Tourism is one of the most developing and revenue earning industries in Sri Lanka after the 20th century. Travel agencies in Sri Lanka are a vital sector in Tourism which makes an immense contribution to the current tourism growth in the country. However, currently there are various factors challenging them to operate their travel operations smoothly as well as to survive in the competitive market. Considering the importance, the main objectives of this research study is to analyze how these factors are affecting to travel agencies and to find out the best possible ways to overcome from them. Currency rate conversion, reduction in Airline commission, competition, technology and online systems, guest dissatisfaction, lack of skilled employees, lack of government support and timely follow-up and quick response were studied as the major factors in order to identify the impacts. Qualitative method was used to conduct this study and the analysis depends on primary data collected through structured interviews and the discussion in data collection and content analyzing in data analysis. The findings were analyzed and the final results were revealed how these factors affecting to travel agencies. Based on the results, generally all the challenging factors may lead to business drops, reduction in profits and loss of reputation. Finally the best possible recommendations were provided for each and every factor, which are more essential for travel agencies to overcome from them in order to survive in the market and also to ensure the business success of travel agencies in Sri Lanka.

**Keywords:** Tourism, Travel agencies, Survival of travel agencies

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