

## Aviation, tourism allocated BDT 655 crore less budget for FY 2024-25

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Dhaka : The Ministry of Civil Aviation and Tourism has been allocated BDT 5,695 crore in the proposed budget for FY 2024-25.

Finance Minister AH Mahmood Ali made the announcement while proposing the budget for FY 2024-25 in the National Parliament on June 6.

He said the proposed budget aims at supporting the growth of local aviation operators as well as increasing tourism contribution to the national economy.

However, the proposed budget for FY 2024-25 is BDT 655 crore less than the revised budget of BDT 6,350 crore for FY 2023-24.

It may be mentioned here that the proposed budget of FY 2023-24 for the ministry was initially BDT 6,597 crore.

On the other hand, local airlines can have a sigh of relief as the Minister proposed to withdraw the VAT on aircraft engine and spare parts of propellers at the import stage, from the existing 15 per cent to 0 per cent, to support the growth of local aviation companies and to tap the future potential of the industry.

The new proposal will help local carriers to compete with foreign airlines, which have about 75 per cent share in the aviation market in Bangladesh.

"In the current reality, the domestic airlines are gradually lagging behind in the competition with the foreign airlines due to various reasons," said the Minister while placing his rationale for exempting the VAT.

### Aviation sector developments

Over the past 15 years, the Finance Minister said, both passenger and cargo air transport with the rest of the world has increased manifold with the substantial growth of the country's economy.

He claimed, domestic air travel has also increased with the change in travel options by the countrymen.

"In response, we have taken up several projects to modernise air transport and related services to meet global standards," he added.

While highlighting the government efforts to develop the aviation sector, the Minister said, the runways and taxiways of Hazrat Shahjalal International Airport, Cox's Bazar Airport and Osmani International Airport have been revamped and expanded to improve the safety of aircraft take-off and landing.

### Tourism sector developments

Regarding the tourism sector, he said the government is implementing a 25-year Tourism Master Plan to contribute to the economic development of Bangladesh through tourism.

"The master plan will serve as a comprehensive roadmap to revitalise Bangladesh's tourism sector," added the Finance Minister.

If implemented, he said, the contribution of the tourism sector to

the national economy will be USD 4.77 billion by 2041.

He stressed, special emphasis has been given on the development of eco-tourism, heritage tourism and business tourism as there is a growing domestic demand for tourism apart from the interest of foreign tourists due to the socio-economic progress of Bangladesh.

"We have adopted plans to construct tourist facilities at Tanguar Haor, Nijhum Island, Sharankhola in the Sundarbans, Sompur Mahavihar in Paharpur and a tourism complex at Mawa-end of the Padma Bridge," claimed the Minister.

Meanwhile, Destination Management Organisations (DMO) have been set up in all these areas to attract tourists, he further added, which is a first for Bangladesh.

Furthermore, the Minister claimed, the government has taken initiatives to provide advance training and registration to all tour operators and tour guides with the aim of developing a sustainable tourism industry.

Besides, the Minister said, tourist centres are being constructed at Parki in Chattogram, Hatia and Nijhum islands in Noakhali and Mahananda in Chapainawabganj district to enrich the tourism sector.

"We also have plans to develop international standard tourism facilities in Rangpur, Chandpur and Cox's Bazar," he informed.

The Finance Minister also remarked, all tourism parks-Sabrang Tourism Park, Naf Tourism Park and Sonadia Eco Tourism Park-under BEZA will also be made tourist friendly.

### VAT on tour services

However, the Minister proposed to withdraw value added tax exemption on services of tour operators and impose 15 per cent VAT on tour operator services.

Tour Operators Association of Bangladesh demanded scrapping this proposal for withdrawing the VAT exemption for the development of the country's tourism industry.

Tour operators use elements from various sectors to create travel

packages which are convenient and comfortable for tourists, said Md Rafeuzzaman, President of TOAB at a press conference in Dhaka.

If VAT is imposed on the services of tour operators, the prices of travel packages will increase significantly, he stressed.

As a result, the entire tourism industry, especially inbound and domestic tourism, will be severely impacted, he claimed.

“VAT is already levied on various components included in our tour packages,” explained Rafeuzzaman, adding, “This includes hotel bookings, transportation tickets, restaurant bills, and entrance fees to tourist attractions and amusement parks.”

“So, imposition of VAT on services of tour operators is not logical,” stressed Rafeuzzaman.

According to the TOAB President, the tourism industry is vast, encompassing multiple sectors, and can both earn and retain hard-earned foreign exchange through tour operators.

Withdrawal of the existing VAT exemption may hinder the development of the industry, he claimed.

The press conference was also attended by distinguished figures from the tourism sector, including Javed Ahmed, former CEO of Bangladesh Tourism Board, Md Anwar Hossain, TOAB's Vice President, Shiblul Azam Kureshi, the outgoing President of TOAB and Mohammad Yunus, Director (Media and Public relations) of TOAB.