



Tourism allocated less budget despite increased contribution in GDP

- A Monitor Desk Report

Date: 16 July, 2024

Bangladesh Key Data				
	 Total GDP contribution:		 Total Travel & Tourism jobs:	
2019	2.4% (of Total Economy) BDT 860.9BN (USD 8.1BN)	Change in 2020: -36.5%	1.74 MN =2.6% (Share of Total Jobs)	Change in 2020: -13.0%
2023	2.3% BDT 1.02TN (USD 9.5BN)	Annual Change: +10.6% (17.9% vs 2019) Economy Change: +6.0%	2.14 MN =3.0%	Annual Change: +7.5% (23.4% vs 2019)
2024 (E)	2.3% BDT 1.09TN (USD 10.2BN)	Annual Change: +7.2% (26.4% vs 2019)	2.18 MN =3.0%	Annual Change: +1.6% (25.4% vs 2019)
2034 (F)	2.4% BDT 1.77TN (USD 16.7BN)	CAGR (2024 - 2034): +5.0% Economy CAGR (2024 - 2034): +4.8%	2.50 MN =3.1%	New Jobs (2034 vs 2024): 0.32 MN

Dhaka : Bangladesh's tourism industry is flourishing with time, gradually tapping its true potential more and more. The growth is being witnessed across all aspects of tourism-from its contribution in the country's gross domestic product and employment generation to visitor spending and arrival statistics. However, it appears to be the government is turning a blind eye to the developments of the sector. Otherwise, there can hardly be a justification of allocating less budget for tourism in the current fiscal year compared to the previous year, despite its significant growth year on year.

On July 2, while replying to a question in the parliament, Civil Aviation and Tourism Minister Muhammad Faruk Khan informed that the tourism industry contributed four per cent in Bangladesh's GDP in 2023. Earlier, in 2022, the sector's contribution in the country's GDP was down to three per cent.

Hence, even after recording year on year growth, the sector is still missing out government's attention. It may be mentioned here, in the budget for FY 2024-25, the Ministry of Civil Aviation and Tourism has been allocated BDT 5,695 crore, which is BDT 655 crore less than the revised budget of BDT 6,350 crore for FY 2023-24.

Following the promising sector's growing contribution in the country's GDP, the industry deserves more allocation in the budget, allowing it to better utilise resources to tap more potential, paving the way for further development.

On the other hand, World Travel and Tourism Council recently published Bangladesh Travel and Tourism Economic Impact Report 2024. Even though WTTC's numbers might vary from the ones informed by the Ministry, nevertheless, those figures too are promising and similarly reflect on significant development.

GDP contribution up

As per WTTC, tourism industry's contribution in the country's GDP in 2023 was BDT 1.02 trillion/USD 9.5 billion, marking a staggering annual increase of 10.6 per cent.

Also, compared to pre-pandemic levels of 2019 where the sector contributed BDT 860.9 billion or USD 8.1 billion in the country's GDP, the number marks a significant growth of 17.9 per cent this year.

In 2024, WTTC estimates tourism industry's GDP contribution to increase even further to BDT 1.09 trillion/USD 10.2 billion, up 7.2 per cent from 2023 and 26.4 per cent from 2019.

Furthermore, the industry is forecast to contribute BDT 1.77 trillion/USD 16.7 billion in 2034, with a compound annual growth rate of +5 per cent from 2024 to 2034.

Employment on rise

In terms of employment, according to WTTC's report, tourism jobs occupied 3 per cent (2.14 million) of all the total jobs in Bangladesh in 2023, marking an increase of 7.5 per cent compared to 2022 and 23.4 per cent compared to 2019 (1.74 million jobs).

In 2024, WTTC estimates the contribution to be 2.18 million with a

growth of 1.6 per cent compared to 2023 and 25.4 per cent compared to 2019.



In 2034, WTTC forecasts the sector's contribution to reach 3.1 per cent-250 million jobs-of all the total jobs in Bangladesh while the number of new jobs will increase by 0.32 million in 2034 compared to 2024.

Visitor spending increasing

Even the spending of both international and national visitors increased significantly in 2023, compared to previous years.

WTTC's report states, in 2023, international visitor spending was BDT 42.7 billion/USD 401.5 million, up 19.7 per cent from 2022. Compared to pre-pandemic levels of BDT 34.7 billion/USD 326.8 million in 2019, the growth was staggeringly 22.9 per cent.

On the other hand, domestic visitor spending was also up 8.5 per cent from 2022 to BDT 843.6 billion/USD 7.9 billion in 2023. Compared to 2019's BDT 729.4 billion/USD 6.9 billion, the number increased by 15.7 per cent.

Following WTTC's further estimate, international visitor spending will increase by 3.1 per cent from 2023 to BDT 44.0 billion/USD 414.0 million in 2024. Against pre-pandemic levels of 2019, the growth will be 26.7 per cent.

Also, domestic visitor spending in 2024 is estimated to be BDT 910.7 billion/USD 8.6 billion. The growth will be 8 per cent compared to 2023 and 24.9 per cent compared to 2019.

Further forecast of WTTC claims, in 2034, international visitor spending will increase even more to BDT 65.1 billion/USD 612.5 million with an annual compound growth rate of four per cent from 2024 to 2034.

On the other hand, domestic visitor spending will increase to BDT 1.5 trillion/USD 14.1 billion in 2034, with an annual compound growth rate 5.1 per cent from 2024 to 2034.

The report further informed that leisure spending has currently increased up against business spending over the years. Meaning,

Bangladesh is becoming more and more popular as a tourist destination with time.

In 2019, leisure spending was 87.2 per cent but, in 2023, it increased to 88 per cent vs business spending.

Arrivals high

Significant changes in top source markets are also clearly visible in the report.

In 2023, the United States of America stood as the number one source market for Bangladesh with 22 per cent of the total inbound arrivals. The United Kingdom came second with 19 per cent inbound arrivals and India came third with 11 per cent inbound arrivals. Australia and Canada came fourth and fifth with 11 per cent and 9 per cent respectively while the rest of the world occupied 28 per cent of the inbound arrivals.

On the other hand, in 2019, the top source markets were India with 84 per cent, Pakistan with 3 per cent, the USA with 2 per cent, China with 2 per cent and Japan with 1 per cent while the rest of the world occupied 8 per cent of the total inbound arrivals.

These numbers show the travel scenario has changed drastically. Gone are the days when only travellers from the neighbouring countries used to visit Bangladesh. Instead, both leisure and business visits to Bangladesh by travellers from long-haul markets like the US, UK, Australia and Canada are increasing in number.