

# WELL AND WOES OF TOURISM PROMOTION IN BANGLADESH: INVESTMENT PERSPECTIVE

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## ABSTRACT

*Bangladesh has huge prospects for both foreign and local investors. However, the core objective of this research is to find out the well and woes of Tourism Investment to enhance the continuous growth of tourism sector. The methodology of this study is qualitative in nature. Primary data was collected from direct interview of 120 tourism stakeholders from private and public sector based on some relevant variables like tourism potential, current tourism investment trend, investment opportunities as well as possible barriers to invest following a focus group discussion comprising of fifteen industry experts having a vast knowledge of Bangladesh tourism and investment policy. Additionally, the secondary data were collected from different journals, dailies, websites (government and non-government), reports and international comments. Therefore, the research has found out that currently the investment is insufficient to make Bangladesh a priority tourism destination. On the contrary, there are huge options to invest in marketing, management and development of amenities in the world's largest mangrove forest, longest sea beach, Shat Gambuj Mosque, Paharpur and many more attractions to increase tourist flow which will eventually enhance national economy. The challenges are lack of integration among the service providers and concerned authorities. In a nutshell, tourism investment is very crucial in Bangladesh in contrast with the neighbouring countries. Thus, this research will find a new pavement to emphasize on tourism investment and budget allocation.*

**Keywords:** Tourism Investment, Tourism Sector, Investment Policy, Well and Woes of Tourism Promotion, National Economy.

## INTRODUCTION

### Importance of Tourism for Economic Growth of Bangladesh

Tourism has become one of the largest industries and one of the fastest growing income generating sectors which play important role in the economic development of a country by generating direct foreign revenues. Besides the foreign earning, tourism creates the country's brand image with the countries tradition, norms, natural resources and history. As tourism is employee generating industry, it helps a country to make a strong economic base and helps to uplift the standard of living (Expenditure, 2013). Money generate from the tourism can be used to develop the country's infrastructure that is new roads, airports, bridges and others.

Only tourism can circulate money every corner of the country directly as tourist spend to the destination thus create local people more economically independent, local transport developed, education system promoted, local entrepreneurship created and eventually overall economic base flourished.

Many countries in the world, like Thailand, Malaysia, Singapore, Switzerland, etc., coin

strong economic base through focusing and creating tourism friendly environment and maintain the effort. Some countries like Nepal, Vietnam, Sri Lanka, Philippine depend mainly on the tourism industry (Afroz & Hasanuzzaman, 2012).

It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2027, Travel & Tourism will account for 1,138,000 jobs directly, an increase of 0.6% pa over the next ten years (World Travel and Tourism Council, 2017). Bangladesh is a least developed country (LDC) which economy based on agriculture, readymade Garments and labour export. With the large population, it is struggling with poverty, malnutrition, environmental hazard etc. The overall entrepreneurial activities are hampered by the unwelcome regulatory environment, time consuming bureaucratic system, poor infrastructure, poor brand image, uncertain political circumstances, corruption and marginal enforcement of property rights, fragile rules of law, political polarization and absence of long lasting institutional support towards the private sector (Fonseca, 2012).

But recently, Bangladesh is trying to enhance its economic base by maintaining the steady GDP growth over last five years having some favourable economic indicators – declining inflation rate, growing foreign reserve, increasing exports, declining interest rate of loan, controlled budget deficit, less pressure in government subsidy, increasing liquidity and the most importantly maintaining GDP growth rate-though struggling with private investment due to lack of confidence in the investors. Bangladesh can enhance its GDP growth rate and minimize its economic problem by boosting the tourism sector.

It is a country of natural beauty, history and culture. In a small area it has diversified tourist attraction. Mountains, sea beaches, falls, forest and mangrove forest, cave, tea garden, islands, hilly island, different species and flora faunas apotheosize this country's natural beauty. Historical monuments, ruins, monastery and promenades splendour its historical attraction. Diversified ethnic culture, dishes, ceremonies, languages, values, traditions and people make more attractive cultural environment. All this prepare these countries tourism more winsome which can pull huge numbers of tourist from different countries which can generate foreign earnings. Compare to the other industry, the foreign earning form tourism is more sustainable as the money directly spends to the destination where host community directly befitted.

Total contribution of the tourism on economy of Bangladesh can have wider impact directly and indirectly. Tourism spending directly distributed among several sectors like accommodation, transportation, food, entertainments, retail trade, sports and attraction. Indirectly it disperse through some other sectors like government collective spending, consumer products, sanitary services, security services, aviation administration, fuel and gasoline service and others. Thus it contributes directly and indirectly to the GDP. According to WTTC the total contribution of tourism was BDT627.9 billion in 2014 which was 4.1% of GDP and it is forecasted that it will be 6.5% pa to BDT1, 252.8 billion by 2025 (4.4% of GDP).

As tourism is a labour intensive industry, it creates huge employment opportunities for both skill and unskilled labour from both urban and rural areas. Tourism is the only industry which creates employment from coastal to hilly areas which is very sensitive where development activities are difficult to done. In some areas, the other industry is reluctant to contribute for the development whereas tourism goes and contribute towards the human capital development and towards their earnings. Tribal area like Chittagong Hill tracks, Islands like Saint Martine, Nijhum, Moheskhal, Monpura, Maya, Shapori, Coastal areas like Cox's Bazaar, Kuakata are sensitive places where tourism plays a role to create job opportunities.

According to WTTC, Tourism created 903,500 jobs directly in 2014 which is 1.6% of total employment and this is forecast to grow 1,062,000 jobs directly by 2025, an increase of 1.4% pa over the next ten years. The total contribution of Travel & Tourism to employment was 1,984,000 jobs in 2014 which is 3.6% of total employment. By 2025, Travel & Tourism is forecast to support 2,492,000 jobs which will be 3.6% of total employment, an increase of 2.1% pa over the period. Bangladesh requires investment and up gradation of quality services in tourism to untie its latent potential as well as attain higher economic growth.

## OBJECTIVES

The core motive of this study is to identify tourism potential, investment condition, investment barriers and opportunities. To appraise the core ones there are few secondary objectives outlined below:

1. To notify the current investment for the development and promotion of tourism sector along with potentialities and challenges.
2. To recommend some necessary actions to make investors interested to promote this sector.

## LITERATURE REVIEW

The tourism sector in Bangladesh has been continuously developing from mid-nineties to till now. It has an extraordinary possibility to create tourism segment by applying new approaches and systems (Ullah, 2014). As indicated by the United Nation, the second biggest Muslim nation on the planet is Bangladesh, as a place where there is occasion, aesthetic regular magnificence to make vacationer consideration.

Creating nations especially advantage from the tourism business' ensure monetary, natural and social effects, through the formation of occupations, safeguarding and festivity of indigenous culture, lessening of destitution and advancement of ecological protection (Philips & Faulkner, 2009). Like every other segment, speculation is the way to the development of the tourism industry. Coordinate occupations are by all account not the only employments connected to the area's exercises (e.g. lodgings and eateries representatives); there are likewise many occupations that have backhanded associations with the segment (e.g. cab drivers, different methods for transport, traveller guides, blessing shops). These connections impact the many sorts of working environment gets that incorporate full-time, low maintenance, brief, easy-going and occasional business and have noteworthy ramifications for HRD (Human Resource Development) inside the division (International Labour Organization, 2010).

Despite the fact that the commitment of this sector is as of now at critical level, it is essential to keep up the business' maintainability for not to hamper general development in GDP. An economy has a general development in its size. This development is dealt by all segments of it. Significance ought to be given on tourism for its support and development (Khondker & Ahsan, 2015).

We live in an era characterized by a very serious economic crisis that began in the U.S.A in 2007 and the continuous efforts made nationally and internationally to overcome this crisis.

The tourism sector can play an important role as a driving force of economic development by contributing in three high priority goals of developing countries (Haque, 2016). According to the WTTC, overall travel and tourism related investment totalled nearly \$612 billion in 2010 and is expected to reach \$652 billion in 2011 or 4.5% of total global investment (Philips & Faulkner, 2009).

Like almost all other sectors, investment is the key to the growth of the tourism sector. However, investment in this sector has been low which perhaps explain unsatisfactory performance in income and employment fronts (Khondker & Ahsan, 2015). Bangladesh Government gives low priority to invest in tourism industry but there were some significant investment in Parjatan & Biman.

Tourism facilities are the premise of tourism improvement and usage of existing goal assets. Tourism framework incorporates a substantial number of administrations, important to address the issues of visitors and increment fulfilment amid their stay at the destinations. It is the thought of connection between the accessible infrastructure and the accomplished level of tourism improvement (Jovanović & Ilic, 2016). There are many researches regarding tourism sector in Bangladesh but the authors did not find any research to clarify the issues for tourism investment to promote the blooming industry. Thus, the authors have decided to carry out this research to emphasize on adequate investment in tourism industry.

## **METHODOLOGY**

To conduct the research the authors have used qualitative methods. The data was collected basically in three methods: direct interview method, focus group discussion and secondary data sources. To identify the factor and their influence, direct interview of 120 tourism stakeholders has been conducted whereas to provide necessary recommendation a focus group discussion was held among 15 experts of tourism arena having a vast knowledge of Bangladesh tourism and investment policy. In the interview process they were asked several questions regarding tourism potential, investment condition, what they think about tourism investment, barriers, opportunities and some effective recommendations were found out. Lastly, the secondary data was collected from different journals, dailies, websites (government and non-government), reports and international comments regarding the tourism of Bangladesh and its investment policies for marketing of tourism.

## **RESULTS AND DISCUSSION**

The investment scenario in travel and tourism sector can be visible enough through analysing the current context of investment. Bangladesh is growing nature country for the Tourism Investment for both foreign and local investors. It has plenty of beautiful and attractive natural places such as longest sea beach; Cox's Bazar, Live Coral Reef; Saint Martin, Largest Mangrove forest; "Sundarban", unobstructed view of both sunrise and sunset over the Bay of Bengal; "Kuakata" which can lead to increase interest both foreign and local investors to invest in Tourism sectors in Bangladesh.

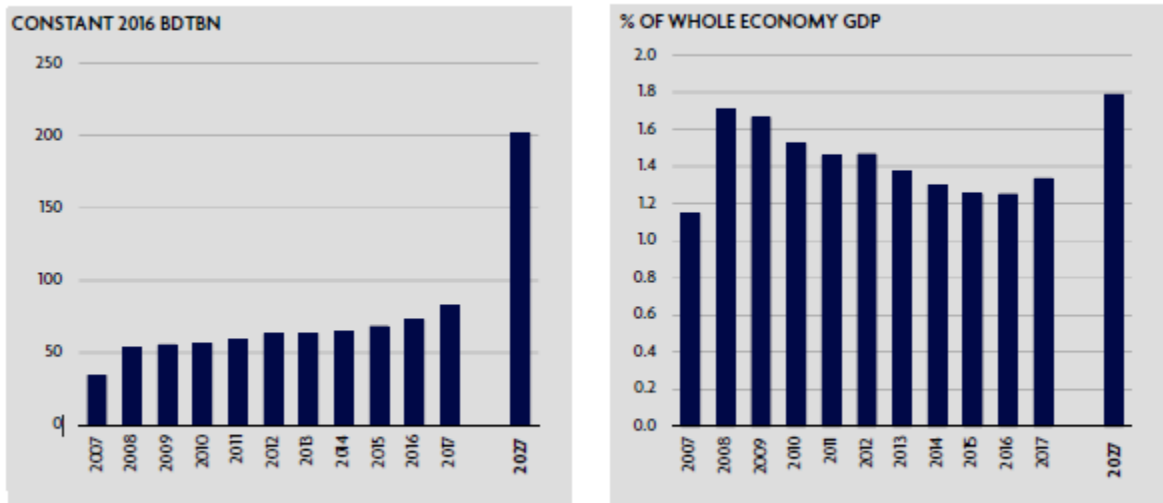
Travel & Tourism is expected to have attracted capital investment of BDT72.5 billion in 2016. This is expected to rise by 13.9% in 2017 and rise by 9.3% pa over the next ten years to BDT201.8 billion in 2027. Travel & Tourism's share of total national investment will rise from 1.3% in 2017 to 1.8% in 2027 (Figure 1).

## **OPPORTUNITIES AND CHALLENGES**

Investing in the tourism promotion and development is a crying need to ensure overall economic growth of Bangladesh. In one side, Bangladesh has numerous opportunities to invest

more and more to promote tourism industry. On the other side, there are some challenges which are to be faced successfully to bring out changes at a greater extent (Table 1).

**BANGLADESH: CAPITAL INVESTMENT IN TRAVEL & TOURISM**



<sup>1</sup> All values are in constant 2016 prices & exchange rates

Source: Travel & Tourism Economic Impact, 2017 (Bangladesh); World Travel and Tourism Council, 2017

**FIGURE 1**  
**BANGLADESH: CAPITAL INVESTMENT IN TRAVEL & TOURISM**

<b>Table 1</b>	
<b>THE OPPORTUNITIES AND CHALLENGES FOR TOURISM INVESTMENT</b>	
<b>Opportunities</b>	<b>Challenges</b>
<ul style="list-style-type: none"> <li>Highly favourable country with its climate, least carbon emitted place, long and clean beaches, high mountains.</li> <li>Liberal democratic country.</li> <li>Tourism board are attending different tourism fair, symposium, travel mart, conferences, trade shows and exhibition.</li> <li>Three world heritage sites: Sundarbans, Bagerhat Mosque City, Paharpur Bihar Museum (Ruins of the Buddhist Vihara).</li> <li>Ample opportunity for rural tourism where investor can establish resort, sports grounds based on ethnic culture and generate rural activities.</li> <li>In the beach and hilly areas there are enough opportunities to introduce new concepts like parachuting, scuba diving, marine diving, parasailing and establishing aquarium.</li> <li>The cost of labour force is relatively low.</li> <li>Bangladesh can take this advantage as it is still now internationally unexplored which can motivate the investors for investing.</li> <li>From government’s 6<sup>th</sup> year plan, public private partnership (PPP) can play emergent role.</li> </ul>	<ul style="list-style-type: none"> <li>Internationally poor brand image of the country.</li> <li>Political Unrest is interrupting the growth. It is very often seen that vehicles have been broken even burnt by some arrogant people.</li> <li>Global warming and earth quake is one of the main challenges of Bangladesh.</li> <li>Transportation system like roads, highways, airways, river ways are not developed properly or favourable for growing up tourism industry thus investment.</li> <li>Interest rate is high for both short term and long term as financial benefit.</li> <li>Shortage of certain policy and procedures of investment as no financial benefit.</li> <li>There is no specialized information server/portal for tourism and investment.</li> <li>Lengthy Bureaucratic system takes time for getting approval from the authority or the government to invest in Tourism Industry in Bangladesh.</li> <li>Unable to utilize its plenty of natural resources because of poor industrial base and also lack of proper planning &amp; implementation.</li> </ul>

<ul style="list-style-type: none"> <li>• The domestic tourism in this country is in booming condition.</li> <li>• Authority introduces the public, private and community partnership (PPCP) to make sustainable tourism atmosphere.</li> <li>• For Foreign Direct Investment (FDI) government has taken special consideration.</li> <li>• Government has already taken mega project like PADMA Bridge, different power plants Metro rail, airports, ports, roads and railroads.</li> <li>• The area of this country is very small but has diversified destination to taste.</li> <li>• The national industrial policy 2010 stated that initiatives would be taken, with regards tax holidays and accelerates depreciation, to expand the list of industry, infrastructure and tourism industry projects.</li> <li>• The government offers the permanent resident for inventing USD 75,000 and citizenship for USD 500,000.</li> <li>• Different banks are offering the SME loans to attract small entrepreneurship.</li> </ul>	<ul style="list-style-type: none"> <li>• Allocation of funds in the budget is insufficient for the development of Tourism Sectors in Bangladesh.</li> <li>• Investors are not aware about Tourism Industry and investment.</li> <li>• Foreign delegates, investors, visitors face huge difficulties in Visa processing issues.</li> <li>• Investors' confidence is below the benchmark for unfavourable environment for the foreigners.</li> <li>• Communication, as difficult channel, gap among the foreigners, authority/government, investors and general local people is still vital challenge for the country to grow up the industry.</li> <li>• Challenge to ensure internet services to the visitors in all destinations in Bangladesh.</li> <li>• Inefficiency of human capital as they are unskilled in terms of hospitality and tourism industry.</li> <li>• Insufficient knowledge about potential spots or destinations across the country.</li> </ul>
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Source: Authors' Compilation

### Other Potentialities and Contraventions to Boost Tourism Up

In addition, Bangladesh is a liberal democratic country which is important element for attracting FDI. Bangladesh tourism board has been attending different tourism fair, symposium, travel mart, conferences, trade shows and exhibition where it can enthrall foreign tourist and investor. As English is second and official language of Bangladesh, tourist from different country do not face language problem as well as foreign investors which create a favourable environment for investment. People always seek new places for enjoying new taste. Bangladesh can maximize this advantage.

Positively, the government is keen to motivate private investors in power and energy, roads, railways, waterways, ports, water and sanitation, housing, telecommunication and tourism to put in motion the additional resources and creating more capacity and materializing public programs. The domestic tourism in this country is in booming condition. Thousands People are visiting different destination. But there is a lack of qualified accommodation, transportation, restaurants and other facilities which instigate the need for investment in this industry. The more investment will come the more quality tourism services will be provided which will encourage local investors for small and big entrepreneurship in the destination level.

Therefore, to attract the investors especially for Foreign Direct Investment (FDI) government has taken special consideration. Prime minister of this country urging to the different investors to invest in this country and are trying to create an investment friendly environment. The newly taken transportation project will smooth the accessibility to the destination which will attract tourist from different country. Thus, the investment opportunities have been created for local and international investors (Rashid et al. 2017).

On the contrary, reports of political violence, recent militancy activities, natural disasters and extreme poverty presented in the international and domestic media have certainly created negative brand image which impediments the investment in tourism sector. The country is situated in the juncture of several active tectonic plate boundaries and as we know it is the

world's largest river delta at close to sea level which can lead both risks Tsunami and flooding if there is a quake. On the other hand deforestation, use of excessive chemicals and other forms of pollution may also cause of global warming which is our country's main challenges to face for sustainable tourism growth in Bangladesh.

Moreover, the entrepreneurs also need to provide financial support (sanction loan both short-term and mid-term with affordable interest) as well as non-financial support (a certain policy and procedures of investment) by the government to increase interest of entrepreneurs though they are not being supported by the government properly. Inefficiency of tour operators is one of the major challenges for Bangladesh in this industry to go forward. Especially their managing capabilities, communication and presentations skills are not up to the mark for the tourists. Consequently, tourists are usually discouraged to visit Bangladesh frequently.

### CONCLUDING REMARKS AND RECOMMENDATIONS

Bangladesh tourism sector has experienced growth in recent years, particularly in the last decade. However, the growth pattern has been erratic implying unstructured development and perhaps also the lack of proper planning. There is a need to create a mechanism to bring all players together to align technical assistance, access to finance and investment and legal framework enhancement, developing information-sharing resources such as a tourism investment website or GIS mapping tools to track investment opportunities, lessons learned and success stories. Accordingly, customizing financial instruments based on demands of different investors and sharing success stories to promote further investments, community and environmental benefits and contribute to sustainability goals are the keys to promote tourism and tourism investment. To state some fruitful solicitations, the following measures are to be executed to acquire far reaching outcomes:

- The primary measures taken to expand investment fetching quality are making a tourism portal, making new TV programs offered on both local and global channels, building up a system for tourism headway and actualizing territorial projects to pull interests in inbound tourism. Having said that, the tourism business fundamental issues as far as advancement based on ventures assignments ought to be comprehended.
- Inadequate tourism framework, absence of a thorough arrangement of insights on tourism ventures, high costs for territorial tourism items, outbound tourism's power and lacking financing of tourism business at both nearby and national levels must be resolved with priority.
- Managerial Implications are to be prioritized such as producing skilled human resource, integration among stakeholders, extensive research work for highlighting tourism resources and gaps to offer service quality of this industry. Proper investment planning (real financial needs, flows and forecasted rates of return) integrating environmental benefits and costs is to be ensured.
- Huge motivational programs to draw the attention of potential investors as well as rural and urban communities in home and abroad to flourish tourism sector and to go for abundant marketing is to be executed.
- Policy implications are to spread information of tourism policy 2010 and newly adopted tourism projects from the office of prime minister to all the local levels of administration. So that, every village and city can become a tourism attraction and potential investment segment.
- In a nutshell, the co-operation among the people of all spheres of life can come up with better results and the dreams to turn Bangladesh into a lucrative tourism destination can come true.

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