

BD hotel-restaurant industry devastated now, following very high growth

- A Monitor Desk Report

Date: 01 August, 2021



Dhaka : The hotel-restaurant industry of Bangladesh which achieved tremendous growth in one decade prior to 2020, is now in trouble due to the situation created by the Covid-19 pandemic.

According to a survey, conducted by Bangladesh Bureau of Statistics (BBS)-a government concern-the number of hotel-restaurants in the country now is 4,36,274. A decade ago, the number was only 2,75,324.

In proportion of the growth, the number of employment opportunities in the sector has also gone up. 22,83,532 are now employed, of them 18,37,000 are male and rest are female. A decade ago the hotel-restaurant sector employed only 9,37,084.

The survey found that in just one financial year of the past decade, BDT 15,767 crore was spent as wages and salaries of the workers-average BDT 69,048 a year per worker.

The survey further said that in the past one-decade contribution of VAT (Value added Tax), Gross National Product (GDP) has increased by eight times. In 2009-10 fiscal year the hotel-restaurant sector value added BDT 11,986 crore. In 2019-20 fiscal, the amount has increased to BDT 87,926 crore.

A leading Bangla national daily, recently carried the survey result. However, the survey or the report did not specify the type of hotels and restaurants, neither did

they classify according to different categories.

The report just added that in Bangladesh, not only in the capital Dhaka, new hotel-restaurants are regularly added in districts and upazilas.

The Hotel and Restaurant Survey 2020 is the first of its kind in 10 years. According to trade insiders, albeit the survey called hotel-restaurant it covered mostly eating houses, not accommodation units. The survey found that the number of restaurants rose to 4.36 lac in 2019-20, reflecting a 59 per cent increase from a decade ago.

The BBS has recognised that the situation created by Covid-19 pandemic has hit the hotel-restaurant sector badly.

Impact of Covid-19 pandemic

The coronavirus pandemic is already having a devastating impact on the economy with numerous sectors being shunned, with revenue loss, salary cuts, job loss and so many more. The restaurant industry is no exception.

Although the whole restaurant market of Bangladesh has been estimated at BDT 4500 crore in the last year with an expected contribution of 2.1 per cent to the country's GDP by 2021; a big chunk of restaurant owners has been shuttered, with many expected to close down permanently.

Even the fast-food market that is estimated to be valued at BDT 450 crore alone, has been battered.

Bangladesh's burgeoning restaurant industry that employs thousands is struggling to survive after several lockdowns that were imposed in the country in the past one and a half years.

Trouble began after the outbreak of Covid-19 last year. A number of restaurants began letting go of staff while many sold off their businesses. Some were unable to survive and closed shops entirely.

A leader of Bangladesh Restaurant Owners Association (BROA), said that the restaurant sector was once a booming "but it is now on the brink of collapse. All sectors are getting support from the government in various ways like incentives, loans on low interest, and easy terms amid the pandemic. But no attention has been paid to the restaurant sector yet."

Growth

The market size for the restaurant industry in Bangladesh has been growing for quite a few years now. It was not too long ago when there were very limited options and people would have a hard time to find a decent budget friendly place to socialise with others over some quality food. The days of despair are now over and there is ever growing love for the dining out culture.

There was a prominent gap in the restaurant industry which was explored and experimented with by only a handful number of restaurants. Over time, it has turned out to be one of the industries with the highest potential for high profit margins.

Restaurant types

There was once a time in Bangladesh, when if you wanted to go for something as simple as coffee, the number of dedicated coffee places or a café was non-existent. Now, there is Crimson Cup, Second Cup Coffee and Gloria Jeans among numerous coffee places, and that too in Dhaka city.

With the entire world becoming smaller day by day and with state-of-the-art communication and technology, thanks to globalisation, a large proportion of the population seeks a lifestyle where they are able to eat foods, which maybe are sought out by their favourite food blogger on YouTube.

Today there is popular cafes in Dhaka like the ones mentioned above where a group of friends can sit around and gossip as they take a sip on their caramel lattes. With a

large part of this population belonging to the middle-income group, casual dining and family style restaurants are also on the rise. Ethnic restaurants selling different cuisines like Lebanese, Japanese and Indian are also gaining popularity amongst people.

It is safe to say that Bangladesh currently has almost all the types of restaurant - from small sized fast food to premium exotic dining, nothing is excluded.

No guidance

In the absence of regulatory agency of any kind, there is none to guide and monitor the activities of the restaurant sector. The government is yet to recognise the restaurant sector as an industry. Local administrations in the country, with no expertise in this respect, are providing trade licenses.

A time has come to change the attitude of the policy makers. Without delay, the sector must be declared as industry and be under control of an expert body, to ensure global standard.