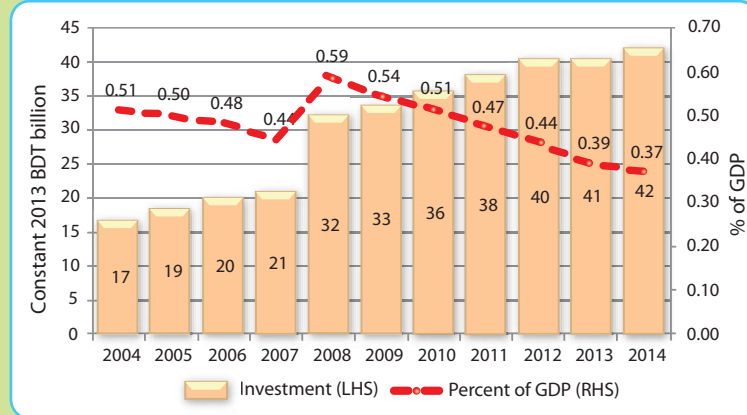


Capital Investment in Tourism

Like almost all other sectors, investment is key to the growth of the tourism sector. However, investment in this sector has been low which perhaps explains unsatisfactory performance in income and employment fronts. More specifically, capital investment in 2013 has been reported to be 41 billion or only 0.39 percent of GDP. Another important observation is the continuous decline in tourism investment onward 2009.



Tourism Expenditure and Receipts

Tourism also has other impacts on the economy in the form of income generation. Table below shows the international tourism expenditure as percentage of total imports and international tourism receipts as percentage of total exports for Bangladesh.

International Tourism Expenditure and Receipts for Bangladesh

2005	2006	2007	2008	2009	2010	2011	2012
International Tourism Expenditure as % of Total Imports	2.57	2.67	2.74	2.93	2.82	2.83	2.16
International Tourism Receipts as % of Total Exports	0.76	0.63	0.55	0.43	0.45	0.48	0.36

Source: World Bank Databank

Foreign Exchange Receipts

International tourist inflow into the country also leads to increase in foreign exchange earnings. Bangladesh has earned BDT 8.6 billion in foreign currency from inflow of tourism in 2013 and the figure has been consistently increasing from 2010 onwards indicating an encouraging sign as shown in Table below.

Foreign exchange earnings from tourism as % of Foreign Exchange Reserve of Bangladesh (BDT million)

Year	Foreign Exchange Reserve (a)	Foreign Exchange Earnings from Tourism and other Travels (b)	(a) / (b)
2008	421318.2	5780	1.4%
2009	515940.4	3920	0.8%
2010	746469.9	5472	0.7%
2011	809087.5	6094	0.8%
2012	847971.7	7674	0.9%
2013	1190899.2	8579	0.7%

Source: Bangladesh Bank

Policies for Tourism Sector Development in Bangladesh

The government has several active policies and legislations for the tourism sector namely the Bangladesh Tourism Board Act, the Tourism Policy 2010, the Medium Term Budget Framework (MTBF) and the Perspective Plan 2021. These policies and legislations have been promulgated to develop and promote the tourism sector.

Tourism offers immense scope in employment generation, poverty alleviation and maintaining ecological balance. In recent times the government of Bangladesh realized the importance of tourism in its economic and social life. The many businesses that grow concurrently with the development of tourism include airlines, shipping, hotels and restaurants, finance companies, tour operators, travel agents, car rental firms, caterers and retail establishments and together, they contribute significantly to the overall development of a country's economy and to its cultural diversification and adaptation. Though tourism has not assumed a significant role in the national economy of Bangladesh yet, it is hoped that tourism will grow to contribute significantly to the national economy in the future. It is only through organized and structured development and management that the industry can meet the expectations of the tourists. Bangladesh needs a more holistic and creative approach. Initiatives can be taken by government or ministry, a national chamber of commerce, investment promotion agency or all of them at the same time. But at the end of the day it is the responsibility for all Bangladeshis to make their country As an attractive and successful tourist destination.



Jiban Bima Tower (19th Floor) 10, Dilkusha Commercial Area Dhaka-1100, Bangladesh.
Phone : +880-2-957 7271, Fax : +880-2-9562312, E-mail : service@boi.gov.bd, Web : www.boi.gov.bd

Tourism IN BANGLADESH



Board of Investment
Prime Minister's Office

Tourism is one of the most promising sectors for developing countries around the world for their economic development. Many developing countries have prepared plans particularly at the central level to guide tourism development, as they have recognized the tourism sector as an important source of foreign currency earning and employment (Tosun and Timothy 2001). Bangladesh is one of the most promising developing countries with all the signs of a better future. But, unfortunately, despite having almost everything including unparalleled natural beauty, historical background, unique cultural identity and archaeological resources, Bangladesh is lagging behind in tourism from its neighbors.

2015 Key Facts: Tourism Sector

GDP: Direct Contribution

The direct contribution of Travel & Tourism to GDP was BDT296.6bn (1.9% of total GDP) in 2014, and is forecast to rise by 5.9% in 2015, and to rise by 6.1% pa, from 2015-2025, to BDT566.3bn (2.0% of total GDP) in 2025.

GDP: Total Contribution

The total contribution of Travel & Tourism to GDP was BDT627.9bn (4.1% of GDP) in 2014, and is forecast to rise by 6.0% in 2015, and to rise by 6.5% pa to BDT1,252.8bn (4.4% of GDP) in 2025.

Employment: Direct Contribution

In 2014 Travel & Tourism directly supported 903,500 jobs (1.6% of total employment). This is expected to rise by 2.1% in 2015 and rise by 1.4% pa to 1,062,000 jobs (1.5% of total employment) in 2025.

Employment: Total Contribution

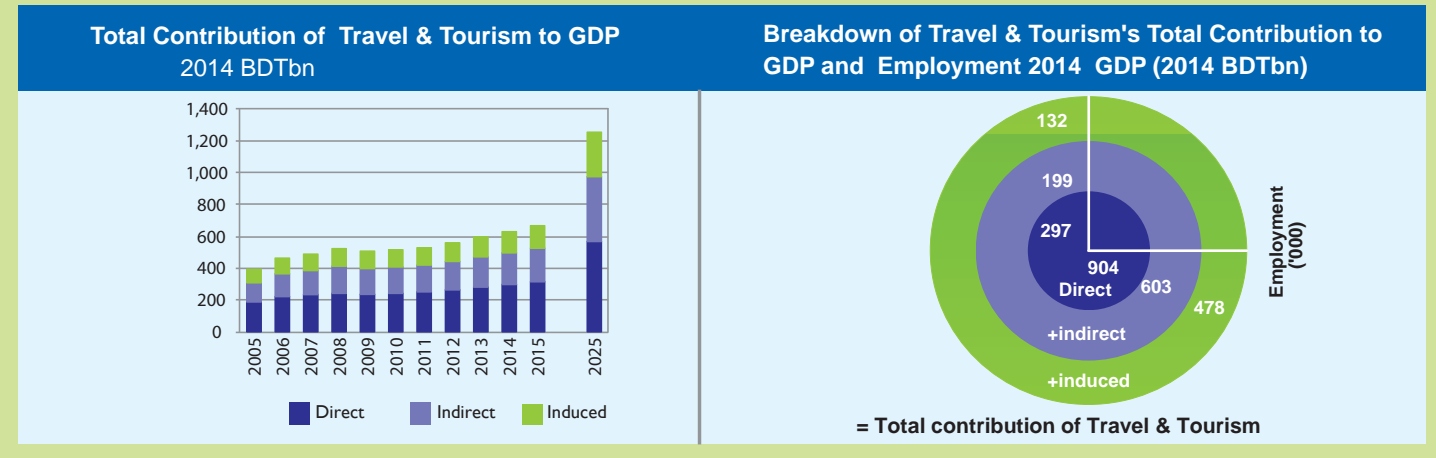
In 2014, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was 3.6% of total employment (1,984,000 jobs). This is expected to rise by 2.2% in 2015 to 2,028,500 jobs and rise by 2.1% pa to 2,492,000 jobs in 2025 (3.6% of total).

Visitor Exports

Visitor exports generated BDT10.2bn (0.3% of total exports) in 2014. This is forecast to grow by 3.7% in 2015, and grow by 5.7% pa, from 2015-2025, to BDT18.4bn in 2025 (0.3% of total).

Investment

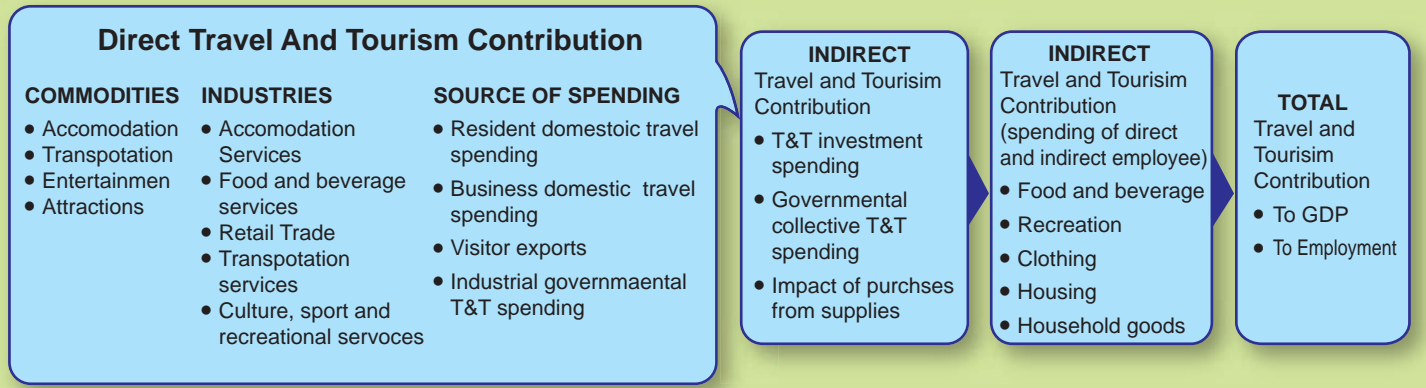
Travel & Tourism investment in 2014 was BDT60.9bn, or 1.4% of total investment. It should rise by 2.7% in 2015, and rise by 7.8% pa over the next ten years to BDT132.1bn in 2025 (1.6% of total). All values are in constant 2014 prices & exchange rates



TOURIST PLACES IN BANGLADESH

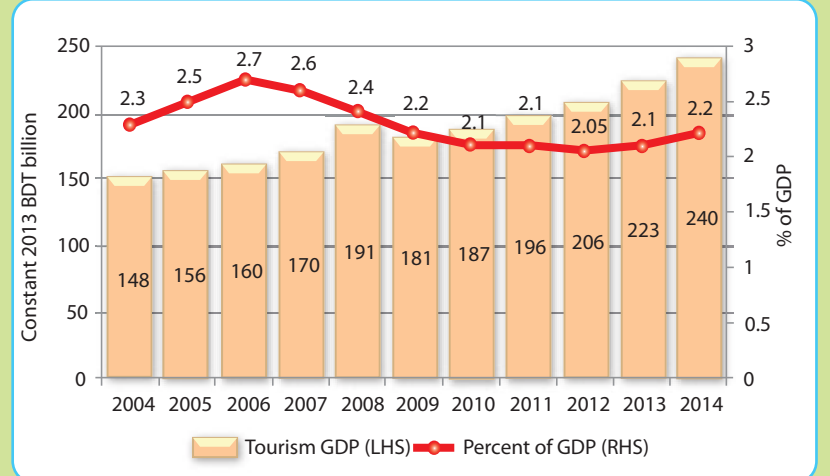
Economic Impact of Tourism in Bangladesh

There is a variety of economic impacts of tourism. Tourism activities affect sales, income and employment of the recipient country. These effects are distinguished as direct, indirect and induced. The total economic impact is the sum of all direct, indirect and induced effect. Effects that are caused from immediate effect of changes in tourist expenditure (e.g. hotels, travel agents, airlines and other passenger transport services, as well as the activities of restaurant and leisure industries that deal directly with tourists) are called direct effects. These direct effect activities depends on other activities for operational purpose. That is, these other activities are linked (i.e. backward linkage) to the direct affect activities. Due to the increased number of tourist supply of these product or services is required in massive volume which is called indirect effect. For example the indirect effects of tourism concern all sectors of the economy, especially agriculture, food industries and all tourism-related services such as air transport, and local transport etc. Induced effects are the changes in economic activities resulting from household spending of income earned directly or indirectly as a result from tourism spending. Figure below shows that build up of total contribution from these three types of contribution.



Effects on the national income

Although Bangladesh has started making progress, the direct contribution to GDP of the tourism sector has declined in recent years in comparison to that of the previous years. Around 2005-2009, the direct contribution of tourism as percentage of the GDP was about 2.5%, which has decline to about 2.2% in 2014. The projection by the World Travel and Tourism Council (WTTC) suggests that no significant increase in the contribution to GDP is expected by 2024 and it thus remains at 2.2%. When taking into account the induced and indirect contribution, the total contribution to GDP of the tourism sector in Bangladesh has been estimated to 4.4% in 2013, which is expected to grow to about 4.7% by 2024 according to the projection of WTTC.



Impact on Employment

One of the major macroeconomic issues that plague the Bangladesh economy is unemployment. While the official unemployment rate of the country is 4.5% according to the Labour Force Survey (LFS) 2010, the main problem remains underemployment and employment in the informal sector. Out of the economically active population of 56.7 million in 2010, 47.3 million or 83.4% of the population is employed in the informal sector. Additionally, according to LFS 2010, out of all the people who are employed about 20.8% are underemployed which is quite a large number of people working at jobs that are below par to their abilities and qualifications. Bangladesh is in dire need of formal sectors of employment and tourism has the potential to rise as one of those sectors. Tourism generates jobs from the hospitality industry, to transportation, to backward-linkage industries which develops in response to the industry.

