

CHAPTER I: INTRODUCTION

1.1 General Background:

About 42 percent of the people in the year, 2052/2053 were under the poverty line and the percentage has decreased to 31 percent in 2060/2061. Different experts have identified based on different aspects of the Nepalese people that the threshold of poverty is the income level of Rs. 7696 per person per year (Tathyanka Gatibidhi, CBS, 2060/2061). Based on the data, it is obvious that about 31 percent of total population have income level lower than Rs. 7696 per year per person. In order to decrease the existing poverty, tourism business can play vital role.

Tourism has been an important business worldwide. In Nepal also, growth of tourism is a great sources of foreign currency income. 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 work force 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 qualified elements 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. Nepal Tourism Board (NTB) is organizing internal tourism promotion program within the country and different promotional programs (like organizing Melas, interactions among tour operators, press conferences, road shows etc.) in foreign countries (India, China, Thailand, Singapore, Malaysia Sri Lanka).

The board has organized various programs like Bagmati River festival, international mountaineering film festival, Shree Sita-Ram marriage festival and street festival and so on.

(Economic Survey, 2004/2005, p.192) It is sure that most developing nations need to make effective tourism program for the rapid development of the country.

1.2 Tourism in Nepal: Historical Background

Tourism being the major foreign currency earning industry has a significant role in Nepalese economy. Tourism is a very fast growing industry worldwide. Therefore, it is recognize as the major foreign currency earning industries of the whole world. As a growing industry in both developed and developing countries it plays a very crucial role in the USA, Japan, U.K and Germany cannot stop themselves from giving priority to this industry as the major foreign currency earning industry. The least developed country like Nepal can be benefited from the foreign currency earned by the tourism to improve the adverse balance of equal distribution of income among the poorest of the poor people, which also helps to increase the per capita income of the nation.

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 has generated attractive job opportunities. Nepal is a country of amazing extremes. Nepal offers a variety of unique science, religions, aesthetic and cultural attractiveness to the foreign visitors. Nepal is known as land of Mount Everest, the highest mountain in the world, also the birthplace of Lord Buddha, the idol of world peace. Nepal holds a unique place in the world in terms of its scenic beauty and rich Mountains of our country have continued to attract a large number of trekkers and mountaineers from all over the world. The festive events artistic embellishments of the Nepalese pagodas have been providing pleasure to a growing number of visitors over the years. Nepal has several religious pilgrims, such as Lumbini, the birthplace of Lord of Hindu deity. Nepal also offers variety of wildlife. Because of these unique attractions and the government effort to promote tourism, the number of tourist arrivals in Nepal has grown over the years significantly.

Efforts to develop and capitalize of these features of the country have been going on for a number of years. But even then the benefit of tourism sector has been limited to a few pockets of the country and there have been no significant success in expanding the growth rate of this sector in an organized and well-planned manner to realize the potential benefits in the overall national development. Even the increase in the flow of tourists to other areas outside Kathmandu has not yielded the expected benefit to the general mass. Only a few places of tourist attraction have been developed and these places are having inflow of tourist for a relatively long period with a

consequent decline in attraction of these places. On the other, the lack of infrastructure development has hindered the development of other beautiful places as center of tourist attraction. The need of day is to develop tourism sector as not only a medium of foreign exchange earning but also as a catalyst, which can contribute positively to whole development process.

Nepal represents a blend of ancient history. Vibrant cultures and pretty grandeur located between China and India. Nepalese main geographical features include snow-capped peaks, lower mountains, mid hills and fertile plains of tropical jungles. Nearly one-third of the total length of land locked country covers an area of 147,181 Square kilometers. Nepal is one of the richest countries in the world in terms of biodiversity due to its unique geographical position and altitudinal variation. The elevation of the country ranges from 60 meter above the sea level to the highest point on earth, Mt. Everest at 8,848 meter, all within a distance of 150 km resulting into climatic conditions from sub-tropical to Arctic. Nepal occupying only 0.1% of the total landmass of the earth is home to 2% of all the flowering plants in the world, 8% of the world's population of birds (more the 848 species), 4% of mammals on earth, 11 of the world's 15 families of butterflies (more the 500 species), 600 indigenous plant families, 319 species of exotic orchids and many more.

Nepal is considered as the potential tourist destination for religious, adventurous and pleasure tourists form the time of *Malla* regime. Draped along the greatest heights of the *Himalaya*, the kingdom of Nepal is a land of eternal fascination, a place where the ice-cold of the mountains meets the steamy heat of the Indian plains. It is a land of ancient history, trekking on earth Nepal, being small in area has rich natural diversity and world. Most of the travelers or tourists visit Nepal for the purpose of pleasure for mountaineering, trekking and sightseeing. Hindu kingdom and the birth place of Lord Buddha flourishes to attract the larger number like Myanmar, Taiwan, Thailand, Sri Lanka etc. (However, Nepalese government declared a religious freedom for each Nepalese people). Nepal is being the best place for recreational tourism for fresh water uniquely designed architect of *Lichhibi* and *Malla* dynasty is the major factor for tourist attraction.

Therefore, being very rich in natural and cultural resources Nepal could be the world most popular tourist destination through which it can gain its hold on poverty alleviation, forming various job opportunities, which can bring changes in Economic, Cultural, educational and social sector of the country. Considering all these facts in mind this research has been conducted covering Role of Tourism Industry on Revenue Generation.

1.3 Statement of the problem:

At present, tourism is a great source of foreign currency income in the country. It has played a vital role in the up-liftment of the economic condition of the nation. Sometimes tourism hindrances may arise due to the lack of financial and 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 that 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 cannot generate foreign currency income.

1.4 Objectives of the Study:

The main objectives of the study are to assess the financial effect on the foreign currency earned by tourism industry in the country's economy. Along with this, following objectives have been formulated:

- i. To show the revenue contribution from tourism.
- ii. To show the economic development from tourism sector.
- iii. To show the revenue of foreign towards various sector.
- iv. To show the trend of tourist arrivals in Nepal.
- v. To recommend the possible measures in order to strengthen the tourism business in Nepal.

1.5 Need and Significance of the Study:

This study is concise, brief, practical, data based, usable and valuable to the major parties involved in tourism sector. This also serves as a reference for the further study and data collection. This is equally useful and beneficial to Nepal Government, Board of Directors of Tourism Board,

personnel involved in tourism sector as well as other stakeholders. Lastly it provides relevant and pertinent literature for further research on the field of tourism.

1.6 Limitation of the Study:

Following factors have limited the scope of this study:

- i) The study covers the analysis of 10 years i.e. from 1999 to 2009.
- ii) The accuracy of this study is based on true response and data available from the management of Nepal Tourism Board.
- iii) The study is mainly concerned with the foreign currency earned by tourism and the study does not cover all the financial effect caused by tourism in grassroots level.
- iv) Only international tourists are considered and contribution of domestic tourists is ignored.
- v) Only selected methodologies are used to analyze the data.

1.7 Organization of the Study

The study is divided into the following five chapters:

Chapter: One

It entails Introduction Chapter. The contents in this chapter are general background of the study, brief introduction of tourism, statement of the problem, objective of the study, importance and significance of the study, limitations of the study and organization of the study.

Chapter: Two

This chapter is concerned with the literature review. The materials in this chapter are conceptual review and review of previous related studies.

Chapter: Three

This chapter consists research methodology adopted for study and includes research design, population and sample, nature and sources of data, means of presentation and demonstration of the data and tools for analysis.

Chapter: Four

This chapter comprises data presentation and analysis. Data collected from various sources are presented and analyzed through different tools and techniques.

Chapter: Five

This chapter is for summary, conclusion and recommendations based on findings.

CHAPTER-II: REVIEW OF LITERATURE

“Temporary visitor staying at least twenty–four hours in the particular country having all or at least an aim or a) leisure (creation, holidays, health, study, religion and sport) and b) business (family mission, meeting) is called a tourist” (*International Union of Official Travel Organization-IUOTO, 1963:p.23*).

2.1 Meaning of Tourist, Tourism and Tourism Industry:

Another organization has defined tourist as follows: “Any person visiting a country other than his residential country with any motive other than following an occupation or pecuniary motive and such a person must stay in the country not less than twenty four hours and not more than six months” (*UN Conference on Trade and Development, 1971, p.32*).

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 be 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 certain country, city or origin, is tourism” (*Scullerd, 1922, p.14*). 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 survive to the visitors. Through the operation of tourism Department of Tourism in its statistical report defined tourism as "the citizen of all the foreign countries except India, visiting the kingdom of Nepal for at least 24 hours in the pursuit of tourist interest such as recreation, health, study, religious, pilgrimage, sports, visitors of friends and relatives, meeting and conferences, mountaineering, short term delegation and aid mission excluding person on any given by all of them is more or less similar. In this context, a tourist is a visitor taking the goal of entertainment. An international institution also has provided the definition of tourist. According to it remunerative

jobs and representative or staff or organizations permanent located in Nepal” (*Department of Tourism, 1965, p.4*). The abstract noun in the current English in the duration of French word- ‘tourism’ came in its present form only in 19th century and became widely popular in 1930s. 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.

The concept of tourism can be the recent phenomenon that’s why the word ‘tourism’ had not its place even in the English glossary until the early 19th century. The common word of contemporary English ‘tourist’ is derived from the Latin word-‘tornos’ that means ‘a round tour’. The word ‘tourism’ is derived from the French word ‘Tourism’. By tourism, we mean the movement of human beings from one place to another for the purpose of entertainment, study, pilgrimage, sport, expedition, meeting their relatives and so on. However, the term ‘tourism’ has been defined differently in modern times. In this context, different organizations also have their own views. Nevertheless, the theme tourist is a visitor. S/he is a person who is traveling or visiting a place for pleasure. S/he is a member of a team on tour. Similarly, tourism is the business of providing accommodation and services for people visiting a place. It is the country’s major industry (*OXFORD Advanced Learner’s Dictionary, 2005*).

In this connection, the IMF staffs 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, p.17*).

2.2 Classification of Tourism:

Tourism is classification into two categories: a) Direct Tourism and b) Indirect Tourism.

Direct Tourism refers with travel procurement in accommodation, while **Indirect Tourism** refers with Airlines, Railways etc. In another way, tourism can be classified into two ways: a) International tourism, which refers to the tour of foreign countries, b) Domestic Tourism that is limited within a country. Tourism can be classified in another way also: a) Passive Tourism, which is not considered so much with the existence of tourist’s will. In such tourism, leader’s command

will be the first and final. In passive tourism, there are two types of tour viz. set tour and package tour. b) Active tourism is directly associated with tourist's will and such tourism is free of tour. These days, active tourism has been popular. UN Guidance for Tourism Statistics takes tourist as a visitor and it states that tourism is completely related with the types of tourist. It classified visitor into two types: - a) Excursionists and b) Tourists. Excursionists are visitors not staying over night or less than 24 hours, whereas those visitors spending more than 24 hours or at least one overnight in the country visited are called tourists (*UN Guidance for Tourism Statistics, 1971, p.3.*).

Since Nepal does not consider less than 24 hours visitors among its incoming travelers, the number of excursionist is zero and by definition, its number of visitor is equal to the number of tourist registered.

2.3 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, 1942:p.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. Form 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 manmade 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. (*Pradhan, 2004: p.14*).

2.3.1. 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.

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 (*Sharma, 1999:p14*).

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 (*Bajracharya,2001:p.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 (*Pandey, 2001: p.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 (*Bhatt, 2001:p.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 form 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 (*Thapa, 2001:p.16*).

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:p.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 (*Khanal, 2002: p.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:p.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:p.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 earnings from tourist for the development of infrastructures of the country's development (*Poudel, 2003:p.7*).

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: p.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 earnings.

2.3.2 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.

The First Development Plan:

In beginning of first plan on (2013-2018), there were so many problems to establish the systematic approach and 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 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. However, 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, 1957-61:pp.10-11*).

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. Because 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: pp. 12-15*).

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 runway, 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 museums, 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 NATA representing travel agencies (*Third Development Plan, NPC, 1965-70: pp. 68-75*).

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*).

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 earnings 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).

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 short 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 master 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).

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).

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).

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

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.

2.4 Tourism Policy:

Tourism has been comparatively and rapidly developing in the world and due specific natural and cultural heritages there is a great possibility of tourism industry in Nepal. Nepalese government came up with a tourism Policy-1995 as a deliberate policy for tourism development in Nepal. The policy has been made with a view to increase national production and income, foreign exchange earnings, employment opportunities, set right regional imbalances and publicist national production and income, to expand the earning of foreign currencies to create opportunities for employment having development and expanded tourism industry. In order to achieve the target from the planned manner, following objectives have been identified in the Tourism Policy-1995:

-) To developed the tourism industry as a economic sector of the nation by establishing its interrelation with other sectors of country

-) To increase employment, foreign currency earnings and national income and to improve regional imbalance having expanded the tourism industry to the rural areas
-) To developed and expand tourism industry by promoting natural, cultural and human environments of the country
-) To maintain high image of the nation in interrelation community by providing standard service and necessary securities to the tourist
-) To develop and promote Nepal as an attractive tourist center

The above-mentioned objectives of the tourism policy been to develop tourism as one of the major sector of the country. The policy aims at developing infrastructure, public participation in tourism, giving priority to tourist centers in rural areas, promoting religious tourism, providing standard services and security to the tourist and so on. The policy clearly states that it will provide facilities and consciousness of tourism related industries as per the industrial enterprises act 1993 and foreign investments technology act 1993.

Along with these objectives, the tourism policy formulated the working policies. These policies help us in implementation and execution for planning and necessary arrangement. Some of the working policies are as follows:

-) Expansion of investment in the tourism sector gradually be made and mobilization of investment shall be made in construction and development of infrastructures of new tourist spots
-) Private sector shall be encouraged to provide sightseeing of the policies of the religious and cultural importance of the country, high Himalayan peaks and cultural beauties to the tourist having utilized existing physical infrastructure in a systematic and effective manner
-) Private sector should be encouraged to operate various recreational and adventures tourism activities based on water and air in the various parts of the kingdom without prejudice to the original cultures and traditions of the country
-) In order to prevent adverse effects in environment from tourism, Tourism Environment Guideline shall be framed in national level and introduced the same, etc. Similarly, the Tourism Policy-1995 has provided some facilities and incentives to the Tourism business and industry. Some of them are as follows:

-) Hotels and Resorts shall be classified as per the industries of national priority, their operation should be based on Industrial Enterprises Act, and facilities and incentives shall be provided to them accordingly.
-) Facilities and incentives as prescribed by Nepalese government shall be provided to other tourism business industries, excluding hotel and resort, based on value added, creation of employment and creativeness.
-) Others prescribed tourism business, industries shall be considering there working capacity, and plans are provided to import the prescribed goods at the concession rate.
-) Tourism industries shall be provided communication equipments, electricity and water supply on the priority basis.
-) Hotels, restaurants and resorts opened in the rural areas, as prescribed by Nepalese government and other tourism business shall be provided facilities and incentives as prescribed etc.

2.5 Major Tourist Attractions:

Tourist visits 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, cannoning (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-Animism 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:

1. Trekking:

Nepal is the ultimate destination for the trekking enthusiast offering a myriad of possibilities from the short and easy to the demanding challenges of the snowy peaks. Easy, moderate or rigorous there is something for everyone. Nepal has aptly been called "A Trekkers Paradise" as her terrain-mountains, hill and the Terai—offers some of the most spectacular treeing routes in the world. The immense contrasts in altitudes and climates found here support an equally spectacular mix of lifestyles, vegetation and wildlife. Trekking in Nepal is as much as a cultural experience as Himalayan adventures. In the shadows and foothills of the icy pinnacles of the Himalaya, one

passes picturesque charming villages inhabited by diverse ethnic groups. Treks vary from expeditions, high altitude treks to simple easy-paced walks.

2. Mountaineering:

Mountaineering is another prime attraction of Nepal. The Mountains of Nepal have stood as irresistible land marks for the world's adventures since Nepal opened its doors to visitors in the 1950s. Mountaineering can range from climbing the highest peak of the world to climbing lower peaks. With eight of the highest peaks in the world, including Mt. Everest, it is hardly surprising that Nepal has been the stage for some of the most outstanding achievements in the world of mountaineering. The dauntless icy peaks have since decades challenged the bodies and spirits of those daring enough to want to conquer the hulks.

3. Rock Climbing:

Rock climbing is another challenging sport for outdoor lovers most of the areas for rock climbing are situated towards the north of Kathmandu valley in the vicinity of the Nagarjuna forest and the Shivapuri National park. Trip to these places can be combined with hiking, bird watching, nature tours and other activities.

4. Bungee Jumping:

The ultimate thrill of a bungee jump can be experienced at one of the best site in the world. This is second longest jump in the world and 1st longest in Asia. Nepal's bungee jumping site is situated 160meters over the wild river Bhoté koshi. The site located close to the Nepal-Tibet border at Barabise, which is about 100 km from Kathmandu. This is the perfect place for those adventure lovers who have guts to feel their life very closely.

5. Mountain Biking:

Nepal's diverse terrain is what mountain bikers dream are made of Biking offers an environmentally sound way of exploring the country. It is possible to go biking the entire length of Nepal. Centuries old, dirt roads and trails offer a chance to go on extended trips to exotic locals like Annapurna and Kanchan- Junga areas.

6. Jungle Safari:

The tropical jungles of Nepal's Terai preserve some of the best wildlife habitat in the subcontinent. Chitwan National park, Bardiya National park and Suklaphanta Wildlife Reserve offer exciting safari holidays. Jungle activities here include venturing into deep jungle on elephant back or four-wheel drive to view wild animals in their natural habitat, canoe rides on the Jungle Rivers, nature walks, bird watching and village tour excursions.

7. River Rafting/Kayaking/Cannoning:

Rafting is one of the most exciting ways of exploring the wilderness of Nepal. Being the extremely popular water sport rafting could be the most famous tourist attraction because we have so many thundering course of glacier river origination from the vast glacier of the great Himalayas. The river gushes through the twisted Canyons, winding through calm valleys where small settlements are perched on the banks, turning out only as the spill out into the Indian plains to merge with the Ganges.

8. Village Tours:

Village tours allow visitors to experience a stay in a typical Nepali village. This gives visitors an opportunity to observe the rich Nepalese cultural tradition from the closest quarter and intermingle with the locals. Besides, any expenses made at that level directly contribute to the welfare of the local community.

9. Cultural Heritage Tour:

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. 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.

- a. Pashupatinath Temple
- b. Boudhanath Stupa
- c. Changunarayan Temple
- d. Swyambhunath Stupa

- e. Kathmandu Darbar Square
- f. Bhaktapur Darbar Square
- g. Patan Darbar Square

Beside this we have also Lumbini, which is also in UNESCO World Heritage Site. Lumbini is one of the major places of the world where the great person of the peace. Lord Gautam Buddha was born. Therefore, all Nepalese people are proud of Lumbini located in small country, Nepal.

Other Attraction:

There are several places of tourist attractions in Nepal. UNESCO Natural World Heritage Sites has defined the following places as the major place those are to be reserved as imported places of the world.

- a. Chitwan National Park (932 Sq.Km)
- b. Everest National Park (1,148 Sq.Km)

Other National Parks are as follows:

- a. Bardiya National Park (968 Sq.Km)
- b. Khaptad National Park (225 Sq.Km)
- c. Lantang National Park (1,710 Sq.Km)
- d. Makalu-Barun National Park (2,330 Sq.Km)
- e. Rara National Park (106 Sq.Km)
- f. Shey-Phoksundo National Park (3,550 Sq.Km)
- g. Shivapuri National Park (144 Sq. Km)

Wildlife Reserves are as follows:

- a. Koshi –Tapu Wildlife Reserve (176 Sq.Km)
- b. Parsa Wildlife Reserve (499 Sq.Km)
- c. Sukla Panta Wildlife Reserve (305 Sq.Km)

Some Conservation Areas are as follows:

- a. Annapurna Conservation Area (7,629 Sq.Km)
- b. Kanchanjunga Conservation Area (1,663 Sq.Km)
- c. Manaslu Conservation Area (1,663 Sq.Km)

An important Hunting Reserve is as follows:

- a. Dhorpatan (1,325 Sq.Km)

(Sources: Tourism Guide, 2005)

2.6 Legal Framework for the Tourism Development in Nepal:

All the business activities must be operated based on the rules regulation prescribed by government. Tourism business cannot be exception from this. Some of the acts that have been made development of tourism in Nepal are as follows:

2.6.1 Company Act, 1964:

All the tourism related industries are required to be incorporated under this act. They should operate in accordance with the provision of this act. The act has specified some elements to be included in order to operate the tourism business. Some of them are as follows:

-) Procedure to be followed while incorporating the company.
-) Particulars of prospectus, memorandum and Articles of Association.
-) Arrangements regarding the shares and debentures.
-) Procedures for conducting the board and general meeting for the company.
-) Arrangements regards board of directors, managing agents, accounts and records of the company, winding up of the company, provisions regarding foreign companies, processing, penalties, repeal and savings etc. Along with these instruments, tourism business has to be operated based on the provisions of government. Since the promulgation of the company act, different tourism related companies in the field of hotels and lodges; travel and trekking, river rafting and transportation including the airlines have been established. The company act contains provisions applicable to all the industries in general. It does not contain provision specific to the tourism industry. There is also no close and constant monitoring of the industries by the company register office once the companies are established.

2.6.2 Tourism Act, 1978:

In order to operate the tourism systematically, it is felt that the separate act related to tourism industry is necessary. Considering this necessity, tourism act, 1978 has been formulated. Under the provisions of the tourism act 1978, all travels and trekking agencies are required to take a license from the Department of Tourism. They are required to deal in foreign currencies while providing service to tourists. The act therefore aims at making the travel and trekking business more systematic. Similarly, all tourist standard hotels and lodges are required to be registered with the department. The purpose of inspection is to ensure good quality of services provided to the tourists;

those who fail to comply with the instruction of the department are subject to punishment. The act also requires all the mountaineers and expedition team to seek permission from specified department and pay necessary fees for mountaineering and expeditions to the Tourism Department. The act mainly aims at protecting the interest of tourist in Nepal.

The act has not been successful in ensuring the quality control of the different tourism related industries, mountaineers and expedition teams and tourist guides. The department of tourism has not been able to carry out inspections of these different groups at regular intervals. There are also no clear standards by which to judge the quality of the services being provided to the tourist and hence the Act is not very successful in protecting the interest of tourist.

2.7 Review of Previous Studies:

The different scholars, reporters and academician have conducted many studies on tourism business in Nepal also. These studies are made different facts of tourism in Nepal and furnish important information for the present study. In addition, the various tourism- related magazines, booklets and other publication are also reviewed. Therefore, in this section, an attempt has been made to review the previous researcher's contribution in the field of tourism business in Nepal and its impact on revenue collection. The studies on various aspects of tourism in Nepal are quite a recent one. An attempt has been made to review previous studies on Nepalese tourism. The concept of modern tourism in Nepal was developed only after the dawn of democracy in 1950. Until then, there was neither any plan, nor policy, nor any written document regarding tourism development in Nepal. For the first time, George Librec, a French national, in 1959, prepared the first tourism plan 'General Plan for the Organization of Tourism in Nepal' with the help of the French government. It is the first but a very rudimentary tourism plan for Nepal. Mr. Librec had recommended the publication of brochures, posters, postage stamps and depicting the Himalayan peaks, flora, fauna and also to use films, documentaries prepared by the mountaineering expeditions for the promotion of tourism in Nepal. There was no Department of Tourism. Thus, he suggested to establishment of the 'Nepal Tourism Office'. Later, Librec visited Nepal in 1964 and 1966 and prepared two reports namely 'Report on the Department Tourism' and 'Report on Tourism in Nepal'. The essence of his both researches was that Nepal has to start infrastructure development program as soon as possible in order to strengthen the tourism business (*Pokhrel, 1989:p.13*). Mr. Bharat 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. Main findings of the research were as follows:

-) 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. (*Poudel, 1999: pp.96-98*) Surya Bd. Pradhananga (1993) conducted the research entitled, "Tourism Consumption Pattern and its Economic Impact in Nepal". His main objective was to find out an effect of social and cultural pattern in revenue collection from tourism. He used both primary and secondary data analysis process. Major findings of his research were as follows:
 -) The pattern of tourist arrival is somewhat seasonal. The number of tourist arrival in autumn is higher than that of other three seasons.
 -) Number of tourist arrival and collection of revenue are largely dependent to each other.
 -) Revenue collection from tourism has positive association in gross domestic product and total savings etc.

Nepal Rastra Bank conducted a research on 'Income and Employment Generation from Tourism to Nepal' in 1989. This study deals about the composition of tourist, duration of their stay, tourist expenditure and the impact of tourism industry on income and employment generation. The study identified that majority of tourists (61.6%) visited to Nepal for pleasure for flowed by trekking (19.1%). The study determined that tourism industry has provided jobs about 11176 persons. Among them, 10.8% were females and all others were male (*NRB, 1989:p.14*).

2.8 Research 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 earnings, 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.

CHAPTER III: RESEARCH METHODOLOGY

Research methodology refers to the various sequential steps to be adopted by the researcher in studying a problem with certain objectives in view. This chapter deals with the following aspects of methodology:

3.1 Research Design:

Design is the overall plan of any proposed activity. The design of the research projects guides how to conduct the study. The research design implies procedures, techniques and tasks, which guide to evaluate the objective of the study and propounds ways for research viability. It is the overall plan of a proposed study to specify the appropriate research methods and procedures for obtaining specific findings validity, objectivity, and accuracy and economically as possible. The research design followed in this study is descriptive and analytical research design. It is based on analytical case study.

3.2 Population and Sample:

Among existing service industries in Nepal, tourism industry is taken as a sample for the study. Therefore, tourism industry is a sample and population itself for secondary data analysis. This study is based on role of tourism on revenue contribution in Nepal. As it is not centered in one part of the country, it is not possible to meet all the officials involved in tourism business. For this, tourism industry is selected by using a stratified random sampling method.

3.3 Nature and Sources of Data

To fulfill the objectives of the study, primary as well as secondary data are used. The data used in this study is basically secondary in nature. Primary data are collected through questionnaire, interviews and surveys with concerned employees involved in tourism business. Secondary data are taken mainly from NTB's publication, annual reports, economic survey etc. Beside this, the required data are collected from internet websites, relevant books and publication of National Planning Commission, Central Bureau of Statistics etc.

3.4 Means of Presentation and Demonstration the Data:

Collected data are presented in the tabular form and demonstrated in different figures such as bar diagram and pie chart so as to make presentation easily understandable.

3.5 Tools for Analysis:

To analyze the collected data, various statistical tools are used as per requirements. Average, percentages and regression analysis are used for the collected data.

CHAPTER IV:

PRESENTATION AND ANALYSIS OF DATA

In Chapter 4, an attempt has been made to show the status of tourism business and its impact on revenue collection, which has determination of arriving tourist mostly. The chapter devotes to show the aggregate earnings, various sector earnings trend of tourist arrival and their length of the stay in Nepal, their purpose of visit, major issue, policy, prospect and other associated problem relating to tourism business in Nepal, status of gross earnings from the tourism, role of tourist arrival in revenue contribution and so on. In order to highlight the formulated objectives, related data have been collected from different sources and demonstrate by the use of different tools and techniques.

4.1 Analysis of the Status of Tourist Arrival in Nepal:

Nepal is the peaceful country having a birthplace of Lord Buddha. Who also knew as the symbol of peace. And having a place of several river, lake, mountain and so forth. Foreigners use to come in Nepal in order to enjoy and visit such peaceful and beautiful areas. Now we saw that large number of pilgrim also a huge part of arriving tourist in last years. In this section, an attempt has been made to show the status of the tourist arrival in Nepal.

4.1.1 Total Annual Tourist Arrival:

We can see the real status of the tourist arrival from different manners. First, total number of arrival per year for the study period can be observed. Table 4.1 shows the history of tourist arrival during the period of 2000 to 2009.

Table 4.1; Status of the Tourist Arrival in Nepal

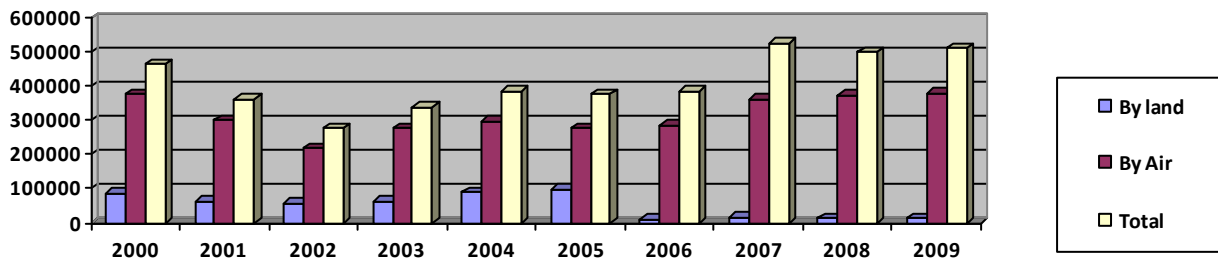
Year	Total		By Air		By Land	
	Number	Annual Growth Rate (%)	Number	Percent	Number	Percent
2000	463,646	-5.7	376,914	81.3	86,732	18.7
2001	361,237	-22.1	299,514	82.9	61,723	17.1
2002	275,468	-23.7	218,660	79.4	56,808	20.6
2003	338,132	22.7	275,438	81.5	62,694	18.5
2004	385,297	13.9	297,335	77.2	87,962	22.8

2005	375,398	-2.6	277,346	73.9	98,052	26.1
2006	383,926	2.3	283,819	73.9	100,17	26.1
2007	526,705	37.2	360,713	68.5	165,92	31.5
2008	500,277	-5.0	374,661	74.9	125,66	25.1
2009	509,956	1.9	379,322	74.4	130,64	25.6

Source: Nepal Tourism Statistics, 2009, Kathmandu

Table 4.1 shows the history of tourist arrival in Nepal. According to the table, larger number of tourist arrival in Nepal is in 2007 and the smaller number is in 2002. In the year 2007, total number of tourist arrival is 526705 and in the year 2002, the number is 275468. In the total composition of tourist arrival, the numbers of tourist arrival by the use of air are higher than that of land. Figure 4.1 shows all these realities clearly.

Figure 4.1; Status of the Tourist Arrival by land, air and total during the study period:

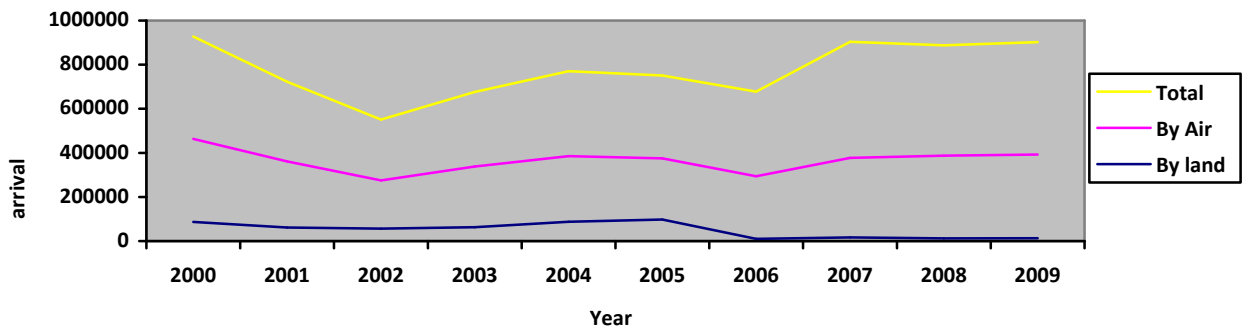


As demonstrated in the figure 4.1, it is clear that the higher number of tourist arrival is in the year 2007 whereas the lower number is in 2002. Tourism business is largely affected by political situation of the country. If there is the political stability in the country, large number of tourists will 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 during the study period. As demonstrated in the figure 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, is oriented towards the peace process and it is hoped that tourism business will flourish in near future.

4.1.2 Trend of Tourist Arrival:

We have already demonstrated yearly status of the tourist arrival. The number of tourist arrival is higher in the year 2007. In order to see the actual of tourist arrival, all the data have been demonstrated in the following figure.

Figure 4.2; Trend of the Tourist Arrival during the study period:



We can observe the trend of tourist arrival during the study period. According to the figure, tourist arrival in Nepal is in increasing trend from 2004 to 2010. After that, the trend started to decrease. The figure shows that the trend was gradually decreasing up to 2003. Since then, it started to increase up to 2004. From 2003, the nature of the trend line is upward sloping due to decrease in total number of tourist arrival.

From the realities presented above, we can say that tourist arrival largely depends upon different factors. Among such factors, political stability is measure one. That is why the Maoist insurgency was in peak stage in 2002 and due to such insurgency, emergency was also declared. Because of this conflict total number of tourist arrival started to decrease. Now, we can hope that Nepalese peace process will success soon and Nepal can take the tourism industry as a measure generating industry of the nation.

4.1.3 Monthly Status of the Tourist Arrival in Nepal:

Arrival of the tourist is largely affected by month also. 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 4.2 below.

Table 4.2; Status of the Tourist Arrival by month:

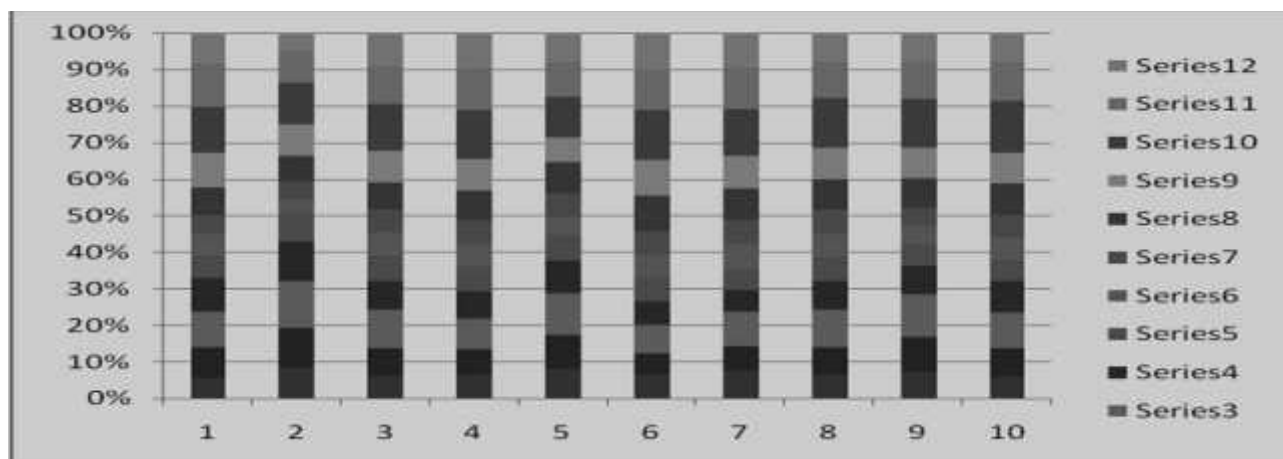
Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Jan	2530	30454	1717	2121	3098	2547	2876	3319	3691	2927	27876
Feb	3895	38680	2066	2434	3563	2033	2572	3993	4667	4061	33157

	4494		2881	2773	4429	2987	3687	5472	5873	4956	42226
Mar	4	46709	5	7	0	5	3	2	5	7	7
Apr	4363		2125	2585	3351	2341	2198	4094	3847	4333	33148
il	5	39083	3	1	4	4	3	2	5	7	7
Ma	2836		1988	2270	2680	2554	2287	3585	3041	3003	27081
y	3	28345	7	4	2	1	0	4	0	7	3
Jun	2693		1721	2035	1979	2260	2621	3131	2434	3174	23355
e	3	13030	8	1	3	8	0	6	9	9	7
July	2448		1662	2266	2486	2399	2518	3543	2542	3043	24742
	0	18329	1	1	0	6	3	7	7	2	6
Aug	3467		2109	2756	3316	3691	3315	4468	4001	4417	34074
	0	25322	3	8	2	0	0	3	1	4	3
Sep	4352		2375	2872	2549	3606	3336	4555	4162	4277	35203
	3	31170	2	4	6	6	2	2	2	1	8
Oct	5919		3527	4545	4337	5149	4967	7064	6642	7252	53529
	5	41245	2	9	3	8	0	4	1	2	9
Nov	5299		2872	3839	3638	4150	4411	5227	5239	5442	43149
	3	30282	3	8	1	5	9	3	9	3	6
Dec	4064		2499	3311	3100	3817	3600	4215	3884	4104	34456
	4	18588	0	5	7	0	9	6	0	9	8
Tot	4636	36123	2754	3381	3852	3753	3839	5267	5002	5099	
al	46	7	68	32	97	98	26	05	77	56	

Sources: 1) Statistical Year Book Nepal, 2009, Central Bureau of Statistics, Kathmandu, 2) Summary of Tourism Statistics 2008 VS 2009, Government of Nepal, Ministry of Culture, Tourism and Civil Aviation, Kathmandu

Table 4.2 present the real status of the arrival by month for the study period. According to the tourist arrival from the year, 2000 to 2002 has been gradually decreasing. After the year 2003, the status of the tourist arrival has been fluctuating period. Monthly history of the tourist arrival has been shown in figure below:

Figure 4.3; Monthly Status of the Tourist Arrival during the Study period:



As demonstrated in the figure 4.3, it is clear that tourist arrival in different month is not evenly distributed. However, the tourist arrival in the month of October and November is comparatively higher than other different months. In addition, June and July is comparatively lower than other different months.

4.1.4 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 below:

Table 4.3; Monthly Status of Tourist Arrival by Major countries:

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Australia	12189	10455	7159	7916	9671	7093	8231	12369	13846	15461	104390
	-2.6	-2.9	-2.6	-2.3	-2.5	-1.9	-2.1	-2.3	-2.8	-3	-2.53
Austria	5221	4164	3140	3025	4341	3007	3474	4473	3540	3245	37630
	-1.1	-1.2	-1.1	-0.9	-1.1	-0.8	-0.9	-0.8	-0.7	-0.6	-0.91
Canada	8590	7068	3747	4154	4825	4168	4733	7399	8132	8965	61781
	-1.9	-2	-1.4	-1.2	-1.3	-1.1	-1.2	-1.4	-1.6	-1.8	-1.5
Denmark	4847	3854	2040	2178	2633	1770	1956	3157	3847	4464	30746
	-1	-1.1	-0.7	-0.6	-0.7	-0.5	-0.5	-0.6	-0.8	-0.9	-0.75
France	2456	2118	1337	1586	1893	1410	1483	2025	2240	2215	18762
	7	6	5	8	8	5	0	2	4	1	-4.55
	-5.3	-5.9	-4.9	-4.7	-4.9	-3.8	-3.9	-3.8	-4.5	-4.3	-4.55

Germany	2626 3	2157 7	1577 4	1486 6	1602 5	1434 5	1436 1	2132 3	1855 2	1924 6	18233 2
	-5.7	-6	-5.7	-4.4	-4.2	-3.8	-3.7	-4	-3.7	-3.8	-4.42
India	9591 5	6432 0	6677 7	8636 3	9032 6	9568 5	9372 2	9601 0	9117 7	9388 4	87417 9
	-20.7	-17.8	-24.2	-25.5	-23.4	-25.5	-24.4	-18.2	-18.2	-18.4	-21.2
Italy	1149 1	8745	8057	8243	1237 6	8785	7736	1124 3	7914	7982	92572
	-2.5	-2.4	-2.9	-2.4	-3.2	-2.3	-2	-2.1	-1.6	-1.6	-2.25
Japan	4107 0	2883 0	2322 3	2741 2	2423 1	1823 9	2224 2	2705 8	2338 3	2244 5	25813 3
	-8.9	-8	-8.4	-8.1	-6.3	-4.9	-5.8	-5.1	-4.7	-4.4	-6.26
Netherlan ds	1621 1	1366 2	8306	8443	1116 0	8947	7207	1058 9	1090 0	1114 7	10657 2
	-3.5	-3.8	-3	-2.5	-2.9	-2.4	-1.9	-2	-2.2	-2.2	-2.58
Spain	8874	5897	5267	8265	1176 7	8891	1037 7	1567 2	1385 1	1300 6	10186 7
	-1.9	-1.6	-1.9	-2.4	-3.1	-2.4	-2.7	-3	-2.8	-2.6	-2.47
Switzerlan d	6230	5649	3352	3246	3788	3163	3559	5238	5186	5281	44692
	-1.3	-1.6	-1.2	-1	-1	-0.8	-0.9	-1	-1	-1	-1.08
Sri Lanka	1664 9	9844	9805	1393 0	1612 4	1877 0	2741 3	4994 7	3781 7	3636 2	23666 1
	-3.6	-2.7	-3.6	-4.1	-4.2	-5	-7.1	-9.5	-7.6	-7.1	-5.74
U.S.A.	4044 2	3205 2	1751 8	1883 8	2068 0	1853 9	1983 3	2978 3	3007 6	3204 3	25980 4
	-8.7	-8.9	-6.4	-5.6	-5.4	-4.9	-5.2	-5.7	-6	-6.3	-6.3
U.K.	3776 5	3353 3	2100 7	2210 1	2466 7	2515 1	2270 8	3236 7	3365 8	3538 2	28833 9
	-8.1	-9.3	-7.6	-6.5	-6.4	-6.7	-5.9	-6.1	-6.7	-6.9	-6.99
Others	1073 83	9040 0	6692 0	9328 7	1137 45	1247 37	1207 32	1763 12	1719 89	1728 46	12383 51
	-23.2	-25	-24.3	-27.6	-29.5	-33.2	-31.4	-33.5	-34.4	-33.9	-30
Not Specified	0	0	0	0	0	0	4005	3515	4007	6043	17570
	0	0	0	0	0	0	-1	-0.7	-0.8	-1.2	-4.26
Total	4636 46	3612 37	2754 68	3381 32	3852 97	3753 98	3839 26	5267 05	5002 77	5099 56	

	-100	-100	-100	-100	-100	-100	-101	-100	-100	-100	
--	------	------	------	------	------	------	------	------	------	------	--

As presented in table 4.3, it is clear that majority of the tourist come to Nepal from India. More precisely, 21.20 percent tourist comes from India followed by, UK (6.99 percent), USA (6.30 percent), Japan (6.26 percent), Srilanka (5.74 percent) and so on. According to the table, 30 percent tourists came from other different countries. Contribution of tourist arrival from some countries like Denmark, Austria, and Canada is lower.

4.1.4.1 Breakdown of Tourist Arrival in the year 2009 by Nationality:

In order to find out the major country of tourist arrival, data of 2009 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 Arrival in 2009 by countries with ranking:

S. N.	Countries	Tourist Arrival	Percentage of total	Rank
1	Australia	15461	3.03	12
2	Austria	3245	0.64	23
3	Belgium	4832	0.95	21
4	Bangladesh	15385	3.02	13
5	Canada	8965	1.76	16
6	China	32272	6.33	5
7	Denmark	4464	0.88	22
8	France	22154	4.34	9
9	Germany	19246	3.77	10
10	India	93884	18.41	1
11	Italy	7982	1.57	17
12	Israel	5879	1.15	18
13	Japan	22500	4.4	8
14	Netherlands	11149	2.19	15
15	Spain	13006	2.55	14

16	Switzerland	5281	1.04	20
17	Srilanka	36362	7.13	3
18	South Korea	16145	3.17	19
19	Singapore	5344	1.05	7
20	Thailand	27397	5.37	6
21	USA	32043	6.28	6
22	UK	35382	6.94	4
23	Others	71635	14.05	2
Total		509956	100	

As presented in table above, the number of tourist arrival in the year 2009 from India is highest among more than 23 countries. According to the table, India (18.41 percent) of the total tourists arrived to Nepal is highest than others. However, significant portion of the tourists (14.05 percent) arrived from other countries. Second larger number of tourists was from Sri-Lanka, UK, China, USA, Thailand, Japan, and France and so on. However, total number of tourist arrival from Austria, Denmark and Belgium 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 cannot forget their help to strengthen the tourism sector also.

4.1.4.2 Comparison of Tourist Arrival between the Year 2008 and 2009 by Continent:

The 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.

Table 4.5; Comparison of the Tourist Arrival between the Year 2006 and 2007 by Continent:

Continents	Tourist arrival during the year		% Change	Implication of the result
	2008	2009		
North America	73235	74372	1.55	Arrival of South America, Western Europe, Eastern Europe, Australia & others (unidentified) have decreased and North America, Africa, Asia have increased in 2009 than 2008.
South America	7245	7019	-3.12	
Western Europe	6087	6019	-1.12	
Eastern Europe	604	597	-1.16	
Africa	1942	2253	16.01	
Asia	2372	2741	15.56	
Australia	26329	25149	-4.48	
Others	35941	34153	-4.97	
Total	180503	224673		

(Source: Yearly Tourism Report, Nepal Tourism Board, Kathmandu)

Status of the tourist can be observed according to the continent 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 in the year 2009 taken in the study is increased in North America, Africa and Asia. In addition, tourist arrival from South America, Western Europe, Eastern Europe Australia and unidentified are decreased. As presented in the table tourist arrival from Africa in 2009 is increased by 16.01 percent as compared to 2008. Similarly, the number is increased from other countries of SAARC in 2009 as compared to 2008.

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.

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

As we known in the previous section that total number of tourist arrival is started decreasing from the year 2004. In order to see the real status of the tourist arrival by month 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	
Jan	36913	29278	-20.68
Feb	46675	40617	-12.98
Mar	58735	49567	-15.61
Apr	38475	43337	12.64
May	30410	30037	-1.23
June	24349	31749	30.39
July	25427	30432	19.68
Aug	40011	44174	10.4
Sep	41622	42771	2.76
Oct	66421	72522	9.19
Nov	52399	54423	3.86
Dec	38840	41049	5.69
Total	500277	509956	1.93

(Sources; Summary of Tourism Statistics, 2008 Vs 2009, Ministry of Culture, Tourism and Civil Aviation, Kathmandu)

It is clear from the table 4.6 that the tourist arrival in 2009 is increased in June, July, August, September, October, November and December by months as compared to the year 2008 is higher in the months January, February, March, April and May compared to the same period of 2008. So we can say that since May the season of tourism business is started. It will be more comfortable to interpret if we express the data in percent basis. Table 4.7 clarifies these realities.

Table 4.7; Comparison of Tourist Arrival between the year 2008 and 2009 by Month:

Months	Year and % of Tourist Arrival During the Year		Result
	2008	2009	
January	7.38	5.74	Decreased
February	9.33	7.96	Decreased
March	11.74	9.72	Decreased
April	7.69	8.50	Increased
May	6.08	5.89	Decreased
June	4.87	6.23	Increased
July	5.08	5.97	Increased
August	8.00	8.66	Increased
September	8.32	8.39	Increased
October	13.28	14.22	Increased
November	10.47	10.67	Increased
December	7.76	8.05	Increased
Total	100.00	100.00	

(Source: Table 4.6 ; As presented in the table 4.7, it is obvious that the tourist arrival in Nepal from January to May is lower in 2009 as compared to 2008. It is higher in June whereas lower in January onwards. Since then the tourist arrival is higher in the year 2009 as compared to 2008 of same period)

4.1.7 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 4.10 shows the average stay of tourist in Nepal during the study period.

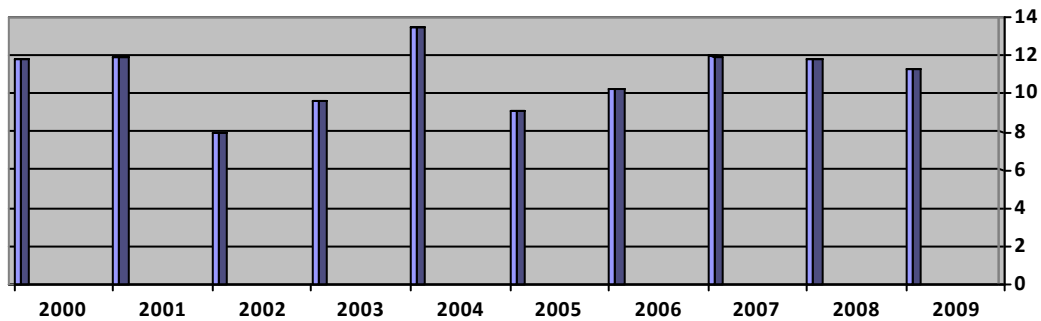
Table 4.8; Average Length of Tourist's Stay in Nepal:

Year	Average Length of Stay (Days)
2000	11.88
2001	11.93
2002	7.92
2003	9.6
2004	13.51

2005	9.09
2006	10.2
2007	11.96
2008	11.78
2009	11.32

(Source: Table 4.1; As the data presented in table 4.10, 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 highest in 2004 and it is lowest in 2002. We can also see this data more clearly in this figure):

Figure 4.4



In this figure, the year 2004 has a higher length of stay, such as in 2007. In the year 2002 and 2005 has lower length of stay among them. In the insurgency period of our country has affected in the stay of tourist. In addition, after insurgency period it would be in recovery stage.

4.2 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:

Table 4.9; Purpose of Visit in Nepal

TABLE 8: TOURIST ARRIVALS BY PURPOSE OF VISIT, 2000-2009

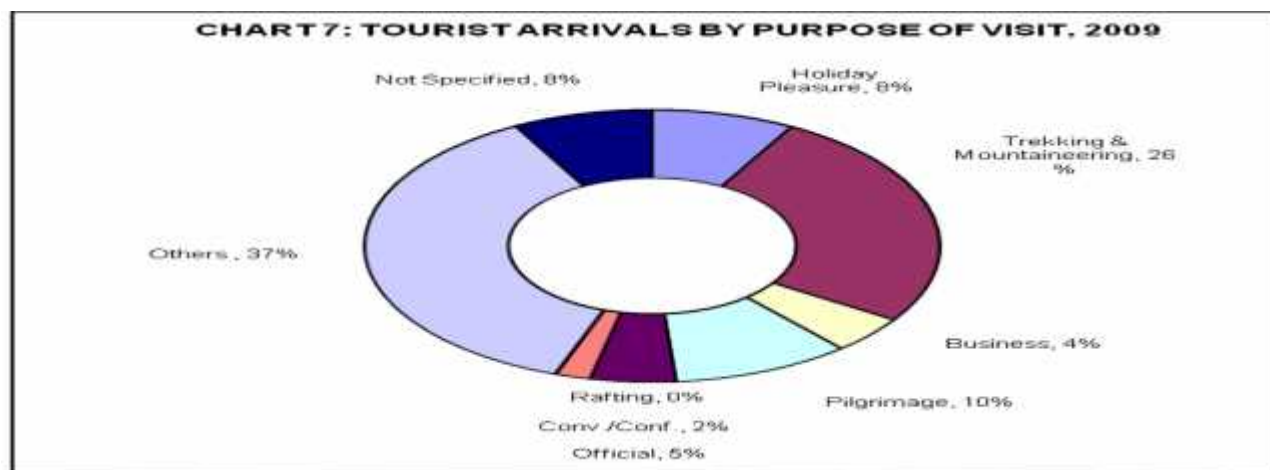
Year	Holiday Pleasure	Trekking & Mountaineering	Business	Pilgrimage	Official	Conv./ Conf.	Rafting	Others	Not Specified	Total
2000	255,889	118,780	29,454	15,801	20,832	5,599	-	17,291	-	463,646

	-55.2	-25.6	-6.4	-3.4	-4.5	-1.2		-3.7		-100
2001	187,022	100,828	18,528	13,816	18,727	0	-	22,316	-	361,237
	-51.8	-27.9	-5.1	-3.8	-5.2	0		-6.2		-100
2002	110,143	59,279	16,990	12,366	17,783	0	-	58,907	-	275,468
	-40	-21.5	-6.2	-4.5	-6.5	0		-21.4		-100
2003	97,904	65,721	19,387	21,395	21,967	0	-	111,758	-	338,132
	-29	-19.4	-5.7	-6.3	-6.5	0		-33.1		-100
2004	167,262	69,442	13,948	45,664	17,088	0	-	71,893	-	385,297
	-43.4	-18	-3.6	-11.9	-4.4	0		-18.7		-100
2005	160,259	61,488	21,992	47,621	16,859	0	-	67,179	-	375,398
	-42.7	-16.4	-5.9	-12.7	-4.5	0		-17.9		-100
2006	145,802	66,931	21,066	59,298	18,063	0	-	72,766	-	383,926
	-27.7	-12.7	-4	-11.3	-3.4	0		-13.8		-100
2007	217,815	101,320	24,487	52,594	21,670	8,019	65	78,579	22,156	526,705
	-41.4	-19.2	-4.6	-10	-4.1	-1.5	0	-14.9	-4.2	-100
2008	148,180	104,822	23,039	45,091	43,044	6,938	243	99,391	29,529	500,277
	-29.6	-21	-4.6	-9	-8.6	-1.4	0	-19.9	-5.9	-100
2009	40,992	132,929	22,758	51,542	24,518	9,985	285	186,849	40,098	509,956
	-8	-26.1	-4.5	-10.1	-4.8	-2	-0.1	-36.6	-7.9	-100

(Sources: Nepal Tourism Statistics, 2009, Kathmandu)

The real history of the tourist arrival taking different purpose has been presented in table 4.11. 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. 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:

Figure 4.5



Major Purpose of Tourist Arrival in Nepal during 2009, as demonstrated in the figure 4.6, it is obvious that most of the tourists use to come to Nepal for miscellaneous purpose 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, policies, in order to develop trekking, and mountaineering business effectively and from systematic manner.

4.3 Status of the Foreign Exchange Earning and Contribution of Earning from Tourism Sector
 Foreign exchange earnings are 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 earnings from different sources during the study Period has been presented in table 4.12.

Table 4.10; Status of the Gross Foreign Exchange Earning in Convertible Currencies:

S. N.	Fiscal Year	Earning (Rs.'000')	% Change	Rank
1	2000	11,827,403	-0.7	6
2	2001	10,468,205	-15.9	9
3	2002	8,300,553	-23.8	10
4	2003	14,508,396	80.5	4
5	2004	13,146,534	-6.7	5
6	2005	10,600,345	-17.5	8

7	2006	11,784,644	9.7	7
8	2007	15,185,071	41.7	3
9	2008	24,802,195	52.6	2
10	2009	28,996,950	7.2	1

The total foreign currency earning in Nepal was highest in 2009(Rs28, 996,950). It is 7.2 Percentage higher than previous year. Than after 2008 (Rs 24,802,195), which is 52.6 percentages higher than previous year. The total earning from foreign currency drastically decreases than after. Even the earning grew by negative. From the above table 4.12, revenue from various categories is in decreasing trend up to the year 2000 to 2002 and 2004 to 2005. Total revenue collection in 2009 is Rs.28996950 is highest than after 2008 and 2007. Moreover, it has reached Rs 11784644 in 2006. which is started for decreasing income until 2005. During the year 2002, due to the conflict problem in the country, total revenue has been decreasing by Rs 8,300,553 as compared to previous years. Revenue collection is in increasing trend from the year 2006. Visitors who are interested in mountaineering trekking, rafting etc. has to pay a certain amount of royalty to the government. Royalty collection is also fluctuating during the study period. It has been highly fluctuated and then it has been increasing trend. After the year 2002, royalty collection is satisfactory. In order to know the contribution of foreign currency earnings from tourism sector the real status of the earning from tourism sector has been presented in table 4.13.

Table 4.11; Status of the Gross Foreign Exchange Earning in Convertible Currencies from Tourism Business in Nepal:

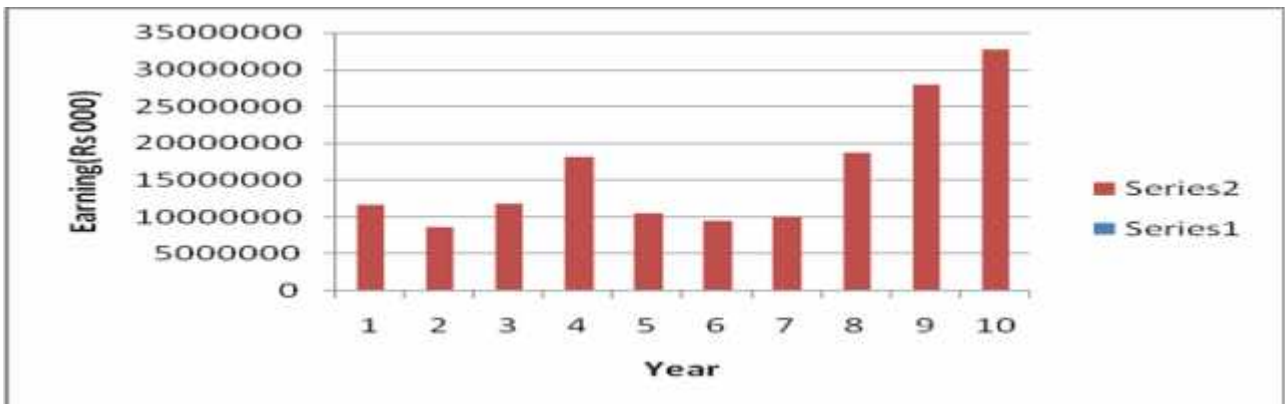
Year	Earning (Rs.'000')	As % of total Merchandise Export	As % of total Merchandise Export of Goods & non Factor Services	As% Foreign Exchange Earning	As % of GDP
2000	11,717,000.00	21	12	7.4	2.9
2001	8,654,300.00	14.9	10.6	6.1	2.1
2002	11,747,700.00	23.1	15.2	8.2	2.6
2003	18,147,400.00	32.9	20.3	11.4	3.7
2004	10,464,000.00	17.5	12.2	6.1	1.8

2005	9,556,000.00	15.5	10.9	4.6	1.5
2006	10,125,000.00	16.1	10.7	4.5	1.4
2007	18,653,000.00	30.1	17.9	6.7	2.3
2008	27,960,000.00	40	22.8	6.5	2.9
2009	32,690,000.00	40	23.1	6	3.4

(Sources: Nepal Tourism Statistics, 2009, Kathmandu)

Role of earning from tourism sector in total earning can be observed. In order to observe the fact we have to see the data presented in table 4.13. According to the table, in the year 2009, earning from tourism sector covers 40.0 percent of total merchandise export, 23.1 percent of merchandise export of goods and non-factor services, 6.0 percent of foreign exchange earnings and 3.4 percent of gross domestic product. This has highest income year in the study period. The second higher earnings from tourism sector contribute to GDP in the year 2000 and 2008 are the same of 2.9 percent. In addition, 2002 while it contributes less in 2006 and 2005. Total earning from tourism sector as percentage of total foreign exchange earnings for the year of the study has been demonstrated in figure 4.7 below:

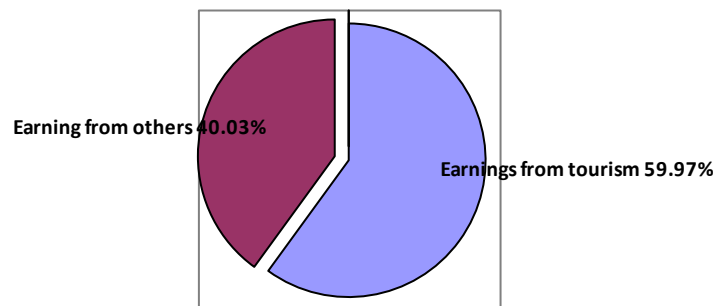
Figure 4.7



In the figure 4.7, there is earning (Rs in million) in X axis and years are in Y-axis. In this figure we saw that in year 2007,2008 and 2009 have higher income period respectively .And year 2001,2002,2005,2006 and 2007 have lower earning period respectively. Due to insurgency period, we have to know that low tourist arrival has the cause to reduce the earning. Hoping that it has going to be recovery in earning, which was shown in last dates such as 2007, 2008 and 2009.

Contribution of tourism sector in foreign exchange earnings are also shown of the year 2009 in figure 4.8 below:

Figure: 4.8



Area Coverage of Tourism Sector Total Foreign Exchange Earnings for the Year 2009 as demonstrated in figure 4.8, it is obvious that area coverage by tourism sector income in total foreign exchange earnings is 59.97 percent in the year 2009. It is only 2.2 percent of total GDP, 23.1 percent of total merchandise export of goods and nonfactor services and 40.0 percent of total merchandise export. In addition, earning from other sector is 40.03 percent. It means that even it is clear that earnings from tourism are more than others incoming foreign currencies.

4.4 Analysis of Linear Relationship between Tourist Arrival and Different Macro Economic Factors:

We already discussed that tourist arrival largely depends upon different factors of the particular country. Similarly, revenue collection from tourism mostly depends upon tourist arrival. In the section, an attempt has been made to show the linear relationship between different factors of tourism and different macroeconomic factors such as GDP, total foreign exchange earning etc. The regression model is helpful for analysis of linear relationship.

4.4.1 Regression Analysis:

In the category of regression analysis, six different regression models have been employed. Altogether, there are three models under simple regression and another three models under multiple regressions.

4.4.1.1. Simple Regression Analysis:

Under simple regression analysis, three models have been formulated. Under this category, the first one shows the linear relationship between total foreign exchange earnings and earnings from tourism. Similarly, the second model shows the linear relationship between GDP and earning from tourism. The third model shows the linear relationship between GDP and total foreign exchange earnings. The regression result of these models has been presented in table below:

Table 4.12; Simple Regression Result of the Formulated Models:

Regression Models	Constant (a)	Regression coefficient of		R2
		EFT	TFEE	
1.TFEE=a+b1EFT+ U1	-483.854	9.345		0.64
	(-0.196)	(3.205)*		
2.GDP=a+b1, EFT+ U1	225075.5	18.982		0.135
	-1.59	-1.54		
3.GDP=a+ b1TFEE+U1	13.7534		206.27	0.198
	-0.785		-1.435	

Note: - Values in parenthesis indicates t-values and the sign - *, ** and *** indicate the values are significant at 1 percent, 5 percent and 10 percent level respectively. Terms used in the table are as follows:

-) EFT = Earning From Tourism
-) TFEE = Total Foreign Exchange Earning
-) GDP = Gross Domestic Product

The regression results of the formulated models have been presented in table 4.14 above. According to the table, the result of first regression model viz. $TFEE = a + b1EFT + U1$ is represented first. This model tries to explain the association between total foreign exchange earnings and earnings from tourism. The coefficient of earning from tourism is 9.345, which states that one-rupee increase in tourism income leads to increase about Rs. 9.35 in total foreign exchange earnings taking all other variables constant. It is statistically significant at 1 percent level. The result indicates that income from tourism sector plays vital role in total foreign exchange earning of the country. The formulated regression model can explain 64 percent variation in total exchange earning, as the value of R Square is 0.64. It is statistically significant as the calculated value of F-statistics is significant even at 1 percent level. To sum up, the earning from tourism sector plays significant role in total foreign exchange earnings.

Total number of tourist arrival should be just apposed with average income per visitor per day, which helps to know whether the increase in the number of tourist arrival is contributing towards generating income also. Amount that is actually spent by tourists is also equally important as the no of tourist arrival. Table 4.15 shows the contribution of tourism sector in foreign exchange earnings and average income per visitor per day.

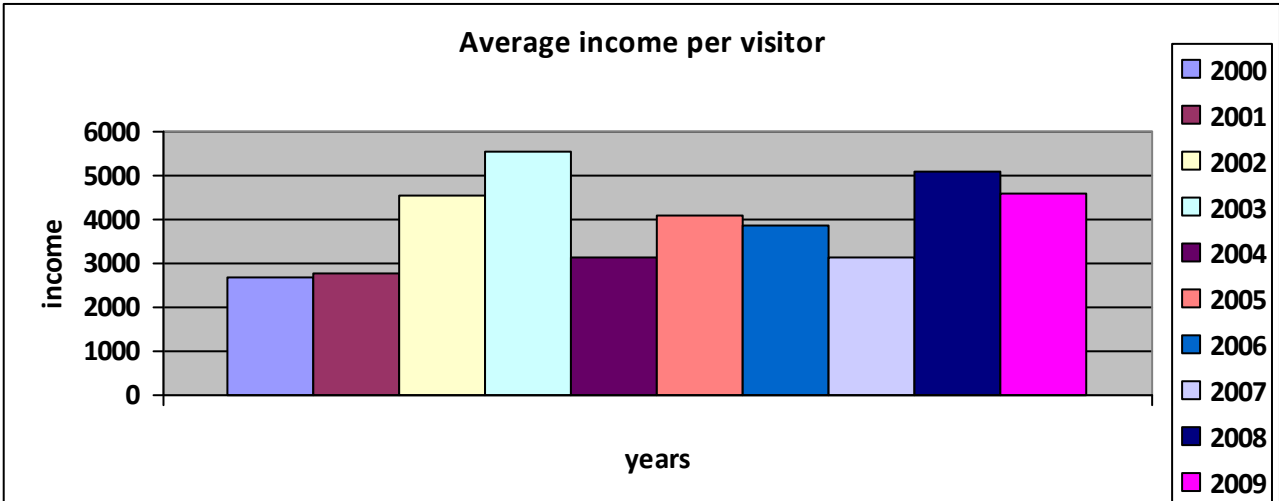
Table 4.13; Average Income per Visitor per Day:

Year	Total Earning in ‘000’	Average Income per visitor per day
2000	166,847.00	2674
2001	140,276.00	2772
2002	106,822.00	4536
2003	192,832.00	5537
2004	179,941.00	3157
2005	148,441.00	4095
2006	162,790.00	3850
2007	230,617.00	3150
2008	351,968.00	5110
2009	377,172.00	4571

(Source: Nepal Rastra Bank, Research Division)

From the above table, it is found that tourist spends minimum 31.9 US\$ to maximum of 55.2 US\$ per day during the study period. It has been also fluctuating due to charge rates of US \$ in international market. It is found that the political stability, comfortable and luxurious accommodation, transportation and communication facilities are the other factors to increase the per day income of the tourist. We also show this data in this figure.

Figure: 4.8

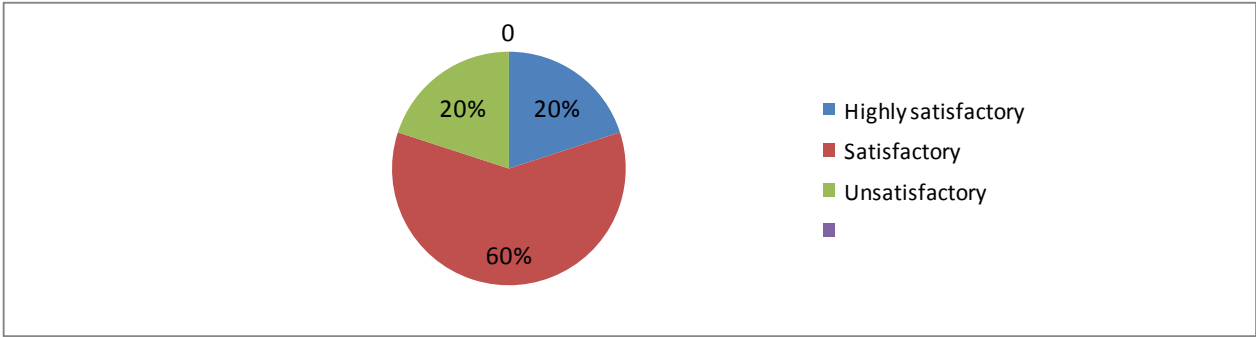


In this figure, the average income per visitor is shown in different years. Between these year there is higher income in 2003 and then 2008. Likewise 2000 and 2001 have a lower income year.

4.5 Analysis of the Questionnaire:

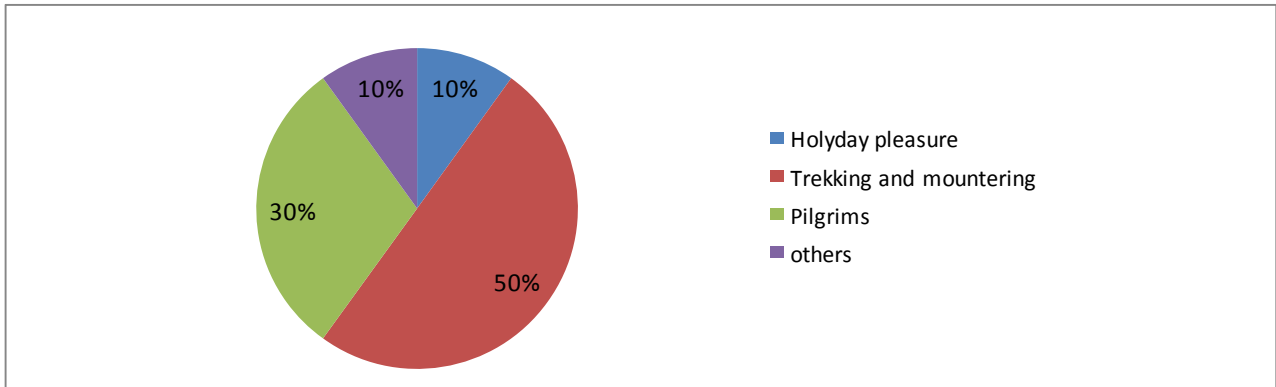
Apart from the secondary data collected from the different sources, direct response from the different people related to tourism has been obtained from the given questionnaire to know the development and realities that is taking place in the tourism industry. People from different types of profession relating to tourism have been chosen for getting response such as hotels, travel agency and tourists. Some questions are created here to resolve of questionnaire with the help of Pie chart

1. Tourist arrival in Nepal satisfactory level:



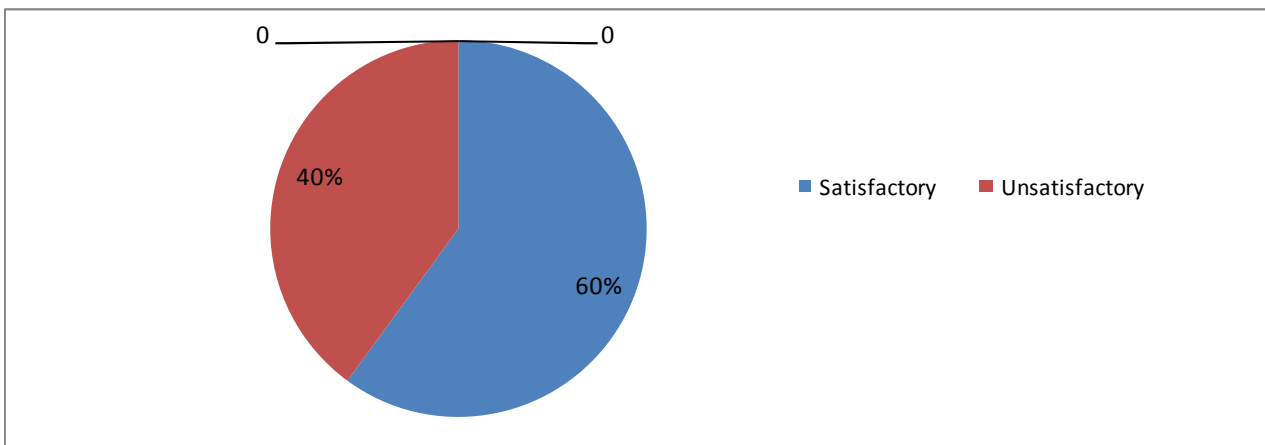
In the above chart, involvers in the questionnaire are focus on the profession of travel agency, hotels and tourists. 20% of them are feel that tourists arrival in the Nepal is in highly satisfactory level, 20% of them are in unsatisfactory level and 60% of them have feel in satisfactory level.

2. Propose of tourist visit in Nepal:



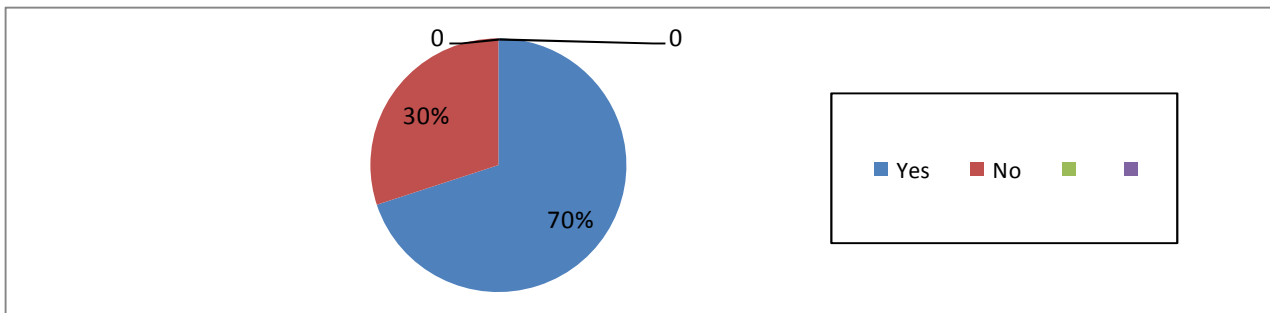
In the above chart shows that 50% of involver told that purpose of the tourists visit in Nepal mostly in tracking and mountring, 30% of them are in Pilgrims, holiday pleasure and others both are in 10%.

3. Satisfactory level of revenue collection from tourism industry:



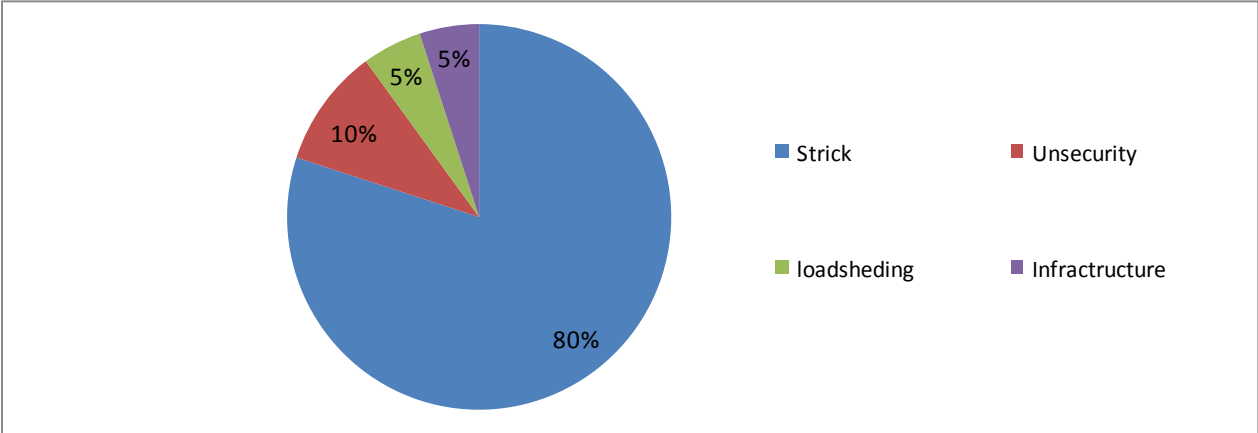
Above figure shows the satisfaction of collection from tourism industry. Among the sample involved, they are divided in satisfactory level by 60% and unsatisfactory level by 40%. It means to say that hotel section are mostly satisfaction more than travel agency. Because of highly participation of hotelier in this questionnaire.

4. Impact significant role in generation on foreign currency income by tourism business.



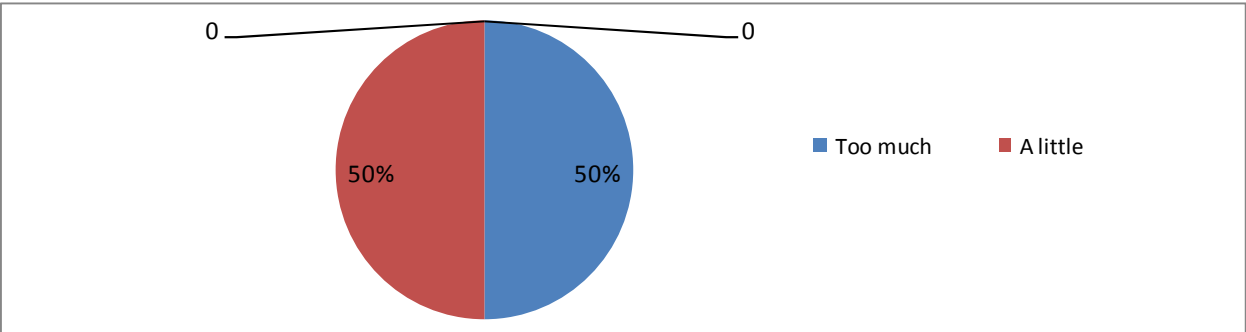
In the above figure, we saw that 70% of involve in favor of playing significant role in generating foreign currency income by tourism business. In addition, 30% of them are in against of this statement. Due to low export of goods in foreign countries, tourism business is the major aspect to play significant role in generating foreign currency.

5. Problems faced by tourists in Nepal:



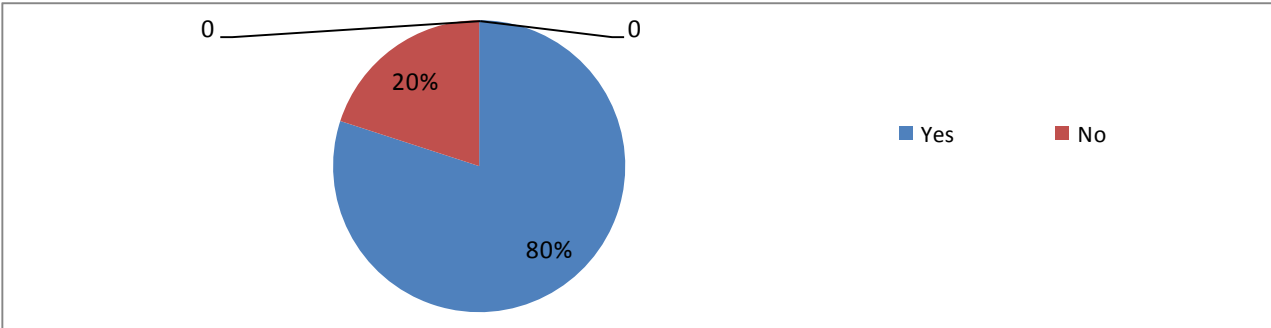
In the above figure, there are four major options having problems faced by tourists in Nepal. Among these major problems, strike is one of the most problem gain 80% by sample. 10 % and each 5 percent gain by insecurity, load shedding and infrastructure respectively.

6. Geophysical condition and poor infrastructure development affects in the tourism business:



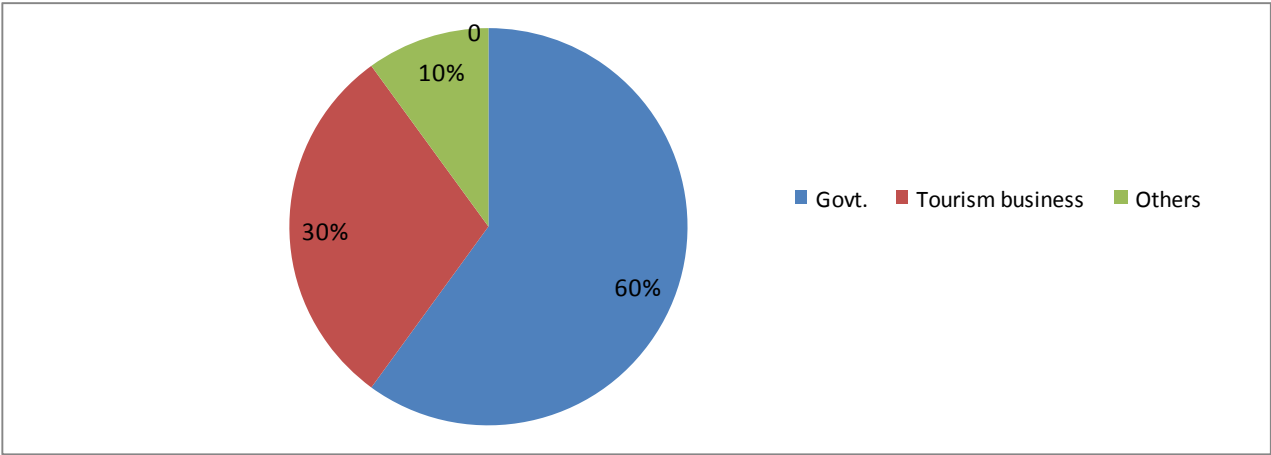
By studying of the above chart, we concluded that geophysical condition and poor infrastructure development affection in the tourism business is fifty-fifty condition in the option of too much and a little.

7. Foreign currency is the major source of national economy:



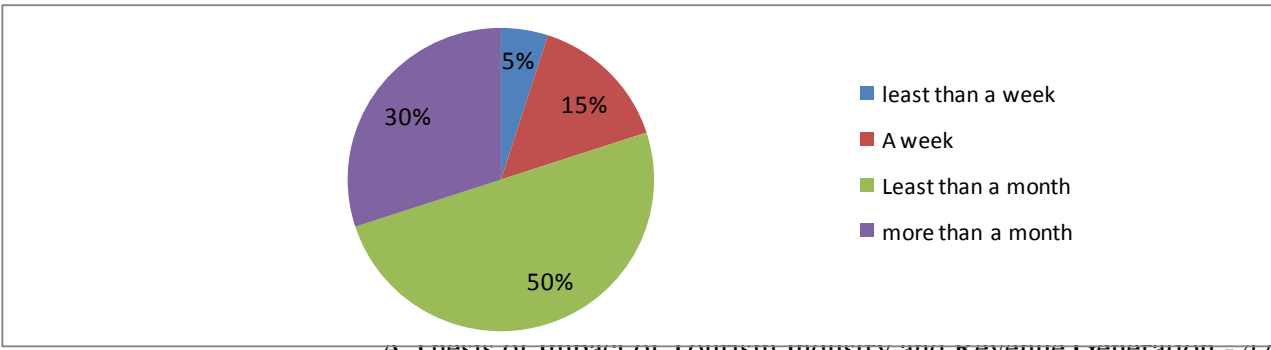
In the above chart we concluded that 80 percent of samples are in favor of foreign currency is the major source of national economy and rest 20 percent is in against of this status.

8. Should be taken steps to generate more revenue income from tourism industry:



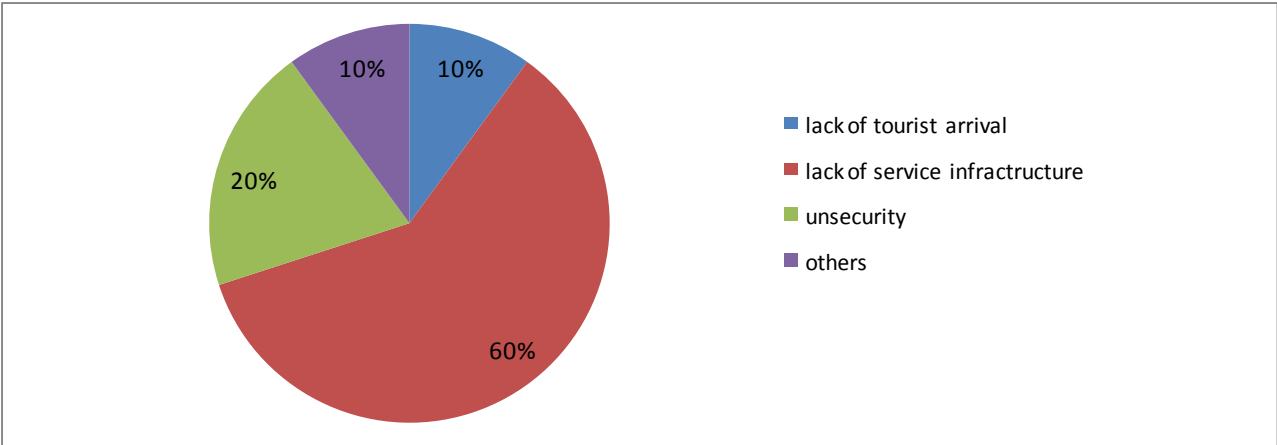
In the above pie chart, there are three options, which should be taken steps to generate major revenue income from tourism industry, are government, tourism, businessperson and others. Among them, option 30 percent sample in the favor of government.60 percent are in tourism businessperson and rest 10 percent are in other group.

9. Duration of the tourist stay in Nepal:



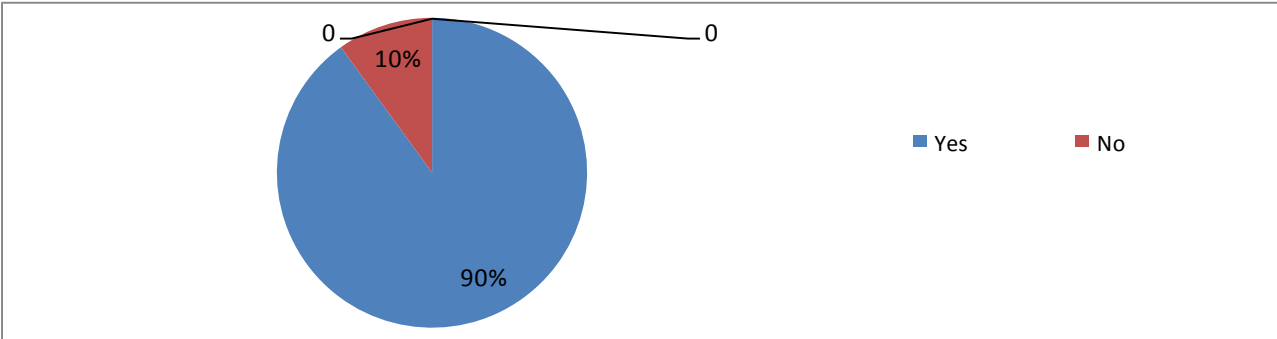
In the above chart, we saw that 5 percent of the sample in the favor of least than a week, 15 percent is in a week, 50 percent are in least than a month and rest 30 percent are in more than a month in the case of duration of the tourist stay in Nepal.

10. Obstacles to collect more revenue from tourism industry:



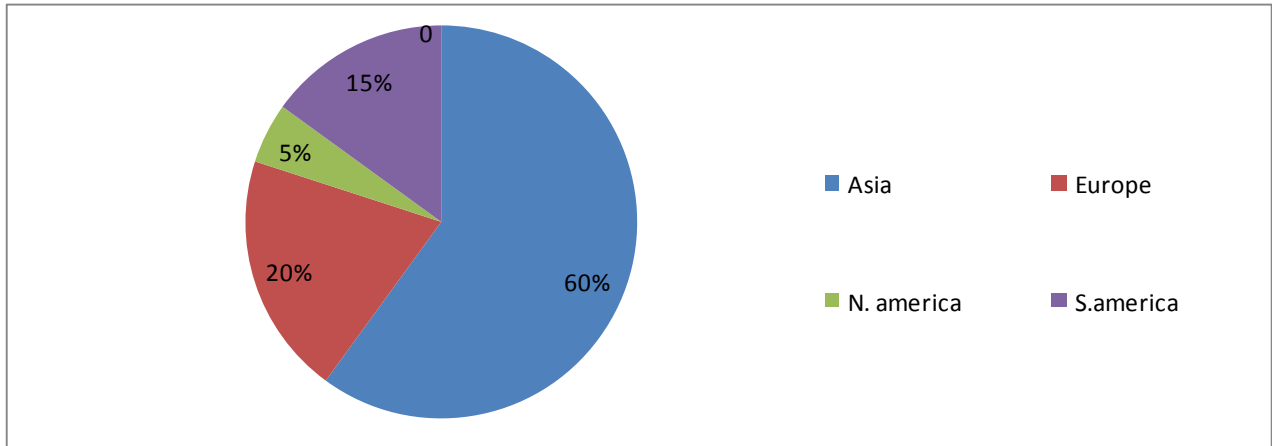
In the above chart, we have to see the result of obstacles to collect more revenue from tourism industry. In the chart 10 percent of sample told about the reason is lack of arrival tourist, 60 percent of them are in the reason is lack of service infrastructure, 20 percent of them are in insecurity and rest 10 percent are in the others matter.

11. Necessity to make luxurious hotels and accommodation to attract a host number of tourist:



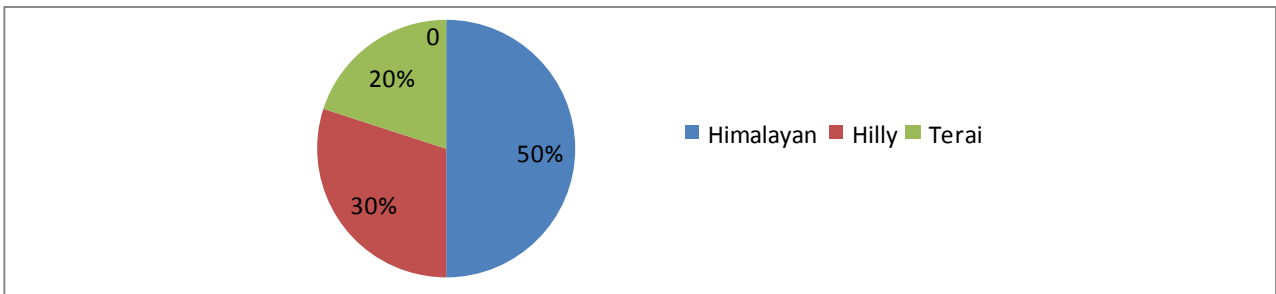
In the above chart 90 percent sample are in the favor of necessity to make luxurious hotels and accommodation to attract a host number of tourist and rest 10 percent are in against of this status.

12. Most of the tourist visit in the context of continent:



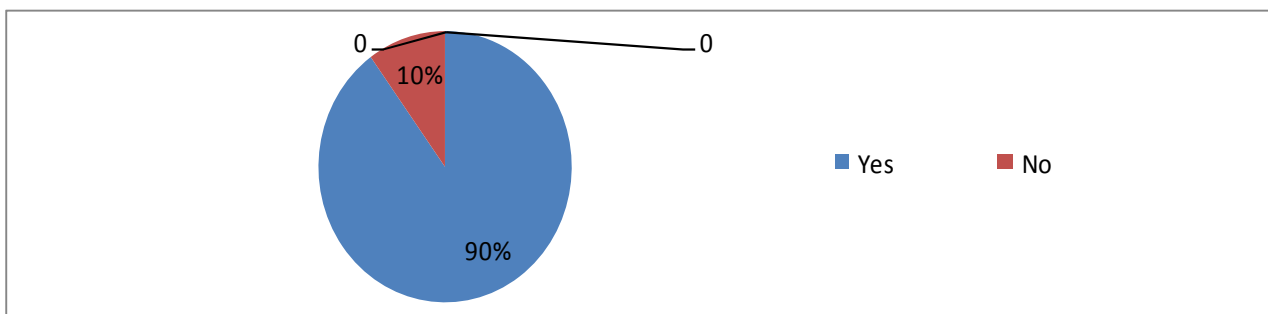
In the above chart we saw that 60 percent sample in favor of more tourist are come from Asia, 20 percent of them are in favor of Europe, 5 percent are in North America and rest 15 percent are in the favor of South America continent.

13. Part of the Nepal does the tourist like to visit:



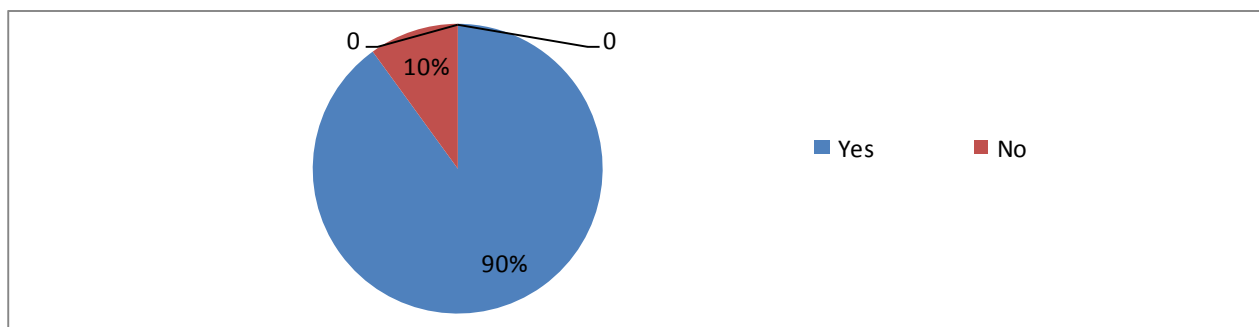
In the above chart, we saw the eagerness of tourist like to visit in the part of Nepal. With the help of chart, we find out that 50 percent of tourists likely to visit Himalayan, 30 percent of them are in hilly and rest 20 percent are in Terai region. Because of tracking and mountring, most of tourist likely to go to Himalayan Region.

14. Possibility to make tourist visit more easier and comfortable for income generating purpose:



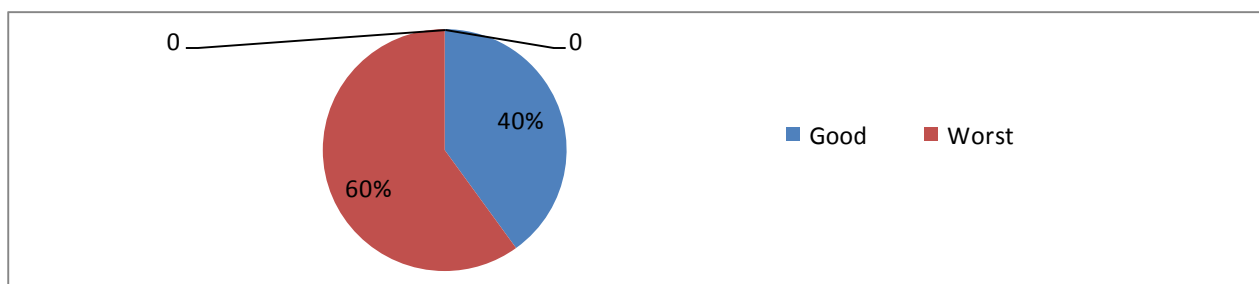
With the studying of above chart, it has been concluded that it is possible to make tourist visit easier and comfortable for income generating purpose. With the help of sample collect by 90 percent and rest, 10 percent are in against of this possibility.

15. Being growing industry of the country in near future:



90 percent of sample told that tourism industry is the growing industry of the country in the near future.

16. Sufficient to attract tourist, tourism promotion program organized by NTB:



In the above figure 40 percent of sample told that tourism promotion program organized by NTB is sufficient to attract and rest 60 percent are in against of this status.

Hotel Business:

Hotel business is directly affected by the trend of tourist arrival. Respondents from hotel business have shown their concern with occupancy level of hotel. They are of the opinion that number of tourist arrival is not the single determining factor of earning from tourism industry but it is in large scale affected by their length of stay and the kind of accommodation they use during their stay. They have cited another problem, which is seasonality of the business. The number of tourist arrival trends upward from January and lasts only for about 5 months after which the sector shows the earning slowdown. Such slowdown makes it very difficult for the hotel business to cover huge amount of fixed cost and stay in the business. They are optimistic in the matter that tourism sector has great potential and is capable of making huge contribution for country's development but there

is unanimous consensus among them is that the effort which is being exerted by the government for the upliftment of this sector is not enough anymore.

Travel Agencies:

Hotel businessman and travel agencies shared common views in most of the aspect. Travel agencies are more concerned about the mode of transportation, which is used by the tourists. They also think the sector has been large-scale potential but poorly managed. There are several rooms for improvement. Government has not paid sufficient attention and the sector is not performing as per expectation due to lack of plans and policies. The government is not committed towards preserving natural and cultural heritage and attract tourist. Sufficient attention is not paid towards developing infrastructure for tourism and the condition of roads is quite poor. Tourists also have to face difficulty in obtaining permission to visit certain place. They are of the opinion that government has several things to do in creating tourism friendly environment and formulating plans and policies.

Tourists:

Tourists have particularly expressed their opinion about the problems that they face during their visit. They consider lack of security as a great threat. Similarly, there are not sufficient numbers of tourist guides who are capable of providing proper guidance to tourists. They always maintained that Nepal always remained at the top of their priority and they are eager to visit different places and lengthen their stay in Nepal but at the same time express disappointment due to several problems. Tourism sector in spite of having huge potential is not well managed and less attention is paid.

(Sources-Appendix I & III)

4.6 Summary of the Analysis

Based on the analysis of data relating to tourism business in Nepal, major findings of the current research have been stated here in this section.

A. The tourist arrival in the month of October and November is comparatively higher than other months during the study period. According to nationality, 21.2 percent tourists come from India followed by U.K. (6.99 percent) USA (6.30 percent), Japan (6.26 percent) and so on. In addition, Denmark, Austria and Canada have lower.

B. The trend of Tourist arrival in Nepal is in increasing from 2007 to 2009 and after that, the trend started to decrease. The nature of the trend line is downward sloping due to decrease in total number of tourist arrival from 2000 to 2002.

C. Political event largely affects the tourist arrival that is why total number of tourist arrival is increased from 2007 and so on by highly percent.

D. Majority of the tourist visits Nepal via air and lowers than 18.0 percent tourists visit Nepal by using land.

E. Most of the tourists come to Nepal taking the major purpose of holiday pleasure followed by trekking and mountaineering and so on. Their average length of stay ranged from 7.92 days to 13.51 days.

F. Earning from tourism sector covers 40.0 percent of total merchandise export, 23.1 percent of merchandise export of goods and non-factor services, 6.0 percent of foreign exchange earnings and 3.4 percent of gross domestic product in the year 2009. The earning from tourism sector contributes more to GDP in the year 2009 while it contributes less in 2006.

G. Under the regression analysis, earning from tourism plays significant role to change the total foreign exchange earnings.

H. Per tourist spends minimum 38.2 US\$ to maximum of 79.1 US\$ per day that means per visitor spends nearly Rs. 2674 to Rs.5537 per day in various items.

I. Regression analysis result makes it clear that earning from tourism occupies large portion of the total foreign exchange earnings. Any increase or decrease in earnings from tourism immensely affects the foreign exchange earning of the country.

J. The number of tourist arrival has trended upward since 2007 showing sharp recovery in 2009 because of optimism in the political sphere that clearly indicates that tourism sentiment is hugely affected by political situation of the country.

K. No of tourist arrival from India accounts significant portion of total tourist arrival and any increase or decrease in the number of Indian tourist hugely affects the trend of tourist arrival.

CHAPTER V:

SUMMARY, CONCLUSION AND RECOMMENDATION

In this chapter, an attempt has been made to summarize whole study, draw the conclusion based on basic findings and recommend the possible measure based on basic findings and conclusions.

5.1 Summary:

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 member of World Trade Organization; therefore, it has to develop itself from different perspective. It has to develop its infrastructure properly so that all the interested people could visit the places s/he desired.

Tourism has been an important business worldwide. At present for Nepal also, growth of tourism is a great resource of income of foreign currency. It has been played a vital role in strengthening the economic condition of a 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 attraction are environmental pollution, serious exploitation of 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 the man made resources are luxurious and comfortable hotel; classic bar, restaurant and associated prerequisite etc. These qualified elements attract the host number of tourist.

Being very rich in natural and cultural resources, Nepal could be the world most popular tourist destination through which it can gain its hold on poverty alleviation, forming various job opportunities, which can bring changes in economic, cultural, educational and social sector of the country. Considering all these facts in mind this research has been conducted covering "Tourism and its Impact on Revenue Contribution in Nepal". We can observe the trend of tourist arrival in Nepal is in increasing trend from 2007 to 2009. After that, the trend started to decrease. The trend was gradually decreasing up to 2002. Since then, it started to increase up to 2004. From 2004 to 2005, the nature of the trend line is downward sloping due to decrease in total number of tourist arrival. Political event largely affects the tourist arrival that's why total number of tourist arrival in the year 2007 is increased by 6206 percent as compared year 2006. In order to maintain and increase this improvement Nepalese peace process should end in real peace. We can expect that tourism will be the major income earning business in Nepal, as current effort is being positive. Most of the tourist use to come to Nepal for holiday pleasure followed by trekking and mountaineering and so on. The result indicates that Nepalese policy have to develop and properly manage the new and beautiful places so that tourist can fully satisfy with their visiting.

According to the fact of current research, we can say that tourist arrival largely depends upon different factors. Among such factors, political stability is major one. That's why the Maoist

insurgency was in peak stage in 2002 and due to such insurgency, emergency was also declared. Because of this conflict, total number of tourist arrival started to decrease. Now, we can hope that Nepalese Peace Process will success soon and Nepal can take the tourism industry as a major income generating industry of the nation. Majority of the tourists come to Nepal from India. More precisely 27.01 percent tourists come from India followed by Japan (7.47 percent), UK (7.41 percent), and Germany (6.11 percent) and so on. According to the table, 22.37 percent arrival tourists came from other different countries. Contribution of tourist arrival from some countries like Austria, Canada, and Denmark has lower.

As we seen the real status of the tourist arrival by continents, we can see that the number of tourist arrival from South America and Africa is higher than that of other nationalities. Comparatively, the number of tourist arrival from North America, Western Europe as well as Eastern Europe is lower. As we discussed about the mode of transportation, Air is the most important one for tourist arrival. More precisely, lower than 26.12 percent tourist visit Nepal by using Land. The number of tourist arrival from land is 22.83 percent in the year 2004 and 26.12 percent in the year 2005. The results shows that majority of the tourist arrive Nepal via air.

As we concentrate to find out the length of time that tourists use to stay in Nepal, we observe 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.

While we observe the major purpose of tourist Nepal, it is found that most of the tourists use to come to Nepal for trekking and mountaineering followed by pilgrims 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, policies, in order to develop trekking, and mountaineering business effectively and from systematic manner.

The contribution of earning from tourism is another issue of current research. The best result indicates that, in the year 2009, earning from tourism sector covers 40.0 percent of total merchandise export, 23.1 percent of merchandise export of goods and non-factor services, 6.0 percent foreign exchange earnings and 3.4 percent of gross domestic product. The earnings from tourism sector contribute more to GDP in the year 2009 than after 2000 and 2008 while it contributes less in 2005 and 2006 respectively. Average range of the income from tourism sector as percentage of total foreign exchange earnings is 59.97 percentage in 2009. While, we concentrate only the last year of the study. The lower area coverage by tourism sector income in total foreign

exchange earnings is 6.1 percent in the year 2001. It is only 2.1 percent of total GDP, 10.6 percent of total merchandise export of goods and non-factor service and 14.9 percent of total merchandise export.

5.2 Conclusions:

Based on the basic findings presented at the end of chapter four and summary incorporated in this chapter, following conclusion can be drawn: The trend tourist arrival is in fluctuating trend over the study period. It has started downward sloping at the beginning period of the study due to decrease in total number of tourist arrival and having satisfactory level from 2007. Most of the tourist use to come to Nepal for trekking and mountaineering followed by pilgrims.

Average length of tourist's stay is ranged from 7.92 days to 13.51 days during the study period. Tourist mostly used air as major mode of transportation. Average range of the income from tourism sector as percentage of total foreign exchange Earnings is 59.97 percent in the last year of study period. Earning from tourism plays significant role to exchange earnings. Similarly, earnings from tourism, total foreign exchange earnings and gross domestic product play significant role on different macroeconomic indicators.

5.3 Recommendations:

Based on the basic findings and conclusion of current research, following remedial measures have been recommended in order to strengthen the tourism business in Nepal.

1. The trend of tourist arrival is in fluctuating trend over study period. Moreover, it has started downward sloping at the beginning period of the study due to decrease in total number of tourist arrival. Therefore, efforts of concerned parties should be oriented towards the incrementing total number of tourist by means of different programs such as promotional activities, infrastructure development and enhancement of security for tourist etc. and more effort should be operated because of not increasing sufficient number of tourist till 2009.
2. After observing the status of the tourist arrival from 2007, it is obvious 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.

3. Most of the tourists use to come to Nepal for followed by trekking and mountaineering followed by Pilgrims in last year of the study period. Therefore, Nepalese policy makers are recommendation to develop and properly manage the new and beautiful places and the preserving ancient religious places, which is the possibility to earn more foreign currencies. So that tourist can fully satisfy with their visiting.

4. Average length of tourist's stay is ranged from 7.92 days to 13.51 days during the study period. The more they stay in Nepal, the more foreign exchange earning can be earned from them. Therefore, efforts should be made to increase their average length by expanding more facilities for them.

5. Tourist mostly used air as major mode of transportation. Therefore, policy makers should make efforts and implementers in extending the air service to different places so that they would not face any difficulties in transportation.

6. Average range of the income from tourism sector as percentage of total foreign exchange earnings ranges from 6.1 percent to 21.4 percent for the study period. It is very lower as compared to other countries. Therefore, it is recommendation that a part of the national plan should be increasing the earning from tourism by means of increasing total tourists.

Earning from tourism plays significant role to change the total foreign exchange earnings. Similarly, earnings from tourism, total foreign exchange earnings and gross domestic product play significant role different macroeconomic indicators. Therefore, these variables are to be taken as critical variables in order to maintain and expand the total earning from tourism and total foreign exchange earnings. If, the volume of foreign exchange earnings will not decrease by large amounts.

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ABBREVIATION USED

CBS	: Central Bureau of Statistics
FAO	: Food and Agriculture Organization
GDP	: Gross Domestic Product
GNI	: Net National Income
HAN	: Hotel Association of Nepal
HMTTC	: Hotel Management and Tourism Training Center
IMF	: International Monetary Fund
IUOTO	: International Union of Official Travel Organization
MCTCA	: Ministry of Culture, Tourism and Civil Aviation
NI	: National Income
NPC	: National Planning Commission
NTB	: Nepal Tourism Board
NTS	: Nepal Tourism Statistics
STN	: Sustainable Tourism Network
TAAN	: Travel Agents Association of Nepal
TPP	: Tourism Promotion Program
UNO	: United Nations Organization
WHO	: World Health Organization