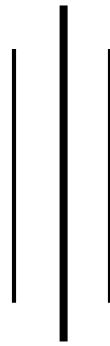


**A STUDY ON IMPACT OF TOURISM INDUSTRY ON
GOVERNMENT REVENUE AND FOREIGN RESERVE OF NEPAL**

**Submitted By
Ram Bahadur Gurung
People's Campus
Exam Roll No. 6165/2063
Roll No. 43/061
T.U. Regd No. 10057-95**



**A Thesis Submitted to
Office of the Dean
Faculty of Management
Tribhuvan University**

**In Partial Fulfillment of the Requirements for the Degree of
Master of Business Studies (M.B.S.)**

**Paknajol, Kathmandu
April, 2011**

CHAPTER - I

INTRODUCTION

1.1 Background of the Study

Tourism a multidimensional, dynamic and functional resources industry is dependent on the variegated existence, continuity and rational use of physical and cultural resources. Natural environment of varied geographical features, flora, and fauna, socio-cultural heritage and eco-adapted day-to-day life world of the people with distinctive spatial variation creates tourism-magnetic environment for natural tourism. From time immemorial, they have constituted a subject of profound and unique attraction to pilgrim, explorers, and investigators. The technological advancement, higher income, more leisure time, knowledge on the one hand and on the other hand the rapid pace of modernization, increasing crowds and cacophonous environment mainly in developed countries have supported to boost tourism.

Travel has been a fascination to the human being from the very beginning of history. The urge to discover the unknown, to explore new and strange places, to seek changes of environments and to undergo new experiences inspired mankind to travel. Apart from pilgrimage, migration and journey to and from work. 20th century virtually heralds an era of international tourism. However the concept of modern tourism as it exists today is relatively new, just five to six decade old (Shrestha, 1998:21).

Since the growth of human civilization travel and tourism have been accepted as an integral part of modern societies in both developed and developing countries. In many countries, tourism has been recognized as a powerful agent of economic and land use change, employment investment and balance of payment etc. Hence, tourism is considered as an activity essential to the life of nations because of its direct effect on the social, cultural, educational and economic sectors of national societies and their international relations.

Tourism is the largest industry in Nepal; the largest source of foreign exchange and revenue. Possessing 8 of the 10 highest mountains in the world, Nepal is a hotspot

destination for mountaineers, rock climbers and people seeking adventures. The Hindu and Buddhist heritage of Nepal and its cold weather are also strong attractions.

Nepal, one of the world's most breathtakingly beautiful countries, is also one of its least wealthy. Primarily an agrarian economy, Nepal grows her own grain, sugarcane and tobacco. Jute is grown and processed in local factories. Industry includes carpet manufacture, jute, cigarettes, sugar and oilseed mills, cement and brick production. Imports, which far outstrip export, include heavy machinery, petroleum and fertilizer and as you will realize in any middling town even, soap, shampoo and other fast moving consumer goods. Exports are carpets, leather goods, jute products and clothing. Major trade partners are India, the USA, the UK, Singapore, Japan and Germany.

In Nepal also, tourism industry is a great sources of foreign currency earning. It has played a vital role in strengthening the economic condition of the nation. Difficulties may arise in tourism development due to the lack of finance and infrastructure development and other facilities. Some of the obstacles of tourist attractions are environmental pollution, serious exploitation tourism resources and lack of skilled manpower as tourist guide etc. Except these, the development of tourism also depends on the various social and cultural attributes.

For the tourism development, resources are not usually enough, beside this; the various man made resources are necessary. Some of them are luxuries and comfortable hotels, classic bar, restaurant and associated prerequisite etc. These are qualified elements that attract the host number of tourists. Being very rich in natural and cultural resources, Nepal could be the world's most popular tourist destination through which it can gain its hold on poverty alleviation generating various job opportunities, which can bring changes in economic, cultural, educational and social sector of the country.

Most of the tourists come to Nepal for holiday pleasure followed by trekking and mountaineering and so on. By keeping it in mind Nepalese policy makers have to develop and properly manage the new and beautiful places so that tourist can fully satisfy with their visit. There are so many possibilities of trekking and mountaineering in Nepal.

Therefore the policy makers need to make the plan and policies, in order to develop trekking and mountaineering business in an effective and systematic manner.

Tourism today is the phenomenon of modern times. It was in 1643 first used as traveling from place to place. According to dictionary, tourism initially was usually for business pleasure or education during which various place was visited and or which an itinerary is usually planned.

Prof. W. Hunziker and Khrapp (Swiss) in 1942, gave more technical definition of tourism, "Tourism is the totally of the relationship and phenomena link with the stay of foreign persons to a locality on conditions that they do not settle there to exercise major permanent or temporary activity of a lucrative nature (Dahal, 2002:28).

The tourism society in Britain had also attempted to classify the concept and in the year 1976 defined it as follows, "Tourism is the temporary short term movement of people to destinations outside the place where they normally live and work on their activities during the stay their destinations, it includes movement for all purposes as well as day visits or excursions" (Bhatia, 1982:35).

1.2 Statement of the Problem

Nepal is an underdeveloped country. The best alternative we have is to develop Nepal as one of the favorite tourist destination in the world. Well, attempts are being made in this regard. Nepal Tourism Board is the result of it. Performance of Nepal Tourism Board in promotion and marketing of tourism product is quite appreciable. Huge employment and heavy foreign exchange earning attracted other sectors of the economy towards tourism. But due to internal political turmoil, Hijacking of Indian Airlines, Royal Palace incident, Maoist insurgency and Terrorist attack on U.S., one after another incidents which were totally against tourism, it ultimately resulted in massive downfall of tourism industry and pulled down other sectors related to it.

The underlying weakness of tourism in Nepal constitute: (i) inadequate physical infrastructure to match expectation of tourism industry, (ii) pollution and negligence of

solid and liquid waste management system, (iii) the national flag carrier recently could not prove to be a reputed international airlines, (iv) lack of proper co-ordination between institutions providing services to tourist, (v) high percentage of low yield foreign tourists, (vi) co-ordination problem among the organizations relating to tourism business, (vii) weak implementation of tourism policy, (viii) dearth of funding to implement tourism projects, (ix) inadequate promotional efforts in tourist generating markets, (x) inaccessible potential tourism spots of the country, and (xi) unable to diversify the tourism activities.

Tourism plays a vital role in country's economic development. In a developing country like Nepal tourism is one of the main sources of foreign exchange earning. Natural attractions, cultural values and archaeological beauties are the main attractions to tourists in Nepal. With possession of such numerous attractions, the potentiality of tourism is very high in Nepal. However, the potentiality so far does not seem to have been exploited properly. "Although Nepal's tourism potential is vast, factors such as limited air access, poor infrastructure and lack of appropriate marketing strategy have resulted in limited growth" (Shrestha, 1998:27).

Nepal has started to pay more attention to the village tourism after the restoration of multi party democracy. However, it does not seem that proper program and planning have been made and the industry may not be professionally managed as is needed for the sector's proper development.

Tourism is obviously a heavyweight industry and a source of precious foreign exchange. Foreign aid plays a major role in Nepal's economic life. Infrastructure development projects and environmental conservation are areas where the government's efforts find willing international support. Of late the government has set in motion measures of financial prudence by cutting back on expensive subsidies and cutting down on its erstwhile bulky bureaucracy.

At present, tourism is a great source of foreign currency income in the country. It has played a vital role in the uplifts of the economic condition of the nation. Sometimes

tourism hindrances may arise due to the lack of financial and infrastructure development and other facilities. Another hindrance i.e. environmental pollution, due to the serious exploitation of tourism resources may impact on the various aspects tourism and trouble as well. Except this, the development of tourism also impact on the various social and cultural attributes. For the tourism development, resources are not usually enough. Beside this, the various man made resources are necessary such as luxurious comfortable hotels; classic bar, restaurant and associate prerequisite are qualified elements which attract the host number of tourists. If those problems are arising, tourism business shows negative impact on revenue contribution.

The other problems faced by tourism business are political instability, conflict problem, lack of proper law and order, lack of skilled manpower, lack of infrastructure development i.e. transportation, communication etc and geophysical difficulties. Such problems are the obstacles of tourism business by which we can't generate foreign currency income. The research questions of the study are:

- a) What is the trend and structures of tourist arrivals in Nepal?
- b) What is the impact of tourism industry in government revenue?
- c) What is the contribution of tourism industry on foreign currency reserve?

1.3 Objectives of the Study

The main objective of the study is to assess the financial effect on the foreign currency earned by tourism industry in the country's economy. The specific objectives of the study are as follows:

- a) To show the trend and structures of tourist arrivals in Nepal.
- b) To examine the impact of tourism industry in government revenue.
- c) To measure the contribution of tourism industry on foreign currency reserve.

1.4 Significance of the Study

Nepal is regarded as the storehouse of cultural and natural beauty. Thirty years ago, few thousand tourists from the U.S.A., the U.K., Germany, Japan, France, India and many

other countries visited Nepal. This resulted in the total earning of foreign currency equivalent to Rs. 26.5 crore. The income derived from tourism has made a great contribution to the nation's economy and in the development and expansion of the other sectors. About 11,976 people of Nepal were directly employed in tourism, of which nearly 6008 people worked in hotels. There are also people who get indirect employment from this industry (Dahal, 2009).

It is hoped that the research helps all concerned agencies those are involving in tourism business. Further researcher may take advantages of this research as an important literature in tourism sector. Policy makers can take this research as an important product to be involved in the national plan of tourism development.

1.5 Limitations of the Study

All the research works has its own limitation and purpose: no study can make beyond the limitation. So, this study has been conducted around the following limitations:

- a) The study covers the analysis of 16 years i.e. from 1995 to 2010.
- b) The study is mainly based on the secondary data and it would be supported by primary data.
- c) The accuracy of this study will be based on true response and data available from Nepal Tourism Board.
- d) The study will be mainly concerned with the foreign currency earned by tourism and the study will not cover all the financial effect caused by tourism in grassroots level.

1.6 Organization of the Study

The study is divided into five chapters, which are as follows:

The chapter first includes background, statement of the problem, objective of study, importance of tourism, limitation of the study and organization of the study.

The chapter two is devoted for reviewing the available literature. Review from books, journals (articles), thesis etc are included in this chapter.

The chapter three presents the methods used in conducting the study. In this chapter the research methodologies that are used for the analysis will be discussed in which the whole study and its findings depend on. This chapter will include research design, samples, data collection and presentation procedures and methods of analysis to meet the objectives.

The chapter four includes the data presentation and analysis. This is the main body of research. In this chapter, data will be collected basically from secondary sources will be presented and analyzed to explore the fundamental issues regarding tourism business and revenue collection. After analyzing the related data, basic findings have been made that provide the base for conclusion of the whole study.

The chapter five includes summary, conclusion and recommendation flow from the study. Questionnaire used for the purpose of the study has been appended at the end, preceded by the bibliography.

CHAPTER - II

REVIEW OF LITERATURE

Tourism has become the largest and fastest growing industry in the world today Billions of dollars are spent to travel the places of interested every year. It is considered as an important source of foreign exchange earnings. It will be an exaggeration hence, to say that the organization of tourism can well be credited to an increasing degree of civilization. The tourism phenomenon has attracted almost the entire world. The government of Nepal has given top most priority to the tourism sector and has prepared long term plan to develop tourist infrastructure in the country.

2.1 Conceptual Review

2.1.1 Concept of Tourism

The word 'Tourism' is derived from the French word 'Tourisme'. It literally means to travel and travel related jobs. The word 'Tour' means journey from place to place. Tourism has been defined in different ways.

The Oxford dictionary defines tourist as 'person travelling or visiting places of interest'. This definition implies tourist as a person travelling for recreation'. This definition is not enough, as a tourist he must be non-residential not earning and he must generate economic activities.

Some writers consider a person as a tourist who spends a day out, for example by the seaside. But the World Tourist Organization, the international body representing tourism defines a tourist as a person who visits a destination and stays there for at least one night before returning home (The World Book Encyclopedia, 1973:7-8).

“A person whose movement or operation is mainly of economic nature. His movement is directly related to the entry, stay and his movements inside or outside a certain country, city or region.” (Austrian economist Herman Van Scheullavd). In this definition Mr.

Herman has given emphasis to the few points like movement, his activity should generate economic activity, it should relate to entry, stay, and he/she should be a foreigner.

The word 'tourism' carries different meaning as per different scholars. Hermann Von Schullard, an Australian economist was the first person to define tourism. According to him, "The sum total of operations, mainly of economic nature, which is directly related to the entry, stay and movement of foreigners inside and outside a certain country, city or origin, is tourism" (Scullerd, 1999:22)

Around these definitions given by different scholars, we can say that tourist is the visitor of different new places for entertainment whereas tourism is the business of providing the different survives to the visitors. Through the operation of tourism business, a tourist gets service, an unemployed person gets job and the nation collects revenue. Therefore, tourism is the main sources of revenue collection for a nation.

The management of different sectors such as hotels, travel agencies, trekking agencies and social servicing industries is essential because these provide maximum facilities to the tourists. Therefore, all the economic activities performed with the purpose of providing pleasure and comfort to the tourist can be regarded as tourism industry.

Tourism is considered to the largest industry in the world which is influenced directly by real disposable personal income, price of foreign travel services, publicity, cost and conveniences of means of transportation, tourist attraction such as sea resorts, mountain resorts and places of historical or natural interest. In this connection, the IMF staff paper writes "Tourism may be influenced by real disposable personal income, price of foreign travel services abroad and at home, publicity cost and conveniences of means of transportation, location of home country and neighboring countries with such tourist attraction as sea resorts, sunny skies, mountain resorts and places of historical or natural interests" (IMF: The Tourism Statistics).

Tourism has become the one of the world's largest and fastest growing industries, over the period 1995-2005, international tourist arrivals grew at an average annual rate of 4.1 per cent. Exceeding the 800 million. The outstanding performance can be attributed to

several factors including the following: rising level of disposable income; improvement in transportation and the introduction of low-cost airline services; easier access to destination by tourist from traditional source markets

and the emergence of new source market; and the diversification of the industry with new market riches, such as cultural tourism and adventure tourism. (ESCAPE, Regional study on the role of tourism in Socio-economic development, March, 2007)

Tourism is recognized as an important sector in the development agenda of most of the countries. This recognition seems to be based on perception that development of tourism has potential for the expansion of income and employment opportunities in the economy. It has potentiality to enhance foreign exchange earnings through international tourism, which of course is vital for strengthening import capacities of the economy to support the development process.

2.1.2 Development of Tourism

Development of tourism goes forward after the contribution of Professor Picard. After Picard's death Walter Hamziker and Krapf E, Swiss professor, defined tourism as the sum of the phenomena and relationship arising from the travel and not lead to permanent resident and are not connected with any earning activity (Hamziker and Krapf, 1987:35).

As we see that tourism existed from the very beginning of human civilization such as Harrapa, Mainjodaro. There could not have been any civilization without personal commutation, exchange of views, interchanges of knowledge, experience and skills. From its origin till now tourism took different forms and styles. But whatever its form and style may be, tourism always remained inseparable from human civilization. Tourism in its modern concept originated in 19th century and become popular only after 1930s.

Tourism came with a new dimension after a tour operation of Costa Rica registered the word `Eco-Tourism` for its tour operating business in 1983. The concept of eco-tourism is defined in a famous Mexican journal. Mainly, concept of eco-tourism stress the tourism to be sustainable provoking the safeguard of tourism activities over the natural

and man made resources available so far. The decade of 1990 has witnessed the decade of eco-tourism. The year 1998 to this date, the eco-tourism has become a buzzword in hospitality service and articles and documents published on the tourism related papers to the social and cultural aspects.

During the Second World War, there was great restriction of foreign exchange and travel, which became obstruction in the development of tourism in the world. All the air services and train were mostly engaged in war affairs. Besides, the atmosphere of the world was terrible. During that time, an unpleasant adverse situation was created in tourism development. Only after 1950, the tourism has been developing rapidly in the world (Pradhananga, 2002: 14).

Smith (1989) in his book 'Tourism Analysis: A Handbook', explains the practical methods of studying and analyzing tourism. He says that Samuel Pegge reported the use of 'tour-ist' as a new word for traveler in 1800; England's Sporting Magazine introduced the word 'tourism' in 1811. He later adds that tourism research and policy analysis utilizes two major units of study: the person and the trip. Defining the two terms i.e. person or tourists and trips will define tourism itself. Accordingly, a person may be a domestic or an international visitor (international tourist or excursionist). There were distinctions drawn in 1963 by the Conference on International Travel and tourism, between tourists who stayed for more than 24 hours, and visitors, who stayed for less than 24 hours. On the other hand, a trip is generally considered to occur each time an individual or groups leave their place of residence, travel at least a specified distance, and return home involving several destinations, usually less than one year (Smith, 1989:41).

"Tourism is essentially about people and places, the places one group of people leave, visit and pass through, and the other groups who make their trip possible and those they encounter along the way. In a more technical sense, tourism may be thought of as the relationships and phenomena arising out of the journeys and temporary stays of people traveling primarily for leisure or recreational purposes" (Pearce, 1987:35).

"Temporary visitors staying, at least twenty-four hours in the country visited and the purpose of whose journey can be classified under one of the following headings: (a) leisure (recreation, holiday, health, study, religion and sport); (b) business (family mission, meeting)" (Kunwar, 1997:25).

Scientific development has narrowed the wide world. People of different interest wish to extend their knowledge in their particular field and the entrepreneurs strive to increase the volume of their business across the national boundary. For several purposes people make tour next to their homeland or far distance. Such tourists require good accommodation, food easy access to parts of the country and warm hospitality. Providing services of modern hotels and transportation and hygienic food, easy access to the cultural spots and beautiful natural locations and guiding and helping them to understand and do the job better is the basic function tourism industry.

and man made resources available so far. The decade of 1990 has witnessed the decade of eco-tourism. The year 1998 to this date, the eco-tourism has become a buzzword in hospitality service and articles and documents published on the tourism related papers to the social and cultural aspects.

During the Second World War, there was great restriction of foreign exchange and travel, which became obstruction in the development of tourism in the world. All the air services and train were mostly engaged in war affairs. Besides, the atmosphere of the world was terrible. During that time, an unpleasant adverse situation was created in tourism development. Only after 1950, the tourism has been developing rapidly in the world (Pradhananga, 2002: 14).

Smith (1989) in his book 'Tourism Analysis: A Handbook', explains the practical methods of studying and analyzing tourism. He says that Samuel Pegge reported the use of 'tour-ist' as a new word for traveler in 1800; England's Sporting Magazine introduced the word 'tourism' in 1811. He later adds that tourism research and policy analysis utilizes two major units of study: the person and the trip. Defining the two terms i.e. person or tourists and trips will define tourism itself. Accordingly, a person may be a domestic or

an international visitor (international tourist or excursionist). There were distinctions drawn in 1963 by the Conference on International Travel and tourism, between tourists who stayed for more than 24 hours, and visitors, who stayed for less than 24 hours. On the other hand, a trip is generally considered to occur each time an individual or groups leave their place of residence, travel at least a specified distance, and return home involving several destinations, usually less than one year (Smith, 1989:41).

"Tourism is essentially about people and places, the places one group of people leave, visit and pass through, and the other groups who make their trip possible and those they encounter along the way. In a more technical sense, tourism may be thought of as the relationships and phenomena arising out of the journeys and temporary stays of people traveling primarily for leisure or recreational purposes" (Pearce, 1987:35).

sector has turned out to be so vast that a separate ministry has taken charge of it about Ministry & NTB.

2.1.3 Factors Influencing Tourism

Leisure is the important factor for the tourism but it alone is not sufficient in the evolution of demand for tourism. There are, in fact, many socio-economic factors that are important. The factors include (Lamsal, 1999:21):

- a. Leisure
- b. Income
- c. Mobility
- d. Age
- e. Education
- f. Sex
- g. Travel cost

Tourism has been, and is influenced mostly by economic considerations, such as holidays with pay and increase in real incomes. Income is therefore the second important factor in the evolution of demand after leisure. Level of income forms an important factor in

influencing tourism as well as participation in recreational pursuits. Many surveys have indicated that in almost every pursuit, participation increase with income. This is true with tourism also. The more affluent members of the society are the ones who travel most. Mobility is the third important factor in the evolution of demand. With the advancement of modes of transport, the mobility has greatly increased. There is also the actual mobility, such as the motor car has provided. People are no longer restricted to a particular holiday center, as they tended to be when they mostly traveled by train. The communication systems have advanced tremendously. With the building of the new and fast roadway networks, the mobility has certainly increased in manifolds. There are also great advances made in air travel, more particularly, for overseas holidaymaking. Tourists now can reach far off holiday areas in a matter of hours. Age and sex also affect demand. More and more young people are taking holidays now. Younger participate more in travel because of more income. Education can be considered yet another important socio-economic factor, which influences the demand for travel. Broadly speaking, the better-educated members of the population have higher propensity to travel. Besides, those with better education travel more often. Cost is another crucial factor, which influences the demand for travel. Cost factor can generate or hinder tourist flows to a particular country. Holidaying abroad is particularly influenced by it. The price levels for various tourist services are especially significant. Countries receiving tourists should be able to compete with the costs of holidays in the generating countries. In Europe, a large number of tourists are attracted to Spain and Italy. In Southeast Asia, Singapore and Bangkok offer low cost holidays and therefore, are very popular among tourist (Kunwar, 1997:31).

The World Tourism Organization estimated that in the year 2008 international tourism involved 825 million, throughout the world. The number of tourist and their expenditure matter much for every country and if the numbers is high then definitely higher would be the return or expenditure. According to the World Tourism Organization, in 2008 the receipt reached \$ 745 billion. Taking south and East Asia, only China was in top (5th) tourist destination. China earned \$325,000 million in 2006. India is also a good earner from tourist and in 2006 India got \$ 1429 million. Tourists spend billions of dollars in the countries visited during their travel (Kunwar, 1997:34).

Nepal to the outside world by and large remains as a country with mountains only. The diversity of Nepal has not been projected to the extent of having much more than just the Mountains. Nepal on the other hand is a land with extreme diverse flora and fauna that needs focused marketing. “Though the country is only of the size of North California of the United States, it has exotic destinations, rarest species of birds, animals, flowers, weather and all that can be combined to make a wonderful product within a limited area. Moreover, the facilities blended with the cultural and the hospitality as an essence to the image of the country” (Baskota and Sharma, 1993:26).

Visit Nepal Year 1998

Though Nepal has been well known for her natural beauty, unique cultural heritage and a friendly people since the time immemorial, tourism started when Nepal borders were formally opened for the first time to foreigners in 1951. Over the years, tourism has developed out to be major source of foreign exchange earning as Nepal becomes a major tourist destination. Therefore, in 1996 “The Visit Nepal Year ‘98” was announced by the government with the following objectives.

-) Creating public awareness towards tourism.
-) Promoting domestic tourism.
-) Mobilizing the private sector in the field of tourism.
-) Enhancing the availability of high quality tourism goods.
-) Boost the nation’s tourism sector.
-) Attract at least half a million tourists during the year 1998.
-) Publicize Nepal as an attractive tourist destination and
-) Generate an income of US \$ 117 million.

A hectic arrangement was carried out for two complete years with participation from all sectors. The visit year has thus finally been inaugurated by H.M. king on 1st Jan, 1998. A carnival parade was also organized on that day.

The grand propaganda called VNY '98 came to a close, resulting various impacts upon the tourism sector. When it was declared back in April 1996, everybody expected a

positive impact upon Nepali tourism. The objectives behind declaring VNY 1998 by the government were to increase the number to tourist arrival up to 5000,000 to lengthen their stay, to give a good image of Nepal to the tourists so as to lure them for revisit and to make them spend more, of course.

Supporting popular belief that the propaganda waged throughout the year and even before and man made resources available so far. The decade of 1990 has witnessed the decade of eco-tourism. The year 1998 to this date, the eco-tourism has become a buzzword in hospitality service and articles and documents published on the tourism related papers to the social and cultural aspects.

During the Second World War, there was great restriction of foreign exchange and travel, which became obstruction in the development of tourism in the world. All the air services and train were mostly engaged in war affairs. Besides, the atmosphere of the world was terrible. During that time, an unpleasant adverse situation was created in tourism development. Only after 1950, the tourism has been developing rapidly in the world (Pradhananga, 2002: 14).

Smith (1989) in his book 'Tourism Analysis: A Handbook', explains the practical methods of studying and analyzing tourism. He says that Samuel Pegge reported the use of 'tour-ist' as a new word for traveler in 1800; England's Sporting Magazine introduced the word 'tourism' in 1811. He later adds that tourism research and policy analysis utilizes two major units of study: the person and the trip. Defining the two terms i.e. person or tourists and trips will define tourism itself. Accordingly, a person may be a domestic or an international visitor (international tourist or excursionist). There were distinctions drawn in 1963 by the Conference on International Travel and tourism, between tourists who stayed for more than 24 hours, and visitors, who stayed for less than 24 hours. On the other hand, a trip is generally considered to occur each time an individual or groups leave their place of residence, travel at least a specified distance, and return home involving several destinations, usually less than one year (Smith, 1989:41).

"Tourism is essentially about people and places, the places one group of people leave, visit and pass through, and the other groups who make their trip possible and those they encounter along the way. In a more technical sense, tourism may be thought of as the relationships and phenomena arising out of the journeys and temporary stays of people traveling primarily for leisure or recreational purposes" (Pearce, 1987:35).

Destination Nepal Year 2002/03

Nepal government declared on the title of Campaign of Destination of Nepal which was operated for two years programs since 2058/59 to Fiscal year 2060/61, International Year of Mountain 2002, International Year of Eco-tourism 2002 and Visit year 2003 were also planned to operate harmoniously as the important programs.

Objectives

-) To encourage public awareness in tourism widely in the country and
-) To encourage Nepal as a reliable, protective and attractive tourism destination through effective international dissemination.

Goal

-) To make approximately 5,00,000 (5 Lakh) foreigners enter at the end of 2003 A.D
-) To earn approximately 18 corers within this time span.

Tenth Five-Year Plan

The Tenth Plan reviewed the progress and problems during the Ninth Plan and concludes that tourism industry which is developing as a backbone of the country's economy, if its activities could be enhanced then not only the tourists who visits Nepal could be benefited but it could also generate employment and income generation opportunities for Nepali which finally could contribute in poverty alleviation. For which Tenth Plan has brought following objectives.

1. To develop tourism sector qualitatively and sustainably.
2. To conserve, preserve and maintain the historical, cultural, religious resources and increase its practical use.
3. To improve, standardize and make air transport services easily accessible and affordable.

In fact rural tourism is not totally new concept. The rural tourism of the 1970s, 80s, 90s and 2000 is, however different in several ways, while on pondering over reality, it has been argued that the concept is connected with low population densities and open space, and with small scale settlements, generally of less than 10,000 inhabitants, where farming, forestry and natural areas dominate land use (Pradhananga, 2002).

Village Tourism is a grass root of tourism designated as its own Nepali village style, mobilized by Nepali people themselves; their skill and resources displayed as village life style and environment, involved by groups of village tourists, assigned by Nepali adult authorities positively within its dimension is very broad. Benefits are shared by all in an equitable distributive pattern, those who live in tourism regions are considered as participants in the tourism activities. Village tourism, in which, the villagers are not left as creatures but always graded as superior beings of their own circumstances (Pradhananga, 2002).

2.2 Overview of Tourism Policy in Nepal

The First Plan (1956-1961) recognized the importance of tourism sector and administrative machinery was set up in the Department of Industry. A tourist office was set up in the Department of Industry following the establishment of a tourist development board in 1956. It saw the establishment of the Department of Tourism when tourism had become an important sector in the Nepalese economy (NPC, 1956).

The Second Plan (1962-1965) saw the lack of national travel agency and hotel beds because of which the flow of tourists did not increase as expected. Therefore, the plan gave emphasis to the development of hotels, development in promotion, and a travel

agency operating in the national level. Besides these, Kathmandu, Pokhara and Lumbini were developed as travel destinations (NPC, 1962).

The Third Plan (1965-1970) stated the objective to increase the number of incoming tourists and foreign exchange earnings. To meet these objectives, the policy focused on the establishment of hotels and extension of aviation facilities and projected the arrival of 20,000 tourists until the end of the plan (NPC, 1965).

The Fourth Plan (1970-1975) sought to enlarge the scope of tourism with trade as an important source of increasing national income and foreign exchange, earnings. However, this initiative was not backed by adequate policies and it also did not mention any clear strategies to accomplish the objective. It saw the formulation of The Nepal Tourism Master plan (1972) which put forward a comprehensive set of policies to promote tourism immediately and in the future. The plans that followed have been largely guided by the Master Plan and have focused on major areas identified in the master Plan (NPC, 1971).

The Fifth Plan (1975-1980) focused on the preservation of historical, cultural, and natural attractions of the kingdom to promote tourism. The plan sought to spread the growth of tourism in other potential areas, apart from the Kathmandu Valley, where tourism was mostly concentrated (NPC, 1975:32).

The Sixth Plan (1980-1985) is based on the Master Plan recommendations. The main objective of the plan was to increase foreign currency reserve to improve the balance of payment situation by increasing the number of tourists and the duration of their stay. It emphasized the establishment of import substitution industries in the tourism sector and to enhance employment generation through growth and expansion of tourism (NPC, 1981:23).

The Seventh Plan (1985-1990) brought a new approach in tourism. This included furnishing information to the mountaineers with a good communication system, daily weather reports of the mountains and emphasized on increasing public awareness on mountain tourism and environmental sustainability. It continued to place importance on

the main objective of the Sixth Plan, namely, the promotion of import substitution industries. Implementation of the plan put emphasis on the native style accommodation services to the tourists and new sites were opened for tourism. One of them was Annapurna Sanctuary (NPC, 1986:41).

The Eighth Plan (1992-1997) put forward plans for tourism survey, research, promotion & publicity. Previously restricted areas with high tourist potential like Mustang and Manaslu were opened for trekking with new programmes and infrastructure development. Environmental safety, economic benefit to the people and tourists, administrative control and monitoring of visiting tourists were ensured (NPC, 1992:32).

The Ninth Plan (1998-2002) gave emphasis to mobilization of the private sector in tourist infrastructure development. It realized the importance of tourism sector and external its benefits to the grassroots level in villages. It gave equal emphasis to publicity and promotion in establishing Nepal as a premium destination in the world (NPC, 1997:8).

Because of its natural beauty, Nepal has attracted a large number of tourists from Europe, and man made resources available so far. The decade of 1990 has witnessed the decade of eco-tourism. The year 1998 to this date, the eco-tourism has become a buzzword in hospitality service and articles and documents published on the tourism related papers to the social and cultural aspects.

During the Second World War, there was great restriction of foreign exchange and travel, which became obstruction in the development of tourism in the world. All the air services and train were mostly engaged in war affairs. Besides, the atmosphere of the world was terrible. During that time, an unpleasant adverse situation was created in tourism development. Only after 1950, the tourism has been developing rapidly in the world (Pradhananga, 2002: 14).

Smith (1989) in his book 'Tourism Analysis: A Handbook', explains the practical methods of studying and analyzing tourism. He says that Samuel Pegge reported the use of 'tour-ist' as a new word for traveler in 1800; England's Sporting Magazine introduced the word 'tourism' in 1811. He later adds that tourism research and policy analysis utilizes

two major units of study: the person and the trip. Defining the two terms i.e. person or tourists and trips will define tourism itself. Accordingly, a person may be a domestic or an international visitor (international tourist or excursionist). There were distinctions drawn in 1963 by the Conference on International Travel and tourism, between tourists who stayed for more than 24 hours, and visitors, who stayed for less than 24 hours. On the other hand, a trip is generally considered to occur each time an individual or groups leave their place of residence, travel at least a specified distance, and return home involving several destinations, usually less than one year (Smith, 1989:41).

"Tourism is essentially about people and places, the places one group of people leave, visit and pass through, and the other groups who make their trip possible and those they encounter along the way. In a more technical sense, tourism may be thought of as the relationships and phenomena arising out of the journeys and temporary stays of people traveling primarily for leisure or recreational purposes" (Pearce, 1987:35).

major objective of the Tenth plan related to tourism are (a) to adopt a more liberal tourism policy to encourage domestic and foreign visitors, (b) to attract more tourists and encourage them to spend more in the country by lengthening the average duration of their stay, (c) to extend tourist activities in villages based on their tourism potential, and (d) to organize district and region-wise festivals and exhibitions (NPC, 2002).

The Tenth Plan adopted the following policies and programmes to achieve the objective and targets set for the tourism sector:

-) Additional destinations to be developed and diversified on the basis of feasibility studies.
-) Historical religious and cultural sites, temples and monasteries scattered throughout the country to be registered in the form of national heritage sites, and conserved and used for tourism purpose.
-) An inventory of lakes, caves, waterfalls and historical facts to be prepared so as to develop them, as tourist destinations.

-) New trekking routes and climbing peaks to be opened up in the methodical manner.
-) Local bodies in each development region to be encouraged to develop model tourist village.
-) Quality of the tourism products and service available in the central region to be upgraded. Special interest tourism spots to be expanded in the eastern and mid and far-western regions.
-) A survey to be carried out into Kathmandu valley's cultural heritage, festivals, cultural and religious traditions. Festival tourism to be promoted in the valley.
-) Periodic studies and evaluation to be carried out into the inputs, outputs and effects of the tourism investment.

New Tourism Policy 2008 is in process of publication and implementation. Formulation of New Tourism Master Plan is proposed for the coming fiscal year.

Nepal Tourism Vision 2020: Ministry of Tourism and Civil Aviation, in collaboration with concerned industry entrepreneurs, and Nepal Tourism Board, has issued Nepal Tourism Vision 2020. Under this vision, target, objectives and strategies have been set to attract 2 million tourists in 2020.

Nepal Tourism Year 2011: with a view to celebrate the year 2011 as Nepal Tourism Year, production and distribution of publicity materials and promotional programs are being carried out subsequent to establishment secretariat, and formation of the main committee and 14 sub-committee.

Over the year, the Government had undertaken several promotional measures to develop tourism sector in the country. Some of these measures are as follows.

-) Establishment of tourism information centres.
-) Development of tourism infrastructure in Pokhara area.
-) Expansion of trekking routes.
-) Creation of additional physical facilities.

-) Creation of tourist information bureau in the major tourist markets abroad.
-) Participation in the national and international fairs, exhibitions, and conferences.
-) Establishment of Nepal Academy of Tourism and Hotel Management with the objective of producing efficient manpower for the tourism industry.

After realizing the importance of tourism sector by the government it has come up with very important policies regarding tourism industry. This is the reason why tourism occupies important mission in tenth plan also. Despite its serious recognition government fails to address some of the key issues of tourism like, preservation of art and culture of the country has received very little attention from the government level. Despite it being the major source of tourist attraction in the country; Government fails to provide protection to the private sectors involved in tourism.

Presently, tourism is one of the fastest growing and world's largest industry, which employs 212 million people one tenth of the world's workforce with an output of US\$ 3.4 trillion. By 2005, it is estimated that tourism industry will employ 338 million people and have an output of US\$ 7.2 trillion. Tourism accounts for 11 percent of the global GDP. Thus, tourism is one of the important economic activities and many governments of the entire world now consider tourism as an important and integral part of their strategies for economic transformation and growth (Dahal, 2009:42).

2.3 Review of Related Studies

In the article of Shrestha (1980) entitled with, Potentiality of Tourism in Tansen. His findings are: He thinks pleasant climate and natural beauty of this area can attract more tourists in Tansen. After the building of Sidhartha highway, Tansen has remained a suitable place for sleeping and eating even that the hotels as Tansen may not fulfill all the demands of tourists. So, he suggests to develop key tourist facilities such as guidance, booklets, maps and hotel-facility.

In the article of McDonald (1978) entitled with, Recreation and Tourism in Phewatal Catchments. This study deals about the historical background, geographical setting and

future development of Phewatal in terms of tourism development. In the view John-natural originality of this area is being disturbed due to unplanned hotel development, unplanned land use, unattractive development of new buildings and dwellings in the town of Pokhara. He has suggested to preserve the natural beauty of the region to promote tourism.

In the article of Dhungel (1981) entitled with, Economic Impact of Tourism in Nepal, he made an attempt to analyze the economic impact of tourism in Nepal. The specific objectives of his study was to analyze the trend, structure and composition of tourist arrival, to estimate the interdependence of the sector with some of the other sectors of the economy, to estimate the linkages within the sectors in terms of import contents of both goods and factor services, and foreign currency, to estimate the impact of the sector on employment, income and output of the economy, to estimate the demand for tourism and to estimate the item wise expenditure elasticity of tourism expenditures in Nepal. This study has been carried out on the basis of both demand as well as supply framework. The main findings stated in this study were:

Politico-economic crisis in the country as well as in the region has been found affecting the number of tourists visiting Nepal. Country-wise concentration of international tourists has been found to be decreasing. Seasonality factor has been found most prominent in Nepalese tourism. Relatively higher negative correlation has been detected between length of stay and the average per capita per day expenditure of tourists.

Expenditure on food items has been found inelastic whereas that of travel elastic. Cross-sectional estimation of the demand for tourism shows international airfare not significant for determining the number of tourist visiting Nepal. Weighted GDP of the tourist originating countries is found elastic and significant. Direct, indirect and induced effects of the tourism sector on value added have been found relatively larger than those of the non-tourism sectors.

Another report entitled “Study and Recommendation for a Nepal Marketing Plan. A marketing Task Force Report” (1983) prepared by PATA, in 1983, considered to be very effective marketing plan of tourism. The main recommendation method in this product are the establishment of an autonomous Nepal Tourism Promotion Board, to recognize responsibility by the private sector for a overseas sales activity, engage overseas representation to conduct ongoing promotion and possibility for Nepal and to organize the research section to carry out research on visitors to Nepal.

Nepal Tourism Master Plan Review (1984) is a review study and it has suggested action program for implementation for the promotion of tourism in Nepal. This study contains three parts. In part one, a background to the 1972 Tourism Master Plan, its contents and intents, and its practical use and operation together with a comprehensive review of past developments in key areas of tourism. Part two sets forth an updated set of policy objectives and a market development concept for five years and part three provides action-oriented recommendations. According to this review report, there is no need for a new comprehensive master plan in tourism. The 1972 Master Plan is relevant in its long-term policy contents, and the most of its basic conceptual assumptions have been fully verified. This study focuses on a pragmatic policy framework essential solving priority issues of tourism.

This study observed that active market promotion was the most important factor for the tourism development in Nepal.

This study, therefore, suggested various destinations oriented marketing programs. The major programs include:

Developing of a systematic concept of promotional material in the country, determining the quality standard for each individual product, producing a Travel Agents manual containing comprehensive up to date information regarding tourism in Nepal, establishing representative offices in Western Europe, USA and Japan, participating in selected tourism trade fairs, offering familiarization tours to agents and journalists,

establishing a Nepali-style package, directing sales to tour operators from the country of origin without middleman from India and expanding the trekking possibilities.

The conclusion and action-oriented recommendations of this study focused on improving the capability of the Ministry of Tourism to assume its responsibilities in tourism, institutionally, administratively and technically.

Pollaco (1986) studied Cultural Tourism in Nepal in 1986 he stated in his report that historical monument and cultures of Nepal are important attraction to many tourists and better use of this sector help more for the promotion of tourism in Nepal. He further suggested that intensive area should be taken for the protection of the cultural properties.

Burger (1987) studied the Economic Impact of Tourism in Nepal. In his study he remained that tourism in Nepal is of rather recent origin. Before 1950 no foreigners were allowed to visit Nepal without permission of Rana Rulers. After opening door to tourism, the tourist inflow of Nepal rapidly increased. He indicated that more than one hundred lakhs tourist visited the country in 1976. Since 1962 the number of tourist arrival has grown at an average rate of 20% per annum and more than 80% of total tourist arrived in the country by air whereas about 20% arrived overland excluding Indian tourist. One of the most findings of the study was one out of six tourists who visited India also visited Nepal. The study concluded, "Although tourism is a recent phenomenon in Nepal, it has grown at astonishing rate. Europe was the major tourist generating market for Nepal in 1975 but the USA was the leading single country in terms of number of visitors".

National Tourism Promotion Report 1983 was prepared by National Tourism Promotion Committee in 1981. It re-emphasized the need for promoting Nepal Style Tourism as mentioned in Nepal. Tourism Master Plan which would include sightseeing, trekking and wildlife adventure would promote Nepal as a primary destination. The major suggestion given in this report is to develop resorts in the mid mountains to encourage tourists from India during the hot Indian summer season, promotion in Europe be stepped up, special programs be designed for Buddhist pilgrims from Asian countries and that similar pilgrimage packages be designed Buddhist pilgrims from Asian countries and that similar

pilgrimage packages be designed for Hindu pilgrims from India, depute a person in the Embassies of Nepal for promoting tourism, participate in various important trade fairs and to promote convention tourism.

Hawkees (1988) has studied on tourism planning in Palpa district. He mentions that the overall unspoiled environment and cultural character of the area can be developed as hill resort for domestic and regional residents. Hawkees also show the possibility of pilgrim tourism in this region. Finally he says Tansen can be a good stopover for international tourist including those coming by land route from India, using the area as a base for trekking and rafting trips.

Nepal Rastra Bank (1989) carried out an econometric study with an objective to study and estimate the level and patterns of tourist expenditure in Nepal, to estimate the value-added and imports contents and thereby net foreign exchange earnings from tourism in Nepal, and to estimate income and employment generation in the tourism sector of Nepal. In this study, regressions were run on the time-series data as well as cross-sectional data for the period 1974-1987.

The major findings of the study included tourism demand to be income elastic in dependent variable, tourist expenditure and number of tourists, for the total time-series analysis for the period 1974-1987. Tourist expenditure was found to be highly sensitive with respect to exchange rates, but the sensitivity of tourist arrivals to this variable was less. Country-wise time series regression for 14 countries has mixed results.

Among the tourism sub-sectors (when direct, indirect and induced effects were combined) the ratio of import content for hotel was estimated at 53.45 percent, travel agencies 74.51 percent, trekking agencies 54.04 percent and airlines 67.05 percent. The ratio of direct import content when the indirect and induced effects were taken out was estimated at 34.45 percent for hotels, 15.12 percent for travel agencies, 10.79 percent for trekking agencies and 57.60 percent for airlines. The value added for the tourism sector i.e. total payment to domestic factors including payments to intermediate and final inputs (when direct, indirect and induced effects were combined) was estimated at 37.74 percent

as compared to 44.66 percent for tourism related sector and 42.82 percent for the overall sector (Nepal Rastra Bank, 1989:11).

The study estimated the average per capita per day tourist expenditure (Rs. 747), the average length of tourist stay (9.3 nights), and the employment in the tourism, it also suggested to carry out marketing, expand both international and national air service, develop integrated tourism development policy, and establish a full fledged apex body.

Chhetri (1993), have studied on the effects of tourism on culture and environment, A case study of Chitwan. Their study expressed that after the establishment of Royal Chitwan national Park in 1973, there has been considerable activities on the social and economic fronts in an around the village of Sauraha which has brought a lot of transformation in the socio-economic and cultural life and activities of the villagers. The study also declared that the Royal Chitwan National Park is the third important destination of tourists visiting Nepal. There were 374 hotels or resorts operating outside that park in and around Sauraha in April 1993 and roughly 23,000 visited Sauraha in the year. Their study also mentioned that the total number of guides are advancing among them 'Tharu' tribe also has opportunity on it. And the bullock carts and elephant riding have been replaced by jeeps. The study concluded that the surrounding people having been benefited from several employment opportunities.

The importance of domestic tourism does not seem to have been properly established in the tourism industry in Nepal. Due to low level of earning and savings, the Nepalese generally do not travel away from home unless unavoidable. At the same time, there is no promotion and advertisements for domestic tourism in Nepal. In this context, 'Study on Domestic Tourism in Nepal' in 1997 was conducted with the initiation being taken by the Partnership for Quality Tourism Project and the Visit Nepal Year 1998 to promote domestic tourism in Nepal. The basic objectives of the study were:

- i. to identify the overall nature of current domestic tourism,
- ii. to analyze the detail movement of domestic tourists,

- iii. to identify destinations, places of interest, festivals, events relating to movement of domestic tourism in Nepal,
- iv. to assess the potential for its growth and development,
- v. to assess the investment potential in domestic tourism and
- vi. to present innovative recommendations for the future development of domestic tourism in Nepal.

The study has found that although the people of Nepal have been traveling from time immemorial as pilgrims but such travels were not considered as domestic tourism due to its unorganized nature. The study has suggested developing domestic tourism, as an industry in future with much potential for private sector investment but for that there is a need for productive programs through government policies, incentives and infrastructure for the development of environmentally sustainable domestic tourism. The report has also recommended using domestic tourism to enhance the understanding between different ethnic groups. It has also proposed to conduct 'Know Nepal' campaign to promote the concept. The immediate policy recommendations for the development of domestic tourism are proper land use planning in urban and potential tourist areas and developing tourist villages both in the hills and the plains. Development and improvement of roads, drinking water supply, telecommunications and security in the area mostly visited by domestic visitors are highly recommended. The other general suggestions to promote domestic tourism put forward by the study includes initiation of incentive packages, provision of study discounts, granting level paid holiday to service holders, special of season prices and developing domestic tour packages to suit various segments of the society.

Another important study report entitled with Tourism Sector Development Project (1997) includes program development for Kanchanjungha, Jumla, Sukla Phanta, Bardia, Lumbini and Chitwan, development of standards for tourism industry and their implementation strategy and its implementation package. Marketing aspect of tourism not covered in this study. Besides, a number of studies in various other aspects and facets of tourism has been conducted. Banskota and Sharma (1993) studies on mountain tourism

and on its environmental impacts. Mountain Tourism in Nepal (1995) focused on mountain tourism for local development,

Tourism for Rural Alleviation Programme (TRPAP), which is a joint initiative of the MoCTCA, UNDP, DFID and SNV- Nepal, has conceptualized with the policy of poverty alleviation, through pro poor, pro women, pro rural community and pro environmental tourism. TRPAP also supports. Nepal Government review and formulation of development policies and strategic planning, towards a sustainable tourism development in the form of technical assistance. TRPAP further gives support for capacity building at various levels for multiple institutions, central and local governance, and public and private autonomous institutions.

Initially the project areas were identified only in 3 districts viz. Dolpa, Chitwan and Rupandehi (Lumbini), with parallel funding of UNDP and SNV, but later, the project was extended in three more districts viz. Taplejung, Solukhumbu and Rasuwa (Langtang), with the consequent joining of DFID in October 2001. The upper part of the Solukhumbu district, where 3 VDCs fall within the Buffer zone development area of Sagarmatha National Park (SNP) has been directly implemented through the Department of National Parks and Wildlife Conservation (DNPWC) since January 2003.

TRPAP policy is guided by strong emphasis on pro-poor, pro-women, pro-rural community and pro-environment tourism development in Nepal, with Nepal Tourism Board and Department of National Parks and Wildlife Conservation (DNPWC) as partner organizations.

TRPAP has established strong institutional and functional linkage with the Nepal Tourism Board (NTB). The Board will eventually take over the Programme and carry out rural tourism as one its major thrust areas. As a partner, NTB has extended support and provided office space for TRPAP is to contribute to the goals of the government of poverty alleviation by review and formulation of policy and strategic planning for sustainable tourism development that is aimed at the welfare of rural communities, poor, women, and environmental protection.

Gurung (1995) has studied on Environmental Management on Mountain Tourism. The study deals on the pattern of tourism activities, environmental impact of tourism, carrying capacity of trekking routes, etc. This study has identified that deforestation in mountain is caused because of over grazing, conversion to arable land and fuel wood extraction. So Gurung thinks that poverty of people is basically responsible for the negative effect on environment. He has also paid his view over the toilet paper, packaging materials, plastic, tin and non-degradable materials which are commonly found around popular trekking routes i.e. Lobuje, Sagarmatha base camp, etc. Gurung has suggested employing the local people to clean these disposals from human settlement and trekking routes. While discussing the carrying capacity of trekking routes, he has analyzed the problems of deforestation and environmental pollution of different trekking and mountaineering routes. To solve these problems of over crowded route, three environmental protection measures are suggested. In his first suggestion Gurung has advised to increase the entry fee in over crowded routes. In the next suggestion he has advised to increase the flow of trekkers in less crowded routes i.e. Pokhara-Jomsom and Pokhara-Manag. More over, he has suggested opening new trekking routes as well as mountain peaks in western Nepal. Lastly, he has also given stress to provide kerosene oil in trekking routes to preserve the forest.

Baskota and Sharma (1996) claim that the tourism sector has been and will continue to be an important sector in Nepalese economy for a long time to come. Although there is growth in tourist arrivals over the past two decades, the length of stay and real expenditure per tourist has not increased. In fact, the real expenditure has fallen over this period. The import leakage from this sector is very high which implies the low level of development of import substitution industries in the economy. They assert that although the growth of tourism is desirable or say indispensable for Nepalese economy but first of all it must identify how this growth should be made conducive for Nepal i.e. through attracting more tourists or increasing their stay or making tourists to spend more in real terms or by minimizing import leakage. The growth rate in this industry can be expected to be high if it affects overall economy through the multiplier, direct, indirect and induced effects. The specific objectives of the study are to identify and assess the impact of

trekking and mountaineering tourism on the local environment, income and employment. The other objectives are to examine policies related to trekking and mountaineering tourism and to identify and analyze the main problems in mountain tourism. The mountain tourism should involve the participation of the local people, their institution and their social and cultural values. Unless tourism benefits the local people, development of mountain from tourism cannot be expected. At the same time, the tourists should be able to enjoy goods and services for which they pay and mountain environment including the different eco-systems, wildlife, plants, etc. The tourists should never put the mountain environment to stress. There is no disagreement and development of the mountain tourism is necessary, as poverty is chronic and rampant in that area. Rich in natural environment but unable to use these resources for the benefit of the people, thus, tourism could be the avenue for mountain development. The study has, thus, suggested the action programs such as to quantify the volume of tourists for trekking according to seasonality, use of alternative fuel for organized groups, to have lavatory facilities and a regular system of garbage collection and disposal. It also recommended that the Ministry of Tourism should take a lead role in coordinating and initiating activities in mountain environment.

These individuals who are motivated to travel to make the entire picture of tourism, hence perception of tourists play key roles in the marketing and development of a tourist area. A positive perception of tourist toward an area reflects that they are satisfied with the various attributes of the area and indicates that the demand of that is world would increase (Shrestha, 1998:33).

A study reveals that the number of tourist visiting in Nepal increased by 12.99 percent in the year between 1994 to 1999. In the late '70s there was a rapid growth of tourist inflow in Nepal. But the market was not so well to accept tourists. At the same time the growth rate of foreign exchange earnings from tourism increased by 11.82 percent between 1990-1992. The causes may be the political as well as economical. The political and economical disturbances have destroyed many of the possibilities of expanding the tourism industry (Shrestha, 1998:35).

Tourism Master-plan has provided guidelines for tourism development in Nepal. The plan shows the potentiality of sight-seeing tourism, trekking tourism, 'Nepal-style' tourism (combination of sightseeing and trekking tourism), recreational tourism as well as internal pilgrims in the country. It clearly indicates that tourism can be helpful to achieve the aims like increasing foreign exchange earnings, building up a profitable sector of the private economy, creating and impulse towards the development of the national and regional economy and diverting development to the retarded regions. In view of this plan Nepal has been spending a large amount of foreign exchange to import foods and drinking items for tourism-related sector. To make the favorable balance of foreign exchange, this plan has formulated some policies in which reduction of imports, development of saving habits, strict control of foreign exchange and development of international air services as well as development of traveling agencies are included.

Poudel (1999) conducted a research on "An Implication of Tourism Business on Revenue Collection in Pokhara". His main objective is to highlight the role of tourism business in revenue collection. He used both primary and secondary data to complete the research. He opined that tourist arrival is largely affected by National Policy as well as political stability. Most of the respondents were not satisfied with the present scenario of tourism in Nepal. Majority of the respondents pointed out to implement some marketing efforts such as media promotion, destination promotion, personalize promotion etc. Government policy, plans and marketing efforts towards tourism business were not satisfactory. There is positive association between tourist arrival and revenue collection. Nepal has to penetrate in the entire region i.e. SAARC region, North America, West Europe, East Europe etc.

According to the World Bank, eco-tourism (along with adventure travel and cultural travel) is one of the three types of tourism most amenable to community based initiatives. These niche markets provide especially desirable "Customers" for culturally or environmentally spend more and stay longer at a destination than the average tourists, generating a higher yield but with less impact to the life of the community and on local culture and environment. Community based tourism can generate a sense of pride in the

local population and make funds available for maintaining or upgrading cultural assets (e.g. archeological ruins, historic sites, traditional crafts production (World Bank, 2001)

TGDB (1999) undertook a study on pre-feasibility study on developing model tourism village at Palpa district. In this study, Madan Pokhara, Tahoan, Arghali and Bhairabsthan village development committees were selected on the basis of their potential tourism product. The major task designated to the study team was to identify a particular village to promote as model village for tourism development. Based on the comparative advantages/strengths as historical and cultural significance; natural attraction; vicinity to Tansen and other villages; economic benefits to the local people; village setup; enthusiastic community; and the basic infrastructure being available the study team decided to suggest Tahoan village to be developed as model tourism village in the Palpa district.

Tiwari (2000) has studied on prospect and problems of tourism in Nepal. This study deals with the prospects of tourism development, its economic value and development trend. The study indicated that tourism is the fastest growing industry than any other industries in Nepal.

Analyzing the year 1999-2000, the number of tourist visiting Nepal increased by 6.0 percent than that of 1998-99, But during the year 1997-98 there was an increase of 9.9 percent (491504 in numbers), Giving upon a glance to the average length of stay, in 1998 it was 10.76 but in 1999 it was around 12.28. It shows that the average length of stay was 13.50 in the year 1996 it was around 12.28. It shows that the average length of stay was 13.50 in the year 1996. For it the political, environmental and economical situations of the country were good. Even in the special tourist year “Visit Nepal ‘98” the average length stay was not satisfactory.

Although the territory of Nepal is not so big which comprise the very wide variety of flora and fauna. To watch the wonder of nature people from various countries come to Nepal. In the year 1999 the total number of tourist visiting Nepal was 491,504. Out of 401,504, 33.39 percent was Indian nationals, 8.45 percent was from USA, 7.68 percent

was from Japan, 7.31 percent was from UK, 5.39 percent was from Germany, 5.06 percent was from France, 2.85 percent was from Netherlands, 2.60 percent was from Italy, 2.29 percent was from Australia, 1.94 percent was from Spain and 1.71 percent was from Switzerland.

A study done by Berger (2001) entitled with, *The Economic Impact of Tourism in Nepal, An Input-Output Analysis* and confined to economic impact of tourism through an input output analysis. The main objectives of this study were to analyze the impact of tourism on the economy of Nepal and to present information to Nepal's development planners which would aid them in making decision with regards to the contribution of tourism industry to national goals and in devising policies and strategies such that Nepalese society can derive the maximum possible benefits from this activity while minimizing the negative effects which are often associated with tourism. It is first doctoral research of Nepal.

The major findings of this study were tourism in Nepal was shown to be an effective and promising instrument for earnings foreign exchange, but also one that requires high investments, both public and private, while providing relatively few jobs and offering little scope for the improvement of personal and regional income distribution. It, therefore, suggested to develop tourism to extent that foreign exchange is needed for development purposes but to concentrate society's resources in other fields where benefits of development are shared more widely.

A study done by Shrestha (2002) entitled with, *Regional Tourism-Need to Move Forward*. In her doctoral work she has tried to investigate the problems on the development of international tourism in the kingdom of Nepal at macro level. She aimed to study development of international tourism in Nepalese as against the background of natural and man made resources available so far. The decade of 1990 has witnessed the decade of eco-tourism. The year 1998 to this date, the eco-tourism has become a buzzword in hospitality service and articles and documents published on the tourism related papers to the social and cultural aspects.

During the Second World War, there was great restriction of foreign exchange and travel, which became obstruction in the development of tourism in the world. All the air services and train were mostly engaged in war affairs. Besides, the atmosphere of the world was terrible. During that time, an unpleasant adverse situation was created in tourism development. Only after 1950, the tourism has been developing rapidly in the world (Pradhananga, 2002: 14).

Smith (1989) in his book 'Tourism Analysis: A Handbook', explains the practical methods of studying and analyzing tourism. He says that Samuel Pegge reported the use of 'tour-ist' as a new word for traveler in 1800; England's Sporting Magazine introduced the word 'tourism' in 1811. He later adds that tourism research and policy analysis utilizes two major units of study: the person and the trip. Defining the two terms i.e. person or tourists and trips will define tourism itself. Accordingly, a person may be a domestic or an international visitor (international tourist or excursionist). There were distinctions drawn in 1963 by the Conference on International Travel and tourism, between tourists who stayed for more than 24 hours, and visitors, who stayed for less than 24 hours. On the other hand, a trip is generally considered to occur each time an individual or groups leave their place of residence, travel at least a specified distance, and return home involving several destinations, usually less than one year (Smith, 1989:41).

"Tourism is essentially about people and places, the places one group of people leave, visit and pass through, and the other groups who make their trip possible and those they encounter along the way. In a more technical sense, tourism may be thought of as the relationships and phenomena arising out of the journeys and temporary stays of people traveling primarily for leisure or recreational purposes" (Pearce, 1987:35).

. To achieve these objectives, a systematic method of investigation in the theoretical scheme and statistical methods are used. The concerned finding of the study reveal that as the country offers huge potential of natural and anthropological resources developing international tourism is a boon but it still lacks conditions to maintain the tendencies of international tourism. Shrestha has given various suggestions to promote primary and secondary markets that directly and indirectly affect tourism demand. It has been

suggested to create charter flights, in such a way, tour operators can offer their package tours to Nepal assuring low cost. Expenditure on advertisement and publication in foreign countries according to motives and requirements in each market. She has also suggested providing more cultural shows and entertainment to increase length to stay and expenditure of tourists. For this purpose, multipurpose offers should be initiated such as low price in remote areas, low price during off seasons and offering the package tours to different parts of the country according to the tourist's motivations. The study has given the directions for the elaboration of tourist supply for the development of international tourism. Some of them as suggested by the researcher are necessity to group the tourist region in Nepal, necessity to stimulate and concentrate foreign investment in Nepal, necessity to develop infrastructure for tourism, necessity to specialize the tourism products such as city, hobby, shopping, cultural, professional interest, to expand the basis for sports and entertainment services, to develop summer recreation tourism and necessity to work out the national concept for the development of tourism.

Tourism Marketing Strategy for Nepal 2005-2020 has identified the performance and potentiality for Nepalese tourism industry in the following grounds:

Key issues arising in the review of tourism performance

-) Growth is possible, despite political unrest. However exploiting the full potential of Nepal's strong tourism product does require peace.
-) There is an urgent need to market Nepal in a professional and concentrated way in order to impact an increasingly competitive market and re-capture lost business.
-) There are significant gaps in research data on Nepal's tourism performance.
-) India is Nepal's most important source market in terms of numbers and the ability to address uneven seasonality.
-) Japan is Nepal's second most important market in terms of numbers, and importantly attracts higher spending tourists.
-) The United Kingdom, France and Germany are consistent producers of high spending, long haul tourism.
-) China and South Korea have long term potential.

-) Declining length of stay is an issue of concern.
-) Tibet is often combined with Nepal as a holiday option.
-) Business and pilgrimage tourism are less affected by the recent downturn in tourism to Nepal.
-) Uneven seasonal distribution of tourism is a challenge which marketing and product development must address.
-) Developing better access both internally and externally needs to be a priority for tourism development.
-) Very low levels of hotel occupancy are a major concern.

Key issues relating to tourism growth

-) The marketing strategy will aim to meet the government's target of achieving over half a million visitors by 2006.
-) The marketing strategy will aim to double visitor numbers by 2009 and the higher growth projection option outlined in Nepal's Tourism Industry Strategic Plan will be achieved.
-) A key objective will be to improve the seasonal and geographic spread of tourism and to highlight pro-poor tourism product, where marketable.
-) After 2010 visitor projections are highly speculative and the need for a comprehensive spatial tourism development and investment strategy is highlighted.
-) The need for ongoing research into visitor expenditure and regional occupancy is highlighted.
-) It is estimated that 7.4 million jobs in Nepal could be supported through tourism by 2020.

Key issues in the Marketing Strategy for Nepal's tourism industry

A significant increase in marketing effort is needed to make Nepal's tourism industry more viable and increase its economic contribution to the economy.

There are three overall marketing objectives:

-) To recover and expand the overall volume and value of tourism to Nepal, by concentrating on the country's inherent product strengths, its Himalayan location, unique culture, climate, history, natural environment and friendly peoples.
-) To reposition Nepal firmly as a varied and multi-faceted destination, with world class cultural tourism and special interest tourism products, in addition to reclaiming Nepal's position as one of the world's leading destination for nature and adventure; and
-) To improve the spatial distribution of visitors within Nepal and foster the growth of new tourism areas.

Nepal's positioning will be based around the variety of product which it can offer in the Himalayas.

A strong Nepal tourism brand will be developed.

The marketing strategy will focus on five product clusters as follows:

-) Culture, traditions and people;
 -) Cities and leisure;
 -) Outdoors and adventure;
 -) Religion and pilgrimage; and
 -) Nature and wildlife.
- The marketing mix will include the following:
-) Public relations;
 -) Identification and targeting of relevant tour operators in key markets;
 -) Advertising;
 -) Travel trade and press familiarisation visits; and
 -) Nature and wildlife.

Special interest marketing will be introduced targeting meetings, conventions, incentives and events, niche products and sport. Key markets to be targeted have been categorised as main volume markets, main value markets and developing markets.

A study done by Pant (2007) entitled with, Impact of Tourism in Nepalese Economy. He identified tourism as a crucial, critical and emerging sector of the Nepalese economy and has shown high potential for development. The following specific objectives had been set for study in his research; to study present situation of tourism industry, to find out the economic impact of tourism on national economy, to examine the trend of tourist arrivals in the country and forecast its trends. The major findings of the study are:

The contribution of tourism is to be perceived from its share in the economy. A glance at receipt from tourism as a percentage of merchandise export earnings is relevant to assess. The highest share of tourism receipt as percentage of merchandise export earnings was recorded in 1982/83, registering 74.3 percent and in 1988/89 by 65.0 percent, respectively. Tourism receipt as percentage share of total value of merchandise export was noticed to be erratic with declining trend. The year 2001/2002 has the lowest share with only 16.4 percent. Similarly, in 2001/2002 tourism receipts as the total value of export of goods and services was also lowest with only 10.2 percent. The contribution of tourism to total foreign exchange earnings was lowest in 2001/2002, which declined to 8.0 percent from 24.5 percent in 1988/89.

The share of tourism sector in GDP was 4.1 percent during FY 1993/94 and 1994/95. Since then its share started falling (1.9 percent of GDP), and recorded a lowest in 2001/02. It further declined to the level of 1.2 percent in 2005/06, which was most critical year so far as tourism is concerned in Nepal.

The significant contribution of tourism to Nepalese economy is the foreign exchange earnings. The tourism receipt was registered US\$78,000 in 1961/62, which increased to US\$11.5 million in 1974/75. The tourism receipt is closely associated with tourist arrivals in Nepal. The decline in tourist arrivals in 1981 and 1984 is reflected in the fall in tourism earnings in FY 1981/82, 1982/83 and 1983/84. Similarly, tourist arrivals declined in 1989

reflecting the fall in tourism earnings both in terms of Nepalese currency and US dollar in the respective years. Tourism is contributing much to the economic and cultural growth in different regions of Nepal. The promotion of international tourism in different regions directly enhances their regional economy through the development of tourism industry. Tourism sector is not only a major source of earning foreign currency but its contribution to create employment opportunities is also important. For this, Nepal disposes excellent circumstances for the development of active international tourism, including holiday pleasure, trekking, mountaineering, rafting, religion, official, sport tourism and so on.

Acharya (2008) in his study found that Nepalese tourism sector is being the major industry in Nepal as the major foreign exchange earner. The contribution of tourism sector in the overall national development is quite significant. Specially, this sector has helped in improving the balance of payment situation. It has also helped to solve our unemployment problem as it generates attractive job opportunities. Nepal has been the

A study done by Shrestha (2009) entitled with, Entrepreneurship in International Hospitality and Tourism Industries in Nepal. He identified that tourism industry plays a vital role in the country's economic development. In a developing country like Nepal tourism industry is one of the main sources of foreign exchange earning. Tourism potentiality due to Nepal's cultural values and other natural & archaeological beauties is very high in Nepal. These are the factors that has given rise to entrepreneurship in Nepal with the advent of tourism has been the growth of entrepreneurship in Nepal. The study has shown that lack of co-ordination among the government and the private sector is well pronounced. One of the major problems to entrepreneurship development is lack of managerial skill as well as entrepreneurship in the country. Unless Nepal addresses these issues, sustained development of entrepreneurship will not be possible. Ultimately there will always be lack of entrepreneurship development in the country. So, Nepal must overcome its problems on a systematic and time bound basis and develop industry on professional lines. The single most important experience satisfying the tourists visiting Nepal and development of entrepreneurship in hotel industry have been the hospitality, friendliness, helpfulness, humbleness, honest, welcoming attitude of the Nepalese people, natural sites and scenery specially the majestic Himalayas.

The whole tourism industry needs to be developed on a professional basis since, in this industry one has to compete at international level. Therefore, strategies must be opted to inculcate state of art technologies. The study has clearly shown the paucity of marketing efforts of Nepal. In this respect Nepal must break the shackles of complacency and make efforts to market Nepal's advantages on an appropriate and sound manner as per the needs and potentials of the market. Only then Nepal can emerge as a vibrant and popular destination. Otherwise, Nepal will lag behind in the international competition and despite the product strength; it may have to yield ground to others. So, requisite attention to develop and sustain the industry must be provided immediately. Platitudes are not enough and the government must make serious efforts with the private sectors to position and promote Nepal.

Dahal (2010) in his study entitled "Taking Tourist To Village" stated that village tourism is coming up as a new concept for promotion and development of tourism in Nepal and it can give an appropriate momentum to the tourism sector. This concept is more relevant in the context of a country like Nepal, which is made up of villages and diverse ethnic groups with typical and unique culture and traditional life styles. Apart from this, village tourism is possible with out building up any concrete infrastructure. So, it is a meaningful position, which can give a boost of the Nepalese tourism. According to the study, more than 60% of the total tourist arrivals in the country are found interested in visiting different villages of Nepal. Most of the villages in Nepal are outlying areas where the local people have preserved their traditional cultures and they can also be found adopting occupations like farming, fishing, weaving, knitting, pottery, basketry, and such other traditional occupations. This occupation has been handed over to those people from their forefathers.

The living picture of Nepal is given by the village tourism since village life is far from hustle and bustle of city life. The visitors in village tourism can feel relaxed in the fresh environment. They are very interested in seeing the culture and the way of life of the people rather than polluted scenes in the urban areas. They naturally come to have experiences in the new place. Many villages like Tashis of Sankhuwasabha, Ghandruk and Sirubari in Kaski district are promoted and developed as sites for village tourism.

Some research studies have conducted on “Tourism in Nepal” to find out impact of tourism on national economy. But a very limited research has been carried out on Impact of Tourism Industry on Government Revenue and Foreign Reserve of Nepal. Thus the present research fills this gap. It is no doubt that findings of different researchers discussed above can provide an effective way to finalize this research. However, they could not provide the guideline about the linear relationship between selected variables such as microeconomic and macroeconomic indicators like total foreign exchange earning, earning from tourism, gross domestic product, total investment and so on with their degrees and significance. Therefore, current research devotes to fulfill this research gap. So, this study will be fruitful to those interested person, parties, scholars, students, businessman and government both academically as well as at policy level.

2.4 Research Gap

Thus, various studies have been undertaken mostly confining to enquire the economic impact. Although tourism is important for a developing country like Nepal, there is a dearth of literature relating to impact of tourism industry on government revenue and foreign reserve of Nepal. In view of the importance of government revenue and foreign reserve for Nepal to go for extensive promotion, the present study about the marketing strategies taken by Nepal Tourism Board has been initiated and impact of tourism industry on government revenue and foreign reserve of Nepal is studies. So, this study will be fruitful to those interested person, parties, scholars, professor, students, businessman and government for academically as well as policy perspective.

CHAPTER - III

RESEARCH METHODOLOGY

Research methodology is a systematic way to solve the research problem. In other words research methodology describes the methods and process applied in the entire aspect of the study. It may be understood as a science of studying how research is done scientifically. In other words, research methodology describes the methods and process applied in the entire of the study. It is a way to systematically solve the research problem. It may be understood as a scientific of studying how research is done scientifically. In it, we study the various steps that are generally adopted by a researcher in studying his/her research problem along with the logic behind them. Thus, this deals with the research design, nature of procedures and tools of analysis.

3.1 Research Design

Research design means defining procedures and techniques which guide to study and propound ways for research work. It is an analytical as well as descriptive approach to achieve the objectives. It is the arrangement of condition for collection and analysis of data relevance to the study purpose with economy in procedure. In order to make type of research, this fulfills the objectives of the study (Wolf, and Pant, 2003).

The research design is an organized approach and not a collection of loose unrelated parts. The research design is thus an integrated frame that guides the researcher in planning and executing the research works. A research design is the plan structure and strategy of investigation. It is the arrangement of condition purpose with economy in procedure. It is a blueprint for the collection measurement and analysis of data. Based on this perspective, current research is descriptive or exploratory as well as analytical type also. That's why current research tries to highlight the real status of tourist arrival and its financial impact in National economy especially in foreign exchange reserves.

3.2 Selection of Sample

The empirical analysis made covers the 14 years data from FY 1995/96 to 2009/10 focusing on the trend and structure of tourism industry and its impact on government revenue and foreign reserves of Nepal.

3.3 Nature and Sources of Data

The empirical study is based on secondary data and no attempt is made to collect data on primary basis. This study is based on only Secondary data. The main source of the Secondary data is based on the survey done by Ministry of Tourism and Civil Aviation, Nepal Tourism board and various associations of Travel Agent, Trekking Agent, Hotel Association of Nepal, Mountaineering Association, various other travel and trade related books journals, magazines, unpublished thesis, research studies, books, news papers and internet sites.

3.4 Techniques of Data Analysis

Information collected from questionnaire was transformed into a master sheet and raw data were tabulated on the basis of master sheet. Information was grouped, sub-grouped and classified as necessary and so as to meet the objective of the study.

The systematic analysis has been done using quantitative as well as qualitative techniques. To analyze the qualitative data, simple statistical tool such as percentage, average, etc. have been used, besides these maps, tables, charts, diagrams are also used for the result to describe logically.

CHAPTER - IV

DATA PRESENTATION AND ANALYSIS

4.1 Development & Prospects of Tourism Industry In Nepal

Tourism industry is regarded as world's biggest and fastest growing industry. Tourism is important source of contributing the additional development of the country by providing foreign currency and additional employment generation. Tourism is recognized as an important industry for both developed and developing countries.

4.1.1 Tourism Development in Nepal

The history of tourism in Nepal is short compared to the history of world tourism. As Nepal is the place of ancient civilization, there has been tourism in some form in ancient time also. We find many old records and writing of that time decreasing tourism activities. We can classify history of Nepalese tourism in three different phases.

1. First Phase: History of Nepalese Tourism Before Unification

This phase covers the period of before 1968-69. In attempting to study of history of Nepalese tourism before the period of 1968-69, it is essential to study the ancient history of Nepal. The ancient history of Nepal refers to the ancient history of Kathmandu valley. The proper Kathmandu valley was a big lake named 'Nagahrada'. During that time, a monk named Manjushree came here from Tibet, cut the Chovar Hill with sword and emptied the water from valley. As a result, this empty place has become Kathmandu valley. From this historical view, we can regard Manjushree as a tourist in ancient time (Lamsal, 1999:14).

Nepal being the holly birthplace of Lord Gautam Buddha in 249 B.C., Emperor Ashok of India visited Nepal as a pilgrim and married his daughter Charumati with the king named Devpal from Nepal. They also erected a monastery named 'Charumati Bihar'. However, four Buddhist stupas are still found in four corners of Patan city believed to be

constructed by Ashok. Similarly, the Buddhist monk from Tibet visited Nepal as pilgrims during period (Pradhananga, 2002:9).

In sixth century, some foreigners visited Nepal as Pilgrims during Kirati regime. Shrangchangampo, the great emperor of Tibet, visited Nepal during rule Anshubarma and married the Nepalese princess Bhrikuti (Pradhananga, 2002:35).

There was the significant development of art and culture during Malla dynasty in Nepal. Then, the Malla rulers were interested in giving reception to travelers who visited Nepal as pilgrims (Lamsal, 1999:23).

Because of lack of transport and other facilities, the number of tourist entering Nepal was negligible during that time. At that time, the main tourist visiting Nepal were from her neighboring countries – India, Tibet and China for religious purpose only. There was no link between tourism and economy of country. That's why the concept of earning foreign exchanges was not known for economic development of country (Tiwari, 2000:16).

2. Second Phase : History of Nepalese Tourism after Unification

This phase cover the period after 1768/69 to 1950. In this second phase too, tourism could not be developed in the country. In this period, the then ruler did not attempt to develop tourism in sound manner. On the contrary, the policies of the government in that period were not to let the tourism enter Nepal except in some special cases (Shrestha, 2002:12).

In the Rana rule of 104 years, the policy of Rana rulers was not favorable for the development of tourist in Nepal. The Rana rulers were of the view that if tourism was developed, it may bring the political consciousness to the people and as a result, they may be over thrown from power. Due to this reason, during Rana period, Nepal was known as 'forbidden land'. Only during the great Hindu festival of Shivaratri, permission was granted to Indians to enter into Nepal as pilgrims (Pokhrel, 2000: 17).

In Rana period, Nepal had diplomatic relation with Britain only. Some people from Britain used to visit Nepal for the purpose of hunting in Terai region at the invitation of Rana rulers. King George V of England visited Nepal during Rana for same purpose (Bhattarai, 2002:21).

Besides this, according to trade treaty between Nepal and Tibet, some Nepalese businessman used to visit to Tibet for business and earn Foreign exchanges that was helped in creating a sound economic development of country, to some extent (Shah, 2002:11).

Due to the restriction of tourist to enter Nepal during 104 years Rana rule, tourism in Nepal adversely affected. As a result, there was lack of foreign exchange earning from tourist for the development of infrastructures of the country's development (Poudel, 2003:7).

3. Third Phase: History of Nepalese Tourism after Democracy

This phase covers the period after 1950. After 1950, a great political change took place in Nepal. During that period, Rana rules were overthrown from power and democracy was restored in country. Since then Nepal started greeting those people who wanted to visit Nepal with purpose of traveling or with any other such purposes (Sharma 2003: p.11).

Mr. Tenzing Sherpa and Sir Edmund Hillary succeed in climbing Mount Everest, the world's highest peak and Nepal became the member of UNO in same year. Due to these facts foreign countries knew Nepal (Shrestha, 2002: 5).

Due to these reasons, travelers, political and commercial delegations began entering Nepal. Diplomatic, cultural, economic relationship with different countries was established. With the increase in diplomatic relationship with different organizations like UNO, WHO, FAO UNISCO etc., a congenial atmosphere was created in Nepal for tourism development. To sum up, tourism business was started to strengthen after restoration of democracy. These days, tourism has been the main industry of Nepal in foreign exchange earning.

4.1.2 Development of Tourism Planning

In this section, an attempt has been made to show the systematic planning of tourism development in Nepal. For that we have to review Nepalese development plans

1. The First Development Plan

In beginning of first plan, there were so many problems to establish the systematic approach and also not experienced and educated persons were there. In spite of them, the established considerations, and administrative machinery was set up. At that time, tourism to Nepal was virtually non-existence and administrative activities were limited as well as certain department in industry 1957 and also established an organized body named "Tourist Development Board" and moved through an Industry. After the establishment of the department, Nepal got membership in different international organizations. In this period, tourist information center was established, survey of hotel was conducted and some training was provided to tourist guides. Likewise, other worthwhile standard, establishment of travels agencies and development of airport in Kathmandu. As the first plan was beginning of the planned efforts of government, not much could be planned an achieved. But, the first plan is succeed to establish the concept in policy makers that tourism industry is a measure industry of Nepal (First Development Plan, NPC, 1957:10-11).

2. The Second Development Plan

The second plan existed only for 3 years due to some problems. Within this short period, it was realized the need of development of tourism. Plans were made to set up more hotels and continued improvement of Tribhuvan International Airport in Kathmandu. Priorities were given to the operations of air services, trained guides and increasing publicity of Nepal in international field. As a result of earlier efforts, the number of hotel beds reached to 270 at the end of this plan period. It provides regulations and development of tourism in Nepal (Second Development Plan, NPC, 1962-65: 12-15).

3. The Third Development Plan

The main aim of the third plan was to increase tourist inflow to 20000 persons per month. The programs included completion of the TIA run way, establishment of hotels in Pokhara and Biratnagar, production of a film to boost tourism, repair, maintenance and reconstruction of temples in Kathmandu valley. These temples provided the main attractions to the tourist and hence a plan for their conservation was purposed. Conservations of historical places particularly Lumbini and Kapilbastu area was also planned. The other programs included a systematic display of Nepalese culture in the meseum, and among other preparations of master plan for Lumbini. An advisory committee for tourism was set up in 1968 only a year later, the committee was replaced by the Nepal Tourism Development Committee. The existence of plans and projects in tourism involved almost all levels of government, and are the joint task of administration and private sector. Later, it was organized as the HAN representing the hotel industry and NATTA representing travel agencies (Third Development Plan, NPC, 1965-70: 68-75).

4. The Fourth Development Plan

The formulation of master plan for the development of tourism in Nepal and the implementation of development projects in accordance with this plan had started after a systematic study of tourism development. Foreign experts were invited to prepare master plan for tourism promotion. The private sector was encouraged to increase the number of tourist by 40 percent annually. Hotels of different standard were planned to establish in Kathmandu valley so that total number of 2066 hotels beds would be available. The fourth plan budget of Rs. 5 million was considered for the master plan of tourist centers outside of Kathamndu valley, extension of information, training and entertainment (Fourth Development Plan, NPC, 1970-75:25).

5. The Fifth Development Plan

During the fifth national plan, tourism became a full-fledged ministry in 1997. In the fifth plan, the objective of tourism were to increase foreign exchange earning and thereby improve the balance of payment situation, to employment opportunities and achieving

regional development by establishing tourist centers. This plan included providing training for 10500 people of different aspects of tourism and establishing tourism information of country were emphasized not only to promote tourism but also to spread its growth beyond the valley of Kathmandu, to other parts of the country along the lines of recommend in the tourist master plan. The fifth had, therefore, incorporated combined in the master plan as a second phase of tourism development program (Fifth Development Plan, NPC, 1975-80).

6. The Sixth Development Plan

In the entire plan, increasing in total number of tourist arrival is major aim of tourism related objective. The number of tourist during the sixth plan grew at the rate of 15 percent. Foreign exchange earnings increased to the \$104 million. Within the sort space of time, tourism became one of the important sources of foreign exchange. Hotel beds also increased from 1963 in 1975 to 1979. During the plan period, altogether 1095 persons were trained in various field of tourism. Moreover, Nepal Industrial Development Corporation invested US \$ 23 million in tourism industry related companies. The sixth plan spilled out many programmes. The major one were formulation of second tourism maser plan, development of mountains tourism, tourism survey and research, development of resort area, remote area tourism development, strengthening of tourism information centers, construction of sheds of Arniko Highway, development of Tatopani area, production and promotion of tourism on material, strengthening of Hotel Management and Tourism Training Center (HMTTC), development of Khumbu area as well as formulation and implementation of other district level projects. For different purpose, US\$12 million were provisioned (Sixth Development Plan, NPC, 1980-85).

7. The Seventh Development Plan

The seventh plan aimed to increase the inflow of upper class tourist so as to enable the country to foreign currency and also to create new employment opportunities by utilizing the tourism industry to the fullest possible capacity. It aimed at increasing the length of

stay of tourist by extending tourism industry whenever tourism infrastructure had come into existence. The plan also emphasized the production of goods required for the tourism locally, than curtailing imports. This plan period also launched effective tourism promotion, and other charges. Similarly, the plan emphasized some activities such as tourism survey and research, extension of resort areas, strengthening of tourist services, and development of Pokhara Tourism, publicity production and distribution, providing more tourism training through HMTTC. Effective policies were provided in tourist areas so as to provide more security to the tourists (Seventh Development Plan, NPC, 1985-90).

8. The Eighth Development Plan

The eighth was also recognized tourism as a major foreign currency earning industry. It reviewed the progress during the fiscal year 1990/91 and 1991/92 and identified the existing problems. This plan planned to develop Nepal as a final destination for tourist and operate the tourism industry as major sources of employment generation by implementing the policy wise activities in regard to the following:

- ☞ Adventure tourism development
- ☞ Private sector mobilization and facilities
- ☞ Extension of services of Nepal Airlines Corporation
- ☞ Developing Tribhuvan International Airport as a focal point
- ☞ Standard domestic and international air services
- ☞ Private sector encouragement in air service in Nepali skies
- ☞ Manpower development for standard civil aviation services
- ☞ Extension of physical facilities of different airport
- ☞ Implementation of tourism promotion of development projects and tourism manpower development project
- ☞ International contact and market management

This plan also proposes various reforms in the organizational structure of the ministry of tourism in order to execute aforementioned policies efficiently. The plan set out various

targets and programmes that may be seen in a nutshell. The various policies, targets and programmes of eight plan are unexceptionable but what extent there will be gap in the implementation process as in the case of previous plans are yet to be seen. (Eight Development Plan, NPC, 1992-97).

9. The Ninth Development Plan

Ninth plan is the major plan of tourism development in Nepal. At this period, Visit Nepal '1998 was also celebrated. The main of this celebration was to attract the foreigners and collect foreign exchange earnings by motivating them through different promotional activities. The ninth plan has outlined the objectives, policies and program to address these issues. The long-term objectives of the tourism development in Nepal as mentioned in the ninth plan are as follows:

- ☞ To developed tourism sector as an important part of the overall economic development
 - ☞ To established Nepal as premium destination on the world tourism
 - ☞ To expand benefit of tourism down to the village level
- (Ninth Development Plan, NPC, 1997-2002).

10. The Tenth Development Plan

While the movement of the tourism came up to tenth plan, Nepal is known in all over the world. This success is due to tourism business. Tourism has many challenges such as strike, Nepal Banda, lack of infrastructure, lack of communication, lack of advertisement in foreign country, lack of facilities, short period of stay, decrease of foreign income etc. Some of the policies, strategies and targets adopted by tenth plan on tourism are as follows:

- ☞ Tourism master plan will be prepared to developed tourism in the world having international standard tourism
- ☞ There will be development of co-operation among the related ministry to developed the fundamental things of tourism

- ☞ There will be master plan of development and promotion of Lumbini, Pashupatinath and other religious places
- ☞ Other places of tourism will be developed along with Kathmandu, Pokhara, Lumbini, Chitwan, Lukla and so on
- ☞ Tourism activities in the rural areas will be developed and so on

During the period of 2051-2062, the tourism development in Nepal is directly affected due to political conflict. Nepal is oriented towards peace process and it is hoped that Nepal will be the Shangri-La for foreigners and consequently it can achieve the huge amount of foreign exchange earning that ultimately helpful for further national development. (Tenth Development Plan, NPC, 2002-2007).

i. Assessment of Tenth Development Plan:

The Tenth Plan had the target of achieving 516 thousand tourist arrivals with an annual growth rate of 7 percent. It also had the target of increasing the foreign exchange earnings annually by 8 percent. In 2006/07 the number of tourists arrival was 375 thousand and U.S. dollar 148.4 million was 13 earned. This is about 7.1 percent of the total foreign currency earnings of the country. The average duration of stay was 9.1 days. The contribution of this sector to the total GDP has reached 1.2 percent in 2006/07. However, in absence of necessary rural infrastructure, reliable and adequate internal and external air connections, the hotel and tourism business has not been able to witness the desired improvements, and the sector had been badly affected by the internal conflict.

During the Tenth Plan period, the target was to increase tourist arrival at an annual rate of 7.2 percent with the total target of 516,000 tourists. The Plan had set the target to increase foreign currency earning by 8 percent. But the number of tourists continued to decrease during the period of 2000 to 2002. Although there was some improvement in 2003, and the number of tourists increased by 21.5 percent in 2003 and by 14 percent in 2004, the same growth rate could not be sustained in 2005 and the number of tourists dropped by 2.2 percent to 375,000. A slight progress was made in 2006. Accordingly 383,926 tourists visited Nepal and there was an increase of 2.3 percent in the tourist arrival during the Plan period. (Eleventh Interim Plan, NPC, 2007-2010)

11. Three Year Interim Plan (2007-2010)

a) Goals/Objectives of Eleventh Interim Plan:

Focusing on potential markets such as India and China, tourism promotion activities have been carried out also in other countries in the region such as Japan, Singapore, Malaysia, Thailand, and Bangladesh. In order to integrate programs by determining tourism centers, tourism hubs have been selected by the Nepal Tourism Board. By organizing international meetings and seminars to publicize tourism and the cultural heritages of Nepal, as well as by conducting awareness programs for diversification of the tourism industry, the Destination Nepal Campaign (2002-2003) has been concluded. In order to place Nepal as a remarkable destination in the international tourism map, the task of branding, through the slogan “Naturally Nepal: Once is Not enough” has been completed. Through these initiatives, and by revealing the unique natural beauty of Nepal in the international market, the task of introducing Nepal as a major destination has been successful. In order to make a significant contribution towards the national goal of poverty alleviation, and to achieve a sustainable development in tourism, the Tourism for Rural Poverty Alleviation Program (TRPAP) has been successfully completed as a pilot project in 6 districts. This program targets the poor and backward castes and women. Construction of an Integrated Tourism Master Plan with the aim of providing directives to the tourism sector, and the task of making timely improvement and modification in the tourism policy, is nearing completion. With the objective of producing human resources of international standard, courses in Bachelors in Hotel Management and Bachelors in Travel and Tourism Management, are being offered by the Nepal Academy of Tourism and Hotel Management. Likewise, Mountain Academy Nepal, of international standard, has been established. In order to manage mountaineering tourism, the waste management system has been made mandatory for all mountains that have opened for mountaineering. To make the tourism sector professional and attractive, golden jubilee celebration of the first conquest of Mt. Everest and other mountains of more than 8000 m height, have been concluded. Plans of waiving royalty for peaks in the Far Western Region and other regions, and royalty for other mountains under mountaineering practice, are being reviewed. As per the policy of promoting foreign investment in the tourism sector, this

has been opened in the establishment of the tourism industry to conduct activities such as travel, trekking, rafting, pony-trekking, etc. In order to make the travel and trekking business, and adventure and rafting activities regular, safe and organized, efforts of policy and legal improvement are being continued by 2007 making timely changes in the current legal system. As per the policy of developing and expanding the tourism industry, there has been a considerable increase in the number of hotels serving tourists, travel agencies, trekking agencies and star hotels. (Three Year Interim Plan, NPC, 2010-2010)

4.1.3 Prospects of Tourism Industry in Nepal

Tourist use to visit different places in order to gate entertainment. Few destination in the world can match Nepal in the variety of world class experience: be it mountaineering, trekking, mountain biking, nature tours, culture tours, pilgrim tours, white-water rafting, canoning (cascading), kayaking, canoeing, mountain flights, pony trekking, jungle safaris, bird watching, fishing, hang-gliding, ultra-light aircraft ride, bungee jumping etc. In addition, we have several special interest tours like orchid tours, culture trek, honey hunting, village tours, fossil hunting, meditation courses, and shamanism-Panimism tour, cave tours, snow leopard and blue sheep trek and many more that take place throughout the year. Some sectors of tourist attraction are as follows:

4.1.3 Major Tourist Attractions

Nepal represents a blend of ancient history, vibrant cultures and scenic grandeur. Located between China and India, Nepal's main geographical features include snow-crapped peaks, lower mountains, mid hills and fertile Terai plains of tropical jungles. Nearly one third of the total length of Himalayas and 8 of the worlds 14 highest peak are in Nepal. The landlocked country covers an area 147,181 sq. Kilometers ranging from 70 meters to highest pointed 8848 meters above sea level. Nepal's popularity as a tourist destination increased vastly over the years.

a. Adventurous Tourism

While trekking and mountaineering have long been popular, an entire range of other activities are carried out. With the variety of adventure options, the country is a favorite among adventure lovers.

1. Trekking

Trekking is the highlight of a visit of Nepal. The range of geographical features, variety of vegetation and rich Himalayan culture award trekkers with unique trekking experience. Thousands of visitors trek to different nature and culture. Most treks go through altitude between 1000 to 4000 meters, while some popular parts reach over 5000 meters.

Protected regions along the Himanayas like Shey-Phoksundo, Langtang, Sagarmatha, Makalu-Barun, Rara, Kanchenjunga and Shivapuri national parks, and Annapurna and Manaslu conservation areas, provide excellent trekking options. For group trekkers arrangements for food and accommodation are managed by the trekking crew, while independents trekkers can find night rest and food halt at small lodges and tea houses that dot the main trails. Independents trekkers should be self sufficient. As per new regulations, all trekkers are required to carry TIMS Card on their trek.

2. Boating

From glacier fed lakes up north to where rivers ease into the Terai plains, there are numerous lakes in Nepal where tourists can experience the pleasures of boating with famous lakes like Phewa, Begnas, and Rupa, Pokhara is known as the lake city and a popular place to go boating.

In terai, one can go canoeing on Narayani or Rapti rivers near Chitwan National Park. Boats and canoes can be rented from local dealers on hourly basis from nearby area. Pokhara and Chitwan are accessible both by air and road form Kathmandu. A wide variety of accommodation and other facilities are easily available in both the places.

3. Climbing

Rock climbing is a challenging sport for outdoor lovers. Most of the areas for rock climbing are situated towards the north of Kathmandu in the Nagarjun forest and Shivapuri National Park areas. Trip to these places can be combined with hiking, bird watching, nature tours and other activities. Nagarjun, 7 kilometers from Kathmandu city can be reached via Balaju near the New Bus Park, Shivapuri, can be reached via Buddnikantha which is 9 kilometers outside the city area in Kathmandu.

4. Bungy Jump

The ultimate thrill of bungy jumping is offered at one of the best sites in the world. Nepal's bungy jumping site is situated 160 meters over the raging Bhaote Koshi river in the northern part of the country. The site is located close to the Nepal China border at Barabise and is 3 hours bus ride from Kathmandu. A package deal includes the jump, bus ride to the site and meals. Nepalis are entitled to a 30 percent discount. Accommodation and other facilities are available in Barabise.

5. Jungle Safari

The tropical jungles of Nepal's Terai preserve some of the best wildlife habits in the subcontinents, Jungle safaris on elephant back or jeep riders are offered at Chitwan National park, Bardiya National Park, Parsa Wildlife Reserve and Shuklaphanta Wildlife Reserve, all located in Terai. Winter months here are temperate while summer and monsoons are hot and humid. A wide range of tourist facilities are available in and around the areas.

6. Mountain Biking

Nepal's diverse terrain is a mountain biker's dream. Biking offers an environmentally sound way of exploring the country. It is possible to go biking in the entire length of the country. Centuries old dirt roads and trails offers a chance to go on extended trips to exotic locales like Annapurna and Kanchenjunga areas. 21 to 27 gear bicycles are

recommended when riding through Himalayan terrain. Mountain bikes are available for rent at numerous bicycle rental outlets in and around Kathmandu or Pokhara through off routes that weave in and out of the cities. Food and accommodation facilities are available along the main trails. It is recommended to use the services of licensed biking companies.

7. Hunting

Licensed hunting is allowed in Dhorpatan Hunting n western part of Nepal. Dorrpatan Hunting Reserve in western part of Nepal. Dhorpatan is the prime resort of blue sheep, ghoral , sorrow , Himalayan tahr , black bear , pheasant and partridge . Endangered spices here are chir pheasant and red panda. Hunting is allowed only after acquiring license from the Department of National parks and wildlife conservation (DNPWC) in Kathmandu and is restricted to a certain times in a year. Most hunting trips are planned in spring and onset of autumn from February through April and August through October. Dhorpatan is 4-day trek from baglung which is 72km from Pokhara. Accommodation facilities are available in tented camps offered by agencies or at one of the village houses.

8. Honey Hunting

Honey hunting is an age old tradition in Nepal .Local honey hunters shows their exceptional skills by hanging themselves on cliffs as high as 300 meter using bamboo ladders and hemp or ropes, while harvesting the honeycombs.

See the spectacular honey hunting on the sheep bee cliffs to experience the culture and tradition of the local people. See them while you trek in the foothills of the Himalayas.

9. Rafting, Kayaking And Cannoning

Rafting is one of the most exciting ways of exploring Nepal. Option range from paddle rafting a team to alone in the water. Yet another extremely popular water-sport option in cannoning to explore hidden landscapes. Rafting trips are usually planned in the dry seasons from October through mid December and march through early may. The

government had opened 16 rivers grading on a scale of 1 to 5 for commercial rafting. Since safety is of almost importance, choosing a well-reputed rafting company is recommended. It is also important to observe all the safety rules and precautions provided by the river guide.

10. Mountain Flight

Mountain flights offer a luxurious option of Himalayan experience. The one-hour mountain flight takes one close to some of the highest peaks in the world including Mt Everest. One can clearly see and identify the peaks and see the Himalayan landscape and glacier during the flight. The peaks seen are Gosaithan , dorje , lakpa , phurdai chyachu , choba Bhameri , Gaurisankar , Melungtse , chgimago , Numbur , Karyolung , cho-oyu , Gyachungkang , pumori, Nuptse and finally Mt. Everest, Mountain flights are offered by several airlines especially in the morning from the domestic airport in Kathmandu.

11. Paragliding

Paragliding in Nepal gives the opportunities to experience an aerial view of the Himalayas. Pokhara, the beautiful lakeside town at the foot of the Annapurna Mountains offers paragliding services. Sarankot in Pokhara is the take off point. There are various deals from the paragliding veterans and novices. Three day introduction course is offered to beginners, and tandem flight where one can fly with instructor are also offered.

12. Ultralight Aircraft

Ultralight aircrafts offer breathtaking birds's eye view of Pokhara valley and the surrounding mountains. Flights are operated almost through out the year except during the monsoons June through August. Flights take place from sunrise to 11 a.m. and from 3 p.m. to sunset every day especially if the weather is clear and the day is sunny. In the half hour flight, one can fly over Pokhara city, Phewa lake, Sarangkot hill and get close to the Mr. Fishtail. Another option is the exploration of Annapurna range from 12,000 feet or higher in an hour. Pokhara is easily accessible from Kathmandu, Chitwan and other major towns.

13. Angling

Angling is gaining popularity in Nepal as a water sport. Approximately 118 varieties of fresh water fish are found in the Himalayan rivers ranging from the much sought after Masheer to the mountain stream trout varieties. Fishing trips on white water are generally organized before and after the monsoons from February through April and October through November.

14. Mountaineering

Mountains are the prime attraction of Nepal. It has stood as irresistible landmarks for the world's adventures since Nepal opened its doors to visitors in the 1950s. Mountaineering can range from climbing lower peaks which even though considered minor by Himalayan standards and technically quite challenging. There are 33 "trekking peaks" opened by the government. Mountaineering teams can apply for permit at mountaineering section of the ministry of Culture, Tourism and Civil Aviation.

b. Religious and Cultural Tourism:

Nepal offers an incomparable scope to connoisseurs of art and culture to see and study the different aspects of fine art in its painting, sculpture, woodcarving and architecture. Nepal is the birth place of Gautam Buddha, the light of Asia and Sita, the wife of holy god Ram. Lumbini of Nepal is the birth place of Buddha and Janakpur is the birth place of Sita. More than 80% people of total pupation believe in Hinduism which has a lot of famous temples of Hindu goddess. Similarly it has number of holy places of Buddhism such as Stupa, Chaitya and Ghumba. The kathmandu valley is well know as city having more temples compare to houses. The three main historic cities of Kathmandu, Patan and Bhaktapur with numerous historical monuments, old palaces and palace squares, shrines and temples, ageless traditions and legends make it a vertical living museum. The Kathmandu Valley boasts seven UNESCO World Heritage Sites all within a radius of 20 km.

4.2 Analysis of the Status of Tourist Arrival in Nepal

Nepal is the peaceful place having several river, lake, mountain and so forth. Foreigners use to come in Nepal in order to enjoy and visit such peaceful and beautiful areas. In this section, an attempt has been made to show the status of the tourist arrival in Nepal.

4.2.1 Total Annual Tourist Arrival

We can see the real status of the tourist arrival from different manners. First of all, total number of arrival per year for the study period can be observed. Table 5.1 shows the history of tourist arrival during the period of 1995/96 to 2009/10.

Table 5.1 shows the history of tourist arrival in Nepal. According to the table, larger number of tourist arrival in Nepal is in 2008/09 and the smaller number is in 2003/04. In the year 2008/09, total number of tourist arrival is 526705 and in the year 2003/04, the number is 275468. But the tourist arrival is decreased in the year 2009/10. In the total composition of tourist arrival can be explained with help of above table 5.1.

As demonstrated in the Table 5.1, after the restoration of democracy, it is clear that higher no of tourist arrival is in the year 2008/09 whereas the lower number is in 2003/04. In the year 2009/10, it is further decreased. Tourism business is largely affected by political situation of the country. If there is the political stability in the country, large number of tourist will come to visit different places of the country. If not so, the number of tourist arrival decreases drastically. We can see the proof of this reality by observing the history of tourist arrival during the study period.

Table 4.1
Status of the Tourism Arrival in Nepal

Year	Number of Tourist Arrival	Average
------	---------------------------	---------

	By Air		By Land		Total		Length of Stay (Days)
	Number	%	Number	%	Number	%	
1995/96	289381	89	37150	11	326531	100.00	10.00
1996/97	325035	89	38360	11	363395	100.00	11.27
19997/98	343246	87	50367	13	393613	100.00	13.50
19998/99	371145	88	50712	12	421857	100.00	10.49
19999/00	398008	86	65676	14	463684	100.00	10.76
2000/01	421243	86	70261	14	491504	100.00	12.28
2001/02	376914	81	86732	19	463646	100.00	11.88
2002/03	299514	83	61732	17	361237	100.00	11.93
2003/04	218660	79	56808	21	275468	100.00	7.92
2004/05	275438	81	62694	19	338132	100.00	9.60
2005/06	297335	77	87962	23	385297	100.00	13.51
2006/07	277346	74	98052	26	375398	100.00	9.09
2007/08	283819	74	100107	26	383926	100.00	10.20
2008/09	360713	68	165992	32	526705	100.00	11.96
2009/10	374661	74.9	125616	25.1	500277	100.00	11.78

Source: Nepal Tourism Statistics, 2010, Kathmandu

As demonstrated in the table 4.1, the year 2002 is not good for tourism business because Nepal was facing the political insurgency. The insurgency was in peak stage in 2002 and due to such insurgency, emergency was also declared. Now, Nepal is oriented towards the peace process and it is hoped that tourism business will flourish in near future.

4.2.2 Monthly Status of the Tourist Arrival in Nepal

Each season and month creates both opportunity and threats in tourist arrival. Similarly, tourist can get different types of entertainment in different season. In order to identify the measure season of tourist arrival in Nepal, we should see the history of tourist arrival by month. All the status of the tourist arrival by month is presented in table 5.2 below.

Table 4.2
Tourist Arrival by Month

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Jan	21735	22207	27866	25585	28822	29752	25307	30454	17176	21215	30988	25477	28769	33192	36913
Feb	24872	28240	29676	32861	37956	38134	38959	38680	20668	24349	35631	20338	25728	39934	46675
Mar	31586	34219	39336	43117	41338	46218	44944	46709	28815	27737	44290	29875	36873	54722	58735
Apr	27292	33994	36331	35229	41087	40774	43635	39083	21253	25851	33514	23414	21983	40942	38475
May	26232	27843	29728	33456	35814	42712	28363	28345	19887	22704	26802	25514	22870	35854	30410
Jun	22907	25650	26749	26367	29181	31049	26933	13030	17218	20351	19793	22608	26210	31316	24349
July	19739	23980	22684	26091	27895	27193	24480	18329	16621	22661	24860	23996	25183	35437	25427
Aug	27610	27686	29080	35549	36174	38449	34670	25322	21093	27568	33162	36910	33150	44683	40011
Sep	27959	30569	32181	31981	39664	44117	43523	31170	23752	28724	25496	36066	33362	45552	41622
Oct	39393	46845	47314	56272	62487	66543	59195	41245	35272	45459	43373	51498	49670	70644	66421
Nov	28008	35782	37650	40173	47403	48865	52993	30282	28723	38398	36381	41505	44119	52273	52399
Dec	29198	26380	34998	35116	35863	37698	40644	18588	24990	33115	31007	38170	36009	42156	38840
Total	326531	363395	393613	421857	463684	491504	463646	361237	275468	338132	385297	375398	383926	526705	500277

Source: Nepal Tourism Statistics, 2010, Katmandu

Table 4.2 present the real status of the arrival by month for the study period. According to the tourist arrival from the year 1995 to 2000 has been gradually increasing. After the year 2000, the status of the tourist arrival started to decrease and recorded the lowest in 2002 then after it has been seen progressive way and in 2008 and it is the highest among all.

As demonstrated in the table 5.2, it is clear that tourist arrival in different moth is not evenly distributed. However, the tourist arrival in the month of October, November and December is comparatively higher than other different months.

4.2.3 Tourist Arrival by Nationality

Tourist uses to visit different places from different country. Nationality largely affects the tourism business because is operated for and with the people from different nationalities. Some major countries and tourist arrival during the study period have been presented in table 4.3.

As presented in table 4.3, it is clear that majority of the tourist come to Nepal from India. More precisely, 26.96 percent tourist comes from India followed by Japan (7.46 percent), UK (7.4 percent), and Germany (6.1 percent) and so on. According to the table, 22.33 percent tourists came from other different countries. Contribution of tourist arrival from some countries like Austria, Canada, and Denmark has lower.

Table 4.3
Status of the Tourist Arrival during the Study period by Nationality

S.N.	Nationality	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total	% of the total
1	Australia	9747	9210	9720	10227	11132	11873	12189	10455	7159	7916	9671	7093	8231	12369	13846	150838	2.45
2	Austria	2927	3852	4163	3986	4603	6377	5221	4164	3140	3025	4341	3007	3474	4473	3540	60293	1.05
3	Canada	4432	5047	5480	6245	7136	7578	8590	7068	3747	4154	4825	4168	4733	7399	8132	88734	1.47
4	Denmark	3332	4629	4454	4322	4781	4577	4847	3854	2040	2178	2633	1770	1956	3157	3847	52377	1.33
5	France	18638	19208	11913	21573	21992	24490	24506	21187	13376	15865	18938	14108	14835	20250	22402	283281	4.99
6	Germany	44530	33971	24963	22374	23862	26378	26263	21577	15774	14866	16025	14345	14361	21323	18552	339164	6.86
7	India	102540	117260	122512	133438	143229	140661	95915	64320	66777	86363	90326	95685	93722	96010	91177	1539935	26.96
8	Italy	9715	10267	10258	11034	12864	12870	11491	8745	8057	8243	12376	8785	7736	11243	7914	151598	2.67
9	Japan	19569	25360	28923	35038	37386	38893	41070	28830	23223	27412	24231	18239	22242	27058	23383	420857	7.26
10	Netherlands	8669	8681	8718	9214	14403	17198	16211	13662	8306	8443	11160	8947	7207	10589	10900	162308	2.86
11	Spain	6228	7129	8658	8621	8832	9370	8874	5897	5267	8265	11767	8891	10377	15672	13851	137699	2.14
12	Switzerland	4921	5981	6961	10630	6644	8431	6230	5649	3352	3246	3788	3163	3559	5238	5186	82979	1.48
13	Srilanka	888	1172	5758	4021	11031	12432	16649	9844	9805	13930	16124	18770	27413	49947	37871	235655	2.38
14	USA	21646	24655	25115	30056	35902	39332	40442	32052	17518	18838	20680	18539	19833	29783	30076	404467	6.96
15	UK	22504	26786	29466	29998	35499	36852	37765	33533	21007	22101	24667	25151	22708	32367	33658	434062	7.41
16	Others	48045	60214	78511	81080	84338	94192	107383	90400	66920	93287	113754	124737	120732	176312	171989	1511894	22.30
17	Not specified	00	00	00	00	00	00	00	00	00	00	00	00	4005	3515	4007	11527	0.18
Total		326531	363395	393613	421857	463684	491504	463646	361237	275468	338132	385297	375398	383926	526705	500277	6070670	100.00

Source: Nepal Tourism Statistics, 2010, Kathmandu

4.2.4 Breakdown of Tourist Arrival in the year 2009 by Nationality

In order to find out the major country of tourist arrival, data of 2008 has been taken from the previous table and presented further in table 4.4. It highlights the real status of the tourist arrival by nationality

Table 4.4
Status of the Tourist Arrival in 2009 by Nationality

SN	Nationality	Tourism Arrival	Percentage of Total	Rank
1	Australia	13846	2.35	10
2	Austria	3540	0.84	16
3	Canada	8132	1.40	12
4	Denmark	3847	0.60	15
5	France	22402	3.84	7
6	Germany	18552	4.04	8
7	India	91177	18.22	2
8	Italy	7914	2.13	13
9	Japan	23383	5.14	6
10	Netherlands	10900	2.01	11
11	Spain	13851	2.98	9
12	Switzerland's	5186	0.99	14
13	Sri Lanka	37871	9.48	3
14	USA	30076	5.65	5
15	UK	33658	6.15	4
16	Others	171989	33.47	1
17	Not specified	4007	0.66	-
	Total	500277	100.00	-

Source: Nepal Tourism Statistics, 2010, Kathmandu

As presented in table above, the number of tourist arrival in the year 2008 from India is highest among more than 16 countries. According to the table, 18.22 percent of the total tourists arrived to Nepal from India. However, major `majority of the tourists (33.47 percent) arrived from other countries. Second larger number of tourists was from Sri Lanka, UK, USA, Japan, Germany, and France and so on. However, total number of tourist arrival from Austria, Denmark and Switzerland is lower as compared to remaining countries listed in the table.

Based on the above discussion, we can say that India covers the large area in tourist arrival in Nepal. It is because India is the neighboring country of Nepal and due to the open border; people can visit to Nepal without any difficulties. Historically, there was the warm business relationship between India and Nepal. However, Nepal could not have been taking advantages of business activities due to weak implementation and monitoring the agreement between two countries. If we systematize in our business policies, Nepal can receive good remuneration from tourism. For that we can establish the good relationship between two countries by implementing the business agreements and by starting the research and development program in order to strengthen the tourism business. Other countries like Japan, America, Netherlands, Germany, France etc. are also the good partner of Nepalese development. Geographically, they are far from Nepal but they provide different types of help and assistance to Nepal. These countries have been providing the help to different sector as construction, education, food and so on. We could forget their help to strengthen the tourism sector also.

4.2.5 Comparison of Tourist Arrival between the Year 2008 and 2009 by Nationality

The current status of the tourist arrival is also available in the Newsletter published by Nepal Tourism Board. In order to see the real status of tourist arrival for the current period data relating to it has been presented in table below.

Figure 4.1

Status of the Tourist Arrival in 2009 by Nationality

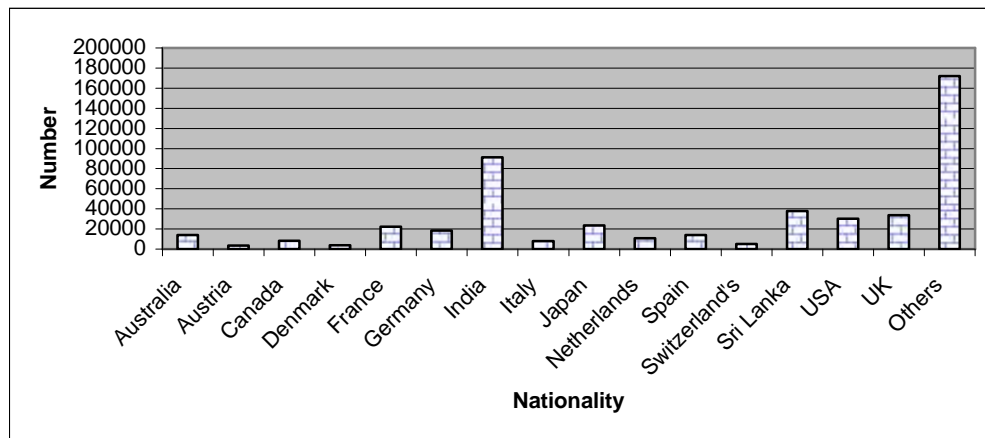


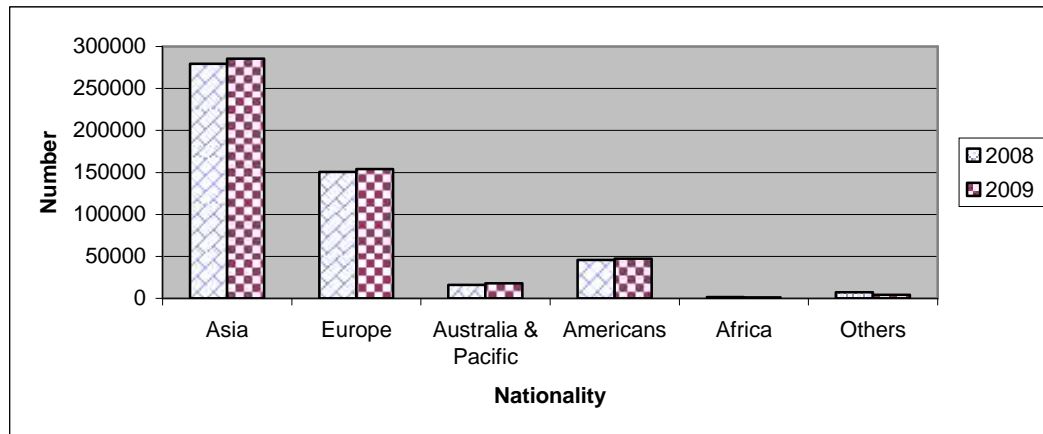
Table 4.5**Comparison of the Tourist Arrival between the Year 2008 and 2009 by Nationality**

Nationality / Country	Year and Tourist Arrival During the Year		% Change	Implication of the Result
	2008	2009		
Asia	279422	285464	2.16	Total arrival from each of the Nationality or Country in 2008 is lower than 2009 except Africa and Others.
Europe	150397	153945	2.35	
Australia & Pacific	16195	17841	10.16	
Americans	45749	47324	3.44	
Africa	1352	1100	-18.63	
Others	7162	4078	-43.10	
Total	500277	509752	1.90	

Source: Nepal Tourism Statistics, 2010, Kathmandu

Status of the tourist can be observed according to the group of countries or nationality also. For that data of the year 2008 and 2009 has been taken and presented in the table above. According to the table, tourist arrival from each nationality in the year 2009 taken in the study is higher than that of 2008. As presented in the table tourist arrival from Asian countries in 2009 is increased by 2.16 percent as compared to 2008. According to the table, tourist arrival from Europe, Australia & Pacific, America, Africa and Others in the year 2009 is increased by 2.35 percent, 10.16 percent, 3.44 percent where as Africa and other in the year 2009 is decreased by 19.63 percent and 43.10 percent respectively. Based on the above presentation, we can say that political event largely affects the tourist arrival. Therefore, policy makers have to make proper plan and policy to maintain the trend of such arrival in order to get higher income from tourism sector.

Figure 4.2
Comparison of the Tourist Arrival between the Year 2008 and 2009 by Nationality



4.2.6 Comparison of Tourist Arrival between the Year 2008 and 2009 by Month

As we know in the previous section that total number of tourist arrival has decreased in the year 2009 in comparing to year 2008. In order to see the real status of the tourist arrival by months for both of the year 2008 and 2009 is presented in the table below:

Table 4.6
Status of the Tourist Arrival between the year 2008 and 2009 by Month

Months	Year and Tourist Arrival		Percentage Change
	2008	2009	
January	33192	36913	15.37
February	39934	46675	48.40
March	54722	58735	48.41
April	40942	38475	86.24
May	35854	30410	56.77
June	31316	24349	19.48
July	35437	25427	40.72
August	44683	40011	34.79
September	45552	41622	36.54
October	70644	66421	42.27
November	52273	52399	18.48
December	42156	38840	17.07
Total	526705	500277	37.19

Source: Summary of Tourism Statistics, 2008 and 2009, Ministry of Culture, Tourism and Civil Aviation, Kathmandu

From above table 4.6 that the tourist arrival in 2009 by months are compared to the year is lower in all seasons and all time which indicates that tourist arrival Nepal after peace process is significantly high. We can see it is very high in April 2008 by 86.24 percent and followed by May by 56.77 percent and February and March by 48.40 and 48.10 percent respectively. It is recorded less number of tourist arrival on the month January by 15.37 percent, followed by December, November and June by 17.07, 18.48 and 19.48 respectively. Total number of tourist arrival is 37.19 percent higher than the same period previous year.

4.2.7 Tourist Arrival by Continents

Continents mean each of the main landmasses of the earth i.e. Europe, Asia, Africa, North and South America, Australia and Antarctica. Total tourist arrival by continents during the study period has been presented in the table 4.7 and 5.8. In order to clarify further, we can take the help of table 4.7 also.

Table 4.7
Tourist Arrivals by Continents

year	Continents									Total
	North America	Central & S. America	Western Europe	Eastern Europe	Africa	Asia	Australia & Pacific	Others	Not Specific	
1995	26078	3083	132518	2664	915	150982	9905	386		326531
1996	29702	3049	133809	3860	1073	080377	11499	26		363395
1997	30635	4230	132787	6114	1775	205809	12233	30		393613
1998	36301	4554	137028	6416	1645	222849	13047	17		421857
1999	43038	5937	151070	6741	1795	240460	14635	8		463684
2000	46910	6096	164913	6723	1857	249793	15207	5		491504
2001	49032	6076	159325	6992	2040	224532	15641	8		463646
2002	39120	4634	131661	6201	1596	164989	13036	-		361237
2003	21265	2793	87912	5276	1132	148670	8420	-		275468
2004	22992	2262	95162	6451	1612	200045	9605	-		338132
2005	25505	4373	116505	7661	1161	218387	10947	-	758	385297
2006	22853	3559	98046	8263	1302	230282	8317	-	2776	375398
2007	24566	4764	97278	10613	1125	231812	9763	-	4005	383926
2008	37182	6486	140630	16643	1350	304225	14506	2177	3515	526705
2009										

Source: Nepal Tourism Statistics, 2010, Kathmandu

Table 4.8
Tourist Arrivals by Continents Expressed as Percentage

Year	Continents									Total
	North America	Central & S. America	Western Europe	Eastern Europe	Africa	Asia	Australia & Pacific	Oth ers	Not Specific	
1995	9747	9210	9720	10227	11132	11873	12189	10455	7159	100
1996	2927	3852	4163	3986	4603	6377	5221	4164	3140	100
1997	4432	5047	5480	6245	7136	7578	8590	7068	3747	100
1998	3332	4629	4454	4322	4781	4577	4847	3854	2040	100
1999	18638	19208	11913	21573	21992	24490	24506	21187	13376	100
2000	44530	33971	24963	22374	23862	26378	26263	21577	15774	100
2001	102540	117260	122512	133438	143229	140661	95915	64320	66777	100
2002	9715	10267	10258	11034	12864	12870	11491	8745	8057	100
2003	19569	25360	28923	35038	37386	38893	41070	28830	23223	100
2004	8669	8681	8718	9214	14403	17198	16211	13662	8306	100
2005	6228	7129	8658	8621	8832	9370	8874	5897	5267	100
2006	4921	5981	6961	10630	6644	8431	6230	5649	3352	100
2007	888	1172	5758	4021	11031	12432	16649	9844	9805	72.9
2008	21646	24655	25115	30056	35902	39332	40442	32052	17518	100
2009										

Source: Nepal Tourism Statistics, 2010, Kathmandu

Status of the tourist arrival by continents has been demonstrated in the table 4.9 above. The number of tourist arrival from South America and Africa is higher that of other nationalities. Comparatively, the number of tourist arrival from North America, Western Europe as well as Eastern Europe is lower.

4.2.8 Mode of Transportation

Mode of transportation is also an issue of current research as the two modes of transportation viz. Air and Land taken in the study, majority of the tourist use the Air in

order to arrive in Nepal. Air is the most important mode of transportation for tourist arrival. More precisely, lower than 26 percent tourist visit Nepal by using Land. The number of tourist arrival from land is 26 percent in the year 2006, 32 percent in the year 2007, 35 percent in the year 2008 and 39 percent in the year 2009. The result shows that majority of the tourist arrive via air.

4.2.9 Average Length of Stay

The more the tourist lives in the country, the more income the country can receive from them. How much income the country gains from tourism depends upon the average length of time they use to live in the country. Table 4.9 shows the average stay of tourist in Nepal during the study period.

Table 4.9
Average Length of Tourist's Stay in Nepal

Year	Average Length of Stay (Days)
1994	10.00
1995	11.27
1996	13.50
1997	10.49
1998	10.76
1999	12.28
2000	11.88
2001	11.93
2002	7.92
2003	9.60
2004	13.51
2005	9.09
2006	10.20
2007	11.96
2008	11.78

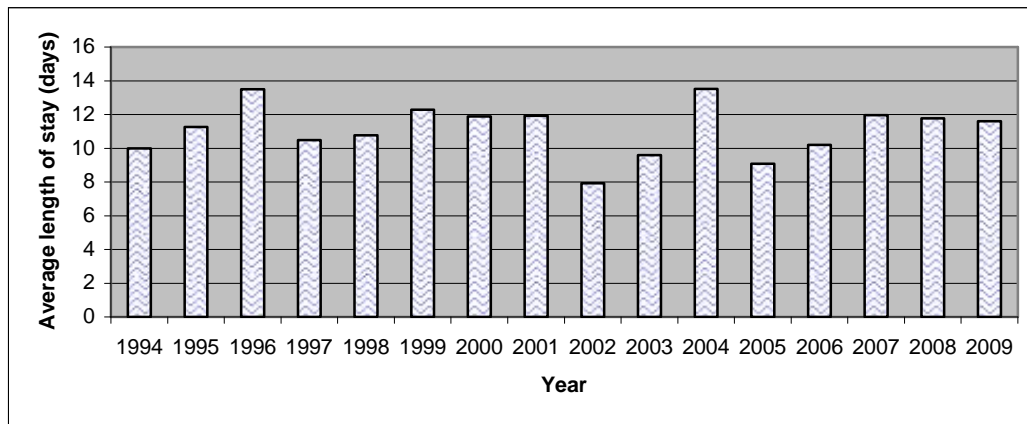
2009	11.60
------	-------

Source: Nepal Tourism Board, 2010

As the data presented in table 4.9, it is clear that average length of tourist's stay is ranged from 7.92 days to 13.51 days. The average length of stay is higher in 2004 and it is lower in 2002. The average length of stay is increased in 2007 and it is decreased in 2008 and 2009.

Figure 4.3

Average Length of Tourist's Stay in Nepal



4.3 Purpose of Visit in Nepal

Tourists arrive to Nepal to fulfill their different purpose. Some of them come to Nepal for entertainment and some of their purpose is to conduct conference and meeting in Nepal. More precisely, the tourists come to Nepal for holiday pleasure, trekking and mountaineering, business, pilgrimage, official, conference and other. The real status of the purpose of tourist arrival has been presented in table below:

The real history of the tourist arrival taking different purpose has been presented in table 4.10. According to the table; the number of tourist arrival for the purpose of holiday pleasure is higher than that of others. It indicates that majority of the tourists use to visit Nepal in order to get entertainment and relief. Although the largest number of tourists visited Nepal for recreational purposes i.e. 173383 (34.0%), adventure tourists posted the highest average length of stay in the country. The average length of stay was recorded as 11.96 days. By this, we can say that Nepalese policy maker have to identify and strength

the new places to provide fully satisfaction to the strength the purpose of the tourist arrival in Nepal has been demonstrated in the following figure 4.4:

Table 4.10
Purpose of Visit in Nepal

Year	Purpose of Visit							Total
	Holiday	Trek and Mountg.	Business	Pilgrimage	Official	Conference	Other	
1995	168155 (51.50)	76855 (23.54)	23522 (7.20)	5475 (1.68)	20431 (6.26)	5361 (1.64)	26722 (8.18)	326531 (100.00)
1996	183207 (50.42)	84787 (23.33)	21829 (6.01)	5257 (1.45)	20090 (5.53)	5272 (1.45)	42953 (11.82)	363395 (100.00)
1997	209377 (53.19)	88945 (22.60)	25079 (6.37)	4802 (1.22)	20191 (5.13)	6054 (1.54)	39165 (9.95)	393613 (100.00)
1998	249360 (59.11)	91525 (21.70)	27409 (6.50)	4068 (0.96)	24106 (5.71)	5824 (1.38)	19565 (4.64)	421857 (100.00)
1999	261347 (56.36)	112644 (24.29)	24954 (5.38)	16164 (3.94)	22123 (4.77)	5181 (1.12)	21271 (4.59)	463684 (100.00)
2000	290862 (59.18)	107960 (21.97)	23813 (4.84)	19198 (3.91)	24132 (4.91)	5965 (1.21)	19574 (3.98)	491504 (100.00)
2001	255889 (55.19)	118780 (25.62)	29454 (6.35)	15801 (3.41)	20832 (4.49)	5599 (1.21)	17291 (3.73)	463646 (100.00)
2002	187022 (51.77)	100828 (27.91)	18528 (5.13)	13816 (3.82)	18727 (5.18)	0 (0.00)	22316 (6.18)	361237 (100.00)
2003	110143 (39.98)	59279 (21.59)	16990 (6.17)	12366 (4.49)	17783 (6.46)	0 (0.00)	58907 (21.38)	275468 (100.00)
2004	97904 (28.95)	65721 (19.44)	19387 (5.73)	21395 (6.33)	21967 (6.50)	0 (0.00)	111758 (33.05)	338132 (100.00)
2005	167262 (43.41)	69442 (18.02)	13948 (3.62)	45664 (11.85)	17088 (4.44)	0 (0.00)	71893 (18.66)	385297 (100.00)
2006	160259 (42.69)	61488 (16.38)	21992 (5.86)	47621 (12.69)	16859 (4.49)	0 (0.00)	67179 (17.90)	375398 (100.00)
2007	217815 (41.4)	101320 (19.2)	24487 (4.6)	52594 (10.0)	21670 (4.1)	8019 (1.5)	78579 (14.9)	526705 (100.00)
2008	148180 (29.60)	104822 (21.00)	23039 (4.60)	43044 (8.60)	45091 (9.00)	6938 (1.40)	129163 (25.80)	526705 (100.00)
2009	173383 (34.0)	106538 (20.90)	23958 (4.7)	53014 (10.40)	38742 (7.60)	7069 (1.40)	107048 (21.00)	509752 (100.00)

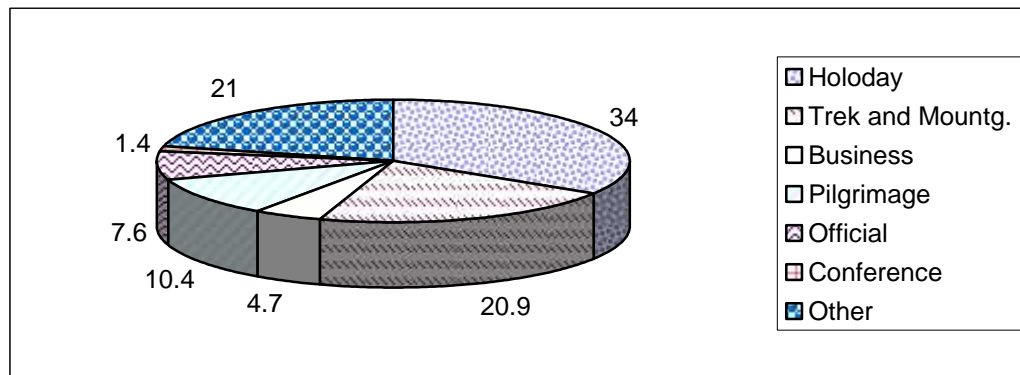
Sources: Nepal Tourism Statistics, 2010, Katmandu

Note: Values in parenthesis indicate percentage of the total.

As demonstrated in the figure 4.4, it is obvious that most of the tourists use to come to Nepal for holiday pleasure followed by trekking and mountaineering and so on. The result indicates that Nepalese policy makers have to develop and properly manage the

new and beautiful places so that tourist can fully satisfy with their visiting. There are so many possibilities of trekking and mountaineering in Nepal. Therefore the policy makers need to make the plan and policies, in order to develop trekking and mountaineering business effectively and from systematic manner.

Figure 4.4
Purpose of Visit in Nepal in 2009



4.3.1 Status of the Foreign Exchange Earning and Contribution of Earning from Tourism Sector

Foreign exchange earning is very essential for national developing. If the country buys goods and services from the foreign countries, it has to made payment on convertible currencies. The countries receive such currencies from different manner. Total foreign currency earning from different sources during the study period has been presented in table 4.11.

Table 4.11
Status of the Gross Foreign Exchange Earning in Convertible Currencies

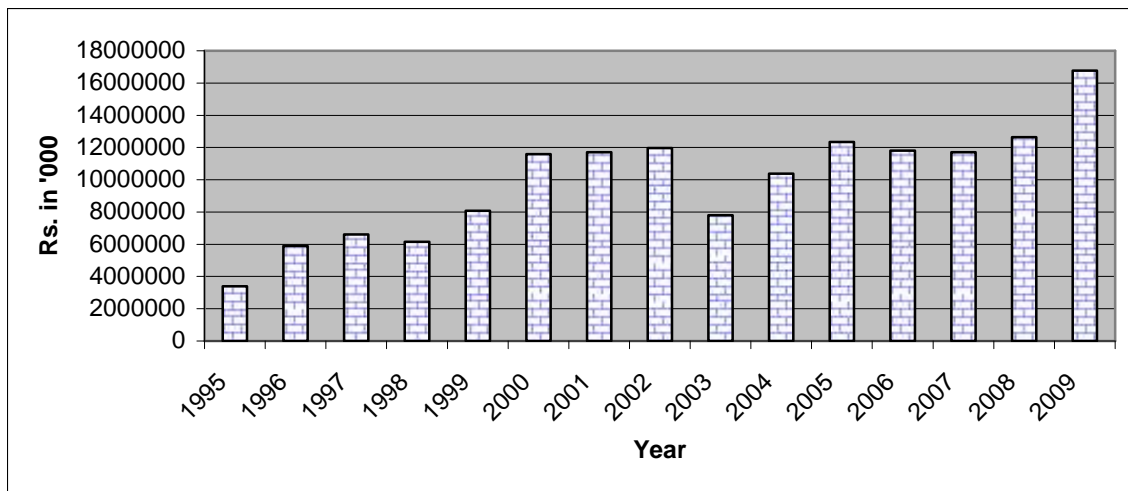
SN	Fiscal Year	Earning (Rs.'000')	% Change	Rank
1	1995	33,97,600	2.3	15
2	1996	58,96,200	71.1	14
3	1997	66,05,800	0.4	12
4	1998	61,58,800	-8.8	13
5	1999	80,84,930	20.7	10
6	2000	1,15,84,912	30.8	9
7	2001	1,17,09,098	-0.9	7

8	2002	1,19,69,174	-4.3	4
9	2003	77,98,535	-37.5	11
10	2004	1,03,69,409	32.1	8
11	2005	1,23,37,977	25.3	3
12	2006	1,18,14,853	-2.2	5
13	2007	1,17,10,893	-3.6	6
14	2008	1,26,45,761	10.2	2
15	2009	1,67,67,000	32.58	1

Sources: Nepal Tourism Statistics, 2010, Katmandu

Figure 4.5

Status of the Gross Foreign Exchange Earning in Convertible Currencies



The total foreign currency earning in Nepal was highest in 2000 2005 and 2009. It is 6.97 percentages higher than previous year 1999. The total earning from foreign currency drastically decreases in there after.

Table 4.12

Status of the Gross Foreign Exchange Earning in Convertible Currencies from Tourism Business in Nepal

Year	Total Foreign Exchange Earning (Rs. In million)	As % of total Value of Mer. Export	As % of total Value of Mer. Export of Goods & non Factor Services	As % Foreign Exchange Earning	As % of GDP
1995	8251.70	42.7	22.4	18.9	4.1
1996	8973.20	50.0	21.6	17.3	4.1
1997	9521.20	47.9	23.3	21.4	3.8
1998	8523.00	37.6	13.7	17.6	3.0
1999	9881.60	35.9	17.4	15.2	3.3
2000	12617.80	34.1	18.5	15.9	3.6
2001	12073.90	24.2	13.0	8.8	3.2

2002	11717.00	21.0	12.0	7.4	2.9
2003	8654.30	14.9	10.6	6.1	2.1
2004	11747.70	23.1	15.2	8.2	2.6
2005	18147.40	32.9	20.3	11.4	3.7
2006	10464.00	17.5	12.2	6.1	1.8
2007	18653.00	30.1	17.9	6.7	2.3
2008	27960.00	40.0	22.8	6.5	2.9
2009	16676.0	40.0	23.1	6.0	2.1

Sources: Nepal Tourism Statistics, 2010, Katmandu & Economic Survey

Even the earning grew by negative but at 2008 it has seen some improvement and reached in positive double digit numbers. In order to know the contribution of foreign currency earning from tourism sector the real status of the earning from tourism sector has been presented in table 4.12.

Role of earning from tourism sector in total earning can be observed. In order to observe the fact it is seen that the data has presented in table 4.12. According to the table, in the year 1995, earning from tourism sector covers 42.7 percent of total merchandise export of Rs. 8251.70 million, 22.4 percent of merchandise export of goods and non factor services, 18.9 percent of foreign exchange earning and 4.1 percent of gross domestic product where as in the year 2007 earning from tourism sectors cover 14.9 percent of total merchandised exports, 9.8 percent of merchandised exports of goods and non factors services, 4.4 percent of foreign exchange earning and 0.9 percent of GDP. It shows that, the earning from tourism sector contributes more to GDP in the year 1996 and less in 2007 but in the fiscal year 2008, it is slightly increased.

Figure 4.6
Status of the Gross Foreign Exchange Earning in Convertible Currencies from Tourism Business in Nepal

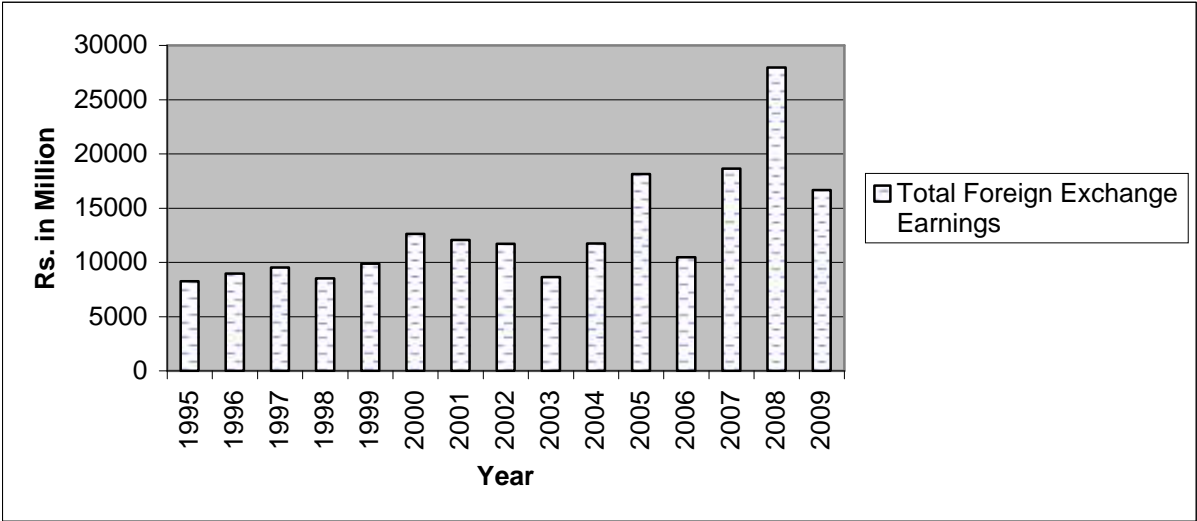


Table 4.13
Tourism Income in Convertible Currency by Sectors (FY 2009/2010)

Sectors	Shrawan	bhadra	aswin	Kartik	marga	poush	Magh	falgun	chaitra	Baisakh	jestha	asadh	total
Hotels	34333	49029	80230	98597	58635	60236	71134	66908	68028	57858	55352	43378	743736
Travel agency	304772	347116	260851	273549	303478	290217	281788	240985	377790	281239	339802	345056	3746643
Airlines	36800	169675	169264	126145	124164	145028	159790	158912	163614	132553	136594	170852	1693391
Trekking & Rafting	50827	69223	108804	85897	50514	69955	59017	119047	111804	101840	79421	55129	961478
Tourists	9747	9210	9720	10227	11132	11873	12189	10455	7159	7916	9671	7093	4093153
Others	2927	3852	4163	3986	4603	6377	5221	4164	3140	3025	4341	3007	1407360
Total Tourism Income(rs '000)	4432	5047	5480	6245	7136	7578	8590	7068	3747	4154	4825	4168	10645761
INR/USD rate (month end)	3332	4629	4454	4322	4781	4577	4847	3854	2040	2178	2633	1770	
Equivalent US\$ ('000)	18638	19208	11913	21573	21992	24490	24506	21187	13376	15865	18938	14108	181242

Sources: Nepal Tourism Statistics, 2010, Katmandu

In the table given above it is trying to show Income in Convertible Currency from the tourism business in Nepal. And it is seen that the last month of year is fruitful to collect more dollar due to fall in rate of dollar comparing to Nepali currency. Here, we can see that tourist itself spend 4.093,153 thousand rupees where travel agencies playing second role to collect money. We can see that hotels are not playing vital role to collect income from the tourists.

Table 4.14
Gross Foreign Exchange Earnings In Convertible Currencies

Year	Total Earning		% change in US\$	Average income per capita in US\$	Average income per Visitor per day
	US\$ (000)	Rs. (000)			
1995	88195	4341700	32.9	393.7	39.4
1996	116784	6059000	32.4	474.5	42.1
1997	116644	6599700	-0.1	430.3	31.9
1998	9747	9210	9720	10227	11132
1999	2927	3852	4163	3986	4603
2000	4432	5047	5480	6245	7136
2001	3332	4629	4454	4322	4781
2002	18638	19208	11913	21573	21992
2003	44530	33971	24963	22374	23862
2004	102540	117260	122512	133438	143229
2005	9715	10267	10258	11034	12864
2006	19569	25360	28923	35038	37386
2007	8669	8681	8718	9214	14403
2008	6228	7129	8658	8621	8832
2009	261360	18033840	13.4	547.0	52.2

Sources: Nepal Tourism Statistics, 2010, Katmandu

This table 4.14 is trying to explain average income per capita in US\$ and average income per visitor per day. In the year 1995, average income per capita in US\$ was 393.7 and average income per visitor per day was 39.4\$. Which become significantly high in the year 2004, when average income per capita in US\$ was 765.9 and average income from per visitor per days was 79.1\$. In 2008, it is recorded that average income per capita in US\$ is 535.0 and average income from per visitor per days was 45.0\$. In 2009, it is

recorded that average income per capita in US\$ is 547.0 and average income from per visitor per days was 52.20\$.

4.4 Major Findings of the Study

The major findings of the study are as follows:

- a) From study the tourist arrival from the year 1995 to 2000 has been gradually increasing. After the year 2000, the status of the tourist arrival started to decrease and recorded the lowest in 2002 then after it has been seen progressive way and in 2008 and it is the highest among all.
- b) Regarding the tourist arrival in Nepal, larger number of tourist arrival in Nepal is in 2008/09 and the smaller number is in 2003/04. In the year 2008/09, total number of tourist arrival is 526705 and in the year 2003/04, the number is 275468. But the tourist arrival is decreased in the year 2009/10.
- c) After the restoration of democracy, it is clear that higher number of tourist arrival is in the year 2008/09 whereas the lower number is in 2003/04. In the year 2009/10, it is further decreased. Tourism business is largely affected by political situation of the country. If there is the political stability in the country, large number of tourist will come to visit different places of the country. If not so, the number of tourist arrival decreases drastically. From the study the year 2002 is not good for tourism business because Nepal was facing the political insurgency.
- d) Status of the tourist can be observed according to the group of countries or nationality also. For that data of the year 2008 and 2009 has been taken and presented in the table above. According to the table, tourist arrival from each nationality in the year 2009 taken in the study is higher than that of 2008. As presented in the table tourist arrival from Asian countries in 2009 is increased by 2.16 percent as compared to 2008. According to the table, tourist arrival from Europe, Australia & Pacific, America, Africa and Others in the year 2009 is increased by 2.35 percent, 10.16 percent, 3.44 percent where as Africa and other in the year 2009 is decreased by 19.63 percent and 43.10 percent respectively. Based on the above presentation, we can say that political event largely affects the

tourist arrival. Therefore, policy makers have to make proper plan and policy to maintain the trend of such arrival in order to get higher income from tourism sector.

- e) From study it was found that the tourist arrival in 2009 by months are compared to the year is lower in all seasons and all time which indicates that tourist arrival Nepal after peace process is significantly high. It was very high in April 2008 by 86.24 percent and followed by May by 56.77 percent and February and March by 48.40 and 48.10 percent respectively. It is recorded less number of tourist arrival on the month January by 15.37 percent, followed by December, November and June by 17.07, 18.48 and 19.48 respectively. Total number of tourist arrival is 37.19 percent higher than the same period previous year.
- f) From the study it was found that in the year 1995, earning from tourism sector covers 42.7 percent of total merchandise export of Rs. 8251.70 million, 22.4 percent of merchandise export of goods and non factor services, 18.9 percent of foreign exchange earning and 4.1 percent of gross domestic product where as in the year 2007 earning from tourism sectors cover 14.9 percent of total merchandised exports, 9.8 percent of merchandised exports of goods and non factors services, 4.4 percent of foreign exchange earning and 0.9 percent of GDP. It shows that, the earning from tourism sector contributes more to GDP in the year 1996 and less in 2007 but in the fiscal year 2008, it is slightly increased. This figure is trying to explain average income per capita in US\$ and average income per visitor per day. In the year 1995, average income per capita in US\$ was 393.7 and average income per visitor per day was 39.4\$. Which become significantly high in the year 2004, when average income per capita in US\$ was 765.9 and average income from per visitor per days was 79.1\$. In 2009, it is recorded that average income per capita in US\$ is 547.0 and average income from per visitor per days was 52.20\$
- g) Based on the study, it can be said that India covers the large area in tourist arrival in Nepal. It is because India is the neighboring country of Nepal and due to the open border; people can visit to Nepal without any difficulties. Historically, there was the warm business relationship between India and Nepal. However, Nepal

could not have been talking advantages of business activities due to weak implementation and monitoring the agreement between two countries.

- h) From the study, it is clear that average length of tourist's stay is ranged from 7.92 days to 13.51 days. The average length of stay is higher in 2004 and it is lower in 2002. The average length of stay is increased in 2007 and it is decreased in 2008 and 2009.
- i) From the study the number of tourist arrival for the purpose of holiday pleasure is higher than that of others. It indicated that majority of the tourists use to visit Nepal in order to get entertainment and relief. Although the largest number of tourists visited Nepal for recreational purposes i.e. 173383 (34.0%), adventure tourists posted the highest average length of stay in the country. The average length of stay was recorded as 11.96 days. By this, from the study it can be said that Nepalese policy maker have to identify and strength the new places to provide fully satisfaction to the strength the purpose of the tourist arrival in Nepal.
- j) Tourism industry as other sectors of the economy is facing numerous challenges and problems. Growth of visitors may be relatively satisfactory but Nepal has not really been able to earn commensurate to its potential not much efforts seem to have been made in this respect. The entry points to Kathmandu, Nepal are facing serious environmental problems and problems of congestion. This has not helped to boost the image of the country. It also received a lot of negative publicity in international press. Infrastructure needed is not properly developed. The major hurdle to fly to Nepal has been limited by air seat capacity. Roads, communication network and other support services are not adequately developed especially in the rural areas. This has affected the development of products in the country. Tourism industry has been identified as an industry with strong competitive advantage and this has also been listed as the second important thrust area in the perspective vision of the tenth plan. Proper development of the industry, they can lead to significant contribution to the economy

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

"Tourism industry" in its direct and service oriented sector has been developed into biggest and single most important sectoral industry in the world. The main objective of the study is to assess the financial effect on the foreign currency earned by tourism industry in the country's economy. The specific objectives of the study are as follows: a) to show the trend and structures of tourist arrivals in Nepal, b) to examine the impact of tourism industry in government revenue and c) to measure the contribution of tourism industry on foreign currency reserve.

Regarding the tourist arrival in Nepal, larger number of tourist arrival in Nepal is in 2008/09 and the smaller number is in 2003/04. In the year 2008/09, total number of tourist arrival is 526705 and in the year 2003/04, the number is 275468. But the tourist arrival is decreased in the year 2009/10.

After the restoration of democracy, it is clear that higher number of tourist arrival is in the year 2008/09 whereas the lower number is in 2003/04. In the year 2009/10, it is further decreased. Tourism business is largely affected by political situation of the country. If there is the political stability in the country, large number of tourist will come to visit different places of the country. If not so, the number of tourist arrival decreases drastically. From the study the year 2002 is not good for tourism business because Nepal was facing the political insurgency. The insurgency was in peak stage in 2003 and due to such insurgency, emergency was also declared. Now, Nepal is oriented towards the peace process and it is hoped that tourism business will flourish in near future.

From study the tourist arrival from the year 1995 to 2000 has been gradually increasing. After the year 2000, the status of the tourist arrival started to decrease and recorded the lowest in 2002 then after it has been seen progressive way and in 2008 and it is the highest among all.

Other countries like Japan, America, Netherlands, Germany, France etc. are also the good partner of Nepalese development. Geographically, they are far from Nepal but they provide different types of help and assistance to Nepal. These countries have been providing the help to different sector as construction, education, food and so on. We could forget their help to strengthen the tourism sector also.

Status of the tourist can be observed according to the group of countries or nationality also. For that data of the year 2008 and 2009 has been taken and presented in the table above. According to the table, tourist arrival from each nationality in the year 2009 taken in the study is higher than that of 2008. As presented in the table tourist arrival from Asian countries in 2009 is increased by 2.16 percent as compared to 2008. According to the table, tourist arrival from Europe, Australia & Pacific, America, Africa and Others in the year 2009 is increased by 2.35 percent, 10.16 percent, 3.44 percent where as Africa and other in the year 2009 is decreased by 19.63 percent and 43.10 percent respectively. Based on the above presentation, we can say that political event largely affects the tourist arrival. Therefore, policy makers have to make proper plan and policy to maintain the trend of such arrival in order to get higher income from tourism sector.

From study it was found that the tourist arrival in 2009 by months are compared to the year is lower in all seasons and all time which indicates that tourist arrival Nepal after peace process is significantly high. It was very high in April 2008 by 86.24 percent and followed by May by 56.77 percent and February and March by 48.40 and 48.10 percent respectively. It is recorded less number of tourist arrival on the month January by 15.37 percent, followed by December, November and June by 17.07, 18.48 and 19.48 respectively. Total number of tourist arrival is 37.19 percent higher than the same period previous year.

From the study it was found that in the year 1995, earning from tourism sector covers 42.7 percent of total merchandise export of Rs. 8251.70 million, 22.4 percent of merchandise export of goods and non factor services, 18.9 percent of foreign exchange earning and 4.1 percent of gross domestic product where as in the year 2007 earning from tourism sectors cover 14.9 percent of total merchandised exports, 9.8 percent of

merchandised exports of goods and non factors services, 4.4 percent of foreign exchange earning and 0.9 percent of GDP. It shows that, the earning from tourism sector contributes more to GDP in the year 1996 and less in 2007 but in the fiscal year 2008, it is slightly increased. This figure is trying to explain average income per capita in US\$ and average income per visitor per day. In the year 1995, average income per capita in US\$ was 393.7 and average income per visitor per day was 39.4\$. Which become significantly high in the year 2004, when average income per capita in US\$ was 765.9 and average income from per visitor per days was 79.1\$. In 2008, it is recorded that average income per capita in US\$ is 535.0 and average income from per visitor per days was 45.0\$. In 2009, it is recorded that average income per capita in US\$ is 547.0 and average income from per visitor per days was 52.20\$

5.2 Conclusion

From the study the number of tourist arrival from India is highest among more than 16 countries in the year 2008. From the study, 18.22 percent of the total tourists arrived to Nepal from India. However, major `majority of the tourists (33.47 percent) arrived from other countries. Second larger number of tourists was from Sri Lanka, UK, USA, Japan, Germany, and France and so on. However, total number of tourist arrival from Austria, Denmark and Switzerland is lower as compared to remaining countries listed in the table.

Based on the study, it can be said that India covers the large area in tourist arrival in Nepal. It is because India is the neighboring country of Nepal and due to the open border; people can visit to Nepal without any difficulties. Historically, there was the warm business relationship between India and Nepal. However, Nepal could not have been talking advantages of business activities due to weak implementation and monitoring the agreement between two countries. If we systematize in our business policies, Nepal can receive good remuneration from tourism. For that we can establish the good relationship between two countries by implementing the business agreements and by starting the research and development program in order to strengthen the tourism business.

From the study, it is clear that average length of tourist's stay is ranged from 7.92 days to 13.51 days. The average length of stay is higher in 2004 and it is lower in 2002. The average length of stay is increased in 2007 and it is decreased in 2008 and 2009.

From the study the number of tourist arrival for the purpose of holiday pleasure is higher than that of others. It indicated that majority of the tourists use to visit Nepal in order to get entertainment and relief. Although the largest number of tourists visited Nepal for recreational purposes i.e. 173383 (34.0%), adventure tourists posted the highest average length of stay in the country. The average length of stay was recorded as 11.96 days. By this, from the study it can be said that Nepalese policy maker have to identify and strength the new places to provide fully satisfaction to the strength the purpose of the tourist arrival in Nepal.

Tourism is contributing much to the economic and cultural growth in different regions of Nepal. The promotion of international tourism in different regions directly enhances their regional economy through the development of tourism industry. Tourism sector is not only a major source of earning foreign currency but its contribution to create employment opportunities is also important. For this, Nepal disposes excellent circumstances for the development of active international tourism, including holiday pleasure, trekking, mountaineering, rafting, religion, official, sport tourism and so on. Income from international tourism plays a vital role in the national economy of the country. The government and private sector should work together to uplift the tourism industry. All the organization related to the tourism sector try to remove the environment pollution in tourism area like Kathmandu and other cities of Nepal Similarly joint efforts should be made in carrying out publicity campaigns abroad and to show that Nepal is one of the best tourist destinations in the world.

The expansion and development of tourism is not as satisfactory as anticipated. Limited numbers of tourist destination, lack of tourism infrastructure in hills and other potential tourist destinations and inadequate advertisement and promotional activities are some of the impediments for its development.

Government of Nepal has formulated various policies guidelines to implement tourism planning in each & every development plan. The strategies of private organizations play an important role in implementation of these policies.

Tourism industry as other sectors of the economy is facing numerous challenges and problems. Growth of visitors may be relatively satisfactory but Nepal has not really been able to earn commensurate to its potential not much efforts seem to have been made in this respect. The entry points to Kathmandu, Nepal are facing serious environmental problems and problems of congestion. This has not helped to boost the image of the country. It also received a lot of negative publicity in international press. Infrastructure needed is not properly developed. The major hurdle to fly to Nepal has been limited by air seat capacity. Roads, communication network and other support services are not adequately developed especially in the rural areas. This has affected the development of products in the country. Tourism industry has been identified as an industry with strong competitive advantage and this has also been listed as the second important thrust area in the perspective vision of the tenth plan. Proper development of the industry, they can lead to significant contribution to the economy.

5.3 Recommendations

This study reveals that there is an immense potential of tourism. The following recommendations have been made from this study-

Constant monitoring by the Government

It is true that the Government has a lot of load in formulating policies and programmes in tourism. However, policies so formulated cannot become successful unless they are implemented properly. The success of any policy implementation depends upon proper monitoring. A little bit of negligence can lead to disaster. The fluctuation trend of trekking tourists and the revenue generated from them clearly indicates the need to think seriously on this matter. In a most sensitive matter like tourism that is so vital for the country's economy, monitoring has to be done by the Government with the help of the people at the grassroots level. There are so many NGOs and INGOs which will be ready

to help the Government in matters like this. Cutthroat competition, which is destroying Nepal's image, is a result of the lack of monitoring. A fixed rule has to be set, when pricing Nepal's product so that such a circumstances is avoided. Cutthroat competition in this sector should be avoided to provide quality service.

Planning Tourists Stay in Nepal

As trekking will be the primary purpose for tourists, they have to be provided with enough money spending opportunities. In Nepal, money-spending activities are many like purchasing handicrafts, visiting old cultural artifacts and monuments, restaurants/bars, discos (nightlife). Tourism in this way has linkages to other industries of a country. It can uplift other industries as well if the level of spending can be increased. Moreover, this is possible only by attracting tourists to stay longer and carry other activities during their stay. For tourists who do not intend to stay long, appropriate trekking routes should be opened up with the needed infrastructure so that they can enjoy the full length of stay within a short time.

Recommendation for Tourism Development

Tourism continued to be one of the most important segments of the present Nepalese economy. Hence, government should adopt strong policies and strategies to achieve the national objectives from tourism industry. Here are some recommended policy strategies for the development of tourism in Nepal.

Policy Recommendations

-) Policy to decentralize tourism activities in the potential area outside the kingdom and to enhance local participation in the development and conservation of tourism resources should be further strengthened.
-) Tourism development should be taken as an essential part of the sustainable development and environment conservation of the country.
-) Government should provide the security for tourists.

-) In order to ensure a large amount of foreign exchange earnings, Nepal should expand the range of high value Nepalese tourist products, extend to stay of sightseeing visitors, and increase the opportunities for tourist to spend on.
-) Tourism support facilities like communication, accommodation, and hygiene facilities should be adequately expanded.
-) The government should urgently launch programs for clearing Kathmandu's pollution as well as other tourism spots.
-) The government needs to intervene with appropriate policy measures and the highly sensitive nature of the tourism market to the practical, social and economic stability should be considered.
-) The establishment of new top standard international quality hotels one each in Kathmandu, Pokhara and Chitwan should be facilitated.

BIBLIOGRAPHY

- Acharya, K. (2008). *Potentiality of Tourism Industry in Kathmandu: An Unpublished Master Degree Thesis*, MBS, T.U.
- Baskota, K. and Sharma, B. (1996). *Mountain Tourism in Nepal, An Overview*. Kathmandu: Centre for Resources and Environmental Studies, ICIMOD.
- Bhatia, A.K. (1982). *Tourism Development, Principle and Practice*. New Delhi: Sterling Publishers.
- Burger, V. (1987). *The Economic Impact of Tourism in Nepal, An Input-Output Analysis*, New York: Unpublished Ph.D. dissertation, Cornell University.
- Chhetri, K. (1993). *Effects of Tourism on Culture and Environment, A Case Study of Chitwan Kathmandu: Report of Nepal Tourism Board*.
- Chitrakar, R. (1997). *Role of Tourism in Economic Development of Nepal*, Kathmandu: An Unpublished Master Degree Dissertation (Economics), T.U.
- Dahal, S.P. (2002). *Tourism in Nepal with special reference to trekking services and travel agencies*. Kathmandu: An Unpublished Master Degree Thesis MBA, T.U.
- Dahal, R.P., (2010). *Taking Tourist to Village*. Kathmandu: An article published in the Kathmandu Post.
- Dhungel, K. P. (1981). *Economic Impact of Tourism in Nepal*, Kathmandu: The Rising Nepal.
- Gurung, H, (1995). *Environmental Management on Mountain Tourism*. Kathmandu: Report submitted to Ministry of Tourism and Civil Aviation.
- Hamziker, J. and K. (1987). *International Tourism: An Economic Perspective*, London: McMillan Press Ltd

- Hawkees, J.C. (1988). *Nepal Department of Cultural Tourism FR/PP*, Kathmandu: Report submitted to Department of Tourism.
- Kunwar, R.R. (1997). *Tourism and Development: Science and Industry Interface*, Kathmandu: Laxmhi Kunwar Publication.
- Lamsal, B.P. (1999). *Tourism in Nepal*, Kathmandu: An Unpublished Master Degree Dissertation, T.U.
- National Planning Commission, (1962-1990). *First Plan to Seventh Plan (1962-1990)*. Kathmandu: NPC
- National Planning Commission, (1992). *The Eight Plan. (1992-1997)*, Kathmandu: NPC
- National Planning Commission, (1998). *The Ninth Plan. (1998-2002)*, Kathmandu: NPC
- National Planning Commission, (2002). *The Tenth Plan. (2002-2007)*, Kathmandu: NPC
- NTB (2002). *News Letter* (3rd Issue, 10 May). Kathmandu: Nepal Tourism Board.
- NRB (1989). *Income and Employment Generation from Tourism in Nepal*, Kathmandu.
- Pant, H. (2007). *Impact of Tourism in Nepalese Economy*. Kathmandu: An Unpublished Master Degree Dissertation, T.U
- Pearce, D. (1987). *Tourism Today: A Geographical Analysis*. New Zealand: Christchurch, Longman Scientific and Technical.
- Pokhrel, D. (2000). *Impact of Tourism in Nepalese Economy*, Kathmandu: An Unpublished Master Degree Dissertation, T.U.
- Pollaco, J. (1987). *Cultural Tourism in Nepal*, Kathmandu: Kathmandu: Report submitted to Ministry of Tourism and Civil Aviation

- Poudel, K. (2003). *An Implication of Tourism Business on Revenue Collection in Pokhara*. Kathmandu: An Unpublished Master Degree Dissertation, T.U.
- Pradhananga, S.B. (2002). *Tourism Consumption Pattern and Its Economic Impact in Nepal*, Kathmandu: Ph.D. Dissertation, T.U.
- Scullerd, R. (1999). *Recreation and Tourism in Phewatal Catchments*, Kathmandu: Report submitted to Department of Tourism.
- Shrestha, P. (1980). Potentiality of *Tourism in Tanseen*, Kathmandu: Report submitted to Ministry of Tourism and Civil Aviation.
- Shrestha, H.P. (1998). *Tourism Marketing in Nepal*. Kathmandu: Unpublished Ph.D. Dissertation, TU.
- Shrestha, K. (2002). *Potentiality of Tourism in Tansen*, Kathmandu: The Rising Nepal.
- Shrestha, P. (1999). *Tourism in Nepal, Problem and Prospects*, Banaras: Dissertation of Ph.D. Department of Economics, Faculty of Social Science Banaras Hindu University Varanasi.
- Shrestha, P.M. (1998). *Regional Tourism-Need to Move Forward. Image Nepal*. Kathmandu: 16(1). Jan/Feb.
- Shrestha, U. D. (2009). *Entrepreneurship in International Hospitality and Tourism Industries in Nepal*. Kathmandu: Unpublished Thesis Master of Business Studies, T.U.
- Singh, B.R. (1991). *Tourism, Airlines and Management in Nepal*. New Delhi: Nirala Publications.
- Smith, S.L. (1989). *Tourism Analysis: A Handbook*, London: Longman Group UK Ltd.

- The Kathmandu Post. Nov. (1999b). *Immigration, airport, customs improvement could increase tourist arrival by three folds*. Kathmandu: Tuesday. Nov. 16. Kantipur Publications.
- The World Book Encyclopedia (1973). *Encyclopedia of Tourism*, London: Macmillan.
- Tiwari, B.R. (2000). *Impact of Tourism Industry in Nepal Economy*, An Unpublished Master Degree Dissertation (Economics), T.U. Kirtipur.
- Tiwari, P. (2000). *Prospect and Problems of Tourism in Nepal*. Kathmandu: Report submitted to Ministry of Tourism and Civil Aviation.
- Tripathi, B.R. (2000). *Impact of Tourism Industry in Nepal Economy*, Kathmandu: An Unpublished Master Degree Dissertation, T.U.
- Wolf, H. K. and Pant P. R. (2003). *Social Science Research and Thesis writing*. Edition, Kathmandu: Buddha Academic publisher and Distributors Pvt Ltd.
- World Trade Organization (1995). *Tourism Market Trends*, Geneva: World Tourism Organization.