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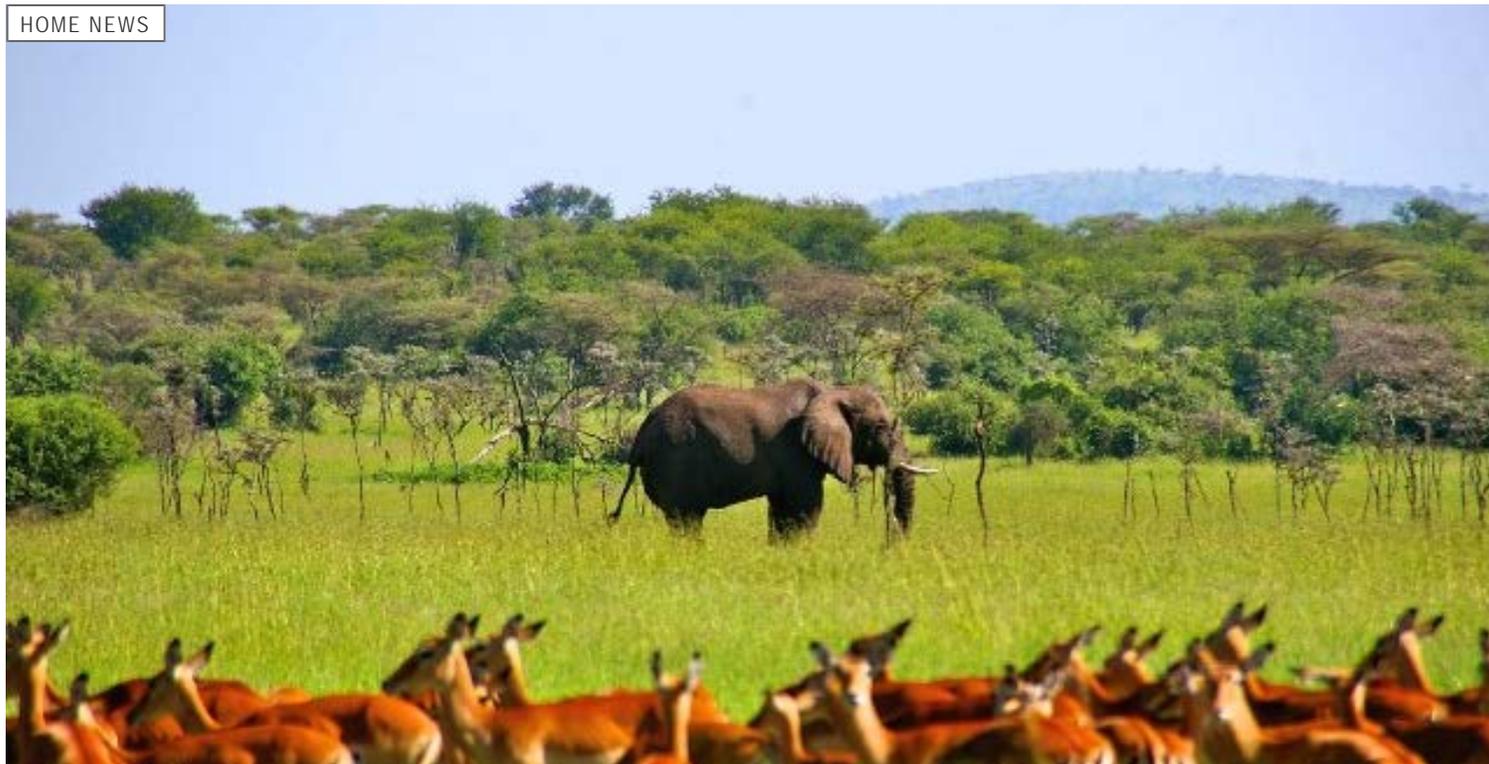


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Tourism earnings jump to 5tri/-

LEONARD MWAKALEBELA IN DODOMA / 24 MAY 2017

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NUMBER of tourists visiting the country has increased from 867,994 in 2011 to 1,284,279

in 2016, boosting the government earning from 1.3 billion US dollars to over 2.21 billion dollars (about 5tri/-) during the period under review.

8 Comments

The government also collected 5.6bn/- in 2016/17 as tourism levy from 4.1bn/- in 2015/16, an equivalent of 36 per cent increase.

Presenting his ministry's 2017/17 budget estimates, the Minister for Natural Resources and Tourism, Prof Jumanne Maghembe, noted that the number of tourists staying in hotels ballooned from 753,818 in 2011 to 1,145,934 last year.

He attributed the tourist increase to growing cultural tourist projects from 60 in 2015 to 65 in 2017. On the fight against poaching, the minister said the state organs had conducted 349,102 patrols, with over 7,000 suspects arrested. During the patrols, a total of 129 elephant tusks and 95 pieces weighing 810 kilos were seized.

"Available evidences show that 48 military weapons, 1,058 bullets, 22,307 traditional weapons, 189 bodaboda, 20 vehicles and 79,831 head of cattle were seized during the patrols," noted Prof Maghembe.

According to him, the state has filed 2,097 cases against the suspects and 802 cases have been disposed of so far, out of which 262 cases had their 472 suspects jailed.

On his part, Chairman of Parliamentary Committee for Land, Natural Resources and Tourism Engineer Atashasta Nditiye urged the government to conduct research on the impact of Value Added Tax imposed on tourism services.

The committee further called on the government to come up with new modern strategies of combating poaching.

Spokesperson of the Opposition Camp, Natural Resources and Tourism, Ms Esther Matiko called on the government to revisit its decision to impose VAT on tourism services, claiming that the move had negatively affected the sector.

She also urged the government to improve infrastructure to make tourist sites accessible.

8 Comments

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**Alex Kakala** • a year ago

Rwanda central bank rates at 6.5%, Botswana at 6%, Morocco at 2.25% and Mauritius at 4.4% , BOT should quickly visit these countries and learn how they have managed to lower down the interest rates as to empower their citizen economically through affordable financial borrowing cost which translate into cheaper cost of doing business, hence affordable product and service cost across the country and better profit margin and ability to repay the loans.

We have been talking about this for century but BOT with its orthodox outdated policies stay buried their heads in the sand. Tanzania should manage its economy through modern innovative common sense out of the box approach and quickly transform the lower and poor income society to middle income which is the majority in the country. Building infrastructure and power generation alone for industries will not transform the nation if the cost of doing business in the country including tax policies remain outdated and costly. Today business world is competition, better quality, efficient and value for money product and services. This must also address our tourism industry high cost of hotels accommodation, travel services etc. The rates for tourists must be competitive by lowering down the cost of doing business through some incentives to bring in more tourists who help to advertise further around the world by word of mouth or success stories. Remember if we keep on doing the same things which not working to improve lives of people, we must change quickly.

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You must also reduce the number of mushrooming foreign banks and act to reduce interest rates charged by commercial banks in the country. The reason for so many foreign banks is the fortune they make by investing money they borrow at very low interest rates in their countries even below 1% and bribe to obtain banking licence in Tanzania then starting charging exorbitant interest up to 20% and above. In fact they are creating more poverty in the country. Other countries central banks regulate interest rates but our BOT always say live it to market forces even if the practice pose danger to our economy so pathetic. Reducing interest rates boost the economy more companies and small businesses can borrow more and invest in productive business hence creating jobs, widening government tax base and producing more entrepreneurs. It is high time the government call for emergency meeting of ministry of finance, BOT, ministry of trade , state house, pm office, and other stake holders to make fast decision and instruct the banks. No bank should be allowed to charge more than 10% interest rate to borrowers. They can work backwards to determine overnight interbank lending rates and BOT.

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Mbasogo > Alex Kakala • a year ago

You don't need to bribe to get a bank licence its actually pretty easy (You probably still have to grease some hands to make the process go faster) And even easier if you want to open the branch outside Dar-es-salaam. Until recently you didn't even need to be VAT registered.

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DDave > Alex Kakala • a year ago

Micromanaging the financial sector will get us no where. If they are charging exhoribtant interest rates then people won't get loans there, It's a free market, They can always walk into another bank Like CRDB, what's stopping them? Even CRDB charges around 16%. The large number of foreign banks open because of the foreign exchange limit that is imposed by BOT, as the number of banks increase it allows more foreign exchange to be accessed by the market. Which is a profitable business and is currently necessary with our Growing economy and imports increase. Also many transactions domestically are also in dollars. So there is a demand for dollars. Currently I believe even BOT lending rate is between 12-16%. Restricting lending rate would be increasing the banks risks and the will just make it harder for people to access loans. Why micromanage.

What needs to be done is increase accountability of the people, reducing the banks risk, such as starting a credit bureau, better identification of people, better valuation of assets. Companies will be able to access more loans this year as now tra will collect property tax and so it provided banks a better valuation of property. The other issue with high lendin rates is the depreciating shilling and high interest rate. There are months when interest rate exceeds 10%. Though it's more stable currently and the shilling is playing well.

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Alex Kakala > DDave • a year ago

Today the reserve bank of India interest is 6.7% raised from 4.5% in 2009. India government still not satisfied it want it to go down further. Prior to that up to 2000 the rate was 14.5%. Thanks to the current governor of India reserve bank who worked outside the box to make it happen and the economy is at the fastest rate of 8% gdp. However the govetnir today anounced to leave the job, this kind of leaders have a combination of overseas and local experience how to fix such problem. In Tanzania it is copy and oaste of the same old book of economic policies, central bank policies etc with minor adjustments. We should get someone with USA economic management experience worked in such fast changing environment to have competitive edge.

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Alex Kakala > DDave • a year ago

Dave I am not convinced why ministry of finance and BOT still operating on old ways of managing the national economy. Yes of there is risk in borrowing but that risk should not be the reason of charging such exorbitant interest rates. The risk of borrowing is not only for Tanzania other countries have risk but rates are kept lower to contribute in economic development. That is why countries can charge as low as 0% to 1% interest, that do not mean there is no risk. The fact is in the profitability of the banks, huge profits at the expense of borrowers exorbitant interest rates. This has a profound effect on overall economy, services are very high and counter productive as if someone borrow at such high interest rate to finance the business, means has to factor in the business cost plus profit end up providing the services or goods at very high cost become non competitive. Simply adds to high cost of doing business and many borrowers fail to pay back the loans as they can't make profit or can't compete In the case of construction president Magufuli complained of local contractors quoting very high rates in infrastructure and building projects as compared to foreign companies, this is one of the reason as a foreign company can borrow money in their country at 1% to 5% interest while in Tanzania at 20% and above even if at 16%, how much has to quote in order to pay back the interest and remain with profit? Obvious very high compared to foreign contractors and they lose out to

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DDave > Alex Kakala • a year ago

I understand how foreign countries have lower interest rates but there are many factors that play into that. Banks do not come up with random numbers for their rates. There is a baseline which yes can go plus or minus depending on the bank manager. However, We have a very high default rate within our system. It use to be 10% in 2011 and its around 20% currently. Meaning, that 20% of the money the banks lend is lost. To recover such high losses they have to have very high lending rates, high inflation, extremely depreciating currency all equate to this number. Countries like India, China have very low lending rates like 0%, 1% because those banks have a

- 1) very high volume of customers, and diversification in their customer base. Meaning if the transport sector is doing badly the oil and gas can recover their money.
- 2) Moreover, cash flow is a big issue, We have a very cash based economy, moment someone gets paid they withdraw all their money, this puts pressure on banks to provide liquidity constantly and need to generate revenue quickly through very high percentage loans

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Alex Kakala > DDave • a year ago

Yes DDave the sweeping reforms across the biard in the country being implimented by Dr. Magufuli should not leave out BOT without being reformed and mostly to get new governor with new vision to reduce interest rates while workig with other sectors to lift the entire economy across the country. New measures are required by a very pragmatic governor willing to change busi ess as usual they way other cou tries have demonstrated. If even Rwanda, Birwsana etc can do it, no reason why Tanzania can't.

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