

A Study
A STUDY OF ECONOMIC DEVELOPMENT
THROUGH TOURISM INDUSTRY IN NEPAL

A Thesis

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VIVA- VOCE SHEET

We have conducted the viva voce examination of the thesis presented

by

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Entitled

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THROUGH TOURISM INDUSTRY IN NEPAL**

and found the thesis to be the original work of the student and written according to the prescribed format of Faculty of Management, Tribhuwan University. We recommend the thesis to be accepted as partial fulfillment of the requirements for

Master's Degree in Business Studies (MBS)

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has been prepared as approved by this department in the prescribed format as per the fulfillment of the partial requirement for the degree of Master of Business Studies of Faculty of Management. This thesis is forwarded for examination.

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DECLARATION

I hereby, declare that the work reported in this thesis entitled "**A Study of Economic Development Through Tourism Industry In Nepal**" submitted to Office Of Dean Faculty OF Management, T.U., my original work done in the form of partial fulfillment of the requirements for the Masters of Business Studies (MBS) under the supervision of **Dr. Sushil Bhakta Mathema** of Nepal Commerce Campus, New Baneshor Kathmandu.

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Chapter One

INTRODUCTION

1.1 Background of the Study

Nepal is situated in between North China, a well developed and in south India, a well developing country. Both are economically rising and powerful countries on the basis military strength, Nepal became a sandwich country, neither it success to develop nor hope for future development. In comparison with two big countries Nepal even has failed to maintain equilibrium condition either economically or politically. The Crops cannot grow properly if it is planted under the shadow of large tree, likewise Nepal failed to take necessary speed in entire development due to her geographical condition and country is situated under the shadow of two large powerful and prosperous countries.

The geographical condition of Nepal is in North highest pick of Himalayan regions, then mountain reason, then Mahabharat Parbat, and then Inner Terai and finally it slopes to Terai. Climatic point of view, in Himalayan region, the climate seen very cold or freezing point, hilly reason we can found very cold to temperate, and Terai very hot in summer season. Nepal is a country of highest altitude of 8848 meter to lowest altitude 70 meter from sea level. This variation indicates that differences in altitude looks beautiful pecks, hills, landscape and plane from aerial view.

Nepal is a landlocked country and diversity of its topography having heterogeneous vegetation and production. Major parts of the Himalayan region occupied Nepalese land and it is also known as Hindu Kush range. It is a reservoir of water or sources of water. Different airlines have been providing services to tourists the panoramic view of Himalayan flying their mountain flight. This mountain region is rich in biological and environmental resources and serves as a water reservoir and a regulator of climate for the region. Himalayan is our treasure by which we have high opportunities to earn huge amount of foreign currency. The Himalayan region ranges between 4877 m to 8848 m. It includes eight of the fourteen highest summits in the world.

Mountain region is formed by the Mahabharat range that soars up to 4877 meter and the lower Churia range. This region of Nepal is also popular for green vegetation, forestry, hurb, paster land, fountain and fauna, rivers, agriculture, animal husbandry and other cash crops. Different tribal groups reside in this region having their own culture, custom, beliefs, which attracts foreigners. We have rich culture, custom and that reason Nepalese people are popular among the people of world.

In Terai region, the land is occupied of about 17% of total land of Nepal where different crops can be implanted. This region is very popular for food production. Terai is mostly popular about the National Park and wild conservation. Thousands of tourists visit every year in the parks.

Before 1950, the then government did not allowed for foreigners to travel any place of the country but some of foreigners had appointed in educational field and they studied about the anthropological development as well as culture of different ethical groups. When Nepal government allowed to recruit Nepali to British Army, some of foreigners came to Nepal pretending for the selection of soldiers but they studied secretly about the geography and people of Nepal. After 1950, government of Nepal opened to travel some of the parts of Nepali land for foreigners. Likewise one after another year restricted areas also opened to travel and trekking. Many tourists want to climb the Himalayan peaks and adventure trekking. Most of the tourists enjoy in looking of beautiful views of Himalayan, hills, greenery valleys, natural fountain and fauna of the country. In this way, people of different parts of Nepal, have been getting opportunities to make money by selling their productions and services to the travelers. Movement of people in rural areas from all over the world encouraged to local people to provide them food and shelter and likewise tourism business started and people benefited.

After the restoration of democracy in 1990, the condition of peace and security in the country deteriorating every year due to anarchism in political system and whatever expected by the entrepreneurs and

promoters of tourism industry, it has failed to get satisfactory achievement.

Privates have been invested billions of rupees in tourism industry and likewise government also invested to develop infrastructure but both the parties have not satisfied due to political unrest of the country. The trend of tourists flow does not expect more by government but expect only peace and security. Time and demand itself pave the way of development but it needs the fulfillment of some pre-condition.

Whatever the political, economical, social condition of Nepal, it has rich sources of resources and tremendous possibilities for promotion of tourism industry. Government collects billion of rupees as revenue from tourism sector like, VAT, Royalty, Fees, and other taxes. Nearly five hundred of hotels and resorts have collecting VAT on their food, accommodation, beverage, ticketing, and other services on behalf of Government. Government collects fees in different services, royalties and other tourism services. All the foreigners pay in foreign currency on their service and goods whatever they use during the stay period in Nepal. Every year government collects million of foreign currency from tourism industry. Due to political anarchism in the country, government failed to provide even basic facilities. We have been watching visual in Television about the condition of Tribhuvan International Airport, it is shameful condition of corruption for Nepali.

Tourists means those who travels in an unknown and known destination taking different objectives like Pilgrim, Official, Marketing, Study, Business, Travelling, Trekking, Expedition etc. According to Oxford Learner Dictionary, tourism means "The business activities connected with providing accommodation, services and entertainment for people who are visiting a place for pleasure". They travel elsewhere to get satisfaction or pleasure and Nepal is that destination, a tourist can get his/her all satisfaction. This sector should be developed anyhow by joint effort of Private and Public in order to accelerate its business. Economic condition of country and its people will progress if tourism business is promoted.

1.2 Hypothesis of the Problem

This study is taken to proof the economic activities from tourism industry of the country if there are no problems created by anarchists. This thesis is descriptive in nature on the basis of secondary data. To collect primary data is not possible because every individual and agencies do not provide data. Government is a sole authority and has right to collect correct data half yearly and yearly basis.

Nepal is highly possible destination for tourists it is no doubt but we have facing innumerable problems to promote this business. It is a source of foreign currency earnings for the nation. If we start to promote this business we have a tremendous opportunity for the development of country as well as its people's economic growth. Some of countries like Thailand, Malaysia and Sikkim of India are the example of development by promoting tourism business. If we make our vision early without damaging our previous achievement, no doubt it will accelerate its development towards prosperity. The following points are identified as the problems of tourism industry.

a) Destination Problem

Most of the popular destinations of Nepal have been polluting every year. Human transgression is increasing day by day in destruction of infrastructures. There are many possible destinations to be introduce throughout the country but lack of local people's interest and investment, it is becoming hard to do or impossible.

b) Peace and Security Problem

Peace and security is pre-condition for tourism development. If peace and security is maintained, nature itself invites its lovers. Peace and security is major problems for tourism promotion.

c) Legal complexity

One cannot travel freely in any part of the country because foreigners have to fulfill innumerable legal complexity by paying foreign currency in every corner of their entry. Foreign currency regulation is not implemented properly. Regulatory body or authority failed to regulate of leakage or misuse in black market.

d) Investment Problem

In Nepal, political ism has discouraging domestic as well as foreign investments. Nobody wants to invest in this country while there is anarchism system is flourishing. Government's investment to the development of infrastructure is also being useless.

e) Role of Privates

Private always seek profit, if it not possible they do not like invest. They provide service to the guests and in return they expect more revenue. Some of the tourists route of remote area, tourism entrepreneurs have not given much attention to provide quality services due to their financial scarcity and hospitality education. This is also the problem of this thesis.

f) Educational Problems

Most of the people of tourist's route do not know the international language, food, quality shelter. They greet guests as usual where they greet Nepali. Conversation problem create misunderstanding to guests. Guests expect one thing but hosts understand another thing. Rural people do not have adequate knowledge about hygiene. These are the basic problems due to the lack of proper education.

These are the problems for the tourism development of Nepal. These problems can be solved but lack of social and political commitments all the investments and efforts will be ruined.

1.3 Objective of the Study

If tourism industry promoted in Nepal, not other alternatives have to be adopted by the people for survival. Rural poverty can be eradicated if more destinations are extended to the rural areas. Nepalese people have exercising their multi cultural system to perform ethical customs. Nepal is popular for the study of culture, custom, tribal group, different ethical groups etc. for the researchers, students, archaeologists, historian, sociologist, anthropologists. On the basis of these facts, to fulfill the requirement of Thesis under mentioned points are taken as Objectives of the Study.

- a) To analysis the Tourism Industry is the source of Foreign Currency Earning and State revenue.
- b) To analysis the Policies related to Tourism promotion implemented in different years.
- c) To examine the importance of heritages for Tourism Industry as sustainable development of the nation.
- d) To examine the role of Tourism Industry for Economic Development of the country.

1.4 Literature Review

Previous thesis related to tourism studied taking from Library of Nepal Commerce Campus. Writing method and data presentation method were studied. Most of the students have done field work selecting small area of tourism destination but I have selected the subject about the economic impact of urban and rural people from Tourism Industry. The subject is selected to generalize the overall economic condition, employment condition, hotels and travel agencies and other tourism agencies. How all the agencies public and private are functioning for the management of tourism industry in Nepal ? this is the problem which have been chosen.

Website of Tourism Ministry, Tourism board, Nepal Rastra Bank, Fiscal Budget, Economic Survey, Tourism policies of Different year, Brochures of Immigration, National Parks and Wildlife conservation Department and other private publication were studied and treated as Literature review.

1.5 Significance of the Study

Nepal is a best country for adventure traveler, expedition, hiking, trekking, rafting. We have to explore and introduce new destinations and route where unknown tourists get satisfaction. This study is

reveals the hidden facts of natural beauty of our country and publish it towards the end of tourism stakeholders.

It is interesting subject and likewise its significance is vital for the development of nation. The study explains the facts of data with adequate examples and proofs. This study is concern to educate to the students and future researchers.

In daily basis, we watch television program, news, read news papers, see activities regarding the problems of peace and security of the country. Every tourist has seek full entertainment or expect to complete their mission but if they found after arriving in Nepal, elsewhere disturbance and violation, in secure then they divert their destination to other country of Asia. In this way we are loosing revenue and employment. This thesis is explains the problems, facts and suggest to correct of this problems to the authority.

These are the importance points which are essential to fulfill anyhow if tourism business expect to promote in the country.

- a) The study reveals the present condition of foreign currency collection trend and its utilization by authorize agencies.
- b) It explains the sources heads of State revenue.
- c) It explains the possibility of employment opportunities created by Private and self employment.
- d) It explains the change of socio-economic by the help of tourism promotion in the country.
- e) It explains the possible of rural development.
- f) It explains the possibility of infrastructure development by the joint efforts of Public Private.
- g) This is very important for the policy makers and stakeholders.
- h) This is very important for the regulatory body, who formulates policy and implements by evaluating and monitoring past and present condition of tourism sector.

i) This is helpful for the students who choose the same subject.

1.6 Structure of the Study

This thesis is classified into five chapters. First chapter is about introduction which has other five heads. Second chapter is about Policy, Implementation, Management and Impact of the policy. Third chapter is about Research Methodology. Fourth chapter is about Impact of Tourism Industry in National Development. Chapter five is about Summary, Conclusion and Suggestion. And other necessary data in table and sub-heads are included here to prove the industry is major source of foreign currency.

Chapter Two

POLICY, IMPLEMENTATION, IMPACTS AND TOURISM MANAGEMENT IN NEPAL

2.1 Introduction

Before 1950, by then Government was restricted to travel foreigner in any part the country. Policy is depends on nature of political system of the country. In democracy, the system of economic liberalization, freedom to do any business and other rights to the citizen is secure by the constitution and its laws. But in autocratic system, there is no freedom to citizen to do everything. Government restricted to do certain works or business because if they allowed to foreigners to travel any part of the country, they start to spy and encourage to people for revolt against the government. Nepal government after the restoration of democracy has adopted liberal economic system and open for foreigners to travel and investment. This policy is encouraged the citizen to involve to do business on their interest.

Government make policy for tourism related business time to time and implemented it. Some policy does not work properly and gives negative result.

2.2 Policies and Planning related to Tourism Industry

Before restoration of democracy in 1990, country's infrastructure development was seen very slow because of autocratic Panchayet System. After 1990, there is drastic change in road transport throughout the country. Every village besides of Karnali zone, are linked by road transport with major cities of Nepal. Expansion of road and air transport has made easy to travel village and cities by which possibility of tourism destinations also increased. In every plan of government, development of tourism sector is also included.

2.2.1 Five Years Plans for Tourism Promotion

Government initiated to formulate systematic policies from 2013 BS. The tourism policy was also included in Five Years Plan. Every plan of Fiscal Policy, emphasis has given to tourism industry but its achievement has seen not satisfactory.

First Five Years Plan - 2013-2018 (16 July 1956-15 July 1961)

After the end of autocratic rule of Rana in 2007, Nepal initiated to develop tourism industry. Government had initiated to introduce the tourism Board was formed under the Ministry of Industry and commerce taking under mentioned objectives.

- a) To find out the possibility of tourism development.
- b) To develop the infrastructure for the development of tourists spot, destination.
- c) To increase foreign currency reserve.
- d) To contribute for the development of economic condition from tourism.

Implemented

8% of total budget of First Five Years Plan was allocated for mines and Tourism Development.

Achievement

- i) Tourism Board was segregated from Tourism & Commerce and established under ministry of Public Works and Communication in 2016.
- ii) A separate department was formed in the name of Tourism Department after repealing the Tourism Board in 2018.
- iii) Nearly 78 thousand US Dollar earned during this plan.
- iv) Data for Total foreign currency earnings, numbers tourists visit and other tourism relative activities were collected.
- v) Total 1140 tourists visited Nepal in 2012/13.
- vi) Total 6179 tourists visited Nepal in 2018/19.

Second Three Years Plan 2019-2022 (16 July 1962 to 15 July 2065)

Objectives of this plan

- i) To train manpower for Hotel Management and Tourists guide.
- ii) Renovation, Refurbishment and extension of Kathmandu, Pokhara and Lumbini as Tourist destination.
- iii) To built hotels and view towers to observe the mountain Machhapuchhre in Pokhara and Daman.
- iv) To survey and preserve collecting data relating to Tourists.
- v) To provide loan up to 48 Lakh for the construction and development of hotels from Nepal Industrial Corporation (NIDC)
- vi) To make publicity in North America in order to promote tourist flow in Nepal.

Achievement of the study

- i) To fulfill abive objectives Rs.102000.0 thousands allocated the budget for Industry and Tourism development.
- ii) RNAC had extended its flight to Patna, Calcutta, and Delhi of India and International Airlines also extended their flight to Kathmandu.
- iii) Extended domestic Air Service to Janakpur.
- iv) Pokhara, Lumbini, Nagarkot and Kakani were developed for Tourist centre.
- v) Travel Agencies, Tourism Information Center were established and publicity were carried out about Tourism Industry.
- vi) Total 7725 tourists visited Nepal in 2021 and 9976 tourists were visited in 2022.
- vii) Nearly 214 thousands US Dollar earned foreign currency until the end of this plan.
- viii) Two large hotels constructed in Kathmandu by the loan of NIDC.
- ix) During this plan, it was seen high achievement for tourism development.

Third Five Years Plan 2022-2027 (16 July 2065 - 15 July 1970)

Objectives of the Plan

- i) To built more hotels in Kathmandu, Pokhara and Biratnagar in order to extend stay period of tourist in Nepal.

- ii) To extend runway of Tribhuvan International Airport and increase domestic as well as international flights.
- iii) To create an environment to welcome at about 20 thousands tourists as a main target.
- iv) To establish tourists center in Birgunj in order to communicate the activities of tourists.
- v) To create an environment for the participation of non-government organization or private in tourism development.

Achievements

- i) Nepal Tourism Development Committee was formed under the chairmanship of Prince Himalayan Bir Bikram Shah. The committee formulated national policy and long term planning for its development with the help of German Government.
- ii) During the Third Years Plan 45970 tourists visited Nepal, which was 5 times greater than 2nd three years plan and it was more than double the number of expectation.
- iii) US\$ 4291 thousand of foreign currency earned, which is 7 times higher than previous plan.
- iv) Domestic air services extended in Surkhet and Lukla to make easy transport for tourists.
- v) Chitwan and Sagarmatha (Khumbu) National Park were opened for tourists during this plan.

Fourth Five Years Plan 2027-2032 (16 July 1970 to 16 July 1976)

Objectives of the Plan

- i) Development of tourists sites or destination.
- ii) Capacity building in tourism service.
- iii) Encourage to private in participation the promotion of International Tourism markets and to identify more destinations throughout the country.
- iv) To co-ordinate all the departments of Government for its development.

- v) To create an environment of pleasure or pleasant whereas tourists can extend their duration in Nepal and increase their expenditure.
- vi) By the help of different promotional programs that to be expected the number of 525 thousands visit Nepal and also expected US\$ 20000 thousand foreign currency earnings.

Achievements

- i) Total 353179 tourists visited during the period of this plan which was 160% greater than 3rd year plan.
- ii) US\$ 29551 thousands earned during the plan.
- iii) RNAC extended its service to Bangkok purchasing a jet.
- iv) Total 404 numbers of manpower were trained.
- v) Hotel & Tourism Management Training Centre (HMTTC) was established.

Fifth Five Years Plan 2032-2037 {17 July 1976 - 15 July 1980 }

Objectives of the Plan

- i) To extend preferring promotional program in regional basis.
- ii) To extend Remote trekking program and its necessary arrangement.
- iv) Agriculture and forestry is an also a part of tourism and manpower whoever involved provided service and goods to tourists and generate their income.

Achievements of the Plan

- i) During the fifty plan a separate department of tourism was established under the Ministry of Tourism. Hotel Management and Tourism Training Centre (HMTTC), Department of Civil Aviation and Royal Nepal Airlines were annexed under Tourism Ministry.
- ii) As per the long-term program, additional facilities in hotels and lodges were added, development of airport, worldwide publicity, trained manpower development and expanded the tourism information centers etc. were achievement of 5th Plan.
- iv) Total 715733 tourists were visited to Nepal which was double the numbers than the fourth plan.
- v) US\$ 142256 thousands earned during the plan period.

- vi) Total 1099 manpower were produced by HMTTC.
- vii) Total numbers of hotels/beds were increased to 4925.

Sixth Five Years Plan 2037-2042 {16 July 1980 - 15 July 1985}

Objectives of this Plan

- i) To increase foreign currency policy to be formulated to reduce Balance of Payment of the country.
- ii) By the help of tourism promotion, more employment to be generated.

Achievements of the Plan

- i) Preference had given for domestic quality products and services in order to replace the imported goods.
- ii) There were extended the Tatopani and Khumbu areas as tourists spots and trekking in rural areas intended to improve economic condition of rural people.
- iii) Total 874145 tourists visited in Nepal, whereas it was greater the number by 22.1% than the fifth plan.
- iv) US\$ 198,005 thousand earned during the plan, whereas it was more by 2% than fifth plan.

Seventh Five Years Plan 2042-2047 {16 July 1985 - 15 July 1990}

Objectives of the Plan

- i) State to initiate formulation of policy about quality tourism in order to increase foreign currency earning and emphasis to be given to travelers to visit those areas, where all tourism infrastructure were accomplished.
- ii) To expand and establish of tourism related industries and business in order to increase and generate new employment.
- ii) Preference will be given to domestic products and its industries in order to supply tourist goods & services.

Achievements

- i) Simplified the services & facilities, re-evaluation of taxes, royalty, fees and policy.
- ii) Asian tourists were attracted and promoted trekking and expedition tourism.

- iii) Religious destinations were introduced for pilgrimage.
- iv) Adopted policy for the protection and preservation of environment, cultural, religious and historical heritage.
- v) Established tourist information centers in Mustang and Jomson. Introduced the condition of Nepalese tourism to International market.
- vi) In order to provide security, government had formed a mobile tourist police force.
- vii) Government started to collect and published tourism related data in every three years period and surveyed 26 possible tourist spots throughout the country.
- viii) Total 1148288 tourists visited Nepal during the 7th plan.

Eighth Five Years Plan 2050-2054 { 16 July 1993 - 15 July 1997}

Objectives of the Plan

- i) To make publicity of Tourism market worldwide.
- ii) Government initiated to permit expedition team of Western Himalayan range.
- iii) To permit to travel the National Parks and Wildlife conservation, are taken as an attraction for tourists.
- iv) To arrange Hot Air Ballooning, Paragliding, fishing as attraction for tourists.
- v) To encourage private for the operation of Hotels, resorts, allow depositing certain percent of foreign currency to their own account from their total earning.
- vi) To expand air service to France, Japan, South Korea, Australia by royal Nepal Airlines by taking large jet planes on lease. Helicopter service is also expanded to the remote areas.
- vii) To establish separate research department under the Tourism Ministry and improvement of internal business of Ministry.
- viii) The target on the objectives is to increase tourist arrival by 8% and foreign currency earnings by 17% in every year during the 8th plan.

Achievements

- i) Tourism exhibition and promotional program were performed in East South Asia, Australia and West Europe distributed Poster, Pamphlets to these areas.
- ii) To make success of Visit Nepal 1998, promotional program was succeeded.
- iii) Hot Air Balloon in Kathmandu and Power gliding program were started to promote adventure tourism.
- iv) Renovated and refurbished of Airport of Pokhara and conservation of the areas of Gorkha Durbar.
- v) Tourism Policy 2052 was introduced in order to clarify the role of Government and private entrepreneurs.
- vi) Permission has granted to 14 Airlines Companies as an encouragement policy to the private to operate their business by helicopters services.
- vii) During the 8th Plan, Tourism Development Board Act 2053, Civil Aviation Authority Act 2053, Civil Aviation Act 2053 were promulgated and National Aviation Policy 2050 also implemented after amending.
- viii) Royal Nepal Airlines had extended its flights to 11 countries; likewise other International Airlines had extended their flights to Nepal.
- ix) During first 4 years period, US\$ 374600 thousands earned whereas the target was US\$ 375400 thousands for the same period.
- x) Total 1764739 tourists entered in Nepal, whereas the target was 1900775 tourists.
- xi) Formed Himalayan Conservation Committee, by which played the important role to remove garbage from Mountain Everest region and different programs had launched for the conservation of Himalayan heritage, cleaning of Khumbu region.
- xii) Mobilized mobile training centers in major cities and by HMTTC, the total 5106 persons had developed as skilled tourism manpower.

Ninth Five Years Plan 2054-2059 {16 July 1997 - 16 July 2002}

Objectives of the Plan

- i) To promote Nepal as a distinctive tourism destination by massive publicity throughout the world.

- ii) To encourage privates for promoting tourism related industries and business in order to create more employment opportunities and foreign currency earnings.
- iii) To formulate long term and short term programs in order to develop tourism as an important branch of economic development as a whole.
- iv) The target to increase of tourist arrival was by 10% and foreign currency earnings by 20% in every year. According to the plan the target was to welcome 420 thousands tourists during the starting one year and 676414 tourists in the last year. US \$ 527600 is the target of foreign currency throughout the plan period.

In 9th plan under mentioned are the policies adopted by the government.

- i) Development and expansion of tourists spots.
- ii) Infrastructures building for tourism development.
- iii) Emphasis to be given to vividness in development and tourism development.
- iv) Promotion and expansion of tourism markets.
- v) Modernization and expansion of Air Services.
- vi) Conservation and protection of ecology.
- vii) To mobilize and promote of private sector.
- viii) Expanding broad based tourism in the country.
- ix) Income generating activities at central as well as rural level to support in narrowing down the regional imbalances.
- x) Linkage between tourism and agro-based and cottage industries.
- xi) Local communities to be motivated to take part in tourism and the rural tourism specially to be encouraged.
- xii) Respective roles of the Government and the private sector have been clearly delineated.
- xiii) Promotion of pilgrimage, development of adventure tourism.

Tenth Five Years Plan 2059-2065 {17 July 2002 - 16 July 2007}

Objectives of the Plan

- i) To create an environment for the reduction of rural poverty and unemployment, people participation in tourism activities to be encouraged and ensuring effective promotion and sustainable development.
- ii) Encourage value based and quality tourism in the country.
- iii) Diversification of the products, optimal utilization of existing potentials, establishment of regional tourism hubs, encourage tourists to visit new areas, eco-tourism are taken as future development of tourism.
- iv) Development and conservation of heritage sites, managing air pollution, solid waste and air safety, expansions of road and air access, tourism facilitation.
- v) To make encourage to local people for the management of tourism themselves.
- vi) Allow community participation in managing national and historical heritage sites for the benefit of tourism.

(Plans & Policies are taken from the Book entitled "Tourism Development and Management written by Prof.Dr. Ganesh Chhetry & Asst Prof. Ram Chandra Raimajhi, 2nd edition, page No.129)

2.2.2 Foreign Investment Policy

Nepal has opened its doors to Foreign Investment. The foreign Investment and Technology Act 1981 as amended in 1992 lays down the laws governing foreign investment and outline the applicable rules and regulation. The Industrial Policy of 1992 identifies foreign investment promotion as an important strategy in achieving the objectives of increasing industrial production to meet the basic needs of people create maximum employment opportunities.

Foreign investments are welcome in the form of foreign currency or capital assets. Foreign Loan, use of rights, use of foreign owned trademarks and good will, use of foreign technical, consultant services, management and marketing services also constitute foreign investment. In tourism sector, the foreign investment is accepted as per the provision of the law. These are the areas, accepted foreign investment.

- i) Travel Agency
- ii) Tourists Lodging (All types of Hotels & Resorts)
- iii) Golf Course
- iv) Airlines Services
- v) Hot Air Ballooning
- vi) Cable Car
- vi) Amusement Park
- vii) Paragliding, Rafting, Canopying etc.

In order to develop and expansion of these services, government has adopted the policy to invite foreign investment solely and with collaboration. Some of the hotels and other tourist related services have been operating by foreign investment in Nepal.

2.2.3 Tourism Policy 2065

Government initiated to promulgation of Tourism Policy 2065 in order to promote and regulate widely and systematic strengthen the tourism markets of Nepal. Tourism policy 2065 protects the rights of its stakeholders and help to promote the business. These are as follows:

1. Long Term Vision and Goal

Government assures for protecting and preserving natural, cultural, organic heritages of human creation art and architectures. It seeks broadly communication to the every corner of wide markets of the world. Government also assures to all the travelers, visitors of the world, Nepal is peace and safe destination for tourism. Government give emphasis to the economic growth of people by the help of tourism industry is only the goal.

2. Policies

- a) Functional Plan for 5, 10 and 20 years to be prepared for tourism development.
- b) Focus has to be given village tourism to strengthen economic condition of people.

- c) To make specialization of Tourism Service, area will be segregated as small segment to achieve goal and easy plan.
- d) For the Public and Private participation, domestic and international investors are encouraged to invest for the promotion and construction of infrastructure to increase facilities for tourists.
- e) Safe and dependable air service facilities will be increased.
- f) Government itself has a responsible for mega construction and as well as privates are also encouraged for development of infrastructure.
- g) In order to maintain quality of tourism services, qualitative and quantitative data will be collected for the future plan, action and management with the help of privates.
- h) Effective implementation of policy for the protection of environment and infrastructure development is given importance for the promotion of tourism related business.
- i) Modern communication facility will be used for wide expansion of tourism market.
- j) To provide security and facility to tourists, government creates healthy environment with the help of privates.
- k) Tourism industry is promoted as basic industry for national development.
- l) To improve the relation between entrepreneurs and government agencies, a flexible policy will be promulgated.
- m) With effective implementation and co-ordination program will be carried out to make harmonious relation among Tourism Ministry and its agencies and other stakeholders.

3. Tourism Promotional Policy

- a) To introduce of our tourism destinations, cultural and natural heritages, government declares a specific year as a tourism year.

- b) Nepal initiates to take promotional policy encouraging to travel in all the seasons. During the tourism off-seasons special facilities will be given to airlines for easy transportation of tourists.
- c) Healthy environment to be created among tourism enterprises i.e. travel, trekking agencies, hotels etc.
- d) Tourism promotional provision will be included in bi-lateral agreement with international airlines.
- e) There will be encouraged for the co-operation and co-ordination among the tourism entrepreneurs and Airlines Companies for the management of tourists flow.
- f) Nepal will make tourism promotional programs. By this purpose tourists from our neighbor countries will be encouraged to visit Nepal.
- g) Mobilization of foreign grant from bi-lateral, multi-lateral will be advantages in order to improve tourism for rural poverty, eco-tourism by developing, improving, expansion of infrastructure. For the purpose of this, human resource development and training, awareness programs will be carried out by motivating locals and Non-Governmental Organization.
- h) In order to improve tourism industry, bi-lateral and multi-lateral assistance will be mobilized.
- i) In order to improve life standard of village people, any kinds of assistance will be accepted from World Bank, World Tourism Organization, United Nations Development Program, Asian Development Bank and other multi-lateral developmental partners for infrastructure development of Nepal.
- j) Concession will be provided on the Visa fee to the wishers of Nepali heritages for their re-visit if they help for the promotion of our tourism and government declares them as "Friends of Nepal".
- k) International Award will be awarded to the individual or institutions, who contribute for the development of Tourism of Nepal.

- l) By the help of Nepalese who are living in foreign countries, Government makes a policy to mobilize them for the promotion of tourism business of Nepal.
- m) Liberal policy will be adopted on Visa issue while tourists approach to apply. At the point of entry, every tourist will get Visa easily. Visa policy will be made simplify while arriving and departure of tourists.
- n) If a foreigner who invest in Nepal at least one million dollars at a time, he/she will get residential Visa.
- o) In order to promote village tourism, locals are encouraged to celebrate their festivals, which reflects of their traditional and cultural essence and organize tourist promotional program to attract more tourists in the village.
- p) Non-governmental Organization and International Non-Governmental Organization are encouraged for the worldwide publicity and promotion of Nepalese tourism market of Nepal.

4. Village Tourism

We have a lot of possibility of Village tourism of Nepal. Nepal is a rich country for beautiful natural heritages and cultural diversity. Thousands of tourists visit Nepal every year for the observation of natural and cultural heritages. Nepal Government has formulated a policy for the development of Village Tourism in order to reduction of poverty. These are as follows:

- a) Effective tourism program will be carried out for Village poverty eradication.
- b) Rich and high income groups are encouraged to visit Village. For this purpose Village Development Committee has to maintain minimum level of standard for accommodation and food and entertainment either natural or cultural.
- c) Tourism business entrepreneurs or promoters have to motivate tourists to visit villages and National Parks as Eco-Tourism.
- d) Village people have to produce goods and services for tourists and if they do such activities, they have good opportunities for self employment.

- e) It will make assure the access of benefits through tourism business to the poor, deprived, dominated caste groups, women and back-warded village people.
- f) Certain earnings from tourism business will be invested to environment protection and infrastructure development of the village.
- g) Necessary arrangement will be provided to local people to sell of their domestic products.
- h) The Government slogan "One village for one identity" will be fruitful for village tourism development and poverty eradication program.
- i) By the effective participation and efforts of local people, possible villages will be declared as Village Tourism destination.
- j) Selected Tourism Village of Nepal, villagers have to make necessary arrangement for Home-Stay facility.
- k) The program and activities will be launched for the exploration of possible tourism spots and infrastructure development.
- l) One the basis of indigenous attraction, at least one possible village will be selected and develop for Village Tourism.
- m) Nepal Government will be mobilized financial sources for infrastructure development and promotion through the local agencies and institutions.
- n) Nationwide awareness programs will be delivered throughout the country by Radio, Television and other reliable media, to aware the village people about the importance and benefit from the development of Village Tourism.
- o) The encouraging program will be launched by the help of Community Tourism Program, local agencies, local sources and non-governmental Organizations in order to eradicate village poverty.

p) By promoting and preserving traditional knowledge, local custom and natural cultural heritage associated to tourism business will be the advantages for rural poverty eradication.

a. Domestic Tourism

- a) Financial capable citizens are encouraged to travel in any tourism destinations of the country.
- b) Government will provide Travel Incentive Leave, Education Tour, Study and Research Tour to employees to travel as domestic tourists and other interest people are also encouraged to travel.
- c) Attractive concession facilities will be granted to interested citizen or service holders to travel as domestic tourists.

2.2.3 Home Stay Policy 2067

Home stay is a word taken as a concept from old fashion those travelers who visit somewhere where they need to go and who seek shelter for his/her and ask an unknown house on the way "Gharbeti Ba Bas Paenchhaki". After getting full introduction house owner allow to stay his house for a night. House owner always emphasized guest caste and then treat him accordingly. Many years ago in Nepal, hosts treat guest as a god and host pay homage by providing food and bed for sleep taking nothing from guest but now time is different, everything is commercialized. If we pay money, we can get excellent services otherwise we have to stay in open place without food.

Nepal Government formulated a Home Stay Policy in order to facilitate tourists in remote and rural villages, where modern hotels, resorts are not available. It is a concept developed to improve villages for tourism (Village) development. Home stay is community based system of accommodation, food and necessary basic facility to be provided to the guests those who visit in remote villages where there are no modern hotels, resorts

Community based Home Stay

According to Home Stay policy, there should be formed a Community based Committee which is as follows :

- 1. Chairman - Member of the same community
- 2. Vice Chairman : Member of the same community
- 3. Treasurer : Member of the same community

- | | |
|--------------------|------------------------------|
| 4. Member (Female) | Member of the same community |
| 5. Secretary | Member of the same community |

All the activities related to Home Stay tourism, will be operated under the policy/rule of the Committee.

Individual can also apply in VDC or concerned Municipality for private Home Stay. Basic standard should be maintained by those who operate Home Stay program. These are as follows :

- 1 **House, Room and Bed for Home Stay**
 - a) Every community has to select at least five houses of different ownership. Every house should be unique and built according to indigenous culture and architecture. House should be secured from storm, wild animals, dust free, no wet land or muddy. Each house should be connected by clean track.
 - b) A separate room should be arranged for guest in the house.
 - c) At least four rooms can be separated in a house for the guests.
 - d) More than two beds should be kept in a room. Bed should be 6.5 feet length and 3 feet breadth.
 - e) Carpet or clean mat should be placed on the floor.
 - f) Doormat should be kept on the door.
 - g) Clothes hangers should be fitted in the wall.

2.3 Tourism Management System in Nepal

Foreign Tourists who travel to Nepal are needed to care legally and humanitarian ground starts from their arrival to departure from Nepal. Government provides legal facilities by taking fees from tourists. Travel Agents, Hotels, Airline Companies, transportation companies and other many agents are served them during the stay period in Nepal. Entire management agents have always alert to provide service delivery to tourists.

2.3.1 Management by Government

Government always gives emphasis to promote tourism industry of Nepal and it formulates policies for the easy, safe, economic travelling in Nepal. Nepal is right destination for tourists to spend their holidays and entertainment. Ministry for Tourism and its departments are governance body for the proper management of tourists who visit Nepal for their satisfaction. Government controls all the tourism agents either they are public and privates for the maintenance of systematic implementation of policy and orders.

2.3.2 Management by Privates

Travel Agencies, Trekking Agencies and Hotel plays important role for the proper management of tourism industry. They spent millions of rupees every year for publicity and electronic media to promote and attract more tourists in Nepal. Their association with international agencies to promote more tourists in Nepal is vital. They provide quality, reliable service while stay period of tourist.

Hotels and Resorts provide them standard accommodation and quality foods. Travel agencies play the role from arrival time to departure time, sight seeing, arrangement of all the requirements of tourists are the major jobs of travel agencies, trekking agencies, rafting agencies. Private agencies opened in different name and objectives, they provide better service to tourists to get maximum satisfaction.

Chapter Three

RESEARCH METHODOLOGY

In order to accomplish this thesis paper, under mentioned heads are taken as methodology.

3.1 Study Area

This thesis seeks overall impacts on economic development and improvement of economic activities of urban and rural people whose involvement in tourism industry. Ministry of Tourism, Tourism Board, and other public and private agencies are as taken as the sources for secondary data. The total amount of Foreign currencies collection and revenue collection by government and earnings of individual stakeholders who involve in tourism is not possible to collect data.

Different institutions of Kathmandu based Government and non-Government offices are taken as sources of data.

3.2 Research Design

Whatever data presented in this thesis is analytical and descriptive. Economic activities of urban, rural and village people who adopted tourism related occupation are included in this thesis, which are the main objectives. Adequate examples have given to proof the development of country, because of the growth of tourists in Nepal. Emphasis has given to the policy and its impacts in development. Nepal always formulated fiscal policy and other term policies to promote tourism business but due to unrest situation of the country, the rate of growth has not been achieved. Why Nepal always failed to accelerate its economic growth by promoting tourism industry ?. All the experts and planners have already accepted that the potential of tourism industry of Nepal is high. But in vein, all the efforts failed to achieve the goal. These are the issues have presented with data as a research design.

3.3 Selection of Research Area

There is no specific and demarcation of the study area. This subject seeks overall evaluation of tourism industry on the basis of secondary data collected from Government Agencies and other reliable sources. Thamel, Basantapur, Baudha, Swambhu of Kathmandu Nagarkot and Bhaktapur Durbar Square of Bhaktapur, and Patan Durbar Square of Lalitpur are the place chosen for field observation. Hundreds and Thousands of individuals have surviving by operating curio shops, restaurants and other tourism related business. In those areas, I observed the movement of tourists and business entrepreneurs, which made me to describe economic activities of the people and source of government revenue. I also observed the scenario of tourist movement in Pokhara. We can only observe the flow of tourists and tourism related economic activities of urban and rural areas but we cannot collect primary data from individual about their earnings from tourism industry. It is vast to cover even a small place and also high chances of unreliable of data. It is very difficult to observe the movement of tourists by visiting all the destinations of the country but, ideas is taken from visual observation by different Television media and reading materials like brochures, tourist magazines and news papers.

3.4 Type of Data

Secondary types of data are taken to accomplish thesis. Primary data related to economic activities from individuals, entrepreneurs and other stakeholders are seen impossible to collect. Quantitative and qualitative data are taken to proofs the objectives of this thesis. Data for government revenue, destinations, private agencies and other stakeholder earnings are taken from their publications and brochures.

3.5 Data Collection Methods

Observation and reading materials are used as the method of data collection. Visiting different government agencies to gather secondary data as the method is taken for collection of data. Website of different agencies is treated as method of data collection. There is no need to use specific method of data collection due to the nature of subject.

3.6 Nature and Sources of Data

In this thesis revenue earned by Government and foreign currency exchanged and earnings are taken from government publications. The nature of data are secondary and actual not assumption. These data are presented by the fiscal policy and economic survey of government.

The sources of data are taken from Ministry of Finance, Tourism Board, Immigration Office, Department of Forestry and Wildlife Conservation. Some selected Hotels, Trekking Agencies, Travel Agencies, Rafting Agencies and other private agencies and their Website information are treated as the sources of data. Government royalties of expedition for different Himalayan, Royalty from Casino, Trekking permit fee, VISA fee, VAT and other rate of government revenue are taken from Government publications.

3.7 Reliability and Validity of Data

Whatever data received from different sources are treated as reliable and valid because those data are already processed by the Ministry and other Government agencies.

Chapter Four

ECONOMIC ACTIVITIES AND NATIONAL DEVELOPMENT

4.1 Source of Government Revenue

Chapter three is about policy related to tourism industry which implements by the Government to collect more revenue and for all sector development. Airports, road transport, railways, and other transport facilities are important for tourism industry. To travel one place to another, transportation plays important role for both tourists and people. Another important things are communication, accommodation, foods etc are also basic needs for tourists either they are foreign or domestic tourists. From every sector, government invests making policy to get more revenue and to facilitate people from tourism industry. Promotion of tourism is depends on government policy. Some communist countries or other autocratic country do not permit for foreigners. Nepal is also restricted to foreigners some areas by implementing its policy.

i) VAT (Value Added Tax)

Government collects VAT from tourists by charging on accommodation, food & Beverage, recreation facilities, transportation like air tickets and other bill on facilities provided by Hotels, Travel Agencies, Trekking Agencies, Airlines Companies and other tourism related companies. Every year billions of rupees collects VAT from tourism enterprises. The rate of VAT is 13% on bill amount which is regular and continuous source of government revenue. A five star hotel pay VAT to Inland Revenue Department at about 35 million to 75 million per month which depends on their business. Hotel Soaltee Oberoi, Hotel Yak & Yeti and Hotel Hyatt used to pay highest amount of VAT in every year. Other hotels and resorts pay VAT on their bills amount according to volume of business. Banquet function is popular business in recent days and it is strong source of VAT. Most of rich urban people organize their party (feast) in Star Hotel and they must pay VAT on their total bill. If they manage their party in their own house, they do not pay VAT or any kind of taxes. This is positive for state revenue. VAT is applicable in every item of sale in course of provide service to guests. Whatever guests used, consumed, and purchased they should pay VAT. In every sector of tourism service oriented private organizations collect VAT from guest and

deposit to Inland Revenue Department. Ministry of Finance has opened an account No.1-1-4-15 to deposit VAT collection from Tourism sector.

ii) Income Tax

Income tax is paid by public and private enterprises on their profit. Thousands of private organizations make their profit involving tourism business if existence of favorable working environment.

Payroll tax is one of the head of tax earnings of government where billions of rupees collected by the government in every year. Employees of a five star hotel usually pay 4 million or above in every year on their salary income. Likewise, reputed travel agencies also pay income tax on salary income of employees. Data for income tax from tourism industry can't be collected correctly due to unavailability of source but government has earned huge amount of tax in every year. According to government policy, a permanent junior Manager of a large tourism organization, has getting Rs.30,000.00 salary per month, as under given process, he has to pay tax.

	<u>Annual</u>
<u>Income</u>	
Annual Salary income	Rs.360,000.00
Dashain Expense (once a year)	Rs. 30,000.00
Bonus	Rs.10,000.00
Medical facility	<u>Rs. 15000.00</u>
Total Income (Salary & Benefit)	Rs.415,000.00
Rebate: Provident Fund (annual)	(Rs.
24,000.00)	
Citizen Investment Trust	(Rs. 30,000.00)
Insurance Premium	(Rs. 10,000.00)
Marital rebate	<u>(Rs.</u>
<u>200,000.00)</u>	
Net taxable Income	Rs.151,000.00
1% tax on up to 200,000.00	Rs. 2000.00
15% tax on up to 100000.00	Rs.15000.00
25% for rest all or Rs.51000.00	<u>Rs.12750.00</u>

Total Tax

Rs.29750.00

A single five star hotel has been providing employment at about 300 to 700 depends on volume of business. In this way, employees of a deluxe hotel have been paying Rs.4 million to more than 10 million annually as their income tax without any effort of government.

This calculation is based on the government fiscal policy of FY 2066/67, 2067/68 and FY 2068/69. Every five star hotel has been paying Rs.7500.00 and above as salary to their employees. Department heads have paid more than 50, 000.00 per month and other extra benefits. In this way Travel Agents have also paid salary according to the volume of business. Privates invest huge amount of money, they generate employment opportunities and reduce burden of government. They pay all kinds of taxes but since many years government has failed to maintain peace and security.

Entrepreneurs of tourism industry are ready to pay any kind of taxes imposed by the government. Instead of Taxes they seek only peace and security from government. Peace and security is only the pre-requisite for tourists who visit in Nepal. More investment is only possible, if political interference is discouraged and anarchism in elsewhere should mitigate. Employees Income Tax can be deposit to the Account No.1-1-1-12 of Nepal Rastra Bank.

iii) VISA Fees

The entry into the Kingdom of Nepal is possible only after obtaining a Visa. The embassy of Kingdom of Nepal issues the following types of Visa to different Categories of people.

1. Diplomatic Visa
2. Official Visa
3. Tourist Visa
4. Non-Tourist Visa
5. Study Visa
6. Business Visa
7. Residential Visa
8. Non-residential Visa

9. Transit Visa

But, this thesis is discussing about tourists Visa fee or State revenue through Visa Fees.

Tourist who intends tourist Nepal must hold valid passport and Visa.

Tourist Visa can be obtained from Nepalese Embassy or Consular or Immigration Office or at the point of entry by paying Visa Fees. Visa fee is applicable for visitors who enter Nepal for the first time in a Visa year January to December.

- a) US\$ 30.00 for single Visa for the period of 60 days
- a) US\$ 50.00 for Multiple Visa for 60 days.
- b) US \$ 40.00 for extended 30 days for multiple Visa.
- c) US \$ 100.00 for more than 90 days for multiple Visa.

Notwithstanding anything mentioned in above VISA rate, government has right to adopt the policy to free the VISA fee for up to 30 days period for SAARC Nationals.

Tourist Visa cannot be extended more than 150 days.

VISA Extension Fees

- a) US \$ 2.00 for every day shall be charged.
- b) US 20.00 shall be charged on demand of a specified period along with US \$ 2.00 per day.
- c) US \$ 3.00 every day shall be charged in order to regularize for those who are discontinued their VISA permission.
- iv) Those tourists who entered Nepal without VISA from any entry point of Nepal, he/she has to pay 50% addition fee as provided by law.
- v) US \$ 30.00 shall be charged as travelling permission fee for demanded areas.

No VISA fee for children below 10 years and tourists of SAARC Nationals. VISA fee is applicable for Chinese Tourists as per the policy adopted for SAARC Nationals.

iv) Casino Royalty

Seven Casinos are running their business in Kathmandu based 5 star hotels and two Casinos are running in Pokhara based 5 star hotels where management of each Casino have providing employment opportunity at about 500 to 900 persons. Employees pay income tax to government and each casino have to pay Rs.20,000,000/- per year as Royalty to government. Casinos also pay income tax on their profit.

v) Royalty for Expedition of Different Himalayan

Nepal is a country of Himalayan where thousands of tourists travel for expedition of different Himalayan peaks in every year. Before expedition of Himalayan, they have to pay Royalty to Nepal Government. Many trekkers throughout the world attract Himalayan peaks of our country. They affect and activate our rural economy. Agents or Trekking Agency should Deposit Royalty to the Government account No.1-4-5-13 before proceeding to expedition. During the year 2010, only 280 teams were permitted for expedition and 663 persons were succeed and Government collected US\$ 3,028,600/- as Royalty. Due to global warming, Himalayan peaks have been converting into concrete rock every year. Garbage pollution of our virgin Himalayan is another problem which should be managed. Government only collect royalty but they do not think about degrading condition of beautiful heritage.

With effect from 2065/04/01, Nepal Government imposed new Royalty Rate for different Himalayan peaks. These are

Table No.1 Mount Everest (8848m) - South East Route (Normal Rate)
Royalty for Expedition Team (in US Dollar)

No.of Mountaineers	Spring Season	Autumn Season	Winter & Summer
Single person	25,000.00	12,500.00	6,250.00
Two persons of a group	40,000.00	20,000.00	10,000.00
Three persons of a group	48,000.00	24,000.00	12,000.00
Four persons of a group	56,000.00	28,000.00	14,000.00
Five person in a group	60,000.00	30,000.00	15,000.00
Six person in a group	66,000.00	33,000.00	16,500.00
Seven person in a group	70,000.00	35,000.00	17,500.00
For every additional	10,000.00	5,000.00	2,500.00

person (not more than 15 persons in a group)			
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Table No.2 Mount Everest (8848m)-Besides South East Route (Normal Rate)

Royalty for Expedition Team (in US Dollar)

No.of Mountaineers	Spring Season	Autumn Season	Winter & Summer
Single person	15,000.00	7,500.00	
Two persons of a group	21,000.00	10,500.00	
Three persons of a group	27,000.00	13,500.00	
Four persons of a group	33,000.00	17,500.00	
Five person in a group	39,000.00	19,500.00	
Six person in a group	45,000.00	22,500.00	
Seven person in a group	50,000.00	25,000.00	
For every additional person (not more than 15 persons in a group)	10,000.00	5,000.00	

Table No.3 Peaks over 8000 m (Besides Mount Everest)

Royalty for Expedition Team (in US Dollar)

No.of Mountaineers	Spring Season	Autumn Season	Winter & Summer
Single person	5,000.00	2,500.00	1,250.00
Two persons of a group	6,000.00	3,000.00	1,500.00
Three persons of a group	7,000.00	3,500.00	1,750.00
Four persons of a group	8,000.00	4,000.00	2,000.00
Five person in a group	8,500.00	4,250.00	2,125.00
Six person in a group	9,000.00	4,500.00	2,250.00
Seven person in a group	10,000.00	5,000.00	2,500.00
For every additional person (not more than 15 persons in a group)	1,500.00	1,000.00	5,00.00

Table No.4 Peaks between 7501m to 7999m

Royalty for Expedition Team (in US Dollar)

No.of Mountaineers	Spring Season	Autumn Season	Winter & Summer
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Single person	2,000.00	1,000.00	5,00.00
Two persons of a group	2,400.00	1,200.00	6,00.00
Three persons of a group	2,800.00	1,400.00	7,00.00
Four persons of a group	3,200.00	1,600.00	8,00.00
Five person in a group	3,600.00	1,800.00	9,00.00
Six person in a group	3,800.00	1,900.00	9,50.00
Seven person in a group	4,000.00	2,000.00	1,000.00
For every additional person (not more than 15 persons in a group)	5,00.00	4,00.00	2,00.00

Table No.5 Peaks between 7000m to 7500m

Royalty for Expedition Team (in US Dollar)

No.of Mountaineers	Spring Season	Autumn Season	Winter & Summer
Single person	1,500.00	750.00	375.00
Two persons of a group	1,800.00	900.00	450.00
Three persons of a group	2,100.00	1,050.00	525.00
Four persons of a group	2,400.00	1,200.00	600.00
Five person in a group	2,600.00	1,300.00	650.00
Six person in a group	2,800.00	1,400.00	700.00
Seven person in a group	3,000.00	1,500.00	750.00
For every additional person (not more than 15 persons in a group)	400.00	250.00	150.00

Table No.6 Peaks between 6501m to 6999m

Royalty for Expedition Team (in US Dollar)

No.of Mountaineers	Spring Season	Autumn Season	Winter & Summer
Single person	1,000.00	500.00	250.00
Two persons of a group	1,200.00	600.00	300.00
Three persons of a group	1,400.00	700.00	350.00
Four persons of a group	1,600.00	800.00	400.00
Five person in a group	1,800.00	900.00	450.00
Six person in a group	1,900.00	950.00	475.00
Seven person in a group	2,000.00	1,000.00	500.00
For every additional person (not more than	300.00	200.00	100.00

15 persons in a group)			
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Table No.7 Amadablam (6812m)

Royalty for Expedition Team (in US Dollar)

No.of Mountaineers	Spring/Autumn Season	Winter & Summer Season
Single person	1,000.00	500.00
Two persons of a group	1,200.00	600.00
Three persons of a group	1,400.00	700.00
Four persons of a group	1,600.00	800.00
Five person in a group	1,800.00	900.00
Six person in a group	1,900.00	950.00
Seven person in a group	2,000.00	1,000.00
For every additional person (not more than 15 persons in a group)	300.00	200.00

Table No.8 Peaks of 6500 m or below than 6500m

Royalty for Expedition Team (in US Dollar)

No.of Mountaineers	Spring Season	Autumn Season	Winter & Summer
Single person	400.00	200.00	100.00
Two persons of a group	500.00	250.00	125.00
Three persons of a group	600.00	300.00	150.00
Four persons of a group	700.00	350.00	175.00
Five person in a group	800.00	400.00	200.00
Six person in a group	900.00	450.00	225.00
Seven person in a group	1,000.00	500.00	250.00
For every additional person (not more than 15 persons in a group)	200.00	100.00	50.00

Source: Gazette, Section 58, No.16, Vol.5, date 2065/4/13

11.	Mugu District :- Area of Mugu, Dolpu, Pulu and Bhangri	For first 7 days After 7 days	US\$ 90.00 US\$ 15.00 per day
12.	Area of Kanda, Saipal, Dhuli	For first 7 days After 7 days	US\$ 90.00 US\$ 15.00 per day
13.	Darchula District: Area of Byas Village Development committee	For first 7 days After 7 days	US\$ 90.00 US\$ 15.00 per day

Source: Source <http://www.immi.gov.np> (Website of Department of Immigration)

The above said permit can be obtained from Immigration Office, Kathmandu to those groups who submit applications through any recognized trekking agencies of Nepal. The fee amount can be deposited to account No.1-4-5-13 of Nepal Government.

vii) Foreign currency earning source

Nepal government has good opportunity to earn foreign currency through tourism business. Until the present days, this is the second earning source than export business. Foreign currency reserve can play major role to maintain balance of payment in equilibrium condition or help to progress in positive condition.

Table No. 10 Gross Foreign Exchange Earning from Tourism.

Amount in '000				
S.No.	Fiscal Year	US Dollar	Exchange Rate *	Amount (Rs.)
1	2047/48	56734	31.85	1843800
2	2048/49	72467	42.59	3090700
3	2049/50	67721	45.49	3082000
4	2050/51	69309	49.01	3397600
5	2051/52	118563	49.70	5896200
6	2052/53	119060	54.96	6605800
7	2053/54	108527	56.75	6158800
8	2054/55	131042	61.66	8084930
9	2055/56	171403	67.63	11584912
10	2056/57	169848	68.74	11709098
11	2057/58	162513	73.48	11969174
12	2058/59	101628	76.53	7798535
13	2059/60	134245	77.49	10369409
14	2060/61	168163	73.49	12337977
15	2061/62	164408	71.76	11814853
16	2062/63	162086	72.03	11710893
17	2063/64	181243	70.20	12645761
18	2064/65	313941	64.72	20339890
19	2065/66	359011	76.58	27959800
20	2066/67	396324	76.84	28139000

Source: Tourism Statistics 2010, Ministry of Tourism and Civil Aviation (P.84)

Conversion Rate for US\$ 1 is taken of July 15 of Every Year.

4.2 Employment Generation

In latter period, many youths have been attracting to Tourism Industry for employment. Nearly hundred thousand persons have been getting direct employment. They are surviving their life adopting tourism related service. Data for employment related to tourism are difficult to mention here. We have golden opportunities if country can accelerate tourism business in Nepal. Thousands of Airlines employees have been surviving from tourism business. In tourism industry, technical and non technical employees have been working. Most of the technical persons can get job opportunity in different countries of the world. In the hotel, Front Office, F&B and Housekeeping employees are always keep in stand in front of guest to provide service according to guests needs. Tourists guide and trekking guide always in front and behind the guest while they travel. Those manpower are very important for tourism service.

Other indirect Employment opportunities

Tourism industry attracts many industries i.e. handicrafts, metal, agriculture, curio products, musical instruments etc. where thousands of people have been getting employment. They sell their products to foreigners and supplies agriculture and animal products to hotels and resorts. If tourists encourage to travel villages of every part of the country, people can get good opportunity to improve their life standard involving tourism business. Sherpas and Gurung of Himalayan region have been involving tourism business and improving their life standard.

4.3 Physical Infrastructure Development

For the expansion of tourism business, physical infrastructures like Roads, Airports, Hotels, Trekking trails, Bridge on the river should be constructed to move throughout the country where tourists like to travel. For easy movement road or Airlines transportation is necessary. For accommodation Hotels should be built in every destination. Most of the trekking routes, trekking trails should be constructed. Comparatively, roads are constructed in many parts of the country than the condition of 20 years before. From the given table of Economic Survey of 2010/11 (Vol 1, table 11 a) blacked topped roads 6874 kilometer, graveled roads 5036 kilometer and fair weather road 9545 which becomes in total 21455 kilometers roads have been constructed throughout the country. To make easy transportation, private agencies or tourism business holders have been providing Delux Bus or Tourists Coach service to the main city of Nepal. In Nepal, roads are not

constructed to meet International Standard. Tourists who enter into Nepal by land via India, the entry point Bhairawa, Birgunj, Dhangadhi, Kakerbhitta, Mahendra Nagar, Nepalgunj and Sunauli are most popular but roads from those points to Capital are not in good condition and short. Some of Travel Agencies have bought highly deluxe tourists coach from Europe but the condition of roads difficult for driving.

In Nepal 45 number of Airports are in operation. Tribhuvan International Airport is the only for International Flights. Among these 45 Airports, Pokhara, Bhairahawa, Nepalgunj and Biratnagar Airports are regional and centre for all hilly regions. Some of Airports of Himalayan regions are highly risky and dangerous and they are also very important for tourists who travel for Himalayan expedition. During the year 2010, 27 International Airlines have permitted to flight in Nepal. In 2010, sixteen airlines companies of Nepal have served by flying in different 45 airports. Domestic airlines have been providing service to tourists. Due to the high altitude and weather problem many tourists suffer time to time in delay of flight and cancel of flight.

4.4 Development, Protection and Conservation of Natural and Cultural Heritage

4.4.1 National Parks and Wild Life Conservation

National Parks and Wild Life Conservations are popular for tourism destinations as well as revenue earning sources. Thousands of tourists travel in different National Parks throughout the country. It is also our natural heritage and revenue earning sources. National Parks and Wildlife Reserve should be conserved, protected, expanded from human encroachment. We have huge prospectus to earn more foreign currencies permitting to foreigners in different National Parks and Wildlife Reserve or natural heritage. These are:

1 Annapurna National Park

Annapurna National Park established in 1985 and covers 7629 Square Kilometers, expanded to Manang, Mustang, Kaski, Myagdi and Lamjung district. It is attraction for expedition of Annapurna-I, 8091m, Machhapuchhere, 6993m, where 100 different kinds of Mammals including rare snow leopard and 478 other species, flower

Rhododendros are maintaining their ecosystem. It is most popular trekking route of Nepal where thousands of tourists trek there in every year. Tourists have to take permission by paying entry fees to the government.

The entry fee for SAARC National	Rs.200.00
Foreigners	Rs.2000.00

2. Ghorpatan Hunting Reserve

It is established in 1987 (2044 BS) as the only hunting reserve. It spreads Rukum, Baglung and Myagdi districts and it covers 1325 square kilometers. Mountain Dhaulagiri is an attraction of this park. It is estimated 1150 species of flora, 137 birds, 36 species of flowering plants, blue sheep, snow leopard, musk deer etc. are other attraction for tourists. It is protected national park.

Entry Fee	:	Nepalese	Rs.10.00
		SAARC Nationals	Rs.200.00
		Foreigners	Rs.500.00

3. Kanchanjunga Conservation Area

It is established in 1997 (2054 BS), covers 2035 Square Kilometers and expanded within Taplejung district of eastern Nepal. It is protected area and popular for Trans-boundary conservation. Regions of alpine grass land where 100 of animals and at about 200 other species were maintaining their life-cycle. Mountain Kanchanjunga is an attraction of this area. It is also declared as a "Gift to the Earth" in April 1997 by HMG of Nepal in support of WWF.

Entry Fee for SAARC Nationals	Rs.200.00
Foreigners	Rs.1000.00

4. Chitwan National Park

It is established in 1973 (2030 BS) as the first national Park by Royal Approval. It covers 932 square kilometer, spread Chitwan, Makwanpur, Nawalparasi and Dhading district where tigers, bear, elephant, one horned rhinos, and other hundres of mammals and birds are surviving in this park. It is a major attraction for elephant riding where thousands of tourists visit there in every year.

Entry Fee for	Nepalese	Rs.20.00
	SAARC Nationals	Rs.200.00
	Foreigners	Rs.500.00

Hiring of government elephant is Rs.200.00 per person and private is Rs.500.00 to Rs.700.00

5. Sagarmatha National Park

It is established in 1976 declared a World Heritage site in 1979. It is situated above 3000 meter from sea level expanded in Solukhumbu district. An estimated 1074 species of flora, recorded 160 vascular plants and 33 mammals, 208 birds, which are survived in high altitude, are maintaining their ecosystem. Most popular attraction of this park is Mount Everest where thousands of tourists visit there from all over the world.

Entry Fee for	SAARC Nationals	Rs.100.00
	Foreigners	Rs.1000.00

6. Bardia National Park

It is established in 1976 as a Wild Life Reserve. It is situated western bank of Karnali River which covers 968 square kilometers of Bardia and Banke districts. 53 species of mammals, 400 species of birds, 25 species of reptiles/amphibians, and 125 species of fish have been recorded from the park. 839 species of flora are estimated. Royal Bangel Tigers, Elephant and Rhinos are an attraction of this park.

Entry fee for	Nepalese	Rs.20.00
	SAARC Nationals	Rs.200.00
	Foreigners	Rs.500.00

7. Langtang National Park

It is established in 1976 as a Himalayan National Park, its area is spreads Helambu of Sindhupalchowk, Dhading and Rasuwa districts which cover 1710 sq. km from 1500 m to 7234 m from sea level. The attraction of this park is Gosainkunda, a holy lake of Hindus and route for Langtang expedition. Estimated 3689 species of flora, 1045 vascular plants, 45 mammals, 345 species of birds of high altitude are surviving in this park. Thousands of tourist travel this area every year for Trekking purpose.

Entry Fee for SAARC Nationals

Rs.100.00

Foreigners

Rs.1000.00

8. Khaptad National Park

It covers 225 sq. km and spread Bajhang, Bajura, Doti and Achham of Far Western region of Nepal. It is established in 1984 under the National Parks and Wildlife Conservation Act 1973 and its regulation 1974 on the advice of the region's remarkable holy man, Khaptad Baba and declared a buffer zone in 2006.

Entry Fee for SAARC Nationals

Rs.100.00

Foreigners

Rs.1000.00

9. RARA National Park

It is established in 1976 and its area covers 106 Sq. Kilometer, the center pristine lake RARA (2990 m), which is the biggest lake (167 m deep, 108 sq. km long) of Nepal. This area is still undeveloped due to the inaccessible of transportation where no modern accommodation and food facility for tourists are available. Including Show Leopard, Musk Deer, Red Panda, 51 mammals, 241 species of Birds and 170 species of flora (Rhododendron, fir,

oak, and birch etc) are maintaining their eco-system of high altitude.

Entry Fee for SAARC National	Rs.200.00
Foreigners	Rs.500.00

10 **Shey Phoksundo National Park**

It is established in 1984 and represents the Trans-Himalayan ecosystem which is largest national park of Nepal. It covers 3555 sq. km and spread to Dolpa and Mugu Districts of Western Nepal. Phoksundo Lake of high altitude and long gorge is an attraction for tourist. The country's highest waterfall is near the lake outlet. 1575 species of flora, 174 vascular plants, 35 mammals, 208 birds, 3 herpeto reptiles are maintaining their ecosystem. Historic Gombas can be observed there.

Entry Fee for SAARC Nationals	Rs.100.00
Foreigners	Rs.1000.00

11 **Makala Barun National Park**

It is established in 1991 and it covers 1500 sq.km which lies in Nepal Tibet boarder expanded to Solukhumbu and Sankhuwasabha districts. Mount Makalu (8463m) the fifth highest mountain, Mr. Chamlang (7319m), Mt. Baruntse (7129m and Mera peak (6654 m) are situated in this park attract as a panoramic views of Himalayan. Estimated 3073 species of flora, 81 species of mammals, 421 species of birds, 14 species of herpeto, and 13 species of fishes are maintaining its ecosystem.

Entry Fee for SAARC Nationals	Rs.100.00
Foreigners	Rs.1000.00

12. **Royal Sukla Phat Wild Life Reserve**

Established in 1976 and it covers 305 sq.km. which lies in Kanchanpur district. Some 700 species of flora are estimated, 43 species of mammals, 349 species of birds, 12 species of reptiles and 24 species of fish are surviving in this park.

Entry Fee for Nepalese	Rs.20.00
SAARC National	
Rs.200.00	

Foreigners

Rs.500.00

13 Koshi Tappu Wildlife Reserve.

It was established in 1976 and covers 65 sq.km. Recorded 514 species of flora, 158 vascular plants, 23 species of mammals, 485 species of birds, 17 species of herpeto and 105 species of fish are found in this park. Its attraction is unique birds of world and wild buffaloes. Hundreds of tourists who are lovers of birds visit this park every year.

Entry Fee for	Nepalese	Rs.20.00
	SAARC Nationals	Rs.200.00
	Foreigners	Rs.500.00

14. Manaslu Conservation Area

It was established in 1998 and located in Gorkha district. It starts from 600 m to 8163 meter of mount Manaslu peak. An estimated 2500 species of flora including 587 vascular plants, 33 species of mammals and 110 species of birds and other reptiles/amphibians are surviving there.

Entry Fee for	SAARC Nationals
Rs.100.00	

Foreigners

Rs.1000.00

Source : Entry fees are taken from Brochures published by Department of National Parks and Wild Life Conservation, Babar Mahal, Kathmandu.

These National Parks are attraction for students, researchers, and natural lovers. Government allowed to foreigners for film making levying certain charges in different National Parks. Conservation and Protection of National Parks are important for income and environmental balance.

4.4.2 Himalayan, Rivers and Lakes

Himalayan range of north part of Nepal is a paradise for natural lovers. Nothing is to investment besides accommodation and peace, which attracts foreign currency continuously. This beauty is also converting into black

concrete in every year because of global warming and wounded, becoming ugly by human aggression and encroachment. All the stakeholders should protect and preserve by cleaning up the dirty garbage around the Himalayan range.

In Nepal, there are 14 major range of Himalayan where nearly 250 peaks are counted and named from 6000 m to 8848 m height. In Nepal, Koshi, Karnali, Narayani are big and they flow from different Himalayan. Most of the rivers are allowed for rafting. Different lakes and ponds are beautifying Nepal situated in the lap of mountain and Himalayan where thousands of foreigners covet to see and touch them. Mahendra, Phoksundo, Phewa, Tilijo, Begnas, Rupa etc are popular lakes of Nepal.

4.2.3 Cultural Heritage

Nepal is rich for Ancient and historical temples, monuments, Gumbas, Stupas built in different eras. It has to protect and preserve for future generations. Students of Archaeology, Culture, History and other interested scholars are always drive towards Nepal for study.

Cultural heritages listed by UNESCO are Hanuman Dhoka Durbar Square, Patan Durbar Square, and Bhaktapur Durbar square. Likewise Swayambhunath Temple, Boudhanath, Pasupati Nath Temple, Chagunarayan Temple and birth place of Lord Gautam Buddha Lumbini are other sites listed by UNESCO. These are astonishing and unique sites which are rich in art and architecture displays the full range of historic and artistic achievement. Nepal is centre for pilgrims of Hindus and Buddhists.

In Nepal different ethnic and tribal groups have been residing in different corners of Nepal. Their language, dress, traditional and religious practice, religion, belief, feast & festivals, customs etc are focal point for cultural heritage. Without damaging and violating the basic essence of these cultures, necessary program and plan to be carried out for the protection and preservation. Thousands of tourists visit Nepal only for observation of our cultural heritage. As a part of cultural heritage some of cities have been charging entry fee pretending to preserve and protection of ancient properties. Bhaktapur tourism board has been charging foreigners US\$ 15.00 as entry fee. Lalitpur Metropolitan Committee has been charging foreigners

Rs.200.00 per person as entry fee and Kathmandu Metropolitan city also have been charging Rs.100.00 for SAARC Nationals and Rs.300.00 for Foreigners to enter Human Dhoka Durbar Squire. Concern Metropolitan authorities have been collecting million of Rupees every year as entry fee from tourists. Major part of the cities and historical place, tourists have to pay certain amount as entry fee and other fees to local government. Expansion and protection of these heritages, local people have the opportunities to enhance their economic condition.

4.5 Present Challenges in Tourism Industry

Since the starting date of tourism industry, it has been facing innumerable problems in various fields. During the Panchayet autocratic system, the lack of basic infrastructures and restrictions to travel in all the destinations, did not progress adequately. Peace and security was maintained by then government but other facilities were not available to make easy travelling. After the restoration of democracy, government has not given minimum priority due to the existence of political instability and security. Peace and security is a primary factor for tourists movements but lapses of security, tourists have not confidence as they secure during travelling in rural areas. Hundreds of local political cadres irritate to tourists demanding financial donation to the party, if they deny, they punish them physically and mentally. Looters, beggars, goods sellers have been making tortured in every step of waking area whether it is urban or rural destinations.

These are the common challenges, which cause the deterioration of tourism industry.

- i) Capital Investment: Government has encouraging capital investment to all the investors of domestic and international but they hesitate to invest previously due to existence of autocratic system and latter due to unstable political system of Nepal.
- ii) Local people are still unaware about their development or their role in Development, which is hampering speedy development in rural areas. Due to unemployment of rural youths, they left village to seek better opportunities in urban areas and foreign employment.

- iii) Existence of degrading conditions of security or anarchism in every part of the country, tourists hesitate to travel those areas where they feel insecure.
- iv) Tourism entrepreneurs have been investing billions of rupees for the building of hotels and other business infrastructures partly on their investment and partly getting loan from commercial banks but the State has been moving towards anarchism or indistinct of political system.
- v) There is no effective government mechanism for rescue while loss their lives and they are in danger during their trekking. Many tourists have lost their lives during trekking and walking in various difficult geographical regions of the country.
- vi) The rate of Royalty for expedition of different Himalayan peaks is high. It should be flexible or it should be reduced during depression of tourism industry.
- vii) Local people are still unaware about their heritages and its impacts on their lives. Government should educate local people with the help of non-governmental organizations and privates in order to motivate them for the protection, preservation and expansion of heritages.
- viii) All the tourism facilities are centralized in urban areas but in rural area or tourist destinations, there are no basic facilities e.g. accommodation, foods, medical treatment, transportation, communication etc.
- ix) Lack of education and basic communicative language in rural people, foreigners who visit these areas, they face problem of communication.
- x) Political interference in tourism industry is one of the major problems for its entrepreneurs. Every large tourism organization, management has been suffering from trade union. Trade Unions are representative of political parties who contest the trade union election under the supervision of political party. Most of the entrepreneurs have complain that one's private property who has authority to run as per

their wish but member of political parties (Trade union) interfere in every step of management. Some of extremists want to apply their ism in the organization that is totally against the norms and values of Tourism Industry.

- xi) International Fame: Many countries of the world have been delivering message to their citizens that they should not visit Nepal unless compulsory visit. They pointed to the problems of uncertain strikes, fail in peace and security and unstable political situation. The fame of our country as peace zone or birth place of Gautam Buddha is seriously in danger.
- xii) Pollution: Nepal is the country of Natural and cultural heritage but it has been facing innumerable problems related to pollution. Air, sound, water, food, ethical pollution and corrupt pollution are major pollution which is degrading its natural and cultural heritage. Capital city is converting ugly city because of unsystematic housing, the exit of drain from every house directly to the holy river and its suffocating smell. More than 30 years old vehicles are in operation and its smoke spreads to open air. No proper management of waste sewage in most of the urban areas.
- xiii) Lack of transportation means: Transportation is major factors for people movement and to carry goods here and there. Some of rural areas are not linked by road transport, airports. All the districts of Terai region are linked by road and air transport but most of the Himalayan regions are still not linked by road transport.
- xiv) Geographical difficulty and challenging seasons:
In summer and rainy season most of the travelers do not visit Terai due to hot and uneasy to move one place to another. In winter season, most of the travelers do not visit Himalayan region due to extreme cold and ice fall. In rainy season tourists do not visit mountain region due to danger of landslide. Due to geographical difficulty, tourists visit with risky.
- xv) Problems of food supply: some of the regions of Nepal are so difficult to deliver food grains and food cost for tourists increase accordingly

and economic tourists are unable to afford the cost of foods and accommodation. Due to the lack of transportation means, adequate food supply affect the flow of tourists in rural areas.

- xvi) Complexity of Legal Procedure: Investors, entrepreneurs of tourism business have been facing innumerable legal problems. Tourists also have been facing of problems of government function of delay, complexity in VISA extension and other procedure.
- xvii) Tourists have to pay taxes and entry fees, donation to political groups and club in every step of the way where they travel. Such type of harassment to the tourists do not create positive message.
- xviii) Degrading ecological condition of Nepal has been damaging future prospectus and prosperity of tourism business. Sparkling and white shining Himalaya are converting into black rock mountain every year. This is the result of global warming.
- xix) Buses and airlines companies have charged separate rate to tourists than Nepalese tourists. There is no fixed rate and employees of the transportation means have charged at the rate looking tourist's face.

4.6 Major Findings

- a) From starting phase of 1st Five Years Plan to 10th Plan, some of major works had done for tourism development like establishment of Ministry of Tourism, Tourism Board, investment in Hotel and infrastructure development, construction and expansion of Airports, road Construction, expansion of communication to remote place etc. .
- b) Foreign Investment Policy implemented but no encouraged to foreigners for investment.
- c) The program of conservation and protection of National Parks and Wildlife Reserve made no effective implementation. Deforestation, smuggling of animals and their organs are caused the problem of protection.

- d) Government emphasized eco-tourism, village tourism, tourism for rural poverty alleviation programs etc are carried out but no effective implementation has seen yet.
- e) Revolutionary program of Home Stay Policy 2067 implemented by the Government but it has no effective result found. It is implemented in few places like Ghale Gaun of Lamjung.
- f) Privates have been managing tourism business more effectively and efficiently than the Government side. To improve the industry by the joint effort of public private partnership.
- g) Government revenue from tourism industry is not seen transparent. Royalty from Expedition team in 2010 US\$ 3028600/- collected by the Government. No data can be found how much money earned by privates from tourism business. The rate of gross foreign earnings is seen increasing rate.
- h) Different university and institutions have been producing skilled tourism manpower but government failed to utilize these manpower.
- i) The data tells that majority of tourists visit Nepal for pleasure (53%), Trekking and mountaineering (19%) all the stakeholders have to launch effective programs for pleasure.
- j) Due to unrest and security lapses in the country, tourists flow to Nepal from world market is not satisfactory. In every year number of tourists are seen in table fluctuated. Entrepreneurs are hesitating to invest in tourism field due to uncertainty of their investment.

Chapter Five

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This thesis is divided into five chapters, first chapter is introductory part. Second part is the description about policies related to Tourism industry and its implementation. Since 2013 BS, government has been formulating five years plans until 10th plans. In every plan, programs were carried out to uplift tourism industry in Nepal. In every plan Construction and development of physical infrastructures has been given most priority. Road transport, Airports in rural areas, hotels buildings, and other were built during the period of every plan.

Government has encouraged to foreign investment towards the investment and management of hotels, resorts, Travel Agencies, Gulf Coarse, Airlines Service, Hot Air Ballooning, Cable Car, Amusement Park, Paragliding, Rafting and Canopying business. Accordingly, government has implemented a Tourism Policy 2065 as a Long Term vision of government. This policy encouraged to promote village tourism and domestic tourism. Home stay Policy 2067 has encouraged to local people of rural areas as community based home stay where community manage to guest for their accommodation, food and travelling. Mainly two agents involve the proper management and promotion of tourism business in Nepal. One is government who formulates policy and remove administrative and legal barriers and private involve massive investment in building of hotels, resorts, and provide excellent services to guests.

Chapter three describes the method of study where data collection, types of data and their presentation in this thesis. Chapter four is the description of economic activities caused by the promotion of tourism business. Sources of government revenue includes VAT, Income tax, Visa fee, Casino royalty, Royalty for expedition of different Himalayan, entry fee from restricted area, foreign currency earnings and earnings from different National parks. It describes employment condition of Nepal. In this chapter development and protection and conservation of Natural and Cultural Heritages of Nepal is described. Some important points are presented as the challenges in tourism industry.

This paper is about the description of economic activities both the Government and individual benefit from the development of tourism industry. Secondary data are used to describe the every heads.

5.2 Conclusion

Nepal is rich in natural and cultural heritages where 206 millions of people surviving their life adopting different occupations. Tourism is such kind of business where a lot of probabilities to earn foreign currency and improve economic condition of people by exhibiting our heritages to tourists who visit Nepal. Establishment and promotion of productive industry is not satisfactory due to uncertainty of political violation and industrialists hesitate to invest in Nepal. In tourism business, only hotel and resorts building is much expensive rather than other sectors of services. Infrastructures development for tourism promotion is inevitable. Otherwise, it is very difficult to promote business. Road transport and air transport are also expensive and it is also the pre-condition for tourism promotion.

Thousands of people have been getting direct and indirect employment in tourism industry. Employees Pay tax on their salary income to the government. Tourism is the second earning sources of foreign currency for the nation. It can be extend to the top most position. Tourists pay Visa Fee for single US\$ 30/- and multiple US\$ 50/- and other Visa extended fee US \$ 100/- for more than 90 days is applicable. Travelling permission fee should be paid in foreign currency. Royalty from Casino Rs.20000000/- should be paid to operate business. Permission fee for Himalayan Expedition for below than 6500 m to above 8848 m US\$ 250/- to US\$70000/- should be paid to the government. During the year 2010 only 280 teams were permitted for expedition and 663 persons were succeed and Government has collected US\$3,028,600/- as Royalty.

Government collects permission fee for 13 restricted areas granting permission for trekking which is also strong sources of revenue. In FY 2066/67 government earned Rs.28139000 thousand from Foreign Exchange Earnings from tourism. As per the Tourism Statistics 2010 presented by Ministry of Tourism and Civil Aviation, government collected revenue in FY 2062/63 Rs.60403376/-, in FY 2063/64 Rs.87989065/- in FY 2064/65

Rs.111871108/- in FY 2065/66 Rs.135428547/- and in FY 2066/67 Rs. 128585045/- from different National Parks. Besides revenue from National Government, Local Level i.e. VDC and Municipality have also charge certain amount to the tourist for the protection and preservation of local heritage like Hunuman Dhoka Durbar Square, Pater Dubar Square, Bhaktapur Durbar Square.

From table No.13 shows that Travel Agencies and Trekking Agencies have been increasing every year from 2001 to 2010. Likewise Tourists guide and Trekking guides also increasing every year. Highly qualified, skillful and trained manpower is basic part of tourism industry. Entrepreneurs, employees and individual who serves tourism in elsewhere where tourists visit are assets for tourism industry and they should be trained.

Tourism related statistics shows that the flow of tourists in Nepal every year is seen positive after the peace process of Maoists. For pleasure 53.3% , for trekking and mountaineering 19% for business 5.3% , for Official 4.6%, for Pilgrimage 5.1% and other 11.8% tourists are visit Nepal in every year. 17% of tourists visit Nepal via India by road transports and 83% of tourists visit by Air transport. Until 2010 average length of stay has recorded 10 days. Most of tourists visit Nepal from American continent 7% , Europe 25.3% , Asia 32.6% and Australia & Pacific 2.6%. The flow of tourists seen more in Spring and Autumn than winter. Number hotels and resorts increased every year until 2005 and likewise number of beds also increased but it decreased due to extreme violation of Maoists while they are in jungle war. In 2010 total number of hotels and resorts 789 are operating and total beds are 29,342 but in peak season October, November and December there is no enough beds for tourists.

Beautiful natural and cultural heritages, Himalayan Paradise, north to south landscape, variation of mountain peaks, greenery vegetation, wildlife and hunting reserve etc. are assets of Nepal where thousands of tourists have been travelling in every year to observe and enjoy these heritages. Nothing is progressive program are required but government has to maintain peace and security. It is minimum and basic requirements or pre-requisites. Privates have been investing huge amount of their investment and government has to protect their investment then all mechanism for tourism promotion will function itself to boost up tourism business in Nepal.

5.3 Recommendation

Nepal is barren land for tourist where miraculous change can be carried out by promoting tourism industry. Nepal is rich in cultural heritage where ancient temples, monuments, stupas were built by then rulers. These are attractions for tourists and holy place for pilgrims. Nepal is beautiful country and popular for natural heritage because we have highest mountains and jungles, peaks, ice rivers. We have very high prospectus for tourism development in Nepal. We can change our life by promoting tourism industry. Some of the points given below are the suggestions of tourism of Nepal. These are:

- i) Tourism related law should be stable, government has to formulate law and its regulations for sustainable development. Frequent change and amendment of laws discourage the investment either foreign or domestic.
- ii) Joint efforts of private and public is needed for the development of tourism industry. Existing relation between government and private is not harmonious because government Officials feel as a State Owner and try to rule over private pretending to control irregularities. Government treats to private entrepreneurs as their debtors. Government's thinking towards entrepreneurs or industrialists should be improved or co-operative.
- iii) For the development of tourism industry, peace and security is primary needs, pre-requisites. General strike, blocked any part of the country, Chakka Jam etc. are the barrier for tourism. Most of the political parties and their sister organization have organized such type obstructions to fulfill their vested interested. All kinds of obstructions should be avoided and stopped.
- iv) Collection of fees, donation by different groups in everywhere terrorizing tourists so, it should be stopped.

- v) At 40% revenue from tourism industry should be appropriated towards infrastructure development focusing directly to new destinations development.
- vi) Massive publicity of our wonderful natural and cultural heritage all over the world should be needed. Government has to play important role to display our wealth in the eye of the world.
- vii) Government and other tourism stakeholders should motivate local people for the conservation, protection and development of their heritages.
- viii) Nepal Academy for Tourism and Hotel Management (NATHM) has to organize mobile training program to the rural people in order to educate them about hospitality.
- ix) Road, Airport, Cable car should be built rapidly for secure, dependable, and easy transportation to reach every destination.
- x) The norms and value of our culture should not be polluted from imported culture. We should minimize or prohibit from transmission of bad customs.
- xi) Government should simplify the jargons of official procedures of tourist related functions.
- xii) All kinds of pollution should be control and maintenance of healthy environment is needed in every part of the country.
- xiv) Create free & fare environment for free movement for tourists and avoid exploitation to tourists who visit Nepal and encourage him/her to visit again and again. So everyone should offer hospitality comments towards our valuable guests.
- xv) Protect natural and cultural heritages from human encroachment. Deforestation and control of spring water pollution by human should be controlled by local people and government authority should

educate them, these heritages are their own properties from where they can get cash continuously.

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Years	Star Hotels		Non Star Hotels		Total	
	Number	Beds	Number	Beds	Number	Beds
1979	40	3,775	28	1,150	68	4,925
1980	39	4,300	34	809	73	5,109
1981	39	4,300	35	2,345	74	6,645
1982	39	4,300	36	2,482	75	6,782
1983	39	4,300	36	2,519	75	6,819
1984	39	4,300	37	2,605	76	6,905
1985	41	4,188	39	2,722	80	6,910
1986	41	4,087	69	2,999	110	7,086
1987	43	4,381	61	2,671	104	7,052
1988	43	4,412	77	3,599	120	8,011
1989	54	4,880	105	4,528	159	9,408
1990	57	5,502	111	4,742	168	10,244
1991	61	5,809	131	5,398	192	11,207
1992	64	5,969	139	5,803	203	11,772
1993	64	5,969	150	6,578	214	12,547
1994	72	6,502	322	11,228	394	17,730
1995	72	6,502	448	15,305	520	21,807
1996	79	7,050	553	18,588	632	25,638
1997	86	7,779	620	19,833	706	27,612
1998	89	7,842	650	21,036	739	28,878
1999	87	8,656	698	23,558	785	32,214
2000	94	9,320	754	25,638	848	34,958
2001						

	97	9,430	791	26,733	888	36,163
2002	104	10,289	839	27,327	943	37,616
2003	108	10,535	858	27,735	966	38,270
2004	110	10,715	886	28,392	996	39,107
2005	110	10,715	896	28,669	1,006	39,384
2006	105	9,763	502	14,497	607	24,260
2007	95	8,774	539	18,091	634	26,865
2008	96	9,320	575	16,743	671	26,063
2009	97	9,369	647	19,124	744	28,493
2010	103	9,125	686	20,217	789	29,342