



# Tourism & Socio-Economic Development: Focus on Bangladesh, a Destination Country

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## **Keywords**

*Tourism,  
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**Abstract** — *This paper is developed to highlight the importance of Tourism in Bangladesh along with its benefits in socio-economic development. The potential benefits that a destination country can derive through tourism have been scrutinized. The gains from tourism are multidimensional, such as GDP contribution, employment generation, foreign currency earnings, infrastructure development, creation of investment opportunities, poverty alleviation, Government earnings and cultural development. Using secondary data the importance of socio-economic development of Bangladesh has been highlighted.*

## **1. Introduction**

Every human being has an insatiable curiosity for seeing new places and doing new things. Tourism, recreation and holidays have created opportunities in this connection. Tourism can offer recreation and holidays in a most suitable way with varied choices and wider selections. Besides, the multiplicity of motivational needs such as escaping from the mechanized urban life, avoidance of monotonous work, rising demand for quality education, and intention for better treatment, have contributed to tourism oriented lifestyles among people worldwide (Firozzaman and Hossain, 2003). The number of travellers is increasing each and every year: even the recession failed to put an end to this ever growing phenomenon. Almost all countries are recording more and more inbound and outbound tourist movements.

Long ago, the tourism industry has established itself as the largest industry. Now, it is also recognized as the largest trade sector in the world and has been recognized as a major thrust area of economic and business activities in most of the destination countries (Hall and Page, 2002). According to the WTO (2002), in 1998 the tourism industry alone was generating over US\$450 billion a year. This amount is quite a lot bigger if total global tourism activity is considered which has been estimated to be more than US\$3.5 trillion (Sharpley and Telfer, 2002). Each and every year, this figure is getting bigger and bigger. The number of international tourist arrivals and spending are both expected to be rising at 4%. More and more countries are considering tourism as a part of their

development process (Sharpley and Telfer, 2002).

Tourism is the best example of global activity in the world of globalisation. The evidence of this global emergence can be seen from statistics published by the World Travel and Tourism Council (WTTC).

These annual tourism statistics cover 181 countries (WTTC, 2010a) and the World Tourism Organisation (WTO) publishes statistics for around 200 countries (Sharpley and Telfer, 2002). Tourism has reached the far corners of the world. It would be really hard to find a country which does not have any tourist destination or tourism activity.

For most of the destination countries, tourism is a vital contributor to the economy. According to 2013 information, Malaysia, Singapore, China, Indonesia, UAE and World (GDP contribution through Tourism industry in consecutive order: 16.1%, 10.9%, 10.3%, 9.1%, 8.5% and 9.5%) got significant contribution through tourism industry which boosted their economy (Gulf News, 2014; WTTC, 2014a&b).

These types of tourism based countries are now earning a larger portion of their national income from tourism. For this reason many developing nations have already developed an essential tourism-infrastructure and arranged necessary facilities to feed the tourists and thus reap the potential benefit from tourism activities. Their utmost efforts are yet on to attract an increased number of tourists.

The current scenario of tourism industry in Bangladesh is not as promising as it should be, indeed, it is a bit gloomy. This condition can be attributed to

unplanned economic activity in the tourism sector, lack of proper strategic effort and improper utilization of vast resources. Government failed to show the right pathway for tourism development. The only focus that can be traced is on the immediate benefit skipping the long run vast potentials. If properly planned steps were taken for the improvement of this potential sector, by now a reasonable level of development could have been achieved. However, there are no long term strategies and plans developed at government level (Howlader, 2010b).

So far, the plans are made to satisfy short-term need and exclude the involvement of local community. All the development activities that can be found in Bangladesh are in the form of creating facilities such as hotels, motels and restaurants, even though the numbers of those are not sufficient at all.

This is the high time for the government to take proper measures to integrate the related sectors and initiate the comprehensive development process as soon as possible, the country would be benefited. The Government of Bangladesh will have to map out a long-term tourism plan so that the innate potentials of the country might be explored, utilised and flourished.

## **2. Aim of the study**

The main purpose of this study is to ascertain the importance of tourism in the socio-economic development of Bangladesh. In this study, the potential benefits that can be derived through tourism industry by a destination country have been identified.

## **3. Theoretical Framework**

Tourism study has emerged with many other disciplines such as anthropology, ecology, economics, environmental studies, geography, politics, sociology and many more. Over time the cultural, economical, environmental and social impacts of tourism, travel patterns of the tourists' tourism's relation with economic development, strategy making, marketing and management received the most importance. At present, the top considerations are the achievement of sustainability, balance between economic, environmental and social goals, poverty alleviation and conservation of natural resources through tourism (Stabler et al., 2010).

The tourism industry is highly vibrant and influenced strongly by other socio-economic forces such as the

economy, politics, the environment, technology and society (Hall and Page, 2002).

In addition, tourism is a service industry; yet it is significantly different from other sectors of the service industry. The basic difference is that the goods and services in the tourism industry are usually purchased without inspection. For instance the usage of reservation agencies, financial services, acquisition of specialized clothing and equipment for specific destinations, booking for transportation and accommodation are normally done without making a major prior inspection (Stabler et al., 2010).

For a long time, what development actually stands for in the tourism arena was not defined. Mostly, economic growth was regarded as development from a tourism perspective. If tourism outcomes are only considered from an economic point of view, it is obvious that tourism has significant impact (Wall and Mathieson, 2006).

Tourists make different types of transactions and consumptions of goods and services while they are travelling. These expenditures have impacts on the economy through impacts on income, tax revenues and employment. The economic impact of the tourism industry can be justified by its contribution to the GDP and exports of a country (Creaco and Querini, 2003).

Other social impacts, however, such as the well being of a country's citizens, higher standard of living, employment and conditions of economic and social progress also have to be considered where tourism also has a significant impact (UNESCAP, 2007). That is why the achievement of development in any country should be judged from a combined view towards economical, social and political contributions of tourism (Sharpley and Telfer, 2002).

It also exercises an indirect impact on developing knowledge about different cultures and helping other related sectors of the economy to grow (Hossain, et al., 2008). Tourism enriches culture although this cultural enrichment through tourism is actually a by-product of the movements of people throughout the world. Individual behaviour, life style, clothing style, moral demeanour, expression, attitude and value systems change through the initiation of tourism as both the host and the source community associate with each other directly and indirectly (Firozzaman and Hossain, 2003).

Tourism helps a country directly in building necessary infrastructures which not only facilitate the tourists but

also the local community. In a destination country, tourism initiates the development of different relevant physical facilities and infrastructure (Johannesburg Summit, 2002).

In addition, tourism can be a great tool for poverty alleviation for the developing countries. Tourism can provide material benefits to the poor in many forms directly and indirectly. It can also bring long term earnings opportunity, cultural pride, sense of ownership, reduced vulnerability through diversification and the development of personal skills of the poor (WTO, 2002).

Tourism acts as a portal for cultural exchange through facilitating the interaction between communities and tourists (domestic and international). It is the nature of people to want to interact with other cultures, learn about traditions and even confront themselves with new perspectives on life and society.

Tourism is mainly an experience driven industry. In this modern era of tourism, cultural experience is more valuable to tourists than the attractions themselves (Sharpley and Telfer, 2002). When tourists visit a new community, they look for a unique experience regarding local personality, hospitality and food rather than built attractions (El Rincón Del Vago, 2010).

In addition, Tourism can bring a sense of community pride as visitors choose to visit a location for a reason. When visitors feel welcome when they visit a well-presented town with well-maintained facilities it can contribute to community pride.

Tourism can also initiate the preservation and transmission of cultural and historical traditions through the conservation and sustainable management of natural resources, the protection of local heritage, and a revival of indigenous cultures, cultural arts and crafts (Gawler, 2010).

Considering all these benefits of tourism, many developing countries have already taken initiatives to utilize tourism to improve their economy and many of them have already succeeded. For instance, Malaysia, Indonesia, Singapore and the UAE have already proven the potentiality of tourism for their socio-economic development. The contribution of tourism to the GDP of Bangladesh is negligible. Although tourism has created some employment opportunities in the country the volume is not substantial. The foreign exchange earnings are not appreciable either.

The absence of proper strategy, infrastructure and

facilities, inadequate promotional activities and lack of enough security are the main causes behind this tourism adversity of Bangladesh (Hossain and Nazmin, 2006). Now, it is essential to exert dynamic efforts in this sector to overcome the drawbacks and to make this highly potential arena of real worth.

#### **4. Methodology**

The research project undertaken by nature needs to use a vast amount of data as it is intended to compare national level data with other destination country's or region's data to justify the claimed impacts of tourism on socio-economic development.

The research objective cannot be attained by using primary data. Moreover, a vast amount of research in this field is already available although it is hard to find related materials concerning Bangladesh. As it is intended to establish the importance of tourism, it is more likely to use official tourism related data which includes tourism industry statistics, government census, tourism organization's report and other related materials. It is relatively easier to find theories, concepts, definitions, ideas and statistical data relevant to this topic.

Besides, characteristics of secondary data also indicate the compatibility of secondary data for the research project in hand. Considering all these facts, the author used solely secondary data for this research project as secondary data would pursue the objective more likely than any other type of data.

#### **5. Tourism and Socio-Economic Development**

It is certain that Tourism has significant value in the socio-economic development process. The tourism industry of Bangladesh, however, is still striving to reach a satisfactory level. There is still no specific target to achieve and no clear vision for the future (Morshed, 2004). Similar basic socio-economic environments such as Bangladesh, Malaysia and Indonesia brought remarkable change to their country through proper development of tourism. Bangladesh is not receiving any significant contribution from tourism towards its economy in terms of GDP, foreign currency earnings and employment generation. The country has failed to attract a satisfactory amount of inbound tourists which would certainly contribute to the development of the economy. Hence, Bangladesh should gear up its effort to improve the position of the tourism sector and keep it at par with the neighbouring countries with a view to achieving economic and social goals.

Currently, among 181 countries, Bangladesh holds 82<sup>nd</sup>

position in terms of absolute tourism industry size. Bangladesh is falling behind even in the South Asian countries ranking.

Here, Bangladesh ranks third in absolute size amid only six countries. This scenario is very frustrating considering the global development of tourism (WTTC, 2010b). Considering the available resources and potentiality of the tourism industry, Bangladesh like many other developing countries, should emphasize socio-economic upliftment through sustainable tourism development.

### 5.1 Multiplier Effect of Tourism

A multiplier effect in tourism has three steps: direct expenditure, indirect expenditure and induced expenditure (Wall and Mathieson, 2006).

The tourist makes the first direct flow of expenditure at the service provider's business. Indirect expenditure is done by tourism business when they spend on goods and services in the local economy. The supplier of those goods and service seller would also need goods and services to supply again. In this circular process, the local people eventually earn and spend again in the local economy, which is indeed induced expenditure (Telfer and Sharpley, 2008). As such, the wider circulation of money and expenditure through so many sellers will have obvious greater multiplier effects on the economy.

This multiplier effect is very important in determining the actual economic impact of tourism in the economy (Hossain et al., 2008).

The money spent by a tourist is not instantaneously exhausted. It keeps on circulating till it gradually disappears. The following Figure 1, shows the multiplier effect of tourism.

This multiplier effect should be taken into account when calculating the impact of tourist receipts on the economy in terms of jobs created, tax calculated or effect exerted on the national income (Hossain and Nazmin, 2006). Thus tourism creates multidimensional effects on the economy of destination countries.

**Source: Telfer and Sharpley (2008) Tourism and Development in the Developing World. p.182.**

This multifaceted expenditure leads to all sorts of economic activities that can be linked to tourism directly or indirectly, such as contribution to GDP, employment generation, overall infrastructure development, foreign direct investment, poverty alleviation, government revenue generation and so on.

The higher the direct expenditure, the higher the community will benefit would be. This is because more direct spending would initiate even more indirect and induced spending and in fact a stronger ripples in all the aforesaid aspects. The World Bank (2005) statistics shows that tourists are spending a lot more in the well organised destination countries than the world average of tourist spending, US\$92 per head.

For instance, the average tourist spending per day in Kuwait is US\$1563, Australia US\$1562, United Arab Emirates US\$1365, Switzerland US\$1312 while for Bangladesh it is only US\$2.81 per day (World Mapper, 2006)

None of the countries can ignore these effects, especially the destination countries like Bangladesh. Countries should, in fact, try to maximize these impacts so that the country can reap the benefits at its most.

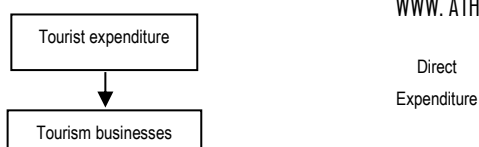
### 5.2 Contribution to Gross Domestic Product (GDP)

Figure 1: The tourism multiplier process

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It is undeniable that tourism has already surpassed all other sectors of the world economy and has been fairly regarded as the most significant economic activity in the world (Faulkner and Tideswell, 1997). GDP contribution by tourism is calculated by measuring visitor expenditures at current prices and then deducting the goods and services purchased by the tourism sector (Wall and Mathieson, 2006).

The level of GDP contribution through tourism is not equal for all countries. It is proved that tourism has much more impact on the economies of developing and destination countries where tourism is a key player in the economy.

In 2013, tourism industry alone contributed 9% of the world's GDP through direct, indirect and induced impact (WTO, 2014). It is expected that the GDP would grow at a rate of 4.4% for the next 10 years despite the growth of 0.5% in 2010 (WTTC, 2010a). Tourism provides more than 10 percent of GDP for developing countries with tourism destinations (WTO, 2010).

For instance, in Macau, tourism contributes 93 percent of the country's total GDP, in Maldives, it generated two thirds of the total GDP and in the Bahamas, and this contribution was 50.1 percent in 2006. China is taking full advantage of having plenty of natural and cultural resources as 13.7 percent of the country's GDP came from tourism over the same period (Telfer and Sharpley, 2008).

In the year 2010, Bangladesh held 173<sup>rd</sup> position in terms of tourism contribution to the economy through GDP among 181 countries and 23<sup>rd</sup> in terms of 10 year real growth in economic contribution. Tourism has contributed only 3.9 percent of total GDP, directly and indirectly, equalling BDT265.9 billion or US\$3,786.4 million (WTTC, 2010b).

This percentile is not going to change much over the next 10 years as it is expected to reach 4.1 percent by the year 2020. However, the actual contribution figure in GDP is set to more than double the present figure to reach BDT788.4 billion or US\$ 8,781.7 million (WTTC, 2010b). In addition, if real GDP growth is considered, 6.4 percent of annual growth is expected in the next 10 years although it is now only 1.7 percent (WTTC, 2010b).

### 5.3 Earnings through Tourism Exports

Today's international tourism, as one of the most

dynamic invisible export sectors, brings significant amounts of foreign exchange to the national economy and makes vital contribution to the economic growth of a country (Wall and Mathieson, 2006; Davidson, 1993). Moreover, earning foreign exchange narrows the gap of balance of payments with different countries which ultimately helps grow the economy with lower amount of payables to foreign countries (Giaoutzi and Nijkamp, 2006; Hossain. and Nazmin, 2006).

According to the WTO (2014), in 2013, the international tourism receipt was US\$1159 billion as the number of international tourist arrivals reached 1087 million breaking 2012's record of 1 billion. Tourism exports now amount to 30 percent of the world's total export of commercial services and 6 percent of overall exports of goods and services. At this moment in the global export category, tourism ranks fourth after fuels, chemicals and automotive products (WTO, 2014).

However, in 83 percent of all countries, tourism is one of the top five sources of export earnings and main source for two third of those countries (Islam, 2007; Wall and Mathieson, 2006). For example, Fiji earned 43.5 percent of its foreign earnings through tourism and more than 15 percent of Nepal's foreign earnings were from tourism in 2006 (UNESCAP, 2007).

Thus the income from tourism in different countries of the world has been growing steadily over the years. It also helps these countries to bring the balance of payments into a favourable condition, augment national income and contribute to the nation's economic growth (Giaoutzi and Nijkamp, 2006).

The scenario is completely different in the case of Bangladesh. Bangladesh earned only 0.5 percent of export incomes from international visitors equivalent to BDT6.0 billion or US\$85.8 million in 2010 but is expected to grow to BDT20.5 billion or US\$228.5 million maintaining the same percentage by 2020 (WTO, 2010).

### 5.4 Employment Generation

Tourism has already become the single largest employer in the world. Sustainable growth in the tourism industry has influenced the rise of job prospects in this field and thus become a significant provider of employment, especially in developing countries.

Tourism creates employment directly in tourism organisations and indirectly in those ancillary organisations which are the suppliers to the tourism industry (WTO, 2002). Job creation in the Travel and Tourism sector is growing one and a half times faster

than any other sector (Howlader, 2010a; Bhattacharjee, 2005).

The tourism industry offers a protective umbrella for tourism related sectors such as transport companies, hotel industry, food service and restaurant industry and help them flourish. This is how it paves the way for creating employment opportunities. Moreover, distribution channel members like tour operators and travel agencies add to further employment opportunities in most destination countries.

The overwhelming majority of tourism jobs are provided by small and medium entrepreneurs requiring small amounts of capital. Besides, tourism is a labour bound industry which helps create employment opportunities for a large number of skilled and unskilled persons and solve unemployment problems substantially (Hossain and Nazmin, 2006). Thus, the industry has unlimited potential as an avenue to create huge employment opportunities throughout the world.

The tourism industry generated 9.1% jobs or 1 in every 11 jobs in 2013 (WTO, 2014). By 2020, it is expected that this amount of job creation would improve to 9.2% of total jobs in world, equalling to over 303 million or 1 in every 10.9 jobs (WTTC, 2010a).

In 2006, more than 140 million jobs were created alone in Asia and the Pacific region contributing 8.9 percent of total world employment (UNESCAP, 2007). For instance, in 2010, Chinese and Indian tourism industry will employ more than 89 million and 58 million people while the USA would only employ around 17 million people in the sector (WTTC, 2010a).

Another WTO publication has shown that two thirds of the workforce in the developed countries of the world has been working in the service sectors and as much as 25 percent of these workers are working in tourism related jobs. These actual and expected figures again confirm that the tourism industry will continue to grow in importance as one of the world's highest-priority sectors and employers. Thus, this sector is helping to solve the unemployment problem worldwide at a faster rate than any other sector.

The scenario of job creation, however, is quite frustrating in Bangladesh. In 2010, Bangladesh is ranked 175 in terms of employment generation among 181 countries of the world and 61 in terms of 10-year real growth in employment generation (WTTC, 2010b). In 2010, travel and tourism industry in Bangladesh employed around 2.37 million people which is 3.1 percent of total employment or 1 in every 32.3 jobs while Asia and the Pacific region is

producing 8.9 percent of the world's total jobs (UNESCAP, 2007) which is more than the world average of 8.1 percent (WTTC, 2010a).

## 5.5 Infrastructure Development

Tourism can contribute to socio-economic development through the development of roads and highways, utilities, waste disposal and sewage treatment, telecommunication and internet services (WTO, 2002). Roads and highways developed to create better links with tourism destinations would not only benefit the tourism arena but also the local community with better transport and trade facilities which would eventually enhance the community living standard.

Again, building tourism infrastructure (such as, hotel, motel, lodge, restaurant and theme park), developing access points (like, international entry routes by air, road and sea or telecommunications and internet access) and other relevant sectors increases the financial activity in the community and brings fresh investments into the community from outside the locality, even from other countries (Johannesburg Summit, 2002).

In Bangladesh, Bangladesh Parjatan Corporation (BPC) is the main body for planning and initiating the tourism industry development process. By 2006, BPC had invested about BDT850 million in the development of tourism infrastructure through government loans, grants and self-finance. Such developments have included hotel, motel, road, culvert, electricity, fuel and transport which are the preconditions to the development of the tourism industry (Hossain, et al., 2008).

Besides, BPC, Ministry of Civil Aviation and Department of Roads and Highways are responsible for creating and managing the entry ports of Bangladesh and the internal transport network (Johannesburg Summit, 2002).

The record shows that in 2004 the total capacity of BPC Owned accommodation units spreading throughout the country was around 490 rooms and 1090 beds. Other statistics show that BPC created 1,186 beds and 1,665 restaurant places to provide accommodation and food facilities at tourist attractions around the country in 2006 (Hossain and Nazmin, 2006). However, BPC operates only a fraction of hotels, motels and restaurants among the vast amount of accommodation and food facilities in Bangladesh. Local private owners and foreign investors own the majority of accommodation and restaurant facilities in the tourism areas, which includes 5-star quality hotels as well. For instance, 5-star quality hotel Westin (Bangladesh) is operated as a franchised hotel but the Regency, another claimed to be 5-star quality

hotel, is operated by local owners.

The majority of quality Hotels and Restaurants are located in the capital Dhaka or tourism city of Chittagong. It is hard to find standard hotels and restaurants around the tourism spots in the other parts of the country.

In Bangladesh, the private sector accounts for the majority of the investment that took place every year. In the last decade, the majority of the artificial tourism attraction has been developed by private investors. For instance, theme parks such as Fantasy Kingdom, Nandan Park, Sea World, Water World and Anondobhubon and resorts like Padma Resort, Jamuna Resort and Nazimgaar Resort, have all been developed by local development organisations (Hossain and Nazmin, 2006).

Not only local investors have invested in this lucrative field, but foreign investors are also investing large amounts of foreign currency to develop commercial infrastructure. For instance, the Westin Hotel in Bangladesh has been developed by the Starwood Hotel Group. Many other international hotel brands are also bidding to develop hotels and resorts in Bangladesh (WTTC, 2010b).

## 5.6 Initiates Foreign Direct Investment (FDI)

By investing in developing countries, the investors can grasp the chance to maximise their earnings by minimising their expenses. This free flow of funds beefs up the development process of the tourism industry across the whole globe. For some developing countries, the role played by FDIs in tourism is much more critical in their overall economic activities (Endo, 2006).

Foreign Direct Investment in the tourism sector of Bangladesh is essentially needed to build strategic leadership and formulate appropriate strategies. By implementing these strategies, new opportunities will be created which will strengthen capacity building and minimize the weakness as well as remove threats (Ali and Parvin, 2010). In 2006, the USA based ratings agency Standard & Poor (S&P) marked Bangladesh as BB- for long term credit rating which is below India but well above Pakistan and Sri Lanka in South Asia (The Daily Star, 2010).

The Government of Bangladesh appreciates foreign investment in the tourism sector in the form of joint venture or 100 percent foreign ownership. The Government has also announced some attractive incentives, such as tax exemption, to attract more

private and foreign investment (Bangladesh Embassy, 2004; Bhattacharjee, 2005).

Currently, Bangladesh is at the 27<sup>th</sup> position among the most favourite destinations for foreign direct investments (FDIs) mentioned by a report of the World Bank's Multilateral Investment Guarantee Agency (MIGA) (The Independent, 2010). In the first 10 months of 2010, Bangladesh received US\$697 million of FDI against registrations for US\$3.05 billion during the year.

During 2009, FDI inflow into Bangladesh amounted to US\$700.16 million. This slight decrease in the figure can easily be attributed to the current world recession.

## 5.7 Poverty Alleviation

According to WTO (2002), one fifth of the global population lives on a consumption of less than US\$1 day and about 50 percent of the population lives on less than US\$2 a day. Tourism can have major impact in alleviating poverty of these poor people by spreading the benefits of tourism in society. Tourism can help poverty reduction in many different ways, such as economic, social, environmental and cultural benefits, among which economic benefits are generally considered as the most important.

Tourism reduces poverty by providing employment and diversified livelihood opportunities which in turn generate income for the poor. Tourism can generate income in the form of wages, earnings from selling of goods and services, profits for locally owned organizations and collective income for the local community (Ashley et al., 2000).

Tourism also contributes to economy by taxation which can then be used to alleviate poverty by providing education, health and infrastructure development, increased pride and self confidence and reduced vulnerability through diversification (Jamieson et al., 2004; WTO, 2002).

The poor can benefit if linkages can be increased between the formal tourism sector such as hotels, lodges, restaurants, tour operators and transport providers, and the local economy. Partnerships can be created between local communities, local government and NGOs with hotels and tour operators providing better experiences for tourists and retaining the economic benefits in the local economy (Ashley et al., 2001).

It can be done by spending foreign earnings more in the local economy by utilising more products from local producers such as agriculture, fisheries, manufacturing

and crafts instead of importing. Spending more in the local market can easily boost the local economy and this will ultimately reduce unemployment and poverty while increasing overall per capita income (WTO, 2002; Ashley et al., 2001). However, this partnership or linkage cannot be established overnight. Government has to integrate the idea of creating partnerships and linkage in the overall tourism development strategy (Jamieson et al., 2004).

Bangladesh is a poor country in the developing world. Poverty along with rapid population growth and environmental degradation can easily be seen as a reason behind this poor condition of the country (Khan, 1996). Currently, Bangladesh has the 7<sup>th</sup> largest population in the world, about 156 million (CIA, 2010), and holds the 9<sup>th</sup> position for population density which is about 1,100 per square kilometer (Thomsen, 2008).

The interesting aspect to notice here is that none of the preceding countries in the population list are not even near to Bangladesh in terms of population density. The reason for this is that Bangladesh is a small country with only 143,998 square kilometers of area (CIA, 2010). So, it can be said that this amount of population might not be such a great problem if the country had a bigger land mass and was for instance, as big as New Zealand (267,710 square kilometers) or the United Kingdom (243,610 square kilometers) (CIA, 2010).

Unemployment is an immense problem for Bangladesh. According to CIA (2010) estimates in 2009, Bangladesh has an unemployment rate of 5.1 percent which means about 8.4 million people do not have any job and about 40 percent of the population is underemployed as many labor force participants work only a few hours a week at a low wage. If these unemployed people can be employed, the poverty situation of Bangladesh would radically change. It has already been mentioned that tourism can be a major source of employment generation for Bangladesh if the tourism resources can be utilized properly to develop proper tourism infrastructure and services.

Developing rural tourism can also help alleviate the poverty of the rural areas of Bangladesh. Rural tourism is normally developed on the basis of natural landscape, heritage, culture, wildlife and local community life style (Islam, 2008; Chowdhury, 2002). By developing rural tourism, the benefits of tourism can be spread among the rural communities of Bangladesh and thus people in the rural area can enjoy better infrastructural facilities and improved standards of living. Moreover, rural tourism development can easily serve the purpose of employment generation and

environment conservation (Nasreen et al., 2006), which help to improve the picture of the country as a whole.

“Poverty alleviation through rural tourism” is a widely used political slogan in Bangladesh, but no government has given sufficient effort to develop this type of tourism (Islam, 2008).

## 5.8 Government Revenues

GDP contribution, contribution towards government earnings can be considered as another major importance of tourism for local economy. Government can earn lot of revenue directly from the tourism industry through direct and indirect taxation, personal taxes, custom duties and excise taxes on goods and services which are used again for the community development. Direct taxation is generated from individuals working in the industry, tourism and transport enterprises, user fees and service charges while examples of indirect taxation can be repayments for loans and revenue from government-owned or financed tourist enterprises (Wall and Mathieson, 2006). All these revenues are generated by tourists to a country have multi faceted effects on the economy of that destination country (Hossain and Nazmin, 2006).

In 1998, worldwide tourism generated US\$802 billion of taxes (10.6% of total). By the year 2010, it is estimated to reach US\$1.8 trillion (11.4% of total) (Hotel Mule, 2009). Meanwhile, from 1971 till the 2001-2002 financial year, BPC has contributed BDT710 million to the government in forms of income tax interest, profit, VAT and so on while the government invested only BDT320 million in the tourism sector in that period. Thus, the government has already doubled their return on investment in this sector (Islam, 2007).

## 5.9 Cultural Significance

Tourism brings together different cultures from around the world. International travellers’ gets the opportunity to experience cultures of different parts of the world as well as the destination communities also get the exposure to different cultures of the travellers’.

Tourism initiates the convergence towards a global culture. A host culture can change in different ways such as assimilation (where one culture loses out and is brought into another culture), acculturation (where cultures come together and share attributes) and cultural drift (where hosts temporarity adjust their behaviour



while in contact with tourists) (Wall and Mathieson, 2006).

Through travelling, people can project their behaviour, customs, religion, culture, social structure and way of life to the people of other countries and, side by side, have the opportunity to learn more about the destination countries' people (Hall, 1996).

It thus helps change the life-style, values, attitudes, and outlooks of the people visiting such destinations. Thus, tourism promotes a healthy interaction of communities and enriches the culture of people in both the host and the visitors' countries. Consequently, it builds up the image and international goodwill of each country concerned.

Cultural impacts are magnified in this global era as so many people are moving around the world for different purposes. Destinations present themselves through many different cultural factors such as entertainment, food, drink, work, dress, architecture, handicrafts, media, history, language, religion, education, tradition, humour, art, music, dance, hospitality and all the other characteristics of a nation's way of life (Reisinger and Turner, 2003). Modern tourists now travel to experience authentic local culture and heritage. However, cultural products can be a source of a great deal of income (Telfer and Sharpley, 2008).

Tourism, if properly designed and developed, has the potential to help bridge the psychological and cultural distances that separate people of diverse races, colours and religions (Islam, 2007). Tourism stimulates interest in architecture and art. It can add to the aesthetic qualities of life through dramatic resort design, planning of parks and preservation of natural beauty. A country's archaeological remains bear testimony to its glorious past. This acts as an instrument for preservation of heritage, art and the culture of a nation (Giaoutzi and Nijkamp, 2006).

## 6. Concluding Remarks

This study has assessed the significance of tourism in socio-economic development of Bangladesh. The main objective was to find the aspects of tourism relating to different areas of socio-economic growth of a country, mainly Bangladesh.

Bangladesh has enough potential for the development of tourism, especially cultural and eco-tourism. For this, the country needs to develop the overall infrastructure, arrange necessary facilities, uphold the image of Bangladesh as a destination country, formulate the right kind of government policy-support,

undertake creative promotional programmes and ensure necessary facilities for tourist satisfaction. The Government of Bangladesh has to develop effective short and long term strategies and plans and activate promotional activities. Tourism strategies should be developed in such a way that it benefits both urban and rural areas. Bangladesh has to initiate a planned, controlled and well-balanced tourism programme throughout the country.

For tourist satisfaction, improvements in transportation, package tours, travel agency, catering services and hotel facilities are the most important areas that require proper attention from the government. Improvement in the immigration and customs facilities, dissemination of information to tourists and maximum availability of sports and recreation facilities are the important areas requiring government concentration.

In addition, widespread promotion and campaign is also necessary to let the travellers across the globe know about the rich tourism aspects of Bangladesh. For that Ministry of Tourism and The Civil Aviation Ministry has initiated a comprehensive campaign, "Beautiful Bangladesh", to promote destinations of Bangladesh at home and abroad.

These are required for encouraging tourist arrivals in Bangladesh. Bangladesh should gear up these efforts to uphold the position of this sector and keep it at least at par with its neighboring countries with a view to achieving its economic and social goals. Tourism planning authority of Bangladesh should immediately come up with extensive strategic plan for the development of this industry in a way that the whole industry performs like a unit for the enrichment of the country and realize maximum socio-economic contributions.

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