

# Obstacles Against the Tourism Development as an Instrument of Poverty Alleviation

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## Abstract

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*The article describes the negative impact of poverty alleviation in tourism of Sri Lanka based on secondary and time series data that were gathered by Sri Lanka Tourism Development Authority from 1968 to 2014. Additionally, secondary data from Department of Census and Statistics in Sri Lanka and Central Bank of Sri Lanka were employed in the study to examine the key objective. The key objective is to discover potential obstacles against the tourism development as an instrument of poverty alleviation while reviewing the research question that how to improve poverty elimination via tourism development. Pearson correlation analysis and descriptive analysis are used. The study suites two suppositions to accomplish the above mentioned objective focusing empirical evidences. Firstly, there are obstacles to develop tourism industry in Sri Lanka. Secondly, the obstacles affect poverty alleviation via tourism development in Sri Lanka. However, findings of this study reveal that significant relationship between tourism development and poverty alleviation has being damaged by obstacles. We conclude that tourism is a proper instrument to move out from poverty and disparity and suggest that potential obstacles should be managed via tourism development strategies. Therefore this study stimulates for policy makers to refer the present tourism policy and add alternative solutions to unfold issues in Sri Lankan rural tourism industry. Significance of this study is not limited to Sri Lanka and under the limitations; findings, suggestions and conclusions of the study can be utilized to develop rural tourism based national plan in developing world.*

**Keywords:** *Tourism, Poverty alleviation, Potential obstacles*

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## Introduction

Tourism development<sup>80</sup> and poverty alleviation<sup>81</sup> are main two goals to set by Sri Lanka at present. Significance of poverty alleviation praises on the ‘Mahinda Chinthanaya Goals’ (MCGs)<sup>82</sup>. The first goal has named as ‘eradication of hunger and hard-core poverty’ (Ministry of Finance & Planning in Sri Lanka, 2010). The first goal is twofold as eradication of hunger and eradication of hard-core poverty. To accomplish the first goal, the government of Sri Lanka employed number of welfare programmes such as ‘Samurdhi<sup>83</sup>’, Divi Neguma<sup>84</sup>. Samaraweera (2010) claims that as an income increment instrument effectiveness of

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<sup>80</sup> “Tourism has been recognized as a high priority area in the ‘Mahinda Chinthanaya’ policy Framework capable of effective driving the country’s socio economic development” (Ministry of Finance & Planning in Sri Lanka, 2006: 108).

<sup>81</sup> Samaraweera (2010: 60) claims that “poverty can be identified as the major problem that has received the attention of planners and policy makers.....”.

<sup>82</sup> MCGs are ten year horizon development framework from 2006-2016. The MCGs were planned by the current Government of Sri Lanka. (Ref: Ministry of Finance & planning, 2006 & 2010)

<sup>83</sup> Samurdhi is the main poverty alleviation programme (Ref. Samaraweera (2010). It was activated by Government of Sri Lanka in 1995.

<sup>84</sup> Divi Neguma was introduced by the Government of Sri Lanka very recently. It is ongoing poverty alleviation programme.

Samurdhi programme is relatively low. Meanwhile Gunathilake (2009: 47) claims that “*even as a poverty alleviation programme Samurdhi has long suffered from many weaknesses*”. As revealed through researchers welfare programmes have not supported the first goal. They only support to survive the poor community. It means that subsidy programmes help to mitigate hunger in terms of first part of the first goal. To eradicate the hard-core poverty in terms of second part of the first goal, Sri Lanka needs strategic poverty alleviation programmes instead of welfare programme. It was established by the Government of Sri Lanka as “*there is an urgent need to re-define strategies for reducing poverty in all its many dimensions*” (Government of Sri Lanka, 2002: 1).

At present the Government of Sri Lanka has been activating village based tourism as an instrument of multidimensional poverty<sup>85</sup>. The Government of Sri Lanka claims that “*village based tourism will be pursued with a view to create spin offs for the rural community*” (Ministry of Finance & Planning, 2006: 112). Rural community focal development strategy is necessary to develop Sri Lanka due to two reasons. Firstly, majority of population belongs to rural area. According to ‘Household Income and Expenditure Survey (HIES) – 2012/13<sup>86</sup>’, rural population is amounted as 77.4% (Department of Census & Statistics in Sri Lanka, 2015). Secondly, rural poverty is relatively high as compared to urban poverty. For example in 2012/13 rural poverty head count index is reported as 7.6% and urban poverty headcount index is 2.1% (Department of Census & Statistics in Sri Lanka, 2015).

Stated in popular journals and magazines including National Geographic Traveler Magazine (2012), World travel Market Industrial Report (2011), Lonely Planet Survey (2012) and British Airways’ Survey (2012) Sri Lanka is one of best tourism destination. As quoted in Wensveen<sup>87</sup> British Airways (2012) claims that, “*there's a real buzz about Sri Lanka right now. For a small island it offers a lot, from endless beaches, to elephant treks and several UNESCO world heritage sites to visit, it's hard to think what Sri Lanka doesn't offer*”<sup>88</sup>. Rural areas in Sri Lanka have a lot to offer that are required by tourism industry i.e. pristine coastal belts, natural waterfalls, natural unspoiled beauty and wilderness etc.

Despite such tourism resources and the intervention of the government towards tourism industry, the contribution of the tourism to the economy of Sri Lanka is relatively low. For example contribution of the total foreign exchange earnings was reported 10.2% in 2014 and ranked as sixth foreign exchange earner (Sri Lanka Tourism Development Authority, 2014). In 2014, contribution of tourism to the Sri Lankan economy is about 3.2 per cent of its GDP and proportion of tourism workforce reports as 1.47% (Central Bank of Sri Lanka, 2014; Sri Lanka Tourism Development Authority, 2014).

As revealed through above mentioned facts and figures, there is a gap between tourism resources and its exploitation. It is believed that there are potential obstacles against the tourism development as an instrument of poverty alleviation. Due to obstacles contribution of tourism in local economy is under the debate among the government, policy makers and researchers. Jamieson et al. (2004: 2) claim that “*within tourism planning and development, there has been a growing realization that tourism development may not be alleviating poverty and pro-poor tourism policies and practices must be developed*”. Muhanna (2007: 48) states

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<sup>85</sup> “*Poverty in Sri Lanka is complex and multi-dimensional*” (Ref: Government of Sri Lanka, 2002: 24)

<sup>86</sup> The HIES was conducted by Department of Census and Statistics in Sri Lanka in order to 2012/13 survey year.

<sup>87</sup> Ash van Wensveen, British Airways' destination manager

<sup>88</sup> Ref: <http://www.traveldailynews.com/news/article/52596>

that “*The contribution of tourism to the local economy is also often under-valued*”. Mitchell and Caroline (2009: 1) claim that “*tourism growth is not unanimously inclusive of the poor*”. However, considering the Sri Lankan experiences, Ranasinghe and Deysappriya (2010: 2) claim that “*a little attention has been paid to this sector in the empirical research*”. It is supposed that still there is a huge space to fill via research referring the obstacles against the rural tourism development in poverty alleviation.

## Overview of Tourism Industry in Sri Lanka

Tourism industry in Sri Lanka was formally activated in 1960s by the government in Sri Lanka (Miththapala, 2010; Ranasinghe & Deysappriya; 2010). Since then tourism has gradually developed in Sri Lankan economy. For example International tourist arrivals annually increase. In 2014 to a total 1138 million, up from 28272 in 1968. Especially, tourism receipts annually increased from US\$ 1.8 million in 1968 to US\$ 2431.1 million in 2014 (Sri Lanka Tourism Development Authority, 2014). However seasonal variation has impacted in Sri Lankan tourism since 1968. According to the Sri Lanka Tourism Development Authority, seasonality ratio<sup>89</sup> and coefficient of seasonal variation<sup>90</sup> has renege form 1.1 to 2.0 and from 15 to 60 respectively (Sri Lanka Tourism Development Authority, 2014). Table 1 demonstrates the current tourism statistics in Sri Lanka.

**Table 1: Tourism Indicators in Sri Lanka in 2014**

Indicator	Statistics	Growth Rate <sup>91</sup>
Tourists Arrivals	1527153	19.8%
Average period of stay (Nights)	9.9	-0.1%
Accommodation Capacity (Rooms)	18510	11.1%
Occupancy rates	74.3	2.6%
Official receipts (US\$ million)	2431.1	43.6%
Index of tourism price	6315	16.6%
Direct and indirect employment	299890	11.0%

Source of Data: Sri Lanka Tourism Development Authority (2014)

Stated in Table 1, Sri Lanka has reached considerable growth rate through number of arrivals, official receipts and employment in tourism industry. Central Bank of Sri Lanka claims that increased earnings from the tourism industry has contributed recent economic growth<sup>92</sup> in Sri Lanka.

According to the Post Office Travel Money Survey<sup>93</sup>, Sri Lanka is the least expensive destination. Based on the cost of eight holiday items, including a meal out, Sri Lanka was reported the cheapest tourism price index out of 42 destinations worldwide. However it is not a result of market competition. At present, the Government of Sri Lanka offers a range of taxes and others incentives for tourism industry to attract the investors and promoting the tourism industry as a focal point in Sri Lankan economy (Ministry of Finance & Planning, 2010). These policies have contributed for recent tourism development. Meanwhile researchers and reports such as Gunathilake (2009) Ministry of Finance and Planning (2010)

<sup>89</sup> “Seasonality ratio = Highest Monthly Arrival / Average Arrival per month” (Sri Lanka Tourism Development Authority, 2011: 20)

<sup>90</sup> “Coefficient of Seasonal Variation is obtained by calculating the standard deviation of the Seasonal Indices”.( Sri Lanka Tourism Development Authority, 2011: 20)

<sup>91</sup> As compared to the 2010

<sup>92</sup> In 2010 and 2011, GDP growth rates in Sri Lanka were reported as 8.0% and 8.3% respectively. It is highest record in the past thirty years and the second highest record in last sixty years (Ref: Central Bank of Sri Lanka, 2010 & 2011).

<sup>93</sup> Ref: <http://colombogazette.com/sri-lanka-and-spain-cheapest-destinations-to-travel/>

Central Bank in Sri Lanka (2010) claim that political stability<sup>94</sup> is a turning point of current tourism trend.

### Synopsis of Poverty in Sri Lanka

Poverty, unemployment, lopsided development, rural backwardness and income disparity are the crucial issues in Sri Lanka. Central Bank of Sri Lanka (2009) is found that, 41.6 per cent population is below US\$ 2 a day from 1990 to 2005 period. In 2010, 1.6 million families (32.65 % of total families) are benefited from ‘Samaurdhi’ (Central Bank of Sri Lanka, 2010) and total number of household are reported as 4.9 million (Department of Census & Statistics in Sri Lanka, 2011a). Gini coefficient in 2012/13 was amounted as 0.40 (Department of Census & Statistics in Sri Lanka, 2015). According to the labour Force Survey<sup>95</sup> in 2011, total unemployment population was amounted as 357,471 (Department of Census & Statistics in Sri Lanka, 2011c). Meanwhile 314,122 of unemployment people represent to rural area (Department of Census & Statistics in Sri Lanka, 2011c). Lopsided development and rural backwardness were revealed through proportion of provincial GDP contribution<sup>96</sup> and ‘Sri Lanka Prosperity Index<sup>97</sup>’. Table 2 shows it.

**Table 2: Provincial GDP Contribution and Sri Lanka Prosperity Index by Province**

Province	2009		2010		2011	
	GDP	SLPI	GDP	SLPI	GDP	SLPI
Western	45.8	72.2	44.8	73.5	44.4	76.1
Central	9.8	54.5	10.0	56.7	9.8	65.3
Sothern	10.5	56.8	10.7	57.8	11.1	60.0
Northern	3.2	48.9	3.4	51.8	3.7	55.6
Eastern	5.8	50.0	6.0	53.3	5.7	54.6
North Western	9.6	53.3	9.5	55.1	10.0	57.1
North Central	4.6	50.9	4.8	53.0	4.6	54.9
Uwa	4.5	50.9	4.5	52.6	4.5	54.5
Sabaragamuwa	6.1	51.8	6.3	53.9	6.2	55.8
Sri Lanka	100	56.5	100	58.2	100	60.6

Sources: Central Bank of Sri Lanka (2012 - 2014)

In 2011 national GDP contribution of Western province was 44.4% while 56.6% proportion was reported by rest of eight provinces in Sri Lanka (Central Bank of Sri Lanka, 2012). Apart from Western province, contribution of GDP in rest of provinces is ranging from 3.20% to 11.10% (Central Bank of Sri Lanka, 2012). In 2011, Sri Lanka Prosperity Index (SLPI) in Western province is amounted as 76.1% and rest of provinces are amounted as 58.7% (Central Bank of Sri Lanka, 2012).The SLPI gap between Western province and other provinces increased to 1.2% from 17.2% in 2010 to 17.4% in 2011 (Central Bank of Sri Lanka, 2012). Lopsided development has directly affected rural tourism industry. For example Western province consists 38.62% of accommodation capacity of tourism industry (Sri Lanka Tourism Development Authority, 2011).

<sup>94</sup> Armed confrontations (civil war) has ended in May 2009 (Ref: The World Bank, 2010)

<sup>95</sup> The survey was conducted by Department of Census and statistics in Sri Lanka (Ref: Department of Census & Statistics in Sri Lanka, 2011c)

<sup>96</sup> Proportion of provincial GDP contribution was calculated by Central Bank of Sri Lanka.

<sup>97</sup> “The Sri Lanka Prosperity Index (SLPI) was introduced by the Central Bank in 2008 in order to fulfill the need for a composite indicator to assess the overall status of prosperity in the country as a whole and in each of its provinces” (Central Bank of Sri Lanka, 2012: 1)

## Synthesis of Tourism Development and Poverty Alleviation

Sri Lanka needs rural development via exploitation of obtainable rural resources to move out the community from poverty. Tourism industry can play a significant role in the local economy due to following reasons (Table 3) that are claimed by researchers such as Muhanna (2007), Miththapala (2010), Bolwell and Wolfgang (2008), Pakurar and Olah (2008).

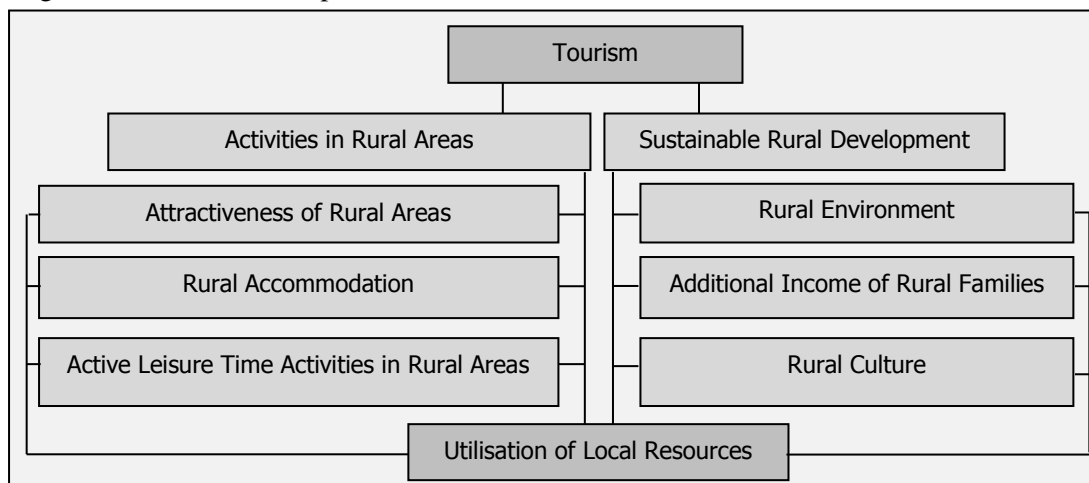
**Table 3: Contribution of Tourism in Poverty Alleviation**

Instrument	Elements	Contribution
Income generation	Wages from employment of rural tourism; earning from rural tourism market; dividends and profits arising from rural enterprises; income from community run enterprises; land rental	Move out from poverty
Infrastructure development	Electricity; drinking water; road; communication; banking	Develop rural area
Job generation	Stable contracts, regular employees; own account workers; casual workers; seasonal workers	Improve poor participation in development process
Resources exploitation	Natural resources, cultural resources	Utilize the rural resources

Sources of Developed: Muhanna (2007), Miththapala (2010), Bolwell and Wolfgang (2008), Pakurar and Olah (2008).

To improve poverty alleviation and poor participation in development process, it needs to exploit human, cultural and rural resources. Without exploitation of rural resources rural development is an idealism but not realism. In this context, tourism is named as best alternative instrument poverty alleviation and a development strategy. To collapse the boundaries of vicious circle of poverty through tourism, it needs to examine potential obstacles against the tourism development. Pakurar and Olah (2002) have applied following model (Figure 1) to explain the definition of rural poverty.

Figure 1: Tourism Development Model

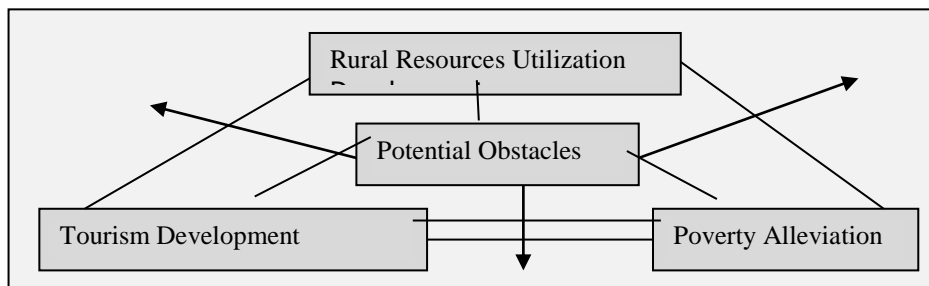


Source: Pakurar and Olah (2002: 778)

Depicted tourism development model in Figure 1, the core theme is utilization of local resources. Conversely, the statement of poverty refers to the absence of enough resources to

secure basic life necessities (Gordon, 2005). Synthesis of both definitions regarding tourism and poverty reveals that significance of resources to develop the rural tourism and to alleviate poverty. This resemblance is triangulated in Figure 2.

**Figure 2: Triangulated Linkage of Tourism in Poverty Alleviation**



Articulated in Figure 2, contribution of tourism development in poverty alleviation process is based on three pillars namely rural resources utilization, poverty alleviation and tourism development. This triangulated linkage is disconnected by potential obstacles in three ways. Firstly, it destroys relationship between rural resources utilization and poverty alleviation. Secondly, it collapses affiliation between tourism development and rural resources utilization. Then it smashes significance of tourism development in poverty alleviation. This study used secondary data consist of time series data and empirical evidences to examine obstacles against the tourism development in poverty alleviation in Sri Lanka. Triangulated method and situational analysis are employed to investigation. Divulged obstacles in the study are presented under the following sub topics.

### Lack of Government Investment in Rural Tourism

As a stakeholder, the Government intervention is significant to rural tourism development. However in Sri Lanka government investment is inadequate in village based tourism development in terms of rural tourism. Table 4 shows the government investment plan.

**Table 4: Government Investment Plan in Tourism (2007-2016)**

Major Intervention	2007-2009	2010-2012	2013-2016	Total Investment
New Resort Development	1000	1300	1600	3900
Tourism Marketing and Promotion	2400	2700	3000	8100
Human Resources Development	200	300	400	900
Tourism Resources Improvement Project	1743	499	-	2242
<b>Village Based Tourism Development</b>	<b>60</b>	<b>75</b>	<b>90</b>	<b>225</b>
Awareness Creation Programme	25	30	42	97
Elephant and Whale Watching Project	300	300	-	600
Visitor Facilitating at Lesser Known Tourist Attractions	6	8	10	24
Facility Development at Archaeological Heritage Sites	4	6	8	18
Total	5738	5218	5150	16106

Note: LKR million

Source: Ministry of Finance and Planning in Sri Lanka (2006: 113)

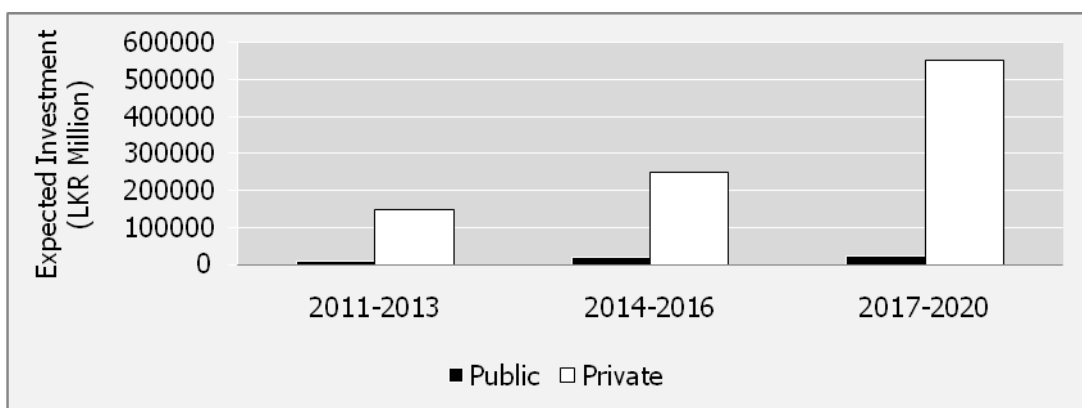
Revealed in Table 4, there is LKR 16106 million public investment in ten year (2007-2016) tourism investment plan in Sri Lanka, in that LKR 1610.6 million report as average government investment in tourism industry per year. As compared to public investment, village based tourism development allocation is amounted 1.4%. Muhanna (2007: 45) claims that “an important precondition is that tourism development will be community based, yet it needs the support of locals, regional and national governments”.

Lack of government investment in rural tourism industry creates several problems on triangulated relationship. Especially the government could not provide assistance to community based rural tourism enterprises. Therefore, one the one hand poor participation in rural tourism industry reduce due to entering obstacles and the other hand the government have to allocate significant proportion for welfare programmes to survive the poor. The final result of the high government expenditure causes to cut down government investment. It creates negative effect on the rural economy and infrastructure development. When considering the above mentioned facts and figures, the study is recognized that lack of government investment of rural tourism development is a potential obstacle against the rural tourism development in poverty alleviation process.

### Direction of Private Sector Involvement

As a stakeholder, private sector involvement in tourism industry is vital. However in Sri Lanka, private sector plays a huge role in mass tourism but not rural tourism. It causes to create a monopolized tourism industry. As a result, the poor community cannot play significant role in tourism industry. Therefore poor community participation in rural tourism industry is challenge. Figure 3 depicts expected public and private investment in Sri Lankan tourism.

**Figure 3: Expected Public and Private Investment in Tourism (2010-2016)**



Source: Ministry of Economic Development in Sri Lanka (2011)

Illustrated in Figure 3, tourism industry in Sri Lanka is controlled by private sector. Private sector has given the priority for business agenda. Therefore private sector investment in tourism industry has limited in urban area. According to Hettige (2007: 6) “...private sector investment tended to concentrate in urban areas, particularly in Colombo, the capital city. As a result, Colombo’s skyline and the landscape changed rapidly from the late 1970’s onwards. Much of the private investment went into the service sector. Private hospitals, luxury

apartment complexes, high rise of office buildings, tourist hotels, retail outlets, international schools, and financial services were the key areas of private investment”. In fact, 73% of total accommodation capacity<sup>98</sup> in tourism industry has enclosed Colombo and south coast in Sri Lanka (Sri Lanka Tourism Development Authority, 2011). Further he claims that “this is understandable because no private investor is likely to take his investment into rural or estate areas where mostly low income groups are found” (Hettige, 2007: 10). Importance of rural tourism in poverty alleviation is devoured by asymmetrical investment of private sector in mass tourism. Therefore direction of private sector involvement in tourism industry needs to be change from urban to rural. Conversely, it is rebound significant of government intervention in rural tourism industry. It is important to note that irrepressible private sector involvement causes to invasion of technology in tourism.

### **Invasion of Technology in Tourism**

Muhanna (2007) claims that tourism is often reported as labour intensive than other productive sector. It reveals that there is no technological invasion in tourism industry. Therefore tourism exploits human resources instead of technological resources. As compared to the trend of tourism job generated ratio, it is rebound invasion of technology in tourism and its effect on labour intensively in tourism industry.

Due to recent development of tourism industry direct and indirect tourism workforce in Sri Lanka has increased gradually. However, as compared to the labour force, tourism workforce is relatively low. For example in 2014 total tourism job (direct and indirect) is amounted as 299,890 (Sri Lanka Tourism Development Authority, 2014). In 2014 labour force is reported as 8,805,000<sup>99</sup> (Central Bank of Sri Lanka, 2014). In 2011, tourism workforce is amounted as 3.4% of labour force. To find out the rationale for that it is interest to examine tourism job generated ratio. Table 5 displays tourism Job generated ratio from 1970 to 2011.

**Table 5: Tourism Job Generated Ratio (1970-2011)**

Time Period <sup>100</sup>	Job generated Ratio		
	Direct	Indirect	Over role (Average of direct and indirect)
1970-1977	12.52	09.27	05.33
1977-1995	11.68	08.16	04.80
1995-2009	02.63	01.88	01.10
2009-2011	71.41	51.01	29.75
1970-2011	15.38	10.95	06.40

Source of Original Data: Sri Lanka Tourism Development Authority (2011)

Revealed in Table 5, the trend direct and indirect tourism job generated ratio has decreased. For example from 1977 to 1995, one job was created by every five (4.8) arrivals and in the 2009-2011 period, one job was created by thirty (29.75) arrivals. When considering the present job generated ratio, Sri Lanka Tourism Development Authority (2011: 11) claims that “due to the more usage of information technology in tourism establishments, this ratio compared to the previous year record has decreased”. It is believed that invasion of technology in tourism industry mitigates community contribution in rural tourism industry.

<sup>98</sup> Accommodation Capacity (rooms) in graded establishment

<sup>99</sup> Age 15 years and above population (ref: Sri Lanka Labour Force Survey, 2011)

<sup>100</sup> Time periods are divided by according to the economic and political situation that is related to the tourism industry. For example, 1970-1977: closed economy; 1995-2009: civil war is highly affected in tourism industry; 2009-2011: war free situation in terms of political stability.

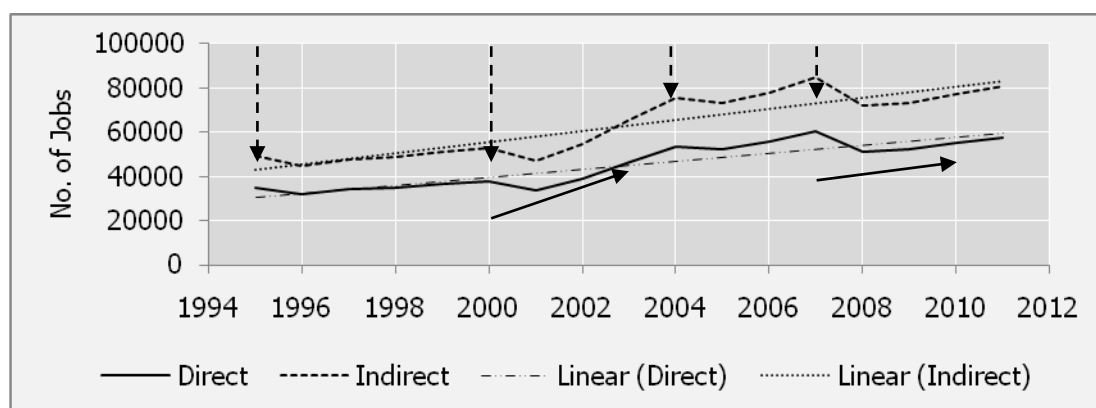


However Muhanna (2007) states that tourism creates many jobs for poor and unskilled as compared to the other industry due to low usage of technology in terms of labour intensively. Further he (2007: 49) claims that “*luxury tourism is not always the best strategy*”.

### Political Instability

Sri Lankan civil war is more sensitive in tourism industry. It can see trough past employment experiences of tourism industry in Sri Lanka. Figure 4 illustrates the trends of direct and indirect employment in tourism industries from 1995 to 2011.

**Figure 4: The Trends of Employment in Tourism Industry (1995 - 2011)**

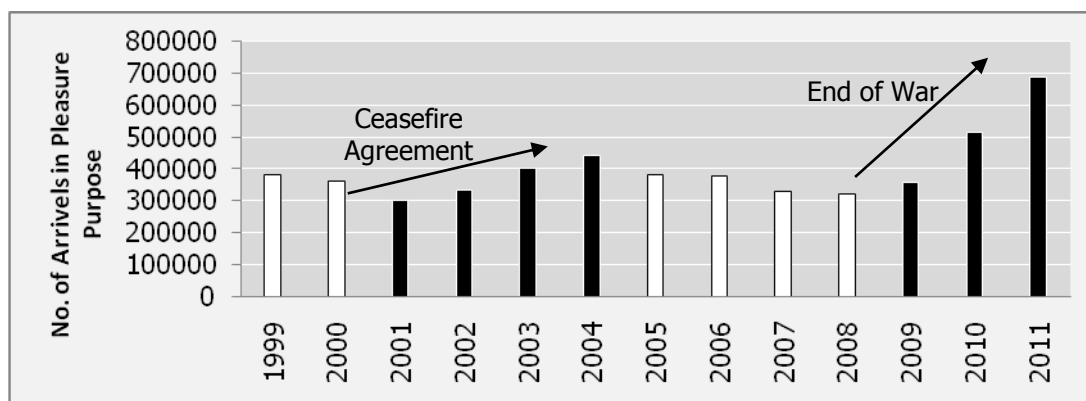


Source of Data: Sri Lanka Tourism Development Authority (2011)

Illustrated in Figure 4, tourism employment trend has increased although feasibility of employment origination has been fluctuated due to political instability. For example, in 1996 and 2001, direct and indirect tourism job opportunities have decreased as compared to the previous years. In 1996, terrorists attacked oil refinery, Central Bank and Colombo Sea Port and in 2001, they attacked Bandaranayake International Air Port (Fernando & Arunika, 2009: 14). Ranasinghe and Deyshappriya (2010: 16) claim that due to terrorist’s attacks on Central Bank and Air Port in Sri Lanka, tourism industry has collapsed. In 2005, tourism employment has decreased due to ‘Boxing Day Tsunami’ in 2004. However, from 2001 to 2004 both the government and terrorists group continued ceasefire agreement (Ranasinghe & Deyshappriya (2010: 9). At that time period employment opportunities in tourism sector has gradually increased. Not only tsunami effect, but also end of ceasefire agreement in 2005, caused to decrease the tourism job opportunities in 1995. In 2008, tourism employment opportunities have collapsed due to armed confrontation. However, end of the Sri Lankan civil war in 2009, tourism job originations have improved steadily.

There is another interesting comparison between travel purpose and political stability. High portion of tourists visits to Sri Lanka due to pleasure purpose. It has ranged from 67.1% to 85.4% during the last ten years (Sri Lanka Tourism Development Authority, 2011). Figure 5 depicts the trend of arrivals in pleasure purpose.

**Figure 5: Trend of Arrivals in Pleasure Purpose (1999-2011)**



Source of Data: Sri Lanka Tourism Development Authority (2011)

Figure 5 show that relationship between arrivals in pleasure purpose and political stability. There are positive trends from 2001 to 2004 and from 2009 to date due to political stability that was mentioned earlier. It is believed that political instability has challenged the tourism development. Most important thing is there is significant relationship between arrivals of tourists and rural poverty head count index. It is amounted  $-0.777^{101}$ . It reveals that political instability is not only effect tourism development but also effect poverty alleviation via rural tourism.

### Conclusions and Direction of Policies

The findings of the study reveal that discrepancy of tourism investment of the government and private sector. It crates numerous obstacles against rural tourism development. Muhanna (2007: 45) states that “*an important precondition is that tourism development will be community based, yet it needs the support of locals, regional and national governments*”. World tourism organization (2006: 5-6) claims that, “national and local governments can use planning controls, incentives and contractual relationships with the private sector to promote sustainable forms of tourism that directly benefit the poor”.

Lopsided development is one of major barrier to exploit rural resources via rural tourism industry i.e. most of investors is not like to invest in backwardness area that are located outside of Western province. On the one hand mass tourism and its technological incursion is challenging against rural tourism development. On the other hand political stability is a significant factor for rural tourism industry. Conversely, lopsided development and political instability have accelerated poverty and disparity. The study found lopsided contribution of stakeholders in tourism, technological incursion, political instability are the key obstacles against the rural tourism development in poverty alleviation. Therefore, Sri Lanka needs to re-define the ways and means for rural tourism development and poverty alleviation through strategic tourism development plan. The plan should be focused stakeholder integration, direction of technological utilization. In additional, Sri Lanka is compulsory to minimize variation of arrivals of tourists. More especially, political stability must be continued.

<sup>101</sup> The correlation is significant at the 0.01 level. From 1995 to 2011 data were included to calculate the Pearson correlation coefficient.

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