

Causality test between tourism and economic growth

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Abstract

Tourism is one of the growing industries in Sri Lanka in the post war development. Its contribution to the Sri Lankan economy is vital in the present scenario. The objective of this study is to examine the causal relationship between economic growth and tourism earning in Sri Lanka during 1977-2011. The results reveal that there is a uni-directional causality between economic growth and tourism earning. This implies that economic growth only causes to tourism earnings not the tourism to economic growth. The policy implication is to improve the tourism sector to lead the economic growth in the future.

Keywords: Economic Growth, Tourism, Causality