Home to subtropical mountains, rainforests and tea gardens around 300 kilometres away from capital Dhaka, Jaflong is one of the many scenic destinations in Bangladesh capable of drawing foreigners to come visit from abroad. Tourism industry insiders recommend developing public transportation, quality accommodation alongside recreational facilities. About 19.10 lakh tourists visited the country between 2017 and 2021, generating government revenue of roughly Tk 12,788 crore, according to M Mahbub Ali, the state minister for civil aviation and tourism.

PHOTO: SHEIKH NASIR

Arrival of foreign tourists almost at pre-pandemic level

SUKANTA HALDER *and* SAJJAD HOSSAIN

Bangladesh saw a significant decline in the arrival of tourists from abroad in the aftermath of the pandemic.

However, recent data indicates that the country's tourism industry is showing signs of recovery, according to Bangladesh Tourism Board (BTB).

The BTB recently conducted an analysis highlighting the impacts of Covid-19 on tourist numbers as well as the challenges faced by the tourism sector.

Bangladesh was witnessing a steady rise in foreign tourists before the pandemic arose, with the country having welcomed some 5.53 lakh tourists in 2018.

In 2018, the number of foreign travellers rose to about 6.21 lakh, indicating a year-on-year growth of around 12 per cent, the BTB data shows.

But when the pandemic was at its peak in 2020, just 1.82 lakh tourists arrived from abroad, representing a staggering decline of about 71 per cent compared to the previous year.

The decline continued in 2021, with the number foreign visitors further dwindling to roughly 1.35 lakh, down by some 26 per cent from the year prior. The situation eventually started improving last year, when Bangladesh saw a remarkable rebound in international tourism.

In 2022, the country saw the arrival of about 5.29 lakh foreign tourists, signalling a significant year-on-year growth of around 292 per cent, as per the BTB analysis.

This recovery brought hope to entrepreneurs related to the local tourism industry, which suffered huge losses due to the coronavirus outbreak.

Tousif Uddin, assistant manager for marketing at ShareTrip Limited, an online travel aggregator, emphasised the positive impact on their revenue and profits that come with an increase in foreign travellers.

"As global economies are recovering from Covid-19, people have more money to spend on travel," he said.

"I expect the number of foreign tourists will continue to increase in the future," Uddin added.

Abu Tahir Muhammad Zaber, chief executive officer of the BTB, expressed optimism over the recovery of international tourism in Bangladesh.

But while commercial conditions largely returned to pre-pandemic levels in 2022, the number of tourists from Europe and America remains low due to high inflation.

However, travellers from neighbouring countries like India are contributing to the increase in arrivals, Zaber said.

On the other hand, Rafiqul Islam, executive director of Bengal Tours Limited, questioned the BTB data.

"A maximum of around 80,000 foreign tourists come to Bangladesh each year," he said.

M Mahbub Ali, the state minister for civil aviation and tourism, recently announced that a total of about 19.10 lakh foreign tourists visited the country between 2017 and 2021, generating government revenue of roughly Tk 12,788 crore.

Shiblul Azam Koreshi, president of the Tour Operators Association of Bangladesh, acknowledged the initial setback caused by the pandemic but highlighted the recent upturn in visitor numbers.

"As the tourism sector is returning to normalcy, there is hope for a brighter future. Day by day, the flow of foreign tourists is rising," Koreshi said.

Also, by prioritising branding and enhancing tourism facilities, the country can attract a greater number of foreign travellers, unlocking the full potential of its unique attractions, he added.

Professor Santus Kumar Deb, chairman of the Department of Tourism and Hospitality Management at the University of Dhaka, emphasised the need for proper branding of Bangladesh's unique attractions to draw a greater number of foreign tourists.

He also stressed on the importance of enhancing tourism facilities and opportunities in order to unlock the country's full potential.

"Bangladesh has the world's longest sea beach, Sundarbans mangrove forest and scenic areas such as Sylhet. There are numerous attractions to draw tourists," he said.

"However, the problem is that we have not done proper branding of these places. As a result, foreign tourists are unaware of these spots," Deb added.

Stocks fall

STAR BUSINESS REPORT

All indices of the Dhaka and Chattogram bourses fell yesterday.

The DSEX, benchmark index of the Dhaka Stock Exchange (DSE), lost 30 points, or 0.48 per cent, to 6,310.

The DS30, the blue-chip index, decreased 0.25 per cent to 2,185 while the DSES, the shariah-compliant index, went up 0.40 per cent to 1,372.

Turnover, a key indicator of the market, dropped 4.75 per cent to Tk 981 crore.

Of the securities, 32 advanced, 143 declined and 181 did not show any price movement.

Paper Processing & Packaging made the highest gain with an increase of 8.2 per cent.

Meghna Condensed Milk Industries, GQ Ball Pen Industries, CAPM IBBL Islamic Mutual, and Apex Foods were among the top gainers.

Meghna Life Insurance was the highest loser, shedding 9.5 per cent.

Intraco Refueling Station, Simtex Industries, Rupali Life Insurance Company, and Pragati Life Insurance were also in the list of the significant losers.

Meghna Life Insurance was the most-traded stock with its issues worth Tk 50 crore transacting.

Sea Pearl Beach Resort & Spa, Rupali Life Insurance Company, Intraco Refueling Station, and Navana Pharmaceutical also saw significant turnover.

Caspi, the all-share price index of the Chittagong Stock Exchange, plummeted 92 points, or 0.49 per cent, to close at 18,650.

Of the issues, 30 rose, 101 retreated and 93 did not see any price swing.

However, turnover of the port city bourse jumped to over 85 per cent to Tk 39.94 crore from the previous day.

HBL Bangladesh appoints Parul Das as its CFO

STAR BUSINESS DESK

HBL has appointed Parul Das as its new chief financial officer (CFO) for Bangladesh.

As a seasoned banking professional, Parul was serving One Bank as its CFO prior to joining HBL Bangladesh, said a press release.

With over 23 years of diverse experience in the financial sector, she will play a crucial role in driving the strategic growth of HBL in the Bangladesh market.

She previously worked in Bangladesh Bank, City Bank, Brac Bank and KPMG Bangladesh.

Her comprehensive expertise encompasses financial operations, business finance, capital management, project management, and operational functions.

She is a graduate of the University of Chittagong.

Parul is a fellow member of the Institute of Chartered Accountants of Bangladesh and an associate member of the Institute of Chartered Accountants of England & Wales.

Kazi Mashiur Rahman Jayhad, additional managing director of Global Islami Bank, cuts a ribbon to inaugurate its Hili agent banking outlet at Bangla Hili Bazar, Hakimpur in Dinajpur yesterday. Among others, Ataus Samad and Sami Karim, deputy managing directors, Imtiaz Ahmed Siddiqui, vice-president, and AKM Nurul Afsar, senior assistant vice-president, were present.

PHOTO: GLOBAL ISLAMI BANK

High time to reduce demand

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progress with macroeconomic stability.

The inability to introduce meaningful tax reforms over the past several years has constrained tax revenue mobilisation.

Bangladesh has one of the lowest tax-to-GDP ratios in the world and the National Board of Revenue (NBR) is set to fail to hit its tax generation target for the 11th consecutive year in the current financial year.

"Ad-hoc tax measures announced during the budget seasons have failed to make a dent in the resource mobilisation effort and this situation will likely repeat itself for the FY2024 budget," Ahmed said.

The proposed budget sets an overly ambitious target of increasing tax revenue to Tk 450,000 crore in FY24 as compared with estimated tax revenues of Tk 329,600 crore in FY23.

"The new tax measures proposed in the budget may provide scope for some modest additional increase but the projected 37 per cent increase is absurdly optimistic and the most likely outcome will be a huge shortfall in actual tax revenues," Ahmed said.

He said meaningful reforms require an overhaul of the tax system that involves major institutional changes in tax planning and tax administration.

Ahmed said the government faces an additional challenge of finding prudent ways of financing the budget deficit, which is targeted at 5 per cent of GDP.

"In the current environment of high inflation and pressure on the balance of payments, the government will need to cut the growth of domestic credit."

The former World Bank economist urged the government to make an effort to curb subsidies and phase the implementation of capital-intensive large infrastructure projects while increasing allocations for health, education, irrigation and flood control, water supply and social protection.

"Along with efforts to lower inflation, these expenses can also help the government politically by improving the income levels of the poor and vulnerable."

Binayak Sen, director-general of the BIDS, said: "We must bring in a market-determined single exchange rate. There is no point in getting scared of a uniform exchange rate because our foreign currency reserve is eroding."

The reserve has plummeted by about 29 per cent in the past one year, falling to $29.78 billion on June 7 from $41.75 billion on the same day last year, central bank data showed.

The import control measures, which were put in place to save the forex reserve, did not pay off, Sen said.

"Subsidies have to be cut. However, subsidies for the agriculture and food sectors could be continued."

He called the Tk 2,000 minimum income tax contradictory given the tax-free income limit has been raised to Tk 3.5 lakh from Tk 3 lakh.

There is a scope to expand the tax net since a strong base of the middle class has grown in the past few decades, according to Sen.

He argued that there are about 4.5 crore households in Bangladesh, with 50 per cent being non-poor. "But only around 22 lakh people pay income tax regularly."

Sen said the government should ensure that loan defaulters and tax evaders can't participate in the upcoming general elections.

"It should be done in a real sense. Loan defaulters should not be allowed to take part in the polls after giving 5 per cent to 10 per cent down payments on defaulted amounts."

He said the time has come for Bangladesh to move away from the policies that have been followed in the past one year.

Quazi Shahabuddin, a former director-general of the BIDS, suggested expanding the tax net instead of raising the rates.

He recommended slashing the allocation for infrastructure projects by 15 per cent.

MA Sattar Mandal, a former member of the planning commission, said ensuring food security should be the top priority and subsidies should be set aside only for emergency requirements.

Kazi Iqbal, a senior research fellow at the BIDS, said the government should overlook the implementation of less important projects owing to limited fiscal space.

He said other countries have been able to restore macroeconomic stability through effective policies.

"Effective policies are lacking in Bangladesh, so inflation is yet to come to under control."

Firms with over

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provision in the new law to curb tax evasion and increase compliance.

"There are instances of many people forming partnerships to evade tax as such firms currently don't need to submit audited financial statements."

As these businesses were not needed to file audited accounts, there was an absence of compliance.

However, firms with less than Tk 2 crore annual turnover will remain out of the purview of the provision so that small and marginal businesses do not face increased compliance cost, he added.

In a paper, styled "Salient Features of Income Tax Act 2023", Snehasish Barua, director of SMAC Advisory Services Ltd, said partnership firms were not required to submit audited accounts under the Income Tax Ordinance 1984.

"The inclusion will bring about transparency in their businesses. They will have to maintain books of records and accounts properly. This will increase their cost of business but revenue collection will go up because of increased compliance."

Once passed by parliament, the new law will replace the Income Tax Ordinance 1984.

Tax collection rebounds in May

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An official of the NBR said collection of tax deducted at source as well as arrears increased last month, buoying the growth of income tax receipts.

Receipts from VAT, the biggest source of revenue collection, grew 13.65 per cent year-on-year to Tk 108,131 crore in the last 11 months of the outgoing fiscal year.

A section of businesses also imported an increased amount of goods ahead of June in anticipation that customs duty may rise in the next fiscal year.

"Subsequently, we saw a pickup in tariff collection from exports and imports," the NBR official added.

Collection of customs tariffs rose by nearly 4 per cent to Tk 83,685 crore during the same period of this financial year from Tk 80,487 a year ago, showed data from the NBR.

CDRM Director Razzaque said it has become vital for revenue collection to increase to bear the government's expenses along with subsidies.

"The subsidies requirement will increase if taka depreciates further," he said, citing how the government will need to arrange an additional Tk 476 crore as subsidies for the power sector if it takes just Tk 1 more to purchase each US dollar.

"This requirement cannot be met with the current pace of revenue collection. There is a possibility of further depreciation of taka after the market-based exchange rate takes effect. So, the need for subsidies to be paid by local currencies is likely to go up," Razzaque added.

Still, the prospect of a surge in revenue collection is not that bright.

"Imports have already declined because of economic crisis. So, there will be lack of dynamism in the economy in the next fiscal year. Revenue collection will be extremely difficult in the coming days," said Razzaque.

Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue (CPD), said the NBR's revenue mobilisation is bound to face a huge shortfall in FY2023-24.

"It was surprising to find that the revised budget did not recognise this obvious fact. It has also made the target for FY2023-24 overambitious," he added.

Khan then said institutional efforts towards curbing tax evasion have not been seen while slow implementation of reforms and digitalisation have shackled the NBR's efforts to this end.

Citing the conditionalities of the International Monetary Fund regarding increasing revenue collection by 0.5 percentage points every year, he said the NBR is desperate to collect taxes from easy sources.

This is clearly reflected in the fiscal measures proposed in the budget for FY2023-24.

"In this way, it may improve their performance for a year or two, but they cannot make any sustainable advancement. Curbing tax evasion and illicit financial outflow should be a priority of the NBR's agenda," Khan added.