, which is the center of religious worship for the Hindus, Buddhists and Muslims.

Table 10.2: Tourism development

GN Division	Hotels							Private Cottages/ cabana
	Hotels (No.)	Type of Hotels			Rooms (No.)		Beds (No.)	
		1star	2star	3star	A/C	Non A/C		
P/18	45	40	03	02	180	420	900	45
P/05	30	-	-	-	60	80	280	12

Source: Divisional Secretariat, Pottuvil - 2014/2015

The local hoteliers usually employ locals (Table 10.3), but many hoteliers from outside of the area prefer to bring their own staff to run their hotels or restaurants. As a result, the employment opportunities for locals are reduced. One of the concerns of local hoteliers is that after the bridge is constructed; local hotel and restaurant owners will be evicted and resettled elsewhere, thus making room for large outside and foreign investors to develop this area into a major international tourist resort. The locals are understandably vehemently opposed to such a move.

Further, based upon the tourists who visit this area, it appears that the need is for small-scale low- and medium- priced hotels and restaurants, which can be managed successfully by the locals. The infrastructure facilities need to be improved considerably, particularly after the damage done by the tsunami, even for small-scale tourist development.

Table 10.3: Details of employment opportunities of Tourism

GN Division	No. of People Employed in Tourism	Hotels			Tourist shops	Vendors	Tourists Arrived per year (Nos)	
		Management	servant	support services			Local	Foreign
P/18	351	117	117	117	132	132	20000	2382
P/05	80	20	40	12	06	-	1200	4500

Source: Resource Profile – Divisional Secretariat, Pottuvil 2015/2016

11. Potentiality/Attractions of Tourism Industry in Panama region

Arugam Bay/Sarvodaya Puram (P/18, P/05)

Arugam Bay records as one of the TOP 10 surfing points in the world. And also, it is a perfect sandy beach of splendid natural beauty. The trip to the beach of Arugam Bay takes us through some attractive barren land and fields crowded with some of the wildlife. The bay is situated between the two headlands and is excellent for surfing.

The extensive and wide sandy beach situated in front of the village is a destination of attraction for swimming throughout year. The beach is always deserted other than the southwest corner in which some of the fishing boats and thatched huts disclose the small fishing village known as Ulla, just to the south of the guest house area. It is the safest area for swimming as well.

The Point situated in the beach of Arugam Bay is accounted for a top surfing destination of the world. It is a well lined up right hand point break, generating a clean flaking glassy wave that hurries a surfer a 400m ride right through to the

inside. In addition, five high quality breaks are found within a radius of 30 minutes.

The Crocodile Rock is situated around 2km away from the south of Arugam Bay Point along with another deserted beach to Kudakalliya which is one of another attraction of tourists. We can reach the rock by scrambling across the sand dunes and crossing over the lagoon. Its wild eagles fly overhead and elephants attempt to climb the rock. There are the large attacking crocodiles creeping in perfect secret.

On the top, we can see the lagoon and the paddy lands with wonderful views by climbing the rock. Walking to Elephant Rock which is situated around 3km south of Arugam Bay gives us an extent of the lovely beaches. The roaming elephants with close proximity can be watched in the early mornings and the evenings.

Pottuvil lagoon is found as a shelter for the different types of numerous birds. The picturesque lagoon of Arugam Bay separates the village known as Ulla from Pottuvil Lagoon which is situated north of Pottuvil town. The newly constructed bridge is an outstanding vantage point to see the splendid nature

of sunset, and also at night we can see the fishermen caching prawns by throwing their nets, collecting a number of the trapped prawn into their nets, and finally cleaning their nests for their next attempts of catching prawns.

The Lagoon tour gives us an opportunity of peacefully rowing for two hours and of watching the ecosystems of mangrove vegetation in the area. During the tour, local fishermen accompany with us in their canoes built with fiberglass through the vegetation of mangroves and stop off at the sandbar in the ocean and then at a mangrove nursery.

Lagoon is a protective shelter for varied types of wildlife such as crocs, water snakes, water snakes, plenty of birds, and monkeys. The both Hidayapuram Fisheries Cooperative Society and Sri Lankan NGO Sewa Lanka Foundation established locally inaugurated the Lagoon Tour together and declared this project as a ‘Mangrove Conservation Project’.

And also, it is a project so as to restore the natural cycle. A Buddhist temple known as Magul Maha Vihara built by King Dhatusena (515-526 AD) and located 8km west of Pottuvil along the A4 main road attracts the tourists considerably. This

interesting and significant site with the debris of a Dagoba, Vatadage, and the bases of several other ruined structures is made all the more attractively its remote jungle location. This temple in Yala East mustn't be mistaken as the temple by the same name in Yala West (Ruhuna Yala National Park).

Arugam Bay becomes a famous and unique surfing spot as Yala East National Park and Lahugala National Park are situated with the close proximity to the beach of Arugam bay. Arugam Bay is considered as the best beach for surfing in Sri Lanka. It is having the unharmed lagoons which are situated with the close proximity to Galoya, Kumana and Yala east, and Lahugala National Parks. Further, Arugam Bay is attracted by more tourists due to the close presence of mixed community and culture, the nature of farming, rich ecosystems and biodiversity, and sand dunes.

The areas and the vital surfing points attracted by local and foreign visitors and tourists are Arugam Bay, Potuvil, Panama, Kudakalliya, Kottukal, and Peanut Farm. Due to the friendly weather pattern for tourism throughout the year, Arugam Bay becomes as a key attraction in Sri Lanka.

It is ranked as the third surfacing destination in the world among top ten such destinations ranked in the world. Due to the different attractions available and likely to be satisfied in Arugam Bay, many visitors and tourists with the different interests and expectations are attracted there. It is astonishing that many attractions of tourists and visitors are together situated with the close proximity of each other. Even in the off season of tourism activities, it is an ideal spot for those who want to be pleased with peace and tranquility.

In addition, tourists and visitors are able to simply watch crocodiles, elephants, and birdlife in the immediate surroundings. Aside from the above, other tourist attractions are the Okande mountain Skanda temple, Kudumbigala rock temple and monastery, Magul Maha Vihara, Buddhist Monastery at Sasthravelli, Panama ancient village and the Sudha's bungalow at Sasthravelli. One of the main attractions in Arugam Bay beach is the likelihood of year-round tourism, due to mainly the weather and climatic pattern. Month-wise tourism in the area is given in Table 11.1.

Table 11.1: Month-wise Tourist Arrival in Arugam Bay

Month	Percentage of Tourists
January	5
February	5
March	4
April	5
May	8
June	17
July	17
August	17
September	5
October	4
November	5
December	5

Source: IUCN – 2011

Here are the top 5 reasons to visit Arugam Bay:

1. It is the third highest ranked among the world’s top ten surfing destinations. So, if anyone is a surfing enthusiast or is intent to learn surfing, it is just the location for him. There is no need to bring the surfing gear with anyone as the surfing gear can be hired from the local individuals or groups in the spot and also the individuals and the groups give the trainings for those of learners who wish to learn surfing.

Further, it is proud to say that there are more than 10 surfing points situated around these destinations of attraction. The waves during the tourism season of April to October are high and great and thus, it is the attraction of scene to stage the local and international contests of surfing during this period of time.

2. If anyone is a wild life enthusiast, he can be accessible to the sanctuaries of wildlife within just few minutes from this destination to the sanctuaries. The Lahugala sanctuary recognized for elephants are situated within the driving distance of 20 minutes from Arugam Bay. Some of these elephants can be seen while using the internal route to arrive at the Lahugala sanctuary.

The bird sanctuary known as Kumana is situated only 10km south of Arugam Bay and some of the birds are migrated to adapt the friendly weather in Kumana area from the country of Siberia to this sanctuary during the winter season in their country of origin.

3. The sand dunes at Panama allow the visitors and the tourists to roam around an untouched extent of land by even

travelling by a safari of jeep to the sand dunes. The sand dunes situated at Pottuvil are closer than the sand dunes at Panama, but less of tourists and visitors are attracted to the sand dunes as it is situated close to a congestive little town.

4. The Kudumbigala archeological site is host to monastic caves since 12th Century AD. The prehistoric Okanda temple devoted to lord ‘Skanda’ is located on a rocky ridge south of Arugam Bay. This temple is also believed to be highlighted in “Sinbad the Sailor’s tales”.

5. The area close to Arugam Bay is also endowed with a number of ancient monuments. The monuments connected with the Southern kingdom of Magama which are around thousand years aged are seen in Pottuvil town close to the sand dunes in Pottuvil and within the area of Lahugala elephant sanctuary. It is said that these monuments are built to respect the mother of the soldier king Dutugemunu of Anradhapura kingdom (<http://www.arugam.info/tag/lahugala/>).

Arugam Bay has turned out to be a destination of stylish journey among youngsters and educated travelers and visitors

who are delighted by the magical landscapes of Arugam Bay and its big and bold waves. Arugam Bay beach has recorded international recognition as one of the best surfing attractions and destinations in the world and is home to the annual Arugam Bay Surf Competition, which draws is many pro-surfers from around the world. The best time for surfing is between the months of May to November.

The offshore and right hand breaks during this time period are ideal conditions for surfing. There are many excellent points of break in the area for surfers, including The Point, Pottuvil Point, Peanut Farm and Crocodile Rock.

As of 2014 Arugam Bay continues to enjoy the fruits of peace, with throngs of foreign surfers and travelers, complemented by hordes of locals, who all come to enjoy the cool, calm and rough of the waters of the Arugam Bay. Arugam Bay in Sri Lanka at it most escapist, the relatively isolated beaches and a simple, laid-back lifestyle, away from the main tourist haunts, have attracted many devotees.

Today those who visit, are guaranteed of a chilled out and relaxing holiday experience in this tourist resort that's

increasingly popular with surfers (Australian, American, British and Israel), nature lovers (German), dolphin watchers, lagoon travelers, day trippers and all forms of visitors and guests, both local and foreign (<http://penthousetravels.com/surfs/up/in/arugam/bay/>).

Figure 11.1: Scenes from Arugam Bay





Kudakalliya/Pasarichenai (P/19)

Kudakalliya is the ideal beach getaway. It is located away from the main Arugam Bay stretch of beach and rather deserted so that we are able to go for lengthy strolls along its golden beaches and on occasion bump into no one sparring a couple of local fisherman (ECOTEAM, 2004).

The crashing waves and the call of peacock can be heard in Kudakalliya. A magnificent setting of excellent sunrise over the blue Indian Ocean, flying eagles overhead, and the jungle with bush situated close to the estuary and Crocodile Rock can be ever seen and are greeting everyone early in the morning. It is taken some time to realize that we are not dreaming of paradise, but actually experiencing it.

Kudakalliya is ideally situated close to Wildlife Sanctuaries known as Kumana Bird Sanctuary, Lahugala National Park, and Yala East National Park. It gets better still.

This area is surrounded by some fantastic archeological sites and being off the beaten track means we can cherish the beauty of ancient monuments dating back as far as 2 AD in absolute isolation. Kudakalliya consists of two unpretentious

bungalows set on a three acre property that fronts an untouched slice of beach. Kudakalliya Sayura, the main bungalow, opens on to an enclosed garden, the secluded beach and the Indian Ocean beyond. The mighty Elephant Rock rises from the beach providing a picturesque setting. The second smaller bungalow, Ganga Adhara, is located at one edge of the property overlooking a small river and lush foliage that attracts numerous birds, monkeys and even the occasional wild elephant.

Figure 11.2: Scenes from Kudakalliya







Simplicity is the key to Kudakalliya's charm. Interiors are designed with timber walls, polished cement floors, broad balconies, and terraces that lets us take in the surrounding nature and breathtaking views. The days can be spent wandering on the beach alone; surfing, bird watching, exploring the jungles of Kumana or trekking up hill to the ancient forest hermitage of

Kudimbigala.

Kudakalliya is an ideal holiday retreat for those wanting to be slightly away from the main hotel strip in Arugam Bay, yet close enough to enjoy the surf breaks and an evening out at one of the cafes or restaurants nearby. The two bungalows with the eco-friendly nature can be reserved at Kudakalliya by two different parties on a holiday home only basis.

Kudakalliya is located close to the surf points of Ulla and Elephant Rock. Peanut Farm, Pottuvil Point, and Panama Point are a short drive away. Surf boards can be rented in town and the lessons designed for the beginners of surfing can be organized during the season of surfing from May to July.

Journey to the ancient Kudimbigala Forest Hermitage is spread over about 4,700 hectares of wilderness along with thick vegetation cover, uphill over large rock boulders, temple ruins and ancient meditation caves. We can reach the peak, visit the small temple and take in the breathtaking views across the Eastern shore.

Jalaldeen Square/ Muhudu Maha Viharaya (P/04)

Along the way to the left, visitors and devotees see a new elevated octagonal images house and to the right a set of

recently excavated stone pillars, giving a slice of many archeological ruins that remain to be unearthed from this area. The footpath eventually leads visitors and devotees to the main temple premises that are highlighted by a square enclosure of pillars and to its right a rectangular area, the ruins of an image house said to have been built by King Dathusena.

The ruins of the image house are somewhat iconic with two partly ruined stone statues (bodhisattva figures) said to be King Kavantissa and his Queen, Vihara Maha Devi and of course more pillars. Unique artifacts to be seen around the images house include a urinal and stone cut water outlet.

Figure 11.3: Scenes from Jalaldeen Squire







Source: The photographs directly taken by the writers

Kottukal (P/25)

It is situated in the eastern coast of Sri Lanka where infinite extent of untouched beach site stretches out beside the glistening waters of the Indian Ocean. It is seen as a world renowned destination of surfing attracted by a considerable number of tourists and visitors along with the luxurious holiday resort known as Kottukal Beach House. Further, it is the coastline destination of tourists who are delighted to enjoy surfing, swimming, and diving. And also, it is situated on the broad extensive beach sites of the “the paradise of surfers” and Kottukal Beach House is found as an ideal setting for a closeness to the nature holiday experience.

In addition, Kottukal Beach House is known as an excellent base so as to explore some reserves of wildlife and nature around the area within the time. The parks adjoining to this area are Yala, Kumana, Bundala and Lahugala. Other activities of entertainment that can be rejoiced by the tourists and visitors are the riding of boats in the course of the mangrove vegetation found in the Pottuvil Lagoon and group of the local fishermen fishing in the lagoon, and excursions to a number of historical temples.

Kottukal enjoys a tranquil setting with a wide, secluded beach front, yet it is just 4 kms away from Arugam Bay’s main street which comes alive during the surfing season. Whiskey Point – a popular surf break – is only a short turn away along the beach. Those interested in wildlife and nature will enjoy exploring the jungles of Kumana and Lahugala and Pottuvil lagoon, which is rich in bird life.

Figure 11.4: Scenes from Kottukal







Source: The photographs directly taken by the writers

Panama

Panama is located to south of Arugam Bay. Panama Point is situated at the end of B374 Pottuvil – Panama Road. The coastline stretching out from the area of Pottuvil to Panama on the southeastern coastal belt of Sri Lanka consists of a broad collection of destinations of tourist attractions. There are the bays renowned for bathing, snorkeling, diving, swimming, and surfing.

The coastal water bodies enriched with the resources of fish, the lagoons endowed with the ideal base for growing lobsters, crabs, prawns, and the richness of mangrove vegetation are found in these areas. And also, the location of lagoon is seen

as a heaven for aquatic resources such flora and fauna. The lovers of beach can enjoy the wide and broad stretch of beaches and there is an array of tall sand dunes deposited along the beaches.

Tourists are invited by the sand dunes that might tempt them, just like in Dubai. This remote point is set against a backdrop of large boulders. Given its distance, it is irregularly frequented by surfers of all abilities. Climb the various rocks to get better views. From this point onwards, the coast joins the Yala National Park, off limits to surfers. The lagoon side of Panama Beach is famous among tourists. This place is unique as you will see the sea from the East, lagoon from the North, sand dunes from the South and the village from the West.

The lagoon and area around the attractive lagoon is home to turtles and crocodiles sometimes bask on its banks. A pathway directs to the sand dunes moving towards the apparently eternal beach of Panama along with the glistening rocks with pink colour in the faraway distance. Panama belongs to a cluster of villages called Panam Pattuwa consisting of five Sinhalese villages, namely Panama, Lahugala, Hulannuge,

Bakmtiyaava and Kumana. Paanamai Beach is the most beloved and best well-known beaches in Sri Lanka.

Panama Beach is very clean, blackish gray, sandy beaches, to participate in every imaginable water sport including scuba diving and fishing, and even to enjoy some of the hottest party spots anywhere. Panama Beach, a pristine and beautiful beach in Eastern Province, Sri Lanka, is located about 17 km from Pottuvil in Ampara area.

It's an attractive beach because of its sand dunes stretching along the beach and the picturesque pink rocks of Panama which view at the far end of this beach. And the other attractive scene is that the pink rocks are made glow pinker by the evening sunlight. Beside the beach, monkeys also can be seen and the Panama Beach is covered with exquisite marine plant life also. Therefore, Panama Beach is one of best travel destinations, located in Eastern Province, Sri Lanka, to spend the leisure time at a beautiful beach.

Navalar Kulama in Panama Pattu is also the location of a 1st century BC inscription that recorded the association of the man and the elephant. In Sri Lanka, no other animal has been

associated for so long with the people in their traditional, ceremonial, cultural, religious activities as well as in logging, transportation, construction operations and military expeditions as the elephant. The elephant is the bulldog and bulldozer of ancient Sri Lanka.

Panama (area of 352 sq. miles with 214, 016 acres of jungle) is earmarked for Ethno-Development (ED) to support Traditional Lifestyles by The living Heritage Trust (LHT), No1, Horton Place, Colombo 7, Sri Lanka.

The project concentrates on traditional agriculture, education, medicine, forestry and native arts. Placing culture in the attention of development planning of rural areas, ED is designed to harness indigenous or traditional culture, technologies, knowledge, organizational skills, and talents with a view of ecologically sustainable development (ESD).

Figure 11.5: Scenes from Panama





Source: The photographs directly taken by the writers

Lahugala is one of the divisional secretarial divisions in Ampara district with the representation of a few villages by the name known as Paanama Paththuwa. This divisional secretarial division composed of five Sinhala Buddhist villages such as

Panama, Hulannuge, Lahugala, Kumana, and Bakmtiyaava. The origins of these five villages as per the recent historical evidence are the Sinhalese/Buddhists people who ran away from the Uwa Wellassa area during the period of rebellion against invasion of English armies in year 1818.

“Kutumbigala Aranya Senasanaya” located 16km southwards away from the Panama village is the very important ancient Buddhist Hermitage. This Hermitage constructed with the arrival of the Mihindu Maharath Thera goes to the date back to the time period of early Anuradhapura.

The Hermitage covering and representing a vast area in which a large number of Arahath Theras inhabited is taken into special consideration as one of the most prominent ancient Holy Lands (Pudha Bima) in Sri Lanka. A Sthupa constructed on a rock known as ‘Belum Gala’ is constructed as the same model of the Dharmachakra Dhammika Stupa of Isipathanaranama constructed in India and also it is the only Sthupa in Sri Lanka.

The ancient Dagoba constructed in the heart of the land also proves the greatest craftsmanship. The sign on the top of the rock inscription at the entrance to the cave lodging the rock

statue of great “Sudharshana” is exclusive in the Sri Lanka in its attributes. This ‘Holy Land’ consists of higher than 200 caves with the trickle ridges cut into them representing that number of Arahath Theras lived in this land. An area of around 11,000 acres encompassing this land was declared as the “Kutumbigala sanctuary” in 1974 (ECOTEAM, 2004).

12. Post War Scenario of Tourism in Panama region and Sri Lanka

Before the civil war in Sri Lanka, Northern and Eastern provinces represented as the most renowned destinations of tourists among local and foreign visitors. Jaffna, Mannar, Kuchchuweli, Nilaveli, Trincomalee, Pasikudha, Kalkudha, Batticaloa, Arugambay (located in Panama region are some of the destinations of tourists in these provinces. After the peace dawned in these areas, the local and foreign tourists are attracted again to these tourist destinations (Ruwan, 2015).

During the time of the decades-long civil war Sri Lanka, most of the parts of Sri Lanka were limited to the nature of security to travel throughout the country, and infrastructural facilities were not properly taken into consideration. And also during this time period, the tourism operators in the country limited their products in connection with the improvement in tourism industrial sector.

They experienced the risks of guiding the foreign visitors to places and experiences outside the hotels. Accordingly, the activities of marine-oriented tourism were restricted extensively and the domestic civil aviation sector could not be developed

throughout the country. Much of the opportunities in the tourism industry left from Sri Lanka to other safer parts of the world. After the year since the dawn of peace in the country in year 2009, the economy of Sri Lanka especially in its tourism industrial sector has been achieving the rapid growth (Ministry of Tourism Development, 2017).

After the years from the end of the civil war in 2009 in Sri Lanka, the economy of the country, especially its tourism industry, has been growing fast. In general, there are various setbacks in tourism development due to internal civil and disasters during the period from 1983 – 2009.

After the end of the civil war in Sri Lanka, there was a rapid growth of tourism in the country and the situation of the country is healthy to attract the arrivals of tourism (Rafeek, 2014). The eastern region recorded its prime position of tourism in the 1970s and 1980s.

During the period of civil war, the hotels located in Kalkudah and Passikudah were deserted and abandoned, and the tourism was shocked further by the Tsunami catastrophe in 2004, which traumatized the island along its coastline. After the

end of the civil war in 2009, these places of tourism are revitalized with colourful fishing boats lined up at one end.

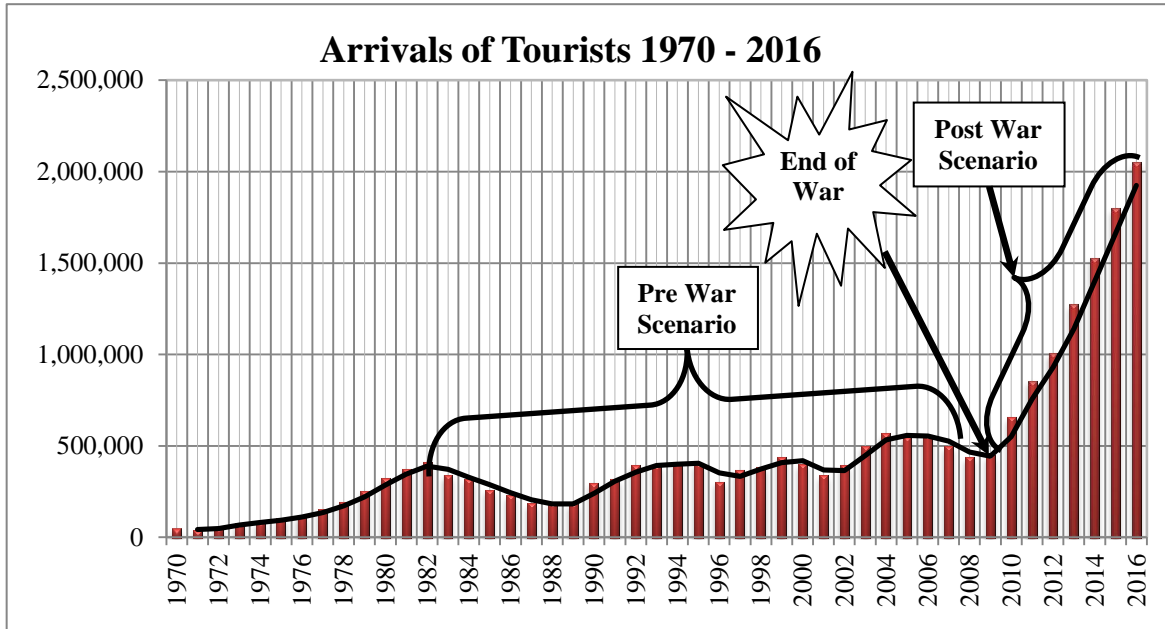
The tourists on their sun-seeking are returning to some of the tourism properties such as Uga Escapes' luxury Uga Bay and Amaya Beach Resort. Other destinations such as Uga Escapes' Jungle Beach resort located close to Trincomalee, and Arugam Bay (Panama region) which is a surfing paradise (Meera, 2016).

After the cessation of civil war in year 2009, the Eastern Province in Sri Lanka turned into a tourist destination endowed with its abundant beaches, rich natural resources, and world-distinguished surfing areas such as Arugam Bay (located in Panama region).

In year 2009, there was an end of the civil war of 30 years in Sri Lanka and thereafter, the tourism sector and the infrastructural facilities have been improved into a better stage in Arugambay and its suburbs. Thus, the improvement in the tourism industry in these areas increased the income of the hoteliers and employees.

The Pottuvil Pradehiya Sabha collects more revenues from issuing the Environmental Protection License, the certificate of Trade License, and Garbage License and this collection of revenue further supports for the development of Arugam Bay Tourism Industry after the termination of the Civil War in Sri Lanka (Raisal, 2014).

Figure 12.1: Arrivals of tourist 1970 – 2016



Source: Data from SLTDA – 2016

After the end of around three decades of civil war in Sri Lanka in May 2009, there is a witness of an incredible post-war tourism boom in the cycle of tourism industry in Sri Lankan context beyond the expected in the nature of tourism sector. According to Figure 12.1, the arrivals of the number of international tourist to Sri Lanka have recorded a sharp boost having broken all the previous annual fluctuations in the history of tourism industry.

Sriyantha (2016) found in his study that the arrivals of tourists to Sri Lanka would be motivated to be increased by 21.5 per cent per year if the present peaceful scenario after the civil war could be prevailing. According to the model used in study of Wanninayake (2016), there was a significant and negative relationship between the arrivals of tourist and presence of the civil war in Sri Lanka.

Accordingly, the arrivals of tourist decrease by 0.473 million per annum on account of the presence of the civil war. That is, 0.473 million tourists are not attracted to Sri Lanka annually due to the absence of safety and security during period of the civil war. And also, he found that the arrivals of tourists

would be higher by 0.887 million per annum if there was no civil war in Sri Lanka during period from 1983 to 2009.

This book introduces the nature of tourism economics in Sri Lanka in a way of historical perspective. It portrays some of the social, cultural and economic background of the tourism destination, especially Panama region of Sri Lanka with the intention of creating an impression on the particular region.

It presents the discussion on overall challenges in development of tourism in the country, attractive tourist attractions and destinations, different relevant government policies and plans of different timeframe and initiatives of Sri Lanka Tourism Development authority for promoting this sector.

It provides the background to introduce the reader about the geographical, economic and socio-cultural context of the particular region. The Post War Scenario of Tourism in Panama region and Sri Lanka is discussed considerably in the latter part of this book.

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