

TOURISM MARKET TRENDS IN NEPAL

A Thesis Submitted By:

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To:

Office of the Dean

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RECOMMENDATION LETTER

This is to certify that the Thesis

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TOURISM MARKET TRENDS IN NEPAL

has been prepared as approved by this Department in the prescribed format of the Faculty of Management. This thesis is forwarded for examination.

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VIVA-VOCE SHEET

We have conducted the Viva-voce of the thesis presented

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And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the Degree of Master's in Business Studies (M.B.S.)

Viva-Voce Committee

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DECLARATION

I hereby declare that the work reported in this thesis entitled "TOURISM MARKET TRENDS IN NEPAL" submitted to Office of the Dean, Faculty of management, Tribhuvan University, is my original work for the partial fulfillment for the requirements of Master Degree in Business Studies (M.B.S.) under the supervision of Nirmal Khadka, Lecturer of Saraswoti Multiple Campus, Kathmandu.

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Tourism, one of the emerging issue for Nepal, is in challenging for recent days. Despite high potentiality of this resource in Nepal but there is no sufficient utilized till the date. The researcher has quite one step forward for its issues due to keen interest on this sector.

In this context, the study entitled Tourism Market Trends in Nepal is mainly done to analyze the present status and its different aspects about the tourism sector. The study objectives, methodology and findings are presented in five chapters. In this study I am hearty thankful to Tribhuvan University and Saraswati Multiple Campus for offering me this thesis.

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ABBREVIATION

| | | |
|-------|---|--|
| DFID | : | Department for International Development |
| FEE | : | Foreign Exchange Earning |
| GDP | : | Gross Domestic Product |
| GNP | : | Gross National Product |
| GoN | : | Government of Nepal |
| HAN | : | Hotel Association of Nepal |
| ICT | : | Information Communication Technology |
| IUCN | : | International Union for the Conservation of the Nature |
| LDCS | : | Least Development Countries |
| MDG's | : | Millennium Development Goals |
| MOC | : | Ministry of Culture |
| MOF | : | Ministry of Finance |
| MOTCA | : | Ministry of Tourism and Civil Aviation |
| NGO | : | Non Governmental Organization |
| NPC | : | National Planning Commission |
| NRB | : | Nepal Rastra Bank |
| NTB | : | Nepal Tourism Board |
| PCI | : | Per Capita Income |
| TAAN | : | Trekking Agents Association of Nepal |
| UNDP | : | United Nations Development Fund |
| WWF | : | World Wildlife Fund |
| WWT | : | World Wide Tourist |
| WWW | : | World Wide Web |

CHAPTER I

INTRODUCTION

1.1 Introduction

1.1.1 Tourism

Nepal, a country of unique mosaic of green landscape and diverse cultural heritage situated in the lap of Himalayas, is known as the 'land of Mt. Everest' and 'Lord Buddha' throughout the world. The land of proud of its great civilization created by its laborious people, rich cultural heritage, historical monuments and diverse life style.

Nepal is one of the landlocked least developed countries in the world. It is located in between the latitude $26^{\circ} 22'$ North to $30^{\circ} 27'$ North and longitude $80^{\circ} 4'$ East to $88^{\circ} 12'$ East. Its length has 885 km from East to west and its width has non-uniform, mean width of 193 km. and its height from the sea bottom is 70 m. to 8848 m. Tourism development has a very important role in the economic development of Nepal. Tourism in Nepal is an important foreign exchange earnings sector. It plays significant role in the Nepalese economy. Nepal has become a centre of attraction and is being developed as a tourist destination due to natural beauty and the world famous snow peaks like Mt. Everest that identifies the country itself. Nepal has various cultural specialties of its own. In fact Nepal's rich cultural heritages have been the major sources for attracting an increasing number of tourists from all over the world. Nepal has also followed an open sky policy.

In ancient time, the main motivations for tourism were trade, pilgrimage and conquest. Until the First World War travel was the privilege of a small segment of society. After the Second World War, the

Marshall Plan for the revival of the economics of the European Countries viewed tourism as an engine of economic development. During that time, official tourism organization was established.

1.1.2 Development of Tourism

There have been amazing changes in technology, transportation, and communications in the latter half of the twentieth century. The geopolitical stability has been accompanied by economic affluence for many citizens in industrialized and developing countries throughout the world. These changes have triggered the development of a number of new industries. One of these industries, tourism has quietly emerged to become an important force in many societies and economies in various parts of the world (Eadington and Smith: 1994: 1-2). Though not usually thought of as a single cohesive industry, the growth of tourism since World War II has nonetheless been dramatic.

Tourism has emerged as an industry which, according to World Tourism Organization, in 1989 generated approximately 74 million jobs in its direct and service- oriented industries, such as airlines, hotels, travel services and publications (Eadington and Smith: 1994:126). Many countries that possess the necessary resources for tourism development have chosen, consciously or otherwise; develop large scale tourism as a major national activity. Tourism has become a major employer. In industrialized countries, tourism is frequently replacing manufacturing, distribution or extractive industry. In developing countries, the shift typically has been from an agrarian economic base to a touristy economic base by passing an industrial phase altogether (Eadington and Smith: 1994: 127).

Tourism is not always an unmixed blessing. Tourism policies frequently fail, especially in developing nations in terms of contributing to genuine development nations, in terms of contributing to genuine development of the country (Richter: 1989:18). Often they are expensive, capital-intensive, import-driven, seasonal, given to excessive foreign exchange leakage and subject to well-documented negative social effects. Yet these same policy mistakes are made over and over again.

During the last 50 years, tourism in most areas of the world has developed with little or no planned activity (Hawkins: 1985:158). Substantial investments for infrastructure and tourism facilities like hotels, airports, roads, power and sanitation were made in destinations attracting the pleasure visitor to meet ever-increasing demands. Pacific and Asian countries have been exposed to such rapid and haphazard development, particularly the Philippines, Japan, Thailand, and Singapore (Hawkins: 1985: 158). Besides, large numbers of tourists are going to the same destinations at the same time due to holidays being concentrated in certain months of the year. The results are crowded beaches, mountains, and lakes, ever widening roads and increasing congestion that threatens the value of the vacation experience itself.

Undoubtedly, Nepal is one of the poorest countries of the world. The major problems faced by the country presently are a rapidly rising population (total population is increasing at the rate 2.24 per cent per annum), fewer possibilities for developing industries, limited scope for increasing agricultural production and also suffering from the energy crisis till this date. Despite the emerging comparative beneficial area is tourism for Nepal due to its high potentiality.

Tourism is regarded as a means of achieving economic development. Nepal has many tourist destinations and the exploitation of these destinations offers a wide range of comparative advantages. Some of them are (International Consultants and Technocrats: 1995: 11-12):

-) The most spectacular mountains in the world
-) People of different races, religions, cultures and customs
-) A wide variety of flora and fauna
-) A varied climate

1.1.3 Structure and Growth of Tourism in Nepal

Tourism is one of the fastest growing industries in the world. It has been playing a pivotal role in the economy for the most of the developed and developing countries of the world. As a result, most of the countries are attracted in this industry. Tourism has been identified as an important source of foreign exchange earnings as an industry creating employment opportunities and generating economic growth of the country. Moreover, 'Proper cultivation of tourism is expected to contribute in foreign exchange of mutual understanding and appreciation for a better world of tomorrow' (Anand & Bajracharya: 1985:123).

Tourism has been regarded as the world's biggest business with a turnover as large as that of the oil industry and most fruitful industry in the world. Many nations have made heavy investments in this sector for the successful development of tourism products and infrastructure. The major tourism infrastructures are supply of water, power, communication, parks, health care facilities and other public utilities. One of the most important and crucial part of tourism is the tourism product. It is the

product which motivates tourists to visit and see certain things in certain destinations.

Satyal, Y. R. (1988) has classified tourism into six different types.

I. Pleasure/Entertainment tourism

In this type of tourism, people go on holiday for enjoyment out of curiosity to take rest and to know something new. This type of tourism usually depends upon different taste of different people.

II. Recreational Tourism

This type of tourism is sub classified into two types of sporting by its nature. Those who visit sports events like Olympic games, World cup Football or which attract not only sportsmen to the host country but also a large number of sport fans tourists to see these functions and number two visiting well organized sporting events in countries which have specialized such as winter sports, natural sports, fishing etc.

III. Cultural Tourism

These types of tourism are attracted by the eagerness to learn various cultures of different countries. Mainly these types of tourists visit to learn different habits, language and customs of people. They want to visit art galleries, religious center and participate in art, music and folklore festivals.

IV. Business Tourism

These kinds of tourists who come for business purpose are called business tourists. Businessmen, industrialists or professionals visiting

places of their interests or fairs and exhibitions or places of technical achievements are included under this category.

V. Conference Tourism

International conferences are organized in different countries where such convention facilities are available. A large number of people take part in different conferences in different countries. These conferences are arranged in the cities best prepared to receive the delegates and to cover the low occupancy rate of the hotel in the low seasons. These types of conference tourism are growing rapidly in the modern world.

More to speak as a means of economic development, tourism has been the subject of much attraction and discussion in recent years. Some say that tourism could be the stimulus for economic development as it was in the case in Spain (Hawkins: 1985: 209). Others contend that tourism does not confer economic benefits and it is socially very damaging as was the finding in the Caribbean (Hawkins: 1985: 211). It would be interesting to see whether the findings of the research on Nepalese tourism will support the case of Spain or the Caribbean.

Nepal has become a centre of attraction and is being developed as a tourist destination due to its unique natural beauty, world famous snow-peaks like Mt. Everest that identifies the country itself and various cultural specialties of its own. Although it has not been very long since Nepal was opened to foreign tourists, yet the tourist inflow rate to Nepal has been increasing day by day (National Planning Commission: 1992: 436).

Nepal attracts a wide number of tourists from all over the world. Most visitors are the tourists who come for holidays or for trekking

expeditions. These two groups constitute about 82 per cent of all visitors. The rest are businessmen, government officials, convention participants, pilgrims and others. Most of the tourists visit Nepal by air is the proportion of rising from 79 per cent in 1970 to 87 per cent in 1993 (International Consultants and Technocrats: 1995:179). In domestic flights about 30 per cent of passengers are foreigners. Though most tourists confine themselves to Kathmandu and other destinations are also becoming popular. Prominent among them is Pokhara. Of the total number of tourists, about 27 per cent visited Pokhara in 1993 (International Consultants and Technocrats: 1995:178-179). Tourism has been recognized as a field in which Nepal has a comparative advantage. The development of tourism would contribute to the economic development efforts of the country (Ross: 1991: 16). Developing tourism requires planning, and development of tourism infrastructure including the civil aviation system in Nepal. The function and capacity of the existing airports need to be improved and the demand for aircraft in future needs to be satisfactory accommodated (Japan International Corporation Agency: 1989: 2). It will have a direct effect on the growth of international and domestic trade, and indirect effects such as a contribution to the public welfare in remote districts.

A key objective of tourism in Nepal is to maximize the nation's earnings from tourism. The important element of the strategy is to encourage sightseeing visitors to stay longer in Nepal and to provide them with wider opportunities to spend on Nepalese products and services. Developing destinations outside the Katmandu Valley is seen to be an important element of the strategy.

Touché Ross has assessed that the actual foreign exchange earnings from tourism in Nepal are approximately 150 per cent of the officially

recorded receipts (Ross: 1991: 84). There is also leakage of these earnings outside the country because of the need to import goods and equipments to serve the tourists. These leakages can be the highest in the case of those tourists who stay in luxury accommodation. For example, it is estimated that the import content expenditures at a five star hotel is 46 per cent while it is only 9 per cent for unstarred hotels (International Consultants and Technocrats: 1993: 84). Nevertheless, those tourists staying in five star hotels, by virtue of their high propensity to spend make a contribution to the economy. A challenge for Nepal is to improve its ability to supply the needs of tourists from its own resources.

1.1.4 Tourism Development during Various Plan Periods

Nepal has taken important initiatives to develop tourism as an important sector of the economy. It includes certain of necessary institutions, prioritization in the plans and allocation of resources for development and promotion. In Nepal, the government has tried to create conducive institutional arrangement to develop tourism since 1957.

In view of the growing role and importance of the industry the government established the Department of Tourism and Ministry of Tourism in 1959 and 1977 respectively. Realizing the importance of tourism, Govt. of Nepal has given emphasis to tourism in the economic plans of Nepal. Nepal initiated planned economic development since 1956. Although there was no specific provision for tourism development during the **First Plan (1956 - 1961)**, the plan gave adequate emphasis to build requisite infrastructure like road, water, electricity, construction of airport, etc. which are also the basic infrastructure for tourism development.

Having realized the importance of tourism as a major source of foreign exchange earnings, emphasis was given to promote Nepal on abroad and develop travel agencies and hotels during the **Second Plan (1962-1965)**. The **Third Plan (1965-1970)** aimed to develop tourism infrastructure by establishing hotels and extension of aviation facilities, production of promotional films relating to Nepal and distribution of tourism materials, conservation of temples and historical places. During this plan, Nepal Tourism Master Plan was drafted.

The **Fourth Plan (1970-1975)**, clearly realized the need of long term national concept in developing tourism with policy package to achieve sustained growth of arrival and foreign exchange in supporting overall development objective of the economy. As such a Tourism Master Plan was initiated and prepared in 1972 with technical assistance of Germany.

The **Fifth Plan (1975-1980)** aimed to earn more foreign currency and make balance of payment favorable by developing tourism in the country, increase employment by developing local skills and promote tourist spots.

Similarly aim of the **Sixth Plan (1980-1985)** was to increase the number of tourists' arrival and increase their length of stay, to increase the level of employment and substitutions of imported goods and services consumed by tourist. The main policies adopted in this plan were extensions of tourism centers in different parts of the country, preserving and providing employment opportunities the maximum of people and making necessary publicity and promotion (NPC: 1980).

The **Seventh plan (1985-1990)** of the country aimed to improve the balance of payment situation through increased foreign exchange

earnings and to increase the number of tourists pursuits, streamlining tax and levies, promoting in Asian countries improvement in service and preservation of the diverse culture, religion and historical heritage (NPC 1985).

Realizing the growing importance of tourism in the national economy, the **Eighth plan (1992-1997)** also gave emphasis to develop tourism. The major policies adopted in the plan period to develop tourism were to increase government investment in physical infrastructure, emphasis to bring in more tourists and increase their average stay and expenditure adaptation of open sky policy, encouragement of the private sector in aviation.

The objective of tourism development in the **Ninth plan (1997-2002)** is to assist poverty alleviation by making this sector a part of the all round economic development of the country (NPC: 1998). The ninth plan emphasized on the promotion of village, professional and festival tourism apart from the existing ones.

For this, international and domestic air services are vision to upgraded, natural and cultural heritage preserved and infrastructure built. Special promotion programs were proposed to be launched in the SAARC countries and use of Hi- tech communications like home page, internet and e-mail has used for market promotion in the plan period. Importance has been accorded to product development, preservations and diversification in that period.

Implementation of Visit Nepal Year 1998 during this period had succeeded considerably to activate grass root level community of

potential destination and sites of the country to participate and presenting their heritage for the purpose of tourism enhancements.

The **Tenth plan (2002-2007)** reviewed the progress and problems of the ninth plan and visualized that tourism industry is developing as the backbone of the country's economy. It has also recognized that the increment of tourists could also generate employment and finally it could contribute in poverty alleviation that tenth plan has prioritized. To develop tourism sector qualitatively and sustainable, it focuses to conserve preserve and maintain the historical, cultural and religious sites and increase its potential use and to improve and make air transport services easily accessible and affordable.

The **Eleventh plan, (2008-2010)** has clearly addressed the spirit of ecotourism and focus for promotion with respect to biological diversity and naturally beauty. Interim plan has a purpose to advertise the tourist destinations of Nepal in the world. Similarly, it felt the need of the government of Nepal is coordinating other tourism organization of the world. According to this plan, 12 airports and 4 historical places which were ruined during conflicts period were targeted for construction. Nepal tourism policy 2065 B.S. was introduced during period. Likewise Nepal Tourism Board and Government of Nepal are preparing to celebrate Nepal Tourism Year 2011 with a target of increasing tourist arrival of one million.

1.1.5 Major Policies for Tourism

1.1.5.1 Tourism Policy 2065 B.S.

Nepal Government has published Tourism policy, 2065 B.S. for promoting tourism sector. After the country has political change in

2062/063's peaceful movement, there was lack of new policy to address the changing issues of tourism. So the Government of Nepal shifted from Tourism policy 2052 B.S. to address these issues in wholesome at the form of new Tourism Policy 2065 B.S. The policy is focus on:

- To establish Nepal as a tourist destination,
- To contribute in national economy through tourism industry,
- To promote tourism sector for poverty reduction,
- To provide benefits of tourism in rural areas,
- To inclusive sharing of tourism income,
- Tourism development through ecotourism and environmental protection,
- Quality tourism along with quality tourism product,
- Regular and reliable air transport services,
- Home stay, village tourism, travel incentive leave etc. ,
- BOOT policy for tourism infrastructure development,
- Community and local level participation in tourism promotion ,
- Multidimensional tourism promotion through sports, cinema, casino, paragliding, cultural tourism etc. ,
- Promotion of tourism with environment friendly,
- Institutional mechanism:
 - National Tourism Council (under the chairmanship of prime minister)
 - Tourism Development Coordination Council (under the chairmanship of concerned minister/state minister)
 - Tourism Board as executive body

These above major policies are included in Tourism policy 2065. But implementation is waiting that how this policy serves in desired objectives of tourism promotion in Nepal.

1.1.5.2 Master Plans for Tourism Development

Tourism Development in Long-term Master Plan: The first 'Tourism Master Plan 1972' was formulated in 1972 during the Fourth Plan (1970-1975), reviewed in 1984 during the Seventh Plan period. The 1972 Plan laid out a set of policies and objectives for the development of tourism that incorporated the target markets that Nepal should pursue, the physical development that should be implemented, and development program with desired regional pattern of tourism, and the programs in relation to accommodation facilities, public works and the role of the Government.

The Second '**Tourism Master Plan 2007**' is being formulated and it is in finalizing stage. The draft plan presents the goals to realize the rich endowment of nature, culture and heritages as a wealth and strength of the country. It is well perceived that the welfare of the people could be optimized only from the well managed and rational exploitation of this strength. In this regards, the Tourism Master Plan 2007 indentifies tourism promotion as a means to balance regional development and recognizes WWT as a major program of the government.

The major guiding acts, rules and regulations regarding tourism are:

-) Tourism Policy, 2065 B.S.
-) Civil Aviation Policy, 2063 B.S.
-) Tourism Act, 2035 B.S.
-) Nepal Tourism Board Act, 2053 B.S.

-) Nepal Airlines Company Act, 2019 B.S.
-) Immigration Act, 2049 B.S.
-) Foreign Investment and Technology Transfer Act, 1992 (2049 B.S.)
-) Right to Information Act, 2064 B.S.
-) Civil Aviation Act, 2015 B.S.

Other regulations are:

-) Home Stay Procedure, 2067 B.S.
-) Mountaineering Regulation, 2059 B.S.
-) Travel and Trekking Agency Regulation, 2062 B.S.
-) Rafting Regulation, 2063 B.S.
-) Hotel lodge, Restaurant, Bar and Tourist Guide Regulation, 2038 B.S.
-) Nepal Tourism Board Regulation, 2055 B.S.
-) Immigration Regulation, 2051 B.S.
-) Civil Aviation Authority of Nepal Regulation, 2052 B.S.
-) Civil Aviation (Accident Investigation) Rules, 2024 B.S.
-) Aviation Safety Regulation, 2046 B.S.
-) Airport Operation Regulation, 2038 B.S.
-) Ancient Monument Preservation Regulation, 2046 B.S.

1.1.6 Economic Aspects of Tourism

From the various researchers findings about the economic aspects of tourism is to describe as:

Positive impacts:

| | Findings | Researchers |
|--------------------------|--|-------------------|
| Employment Opportunities | Tourism results in increased employment | Easter ling, 2004 |
| Standard of Living | Tourism has significantly increases Standard of living for the community | „ |
| | Tourism is perceived to increase economic growth., a dominant factor in the economic growth., a dominant factor in the economy | „ |

Negative Economic Aspects of Tourism

| | Findings | Researchers |
|-----------------------------------|---|-------------------|
| Increased Cost of Living | Tourism results in increased costs of living For host populations | Easter ling, 2004 |
| Increased Prices | Residents perceive that tourism results in increased prices (i.e., food, services, goods, land, etc.) | „ |
| Benefits not Distributed | Employment is seasonal, and is typically for low wages and long hours | „ |
| Employment is Seasonal, Temporary | Residents believe that tourism is responsible for fluctuations in income and prices | „ |
| Increased Economic Instability | Residents believe that tourism is responsible for fluctuations in income and prices | „ |

However, all of these impacts are detail in chapter IV.

1.1.7 Tourist Arrival Recent Trends

The short glimpses of tourist arrival are presented as for the month of September provides current history of tourism status:

| | September | | % |
|-------------------|-----------|-------|--------|
| | 2009 | 2010 | change |
| 1.Asia (SAARC) | 8163 | 12169 | 49.1% |
| 2.Asia other | 6173 | 7110 | 15.2% |
| 3.Europe | 11735 | 12835 | 9.4% |
| 4.America | 1850 | 1931 | 4.4% |
| 5.America | 3467 | 3739 | 7.8% |
| 6.Others | 2893 | 3547 | 22.6% |
| Total | 34281 | 41331 | 20.6% |

Source: NTB, 2010

Overall Tourist arrival in September has marked a 20.6% increase compared to the same period of last year.

The tourist arrival from different destination has been presented as:

| | Jan - Sept | | % |
|-------------------|------------|--------|--------|
| | 2009 | 2010 | change |
| 1.Asia (SAARC) | 78528 | 96418 | 22.8% |
| 2.Asia other | 45142 | 55960 | 24.0% |
| 3.Europe | 73840 | 86331 | 16.9% |
| 4.America | 8998 | 9714 | 8.0% |
| 5.America | 24139 | 27524 | 14.0% |
| 6.Others | 20876 | 25456 | 21.9% |
| Total | 251523 | 301403 | 14.8% |

*Source: NTB, 2010 *Arrivals by air only

1.1.8 Tourism and its Contribution in Total GDP

Tourists' inflow in the country has surged from merely 162,870 in 1980 to 254,885 in 1990 (MOTCA: 2002). Nepal had marked in 1998 as visit year which was aimed at development of professional and value raised tourism in the country. It emphasized on greater public awareness and involvement of local communities in tourism. The number of tourism at that time reached 491,504. However, various national and international events as the armed conflicts in the country had caused decline in tourist arrival at that time. Despite the troubled Situation the number of tourists steadily grows until 2000. Tourists visited Nepal in the later years are increasing in numbers and their relative contribution for respective years are shown in the table (Briefly in Chapter IV)

| Fiscal Year(BS) | 2060/61 | 2061/62 | 2062/63 | 2063/64 | 2064/65 | 2065/66 | 2066/67 |
|-----------------|---------|---------|---------|---------|---------|---------|---------|
| Contribution% | 3.4 | 1.8 | 1.5 | 1.4 | 2.3 | 2.9 | B - |

B 2066/067 is not assessed, yet by MOF

Tourist Arrivals and Average Length of Stay

| Year | No. of Tourist | Annual Growth rate | By | | Length of stay (in days) |
|------|----------------|--------------------|-------|-------|--------------------------|
| | | | Air | Land | |
| 2003 | 338,132 | - | - | - | 9.60 |
| 2004 | 385,297 | 13.9 | 77.2% | 22.8% | 13.51 |
| 2005 | 375,398 | -2.6 | 73.9% | 26.1% | 9.09 |
| 2006 | 383,926 | 2.3 | 73.9% | 26.1% | 10.20 |
| 2007 | 526,705 | 37.2 | 68.5% | 31.5% | 11.96 |
| 2008 | 500,277 | -5.0 | 74.9% | 25.1% | 11.78 |
| 2009 | 509,956 | 1.9 | 74.9% | 25.6% | 11.32 |

Source: MOTCA

In the above table no. of tourist arrival is affected haphazardly due to political instability and other international causes like world's economic crisis etc. Length of stay is also affected and very shorter too which provides no satisfactory inputs for tourism industry and national economy.

1.2 Statement of the Problem

At a time when Nepal Tourism Year 2011 is only two months away, October tourist arrivals – by air – have seen a record high for this year. October remained the strongest of all in first 10 months of this year with a total 62,712 arrivals, ahead of March (44,431), September (41,331) and April (38,694) on a month-by-month basis, according to the figures released by Immigration Office, Tribhuvan International Airport (TIA), the visitor arrivals totaled 364,115 between January and October, up by 18.4 per cent compared to the same period of last year, the data reveals, adding that Nepal witnessed a sustained growth of 21.9 percent in the arrivals from the South Asian region during the first ten months of this year compared to the same period last year. The arrivals from South Asian region have shown positive growth of 13.7 percent with Bangladesh (34.7 percent) and India (17.1 per cent) while arrivals from Pakistan and Sri – Lanka declined by 39.2 percent and 36.8 per cent respectively. However, Asia – other than south Asian region – saw overall decline of 2.3 per cent in October. Except for Japan (up by 9.2 percent) and South Korea (up by 26.1 percent), almost all the markets declined with China (down by 8.7 percent), Malaysia (down by 8.9 percent), Singapore (down by 24.5 percent) and Thailand (down by 22.4 percent) compared to the same month of the last year. Regarding long haul markets, Europe registered overall positive growth of 14.5 percent compared to the same month of the last year with total visitor arrivals of

29,681 highest of all on month- by month basis in 2010, according to the data. Arrivals from Belgium, Denmark, France, Germany, Italy, Netherlands, Spain and UK were up by 29.6 percent, 56.7 percent, 18.8 per cent, 19.3 percent, 42.6 percent, 7.7 percent, 19 percent and 7 percent respectively, the data reveals. The figures show increasing trend in the visitor arrivals from Australia (up by 6.8 percent) and New Zealand (up by 10.6 percent) as well. Likewise, the US and Canada, both the markets have registered positive growth of 32 percent and 28.5 percent respectively. A total of 73,868 Nepalese arrived and 51,177 Nepalese departed from TIA in October. *Is these are encouraging sign for Nepal Tourism Year 2011? Arrivals total 364,115 till October of 2010 presents some glimpses for tourist travel trends? May NTB's this statistics of increasing trends of tourist arrival have continuity over the upcoming years?*

Nepal having biological diversity with great number of tourists, inflow here from different nationalities every year for quenches their passion to see the natural beauty and for mountaineering, meeting and seminar purposes tourists visit Nepal. *Is these tourism sector is of great importance for Nepal?*

The services and capacity of international airlines which have a direct linkage with Nepal are limited. International air services are also limited and the services are not up to the required standard. In the same way, infrastructures are yet to be developed for the development of air transport. These are also problems in adventure tourism, in terms of the development of the new trekking routes and tourism sports. Appropriate river rafting activities are also lacking. In case of culture tourism, world heritage sites are not properly maintained. In this context, examining that to what extent tourism has been effective in accelerating economic

development of Nepal. *Is this a matter of significance for enhancing tourism development?*

The contribution of tourism sector, especially a source of foreign exchange earning has been flexible day by day. During the year 2000, this sector earned foreign currency equivalent to 166.8 million US\$ which represented a decrease of 0.7% over the earning of 1999. foreign exchange in 2001 from tourism stood at 140.2 US \$ million which represented a decrease of 15.9% over the earning from tourism stood at US\$ 179.9 million, which represented a decrease of 6.7% over the earnings of 2003. Tourism contribution to the GDP of the nation was 1.5% and it also provides 9.1% of the total foreign exchange earnings during fiscal year 2008/2009 is 6.5% and in 2009/10 is assessed as 6.0% (Approx). The tourism sectors contribution in total GDP are 1.5%, 1.4%, 2.3%, 2.9% in 2062/63, 2063/64, 2064/65, 2065/66 B.S. respectively. The linkages of tourism industry in overall economy are not satisfactory in preliminary study of different secondary data. Further may arise a questions, *is there have been any casual relationship between GDP and no of tourist arrivals?* The researcher seeks to search, is there any relationship between the number of tourist arrivals and GDP's size increment.

There are lots of problems to expedite the growth of tourism. There are very limited tourists sports available for tourists and these sports are also not very much developed. These are shortages of infrastructure necessary for proper developed of existing as well as feasible tourists' places. There is also the problem of environmental pollution, which is hampering the tourism in Nepal. *Is there any lack of appropriate programs that would inspire tourists to stay longer in Nepal and spend higher expenditure?*

Tourism planning is in initial form and initiated only in 1966. Though, it has provided systematic classification of tourism but lacks appropriate planning. New Tourism Policy was initiated on this area as ‘Tourism Policy 2008’ with visioning more benefits from tourism industry. Despite this, there are many unsolved issues like in the area of tourism marketing, place promoting and tourism for foreign capital earning. *Have any new suggestions regarding these problems?* The researcher wants to search some facts about these issues through the study.

1.3 Objectives of the Study

The overall objectives of the study are to analyze and understand the problems of tourist arrival trends in Nepal and potentiality of tourism service industry in overall economy. But the specific objectives are:

- i) To study the tourist travel trends status in Nepal;
- ii) To study the contribution of tourism in total Foreign Exchange Earnings (FEE);
- iii) To assess the potentiality of tourism industry in overall economy;
- iv) To provide suggestion for Concerned Agencies / Authorities about the issues on the basis of findings.

1.4 Significance of the Study

Tourism nowadays has been an essential activity all over the world. It is considered as fundamental instrument for the economic development of the country. As tourism is growing rapidly it has attracted the attention from the several sections, formal informal, public

private and national international. So the tourism has emerged as an important industry almost everywhere in the world. It has occupied a significant position and enjoyed the priority over the years. Tourist directly and indirectly provides the employment to millions of Nepalese living across the country irrespective of caste, creed and socio economic status (NTB: 2010).

Tourism is the vital sector of economy as it contributes to correct the adverse trade balance and to generate employment opportunity. The earning of tourism as percentage of GDP is in satisfactory so there are still enough possibilities to increase its contribution through different activity. So these studies will helpful in this sector. Tourism sector is blood in its characteristics includes various sub-sectors and activities such as hotel and resorts, travel, trekking, mountaineering, transportation and production industries, and thus requires proper analysis on it. This study will beneficial to further study on this sector.

This study has provide various results, draws some conclusions and attempts to answer the questions regarding tourist arrival, length of stay, tourism focus areas etc. which will provide as an inputs for tourism year 2011's motto of welcoming 10 lakhs tourist in the country.

1.5 Limitations of the Study

This study has some limitations:

1. This study is limited in certain boundaries like based on the information and data available from different reliable sources.
2. Most of the data are based on interview, survey and sample basis. Others are from relevant published sources. The researcher has used descriptive and analytical study.
3. This study covers periods of 5 years (2004 to 2009) only.

4. This study is prepared in limited time and based on limited resources.

1.6 Organization of the Study

This study has been divided into five chapters:

First Chapter: First chapter includes of background of the study, tourism and economics and short glimpses of tourism, statement of the problems, objectives of the study, importance of the study, limitation of the study and chapter scheme are consisted with orderly.

Second Chapter: Second chapter includes review of literature based on theoretical review, previous findings of topics related research studies. Theoretical frame works along with key words and different review of related literature are presented in this chapter.

Third Chapter: This chapter includes research methodology on which introduction of research, research design, sources of data etc are consisted in this chapter. Research methodology used for this study and sources of required data collected are listed in this chapter.

Fourth Chapter: Data processing procedure and data analysis through different tools and techniques are consisted in fourth chapter. It is named under presentation of data. In this chapter several primary and secondary sources data are presented and described in systematic manner.

Fifth chapter: This chapter includes Summary, conclusions & Findings of the study. The researcher's finding from this study and possible recommendation are listed in this last chapter.

Beside these, bibliography and appendices is appended in the study at the end of the thesis report. Similarly recommendation, acknowledgement, acronyms, list of tables and graphs is included in the front part.

CHAPTER II

REVIEW OF LITERATURE

The study of tourism has become a subject of interest for many scholars from various disciplines. Many scholars have enriched it with much literature for the development of tourism as a discipline making contributions. To this theoretical concept, empirical investigations and analytical methods are employed in analyzing various aspects of tourism. In this paper, an attempt has been made to provide theoretical foundation of tourism and literature review on concerned topics through review of selected studies.

2.1 Review of Related Terms

Tourism is one of the potential sources of earning foreign capital in Nepal due to its high comparative benefits. There have several studies can be found on this attractive area. The major term used in this study is related under tourism industry. Certain conceptual meanings of key words used on this study are:

2.1.1 Tourism

‘Tourism’ a noun word is concerned with the business activity connected with providing accommodation services and entertainment for people who are visiting a place for pleasures. Temporary movement of people to destination outside their residence and working places is known as tourism. Their activities during the stay would be different from the activities of the residents and spending money that is earned elsewhere. The main motive of participation in tourism is not to seek permanent residence at destination that distinguishes it from migration. ‘Tourism denotes the temporary and short term movements of the people to

destination outside the place where they normally live and work (Burkort and Medik: 1974: 5). So, tourism is simply a movement of people to various destinations and has two components: Journey and stay both of which take place outside the normal area of residence and work.

2.1.2 Tourist

People move from one place to another place for different purposes. Such character like moving of inter-country, outside country and transfer or travel for different objective with certain interval of time is basic for tourist. Literally, 'tourist' is a person who is traveling or visiting one place to another place for pleasure or other purpose. Any person who travel to a country other than that in which he/she has his/her usual residence, but outside his/ her usual environment, for a period of at least a night but not more than one year and whose main purpose of visit is other than the exercise of any activity remunerated from within the country visited. This term includes people traveling for: leisure, recreation and holidays.

2.1.3 Marketing

Marketing is the economic process by means of which goods and services are exchanged between the maker and the users and their values determined in terms of money prices. Otherwise, Marketing is concerned with selling of tourism products into the global market. This is concerned with the activities that are focus on receiving more benefits from tourism service industry through individual and group effort etc. Marketing in tourism is to be understand as the systematic and coordinated execution of business policy by tourist undertakings whether private or state owned at local, regional, national or international level to achieve the optimal

satisfaction of the needs of identifiable consumer groups and in doing so to achieve an appropriate return.

2.1.4 Tourism as an Industry

If perceived from the classical economists view, tourism could not be regarded as an industry because it does not produce any tangible goods as such. But, according to the modern economist's view, tourism is considered as an industry which produces service to fulfill tourists demand such as service of transport accommodation by tour operators, travel agents, entertainers and others. Thus, tourism has appeared as a new economic sector for rapid economic growth and increase in income level of the country. Hence, tourism plays a prominent role in economy and society of a country creating employment and providing means of livelihood to a large number of people.

2.1.5 Gross Domestic Product (GDP)

GDP measures the total output of goods and services for final use produced by residents and non residents regardless of the allocation of domestic and foreign claims (World Bank). GDP is calculated without making deductions for depreciation of assets or depletion and degradation of natural resources. The sum of goods and services produced within the boundary of a country during a year is called GDP. Here, GDP is used as national data published by NRB and MOF.

2.2 Review of Related Studies

There have been several studies about the tourism in Nepal and world's context. Some of the materials of thesis, articles, books and journals that the researcher has reviewed are presented in following.

Pradhanang (1993) , has analyzed on his research work “*Tourist consumption pattern and its Economic impact in Nepal.*” His study showed that the tourism sector contributed 37.99 percent as direct expenditure. This study has also found that the direct import content was 33.49 percent in non tourism sector. The increase in tourist expenditure leads to increase in imports and this was found to reduce the positive effect on the national economy. In this study it has been found that higher the propensity to import, higher is the lack age of tourist earning used for imports and thus the ultimate result would be unfavorable to the balance of payments. This study revealed that the major source of government income is usually from direct taxes and customs duties. It is indicated that the direct taxes generated from tourism sector was 4.72 percent, tourism related sector was 0.074 percent and non tourism sector was 2.27 percent and study also the analyzed that the direct employment opportunities in tourism sector was 12.41 percent, tourism related sector was 32.88 percent and non tourism sector was 54.11 percent in 1993. In the study, it revealed that the tourist expenditure at current prices increased from Rs.170.6 million to Rs. 2128.9 million during 1974/1975 to 1987/88. This shows an increase in foreign exchange from tourism. The tourist expenditure on products using local resources at current prices was estimated at Rs. 51.74 million in 1974/1975 and Rs. 319.30 million in 1987/88. This study also mentioned that the tourism resources at current prices increased to Rs. 314.97 million in 1987/88 from Rs. 34.91 millions in 1974/75. This indicated that there was dramatic increase in revenue.

Tiwari (1994), in his book ‘*Tourism Dimensions*’ viewed that the tourism has developed as a subject of academic course. Scholarly interest focused on its economic aspects as possibilities of Tourism as a catalyst of economic development especially of regions lacking conventional

resource endowments come to be recognized. The structure and organization of the new service industry, and it is calls on financial resources were analyzed in the course of national and international efforts to promote tourism in the world's poor countries. He visualized tourism as an industry and identified its importance as a mean of correctly adverse trade balance in an economy. Even a highly developed country like USA relives portly on an increasing number of Japanese tourist to correct its trade deficits with Japan. In the developing countries it could be the source of additional internal revenue. It is additional to generating foreign exchange, tourism is accepted to create additional employment and income and generate multiplier effect in an economy. Some countries have a comparative advantage in the development of tourism because of their natural topography such as mountains, sandy beaches searches and landscape, their rich cultural heritage and so on. However tourism is not unmixed blessing as it is balanced for causing environmental pollution and many social evils such as prostitution.

Dhital (1999) has analyzed on his thesis *Tourism and it's Impact on Economy* that the tourism continues to remain a strong component in the national economy. This report analyzed total number of tourists from 1962 up to 1997 and found increasing trend, but in 1984 and 1989 the tourist number was decreased. This study also discussed about the purpose of visit of tourist. The purpose of visit of tourist is predominated by holiday pleasure followed exchange earning and generation of employment from the tourism sector has been mostly highlighted in the study.

Shrestha, Puspa (1999), explained on her PhD Thesis "*Tourism in Nepal: problems and prospects*" that tourism has high potential on the basis of Primary and Secondary data through statistical and other

methods. She agreed that tourism is one of the major sectors in the economy that the majority of them had paced it as the second important sector of Nepalese economy agriculture having been taken to be at the top. She concluded that tourism industry works as a council in terms of foreign exchange earnings, employment generation, serves for government regional development, conversion of natural and cultural environment event for international understanding. The problems observed in the tourism sectors are mainly sided and there is decreasing trend in the increase of tourist arrival. The performance of tourism industry from economic perspective was also far from satisfactory. The tourism earnings did not rise in terms of US dollars because of low per capita tourist expenditure. Nepal considered as one of the lowest per capita per day spending outlet came to be known as a cheap tourist destination.

Likewise, the study of **Upadhaya, R.P. (2003)**, on “*Tourism as a Leading Sector in Economic Development in Nepal*” has concluded that was concerned on two premium aspect of tourism. The first aspect was related to the tourism development from the development of required infrastructure for reaping its growth potential and impact on the economic development. Another aspect of the study was related to provide policy planners with a set of information and appropriate policies in developing tourism. It has concluded that tourism has been a leading sector of the Nepalese economy.

Gayawali (2005), in his research on the title “*An Assessment of Tourism status and Economic potential of Nagarkot Bhaktapur,*” with the objective for assess the natural and cultural resources of the study area and its potentiality for ecotourism as well as to deserve the impact of tourism activity to the local environment. His research also emphasized

on the status of tourism and assessed the development of ecotourism in an environmentally sustainable manner for Nagarkot. The research was based on both primary as well as secondary data collected from the various sources. His study clearly reflects that the rapid increase in the infrastructure development like construction of building and cottages for hotels, lodges and commercial shops, construction of link roads are some of the responsible factors to create impact on the local environment .Such type of change in scenic beauty of the green forested hills, enhancement of the soil erosion, soil waste and sewage disposal problems creates challenges for ecotourism. His study concluded that tourism provides primary and secondary job opportunities to the local individuals as well as for outsiders too in that area.

Neupane, R.P (2005), in his thesis for M.A. dissertation, "*Economic impact of Tourism Industry in Nepal*" had studied the economic impact of Tourism industry in overall economy through the objective of trends of tourism development in Nepal and impact of tourism on economic aspect of Nepal. The Methodology adopted by him is descriptive study through Primary and Secondary data. His concluding is, Tourism is rapidly growing in Nepal which can be a largest economic industry for the earning of foreign currency if proper infrastructure is developed and security is guaranteed. He pointed the need of proper promotional programmed to attract tourism. This study lacks suitable methodology to show the relationship between the economy and Tourism industry as well.

Karki, N. B. (2008), article of *Tourism in Nepal: Need for Harnessing Potentials* at Development (tribunal) concluded that harnessing water resources that the country is blessed with and developing tourism are the two immediate options available for Nepal in

her quest for all round development and to uplift quality of life of Nepalese people. Thus, Nepal needs to develop the tourism industry as an instrument to meet growing requirement of her increasing population, unfavorable balance of payment with her trading partners mainly the southern neighbor. Since the population growth rate is one of the highest in the world some concrete efforts are needed to establish a favorable balance between population growth and development. Despite some considerable improvement in social service like health and education, the economic sector is posing a great threat to the country following the conflict incompetence of government to deliver goods and services to the people in the changed context. The industrial areas are paralyzed, tourism industry is ailing, and service sector is passing through hardship period due to lack of law and order, among others. Thus the Government of Nepal must harness the immense potentiality that our tourist sector embraces to the fullest possible extent and make the “Visit Nepal 1998” a landmark in the annals of tourism development of Nepal.

Pant, Bhuvaneshwari (2010), A Thesis submitted on “*Problems and Prospects of Tourism in Kailali District*” opined that, cultural practices and several initiations are eroding on toward area. Cultural attraction is very much necessary and such cultural practice are is in edge of crisis till this date by unavailability penetration of the modernization at the grass root level.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

Research is a systematic and organized effort to investigate a specific problem that needs a solution. This process of investigation involves a series of well-thought-out activities of gathering, recording, analyzing and interpreting the data with the purpose of finding answer to the problem. Thus the entire process by which we attempt to solve problems or search the answers to questions is called research (Wolf and Pant: 2005: 4).

The research methodology is the way to solve the research problem in order to make any type of research work systematically which fulfills the objective of the study. The basic research methodology for the study will be the collection and analysis of primary and secondary data through the structured questionnaire and interview technique where necessary

For this, a suitable and simple research methodology is followed in order to achieve the stated objectives of the study and as well as to make it easier in visualizing the total study clearly. This chapter includes research design, sources and types of data, data gathering instruments and procedures and tools for analysis.

3.2 Research Design

The descriptive research design is adopted in the study however the researcher has used analytical tools too. The research design, in this study is collection of information through the primary and secondary data sources. The data are analyzed by using the average and percentage analysis technique.

3.3 Data collection procedure

The required data are collected through primary and secondary sources:

3.3.1 Collection of the Primary Data

The primary data is collect through questionnaire and interview for different concerned people and gathered information are organized in a systematic way. For generating quantitative data, the researcher developed a set of structured questions comparing open and close questions. The questionnaire is helpful in generating data on total number of 55 sets for including experts, tourism entrepreneur, tourists and concerned persons. More especially the research has asked some opinions of experts as an interview format for selecting persons about the issue of tourism development (which are presented in data analysis topics).

3.3.2 Collection of the Secondary Data

The secondary data are taken from reliable sources of government bodies and concerned agencies Annual Reports, Articles, Journals, Internet and Websites etc. The major sources for secondary data best on published matter of MOTCA, MOF, NRB, NPC, NTB and other concerned organizations. Most of the secondary data are collected from:

-) Ministry of Tourism and Civil Aviation (MOTCA)
-) Ministry of Finance (MOF)
-) Nepal Rastra Bank (NRB)
-) National Planning commission (NPC)
-) Nepal Tourism Board (NTB)
-) Hotel Association of Nepal (HAN)
-) Central Bureau of Statistics (CBS) etc.

3.4 Data Analysis

All the collected data from various sources will be manage, analyze and presented. The major statistical tools are used in this descriptive study are percentage, simple arithmetic mean, regression, trend analysis etc where required. The researcher has used the additional research tool like sampling methods other test where ever necessary.

3.4.1 Statistical Tools

Statistical tools presenting used by the researcher for seeking the relationship among certain variables based on past trend and help to predict future values of one of more variable given the change in other associate variables. These tools are useful for the research in order to draw liable trend projections from data available. The following statistical tools are used in this study for obtaining desire objectives.

I. Arithmetic Mean

Arithmetic Mean (A.M.) is the most commonly used of all the average. This is due to the simplicity of its calculation and other advantage. It is used to calculate the average value of quantitative data, closed and class intervals and when the distribution does not have very large and very small items. It is also used to obtained average value of distribution having closed ended class intervals and having non-extreme items.

Arithmetic Mean of given set of observation is their sum divided by the number of observations. In general, if $X_1, X_2, X_3, \dots, X_n$ are the given observations and N being number of observations, then arithmetic mean usually denoted by \bar{x} is given by:

$$\bar{X} = \frac{X_1 + X_2 + X_3 + \dots + X_n}{N}$$

II. Standard Deviation (S.D.)

Standard deviation being considered as the total variation in the mean. It is one of the relative measures of dispersion that is useful in comparing the amount of variation in data group with different mean.

$$\text{Where, } \sigma = \sqrt{\frac{\sum X^2}{n} - \left(\frac{\sum X}{n}\right)^2}$$

III. Coefficient of Variation (CV)

Coefficient of variation is method of measuring risk. It is the standardized measure of the risk per unit of return. It is the percentage variance in the mean. Coefficient of variation denoted by CV is given by:

$$CV = \frac{\sigma}{\bar{X}} \times 100\%$$

Comparing the variability of two distributions we compute the coefficient of variation for each distribution. A distribution with smaller CV is said to be more homogenous or uniform or less variable than other.

IV. Co-efficient of Correlation (r)

It is a statistical tool for measuring the intensity of the magnitude of linear relationship between two series. Karl Person's correlation coefficient measures the degree of linear association between two variables. Let X and Y are two variables. Karl Person's Correlation coefficient between X and Y is generally denoted by r_{xy} or simply r only. It is also called Product Moment Correlation Coefficient or Simple Correlation Coefficient or simply a correlation. It is defined as follows:

$$r = \frac{N \sum XY - \sum X \sum Y}{\sqrt{N \sum X^2 - (\sum X)^2} \sqrt{N \sum Y^2 - (\sum Y)^2}}$$

N = Number of observation

X = Sum of observation in series X

Y = Sum of observation in Series Y

X² = Sum of squared observation in Series X

Y² = Sum of squared observation in Series Y

XY = Sum of the product of observation in Series X and Y

Value of r lies between -1 and +1, r = 1 implies that there is a perfect correlation between the variables. The variables are said to be perfectly negatively correlated if r = -1 and perfectly positively correlated if r = +1. If r = 0, the variables are not correlated at all except other than in form of logarithm, quadratic or exponential. Correlation values are calculated for searching the relationship between number of tourist arrivals and GDP's increments.

V. Probable Error of Correlation Coefficient (PE)

Probable Error of the Correlation Coefficient is an old measure of testing the reliability of an observed value of correlation coefficient. It is calculated to find the extent to which correlation coincident depends upon the condition of random sample. Probable error of correlation coefficient denoted by PE (r) is obtained by:

$$P.E. (r) = 0.6745 \sqrt{\frac{1 - r^2}{N}}$$

Where, $\sqrt{\frac{1 - r^2}{N}}$ = Standard Error

Reason for taking 0.6745 is that is a normal distribution, 50% of observations lie in the range $p = \pm 0.6745$.

PE is used to test if an observed value of sample correlation coefficient is significant on any correlation in the population. If $r > 6 PE$, correlation is significant otherwise not.

VI. Least Square Linear Trend

Trend Analysis is very useful and commonly applied tool to forecast the future event in quantitative term on the basis of the tendencies in the dependent variable in the past period. The straight line trend implies that irrespective of the seasonal and cyclical as well as irregular fluctuation, the trend values increase by absolute in arithmetic progression.

Mathematically $Y = a + bX$

Where, Y = value of the dependent variable

a = Y intercept

b = Slope of the trend line

X = Value of the independent Variable

Normal equations fitting above equation are:

$$Y = Na + b \sum X \dots\dots\dots i$$

$$\sum XY = a \sum Y + b \sum X^2 \dots\dots\dots ii$$

Since, $\sum X = 0$, $a = \frac{\sum Y}{N}$, and $b = \frac{\sum XY}{\sum X^2}$

3.3.2 Tools for Primary Data Analysis

The Chi-square (χ^2) test is designed to work with nominal data. It provides the researcher with a mathematical way of examining a classification table to see whether the arrangement of values within that table is unusual in some way. In performing this test, the mathematical process will be looking for a significant difference between the observed and expected frequencies. The Chi-square test involves a comparison of two or more responding groups (Wolf and Pant: 2005: 287).

Since, Chi-square test does not make any assumption about population parameters. It is called distribution free test. This test is good for normal or ordinal scale of measurement. So Chi-square test is used for analysis of quantitative variables, such as opinions of people, exports entrepreneurs and so on. Chi-square test is a test that describes the magnitude of difference between observed and expected (theoretical) frequencies under certain assumption. In other words, it describes the magnitude discrepancy between theory and observation.

It is defined as:

$$\text{Chi-square, } \chi^2 = \frac{\sum \frac{(O - E)^2}{E}}$$

Where, O = Observed Frequency

E = Expected Frequency

$$\text{Expected Frequencies} = \frac{RT \times CT}{N}$$

Where, N = Number of observations

RT = Row total

CT = Column total

Note: 5% level of significant have been used for all tests. For testing the propositions of chi square, Hypothesis is formulated as:

Null Hypothesis, Ho: there is no sufficient development of tourism industry in Nepal.

Alternative Hypothesis, H1: there is sufficient development of tourism industry in Nepal.

This is adopted for analyzing the data obtained from opinion survey of questionnaires, responses, which checks researcher's assumptions of proposition through numerical fact which is received from the research study.

CHAPTER IV
PRESENTATION AND ANALYSIS OF DATA

4.1 Tourist Arrival

4.1.1 Tourist Arrival in Nepal

Tourism is considered as world's largest export industry. Despite unique natural, social, cultural, religions and historical wealth, Nepal receives not more tourist in global tourism. Tourist arrival in Nepal is very small portion. In Nepal, international tourist arrival continued to rise with differently. Here the tourist arrivals in Nepal are presented as:

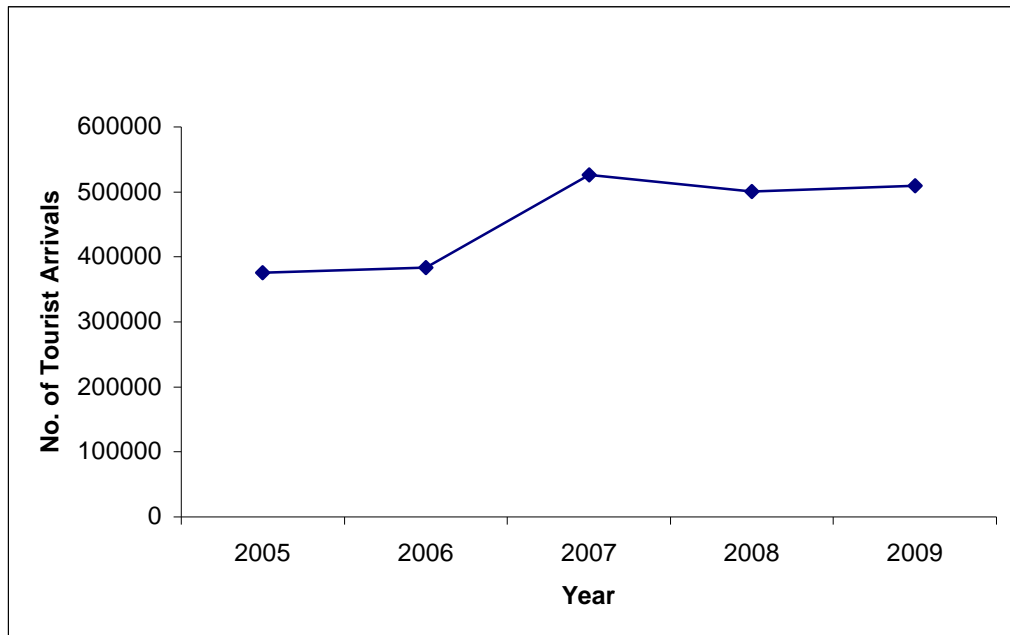
Table No. 4.1
Tourist Arrival in Nepal

| Year | No. of Tourist Arrivals |
|------|-------------------------|
| 2005 | 375398 |
| 2006 | 383926 |
| 2007 | 526705 |
| 2008 | 500277 |
| 2009 | 509956 |

Source: NTB

In the above table, tourist arrival in Nepal (which is explained in detail in Appendix A) is increasing trends to 2005 to 2007 and in the year 2008 there is decreased figure but after 2008 it is in increasing trend. The graph represent this figure is:

Figure No. 4.1
Tourist Arrival in Nepal



In the above graph, we can conclude that tourists' arrival is affecting by different social and others factors too. It may in either increase or decrease. But the question that the researcher wants to seek that what is tourist arrivals trends in year 2010, 2011 and 2012, if these trends continue? The Appendix-A presents the fact that in year 2010, no. of tourist will arrival is 567693, in 2011 will 604439 and in 2012 will 641186 through the study. If this situation may continue there may rise in tourist arrival trends in upcoming days.

4.1.2 Tourist Arrival by Land and Air

The table presents the data of tourist arrival by land in different periods:

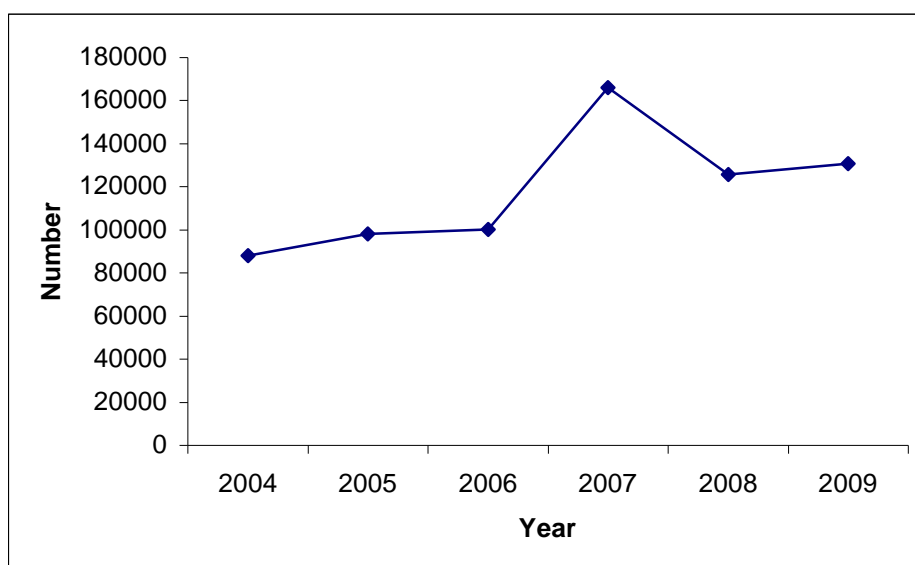
Table No. 4.2
Tourist Arrival by Land

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------|-------|-------|--------|--------|--------|--------|
| No. of tourist | 87962 | 98052 | 100107 | 165992 | 125616 | 130634 |

Source: NTB

In above table tourist arrival by land is increasing trend despite year 2008 of 125616 but it keeps to start continue trends in year 2009. The graph presented as:

Figure No. 4.2
Tourist Arrival by Land



From the above graph, tourist arrival by land is increasing trend in year 2006 to 2007. But in year 2008, No. of tourist arrival by land is decrease than year 2007's arrival. Again it is restart to increase in year 2009.

The table below represents the data of later six year tourist arrival by air in Nepal.

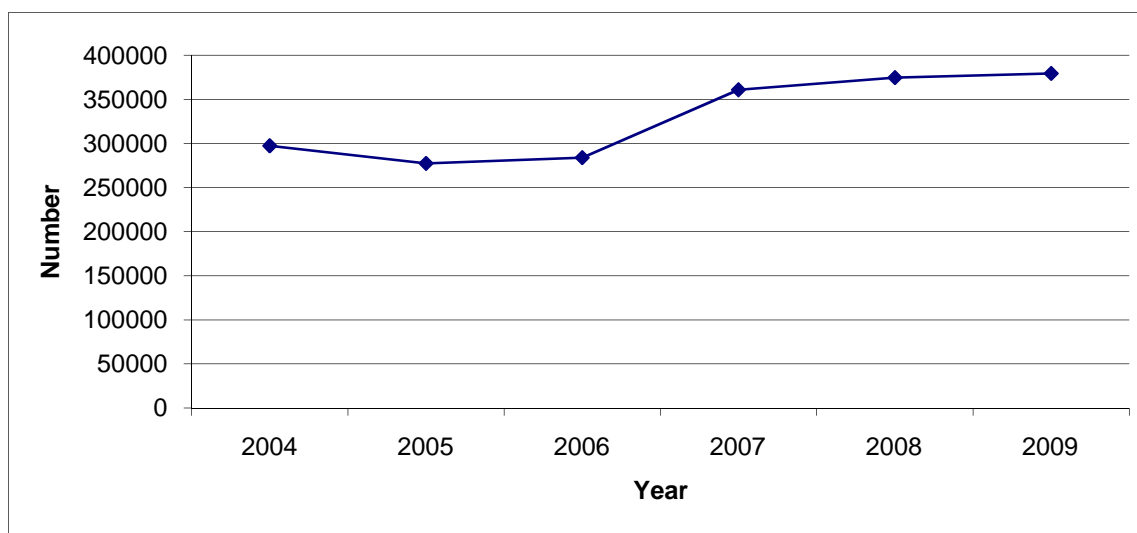
Table No. 4.3
Tourist Arrival by Air

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| No. of tourist arrival by Air | 297335 | 277346 | 283819 | 360763 | 374661 | 379356 |

Source: NTB

This graph presented as:

Figure No. 4.3
Tourist Arrival by Air



The graph shows the no. of tourist arrival by air is satisfactory despite the year 2005. The trend line shows increasing in year 2005 to 2009.

4.1.3 Tourist Arrival by Major Region

In Nepal, there have visited by different areas of people in the world. Tourist arrival in Nepal by different region of the world is

presented in the following table. All of the following table shows that the major market of tourist and arrival of tourist from these market in corresponding year out of the total tourist arrival that year.

i. North American Tourist

The arrivals from North American continent's tourist out of the total tourist arrival are presented in:

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|------|------|------|------|------|------|
| % of total Arrival (on total tourist arrived) | 6.6 | 6.1 | 6.4 | 7.1 | 7.6 | 8.0 |

Source: MOTCA

ii. Central and South America

The Central and South American region tourist arrival is

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|------|------|------|------|------|------|
| % of total arrival (on total tourist arrival) | 1.2 | 0.9 | 1.2 | 1.2 | 1.5 | 1.3 |

Source: MOTCA

iii. Western Europe

One of the important sectors of tourist arrival in Nepal is presented.

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|------|------|------|------|------|------|
| % on total arrival from western Europe | 30.1 | 26.1 | 25.3 | 26.7 | 27.5 | 27.7 |

Source: MOTCA

iv. Eastern Europe

The trend line presents the Eastern Europe's tourist arrival in percentage is varied on differently for different year.

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|------|------|------|------|------|------|
| % on total arrival (out of total tourist Arrival) | 2.0 | 2.2 | 2.8 | 3.2 | 2.6 | 2.5 |

Source: MOTCA

v. Africa

Tourist arrival from African region is:

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|------|------|------|------|------|------|
| % on total arrival (out of total tourist arrival) | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 |

Source: MOTCA

Above table shows that the African regions tourist arrival is in low level out of the total tourist arrival.

vi. Asia (Including India)

Tourist arrival from our neighbouring country is:

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------|------|------|------|------|------|------|
| % on total arrival | 56.7 | 61.4 | 60.4 | 57.8 | 55.9 | 56.0 |

Source: MOTCA

In the above table shows, Asian nations (including India) tourist arrival stood as major portion. Total tourist arrival is 56.7% in year 2004, 61.4% in year 2005, 60.4% in year 2006, 57.8% in 2007, 55.9% in year 2008 and 56.0% in 2009.

vii. Australia and Pacific

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------------------------------|------|------|------|------|------|------|
| % on total arrival of tourist | 2.8 | 2.2 | 2.5 | 3.1 | 3.2 | 3.5 |

Source: MOTCA

The above table shows major Asia pacific and Australian tourist arrival is increasing trend of percentage during the period 2005 to 2009.

viii. Others

Other sectors of tourist arrival are:

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------------|------|------|------|------|------|------|
| % on total arrivals | 0.2 | 0.8 | 1.4 | 0.6 | 1.4 | 0.8 |

Source: MOTCA

The other sector tourist stood as low contribution in total tourist arrival.

In above, tourist arrival by different regions contributes differently in total tourist arrival for corresponding years. Above figure shows Asian (including Indian) tourist contributes major parts of total tourist arrival in different years of 2004, 2005, 2006, 2007, 2008 and 2009. Another major market from tourist arrival is Western Europe which contributes more than other regions (source: NTB: Year Book 2009).

4.1.4 Number of Tourists and Purpose of Visit in 2009

There are many tourist visited in Nepal for different purpose.

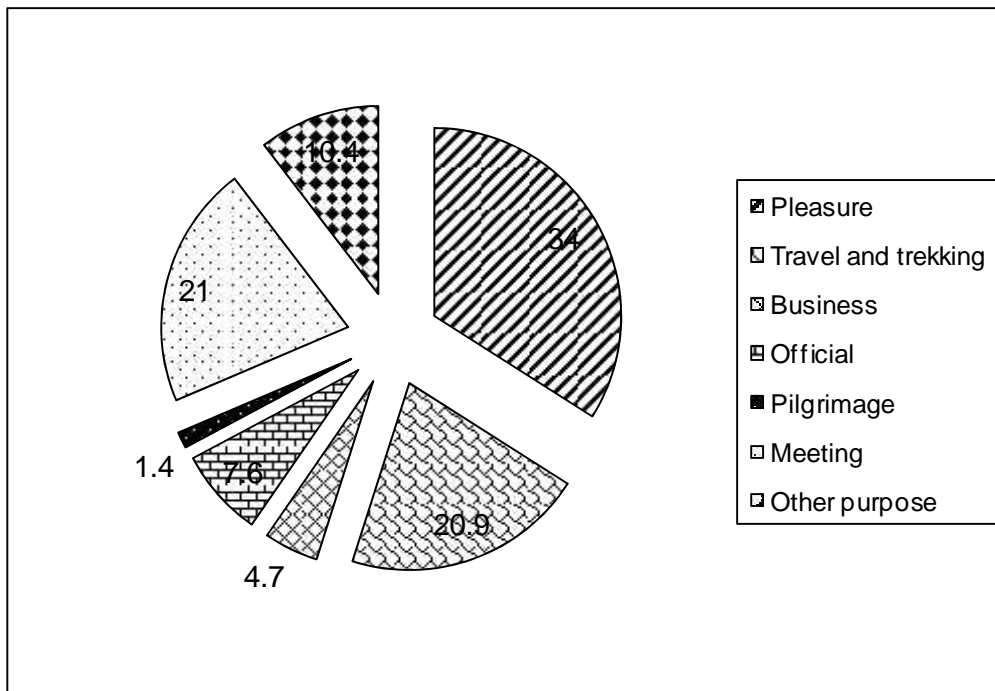
Table No. 4.4
Number of Tourists and Purpose of Visit in 2009

| | |
|---------------------|-------|
| Pleasure | 34.00 |
| Travel and trekking | 20.90 |
| Business | 4.70 |
| Official | 7.60 |
| Pilgrimage | 1.40 |
| Meeting | 21.00 |
| Other purpose | 10.40 |
| Total | 100 |

Source: NTB

This data is presented in pie chart is:

Figure No. 4.4
Purpose of Tourist visited in Nepal (in year 2009)



In the above chart 34% of tourist was visited in Nepal for pleasuring, 21% for meeting purpose and 20.9% are visited for travel and trekking purpose. Other stood as 10.4% for other purpose, 7.60% for official purpose, 4.70 % for Business purposes and 1.40 for pilgrimage purpose. According to experts in interview pleasure tourism provides more benefits than other for Nepal.

4.1.5 Length of Stay

The table presents the average length of stay of tourists:

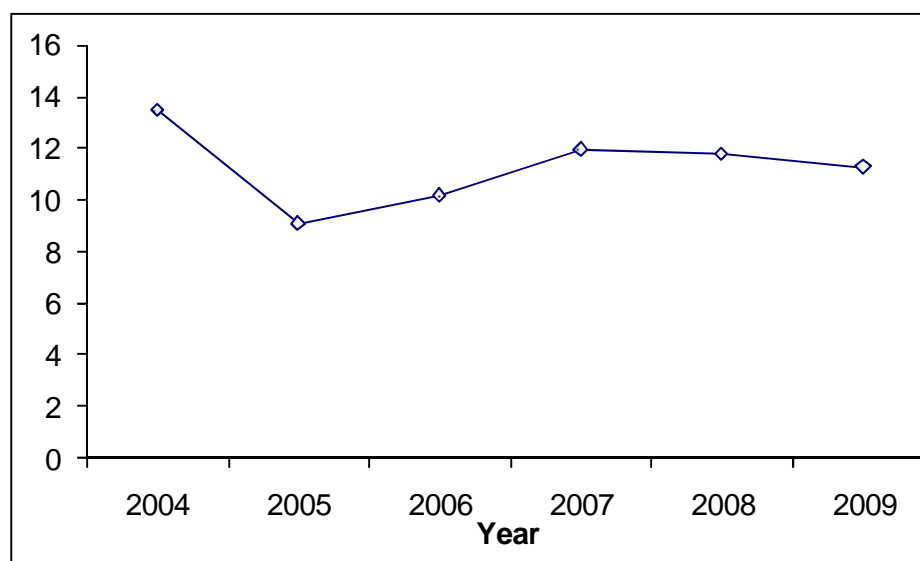
Table No. 4.5
Length of Stay

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------------|-------|------|-------|-------|-------|-------|
| Length of stay (in days) | 13.51 | 9.10 | 10.20 | 11.96 | 11.78 | 11.60 |

Source: NTB

The length of stay in Nepal for different years is varied in above table for the year of 2004 to 2009. The graph explains it's trend is:

Figure No. 4.5
Length of Stay



In the above figure, length of stay of tourist in Nepal represent differently. Average length of stay in days of year 2004 is higher than other years. According to expert, in interview taking length of stay has direct impact on tourist consumption in Nepal. More than lengths of stay have positive impact in this industry.

4.2 Tourism and Economy

4.2.1 Foreign Exchange Earning (FEE) from Tourism

Total foreign exchange earning from tourism is presented as:

Table No. 4.6
Foreign Exchange Earning (FEE) from Tourism

| Year | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|--------------------------|---------|---------|---------|---------|---------|
| Earning (in million Rs.) | 1046.40 | 955.60 | 1012.50 | 1865.30 | 2796.00 |

Source: NRB

The above table shows that foreign exchange earning from tourism industry is in increasing trends from year 2005/06 to 2008/09.

4.2.2 Foreign Exchange Earning from Tourism as % of GDP

Total foreign exchange earning from tourism as % of total GDP is presented in the following fiscal year.

Table No. 4.7
Foreign Exchange Earning from Tourism as % of GDP

| Fiscal year | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|-----------------------|---------|---------|---------|---------|---------|
| % of FEE in total GDP | 1.8 | 1.5 | 1.4 | 2.3 | 2.9 |

Source: NRB

The table shows that FEE from tourism industry provides 1.8% in fiscal year 2004/05, 1.5% in 2005/06, 1.4% in 2006/07, 2.3% in 2007/08 and 2.9% in Fiscal Year 2008/09. For later year of 2006/07 the contribution is in increasing trend.

4.2.3 Tourism Sector's earning in Total Foreign Exchange Earning (FEE)

For the different years the contribution of tourism sector earning is presented as:

| Fiscal Year | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|---|---------|---------|---------|---------|---------|
| % of FEE from tourism (on total FEE earning) | 6.1 | 4.6 | 4.5 | 6.7 | 6.5 |

Source: NRB

In the above table, percentage of tourism sector earning in total foreign exchange earning of the country is 6.1% in FY 2004/05, 4.6% in 2005/06 and 4.5%, 6.7%, 6.5% for 2006/07, 2007/08, 2008/09 respectively.

4.2.4 Tourist Arrivals and Total Earning

Tourist Arrivals and Total Earning is calculated for different years as: (in'0000)

| Year | Tourist Arrival (X) | Earning (Rs.) (Y) | XY | X ² | Y ² |
|-------|---------------------|-------------------|-------------------|-----------------------------|---------------------------------|
| 2004 | 38.53 | 1314.7 | 50655.39 | 1484.5 | 1728436.09 |
| 2005 | 37.54 | 1060 | 39792.4 | 1409.2 | 1123600 |
| 2006 | 38.393 | 1178.5 | 45246.15 | 1474 | 1388862.25 |
| 2007 | 52.671 | 1518.5 | 79980.91 | 2774.2 | 2305842.25 |
| 2008 | 50.028 | 2480.2 | 124079.4 | 2502.8 | 6151392.04 |
| 2009 | 50.996 | 2899.7 | 147873.1 | 2600.6 | 8408260.09 |
| N = 6 | X = 268.158 | Y = 10451.6 | XY = 487627.35 | X ² = 12245.3 | Y ² = 21106392.72 |

Source: NTB

Where, N = No. of observations (6 years)

X = No. of tourist arrivals (in 10000)

Y = Earning from tourist (in 10000)

$\sum XY$ = sum product of tourist arrival and Earning from tourists in different years

$\sum X^2$ = Sum square of total tourist arrival

$\sum Y^2$ = sum square of earning from tourist

Correlation

$$r = \frac{\sum XY - \frac{\sum X \cdot \sum Y}{N}}{\sqrt{\left(\sum X^2 - \frac{(\sum X)^2}{N}\right) \left(\sum Y^2 - \frac{(\sum Y)^2}{N}\right)}}$$

$$r = \frac{6 \cdot 487627.35 - \frac{268.158 \cdot 10451.6}{6}}{\sqrt{\left(6 \cdot 12245.3 - \frac{(268.158)^2}{6}\right) \left(6 \cdot 21106392 - \frac{(10451.6)^2}{6}\right)}}$$

$$r = \frac{123083.9472}{164928.7118}$$

$$r = 0.7462$$

For, testing of hypothesis from this correlation value for more reliable decision, by pair t-test is appropriate due to its nature.

Null hypothesis H_0 : Numbers of Tourist arrivals and earning from Tourism is uncorrelated

Alternative hypothesis H_1 : Numbers of Tourist arrivals and earning from Tourism is positively correlated (Right tail test)

Test statistics:

$$t = \frac{r}{\sqrt{1-r^2}} \sqrt{n-2}$$

$$= \frac{0.7462}{\sqrt{1-0.7462^2}} \sqrt{6-2}$$

$$= \frac{0.7462}{0.6657} \sqrt{4}$$

$$= 2.2419$$

Degree of freedom (n - 2) = 6 - 2 = 4

Critical value: the tabulated value of t at 5% level of significance for right tail test and for 4 degree of freedom is 2.132.

Decision: Since, the calculated value of t is more than tabulated value, Null Hypothesis (H₀) is rejected and Alternative Hypothesis (H₁) is accepted. Thus, it is conclude that tourist arrival may affect the total foreign earning with positively.

4.3 Number of Hotels and Hotel Beds

Another aspect of service of tourisms the availability of hotels and hotel beds are:

Table No. 4.8
Number of Hotels and Hotel Beds

| Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---------------|-------|-------|-------|-------|-------|-------|
| No. of Hotels | 996 | 1006 | 607 | 617 | 669 | 744 |
| No. of Beds | 39107 | 39384 | 24260 | 24660 | 26063 | 28493 |

Source: MOTCA

The number of hotels and number of beds is fundamental requirement for tourist. This table shows this is also in increasing trend from the year 2006 to 2009.

4.4 Number of Reported of Tourist Related Crimes by Month and Types in 2009

The table presents the number of reported of tourist related crimes by month and types in 2009 are:

Table No. 4.9
Number of Reported of Tourist Related Crimes by Months and Types in 2009

| Month/ Type | Theft/ stolen | lost/ missing | cheating/ fraud | others | total |
|----------------|------------------|------------------|--------------------|--------|-------|
| January | 20 | 20 | 3 | 6 | 54 |
| February | 32 | 30 | 1 | 2 | 64 |
| March | 10 | 12 | 1 | 3 | 26 |
| April | 37 | 28 | - | 6 | 71 |
| May | 38 | 21 | - | - | 59 |
| June | 37 | 19 | 4 | 2 | 62 |
| July | 19 | 34 | - | 2 | 55 |
| August | 32 | 19 | 4 | 1 | 56 |
| September | 18 | 22 | 1 | 2 | 43 |
| October | 39 | 45 | 3 | 2 | 89 |
| November | 14 | 46 | 1 | 3 | 64 |
| December | 19 | 18 | - | 3 | 40 |
| Total | 315 | 314 | 23 | 32 | 684 |

Source: Tourist Police Unit, MOTCA

In above table shows the total security in year 2009 is not satisfactory due to number of it's over stated table that the security of tourist is challenging due to tabulated incidents.

4.5 Tourist Arrival for five country of Nationality

The tourist arrival by major 5 nationalities is:

| S.N. | 2008 | 2009 |
|------|-----------|-----------|
| 1 | India | India |
| 2 | Sri Lanka | Sri Lanka |
| 3. | China | UK |
| 4. | UK | China |
| 5. | USA | USA |

Source: MOTCA

In above table, the tourist arrival by five major countries are India, Sri Lanka, China, UK and USA in year 2008 but in year 2009, India and Sri Lanka keeps its stand same as 2008 as first and second and UK, china, USA are in 3rd, 4th and 5th position respectively.

Analysis of Primary Data

The Survey profile of primary data is summarized as:

-) No. of people contacted for the survey: 55
-) No. of people participated in the survey: 50
-) No. of people who did not respond: 5

This is analyzed as:

1. Like to go as a tourist

Among the 50 responses of different sectors people respondent. The summarized table is:

| Description | No. of respondent |
|-------------|-------------------|
| Yes | 45 |
| No | 5 |

In above survey, 45 respondents are ready to go anywhere as tourist and other 5 are not desire to go as tourist. This indicted 90% responses are in favour for go as tourist.

2. Importance of tourist arrival in Nepal

| Description | No. of respondent |
|-------------|-------------------|
| Yes | 38 |
| No | 12 |

The survey result describe 38 persons are positive response of importance of tourist arrival for Nepal. Which is 76% seeks importance and 24% represents have to seek negative impact of tourism.

3. Reception for Tourist is Satisfactory

| | |
|-----|----|
| Yes | 28 |
| No | 22 |

The responses indicate response for tourist is satisfactory level but challenging to because 44% seek no satisfactory conditions.

4. Purpose of visit in Nepal (Multiple Choice also) (Total counts of respondents)

| | | |
|----|---------------------|----|
| a. | Pleasure | 22 |
| b. | Trekking and travel | 20 |
| c. | Pilgrimage | 17 |
| d. | Officials | 5 |
| e. | Others | 12 |

Most of tourist are in this survey came for pleasure purpose and trekking and travel purpose. The no. of response is greater than total respondent because of multiple choices.

5. Length of Stay (for tourist only is taken)

| | |
|--------------|-------------|
| 0-5 days | 3 |
| 5-10 days | 4 |
| 10-15 days | 7 |
| 15 days more | 1 |
| Total | 15 tourists |

The length of stay position is in 10-15 days concentrates among other above alternatives. Among the 15 tourists who are responses in survey majority desire to stay in Nepal is in 10-15 days. This indicates majority wants to live/stay 10-15 days in Nepal.

6. Satisfaction for this visit

| | |
|----------------|----|
| More satisfied | 2 |
| Satisfaction | 11 |
| Less satisfied | 2 |

Another challenging data prevails in above table. Out of 15 tourist respondents 11 tourists are in the condition of satisfaction level. 2 are more satisfied and 2 are less satisfied when the survey time.

7. Benefits of Tourism in Nepal

The label presents benefits of tourism for Nepal for all responses.

| | | |
|----|--------------------------------|----|
| a. | Provides more foreign currency | 17 |
| b. | Need low cost high benefits | 8 |
| c. | Promote Nepal in world | 13 |
| d. | Provide employment | 9 |
| e. | Others | 3 |

According to the survey results, higher respondent are give their views tourist arrival/ tourism in Nepal provides more foreign currency and 13 respondents i.e. 26 persons opined that tourism provide to promote Nepal in the world.

8. How more tourist can attract in Nepal

| | | |
|----|------------------------------|----|
| a. | Promote internationally | 14 |
| b. | Quality tourism service | 12 |
| c. | By developing infrastructure | 10 |
| d. | By Developing manpower | 8 |
| e. | Others | 6 |

The survey result presents that first promote Nepal to international and to provide quality tourism services respectively is require for tourist attraction.

9. Is there sufficient Development of Tourism Industry in terms of the.....

The result of responses is summarized as:

| Description | No. of Respondents | |
|-----------------------------------|--------------------|----|
| | Yes | No |
| a. Quality Tourism service | 23 | 27 |
| b. Sufficient Tourism Infrs. Dev. | 21 | 29 |
| c. High skilled manpower | 28 | 22 |
| d. Global promotion | 25 | 25 |
| e. Others (political, security) | 30 | 20 |

For testing the above result in a logical consideration there is requirement to testing of hypothesis. For the nature of responses chi-square test is relevant.

Calculation of chi square test

| | Response | | Total |
|-------|----------|-----|-------|
| | Yes | No | |
| a. | 23 | 27 | 50 |
| b. | 21 | 29 | 50 |
| c. | 28 | 22 | 50 |
| d. | 25 | 25 | 50 |
| e. | 30 | 20 | 50 |
| Total | 127 | 123 | 250 |

Null Hypothesis H_0 : there is no sufficient development of tourism industry in Nepal.

Alternative Hypothesis H_1 : There is sufficient development of tourism industry in Nepal.

Test Statistic, under H_0 is

$$\chi^2 = \sum \frac{f_0 - E}{E}$$

Where,

O = Observed Frequency

E = Expected frequency = $\frac{RT \times CT}{N}$

RT = Row total

CT = Column total

N = Total no. of observation = 250

Calculation of χ^2

| O | $E = \frac{RT \times CT}{N}$ | (O-E) | (O-E) ² | $\frac{O - E}{E}$ |
|------------|------------------------------|-------|--------------------|------------------------------------|
| 23 | $50 \times 127 / 250 = 25.4$ | -2.4 | 5.76 | $5.76 / 250 = 0.023$ |
| 27 | $50 \times 123 / 250 = 24.6$ | 2.4 | 5.756 | $5.76 / 250 = 0.023$ |
| 21 | $50 \times 127 / 250 = 25.4$ | -4.4 | 19.36 | $19.36 / 250 = 0.07744$ |
| 29 | $50 \times 123 / 250 = 24.6$ | 4.4 | 19.36 | $19.36 / 250 = 0.07744$ |
| 28 | $50 \times 127 / 250 = 25.4$ | 2.6 | 6.76 | $6.76 / 250 = 0.02704$ |
| 22 | $50 \times 123 / 250 = 24.6$ | -2.6 | 6.6 | $6.76 / 250 = 0.02704$ |
| 25 | $50 \times 127 / 250 = 25.4$ | -0.4 | 0.16 | $0.16 / 250 = 0.00064$ |
| 25 | $50 \times 123 / 250 = 24.6$ | 0.4 | 0.16 | $0.16 / 250 = 0.00064$ |
| 30 | $50 \times 127 / 250 = 25.4$ | 4.6 | 21.16 | $21.16 / 250 = 0.08464$ |
| 20 | $50 \times 123 / 250 = 24.6$ | -4.6 | 21.16 | $21.16 / 250 = 0.08464$ |
| O = 250 | E = 250 | | | $\frac{O - E}{E} =$ 0.42552 |

$$\text{Calculated } \chi^2 = \frac{\sum \frac{O - E}{E}}{\chi^2} = 0.42552$$

Degree of freedom (r - 1) (c - 1)

$$= (5-1). (2-1)$$

$$= 4$$

Tabulated value of χ^2 at 0.05 for 4 d.f. is (98% confidence level) 9.49

Decision: Since the calculated χ^2 is less than tabulated χ^2 at 0.5 level of significance, the null hypothesis H_0 is accepted and hence H_1 is rejected. Therefore, the conclusion is that there is no sufficient development of tourism industry in Nepal, yet.

So, the position is proof by this testing that there may lacks of sufficient level of tourism development in Nepal.

10. Repetition of visit

The visit of tourist at once and again their desire to repetition is:

| | | |
|-----|----|-----|
| Yes | 34 | 68% |
| No | 16 | 32% |

Above, table presents the fact that 60% tourist are willing to visit again. This may proof of their satisfaction level too.

11. Success of Tourism Year 2011 for reception of 10 lakhs tourists in Nepal.

The motto of governments is tested through the survey is:

| | | |
|-------|----|------|
| Yes | 23 | 46% |
| No | 27 | 54% |
| Total | 50 | 100% |

The majority of respondents opine that the government motto of reception for 10 lakhs tourists in 2011 will unable to achieve.

12. Promotion by Tourist

| | |
|-----|----|
| Yes | 38 |
| No | 12 |

The last survey question is related to promotion of tourism through the tourist is the possible by 38 respondents i.e. 76% in total and other 12 respondents i.e. 24% is not believe promotion by tourist is effective for tourism promotion.

4.6 Activities Related to Tourism Development (As Tourism Products)

City Tours: Most of the Travel Agencies organize city tours of ancient cities and famous places of religious and cultural interests every day. However, occasionally some of the tour organizers also organize the tour of some special place to observe the religious and cultural practices of some ethnic groups and also to some rural areas to promote rural tourism.

Rock Climbing: Rock climbing has become a popular sport for many in and around Kathmandu. The popular places for rock climbing in Kathmandu are Nagarjun, Shivapuri and Budanilkantha etc.

Mountain Biking: One can explore Kathmandu valley and many other interesting places on mountain bike. Mountain bikes are available on rent in many bicycle rental outlets in and around the city.

Birds Watching: If you are interested in bird watching and do not have time to go out of the valley to watch as many as 848 species available in Nepal, you still have opportunity to watch almost 500 species of birds in birds watching sports viz. Phulchoki, Godavari, Nagarjun, Taudaha, Chandragiri, etc in Kathmandu valley.

Jungle Safari: Terai is the wildlife reserves area of Nepal. One can enjoy the jungle on foot, dugout canoe, jeep, elephant back, bull cart, bicycle, etc. During safari one can see one horned rhino, wild boars, samburs, spotted dears, bears, antelopes, jackals, etc.

Mountain Flight: Tourists who do not have sufficient time to go on trek can enjoy the panoramic aerial view of high altitude Himalayan peaks including Mount Everest by taking a mountain flight. Mountain flights of about one hour are offered daily by various domestic airlines from Kathmandu and Pokhara.

Ultra Light Aircraft: To have aerial views of lakes and Himalayan peaks around Pokhara like birds one can take the service of ultra aircraft in Pokhara. Service is offered every day from sunrise to 11 am and 3 pm to sunset during the months from September through June.

Bungee Jumping: One can take the experience of bungee jumping situated over 160 m at Bhotekoshi River about 100 km north east from Kathmandu on Arniko highway. It is staffed and operated by experienced jumpmasters.

Paragliding: This service is offered to those who seek adventure. Gliding is season dependent and offered in Pokhara from November through February. One will be able to view majestic Himalayas along with villages, monasteries, temples, lakes, jungles, etc.

Rafting and Canoeing: A number of rafting companies from private sectors are organizing regular rafting programme and adventurous canoeing trip in various Nepalese rivers through out the year.

Special Interest Tours/Village Tours: The services of special interest tours are offered on request by many travel agencies. It includes some villages, monasteries, temples, fossil hunting, archeological and zoological places, bee hunting, tour of wildlife reserves and national parks etc.

Some other activities from different travel related agencies and organizations for the promotion of tourism in different time include : International Elephant Polo Competition at Meghauli; Kite Flying Competition; International, Multilateral, Bilateral, Country focused and other type of trade fairs; International seminars, meetings, trainings, workshops; Eco-tourism trip to rural areas; Academic tour of the educational institution of other countries; etc. Apart from selling available tourism products if government encourages the establishment of the offices of international organizations in Nepal and organizes a number of

international events like conferences, seminars, workshops, meetings, etc regularly Nepal can further increase its tourism market globally.

4.7 Challenges and Opportunities in Tourism Industry

Tourism industry can earn foreign currency to a great extent by selling tour and generating new employment opportunities through out the year. But this industry is yet to be developed as full-fledged industry in Nepal. The following are some of the challenges and opportunities, experienced and observed for the smooth development of the tourism sector in Nepal.

1. Ecological balance is disturbed and environmental degradation is created due to the lack of management of disposal of garbage, deforestations, caused by overcrowding of tourists in some of the areas, some of experts and survey respondents opine this view too.
2. Local people started losing their own tradition, culture and identity in many places due to the influence of tourists.
3. High amount of royalties and lengthy permit procedures for mountaineering and trekking, which are the major attractions, discourage tourist in mountaineering and trekking and even diverted to other countries.
4. Insufficient infrastructure facilities in almost all bus stations and airports airways including Kathmandu, Pokhara, Lukla, etc. do not leave a good impression to visiting tourists.
5. Report of manhandling and sexual harassment to female tourist in bus stations, airports, hotels, public transportation and so on.
6. Pick pocketing and lifting of tourist luggage from hotels, airports and bus stations and public places and tourist security situation is worsed

in the year 2009. Cheating of tourists by middle men, agents and hawkers in different places too.

7. Unpredictable and sudden political movement causing bandh, strike, etc. are more.
8. Frequent flight cancellation and delay flights without any justifiable prior notice.
9. Frequent interruption of electricity in the area of tourist interest and insecurity due to blackouts.
10. Lack of sufficient places and options for tourist entertainment.
11. Increasing volume of pollution due to sound, vehicles, industries, unmanaged street garbage, stray dogs and animals.

Nepal has great opportunities for tourism development as tourism is emerging as one of the prosperous industries globally. We can take the benefit through tourism from the fast pace of economic development of other countries. Nepal has a huge and never exhausting potential of tourism resources and we can develop and promote it by selling our tourism products to others. The only thing we need to do is to make situation favorable to them and make their visit comfortable.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of the Study

Nepal, country of unique mosaic of green landscape and diverse cultural heritage, rich natural resources and diverse life cycle of it's people attracts more tourists. World famous snow peaks like Mt. Everest, which identifies several tourists from the entire world.

Tourism has emerged as an industry. After the Second World War tourism growth is increasing all over the world. Nepal is a tourism destination since 1950. The tourism play greater role for foreign exchange earnings and employment in Nepal. Many of the tourists have visit Nepal for pleasure, Cultural Travel/Trekking, Business meeting purpose.

The key objective of tourism in Nepal is to maximize the nations' earnings from tourism and an important element of the stringy is to encourage sightseeing visitors to stay longer in Nepal and to provide them with wider opportunities to spend on Nepal.

The Government of Nepal had established Department of Tourism and Ministry of Tourism in 1959 and 1977 respectively. The first Tourism Master Plan was prepared in 1972 with technical assistance of Germany. Nepal followed open sky policy and had implemented visit Nepal Year 1998.

Second Master plan was announced in 2007. The new Tourism policy 2065 B.S. was came as guiding for Tourism promotion after the country has political change in 2062/063's peaceful movement. Now, Nepal is preparing for celebrate as "Tourism Year 2011" with target of increasing tourist arrival of 10 lakhs for the year 2011 in Nepal.

The tourist flow in October 2010 is strongest among the months and years too. But the question is, this trend may continue or not. So, this study try to study tourist travel trends, contribution of tourism in to GPD, potentiality of tourism industry in overall economy and raised the some suggestion for concerned agencies / authorities about the issues on the basis of findings. From fulfilling these objectives, this study may significance too. This study has certain limitations. It presents within five chapters.

The study of tourism has become a subject of interest for many scholars from various disciplines. The key words uses in this study are Tourism, Tourists, Marketing, Gross Domestic Product (GDP) and Tourism in taken on industry in study. Several studies of scholars, dissertations, theses, articles are provided the significant results by the study about the tourism. The research gap is tourism status at present situation and how tourism contributes in economy in future.

The descriptive and analytical methods of study are adopted in this study. The primary and secondary data are collected from various sources.

These collected data and presented and analysis with the help of statistical and other tools. Major statistical tools adopted in mean correlation coefficient and Hypotheses for t test and chi-square test.

Tourist Arrival in Nepal in Year 2005 is 375,398 persons, 383,926 in year 2006, 526705 in year 2007, 500277 in 2008 and 509956 in 2009. The forecasted no. of Tourist arrivals for the year 2010 is 567613, 604439 for the year 2011 and 641186 for the year 2012 Out of total tourists arrival, majority of tourists are arrived from Air ways. The Asian (including Indian) tourists arrived then other regions as a percentage of Asian tourists is high among other regions. Most of the people visit for pleasure purpose i.e. 34% Travel and Trekking 20.9%, Business 4.70%,

official 7.60%, pilgrimage 1.40%, Meeting 21.0% and 1040% for other purpose in the year 2009. The average length of stay of tourist in Year 2004, 2005, 2006, 2007, 2008, 2009 is 13.51, 9.10, 10.20, 11.96 11.78 and 11.30 days respectively.

The tourism earning in total foreign exchange earnings is in increasing trends from the year 2005/06 to 2008/09. Foreign exchange earnings from tourism as percentage of GDP in Fiscal year is 1.8%, 1.5%, 1.4%, 2.3%,2.9% for 2004/05, 2005/06, 2006/07, 2007/08, 2008/09 respectively.

Tourist arrivals and total foreign exchange earnings from tourism is positively correlated with ($r = + 0.7462$). The correlated value is tested at 5% level of significance for right tail test is 2.132. The Foreign Exchange Earning is more when tourist arrival is more in numbers. No. of Hotels and Hotel beds are increasing in number No of reported of tourist related crimes by month and types is theft and stolen 315, lost missing 314, cheating/fraud is 23, others 32 and total 84 incidents in year2009 reported by tourist police unit. The major five nationality of tourist arrival are India, Sri Lanka, UK, China and USA respectively from high to low in the year 2009.

In survey for primary data, 50 persons have responded in total 90% responses are in famous for to go as tourist, 76% seeks importance of tourism in Nepal More respondents has opined for tourism development is no sufficient chi-square test and 46% have opine that the Government motto of reception for 10 lakhs tourists will visited for Tourism Year 2011 is in doubt.

5.2 Conclusion

Tourism today has become not only a comprehensive phenomenon but also the backbone of the economy for the countries like ours and

many more. Nepal has a huge tourism potential which is evident from numerous accolades it has received over the years. Tourism is the world's fastest growing industry and being one of the hottest economic activities, leisure recreation is popular all over the world. It has affected almost every part of the world and Nepal is not an exception. Nepal is recognized as a tourist destination because of its unique nature besides cultural heritage and religious/traditional practices. Historical monuments and the sites of pilgrimages are sure to motivate tourists to visit Nepal at least once in lifetime. The art and architecture, ethnicity, tradition and custom of the people are there to see while feeling the hospitality and warmth of the people in this friendly atmosphere of Nepal. The foot trails, the countryside view, the highlands and lowlands hills and plains, the green forests, magnificent rivers, ice-capped Himalayas, diverse group of flora and faunas are not to be missed by anyone who travel in Nepal with lot of expectations. This industry creates many favorable multiplier effects in private sector like foreign currency earning, employment generation, change in social cultural and traditional structure, change in lifestyle, upgrading living standard etc.

Despite the urban area, rural areas also harbor with a lot of tourist destinations and products the involvement of rural people is essential for sustainability of tourism industry rather than depriving them of the benefit of tourism. Past trend from the study in above shows that tourism development activities were urban centric and that did not give much benefit to the rural poor. The involvement of the rural poor in community tourism activities in rural areas can help multiply the development process fast and can make the rural tourism sustainable and thereby increasing local income and reducing poverty. The development of village tourism and home stay programme can help to reduce the poverty of the rural people to a considerable extent by the creation of employment opportunities at village level.

International tourism has its own significance. However internal tourism development is also equally important for revenue generation and creation of

employment opportunities too. Priority should also be given for the publicity of religious, historical, cultural, and ethnic along with many other places within and outside the country for development of domestic and international tourism development.

5.3 Recommendation

1. Government should take initiation for infrastructure development like road transportation, comfortable airways and new airports development. The new Himalayas may open for tourist purpose too. All the players need to understand and accept their responsibilities and are environmentally motivated. Policies should eventually to emerge in the area which reflects the needs and interest of all concerned.
2. As tourist of any type is a spender, the need is tap the potential, especially by the poor countries like Nepal for the overall socioeconomic development of the country and raise the living standard of the people. Government should focus on pleasure tourism and new areas of tourist market into the world especially for European tourists. The promotion with good message of peace in visit is necessary to primitive promotion for overall destinations.
3. Likewise, scientific calculation of contribution of tourism sector to GDP and generation of employment also need high priority to drive tourism sector with clear indicators. There may lag on NTB, MOTCA and NRB's data. For tourism, all bodies should create a force to help, lead the country towards socio-economically better state in future.
4. Tourist peace and security position is needed to re-think by different actors in these days. The harnessing tourism security and friendly behaviours is needed to rebuild in these days.

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APPENDIX A
TOURIST ARRIVAL IN NEPAL

| Year | X | No. of tourist arrival (Y) | X ² | XY |
|-------|--------|----------------------------|---------------------|--------------|
| 2005 | 1 | 375398 | 1 | 375398 |
| 2006 | 2 | 383926 | 4 | 767852 |
| 2007 | 3 | 526705 | 9 | 1580115 |
| 2008 | 4 | 500277 | 16 | 2001108 |
| 2009 | 5 | 500956 | 25 | 2504780 |
| N = 5 | x = 15 | y = 2287262 | x ² = 55 | xy = 7229253 |

Mathematically $Y = a + bx$

Where, y = value of the dependent variable i.e. no. of tourist arrivals

a = y-intercept

b = slope of trend line

x = value of the independent variable i.e. years

Normal equations fitting above equation are:

$$y = Na + b x$$

$$xy = a x + b x^2$$

By Formula

$$\frac{N \sum XY - \sum X \sum Y}{N \sum X^2 - (\sum X)^2}$$

$$X \frac{5 \mid 7229253 \text{ Z } 15 \mid 2287262}{5 \mid 55 \text{ Z } 15 \text{ A}}$$

$$X \frac{1837335}{50}$$

$$= \mathbf{36746.7}$$

$$a \ X \frac{Y \text{ Z } b \ X}{N}$$

$$X \frac{2287262 \text{ Z } 36746.7 \mid 15}{5}$$

$$= \mathbf{347212.3}$$

Projection for coming years is

$$\text{For, 2010 (N = 6) = } 374212.30 + 6 \times 36746.7 = 567692.50$$

$$\sim \mathbf{567693}$$

$$\text{For, 2011 (N = 7) = } 374212.30 + 7 \times 36746.7 = 604439.2$$

$$\sim \mathbf{604439}$$

$$\text{For, 2012 (N = 8) = } 374212.30 + 8 \times 36746.7 = 641185.10$$

$$\sim \mathbf{641186}$$

APPENDIX - B
QUESTIONNAIRE SURVEY

Dear Respondent

This questionnaire is prepared for getting the views from the tourism entrepreneurs, tourism experts and tourists and some tourism manpower concerned on the tourism sector. Views have been collected by the researcher for research entitled Tourism market trend in Nepal.

I humbly request to fill up the questionnaire your cooperation in this regard will be appreciate and it has great value for me. I will like to assure you that the information provided will be used for research purpose only. I owe debt for your kind cooperation

Thanks for participation.

Name:

Occupation:

Organization:

Please Tick () for yes and No as below requirements:

1. Do you like to go anywhere as “Tourist”?
Yes [] No []
2. Is Tourist arrival is important for Nepal?
Yes [] No []
3. State, there is sufficient reception for tourist in Nepal.
Yes [] No []
4. Why tourists are visited in Nepal (there may be multiple choices)?
 - a. Pleasure []
 - b. Trekking and Travel []
 - c. Pilgrimage []
 - d. Officials []
 - e. Others []
5. For tourist; how long have you planned to stay in Nepal?
 - a. 0-5 days []
 - b. 5-10 days []
 - c. 5-10 days []
 - d. 10-15 days []
 - e. 15 days more []
6. For tourist: Are you satisfy in your visiting?
 - a. More satisfy []
 - b. Satisfy []
 - c. No satisfy []

7. Why tourism is beneficial for Nepal? Because ...
- a. It provide more money to Nepal []
 - b. If needs low cost []
 - c. It promote Nepal in world []
 - d. It provide employment []
 - e. Other, if []
8. How more tourists can attract to visit in Nepal?
- a. By, promote internationally []
 - b. Quality tourism service []
 - c. By developing infrastructure []
 - d. By, developing manpower []
 - e. Others
9. State there is sufficient development of tourism industry in Nepal in terms of

| In terms of | Yes | No |
|--|-----|----|
| a. Quality Tourism service | | |
| b. Tourism Infrastructure development | | |
| c. High skilled manpower | | |
| d. promotion internationally | | |
| e. others Barriers (political security) | | |

10. For Tourist: Do you visit Nepal again?
- Yes [] No []
11. Govt. of Nepal is going to celebrate tourism year 2011, aiming to reception of 10 lakhs tourists in Nepal. Do you think, this is possible
- Yes [] No []
12. For tourist only: Do you promote to others as Nepal is appropriate tourist destination and visit for Nepal?
- Yes [] No []

Interview Questions

These interview questions are prepared for oral interview of selected experts and entrepreneurs only who have higher expertise in tourism sector

1. How do you evaluate present status of tourism industry?
2. What are the benefits of tourism industry for Nepal?
3. What are the challenges for tourism development?
4. How can promote Nepal as tourist destination?
5. What is the relationship between length of stay and tourist in economy?
6. What are the impacts creates by the purpose of visit of tourist?

Summary of Survey results

1. Like to go as a tourist

| Description | No. of respondent |
|-------------|-------------------|
| Yes | 45 |
| No | 5 |

2. Importance of tourist arrival in Nepal

| Description | No. of respondent |
|-------------|-------------------|
| Yes | 38 |
| No | 12 |

3. Reception for Tourist is Satisfactory

| | |
|-----|----|
| Yes | 28 |
| No | 22 |

4. Purpose of visit in Nepal (Multiple Choice also) (Total counts of respondents)

| | | |
|----|---------------------|----|
| a. | Pleasure | 22 |
| b. | Trekking and travel | 20 |
| c. | Pilgrimage | 17 |
| d. | Officials | 5 |
| e. | Others | 12 |

5. Length of Stay (for tourist only is taken)

| | |
|--------------|-------------|
| 0-5 days | 3 |
| 5-10 days | 4 |
| 10-15 days | 7 |
| 15 days more | 1 |
| Total | 15 tourists |

6. Satisfaction for this visit

| | |
|----------------|----|
| More satisfied | 2 |
| Satisfaction | 11 |
| Less satisfied | 2 |

7. Benefits of Tourism in Nepal

| | | |
|----|--------------------------------|----|
| a. | Provides more foreign currency | 17 |
| b. | Need low cost high benefits | 8 |
| c. | Promote Nepal in world | 13 |
| d. | Provide employment | 9 |
| e. | Others | 3 |

8. How more tourist can attract in Nepal

| | | |
|----|------------------------------|----|
| a. | Promote internationally | 14 |
| b. | Quality tourism service | 12 |
| c. | By developing infrastructure | 10 |
| d. | By Developing manpower | 8 |
| e. | Others | 6 |

9. Is there sufficient Development of Tourism Industry in terms of the.....

| Description | No. of Respondents | |
|-----------------------------------|--------------------|----|
| | Yes | No |
| a. Quality Tourism service | 23 | 27 |
| b. Sufficient Tourism Infrs. Dev. | 21 | 29 |
| c. High skilled manpower | 28 | 22 |
| d. Global promotion | 25 | 25 |
| e. Others (political, security) | 30 | 20 |

APPENDIX C
List of Hotels and Beds

| Year | Star Hotel | | Non-Star Hotel | | Total | |
|-----------|------------|-------|----------------|-------|--------|-------|
| | Number | Beds | Number | Beds | Number | Beds |
| 1974 Dec | | | | | | |
| 1975 Dec | | | | | | |
| 1976 Dec | | | | | | |
| 1977 Dec | | | | | | |
| 1978 Dec | | | | | | |
| 1979 Dec | 40 | 3775 | 28 | 1150 | 68 | 4925 |
| 1980 Dec | 39 | 4300 | 34 | 809 | 73 | 5109 |
| 1981 Dec | 39 | 4300 | 35 | 2345 | 74 | 6645 |
| 1982 Dec | 39 | 4300 | 36 | 2482 | 75 | 6782 |
| 1983 Dec | 39 | 4300 | 36 | 2519 | 75 | 6819 |
| 1984 Dec | 39 | 4300 | 37 | 2605 | 76 | 6905 |
| 1985 Dec | 41 | 4188 | 39 | 2722 | 80 | 6910 |
| 1986 Dec | 41 | 4087 | 69 | 2999 | 110 | 7086 |
| 1987 Dec | 43 | 4381 | 61 | 2671 | 104 | 7052 |
| 1988 Dec | 43 | 4412 | 77 | 3599 | 120 | 8011 |
| 1989 Dec | 54 | 4880 | 105 | 4528 | 159 | 9408 |
| 1990 Dec | 57 | 5502 | 111 | 4742 | 168 | 10244 |
| 1991 Dec | 61 | 5809 | 131 | 5398 | 192 | 11207 |
| 1992 Dec | 64 | 5969 | 139 | 5803 | 203 | 11772 |
| 1993 Dec | 64 | 5969 | 150 | 6578 | 214 | 12547 |
| 1994 Dec | 72 | 6502 | 322 | 11228 | 394 | 17730 |
| 1995 Dec | 72 | 6502 | 448 | 15305 | 520 | 21807 |
| 1996 Dec | 79 | 7050 | 553 | 18588 | 632 | 25638 |
| 1997 Dec | 86 | 7779 | 620 | 19833 | 706 | 27612 |
| 1998 Dec | 89 | 7842 | 650 | 21036 | 739 | 28878 |
| 1999 Dec | 87 | 8656 | 698 | 23558 | 785 | 32214 |
| 2000 Dec | 94 | 9320 | 754 | 25638 | 848 | 34958 |
| 2001 Dec | 97 | 9430 | 791 | 26733 | 888 | 36163 |
| 2002 Dec | 104 | 10289 | 839 | 27327 | 943 | 37616 |
| 2003 Dec | 108 | 10535 | 858 | 27735 | 966 | 38270 |
| 2004 Dec | 110 | 10715 | 886 | 28392 | 996 | 39107 |
| 2005 Dec | 110 | 10715 | 896 | 28669 | 1006 | 39384 |
| 2006 Dec | 105 | 9763 | 502 | 14497 | 607 | 24260 |
| 2007 Dec | 105 | 9763 | 512 | 14897 | 617 | 24660 |
| 2008 Dec | 96 | 9320 | 573 | 16743 | 669 | 26063 |
| 2009 Dec* | 97 | 9369 | 647 | 19124 | 744 | 28493 |

* Estimated

Source: Ministry of Tourism and Civil Aviation.

Table 8.17 : Tourist Arrivals by Major Regions

| Year | North America | Central and South America | Western Europe | Eastern Europe | Africa | Asia | | | Australia and Pacific | Others | Total |
|----------|---------------|---------------------------|----------------|----------------|--------|--------|--------|---------|-----------------------|--------|--------|
| | | | | | | India | Other | Tourist | | | |
| 1975 Dec | 18549 | 878 | 41820 | 773 | 227 | - | - | 26605 | 6576 | 14 | 93445 |
| 1976 Dec | 16752 | 1218 | 48827 | 741 | 226 | - | - | 25222 | 8099 | 13 | 105108 |
| 1977 Dec | 20134 | 1500 | 57615 | 1200 | 250 | - | - | 35424 | 8840 | 13 | 129325 |
| 1978 Dec | 23845 | 1027 | 66870 | 1522 | 473 | - | - | 32444 | 9214 | 126 | 156129 |
| 1979 Dec | 21727 | 1847 | 58184 | 1377 | 419 | - | - | 39234 | 9571 | 167 | 142276 |
| 1980 Dec | 17817 | 2192 | 70363 | 1597 | 712 | - | - | 51914 | 8261 | 220 | 162890 |
| 1981 Dec | 17082 | 1732 | 83415 | 1010 | 582 | - | - | 59215 | 7491 | 577 | 161449 |
| 1982 Dec | 20012 | 1754 | 88796 | 1414 | 748 | - | - | 73817 | 8424 | 563 | 175429 |
| 1983 Dec | 22584 | 976 | 86776 | 1972 | 1082 | - | - | 74667 | 10145 | 1405 | 179400 |
| 1984 Dec | 20134 | 913 | 57767 | 1695 | 896 | - | - | 83284 | 5647 | 2498 | 176634 |
| 1985 Dec | 22888 | 1364 | 62376 | 3688 | 519 | - | - | 78156 | 10845 | 955 | 186989 |
| 1986 Dec | 27851 | 1148 | 85455 | 2676 | 552 | - | - | 84854 | 13829 | 6611 | 223131 |
| 1987 Dec | 27401 | 1449 | 92088 | 2493 | 549 | - | - | 101565 | 13787 | 7138 | 248883 |
| 1988 Dec | 30565 | 1883 | 99743 | 2563 | 804 | - | - | 114374 | 13592 | 3115 | 265045 |
| 1989 Dec | 28045 | 1968 | 104895 | 3271 | 608 | - | - | 86372 | 13966 | 1072 | 239940 |
| 1990 Dec | 26345 | 1872 | 110790 | 3275 | 811 | - | - | 98120 | 13198 | 606 | 254861 |
| 1991 Dec | 24027 | 2200 | 110425 | 3128 | 964 | - | - | 140025 | 10476 | 1750 | 295909 |
| 1992 Dec | 27356 | 2777 | 125555 | 2533 | 1263 | 16674 | 49738 | 156342 | 10823 | 694 | 334353 |
| 1993 Dec | 25283 | 2613 | 132064 | 2016 | 985 | 43562 | 44490 | 128813 | 9846 | 909 | 293547 |
| 1994 Dec | 26078 | 3083 | 132518 | 2704 | 765 | 103440 | 48440 | 159962 | 9815 | 384 | 326781 |
| 1995 Dec | 27925 | 3049 | 133809 | 5820 | 1073 | 112260 | 62117 | 180377 | 11429 | 26 | 363795 |
| 1996 Dec | 30435 | 4230 | 132787 | 6114 | 1773 | 122512 | 83297 | 205899 | 12223 | 31 | 393613 |
| 1997 Dec | 34701 | 4534 | 137128 | 4716 | 1645 | 135438 | 89413 | 222849 | 12647 | 13 | 421837 |
| 1998 Dec | 43008 | 5037 | 150703 | 7741 | 1993 | 143229 | 97235 | 249460 | 14635 | 19 | 463684 |
| 1999 Dec | 46930 | 6096 | 168913 | 6733 | 2497 | 146661 | 78912 | 243293 | 15207 | 30 | 493666 |
| 2000 Dec | 49032 | 6976 | 139225 | 6992 | 2940 | 13915 | 12817 | 226332 | 15047 | 84 | 466446 |
| 2001 Dec | 59120 | 6534 | 131661 | 6203 | 1596 | 64328 | 108669 | 164989 | 13030 | 1 | 361237 |
| 2002 Dec | 21265 | 2791 | 87932 | 3276 | 1132 | 66779 | 81895 | 148570 | 8420 | 1 | 275428 |
| 2003 Dec | 22992 | 2362 | 95153 | 6431 | 1412 | 86363 | 17082 | 200045 | 9638 | 1 | 338132 |
| 2004 Dec | 22005 | 4579 | 116325 | 7681 | 1181 | 90222 | 128165 | 218347 | 10947 | 798 | 483297 |
| 2005 Dec | 22859 | 5589 | 98044 | 8263 | 1302 | 96404 | 132848 | 230382 | 8117 | 2776 | 375888 |
| 2006 Dec | 24046 | 4784 | 97378 | 30613 | 1125 | 99722 | 138956 | 251312 | 9765 | 4025 | 369028 |
| 2007 Dec | 37182 | 6466 | 140030 | 16654 | 1382 | 96810 | 228215 | 304223 | 14386 | 3612 | 526705 |
| 2008 Dec | 38338 | 7841 | 157961 | 12816 | 1382 | 91177 | 188345 | 299032 | 16176 | 7162 | 581377 |
| 2009 Dec | 46497 | 6627 | 141301 | 12744 | 1100 | 97781 | 191683 | 283464 | 17841 | 4078 | 509722 |
| | 8.8 | 2.9 | 27.7 | 2.9 | 0.2 | 18.1 | 17.5 | 36.9 | 2.8 | 0.8 | 28.8 |

* Indian Tourists are included till 1991

* Estimated

Note: Figures in 1000 will state their percentage share in total

Source: Ministry of Tourism and Civil Aviation

Table 8.18 : Foreign Exchange Earnings from Tourism

| Year | Total Foreign Exchange Earnings from Tourism Rs. In 10 million | As % of Total Value of Merchandise Exports | As % of Total Value of Exports of Goods and Non-Factor Services | As % of Total Foreign Exchange Earnings | As % of GDP |
|----------|---|--|---|---|-------------|
| 1974/75 | 17.06 | 19.2 | 15.5 | 30.2 | 1.0 |
| 1975/76 | 20.99 | 17.4 | 13.7 | 27.4 | 1.2 |
| 1976/77 | 28.89 | 24.2 | 13.5 | 26.2 | 1.7 |
| 1977/78 | 56.32 | 34.1 | 22.7 | 24.2 | 1.9 |
| 1978/79 | 59.71 | 38.1 | 13.1 | 24.5 | 2.3 |
| 1979/80 | 63.68 | 54.6 | 22.1 | 20.9 | 2.5 |
| 1980/81 | 77.34 | 41.5 | 21.0 | 26.2 | 3.1 |
| 1981/82 | 64.15 | 56.2 | 22.2 | 16.8 | 3.0 |
| 1982/83 | 64.47 | 74.3 | 23.1 | 17.3 | 2.5 |
| 1983/84 | 56.10 | 32.8 | 11.1 | 19.7 | 1.4 |
| 1984/85 | 73.54 | 26.8 | 15.5 | 19.8 | 1.5 |
| 1985/86 | 107.10 | 34.7 | 10.3 | 18.5 | 2.0 |
| 1986/87 | 174.05 | 58.0 | 22.1 | 26.6 | 2.9 |
| 1987/88 | 167.57 | 40.6 | 16.8 | 18.2 | 2.3 |
| 1988/89 | 273.53 | 65.0 | 25.2 | 24.5 | 3.3 |
| 1989/90 | 312.12 | 59.5 | 25.5 | 23.3 | 3.2 |
| 1990/91 | 356.75 | 47.1 | 23.5 | 21.8 | 3.2 |
| 1991/92 | 501.69 | 35.9 | 19.5 | 20.0 | 3.6 |
| 1992/93 | 556.60 | 34.5 | 26.7 | 17.6 | 3.7 |
| 1993/94 | 325.17 | 42.7 | 22.4 | 18.9 | 4.1 |
| 1994/95 | 397.32 | 50.8 | 21.8 | 17.3 | 4.1 |
| 1995/96 | 952.12 | 47.9 | 23.3 | 21.4 | 3.8 |
| 1996/97 | 852.30 | 37.6 | 13.7 | 17.6 | 3.1 |
| 1997/98 | 988.14 | 35.9 | 17.4 | 15.2 | 3.3 |
| 1998/99 | 1216.78 | 34.1 | 18.8 | 15.7 | 3.6 |
| 1999/00 | 1287.39 | 24.2 | 13.0 | 8.8 | 3.2 |
| 2000/01+ | 1171.73 | 21.9 | 12.0 | 7.4 | 2.7 |
| 2001/02 | 865.43 | 14.9 | 10.6 | 1.1 | 1.9 |
| 2002/03 | 1114.77 | 23.1 | 15.2 | 8.2 | 2.4 |
| 2003/04 | 1484.74 | 32.9 | 20.3 | 11.4 | 3.4 |
| 2004/05 | 1046.40 | 17.3 | 12.2 | 6.1 | 1.8 |
| 2005/06 | 955.60 | 15.5 | 10.9 | 4.6 | 1.5 |
| 2006/07 | 1012.50 | 16.1 | 10.7 | 4.3 | 1.4 |
| 2007/08 | 1465.30 | 30.1 | 17.3 | 6.7 | 2.3 |
| 2008/09 | 2795.00 | 40.0 | 22.5 | 6.5 | 2.9 |
| 2009/10* | 1676.70 | 40.0 | 23.1 | 6.0 | 2.1 |

* Data base on new format since FY 2006/07.

† First Eight Months

Source: Nepal Ra. B. Bank

Table 8.15 : Number of Tourist Arrivals and Length of Stay

| Year | Total Number + | Tourist Arrival by Air | Tourist Arrival by Land | Average Stay (in days) | Annual Growth Rate (%) |
|-----------|----------------|------------------------|-------------------------|------------------------|------------------------|
| 1975 Dec | 92440 | 78995 | - | 13.10 | |
| 1976 Dec | 105108 | 90498 | - | 12.40 | 13.70 |
| 1977 Dec | 129329 | 110180 | - | 11.60 | 23.00 |
| 1978 Dec | 156129 | 133094 | - | 11.80 | 20.70 |
| 1979 Dec | 162276 | 137865 | - | 12.00 | 3.90 |
| 1980 Dec | 162897 | 139587 | - | 11.20 | 0.40 |
| 1981 Dec | 161669 | 142084 | - | 10.50 | -0.80 |
| 1982 Dec | 175448 | 153509 | - | 13.50 | 8.50 |
| 1983 Dec | 179405 | 152470 | - | 11.50 | 2.30 |
| 1984 Dec | 176634 | 149920 | - | 12.00 | -1.50 |
| 1985 Dec | 180989 | 151870 | - | 11.30 | 2.50 |
| 1986 Dec | 223351 | 182751 | - | 11.20 | 23.40 |
| 1987 Dec | 248380 | 205611 | - | 12.00 | 11.10 |
| 1988 Dec | 265943 | 234545 | - | 12.00 | 7.20 |
| 1989 Dec | 239945 | 207907 | - | 12.00 | -9.78 |
| 1990 Dec | 254885 | 226421 | - | 12.00 | 6.20 |
| 1991 Dec | 292995 | 267932 | - | 9.25 | 15.00 |
| 1992 Dec | 334353 | 300496 | 33857 | 10.14 | 14.10 |
| 1993 Dec | 293567 | 254140 | 39427 | 11.94 | -12.20 |
| 1994 Dec | 326531 | 289381 | 37150 | 10.00 | 11.20 |
| 1995 Dec | 363395 | 325035 | 38360 | 11.27 | 11.28 |
| 1996 Dec | 393613 | 343246 | 50367 | 13.50 | 8.30 |
| 1997 Dec | 421857 | 371145 | 50712 | 10.50 | 7.20 |
| 1998 Dec | 463684 | 398038 | 65646 | 10.80 | 9.90 |
| 1999 Dec | 491504 | 421243 | 70261 | 12.80 | 6.00 |
| 2000 Dec | 463646 | 376914 | 86732 | 11.88 | -5.70 |
| 2001 Dec | 361237 | 299514 | 61723 | 11.93 | -22.10 |
| 2002 Dec | 275466 | 216660 | 56808 | 7.92 | -23.10 |
| 2003 Dec | 338132 | 275428 | 62704 | 9.60 | 22.70 |
| 2004 Dec | 385297 | 297335 | 87962 | 13.51 | 13.90 |
| 2005 Dec | 375398 | 277346 | 98052 | 9.10 | -2.60 |
| 2006 Dec | 383926 | 283819 | 100107 | 10.20 | 2.30 |
| 2007 Dec | 526705 | 360713 | 165992 | 11.96 | 37.20 |
| 2008 Dec | 500277 | 374661 | 125616 | 11.78 | 5.00 |
| 2009 Dec* | 509458 | 386623 | 122835 | 11.50 | 1.90 |

* Indian tourists from land are not included

* Estimated (Statistics based on Department of Immigration)

Source: Ministry of Tourism and Civil Aviation.

Table 8.15 : Number of Tourists by Purpose of Visit

| Year | Pleasure | Visiting and Business | Business | Official | Percentage | Marriage and Seminar | Other | Total |
|----------|----------|--------------------------|----------|----------|------------|-------------------------|--------|--------|
| 1975 Dec | 70134 | 12587 | 4911 | 422 | - | - | 291 | 32405 |
| | 78.9 | 13.6 | 5.3 | 4.6 | - | - | 0.4 | 100 |
| 1976 Dec | 82536 | 11706 | 4974 | 4389 | - | - | 1447 | 139448 |
| | 78.6 | 11.1 | 4.7 | 4.0 | - | - | 1.4 | 100 |
| 1977 Dec | 106481 | 13382 | 4532 | 4201 | - | - | 913 | 129329 |
| | 82.3 | 10.4 | 3.5 | 3.2 | - | - | 0.6 | 100 |
| 1978 Dec | 124471 | 17394 | 5642 | 5650 | - | - | 2792 | 156729 |
| | 79.7 | 11.1 | 4.2 | 3.6 | - | - | 1.3 | 100 |
| 1979 Dec | 123811 | 18270 | 5381 | 5495 | - | - | 3311 | 162278 |
| | 79.4 | 11.3 | 3.9 | 3.4 | - | - | 2.8 | 100 |
| 1980 Dec | 133640 | 19502 | 5411 | 4094 | - | - | 2859 | 162997 |
| | 80.2 | 11.8 | 3.4 | 2.9 | - | - | 1.7 | 100 |
| 1981 Dec | 127709 | 23668 | 6370 | 5074 | - | - | 279 | 161695 |
| | 79.0 | 14.6 | 3.9 | 3.5 | - | - | 0.2 | 100 |
| 1982 Dec | 136603 | 23509 | 7374 | 7066 | - | - | 706 | 175448 |
| | 77.9 | 13.5 | 4.2 | 4.7 | - | - | 0.4 | 100 |
| 1983 Dec | 132330 | 24398 | 6001 | 8779 | - | - | 1577 | 178525 |
| | 73.8 | 13.3 | 3.5 | 4.7 | - | - | 2.4 | 100 |
| 1984 Dec | 140592 | 15010 | 8137 | 9299 | - | - | 3493 | 178621 |
| | 76.6 | 8.1 | 4.6 | 5.3 | - | - | 2.3 | 100 |
| 1985 Dec | 148217 | 25937 | 10454 | 9230 | - | - | 4419 | 189946 |
| | 76.0 | 13.5 | 5.6 | 5.2 | - | - | 3.4 | 99 |
| 1986 Dec | 178058 | 33509 | 10863 | 8225 | - | - | 6076 | 223331 |
| | 75.4 | 18.0 | 4.9 | 3.9 | - | - | 2.7 | 100 |
| 1987 Dec | 184979 | 30161 | 11381 | 8682 | - | - | 6771 | 240980 |
| | 74.6 | 14.6 | 4.7 | 3.6 | - | - | 2.5 | 100.0 |
| 1988 Dec | 200775 | 36337 | 12008 | 9781 | - | - | 6442 | 269343 |
| | 72.9 | 13.9 | 4.9 | 3.9 | - | - | 2.8 | 100.0 |
| 1989 Dec | 189973 | 40993 | 21301 | 12779 | - | - | 3971 | 259726 |
| | 72.4 | 16.7 | 8.1 | 7.1 | - | - | 1.7 | 100.0 |
| 1990 Dec | 168551.0 | 40940.0 | 11794.0 | 25416.0 | - | - | 5190.0 | 254855 |
| | 66.1 | 16.7 | 4.6 | 10.6 | - | - | 2.0 | 100.0 |
| 1991 Dec | 177370 | 42908 | 14601 | 37274 | 91.3 | 5441 | 6858 | 239792 |
| | 64.8 | 16.4 | 6.0 | 22.7 | 3.1 | 1.9 | 2.8 | 100.0 |
| 1992 Dec | 237711 | 33166 | 11765 | 10647 | 72.19 | 815 | 710 | 334355 |
| | 71.3 | 10.3 | 3.9 | 6.3 | 2.2 | 0.2 | 0.2 | 100.0 |
| 1993 Dec | 170279 | 69619 | 19495 | 15812 | 104.29 | 5367 | 2366 | 295507 |
| | 58.0 | 23.7 | 6.6 | 5.4 | 3.6 | 1.8 | 0.9 | 100.0 |
| 1994 Dec | 188164 | 76853 | 23222 | 20431 | 84.75 | 836 | 2172 | 324531 |
| | 57.5 | 23.3 | 7.2 | 6.3 | 2.7 | 0.2 | 0.6 | 100.0 |
| 1995 Dec | 184700 | 84524 | 21825 | 20990 | 52.57 | 5272 | 4293 | 361395 |
| | 51.9 | 23.3 | 6.0 | 5.8 | 1.4 | 1.5 | 1.8 | 100.0 |
| 1996 Dec | 209377 | 89745 | 25073 | 20991 | 49.02 | 6051 | 3045 | 394475 |
| | 53.2 | 22.5 | 6.4 | 5.1 | 1.4 | 1.5 | 0.8 | 100.0 |
| 1997 Dec | 245460.0 | 61495 | 27409 | 24006 | 40.68 | 5824 | 19565 | 428470 |
| | 59.1 | 14.7 | 6.4 | 5.7 | 1.0 | 1.4 | 4.6 | 100.0 |
| 1998 Dec | 251347 | 112644 | 24754 | 22123 | 161.41 | 5181 | 21271 | 463644 |
| | 56.4 | 34.3 | 5.4 | 4.7 | 3.4 | 1.1 | 4.6 | 100.0 |
| 1999 Dec | 208463 | 107960 | 24811 | 24132 | 191.98 | 5965 | 29574 | 473504 |
| | 59.2 | 22.9 | 4.8 | 4.9 | 3.9 | 1.2 | 4.8 | 100.0 |
| 2000 Dec | 255881 | 111780 | 29454 | 28332 | 158.01 | 3929 | 17371 | 465646 |
| | 55.2 | 25.6 | 6.4 | 6.1 | 3.4 | 1.2 | 3.7 | 100.0 |
| 2001 Dec | 187025 | 106828 | 18623 | 18727 | 158.16 | - | 22316 | 361237 |
| | 51.8 | 27.9 | 5.1 | 5.2 | 3.0 | 0.0 | 6.2 | 100.00 |
| 2002 Dec | 110143 | 50279 | 14690 | 17783 | 123.06 | - | 5997 | 275448 |
| | 40.0 | 17.4 | 5.3 | 6.5 | 4.5 | 0.0 | 2.1 | 100.00 |
| 2003 Dec | 97804 | 67751 | 19387 | 21967 | 113.95 | - | 11758 | 338132 |
| | 29.0 | 19.4 | 5.7 | 6.5 | 6.0 | - | 3.5 | 100.0 |
| 2004 Dec | 167262 | 64442 | 13943 | 13988 | 156.4 | - | 11893 | 385671 |
| | 43.4 | 16.6 | 3.6 | 3.6 | 11.0 | 0.0 | 18.7 | 100.0 |
| 2005 Dec | 160251 | 61485 | 21991 | 16859 | 77.61 | - | 67179 | 315348 |
| | 42.7 | 16.4 | 6.9 | 4.5 | 12.7 | 0.0 | 17.8 | 100.0 |
| 2006 Dec | 148803 | 69931 | 14063 | 18065 | 59.29 | - | 72766 | 313726 |
| | 34.0 | 19.4 | 4.5 | 5.7 | 15.4 | - | 19.0 | 100.0 |
| 2007 Dec | 217813 | 108320 | 24487 | 21671 | 54.94 | - | 6017 | 369806 |
| | 41.4 | 19.2 | 4.6 | 4.7 | 10.0 | - | 1.6 | 100.0 |
| 2008 Dec | 148180 | 104622 | 23039 | 43044 | 45.91 | - | 6978 | 299824 |
| | 29.6 | 21.0 | 4.6 | 8.0 | 8.0 | - | 2.4 | 100.0 |
| 2009 Dec | 173385 | 106335 | 23958 | 34742 | 33.14 | - | 10748 | 549752 |
| | 34.0 | 20.4 | 4.7 | 7.6 | 10.4 | - | 2.0 | 100.0 |

Note: Figures in bold italics represent percentage sum in total

* Extended

Source: Director of Tourism and Civil Aviation