

CHAPTER ONE

INTRODUCTION

1.1 General Background

Though tourism is not a panacea for overall development but it is universally accepted that it brings prosperity to a country. Tourism industry is becoming the important industry in the world because it is often considered as “the goose that lays the golden eggs”; mean by it is the major source of foreign exchange earning and major employment generating industry. Like this it helps to reduce the national trade deficit and in many ways it contributes to the development of trade and industry creating employment and market to other sectors as like hotels, motels and other types of accommodation, restaurants and other food services, transport and communication services and facilities amusement and other leisure activities, gift shops and large number of other enterprises, like agriculture activities and several other activities such as fruit production and processing, etc.

Hence, it generates income, promotes standard of living of the people, helps having better social and political relation and rises physical and moral well being of all people everywhere.

Nepal is a small independent, sovereign and landlocked country which is situated between 80°4' to 88°12' east longitude and 26°22' to 30°27' north latitude with area of 1,47,181 sq.km. in between the Asian two biggest country China and India. It is listed as least developed country and it has low per capita income, low standard of living, low literacy rate and economically poor performance but it is the richest country in terms of tourism resources.

Nepal has become the world itself through the natural beauties, mountain peaks, wild life, cultural and religious heritages, birth place of lord Buddha (a postal of peace), adventure sports, smiling faces and many more attractive spot for tourism. It is clearly viewed that it has many gods more than people, many

temples more than houses, many festivals more than days in a year and the main attraction for tourism is , tourist gets here what and where they never seen because not only naturally but also totally Nepal: once is not enough.

Nepal stands the second richest country in water resources and it is based on Agriculture, Remittance and Tourism. But over 80% people are engaged in agriculture, Nepal is going to be a high importer of agricultural product, as growing debate among them tourism is going to major foundation of Nepalese economy. It is like so because we need more investment on manufacturing industries but at this phase Nepal is the situation on the critical point mean by Nepal is facing the period of conflict though there has been peace agreement, and we need more investment on construction and re establishment of destroyed construction. But tourism doesn't demand huge investment in superstructure. Thus tourism industry is the leading sector of Nepalese economy but it is suffered from many kinds of problems and challenges as lack of proper implementation of right policy to tourism, political instability, people's war and absence of economic understanding in comparison to other country.

The Nepalese tourism industry is losing its competitive strength at a time when competition is getting tough. Tourism had made important contribution to the small countries like Japan, Austria, Island and Switzerland which are receiving more tourist than its population.

Over viewing to the neighbor countries as India, China and Shrilanka, Nepal is very far from its full capacity. China receives more than 120 millions international tourists a year and India receives more than 20 millions a year but Nepal, which has the top attractive spot for tourism, though it is only getting only 5 lakh international tourist a year. It has 50 year history of tourism but the contribution of tourism is very low. The contribution of tourism to the gross domestic product has decreased from nineties to twenty first centuries.

Table: 1.1

International Tourist Arrivals in Asian Countries

Countries	International Tourist Arrivals		
	Thousands of persons		Percentage increase 1995 to 2004
	1995	2004	
Bangladesh	156	271	74
Bhutan	5	9	92
China	20034	41761	108
India	2124	3457	63
Japan	3345	6138	83
Indonesia	4324	5321	23
Republic of Korea	3753	5818	55
Malaysia	7469	15703	110
Maldives	315	617	96
Myanmar	117	242	107
Nepal	363	385	6
Pakistan	378	648	71
Shrilanka	403	566	40

Source: World Tourism Organization (UNWTO)

Table 1 shows the international tourist arrival in Asian countries and the comparison between the tourist arrival in 1995 and in 2004 of changed direction. All the country is in increasing trend. China, Malaysia and Myanmar are in over the 100 percent growth rate and Bhutan, India, Bangladesh, Pakistan and Shrilanka are also in good condition to attract the international tourist but Nepal is only the 6 percent growth rate which is the best destinations in the world but it has the lowest performance in these Asian countries. All these countries are not far from the internal conflict but their performance is great in tourism field in

comparison to Nepal. The main cause of the increasing trend of the international tourist arrival in south Asian countries are raising disposable income, improvement in transportation and the introduction of low cost Air-services; easier access from traditional source market and the introduction of the new source such as china and Indian markets. More the creation of new market niches such as cultural tourism, eco- tourism and adventure tourism has made the tourism industry much more diversified but in the perspective on Nepalese context these factors are being weak on performance and international tourist arrival is not satisfactory.

To make it as a really leading sector in Nepalese economy many international and domestic organizations has established and implemented the decade and master plan and policies.

Among them MOCTA (ministry of culture tourism and civil aviation), NTB(Nepal Tourism Board) etc are launching their program and promoting the tourism industry such as “Visit Nepal 1998”, “Destination Nepal Campaign(2002-2003)” , Regional Festivals and yet “ Visit Pokhara-2007”. And the most part of marketing medium of this industry is through the road festivals, where from domestic and international tourist can be increased showing our culture and arts with natural gift which are being the better way of this time over the country.

Also the Government and the private sector have joined hands to promote Nepal in neighboring countries and in major tourist generating markets, so that the country’s international image is repositioned in a positive light.

1.2 Statement of Problem

Nepal is an agro-based country but the productivity and contribution of agriculture sector is less, so the service sector has the better performance in Nepalese economy. Service sectors of Nepal, especially tourism industry has the

greater role on earning foreign exchange and major employment generating industry. Also it plays significant role on Nepal's balance of payment situation and it helps to make a country modern and technically flourished through the globalization.

Viewing the smokeless industry, tourism in Nepal is helping to make a balance of payment favorable where developing countries like Nepal always faces unfavorable balance of payment. So, promoting tourism globally we can overcome from it.

Naturally Nepal: once is not enough but the first entry of tourist or first step in Nepal at Kathmandu, surely shows it or not, is important to study. Because Nepal faced the Maoist conflict and political instability from 1996 to 2006 as the name of people's war.

Cost of conflict is of two types as the direct and indirect, to calculate the actual cost is difficult. At the period of conflict basically the development budget decreased and the military expenditure is increased. In 2002, Nepal imported US \$ 8 million worth arms for 51,000 armed force and comparatively it is very high that the conflict surrounded country Shrilanka as the worth \$9 million for 1, 58,000 armed force. The direct cost from the conflict are the death and injuries, direct physical damage to plants , buildings and contents and indirect cost are the loss of production, loss of sales, goodwill, overhead cost of service industry and insurance. At this period, more than 13,000 people died, 10,000 were maimed and at least 200,000 displaced before the peace agreement. Economic performance has been affected and many more investment and budget were freeze and also the physical infrastructure worth at least \$250 million have been destroyed. Prof. Dr. M.K Dahal's views, Consequence of 7 years on ongoing conflict GDP declined by 66 billion at the rate of 2.2 percent annum. One day's Nepal bandh cost 1 billion (FNNCI). Through the lack of security foreign direct investment is down to 1.7 billion at present which was 3 billion in 2001. Also the capital flight from Nepal is taking place. Normally fiscal deficit is to be below 5%

but it is around 8% in Nepal. Nepal faced the trade deficit, because export is declined and import is increased. Many more industry is closed down and many more are on bad situation. Thus, at the period of conflict, completely Nepalese economy sluggish down and also the tourism industry faced many kinds of problems from conflict and basically from emergency. The cost of doing business at that period, tourism industry has great and it was facing many kinds of problem to sustain the business. (Nepal's Conflict Economy: Cost, Consequence and alternatives, Nepal Economic Association)

Many more five star hotels, three star hotels and many kinds of travel and tourism industry closed down through the negative effect of Nepal 's not only conflict but bad concept of people from the world and the main cause was not peace and safe place in Nepal . Among them the four star hotel blue star (Kathmandu) and blue bird (Pokhara) are the lively example. Many tourism industries reached under the cost maintenance of doing the business. It closed down the tourism industry but also the related services industries. After November 2001, when the state of emergency was declared tourism in Nepal's major national parks decreased and from this total tourism industry became snare. In an average, a tourist spends 9 to 10 days in Nepal. Nepal Tourism Board (NTB) has estimated visitor expenditure at \$31 per day. It is widely believed that rise and fall of total revenue generation from tourist follows the same trend as the number of visitor in the country.

Over viewing the situation of tourism, Nepal faced many kinds of external and internal strife. Among them a Maoist insurgency, initially low key when it was first launched in 1996 has since gained fraction and is threatening the regime and as a by product, damaging tourism.

Since 90s there have been a number of changes in government in Nepal, resulting in a culture of political fragmentation and perennial instability. In 2001 the situation reached a crisis point, culminating in a declaration of a state of emergency on 26th November. This internal political crisis has led to renewed

negative media coverage of Nepal, frequently focusing on the sporadic violence carried out by Maoist and government forces. The rebel leaders have constantly spoken that tourists are free to travel and trek in the areas of tourism interest, and the tourism industry itself has worked hard to ensure traveler's safety and also launched the crisis management but it couldn't achieve the full fledged of expectation.

So it is necessary to see the economic performance of tourism industry during the period of conflict: 1996 to 2006. At that period also we cannot ignore the economic impact of tourism in Nepalese economy cause of foreign currency earning and major employment generating industry. But what was the situation of Nepalese tourism and how much the conflict affected the Nepalese tourism industry is mostly researchable phenomenon.

1.3 Objective of the Study

- (1) To study impact of conflict on the trend of tourist arrival in Nepal.
- (2) To study the impact of conflict on the foreign exchange earning and their contribution to gross domestic product through tourism sector.
- (3) To provide some suggestion for the development of the tourism industry in Nepal.

1.4 Significance of the Study

There is no doubt about the major foundation of Nepalese economy is tourism industry because it has the great economic impact on Nepalese economy of the major foreign currency earning and employment generating industry. Also it has the greater portion of gross domestic product. Being the underdeveloped country, the development works highly depends on the foreign grants and loan. But it is not proper way to develop a country. So, the promotion of the tourism industry is the key of sustainable development of Nepal.

But Nepal face many kinds of internal strife from which it is forwarding new plan but we are failed to tell how much the Nepalese people's life is

improved, world is being the technically flourished but our country is going to the backward, we are only talking but there is not worked any kind of better path. The most and foremost period of Nepalese economy faced the conflict period where from Nepal goes very backward. Like other sector, tourism sector is highly affected from the conflict, it couldn't catch the preplanned target, and it couldn't provide the sufficient sources of government revenue. So, this paper is based on the economic performance of the Nepalese tourism at the period of conflict mean by the conflict's economic impact on Nepalese tourism. From which not only the planners but also the common people can understand the important of tourism in Nepal and it is significantly important to better understanding to all about this smoke less industry shouldn't disturbed from the nay name of reconstructing of new Nepal. The recommendation and findings provided by this study may be highly valuable to the decision making person and sector for the regional development through tourism development and the main attraction of this finding shows the economic performance of eleven years Nepalese tourism when over the period Nepal faced the conflict over the name of people's war.

CHAPTER TWO

LITERATURE REVIEW

Conflict is a struggle to resist or overcome; contest of opposing forces or powers; strife; battle. A state or condition of opposition, antagonism; discord. A painful tension set up by a clash between opposed and contradictory impulses. It is a characteristic of human existence which is a part of the dynamic of life that drives us into the future. One should not confuse the distinction between the presence and absence of conflict with the difference between competition and cooperation. In competitive situations, the two or more individuals or parties each have mutually inconsistent goals; either party tries to reach their goal it will undermine the attempts of the conflict. However conflict can also occur in cooperative situations, in which two or more individual or parties have consistent goals, because the manner in which one party tries to reach their goal can still undermine the other individual or party. So it is a fact of life. God made each of us in his own image, but he also made us unique. Therefore some of our views and opinions will differ from those of others. Conflict often occurs because of a lack of respect for one another's needs and views. It is important that conflict can be creative. Conflict is sometimes necessary to bring justice where injustice exists. It can provide an opportunity for new social and political systems to be established and can help to shape the future.

Conflict can exist at a variety of level of analysis as intrapersonal conflict, interpersonal conflict, emotional conflict, group conflict, organizational conflict, community conflict, intra-state conflict, international conflict, ideological conflict, diplomatic conflict, religious based conflict, military conflict, economic conflict and class conflict. All these types of conflict carries great values in their field but there should be the norms and regulation between the warring groups. When this conflict tends to violent, it seems battle. However, when conflict becomes violent it will usually do more harm than good. After violent conflict, it is often

difficult to see the opportunities for a better future due to the widespread destruction of infrastructure and livelihoods the breakdown of trust and the suffering caused through bereavement, trauma, grief and anger. It is also like that such social change could have occurred before the conflict become violent.

The growth of Maoist in Nepal can of course be traced to mass poverty, asset inequality, unemployment, unequal access to public services and over taxation, economic mismanagement, lack of democratic right and suppression, social oppression and class cleavages, etc. the crisis of governance is especially virtual absence of governance in rural Nepal , indifferent Monarchy, subservient and self serving Governments that refused to look beyond Kathmandu's corridors of Power, widespread corruption and lingering political instability also provided them leverage to discredit the established political order and offer themselves to the masses as the messenger of a new just and equitable system. Thus, the Maoists conflicts are the outcome of political instability and socio-economic backwardness. The kingdoms main challenge after the change in political system in 1991 was to stabilize democracy, but inter party feuds failed to provide and effectives. Government, much to the disappointment of the common people, who had participated in the movement for democracy. This prepared a fertile ground for the rise of Maoists, who found support across the country where people were tired of their socio-economic condition.

Economically the country seemed to be doing quite well. Resources were being pumped into the suffocating economy and private entrepreneurs seemed to be getting quite excited about the multiparty democracy with the advent of multiparty democracy the aspiration of the general people had been raised tremendously. The politicians had made every attempt to allure the people by giving them false promise. Promise were made that every household in Nepal would have running tap water and Katmandu in particular would be transformed into a better place to live in much like Singapore. Off course these

messages would have been carried out to a certain extent if these politicians had learnt to take up the matter rather more seriously. They took every thing for granted and they remained assumed that the people with whom the sovereignty was supposed to be vested in reality could be easily doped and they were intelligent enough to realize that people's memory was usually very short. These factors also helped to set port of back warded people to Maoist for their better life making new Nepal. There is general agreement that the Maoist movement in Nepal was instigated by two major elements: the inequalities of the socio-economic structure and the volatile and non-inclusive nature of Nepali politics.

Maoist take help of the people as how they can use it , understanding their goal only little number related, some joined due to anxiety, poverty, unemployment, frustration, depression and some joined to take revenge to their revels, and also some joined by force. The began of making new Nepal, Maoist conflict take the place not only conflict but a battle or violence. It destroyed not only physical property but also infrastructural development. It made whole country unstable and insecurity. It affects all the part of National economy. Government failed to achieve desired objectives, private sector failed to sustain their business.

The prolonged uncertainties in facilitating activities for retaining as minimum rate of growth and ensuring the delivery of basic services to the poor have been a significant challenge to respond to during the conflict period. Nepal lacked meaningful political and alternative conflict prevention tools for decision makers and other relevant stakeholders. Conflict mitigation skills are much more in demand during post conflict situation. There was not adequate support of international level which may strengthen local indigenous capacity to manage the faced conflict.

Thus it take violence , and became a part of every day life which has threatened social development and education which increased poverty gap,

destroyed the physical and human cost but it is difficult to calculate the true cost of conflict. Pyakurel and Uprety (2005) found that the national economy lost 66.2 billion rupees. They referred to is about the diversity of costs including the problems suffered by investors in hydropower projects, insurgents destroying government revenues the money claimed by insurance companies, the cost of general strikes, and the cost of deploying security forces (which was at least us \$ 100,000 per days). ADB in 2006 has estimated the three week shutdown in April 2006 alone cost between Rs. 10 and 15 billion. The Nepalese Army reported that during the last nine years the Maoists devastated 5102 establishments and damaged physical infrastructure worth approximately US \$ 129.6 million. (Pyakurel and Sainju, 2006).

The conflict has resulted in the destruction and loss of life, poverty and mass unemployment have inevitably made individual, citizens worse off which has created frustration and divines more. Due to the failure of protecting the country from the re-emergences of conflict may necessitate redirecting production from consumer goods to goods necessary for war. Mostly the impact of conflict in Nepalese economy can be seen in the falling of aggregate output, falling exports and a tendency to shift towards domestic markets to sustain domestic consumptions a sectoral shift from tradable to non-tradable sectors and increasing aid dependency. The period between the initial period of the Maoists' people's war in 1996/97 and the state of negative growth during 2002, the trend of military expenses and social sector allocation is interesting to assess. For example, in comparison to 1997/98, internal security expenditure during 2001/02 increased by two fold. As a percentage of GDP, internal security increased from 0.83 percent in 1997/98 to 1.43 percent in 2002/03. Defense expenditure increased from 0.86 percent to 1.39 percent during same period. Expenditures on social and economic services, which were 3.43 and 5.95 percent respectively of GDP, came down to 2.73 and 4.13 percent respectively during the period. GDP growth fell from 5.1 percent per annum in the pre-war period to 3.8

percent per annum during the war. Non-agriculture GDP fell from 6.6 percent to 3.9 percent during the same period. Overall, as there was increasing threat to security of life and property, loss of confidence in the economy showed down productive activities. Theoretically, government revenue falls in absolute terms as the fiscal base narrows and major source of revenue diminish. For example, once Somalia, Afghanistan and Cambodia lost their tax collection capacity, government revenue as a proportion of GDP decreased. This has not yet happened in Nepal. Instead government expenditure has increased as a proportion of GDP because of the prolonged conflict. The result is a budget deficit in Nepal, and important source for addressing this deficit is foreign loans. The conflict and the poor aid utilization capacity of the government have complicated the prospect for smooth foreign aid mobilization. The current revenue does not allow even a 20 percent counterpart fund for major loan projects. Also the growth of total expenditure is declining because of the reduced development expenditure, which also contributed to the decline of the budget deficit from 5.4 percent of the GDP during the Ninth plan period to 3.4 percent of the GDP during the first two years of the tenth plan (2002-2007). The lower rate of revenue as compared to the growth of government expenditure has made fiscal deficit regular feature of the Nepalese economy. Despite weak governance, ineffective regulation to ensure the timely availability of essential services, delayed authorization of allocated budgets, and uncoordinated implementation mechanism the restriction of goods and services and the destruction of infrastructure due to the violent conflict have been the major reasons for poor service delivery and slow human development and poverty reduction . The government has failed to guarantee the rights of citizens to basic education and health care. The services that should be delivered are either unavailable or available at low quality and high private cost. Also from the livelihood perspective, the conflict scenario in remote villages where major livelihood

activities are initiated had a serious impact on deteriorating normal economic activities and worsening the living standards of the sample population.

Thus the decade long arm conflict and overall policy failures because of inter party conflict have been responsible for this downturn. GDP at constant 1994/95 prices fluctuated during the last decade of conflict. It was 4.8 percent in FY 1995/96 during the initial period of armed conflict and reached a peak of 5.7 percent in FY 1999/2000. Then went down to its lowest level of -0.3 percent in FY2001/02 and it was 2.3 percent and the annual inflation rate was 4.5 percent in FY2005/06. The fiscal position of the country, on the other hand has not been strong, with the budget deficit having increased to 37 percent in FY2005/06. The external sector remained quite stable despite the shock emanating from the abolition of the textile quota and the negative impact of the arm conflict on tourism, which is reflected in the surplus in the current account and the overall balance of payments positions.(Pyakurel and Sainju,2006)

The Maoist activity in Nepalese economy and also in Nepal, tourism has serious implications achieving the stability and security for the better performance of it. Tourism like any other development sector is independent. One cannot perceive the development of tourism is isolation. It needs political commitment, congenial social environment and sound economic base. Moreover, the after effects of the conflict increased, and would be even more deviating to the tourism sector than the conflict itself. The electronic media would not like to lose an opportunity of making a fortune of such juicy incidents. As consequences the news of violence would be circulated the world over. Nepal had for the first time in tourism history been stamped as a risk zone for tourists. Furthermore, it was not a matter of excitement nor was it pleasant especially for these tourists who after having accumulated their life savings for a trip to Nepal would be stranded under such circumstances. Such tourists would definitely not have

pleasant tales to tell about Nepal. The impact is manifested in the drastic fall in the number of tourists during years.

Proliferation of activities of the People's War Group (PWG) in the tourist areas is being monitored with a great deal of sensitivity by tourism entrepreneurs. The country which had managed to largely market, its tourism potentials by exposing its magnificent Himalayas, the archaic, Virgin and austere rural lifestyle, friendly and amiable communities and provocative trekking zones are now being imperiled by the anti establishment movement which is being led by an extreme radical Maoist group since 1996.

Sporadic incidents have been reported regarding effects of the Maoist to disturb activities and programs being undertaken by INGOs and international organizations. The attack on the office of save the children USA's offices at Gorkha and Nuwakote, a vehicle belonging to many government and non-government offices was damaged by a landmine and several person were injured and even killed, ADRA's hospital at Banepa was hit by an explosion, USC\ Canada office was Challenged at Dhadhing, several district offices and Bank gave been targeted and destroyed as Bhojpur, Diktel and many more. In fact those activities have created a sense of insecurity. The activities of the people's war group had intensified. Their activities had started proliferating from the rural to urban sector as well. They not only started blowing up the banks and public buildings but they had even gone to the extent of setting give to several police offices. More than the physical property which has been devastated the psychological trauma an mental tension the people in these remote areas are being made to endure has become so intense that they are forcefully surrendering to the pleasure being imposed upon them by people's war Group and by the growing atrocities of the security authorities, also. These districts, places and whole country which at one time were so calm and serene and archaic environment which had attracted tourists and visitors from far and wide are

literally being deserted. The people even fear to walk in the market area after the sun sets. Thus at that eleven year's conflict period the economic performance of Nepalese tourism was deteriorating.

The main challenges incurred by Nepal's tourism sector in this period are: safety of tourists as there are risks in mobility, fear, killings and extortions, and negative publicity by the media. Since the armed conflict was based heavily in the rural areas of the country, rural tourism has been heavily affected as well. When country like Nepal whose main tourism products are nature and rural based, is hit by a conflict of such magnitude concentrated on those very areas that are its prime attractions, it is but natural for tourism to suffer a hard blow. With the deterioration in tourism there has also been a negative impact on the local and national economy. Therefore, tourism which was seen as a potential tool for poverty alleviation and development in the country has not been able to do its part. With fewer tourists and low income, there has been much disappointment and hopelessness among the local people. Till the period after the peace talks, the community in the villages sandwiched between the Maoists on one side and the Nepali Army on the other side feared being in the limelight and to carry on with their businesses independently, and even if they did the reward fetched was trivial to the hard work put in. No matter how much hard work and faith they put in tourism, tourists did not turn up and they did not earn much. At the time security situation in and outside Kathmandu was bad, and there was ample risk for tourists as well, although no tourist had been purposely harmed by either the Nepali Army or the armed Maoists. Even though, both government and Maoist forces had pledged to guard the security of tourists, the several violent incidents like feuds, atrocities and skirmishes among the Maoists, security forces and the local people in different parts of the country, and in addition forced donation, restriction of mobility due to general strikes and bandhs, and the very aura of a war prone country had led to disintegration of the tourism industry that had earlier looked promising. The conflict therefore

severely damaged tourism related activities and businesses in the villages. Although, established travel trade business entrepreneurs tried to manage on their own even through the crises, many had no idea about the resolution. These led to increase in frustration in tourism business, and many sought a change in occupation from tourism. Although, majority of the people wanted to continue on with their tourism enterprises with hope that there would be better tourism days ahead. (Sharma and Kharel, 2007)

So, Nepalese tourism as the best choice of consumer of the world became far from its absolute capacity. Rudra Pd. Upadhyay (2003) has characterized and showed the features of Nepalese tourism as the complex set of inter relationship between people, places and products, the staying period is short term in nature, tourism product cannot be bought to the consumer but the consumer has to be taken to the product, using regularly tourism product do not diminish. Also he said that it is a service and is intangible it can not be seen or inspected before its purchase and the domestic airline are giving the delay flights which affects the image of the product. He further hoped that the proper management could help to capture the total volume to world tourism as like the small countries Austria, Switzerland, Hong Kong and Singapore.

According to Padma Chandra Poudel (1996) in his PhD thesis "Tourist Resource and Environment Appraisal in pokhara Region" has analyzed that the pokhara is the most viewed potential destination of the Nepalese Tourism. There are many kinds of scenic beauties which help to attract the domestic as well as international tourist. Pokhara is the second most visited city in Nepal after the first entry in Kathmandu Valley, a mostly visited city. Pokhara is flourished by the well known for Phewa Lake, Begnas Lake, and view of Annapurna Himalayan range, various water falls and now the best and first place for the adventure tourism spot. This study provided that the 40% to 50% seasonally tourist enters in October to November and also provided the employment and

foreign exchange earning. This study described and found out that the pokhara is such a tourism place where naturally and culturally resources of tourism is high and from its assessing to the whole Nepalese tourism helps to increase the total capacity.

Shoor Beer Paudyal (1997) in his article "Nepal's Tourism in the context of SAARC Region" has pointed out that the tourism development in Nepal is negatively affected by the three factors as pollution problem, transport bottlenecks, skilled guide and low quality tourist products. Afterwards he suggested that cleaning the reputed tourist cities as Kathmandu, pokhara and starting the new airlines as a joint venture and also joining the hand of public and private sector, Nepal can manage the tourism development process. Further he advised increasing the standard international hotel; we can increase the number of tourist in Nepal.

Hari Prasad Shrestha (1998) in his PhD dissertation title "Tourism Marketing in Nepal" has described the existing tourism marketing and efforts towards it and also pointed out about its impact on tourism development in Nepal. The study showed that the tourism industry is the powerful source of foreign exchange earning and its contribution to the Gross Domestic Production is strong. He has also opined that the tourism industry is generating direct and indirect employment opportunities in Nepal which is facing unemployment problem at large. Further Shrestha opined that tourists are happy with their visit in Nepal and he forwarded the expected targets indicating for the strong and powerful process of tourism development in Nepal. The trend of tourist arrival is increasing for the natural sight seeing, cultural understanding and religious aspects as more in Kathmandu, Pokhara and Chitwan. Not only Government but also the private sector should work joining hand to public for the promotion of Nepalese tourism. At last he has strongly advocated for the promotion of partnership quality tourism for this.

Ramesh Chandra Arya (1999) on his doctoral thesis heading as "Planning Models for Tourism Development with Reference to Nepal" has provoked about the scenario of traditional plans was only focused on increasing the numbers of tourist arrival and that was expected of positively relation to the total foreign exchange earning, but, not only the size of tourist helps to increase the volume of earning. Thus Arya has forwarded about the needed plan not only to the target of entering the greater tourist in number but also needed to develop the different sites with natural importance and there needs to develop all sectors with economic understanding to tourism.

Pushpa Shrestha (1999) in her doctoral dissertation "Tourism in Nepal: problems and prospects" mostly focused on the problems and prospects of tourism in Nepal. The situation of foreign exchange earning and their contribution to the government revenue is also the major finding of this dissertation. The most important findings of her dissertation is the basic problems toward the Nepalese tourism as status of tourism infrastructures, absence of recurrent planning and policies of the government, unable to introduce the diversity of new tourism products. The net earnings from tourism sector are greater than other sectors. She has also found that Nepal is the destination for the young and adults and mainly dominated by male visitors, and the market of it is mainly of India, Japan, UK, USA, France, Germany and Australia.

Rudra prasad Upadhyay (2003) in his PhD dissertation on the title "Tourism as a leading sector in Economic Development of Nepal" has stated the Nepalese economy is on improvement situation on which is gradually toward the path of economic development, recently since two decades Nepalese economy is on better path. But the agriculture sector is slow down though the service sector has strong effects on other sectors of the economy. The analysis has showed the service sector, tourism sector has been improving its significance in

the Nepalese economy. In nut shell, it is being the leading sector of the Nepalese economy. Thus he has highlighted the tourism as a service sector on greater importance in Nepalese economy. According to him the basic foundation of Nepalese economy is agriculture, water resources and tourism industry and showed that these three sectors have the positive and significant inducement effects, but till date as modern age, tourism sector has the strong and powerful inducement effects in the secondary sector in the economy. Further he tried to find out how the tourism industry helps to transform the agrarian Nepalese economy and took out the economy out of woods to the powerful "engine of growth" and also said that the tourism industry will be the alternative to the lack of industrialization to put the Nepal in the path of rapid economic development.

He further founded that the tourists flow has increased during the year 1975 to 1999 as more than five times. Greater the tourists intend to visit Nepal for pleasure and other come for trekking and mountaineering. He has founded that there is positive impact of tourist arrival on the hotels, air transport, and travel and trekking though, there is lack of various management on it as lack of trained manpower, appropriate plan and policies. According to him if the government and private sector gives the proper concentration, the tourism sector can lead the Nepalese economy, for it he has suggested to do many things as, quantity and quality of tourism infrastructure need to be constantly monitored for the sustainable and rapid expansion of tourism, for it various dimensions of tourism need to be highlighted regularly. Through the encouraging of Film shooting which is practiced in Thailand, Maldives and Switzerland, tourist destination as Nepal can be promoted globally. Also, we can open and develop new destination place which can contribute to the rural economy, can help to raise the standard of people and there need the legal frame of government to define the strategy to promote village tourism, eco-tourism. And the main thing of his finding is if we understood the importance of tourism industry favor to Nepal, really tourism industry will lead the Nepalese economy, with major foreign exchange earning,

generating employment situation, and determining the government's developmental expenditure and regular expenditure.

The times have drastically changed in Nepal in the last decade and currently everything is unstable. Due to all the instability, things suffer, including the main cause of terrorism. After the tragic events of September 11 in USA and the Maoist conflict in Nepal are the main cause which has made the whole Nepalese tourism industry goes down. To understand how harmful conflicts to Nepalese tourism the recent slump several airlines are compelled to ground their aircraft, several of the world known companies turned out to be bankrupt, hotels, travel companies are undergoing hard time. The economy became dead slow.

Mahendra Raj Paudel(2000) in his M.A. thesis in Economics on the heading "Terrorism an impact on Tourism; sociological studies on travel agency" stated that Maoist insurgency what ever the reason it gave the world a message as Nepal an unsafe and violent destination compelling the various countries to issue the notice not to travel Nepal. Further the declaration of state of emergency whatever the reason further grounded the Nepal's Tourism. He also said that Nepal's tourism is further deteriorating because of growing violence in the country.

According to Krishna Bahadur Karki (2005) on his Master thesis on the title" Performance of Nepalese Tourism Industry" has described the Nepal's tourism potentiality has not been utilized properly. Promoting international tourism in different regions directly, enhance their regional economy through the development of tourism industry , Nepal needs to dispose excellent circumstances for the development of active international tourism, including holiday pleasure trekking , mountaineering, rafting, religion, official sport tourism and so on. Similarly, he said that joint effort should be made in carrying

out publicity campaigns abroad and to show that Nepal is one of the best tourist destinations in the world.

Deepak Thapa(2006), in his master thesis in economics on the heading as " Role of tourism in the economic development of Nepal", has spelled that the thousand dollars are already spent in agriculture, but its productivity has not increased as expected and the production is not even enough to provide for all Nepalese. According to him, as the basic foundation of Nepalese economy as the water resources, human workforce and tourism, although Nepal stands the second country of the water resources to Brazil but generating hydropower is capital intensive requiring billions of dollars in infrastructure investment which Nepal can not afford, thus the tourism industry is the present basic pillar of Nepalese economy which contribute the economy as earning the foreign exchange, employment generation. Further he delivered that the current problem of the Nepalese tourism is one of the ongoing Maoist conflict from which the tourist arrival is decreasing day by day. He pointed out that the number of air - borne tourists from India further decreased by 31.8 percent to 96 thousand people in 2000AD. Again he described about the media projected Nepal being worse than in reality, so for the quality tourism we all people and government should guarantee the security for each and every tourist so that they will feel comfort and security.

Ananda Ghimire (2004) in his book "Travel and Tourism" talks about the impact of tourism on the economy with multiplier effect as sales multiplier, output multiplier, Income multiplier, Employment multiplier and Government Revenue multiplier. Also he forwarded the way of evaluating the impacts of tourism is Input-output Analysis from which the linkages and injection can be found out. According to him Input-output analysis system only evaluates the impact of tourism considering economic factor but it ignores social, educational and environmental impacts.

Marianne Heredge (2005) on the heading "Tourism Development and Local Communities: A case of Mountain Tourism in Nepal" has concluded that relying on tourism alone to generate the growth in Nepal is problematic. Earnings from tourism industry are fluctuating when there is recession. Seasonality and political disturbances made tourism very unreliable. In particular, the political problems in Nepal during the past decade have seen tourist numbers in 2005 drop to one tenth of those who came in 1999, a peak year for visitors to Nepal. He argued that political stability and peace is required before tourists will come back to Nepal in the numbers seen in the late 1990s. Escalating political unrest in Nepal has deterred May tourists from visiting.

Economic Survey (FY2005\2006) published by Ministry of Finance Government of Nepal has reported that the tourism sector is one of the most important sources of foreign exchange earning for Nepal. According this report the number of tourist inflow is increasing and their stay in Nepal, which found that the numbers of tourists were increased by 13.9 percent during Mid-December 2003 to Mid-December 2004 but at the same was declined by 2.6 percent during the period of Mid-December 2004 to mid-December 2005. Also the average duration of stay per tourist is found to have been declined from 13.51 days during mid-December 2005. Most of the tourists are found to have come to Nepal for recreation, trekking and mountaineering purposes as revealed by the study carried. The study showed that the number of tourist arrivals for the purpose of official visit, business promotion and pilgrimage is found to have been increased while number of tourists coming for recreation is found to have been stable. Concerning the tourist arrivals from different countries, it is found that 26.1 of the tourists have come from Western Europe, 6.1 percent from Northern America, 2.2 percent from Australia and Pacific region, 2.2 percent from Europe, 0.9 percent from central and south America and 0.3 percent of the tourists come from Africa during the period of Mid-December 2003 to Mid-December 2004, also the 61.3 percent tourists coming from Asian continent, 25.7

percent of them are found alone India. According to survey the ratio of foreign exchange earning of the first seventh month of FY 2005\06 to the foreign exchange earning received from the total commodity exports is 14.9 percent, ratio to the foreign exchange earned from the total commodity exports and services is 10.4 percent and ratio to the total foreign exchange earnings is found to be 8 percent comparing it to the period of FY 2004\05 , some decline is found to have come in first tow ratios where as the last ratio is found to have been increased.

Hari Prasad Shrestha (2000) in his book "Tourism in Nepal, Marketing Challenges" has stated that tourism being the fastest growing and most competitive industry in the world it should be marketed properly. It needs to be marketed, just as any other product, indeed move so, because t is an industry in which the customer still has an immense variety of choice. There are a number destinations competing with each other to get a bigger and bigger share of the market. Hence, tourism marketing is regarded as a central point of whole tourism activities. Today, all direct and indirect promotional activities to sell destinations are related to tourism marketing and it effects all the operations of tourism for it there needed the adequate budget ,financial and technological resources But , we are undertaking very limited marketing activities while other countries with more resources are spending huge amount of money on aggressive marketing of heir destination. But the government budget is not large enough to tackle all markets, especially we are targeting to carry consumer oriented marketing and there is lack on family tour. For tour and travel operators and travel trade journalist, the strategy of film and TV products should be widely policed. The main objective of his study is to assess and evaluate the existing tourism marketing and promotional efforts and its impact on tourism development in Nepal. Further he founded the major attractions in Nepal as adventure, culture and nature with prospects for pilgrimage, sports, meeting and conventions, incentive travel and special tour. From the absolute marketing

process of these fields helps to Nepal achieving its goal and he also identified the advantage in the south Asia, especially for Indian tourists. So South Asia followed by major traditional tourist originating regions viz. Western Europe and East Asia etc, are expected to introducing to be the major markets for Nepal.

Bipin Adhikari (2003) in his article as the heading "Conflict, Human Rights and Peace challenges Before Nepal" has stated that the ongoing armed conflict between the communist party of Nepal (Maoist) and Government is at present the most pervasive theme that confronts our motherland. Further he said that the situation of conflict has affected our society, communities, the national economy, the quality of government, and the basic human rights. The whole country is under immense stress due to the prevailing conflict. It affected badly the Nepalese economy but it is sure that there have never been societies without conflict and conflict is a process of change. But there is suspect how the conflict can change the Nepal whether it is destroying many things.

According to Bishnu Raj Upreti (2000) in his article "The price of Neglect", since February 1996 Nepal is facing the Maoist insurgency, completely new guerrilla warfare, which Nepal has never experienced in her history. The previous global identity of Nepal as a poor but peaceful mountainous country has now been replaced by war-torn, insecure and corrupt state in the western world. The Maoist insurgency has been interpreted from different perspectives. From the security perspective it is a security threat, from a political perspective it is an ideologically based political power struggle to control the state, from the sociological perspective it is a violent form of social change and transformation evolved to dismantle the centuries old poverty, discrimination and justice. Thus he stated in his article the Maoist conflict is the threat and feudal crisis in Nepal.

Om Sharma (2003) has described about the strong economic impact of tourism industry to the Gross Domestic Product, tax revenue and government internal revenue with the regression equation and he has found the impact of

tourism earning on per capita income, remained insignificant. The most important finding of his article is the Granger Causality test which has confirmed about the bilateral causality between the lagged coefficients of tourism earning as well as governmental internal revenue and tax revenue where the data ranged from 1974/75 to 1995/96.

Upadhyay(2006) in his article "Don't ask the doles but close the holes" has stated that the elimination of the absence of the human development and poverty alleviation alone is not possible and also said that the establishment of the democratic, capable stable, economic and efficient government mechanism, honest and understanding people can make the country moderate, having said that in Nepal there is not absence of the resources for the promotion of the tourism but we are far from the closing the hole of absorbing the funds to achieve the full fledge of exchange earning , employment deterioration.

He further explained that the resources do not seem to be major constraint for the development of tourism in Nepal. From 1996 to 2001 there had the investment around US \$ 330,005,975 or NRs 20,345,388,375 in the preservation of environment in Nepal. Also IUCN had within the framework of this period allocated \$ 500,000 for national conservation program which was to be carried out on a nation wide basis. ICIMOD seems to have specific focus upon Environment preservation program as well with budget of \$ 3,600.000 earmarked for Bio-diversity conservation in Nepal. Also USAID and WWF have allotted the grants for conservations. This study showed that there is huge investment on tourism promotion and conservation but the dawn of democracy and the present conflict backed to the Nepalese tourism to achieve the full capacity.

Again Dr. Upadhyay(2005) in his article on the heading" Tourism and Regional Development" forwards the tourism industry can generate income, raise standard of living of the people, helps in having better social and political relation among regions and raise physical and moral well being of all people

every where. Further he said that the underdeveloped region can be benefited from development of tourism, so the tourism is instrumental in developing backward region of a country. The economically backward region may have resources like scenic beauty and cultural heritage that can be mobilized as an attraction to the tourists. Moreover, some of the regions may not be viable for the development of industry, trade, agriculture or any other economic activities but such region could be developed as tourists' center highlighting and developing the particularities and specialties of the region. If such regions are developed as tourist centers it can bring a lot of prosperity to local people by creating employment opportunities there by generating income to locals. Thus the tourism expenditure to the local areas helps the overall development of the region so; the best way of unbalancing Nepal through the tourism industry is the main objective of his study.

But keshav Pd. Acharya states that the tourism sector is a severely affected by the conflict and the annual earnings from the tourism after 2001 is significantly lower than that of eleven years trend. Also he forwarded that the growth rate of earnings during 1990 to 2000 was 5.0 percent where as, such earning has declined by 3.0 percent per year after 2001.

Also according to Dinesh Adhikari (2007), joint secretary Ministry of culture, civil Aviation and tourism in his interview to the boss, taking an example of Shrilanka, despite violence the tourism industry didn't suffer because both the warring parties understand it's important and didn't bother tourists, but in Nepal, bundhs and strikes divested the tourism industry at the period of conflict.

Kamala Sarup (2006) in the title "Tourism Promoter Always Promote Peace" stated that promoting tourism means poverty and inequality in any form can be eliminated forever, so, tourism promoter must establish a worldwide network. They should project their effective work on to world wide over Eco and

bio-tourism, planning and expansion. The rise and fall of municipal and regional populations and their incomes over the history is often caused by changes in tourism business and associated with those areas. Further she explained that good tourism means good money, therefore, tourist industry's object must be to eliminated terrorism and violence because terrorism and violence always herb the tourism business. Violence and terrorism also have caused declines in tourism industry and also is a major factor of tourism destruction. Tourism is one who protects the economy, the tourist promoter must think and all without peace and security tourism cannot be recognized.

Again she analyzed that Nepal Tourism Board (NTB) is holding various program but many tourists who were set to fly into Nepal, it is reported, cancelled their entire plan. So, how Nepali tourism industry and promoter can develop Nepal's tourist industry? At this situation, Nepal is suffering from the conflict and violence, and all the tourist destination belongs to the remote, so the tourism promoter and government must pay their attention to solve the problem, for it Nepal must plan to upgrade the country's tourism master plan to make it more relevant and effective. There need the working together to develop common package as well as pursue joint tourist marketing strategy. The fall in tourist arrival must be taken seriously because if the tourism sector suffers, the Nepal suffers and people suffer.

According to Raj Gyawali (2000) during the internal conflict between the Maoist guerrillas and the establishment has meant that traders are very concerned about the safety issue when planning their trips to Nepal. This fact combined with some attacks by the guerrillas in remote districts and in the vicinity of the Kathmandu valley on government targets and the international media coverage these events have created more concerns on potential travelers. He forwards how much we criticize the Maoist conflicts impact on Nepalese tourism is not like so, because, the Maoists have only targeted government,

targeted civilians and specially foreigners are not targeted at all. The Maoists also recognize the importance of tourism. In fact in many Maoist run villages in remote areas, they put welcome gates in the entrance of villages. There has not been any tourist casualty resulting out of the conflict in Nepal in these years'. Though they charged a travel permit fee in their areas, amounting to about 20 USD and gave a receipt, so that they didn't get doubly charged. The agitating political parties and the Maoist sometimes announces valley wide and nation wide closures and blockades which results delays in surface travel. This didn't affect air travel, these closures, blockades and curfews however can affect access to these areas, if the timing is wrong.

A seminar on the "Cost of Armed Conflict in Nepal", organized by NEFAS in Kathmandu, (2006) many scholars from the universities, security experts political workers. Legal experts, gender specialists and journalists deliberated extensively on the various impacts that the armed conflict in Nepal was having on various walks of national life. Kagendra Prasa, on the title "Social Cost of Conflict" portrays the plight of the displaced people vividly. He also talks about the initial successes of the Maoist movement when they had adopted a reformist approach. There is different way of understanding the conflict king political parties and Maoist itself. And further he said the conflict may be costly for us people but for the rulers, it is cow rich in milk and can always be milked. Not only criticize, also he said that we cannot justify the Maoist misinterpretation just because parties misinterpreted it for their part.

According to Bihari Krishna Shrestha (2006) on the heading "Nepal's Conflict Displacement, Causes and Consequences" stated that the displacement is the greater aspect of the social cost of the conflict and for its resolution, there is not done perfect discussion as there exists the criticisms between one to other.

Biswambhar Pyakurel on the comment to the" Cost of Conflict" identified the conflict with linkages to human suffering apart from the surface links with

the GDP. Near 50 million deaths have occurred because of conflict in developing countries and Nepal has passed Bangladesh by in the recent human development report. Further he said that the Human development needs to be linked with the cost of conflict in terms of livelihood and the like. Also, he quoted, with the report of British council, showing an average annual loss of GDP of over 23 percent because of the Maoist conflict, another study shows 8-10 percent loss in GDP and other says different. That means by there is no accurate study about the cost of conflict, anywhere in the world. According to him, in Chitwan National park 4.3 million rupees damages had occurred, in other national parks, 16 million rupees damage was incurred because of conflict. From protected areas, 14 million used to be collected as revenue and post conflict only 7.8 million is collected today. Tourism data is not available today. In fact the defense spending has gone up since the Maoist insurgency began and social spending has declined.

Guna Nidhi Sharma remarks on this paper of Cost of Conflict as the crisis is deepening, the question whether it is policy, failed institution or Maoist insurgency that is the reason behind it. According to him even the Maoist insurgency is the result of failed policy and institution. The effects of the conflict are seen in social, economic and security sector.

Mark L. Murphy, Krishna prasad oli, Stere Gorzula(2005) on the title as "Conservation in conflict: the impact of the Maoist - Government conflict on conservation and biodiversity in Nepal" has stated that there was generally seen as a way to force compliance with a Maoist order "bandh"(strike) rather than a direct attack on foreign tourists, At the same period the rebels instituted various week - long blockade of the capital, not by force, but through intimidation and the threat of violence . Further the paper showed the increasing in poaching of one of Nepal's most significant species, the Asian one horned rhino. They have investigated the forest conservation and the illegal harvesting of timber by independent poachers, Maoists, and Government security forces and also

focused on the harvesting and smuggling of yartsa gumba, a valuable medical herb, as well as the effects of tightened security on resource gathering by buffer zone communities around the Royal Chitwan National Park.

Further they presented that after the beginning of Maoist violent to Royal Nepal Armies, the protected Areas which consists Nine National parks, three wildlife Reserve, One Hunting Areas, Three conservation Areas and Six Buffer Zone are highly suffered which were taken the security through Royal Nepal Armies and protected staffs. Because, the Maoist started combating to protecting staffs and soldiers. This largely succeeded in pushing the Armies and protected Areas staff into protected Areas headquarters which are government controlled, at present many protected areas are poorly guarded and therefore vulnerable to unchecked resource extraction and bio-diversity loss. According to their finding, protected Areas are categorized in two ways, those with army soldiers and those without protected Areas without soldiers are allegedly occasionally used by the Maoist and training grounds. And it is found that with Army soldiers , protected Areas are protected most and mostly the suffered protected Areas are Dhorpatan Hunting, Reserve and Makalu - Barun National Park, prior to Maoist attacks on protected Areas infrastructure there were 112 guard posts positioned throughout Nepal's protected Areas, but 2002 this number had been reduced to 34, a 70 percent reduction.

Not only the negative impact of conflict there has been seen, positive impact as well found out. At the period many positive environmental side-effects of the Maoist conflict have been observed in some areas of Nepal. Most viable, has been regeneration of forests in some mid-hill regions. Two such districts Kabhre and Sindhupalchik, both east of Kathmandu have seen dramatic growth in forest cover in the last several years but as whole all the protected areas faced the problem on the conserving the areas from the conflict.

But there has seen the greater negative impact of conflicts, so Bihari Krishna Shrestha on the title of “Conflict Resolution through Governance Effectiveness in Nepal” forwarded the way of solving the decade conflict through the effectiveness of Government. Because of the nature of the political system conflict grows up, and it plays a critical role in conflict resolution. Democratic societies by their very nature and ideology accept free expressions of difference and dissent. Conflict in democratic societies offers only limited scope for abrupt structural changes, such as can attend a revolution, especially in the short run. Thus governance effectiveness, thus, is about the effective institutionalization of democratic governance in the country. He also said that the good governance is about building exclusionary and participatory social processes, consistent with the basic democratic ideals of equality of and entitlement to opportunities for decent human existence. Under these conditions, all the people irrespective of their caste or creed get to participate effectively. Such participatory democracy processes passes the built in safety. Thus the conflict can be solved through the effectiveness of government because if the government provides the basic facilities, and they completes their promise, there need not any revolution for making the country advanced one.

Supporting this views Ananda Prasad Shrestha and Hari Uprety on the heading “Conflict Resolution and Governmenance in Nepal” talked about the intensity of conflict and violent and non-violent conflict. In low intensity conflicts nation-state normally resort to clandestine maneuvers, coercive diplomacy and the use of proxy forces to achieve their objectives. Depending on the availability of resources, a low intensity conflict can also transform itself into a high-intensity conflict (CPN-Maoist conflict). A conflict may be described as constructive if it yields better payoffs and improves an understanding between rival parties. It may be destructive if it escalates violence, fear and animosity among the conflicting parties and increases the cost of peace. Thus the government should take its affectivity as the small faze of conflict with focusing of it.

Again they had viewed in the article as “ Critical Barriers to the Negotiation of Armed conflict in Nepal” , the conflict situation today has acquired such alarming proportions that it is hard to imagine whether another round of peace talks between the warring factions will materialize, at least in the foreseeable future. However Maoist must realize, once and for all, that it is not through violence, but only through a negotiated settlement that they can achieve their legitimate objectives. Dialogue to be on the cards, an objective and through understanding of the situation by both parties is imperative. And they found that here were the barriers to the negotiation of armed conflict as Monarchy and the selfishness of both political parties and absence of norms and regulation in warring groups.

Thus talking about the eleven years conflict and Nepalese economy, Nepal faced many kinds of problem toward being the development, it couldn't achieve its targets and goals such as it is not to warding the millennium goal, many kinds of plan goes to failed, many kinds of project goes to dead end, many donor countries took out their hands from their interests. Mostly, also the Nepalese tourism industry faced greater problem, due to the Maoist activities to the rural areas, to the foreigners and the bad concepts to the people of the world as the Nepal is unsafe, and the plan and policies couldn't take the place for the conflict Nepalese tourism toward its management planning in the process of planning in the 11th years conflict, peace has been elusive in Nepal, ever since the start of the armed conflict, even though all governments formed after 1996 have stated peace as the primary agenda. In the past two attempts at peace and cease fire were total fiascos. With the success of the April 2006 peoples' Movement carried out jointly by the seven major political parties in coordination with the Maoists, a third attempt at peace between the democratic government ant the Maoists has been initiated. With the declaration of constituent assembly in recent days, a ray of hope seems to have been seen among all Nepalese. However , the endless civil strife and up rise of ethnic conflict, differences in power sharing, issues

concerning decommissioning of arms and management of the militia, process of and representation in the constituent assembly, restructuring of the state etc, are some of the contentious issues and challenges that have to be met with before sustainable peace can be attained in the country.

Also there is not much deed concerning about the study of the conflict and its impact on Nepalese tourism industry, and there is not also seen the economic performance of Nepalese tourism during the period of Maoist conflict in Nepal, how much is deed cannot cover it.

CHAPTER THREE

METHODOLOGY

3.1 Research Design

This study has been covered the explanatory and descriptive as well as both qualitative in nature of research.

3.2 Nature and Sources of Data

The data are used only the secondary data and all the data has been collected from different published offices from different statistics as, NRB, Quarterly Economic Bulletin, and CBS, Statistical Year book of Nepal, MOF, Economic Survey, NPC, Various plans, WTO Year Book, Nepal Tourism Board, Ministry of Tourism, and T.U. Central Library, different websites and research books and articles.

3.3 Method of Data Analysis

All the data and information has been analyzed and presented to fulfill the stated objectives.

Beyond it, many statistical significance of an observed result will be tested using hypothetical test and all the empirically analysis will be done by using the tools of SPSS software.

Also using simple bar diagram, multiple bar diagram, trend of tourist arrivals, pie chart, histogram, research paper will be made easy to analyze the data.

3.4 Limitation of the Study

- Study concerned only the international tourist, not domestic.
- Trends of the tourist arrival, foreign exchange earning and employment situation of the study has been covered the period of conflict: 1996-2006.
- Due to time lag, budget constrained, study are concentrated only on the secondary data.

CHAPTER FOUR

TOURISM DEVELOPMENT ACTIVITIES AND TOURISM POLICY UNDER VARIOUS PLANS

Government has forwarded many kinds of development activities for the greater performance of Nepalese tourism industry, joining the hand with the private tourism service sectors during the period of conflict in Nepal which are as follows:

4.1 Visit Nepal Year 1998(VNY)

For the better performance of Nepalese tourism industry, HMG\Nepal decided to observe the year, 1998 as Visit Nepal Year 1998 in 1996 with the promotion and reposition of Nepal in international market. Various programs are organized to make it success and to achieve the desire numbers of tourist. The aim of Visit Nepal Year 1998 was to attract numbers of tourists to improve qualitative infrastructure framework. The slogan of VNY 1998 was "A World of its own". It is the first program launched at the period of conflict and also the first of twenty first century with the target of 5,000,00 tourist.

Basically, the VNY 1998 was forwarded with the following objectives as: to increase the volume of tourist arrival and their duration of stay, to market Nepal internationally with eco-friendly through value based tourism product to be awareness from tourism benefit to awake regional development through sustainable tourism development.

To achieve these objectives the strategies were forwarded as

- There should be socio-political stability.
- The airlines would operate more flights with more seats and their service should be good.
- Tourism policy needs to continue, and there needs an infrastructure to cover the desired plan and policy.

Following policies has formulated on VNY 1998:

- (i) Tourism promotion programs would be launched to increase the tourist inflow from greater spending country as Australia, America and Western Europe, and industry developed tourist market as eastern and south Asia.
- (ii) Joint promotional activities with in hand to hand of Government and private entrepreneurs would be launched to improve tourism standard.
- (iii) Special program would be launched to increase neighbor tourist as Indian, Chinese.
- (iv) The service of airlines would be reformed, Air conditioned bus service would be managed and Visa process would be simple.
- (v) Information of different area as cultural, historical and religion features would be published internally and internationally.
- (vi) Public awareness would be increased.

At this year the tourist influence was near to its target of 5, 000, and 00 as 463,684 which were increased by 9.0 percent than previous year. The foreign exchange earning from tourism was Rs.12167.8 million and the duration of their stay were 10.76 days which was targeted as 13 days.

4.2 Destination Nepal Campaign (2002-2003)

With the greater performance of visit Nepal year 1998, HMG officially announced the Destination Nepal campaign starting from January 2002 and ending on December 2003, at the 5th meeting of tourism council 2000.

The objective of DNC (2002-2003) were

- Nepal would be established as a well secured tourism destination with the help of effective international publicity of Nepalese tourism.
- People would be greater awareness with in country from the sustainable development with the help of government effective policy.

The targets of DNC (2002-2003) were

- 1) 5 lakh tourists will be welcome until the end of 2003.
- 2) 18 crore US\$ earning until the end of 2003.

To achieve the objectives of DNC (2002-2003) the policy had been conducted as :

- National and international publicity.
- Tourist resources and infrastructure development program has been organized in the palaces as Basantpur, Janakpur, Tansen and religious and Cultural Program has been organized as Pashupatinath, Muktinath, Lumbini.
- Airlines and transportation development.

At the end of 2003, the total tourist arrival was 3, 38,132 and average length of stay was 9.6 days with earning of Rs 18147.4 million.

Like ways many program and policies were came during these eleven years conflict period as 50th golden year of climbing Mt. Everest, international year of Mountain 2002, international year of Eco-tourism 2002, Visit South Asia Year 2003, but there is not any anti conflict tourism program for public awareness.

4.3 New Nepal Tourism Brand(2006):

The new tourism brand with the slogan “unleash yourself”, tagline “Naturally Nepal” and sub-tagline “Once is not Enough” was introduced in early 2006 by the Nepal Tourism Board. With a lot of consumer research and trade consultation process the brand was being introduced. The basic thrust of brand development was to develop BRAND NEPAL as an international tourist destination and regain consumer confidence in the international market by concentrating on marketing the experimental product clusters.

Naturally Nepal is a simple expression that repackages Brand Nepal in a positive lights ‘once is not enough’ not only accurately captures the tourists’ emotions at the airports departure gate but also serves as a decision making tool that enables the Nepali tourist industry individually and collectively to focus on customer retention rather than acquisition. If more over addresses the composition of our total number of tourists where nearly 40% are repeat visitors, means Nepal abundance beauties and diversities are for multiple times. It is a destination for multiple times. It is a destination for multiple reasons and prospers Vision.

The Re-launching of Brand Nepal has been done for the five business reasons.

- More compelling repackaging the diverse, existing product offerings.
- More tourists increase the number of tourists visiting Nepal.
- More money increases the revenues to the nation.
- More focus: align the NTB’s Stakeholders and the Nepali tourist industry to common future.
- More consistency-define branding guidelines and investment machines for building a low-cost international consumer brand in the very competitive tourist industry.

The new branding concept will cover entire activities that Nepal has been offering to the world with a new dimension. The thrust of new brand is to reinvest Nepal's diversity, modernity and cultural heritage. Nepal, country of the highest mountains on Earth and deepest gorges, also known as the land of living Goddess and the origin of Buddhism in the world, today shows its abundance beauty with the rest of the world, with a Nepal Brand, its natural image called Naturally Nepal-once is not enough.

For years, Nepal has been known as a land of Mt. Everest, sublime scenery, arcane temples, and some of the best walking, trails on earth combined with exciting adventurous activities, which was positioned it as a unique and interesting travel destination. But lately Nepalese tourism industry has felt necessary to reposition its image in the international tourism market with popular bran amidst the stiff competition among destinations. Thus the "Naturally Nepal: once is not enough" program is the reformulation of the Nepal product through building upon existing strengths and minimizing in on the weakness. It is about catering to the myriad interest of the visitors while ensuing that local's own needs are need.

4.4 Nepal Tourism Board

Nepal Tourism Board (NTB) has been setup as a National Tourism Institution under the act of parliament. The NTB designed as a partnership between the government of Nepal and the private sector travel industry of Nepal NTB has set up its objectives as follows:

-) To develop Nepal as an attractive tourist enterprise, whist promoting the natural, cultural and human environment of the country.
-) To develop Nepal as an attractive tourist destination in the international arena.

-) To increase national products and income, to increase foreign currency earnings, and to create maximum opportunities of employment by developing, expanding and promote tourism enterprise.
-) To establish the image of Nepal in the international tourism community in good and dignified way by developing Nepal as a secure, reliable and attractive destination.
-) To do or cause to do according to needs action oriented research relating to the probable reforms to be made in tourism enterprise in order to provide qualities services to tourists for the development of tourism enterprise in its development.
-) To assist to establish and development of tourism enterprise in its development.
-) To assist to establish and develop institutions necessary for the development of tourism enterprise.

The NTB is commissioned to provide able leadership, continue promotion, good management and guidance to tourism industry in Nepal. Within a short period of its establishment, the NTB is moving forward to the pre determined course of actions, particularly in the filed of international tourism marketing management and promotion. (Upadhyay; 2003:203-204)

Besides these, specially focusing to the conflict and tourism in 2003 the Government established a high level Tourism Crisis Management Committee under the chair person ship of the Minister of culture, Tourism and Civil Aviation (MOCTA). The functions of the committee were as follows:

- (i) Formulate and approve rules and regulations regarding tourism related crisis management.
- (ii) Co-ordinate with Government agencies, NGOs and other concerned actors to resolve crisis;

- (iii) Provide directives and support to related sub-ordinate organizations and
- (iv) Monitor crisis situation and actions taken during such situation.

Similarly, MOCTA has also established Tourism Crisis Response Acto Unit under NTB. The chief executive of NTB is the convener of the unit and the functions of the unit are to

- (i) co-ordinate with concerned principal and subordinate agencies whenever tourism related crisis situation arises,
- (ii) Collect and update information concerning tourism related crisis.
- (iii) Disseminate crisis related information, and
- (iv) Monitor activities related to crisis management.

Though both the high level committee and the action unit have not been able to deliver effective services.

On the other hand, NTB formed under a joint public -private initiative - besides playing at important role in promoting tourism has taken initiate to mitigate tourism related crisis in the country. In that context, despite budgetary constraints NTB has been co-coordinating the movement of special bus services between the airport and major hotels during closures (bundhs). As well some of the promotional campaigns launched were Festival of light in June 2000, South Asian Association for Regional Co-operation (SAARC) summit in January 2002, Fly-n-win scratch card scheme, summer Getaway program, Pashupati Darsan and MT. Everest Golden Jubilee. Similarly, the government has taken the following additional measures to mitigate crisis:

- (i) launched community based tourism program called Tourism for Rural Poverty Alleviation Program(TRPAP) to reduce rural poverty;

- (ii) opened new peaks for climbing, relaxed restrictions to many protected areas of the country, and amended rules and regulation making them more friendly towards trekkers and mountaineers; and
- (iii) Visa regulations have also been relatively relaxed and visa fee waived for visitors from People's Republic of China and SAARC countries.

After the dawn of democracy in 1951, Nepal was opened to tourists but there was not tourism planning. The history of tourism planning started when first five year plan (1956-61) came, though the proper planning is out of attention. In fact, planning and promotion of tourism began from the second plan. The third plan was about the preservation and conservation of the monumental and cultural heritages which attracted the tourists the most in Nepal. Tourism Master Plan 1972 came through the Fourth Plan (1970-75) which was the turning point of tourism development in Nepal. Through Sixth Plan (1980-85) allocation of resources for tourism has increased. Seventh plan (1985-90) realized the improving balance of payment through tourism sector. Eight plan (1992-97) which was the placed the tourism sector in the center place of Nepalese economy. Through ninth plan (1997-2002), promotion of Nepal as one of the popular tourism destination successes employing aggressive marketing and tenth plan (2002-2007) is on the process and is on the end phase, forwarding the qualitative tourism sector, conserving monuments.

4.5 First Five Year Plan (1956-61)

There was no specific provision for tourism development during the first five-year plan. The plan gave adequate emphasis to build requisite infrastructure like road, water, electricity construction of airport etc. Tourism Development Board and tourist information center were established in 1957 and 1959 respectively. Hotel survey and Tourist guide training were conducted during this plan period. In this plan different sorts of posters and pamphlet about Nepal also were to be distributed to the different international tourist centers. In 1958

the Royal Nepal Airline Corporation was enacted as the national carrier and in 1960 the international services to three destinations in India and Dhaka.

4.6 Second Five Year Plan (1962-1965)

The most emphasis of this plan was on the accommodation and transportation with the development of hotel accommodation facilities having provided the incentives to the peoples. The most important achievement in this plan for tourism was the "Company Act 1964" with the allocation of Rs.2 million for outlay in tourism sector. During the period new resorts were established in pokhara, Lumbini, karnali, Nagarkot etc. From this plan period the tourist arrival data were started to collect.

4.7 Third Five Year Plan (1965-1970)

The plan emphasized to develop tourism infrastructure by establishing hotels and extensions of aviation facilities, publishing Nepal abroad, production of promotional films relating to Nepal and distribution of tourism materials, conservation of temples and historical places and development of Mahendra Museums. Also the plan included a systematic display of Nepalese culture in the Nepal museum and among other, preparation of master plan for Lumbini. An advisory committee for tourism was set up in 1968 and after one year later the Nepal Tourism Development Committee replaced the committee. This committee has been formed to prepare a National Tourism Master Plan. During this plan the RNAC has introduced the new turbo-prop F-27 service in 1966 and the government budget was Rs. 5 million were allocated during the plan.

4.8 Fourth Five Year Plan (1970-1975)

The Fourth Five Year Plan gave more efforts as compared to all previous plans have made as to increase the sites of tourist attraction to expand the airports and to improve the facilities of different stars hotels within Kathmandu Valley and outside also. During this plan the Nepal Tourism Master Plan 1972

was formulated. The target of this plan was to increase the tourist arrivals by 40 percent annually. In 1972 the Hotel Management and Tourism Training Center (HMTTC) was also established with the joint collaboration of UNDP/ILO. The government budget allocation was Rs. 5 million in this plan.

4.9 Fifth Five Year Plan (1975-1980)

The main objective of the fifth five year plan was to increase the foreign exchange earnings and to increase the employment opportunities with the regional development by establishing the tourist centers. For it the plan emphasized as tourism development through conservations and development of historical, cultural and geographical specialties, development of tourist centers outside the Valley in order to reduce the concentration of tourist inside Kathmandu Valley and increasing the length of stay of the tourist as far as possible having developed the skilled manpower with necessary facilities in Pokhara, Chitwan, Lumbini, Khumbu etc. At this plan the government budget allocation was Rs. 20 million. On 23 February 1977, the separate Ministry of tourism was formed and after that it goes on work as high level tourism co-ordination committee.

4.10 Sixth Five Year Plan (1980-1985)

This plan was focused on making the tourist centers more attractive, identifying new tourist centers, finding out ways and means of attracting tourists in off seasons and conserving the natural, cultural and artistic beauty of Nepal. This plan also forwarded the second tourism plan whose main objectives were to increase foreign currency reserves in the country by increasing the arrival of core tourist and their length of stay, establishment of import substitution industries as hotels, automobile etc and to enhance employment generation. And other program was to development of mountain tourism, tourism survey and research, development of resort areas on remote area, establishment of information centers, development of Taro Pani Area, Khumbu Area. For the overall

development of tourism sector, the allocation of Rs 60 million was made available during this plan period.

4.11 Seventh Five Year Plan (1985-1990)

The seventh plan emphasized on the development of tourism for the creation of employment and increases foreign exchange and improves the balance payment situation. Basic objective is to diversify Nepal's tourists attractions. To encourage the private enterprises to build resorts with up to date and recreational facilities, the seven fifth plans have devoted more effort.

- Creating more employment opportunities
- Diversifying tourism activities
- Creating basic infrastructure facilities
- Emphasis on conservation of environment cultural and religious historical resources.
- This plan also continues to place emphasis on main objectives of sixth five-year plan.

The seventh Five Year Plan programs also promoted mount tourism , sought more tourism survey and research, development of resort areas, strengthening of tourist service, development of pokhara tourism production and distribution of publicity material's establishment of new tourist centers, providing more tourism training through the Hotel management and tourism training centre, effective police management in tourist areas so as to provide more security to the tourists, and so on. For the overall development of tourism Rs.74 million outlays allocated during this plan period.

The eight, ninth and tenth plan are the important plan on Nepalese tourism industry because these three plans were represent the plan during the eleven years conflict period

4.12 Eighth Five Year Plan (1992-1997)

The eight plans also recognized tourism as a major foreign currency earning industry (National Planning Commission: 1992). It reviewed the progress during the Seventh plan. It also reviewed the progress during the fiscal years 1990/91-1991/1992 and identified the existing problems.

The eighth plan aimed to develop Nepal as a final destination for tourists and to operate the tourism industry as a major source of employment generation by implementing the policy-wise activities in regard to the following:

- Tourism promotion and publicity.
- Adventure tourism development.
- Private sector mobilization and facilities.
- New infrastructure development.
- Administrative reform.
- Extension of services of the Royal Nepal Airlines Corporation.
- Developing Tribhuvan International Airport as a focal point.
- Standard domestic and international air services.
- Private sector encouragement in domestic air services.
- Allowing of Nepal skies for international air services.
- Manpower for standard civil aviation services.

The plan also proposed 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 are given below:

- Development of mountain tourism.
- International contact and market management.
- Tourism research and survey.

- Production and distribution of publicity materials.
- Development of cultural and religious tourism.
- Extension of tourism services and facilities.
- Implementation of tourism promotion development project.
- Extension of physical facilities of different airports.

Long term objectives of tourism planning are:

- to develop tourism sector as an important part of the overall economic development.
- To establish Nepal as a premium destination on the world tourism map.
- To expand the benefits of tourism down to the village level.

Based on the above policies and programs the following targets are projected for a period of 20 year.

Table 4.1
Twenty year projection

S.N.	Particulars	FY1997	FY2002	FY2015
01	Tourist arrivals	4,20,000	6,76,414	12,47,830
02	Duration of stay	11.3	13.0	15.0
03	Per Tourist expenditure US\$ per day	45.0	60.0	133.3
04	Foreign currency earning US\$ million	213.0	527.6	1663.6
05	Employment(Direct)	75,000	1,11,329	2,05,227
06	Employment(Partial)	10,7,700	16,2,029	29,8,688
07	Employment(Total)	2,57,000	3,71,598	6,85,013

Source: Ninth plan (1997-2002), NPC,

4.13 Ninth Five Year Plan (1997-2002)

To establish tourism and culture sector as one of the important sectors of the national economy, the ninth plan had targeted the development of forward and backward linkages and conservation of existing world heritage sites and their promotion as tourist destinations., similarly, it had targeted to tie up conservation of the national heritages to income earning opportunities and their institutionalization through community management. Effective marketing of Nepal in the international arena to establish it into a major tourist destination development of traditional arts into an industry to create new employment opportunities, increase in income and foreign currency earning and to channel the benefits accrued from the tourism sector to the rural areas were also the major targets of the ninth plan.

Tourist arrival is expected to increase by an annual rate of 10 percent and the tourism receipt by 20 percent during the plan period. Similarly, an estimated 4, 20,000 tourists are expected to reach 6, 76,414 by the final year of the plan period. Similarly, an estimated US\$ 21 million is expected in terms of receipts in the first year and US\$ 527.6 in the final year.

During the ninth plan, “Visit Nepal Year 1998” was launched as a national campaign for the first time for the development of tourism, drawing attention and local investment on tourism related areas, bringing new tourism contacts worldwide and reestablishing Nepal ‘s tourism image in the world. New aviation agreements were reached with three friendly countries and existing ones were renewed adding a number of air seats and air routes.

During the ninth plan the help of international donor agencies, various infrastructures were added in the hilly and the busiest local airport was remarkable. Similarly, improvement in runways, addition of more equipments, improvement of the standard of Tribhuvan international airport, expansion of parking area and terminal buildings, strengthening of the fire extinguishing

services among others were achieved during the plan period. Despite the sharp decline in the arrivals of the south Asian tourists towards the middle of the ninth plan period, overall number of the tourists visiting Nepal grew due to the addition of four international airlines services in Nepal. The domestic airlines were given permission to start their services aboard. In the area of institutional development, Nepal civil department was dissolved to establish Nepal tourism board with the participation of the private sector. Cultural issues were brought under the tourism sector and the ministry was renamed as the ministry for culture, civil aviation and tourism.

The world Buddhists conference was convened in Lumbini: significant construction works and reconstruction of Maya Devi temple started in the area. Lumina area has also been enlisted in the new world heritage list. Similarly, the improvements of the physical infrastructures and renovation works of other areas enlisted in the world heritage list such as Swoyambhu and chanjunarayan and purification of water of the Bagmati River in pashupati area has also been completed. The maintenance works of Gorkha palace and three other historical places of the valley have been completed as targeted. In order to conserve the cultural heritage, users groups have been termed in some districts in co-ordination with the local bodies. During the ninth plan period, contribution of this sector in the total foreign currency earnings and Gross Domestic Product has been 12 percent and 3.1 percent respectively.

Against the target of 10 percent growth in tourist arrivals and 20 percent growth in foreign currency earning during the plan period, the achievement has been as follows:

Table 4.2
Target and Achievement of Ninth Plan

Tourist Arrival			Foreign Currency Generation (US\$ in million)	
FY	Tourist	Achievement	Target	Achievement
1997	420,000	421857	213	115.9
1998	462,000	463684	255.6	152.5
1999	508,200	419504	306.7	168.1
2000	559,020	463646	368.1	166.8
2001	614,922	361237	441.6	140.2
Total	2,564,142	2,201,928	1,583.0	745.3

Source: Tenth Plan (2002-2007)

Long term vision of ninth plan:

Based on past experience and realities, the following long term vision has been adopted.

- 1 Developing tourism factor as an important part of the national economy and reestablishing the country globally as prime destination.
- 2 Expansion of earning from the tourism sector to rural areas through qualitative improvement of tourism related services.
- 3 Emphasis on cultural tourism by conservation and proper management of living heritage sites and monuments of national importance.
- 4 Making international and domestic air services simple, efficient, safe and reliable and developing convenient road net works in tourism areas.

Table 4.3.
15-year Projection

S. N.	Particulars	2015
1	Tourism Arrival (000)	1,219
2	Earning of foreign currency (million US\$)	635
3	Contribution of GDP (%)	4.1
4	Employment (in thousand)	350
	Direct	150
	Indirect	200
5	Regular flights operated to Nepal by international airlines(in numbers)	22

Source: Tenth Plan (2002-2007), NPC.

4.14 Tenth Five Year Plan (2002-2007)

The effective and prioritized implementation of the programs in the tourism sector that has already emerged as an important organ of the national economy will not only contribute to national economy but will also provide benefits to foreign tourist as well as increase the income generating and employment opportunities. In view to this, following objective has been set forth in the tenth plan.

1. Sustainable development and qualitative promotion of the tourism sector.
2. Conservation and preservation of historical, cultural, religious and archeological heritages and enhancing their practical utilization.
3. To render air transportation services easily accessible secure, standard, and reliable.

Emphasizing to recover the opportunities of the ninth plan period the following annual qualitative targets have been fixed for the tenth plan period:

culture is the treasure of the country and its development and conservation will promote the fame and identity of the country; at the same time, it also helps in the overall social development of the country and the development of the tourism sector.

1. In an effort to generate massive participation, organize and operate public awareness programs regularly to notify the benefit of tourism sector.
2. To increase tourism activities in recently opened (previously banned) and other possible sectors by maximum utilization of tourism resources and unifying the programs by establishing regional tourism hubs.
3. To expand mountaineering, trekking, rafting and other adventurous activities to other sectors through participation of local bodies and NGO's.
4. To integrate eco-tourism concept while implanting programs in such a way that environment conservation and social values are not by passed.
5. To re-establish Nepal as a beautiful and peaceful destination through clean environment, pollution control, polite behavior, security and safety guarantees.
6. To run promotional programs at low risk touristy sires so as to prevent form obvious political and economic backlash world wide.
7. To change people's concept toward their culture and tourism by enhancing positive attitude and guarantee multiplicative advantage up to the lowest revel with adequate return from tourism.
8. To help the tourism sector by preventing cultural richness and religious tradition.
9. To encourage involvement of non-government sectors in management preservation and utilization of cultural religious archaeological and natural heritage in accordance to decentralization policy.
10. Make air travel easily accessible safe, standard and reliable.

The tenth plan has carried out following policy and working policy.

1. To encourage tourism based on quality and price.
2. To establish domestic tourism as an economic alternative.
3. To explore new possibilities besides incentives, convention sports and rural tourism. Practically develop and maximize the available tourism resources.
4. To increase employment opportunities, occupational use, and to conserve local skills and encourage the tourists to use locally produced goods and services so that large amount of revenues generated by tourism be spent on those areas. To prioritize the involvement of local women and backward communities.
5. To implement a well managed system to guarantee tourist safety.
6. To make mountaineering tourism more attractive by allowing to summit new or low usage mountains through the adaptation of promotional subsidy, low price or free of cost.
7. To establish pollution control and waste management works as an income generation alternative and implement it through the co-ordination with local bodies, private sector and non-governmental organizations.
8. To form and implement code of conduct concerning parties, which provide services in entry points, lodging. Travel entertainment; improve standards and easy accessibility of services sectors.
9. To successfully implement "Destination Nepal Campaign 2002-2003" as a highly prioritized program.
10. To identify new tourist promising site in view to diversity tourism market.

11. To implement sub-regional standard projects and programs in accordance with south Asian Countries, to develop and promote tourism infrastructure.
12. To use up to date promotional techniques while campaigning in neighboring countries as well as the region. In promotional activities involvement of HMG\N representing institution, private organization individuals and business groups aboard will be sought.
13. To promote cultural and religious tourism through conservation, maintenance and self sustained management of world heritage and the cultural religious and historical places.
14. To conserve world heritage and protected sits by implementing specific standards.
15. To implement development works of pashupati, Lumbini, and janaki Temple according to their master plan.
16. To conserve and preserve the multicultural multilingual as well as literature, art and cultural study.
17. To survey, research and excavate archaeological sites of national importance.
18. To improve and develop infrastructure of culturally related institutions.
19. To prioritize expansion of museum sectors encourage private sectors to establish museums.
20. To endorse copyright act to protect the rights of writers literature, musicians and other who are dedicated to art.
21. To ensure the development of necessary infrastructure (road, communication, water supply, health services etc) in co-ordination with concerned ministries and organizations.

22. To ensure the development of necessary infrastructure (road, communication, water supply, health services etc) in co-ordination with concerned ministries and organizations.
23. Development and expansion of satellite aided communication that supports to aviation safety.
24. To upgrade the construct necessary infrastructure for airports, construct hangers, install communication and other necessary technical equipment and produce skill manpower for the same.
25. To make the flights for remote areas regular and trust worth by involving private airlines and implementing accordingly.
26. To conduct flights to neighboring countries from domestic airports.
27. Maximum use of Nepalese air space.
28. To start construction of second international airport in an appropriate Terai region considering industry, commerce and tourism, regional balance and aviation technology.
29. To prioritize participation of private sectors wholly or partially in constructions and management of airports.
30. To encourage scheduled and chartered flights and involve private sectors in operation of international flights.
31. To renew existing air agreements and prioritize new ones.
32. To arrange teaching and learning facilities covering all aspects of tourism and civil aviation sectors.
33. To establish higher education facility in field of tourism, mountaineering training academy of international standard.
34. To operate RNAC in join venture with foreign and Nepalese institutional participation or privatize totally.

35. To make and implement master plan of tourism, culture and civil aviation sectors and amend rules related to regulation of institutional improvement.

Over viewing the planning during the period of conflict (1996-2006), the planning at all is not insufficient but the implementation are on big question and also there didn't came any planning to resolve the facing problem from the conflict.

CHAPTER FIVE

TREND OF TOURIST ARRIVALS

The trends of total tourist arrival have analyzed in this chapter which concentrates on the total tourist arrival, average length of stay, major tourist arrival nations, and purpose of visit, tourist arrival by age and sex, tourist arrival by months and tourist arrival through Air and Land with Regression analysis of Trend of total arrival. With the limited area of the time period of conflict available data and information, this chapter includes only the tourist arrival trend after 1996.

5.1 Tourist Arrivals and Length of Stay (1996-2005)

The table 5.1 shows the number of tourist arrival in Nepal in different years from 1996 to 2005. The trend of tourist arrival is positive till 1999 but from 2000 to 2003 is seen the decreasing growth rate but again it increased in 2003 to 2004 but decreased in 2005. Thus there is fluctuation in different periods of tourist arrivals. The peak period of the arrival is the year 1999 as 491,504 with growth rate 6.0 percent. The government declared the VNY 1998 and targeted to achieve 500 thousands tourist but it only captured 463,684 with 9.9 percent growth rate. The tourist inflow seriously decreased in year 2001 and 2002 as 22.1 and 23.7 percent respectively. Thus over viewing the table we know there is fluctuation of tourist arrival and it couldn't achieve the targeted numbers.

Also the table shows the average length of stay which is fluctuated between 7 to 13 days. In 1996 it was 13.50 days but regularly it decreased as 10.49 in 1997, 10.76 in 1998 but a little recovered in 1999 as 12.28 days. And the mostly suffered period was the year 2002 as only 7.92 days. Again it re backed in year 2004 as 13.51 days which was the highest period of the average length of stay in the conflict period as well but it remained only the 9.09 days in year 2005. Thus looking at the statistical records, we can observe that the average length of stay

fluctuates around 11 days. The tourist arrival by air is more than the arrival by land.

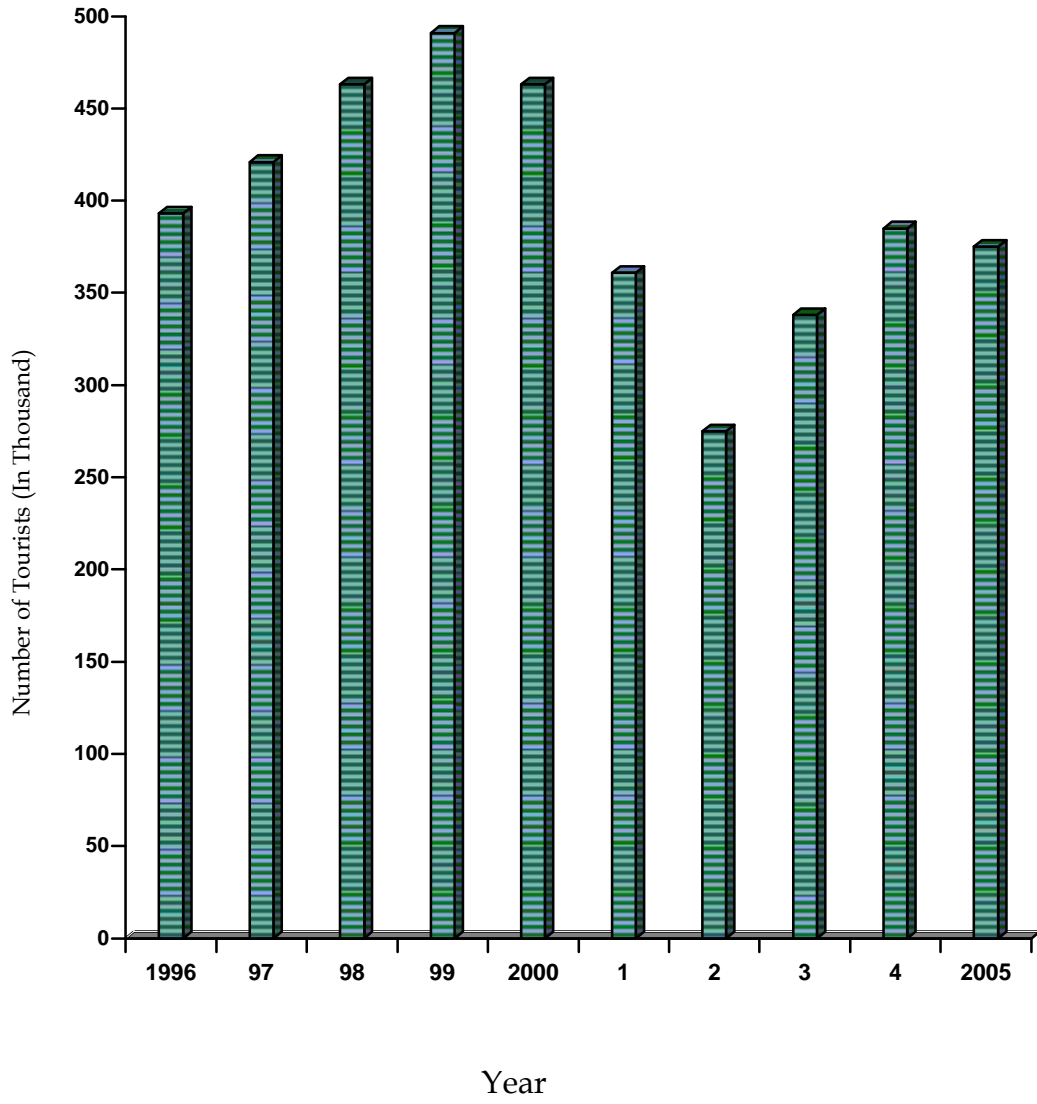
Surely there is close relation between to the total number of tourist arrival, their average length of stay and economic benefit to country. Because the foreign exchange earning depends on how long tourist stay in Nepal and length of stay depends on the attraction of marketing of available tourism resources as natural phenomena, natural heritages, and facilities, available packages and so on relating to tourism promotion.

Table 5.1
Tourist Arrivals and length of stay (1996-2005)

Year	Total No. of Tourist	Growth rate	By Air Number	By Land Number	Average Length of stay
1996	393,613	8.3	343246	50367	13.50
1997	421,857	7.2	371145	50712	10.49
1998	463,684	9.9	398008	65676	10.76
1999	491,504	6.0	421243	70261	12.28
2000	463,646	-5.7	376914	86732	11.88
2001	361,237	-22.1	299514	61723	11.93
2002	275,468	-23.7	218660	56808	7.92
2003	338,132	22.7	275438	62694	9.60
2004	385,297	13.9	297,335	87,962	13.51
2005	375,398	-2.6	277,346	98,052	9.09

Source: Nepal Tourism Statics2005, MOCTA, HMG\Nepal

Chart: 5.1 Tourist Arrivals (1996-2005)



5.2 Tourist Arrival by major Continent (1996-2005)

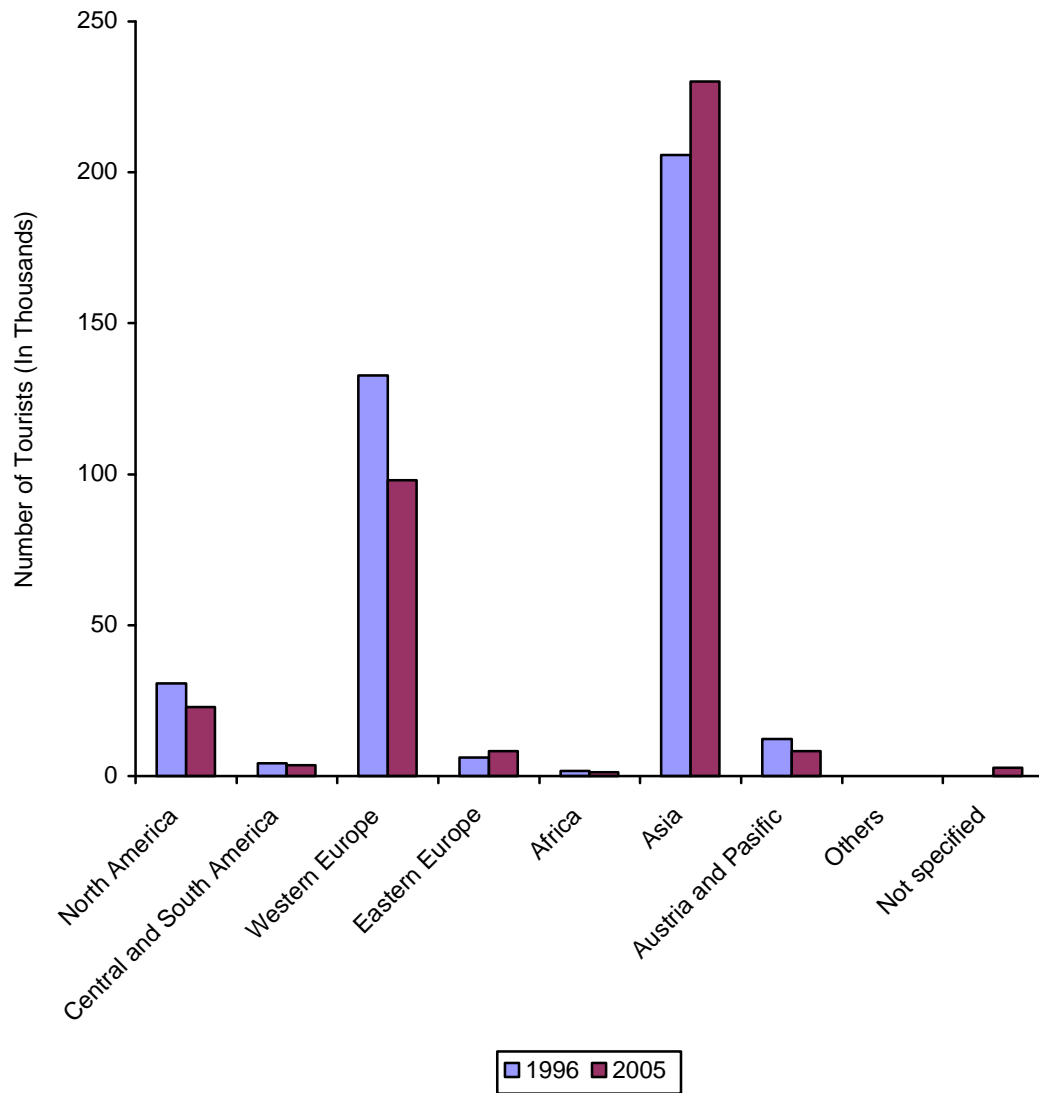
Table 5.2 shows the tourist arrival from different continents and is differing by the year and continents. After the Asian tourist arrival, North America in Nepal tourism industry is the second category. All of those continents, tourist arrival is fluctuating year by year. Mostly the reason behind the decline of American tourist arrival is the September 11, 2001 terrorist attack in Twin Tower and the wrong marketing of Nepal as not the safety place for destination with instable political situation. Australian and Pacific is in the third place of tourist arrival in Nepal. Comparatively between 1996 and 2005, tourist arrival from all the continents are declining only from the Easter Europe is increased. Thus all the tourist arrival from all continents in the period of conflict is suffered or deteriorated.

Table 5.2
Tourist Arrivals by major Continents :(1996-2005)

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
North America	30635 (7.8)	36310 (8.6)	43038 (9.3)	46910 (9.5)	49032 (10.6)	39120 (10.8)	21265 (7.7)	22992 (6.8)	25505 (6.6)	22853 (6.1)
Central & S. America	4230 (1.1)	4554 (1.1)	5937 (1.3)	6096 (1.2)	6076 (1.3)	4634 (1.3)	2793 (1.0)	2262 (0.7)	4373 (1.1)	3559 (0.9)
Western Europe	132787 (33.7)	137028 (32.5)	151070 (32.6)	164913 (33.6)	159325 (34.4)	131661 936.40	97912 (31.9)	95162 (28.1)	116505 (30.2)	98046 (26.1)
Eastern Europe	6114 (1.6)	6416 (1.5)	6741 (1.5)	6723 91.4	6992 (1.5)	6201 (1.70)	5276 (1.9)	6451 (1.9)	7661 (2.0)	8263 (2.2)
Africa	1775 (0.5)	1645 (0.4)	1795 (0.4)	1857 (0.4)	2040 (0.4)	1596 90.40	1132 (0.4)	1612 (0.5)	1161 (0.3)	1302 (0.3)
Asia	205809 (52.3)	222849 (52.8)	240560 951.9	249793 (50.80)	224532 (48.4)	164989 945.7	148670 (54.0)	200045 (59.2)	218387 (56.7)	230282 (61.30)
Australia & pacific	12233 (3.1)	13047 (3.1)	14635 (3.2)	15207 (3.1)	15641 (3.4)	13036 (3.6)	8420 (3.1)	9608 (2.8)	10947 (2.8)	8317 (2.2)
Others	30 (0.0)	17 (0.0)	8 (0.0)	5 (0.0)	8 (0.0)	0 (0.00)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Total	393613 (100)	421857 (100)	463684 (100)	491504 (100)	491504 (100)	361237 (100)	275468 (100)	338132 (100.0)	385297 (100.0)	375398 (100.0)

Source: Nepal Tourism Statistics 2005, MOCTA, HMG, Nepal

Chart: 5.2 Tourist Arrivals by Continents (1996 and 2005)



5.3 Tourist Arrival by purpose of Visit (1996-2005)

Table 5.3 shows the tourist arrival towards over the purpose as holiday pleasure, adventure purpose, business purpose, pilgrimage and other purpose. Among them, holiday pleasure dominance over other purposes. The statistics figured out that in year 1996, 53.2 percent of total tourist visited for the purpose of holiday and pleasure, where trekking and traveling was only 22.2 percent, 6.4 percent on business purpose, 5.1 percent by official purpose, 1.2 percent by pilgrimage purpose and 10.0 percent for other purpose. At the recent year 2005 all the tourist arrival from different purpose is decreased with comparison to the year 1996 and only the arrival on pilgrimage purpose is increased.

Due to the political instability, the tourist arrival through trekking and traveling has declined, and due to the trade liberalization arrival through business purpose is a little increased previous year but declined recent years. The tourist arrival through convention and conference purpose is nil from the year 2001 to 2005.

Table 5.3
Tourist Arrivals by purpose of Visit (1996-2006)

Year	Holiday pleasure	Trekking and mountaineering	Business	Pilgrimage	Official	Conv. Conf.	Others	Total
1996	209,377 (53.2)	88,945 (22.6)	25,079 (6.4)	4,802 (1.2)	20,191 (5.1)	6,054 (1.5)	39,165 (10.0)	393,613 (100)
1997	249,360 (59.1)	91,525 (21.7)	27,409 (6.5)	4,068 (1.0)	24,106 (5.7)	5,824 (1.4)	19,565 (4.6)	421,857 (100)
1998	261,347 (56.4)	112,644 (24.3)	24,954 (5.4)	16,164 (3.5)	22,123 (4.8)	5,181 (1.1)	21,271 (4.6)	463,684 (100)
1999	290,862 (59.2)	107,960 (22.0)	23,813 (4.8)	19,198 (3.9)	24,132 (4.9)	5,956 (1.2)	19,574 (4.0)	491,504 (100)
2000	255,889 (55.2)	118,780 (25.6)	29,454 (6.4)	15,801 (3.4)	20,832 (4.5)	5,599 (1.2)	17,291 (3.7)	463,646 (100)
2001	187,022 (51.8)	100,828 (27.9)	18,528 (5.1)	13,816 (3.8)	18,727 (5.2)	0 (0.0)	22,316 (6.2)	361,237 (100)
2002	110,143 (40.0)	59,279 (21.5)	16,990 (6.2)	12,366 (4.5)	17,783 (6.5)	0 (0.0)	58,907 (21.4)	275,468 (100)
2003	97,904 (29.0)	65,721 (19.4)	19,387 (5.7)	21,395 (6.3)	21,967 (6.5)	0 (0.0)	111,758 (33.1)	338,132 (100)
2004	167,262 (43.4)	69,442 (18.0)	13,948 (3.6)	45,664 (11.9)	17,088 (4.4)	0 (0.0)	71,893 (18.7)	385,297 (100.0)
2005	160,259 (42.7)	61,488 (16.4)	21,992 (5.9)	47,621 (12.7)	16,859 (4.5)	0 (0.0)	67,179 (17.9)	375,398 (100.0)

Source: Nepal Tourist Statistics 2005, MOCTA, HMG\Nepal.

Chart: 5.3 .1 Tourist Arrivals by Purpose of Visit 1996

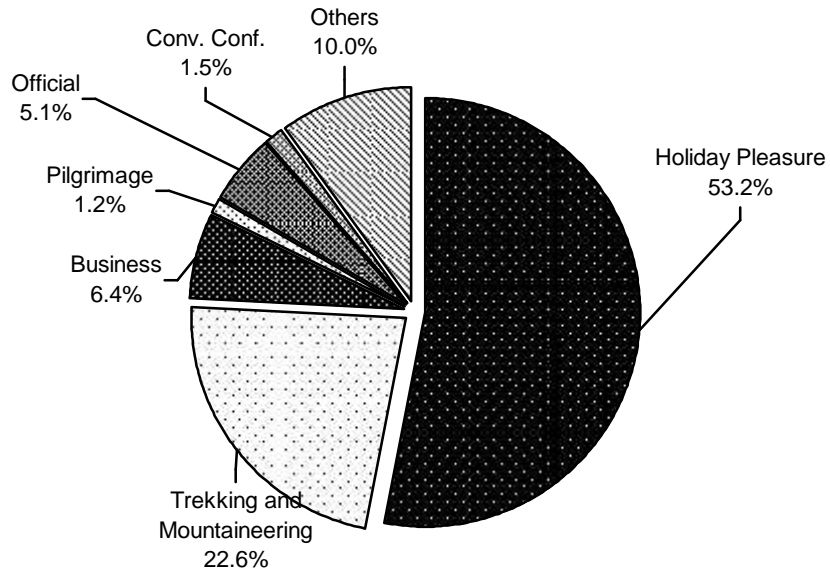
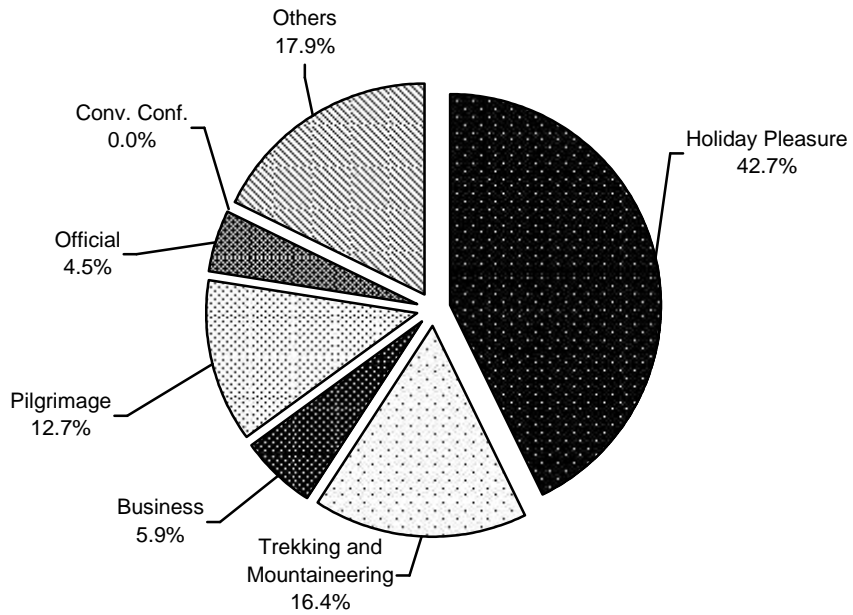


Chart: 5.3.2 Tourist Arrivals by Purpose of Visit 2005



5.4 Tourist Arrival by Age and Sex (1996-2005)

Table 5.4 shows the tourist arrivals by age and sex and it shows the male tourist arrivals is larger than the female tourist arrivals in every year from 1996 to 2005. The highest percentage of male tourists is 68.7 percent in 2005 and maximum percentage of female tourist arrival was in 2000 measured 42.4 percent. In 1996, 59.2 percent male and 40.8 percent female tourist were visited out of 393,613 tourists in total. With comparison in 2005 the male tourist is increased and female tourist arrival is declined and became as 68.7 percent male and 31.3 percent female out of total tourist arrival 375,398. This indicates that the no. of male exceeding and no. of female is declining.

In table the age group is divided in five groups as 0-15, 16-30, 31-45, 46-60, and above 61. the age between 31-45 and 46-60 are leading and these age group are found the dominant age group than other group.

The data shows the highest no. of tourist arrival is in 31-45 age groups which numbers 114,103 and represents 30.4 percents in the year 2005. The other age group 46-60 occupied 28.3 percent, 16-30 occupied 15.2 percent, and 61 and above occupied 18 percent and 0-15 occupied 8.1 percent during the year 2005.

Table 5.4
Tourist arrival by Age and Sex (1996-2005)

Year	Sex		Total	Age Groups				
	Male	Female		0-15	16-30	31-45	46-60	61 and above
1996	233,055 (59.2)	160,558 (40.8)	393,613 (100)	22,185 (5.6)	94,924 (24.1)	116,307 (29.5)	89,751 (22.8)	70,446 (17.9)
1997	251,358 (59.6)	170,499 (40.4)	421,857 (100)	23,840 (5.7)	121,286 (28.8)	126,828 (30.1)	107,111 (25.4)	42,792 (10.1)
1998	267,871 (57.8)	195,813 (42.2)	463,684 (100)	26,763 (5.8)	122,103 (26.3)	151,846 (32.7)	121,190 (26.1)	41,782 (9.0)
1999	286,161 (58.2)	205,343 (41.8)	491,504 (100)	30,967 (6.3)	150,307 (30.6)	155,985 (31.7)	113,314 (23.1)	40,913 (8.3)
2000	266,937 (57.6)	196,709 (42.4)	463,646 (100)	19,136 (4.1)	119,816 (25.8)	148,063 (31.9)	125,140 (27.0)	51,491 (11.1)
2001	213,465 (59.1)	147,772 (40.9)	361,237 (100)	14,604 (4.0)	95,801 (26.5)	115,678 (32.0)	93,621 (25.9)	41,529 (11.5)
2002	174,710 (63.4)	100,758 (36.6)	275,468 (100)	12,425 (4.5)	67,774 (24.6)	99,622 (36.2)	67,017 (24.3)	28,630 (10.4)
2003	204,732 (60.5)	133,400 (39.5)	338,132 (100)	16,056 (4.7)	78,357 (23.2)	99,740 (29.5)	85,753 (25.4)	58,226 (17.2)
2004	255,303 (66.3)	129,994 (33.7)	385,297 (100.0)	38,734 (10.1)	84,125 (21.3)	128,267 (33.3)	96,920 (25.2)	37,251 (9.7)
2005	257,972 (68.7)	117,426 (31.3)	375,398 (100.0)	30,429 (8.1)	57,115 (15.2)	114,103 (30.4)	106,077 (28.3)	67,674 (18.0)

Source: Nepal Tourist Statistics 2005, MOCTA, HMG/Nepal.

Chart: 5.4.1 Tourist Arrivals by Sex 1996

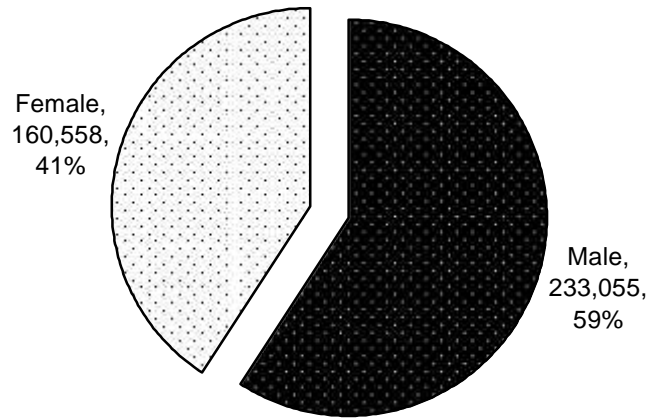


Chart: 5.4.2 Tourist Arrivals by Sex 2005

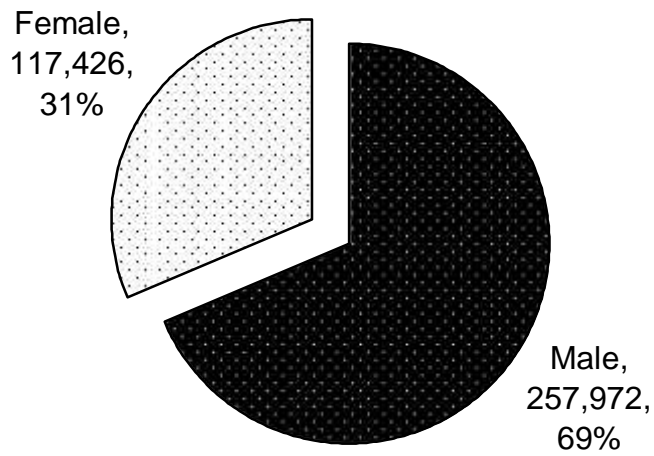


Chart: 5.4.3 Tourist Arrivals by Age groups 1996

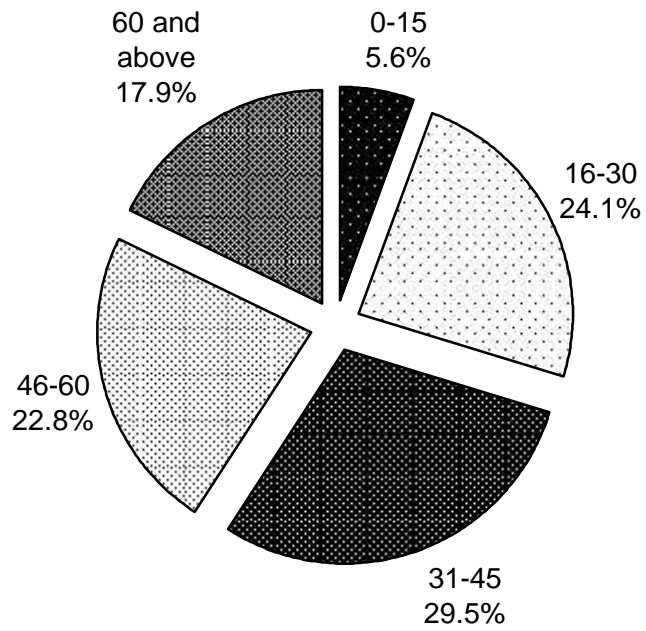
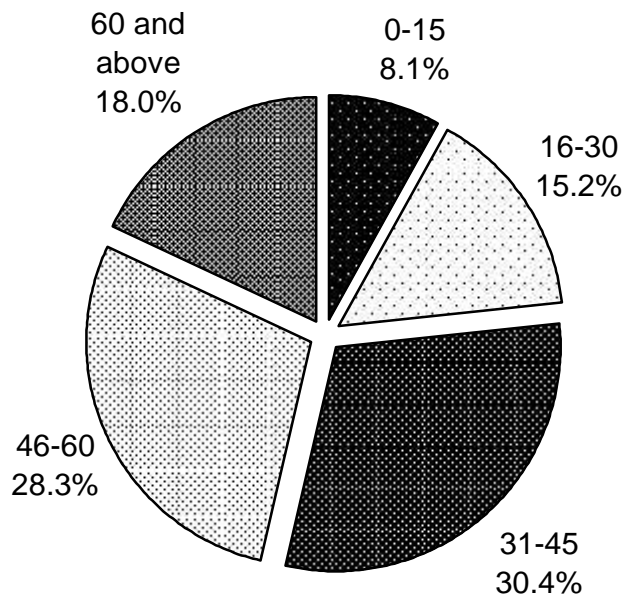


Chart: 5.4.4 Tourist Arrivals by Age groups 2005



5.5 Tourist Arrival by month (1996-2005)

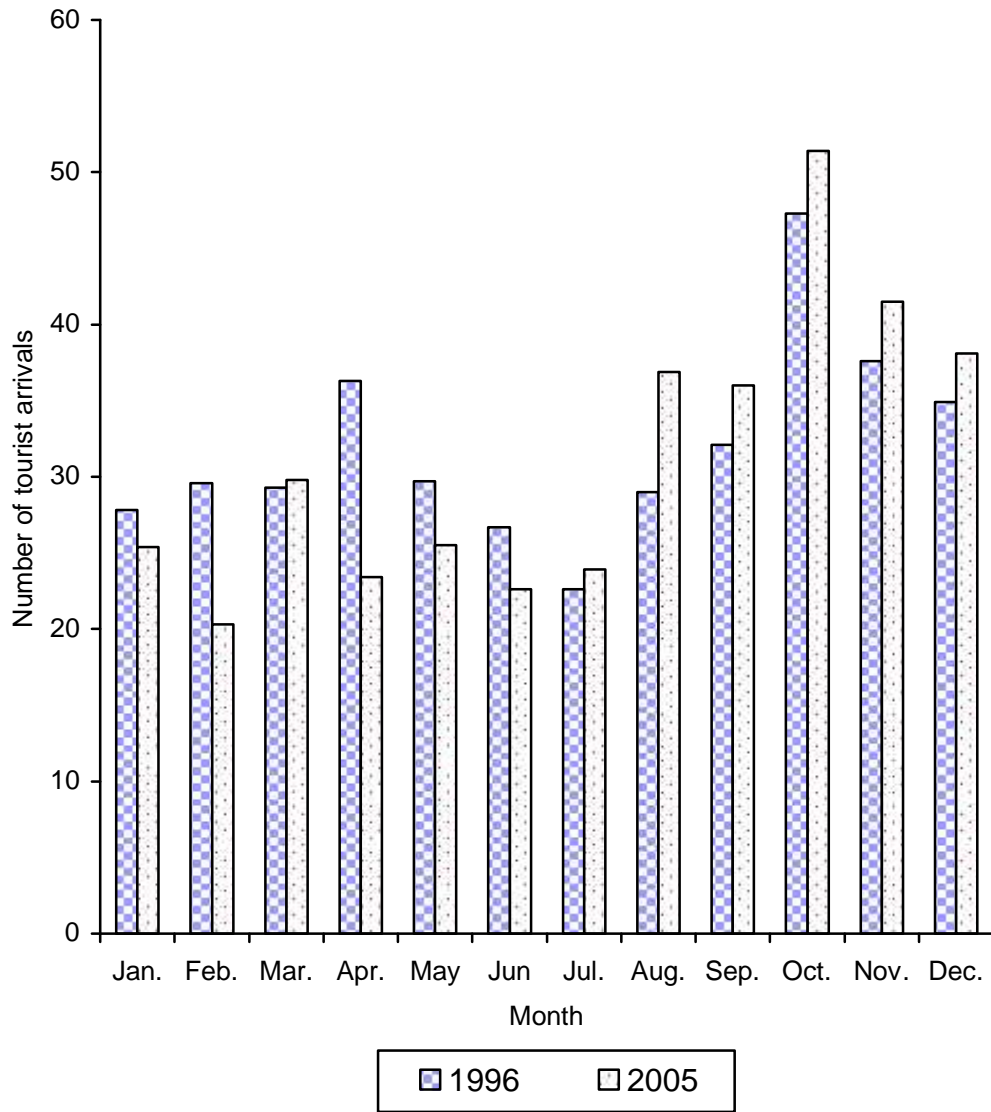
The tourist arrival trend is diversified in different months. Among them October is the most tourist arrival favor month for Nepal. Also the March, May, September, November is also optimal month for inflow of tourists in Nepal. The cause behind these is the climate situation and their vocational period of tourists. Due the geographical structure the least favorable months of tourists in Nepal are January, June, and July because at this season the climate would be foggy and tourist cannot observe the mountains and other scenic beauty.

Table 5.5
Tourist Arrival by months (1996-2006)

Year	Jan.	Feb.	Mar.	Apr	May	Jun	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
1996	27886	29676	29336	36331	29728	26749	22684	29080	32181	47314	37650	34998	393613
1997	25585	32851	43177	35229	33456	26367	26091	35549	31981	56272	40173	35116	421875
1998	28822	27956	41388	41087	35814	29181	27895	36174	39664	62487	47403	35863	463684
1999	29752	28134	46218	40774	42712	31049	27193	38449	44117	66543	48865	37698	491504
2000	25307	38959	44944	43635	28363	26933	24480	34670	43523	59195	52993	40644	463646
2001	30454	38680	46709	39083	28354	13030	18329	35322	31170	41245	30282	18588	261237
2002	17176	20668	28815	21253	19887	17218	16621	21093	23752	25272	28723	24990	275468
2003	21215	24349	27737	25851	22704	20351	26661	27568	28724	45459	38398	33115	338132
2004	30988	35631	44291	33514	26802	19793	24860	33162	25496	43373	36381	32535	385297
2005	25477	20338	29875	23414	25541	22608	23996	36910	36066	51498	41505	38170	375398

Source: Nepal Tourist Statistics 2005, MOCTA, HMG\Nepal.

Chart: 5.5 Tourist Arrival by months (1996 and 2005)



CHAPTER SIX

ECONOMIC PERFORMANCE OF NEPALESE TOURISM

6.1 Gross Foreign Exchange Earning from Tourism in Nepal (1996-2005).

Like ways the fluctuating Tourist Arrival trend, the total foreign exchange earning from tourism in Nepal is also fluctuated. When the tourist arrival is increased the exchange earning is also increased and when the number is decreased it is declined. In the FY 1996/97, the total foreign exchange earning was Rs.8523.0 million which was decreased by 10.48 percent than previous FY.

The statistical data shows in the table 6.1 that the foreign currency earning increased after the 1996/97 as Rs.9881.6 million in FY 1997/98 and Rs.12167.8 in FY1998/99 which was increased by 15.94 percent and 23.13 percent respectively. But after it, the earning decreased regularly till the FY2001/02 and after that it increased in the FY2002/03 by 35.74 percent and in FY2003/04 by 54.47 percent and reached 11747.7 million and 18147.4 million respectively. But again it declined in FY 2004/05 and 2005/06 as by 42.34 percent and 8.68 percent respectively.

From the observation of table 6.1 the foreign exchange earning has fluctuated over the Fiscal Year. There is mixed statistical data that negative growth in the FY 1996/97, 1999/00, 2000\01, 2001\02, 2004\05 and in 2005/06 and positive growth in the FY 1997\98, 1998/99, 2002/03 and in the FY 2003/04. Thus in the conflict period the Nepalese tourism has suffered by the negative growth in foreign exchange earning over the positive growth.

Table 6.1

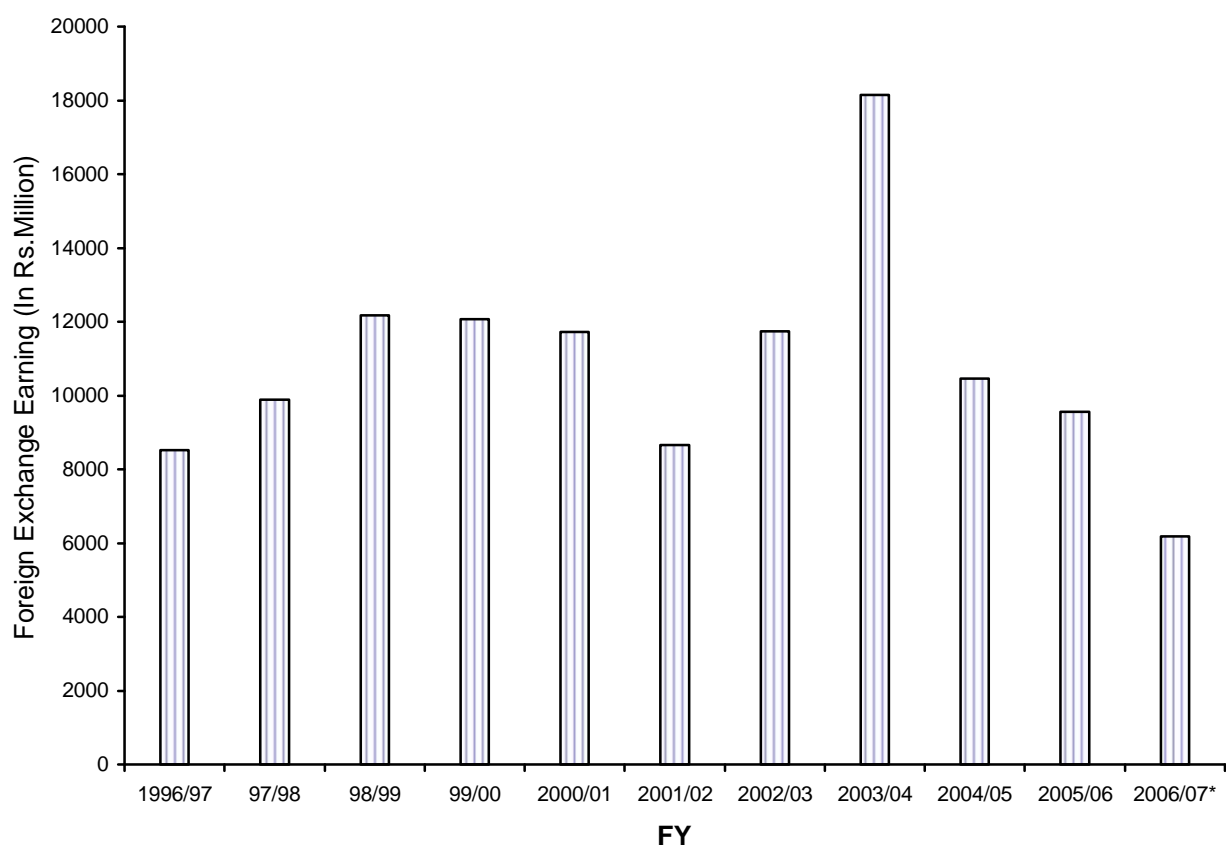
Gross Foreign Exchange Earning from Tourism during the fiscal year 1996-2006

FY	Total foreign exchange earning(in million)	% change
1996/97	8523.0	-10.48
1997/98	9881.6	15.94
1998/99	12167.8	23.13
1999/00	12073.9	-0.7
2000/01	11717.0	-2.95
2001/02	8654.3	-26.13
2002/03	11747.7	35.74
2003/04	18147.4	54.47
2004/05	10,464.0	-42.34
2005/06	9,556.0	-8.68
2006/07*	6176.0	-

* First Eight Months.

Source: Various Economic Surveys

Chart: 6.1 Gross Foreign Exchange Earning from Tourism during the fiscal year 1996-2006



6.2 Contribution of Tourism to the Gross Domestic Product of the Economy

The table 6.2 shows the share of tourism in Gross Domestic Product (GDP). The statistical data shows there is fluctuating situation in the period of conflict, as increasing and decreasing share of tourism on GDP. The percentage share increased from the starting of conflict in the FY 1996/97 as 3.0 to 3.3 and 3.6 in the FY 1997/98 and 1998/99 respectively. After that it slightly decreased and reached 2.6 in the FY 2002/03 but again it increased but immediately it decreased and reached to 1.5 in the FY 2005/06. Thus it is not satisfactory contribution of Nepalese tourism in GDP though there had given the priority to this sector in this ten years violence period.

There is negative growth in the tourism earning also though the percentage change in tourism sector is higher than the percentage change in the GDP in the table. In the FY 2003/04 the percentage change in GDP is 8.5 percent but the tourism earning is 54.47 percent which indicate tourism rose more than six times. With starting the conflict from FY 1996/97 tourism earning is negative but GDP has positive growth and also in the FY 1999/00, 2001/02, 2004/05 and 2005/06 has the same results. Thus there is the fluctuating situation though the contribution of tourism to the GDP is less than targeted but not bad performance.

Table 6.2

Share of Tourism Receipts to Gross Domestic Product (1996-2006) (In RS. Million)

Year	GDP in Rs.	% change in GDP	Tourism Receipt In Rs.	% change in Receipt	% share of GDP
1996/97	269570	12.6	8523.0	-10.48	3.0
1997/98	289798	7.5	9881.6	15.94	3.3
1998/99	330018	13.9	12167.8	23.13	3.6
1999/00	366251	11.0	12073.9	-0.7	3.2
2000/01	394052	7.5	11717.0	-2.95	2.9
2001/02	406138	3.1	8654.3	-26.13	2.1
2002/03	437546	7.7	11747.7	35.74	2.6
2003/04	474919	8.5	18147.4	54.47	3.7
2004/05	508,651	7.1	10,464.0	-42.34	2.0
2005/06	557869	9.7	9,556.0	-8.68	1.5
2006/07*	-	-	6176.0	-	0.9

Source: Economic Survey, 1996/97 to 2006/07. MOF, GON.

6.3 Earning from Tourism and Merchandize Export.

As tourism industry also exports the goods and services with its marketing procedures but consumer (tourist) needs to come to consume it. In Nepalese economy, the tourism receipts have the relevant importance. Table 6.3 shows the performance of Nepalese tourism to the earning from trade as export, comparing between the earning from tourism to the earning from merchandize export.

In the table the tourism earning 37.6 percentage of the merchandise export in the FY 1996/97 and it is the highest percentage of total export of merchandise goods in the period of conflict after that it has the mixed situations. In some FY it is around the initial FY and in some FY it deviated from it. Among them the lowest share was in the FY 2001/02 as 14.9 percentages and again in FY 2005/06 it was near as 15.5 percentages. In the FY 2006/07 in eight month a one month ago of the general announcement of the peace agreement in history of Nepal was also the only 14.9 percentage share of total merchandise export.

On the other hand the share of tourism earning to the export of total goods and non factor services has the fluctuating situation. It started as 13.7 percentages in the FY 1996/97 and the greatest percentage share of it was in the FY 2003/04 as 20.3 percentages and the lowest percentage share of it was in the FY 2005/06 as 9.8 percentages and was same in the first eight month of the FY 206/07.

Also the table 6.2 shows the significant effect of the foreign exchange earning to the total foreign exchange earning. The statistical data show the tourism earning captured the 17.6 percentage of the total foreign exchange earning in the FY 1996/97 which was the greatest percentage between the conflict period and then after there has the fluctuation situation percentage share to the total foreign exchange earning and the lowest percentage share was in the FY 2005/06 as 4.6 percentage and in the FY 2006/07 of the first eight month was

also 4.4 percentage. Thus it shows the share of tourism earning to the total foreign exchange earning had mixed performance and it was seriously suffered from the conflict.

Table 6.3
Tourism and Merchandize Export Earning (1996\2006)

Year	Total Foreign exchange earning from tourism	Total export	As % of total value of export of goods and services (Merchandise export)	As % of total value Of export of goods and non factor services	As% of Total foreign exchange earnings
1996/97	8523.0	22636.5	37.6	13.7	17.6
1997/98	9881.6	27513.5	35.9	17.4	15.2
1998/99	12167.8	35676.3	34.1	18.5	15.9
1999/00	12073.9	49822.7	24.2	13.0	8.8
2000/01	11717.0	55654.1	21.1	12.0	7.4
2001/02	8654.3	46944.8	14.9	10.6	6.1
2002/03	11747.7	49930.6	23.1	15.2	8.2
2003/04	18147.4	53910.7	32.9	20.3	11.1
2004/05	10,464.0	55794.3	17.5	12.2	6.1
2005/06	9,556.0	61651.6	15.5	9.8	4.6
2006/07*	6176.0	41449.7	14.9	9.8	4.4

* First Eight Months.

Source: Economic Survey 1996\97 to 2005\06, MOF, GON

6.4 Trade deficit and Tourism Earning.

Table 6.4 shows the condition of trade deficit and the tourism earning. Basically, Nepal is facing trade deficit from various years. In the FY 1996/97 the trade deficit was Rs. 70913.9 million and Rs.113546.2 million in the FY 2005/06 which shows the increasing frame, though in between of the period of conflict 1996 to 2006, there was the up and down situation of the trade deficit and behind this trade deficit was the lack of technological product, lack of management power and skills to produce exportable goods and the main thing is the lack of available capital.

Though, tourism sector has played the significant role to reduce the gap between the import and export, trade deficit. With starting the FY 1996/97, the share of tourism earnings to trade deficit was 12.0 percent and also there was the fluctuation in the share of tourism earnings to the trade deficit between the conflict periods till 2006. The highest share of tourism earning to the trade deficit was in the FY 1998/99 as 23.4 percent and the lowest compensate to the trade deficit was in the FY 2005/06 as 8.5 percent only. In the FY 2006/07 of the first eight month the share of the tourism earning to the trade deficit was only 8.3 percent.

There is the up and down trend of the share of tourism earning to the trade deficit , though the tourism industry helped to compensate the trade deficit in the period of conflict also but there is not fully worked for the unfavorable balance of payment to make favorable.

Table: 6.4
Trade Deficit and Tourism Earning

(Rs In Million)

Year	Trade Deficit	Tourism Receipt	Tourism Receipt as % of Trade Deficit
1996/97	70913.9	8523.0	12.0
1997/98	61488.5	9881.6	16.0
1998/99	51849.0	12167.8	23.4
1999/00	58682.3	12073.9	20.5
2000/01	60033.1	11717.0	19.5
2001/02	60444.2	8654.3	14.3
2002/03	11747.7	11747.7	15.7
2003/04	82366.4	18147.4	22.0
2004/05	90767.9	10,464.0	11.53
2005/06	113546.2	9,556.0	8.5
2006/07*	74705.6	6176.0	8.3

*First Eight Months.

Source: Economic Survey 1996 to 2006.

6.5 Foreign Exchange Earning from Tourism and Tourist Arrivals.

Table 6.5 shows the foreign exchange earning from tourism and trend of tourist arrivals. Generally the trends of foreign exchange earning and tourist arrivals have the positive relations mean by the increased no. of tourist increases the foreign exchange earning and vice versa. But it is not sure that only the no. of tourist arrival affects the foreign exchange earning. There are other factors also which affects the tourism earnings as their stay of period, their expenditure

pattern. Thus in the table there is the fluctuating results on it that some Year the no. of tourist arrival is increased but the foreign exchange earning is decreased as in the year 1996, the growth of tourist arrival is 8.3 percent but the foreign exchange earning is decreased as 10.48 percent and become only the Rs.8523.0 million. But again in 1997 there is positive relation between the tourist arrival and foreign exchange earning as when there is 7.2 percent increase in tourist arrivals, the foreign exchange earning is increased as 15.94 percent. But the average length of stay is decreased from 13.50 days to 10.49 days in 1997. Also in the year 2002 there is 35.74percent increased in foreign exchange earning when the tourist arrival trend was declined as -23.7percent and the average length of stay was also the lowest period as well 7.92 days. Thus, this figure spells out the relations between the tourist arrival trend, foreign exchange earning and their average duration of stay. Over viewing the trend we can conclude the tourist arrival trend is one of the determining factors of foreign exchange earning but it only can not increase the foreign exchange earning.

Table 6.5
Foreign Exchange Earning from Tourism and Tourist Arrivals.

Year	Foreign Exchange Earning (in Rs.)	% Growth Rate	Tourist Arrival	(%) Growth Rate	Average Length of stay
1996	8523.0	-10.48	393,613	8.3	13.50
1997	9881.6	15.94	421,857	7.2	10.49
1998	12167.8	23.13	463,684	9.9	10.76
1999	12073.9	-0.7	491,504	6.0	12.28
2000	11717.0	-2.95	463,646	-5.7	11.88
2001	8654.3	-26.13	361,237	-22.1	11.93
2002	11747.7	35.74	275,468	-23.7	7.92
2003	18147.4	54.47	338,132	22.7	9.60
2004	10,464.0	-42.34	385,297	13.9	13.51
2005	9,556.0	-8.68	375,398	-2.6	9.09
2006	6176.0*	-	393949+	4.90+	

* First Eight Months.

+ Estimated.

Source: Tourism Statistics, MOCTA, HMG/Nepal and Various Economic Surveys.

CHAPTER SEVEN

CONCLUSION, FINDINGS AND RECOMMENDATIONS

7.1 Conclusion

With the most part of Himalayan peaks, geographical and cultural diversities Nepal are the most attractive destination for tourist in the world. For various purposes, Nepal is the right choice of world tourist and normally largest number of tourist visits pleasure purpose. There are four foundation of Nepalese economy as agriculture, hydropower, industry and tourism. Close to 80 percent people are involved in agriculture sector but it has low marginal productivity and Nepal imports agricultural product also. Like ways, industry and hydropower needs large capital investment and technical management but due to the weak trade treaty, diplomatic efficiency, capital we are far from the real achievements.

Thus the tourism sector is the major foundation of Nepalese economy because it has considerable comparative advantage than other sector, low opportunity cost , low gestation period to give return, do not need huge investment on it and the great role is the regional development involving women and ethnic groups directly.

Tourism industry contributes the Nepalese economy through foreign exchange earning, government revenue, larger contribution to the GDP and helps to reduce the trade deficit, Not only it but also it helps to encounter the unemployment situation of a country. Thus, tourism sector has the multiplier effect on the Nepalese economy such as it has background and forward linkages, it helps to promote other sector as education, information, sanitation and helps to increase Human Development Index (HDI).

But in Nepal, the tourism sector is confronting many problems, among them the most deteriorating factors for tourism development are not only a

single cause of Maoist conflict but also the inadequate air- transportation facility, lack of trained manpower, inadequate publicity in international level and political conflict in Nepal and the lack of general understanding of its importance of government and people as well.

But the Nepalese tourism traveled the most critical period over the ten years Maoist violence, there has seen the strong impact of conflict on Nepalese tourism industry, over the period there is mixed situation of up and down of total tourist arrival and foreign exchange earning and their average duration of stay. But it could not meet the desired target over the plan; it could not provide great contribution to the GDP and has not the strong performance to reduce the trade deficit. Thus the ten years Nepalese tourism fluctuated near to the achievements of VNY 1998 and could not cross that achievement. Comparing to the neighbor country which are also not far the victim of violence are achieving the highest number of tourist and foreign exchange earning but in Nepal, it badly affected. Though, in conflict period Nepalese tourism has not the leading performance to the Nepalese economy but it is not far from the contribution to national economy and comparing to other sectors in the violence period tourism sector has led the national economy.

To avoid the unpleasant situation and to maximize the tourism receipts, better understanding of the importance of tourism and implementation of understanding needs from all people and the government and private service sectors should concern their attention towards improving tourism facilities in the conflict suffered country Nepal.

7.2 Findings

With the dawn of political change in 1951, the Nepalese tourism started to greet those persons who came into the country with the purpose of traveling or with other purpose. That was the starting stage of tourism in Nepal. From that period, the growth trend of tourism in Nepal has been playing a crucial role in

the national economic growth. Mostly tourist visits Nepal for pleasure, trekking and mountaineering and other purposes.

There are lots of problems facing by the Nepalese tourists, as with the name of making new Nepal of Maoist conflict, bad marketing of conflict through media in the world, absence of good governance between the conflict period, and lack of management power for recurrent faced problem at the period of internal political instability and conflict. Thus the sustainable tourism development, those problems should be solved and should be forwarded appropriate way having evaluated the problems faced in the eleven years conflict. If Government tends to solve these problems with joining the hand to private tourism service sector making understandable to general people and also the violent groups as their norms and regulations under such condition, we can achieve the higher growth rate, which helps to rapid growth of Nepalese economy.

For the development of Nepalese tourism there came from the First five year plan (1975 -1980) and after that every plan period there had come the plan for sustainable and regional development perspective through tourism development and mostly there came the three important plan on the path of plan period during the period of conflict as Eighth Five Year Plan (1992-1997), Ninth Five Year Plan (1997-2002 and Tenth Five Year Plan (2002-2007). All the plan shows there has been giving the emphasis to the development of product, preservation and infrastructures. The plan which came in the conflict period as Eighth, Ninth and Tenth is only different than other plans. The Ninth Five Year plan was accepted tourism as part of poverty alleviation programs and Tenth Five Year plan was forwarding the target of Ninth Five Year Plan with sustainable tourism development for regional development of Nepal. In order to fulfill the target of plan there came the tourism program as 'Visit Nepal 1998', 'Destination Nepal Campaign (DNC) 2002-2003'. Certainly these programs helped to increase the awareness of public and also helped to gain the economic

contribution through the publicity of Nepalese tourism in international market over the world.

Though Nepal is far from the real achievement of desired level in tourism development. Various plans and policies are forwarded between the periods but the results are unsatisfactory. Every where , it is assumed that Nepalese tourism is the leading and foundation of Nepalese economy but there is only the small portion of the total plan outlays has been allocated for tourism development.

Analysis about the tourist arrival shows the most of the tourist prefer by air to come Nepal and least number of tourist come Nepal by land. In the year 2005, 73.9 percent out of total tourist arrived by air and only 26.1 percent tourist arrived by land which was 87.2 percent and 12.8 percent respectively in the year 1996. In the year 2005 total 375,398 tourist visited Nepal which was 393,613 in 1996. Tourist arrival in 2005, decreased by 2.6 percent when there was 8.3 percent increase in 1996. Similarly average length of the stay of tourist is decreasing year by year because of various socio-political, developmental factor and internal conflict with bad publicity of Nepal internationally. Ranges of average length of stay vary from 7.92 days to 13.51 days. In 2005, average length of stay was 9.09 days which was 13.50 days in 1996 and 13.51 days in 2004. From the year 1996 to 2005 the total tourist arrival was 39, 69,836 and the average tourist arrival was 3, 96,983 and the average duration of stay between the same period was 11 days.

The continent wise tourist arrival is leading by the Asian tourist and following by the North America with Australian and Pacific and Eastern Europe.

Through the statistical analysis the tourist arrival in Nepal shows that the male outnumbering female and most of the tourists belongs within 31-45 and 46-60 ages which are leading to other age groups. Most of the tourists arrival was for the holiday and pleasure purpose and then after follows the trekking and mountaineering, business, official, pilgrimage and other purposes.

Tourism is assumed an important industry of major foreign exchange earnings and employment generation. As long the trend of tourist arrival is fluctuating over the year, the foreign exchange earning is also fluctuated. The gross foreign exchange earning in the FY1996/97 was Rs. 8523.0 million with 10.48percentage decreases than previous year and Rs 9,556.0 million in the FY 2005/06 which was decreased by 8.68 percent than previous FY 2004/05. The largest percentage increase in gross foreign exchange earning was in the FY 2003/04 with 54.47 percent as Rs. 18147.4 million earning and the largest percentage of decrease in foreign exchange earning was in the FY 2004/05 with 42.34 percent decrease as Rs.10, 464.0 million.

The share of tourism earning to the GDP in 1996 was 3.0 percent and in 2005 it was only 1.5 percent. But the contribution of Nepalese tourism to the national economy is very strong and there was 2.8 percent share to the GDP on an average during the period of conflict.

The statistical data show the tourism earning captured the 17.6 percentage of the total foreign exchange earning in the FY 1996/97 which was the greatest percentage between the conflict period and then after there has the fluctuation situation percentage share to the total foreign exchange earning and the lowest percentage share was in the FY 2005/06 as 4.6 percentage and in the FY 2006/07 of the first eight month was also 4.4 percentage. Thus it shows the share of tourism earning to the total foreign exchange earning had mixed performance and it was seriously suffered from the conflict.

Tourism sector has played the significant role to reduce the gap between the import and export, trade deficit. With starting the FY 1996/97, the share of tourism earnings to trade deficit was 12.0 percent and also there was the fluctuation in the share of tourism earnings to the trade deficit between the conflict periods till 2006. The highest share of tourism earning to the trade deficit was in the FY 1998/99 as 23.4 percent and the lowest compensate to the trade

deficit was in the FY 2005/06 as 8.5 percent only. In the FY 2006/07 of the first eight month the share of the tourism earning to the trade deficit was only 8.3 percent.

There is not only the negative impact of conflict in the Nepalese tourism industry, as well there is positive impact of conflict also as it focused to reform the government's policies and regulations to the local level, it helped to provide basic facilities to rural poor (e.g., health, education, etc), promoted access of rural poor to legal services and support to protect human rights abuse, supported decentralization and administrative reforms, development of rural infrastructures such as school buildings, irrigation and road etc, strengthening urban rural linkages, community level projects contributed to build capacity of rural people. Also the presence of Maoists in the project areas has contributed to promote transparency among development actors, proper utilization of resources and minimization of corruption is increased as they use public audit type of close monitoring at local level development activities but the security situation was worsening, leading to criminality, robbery, land grabs and petty thefts, etc. that increased the sense of insecurity and fear and also the appearance of fake Maoists involved in looting, violence and extortion. Most part of the negative impact of conflict was they used people as human shield and their activities showed the absence of norms and regulation where in every country all the warring group should follow their rule and regulation.

Over viewing the results, Nepalese tourism industry went to the one decade back from its potential earning and performance. The main weakness around the conflict surrounding Nepalese tourism industry was not only the presence of Maoist conflict but the bad publicity of internal security to the international level, and it can be say because after the peace agreement on 21 November 2006, the Nepalese tourism industry is rebacked to its track that means according the NTB the total tourist arrival is drastically increased by 25

percent but there is not totally end the internal conflict , only the agreement has done and also there has the Terai conflict and but Nepalese tourism industry is to warding its target. Thus it shows how the publicity internally affects.

7.3 Recommendation

For the full fledge of achievement of targeted objectives with the greater performance of Nepalese tourism industry to overcome the conflict period some recommendations have been forwarded which may help to develop Nepalese tourism industry having captured the potential after the peace agreement between the Maoist and Government.

1. For the sustainable development of Nepalese tourism there needs the general understanding of its importance to the national economy from all of Nepalese people, for it needs the publicity of booklets, photographs, posters, maps, magazines , newspaper, TV Films, post cards should be available in all over the country and also needs to the international level as well. In order to spread the fame of Nepal in the world tourism market, the marketing policy should be powerful through the popular electronic media like BBC, CNN, and INTERNET.
2. There are lots of places which are not opened and not introduced for the new tourism destination, so these places should be opened and marketing power should be powerful at the current period. And there needs the huge investment for the monitoring and opening new destination places over the world travel. Also there needs to establish the research and tourism service sectors over the country with local participation and there needs to develop the course of study from primary level with private school as compulsory study of tourism.
3. For the Regional development of Nepal, there needs the sustainable development of Nepalese tourism industry over all the part of country.

For that there should be greater interest on the Village tourism, eco-tourism and there should be establish the tourist service centers. For the better performance of Nepalese tourism, there needs the greater interest and participation of the local people and needs to understand not to disturb it for any name of making new Nepal because it is not justice and is not appropriate to build new Nepal making it to the Zero Level.

4. There are many governmental and non governmental organizations which are performing for the development of Nepalese tourism with infrastructure development like the extension of publicity, accommodation facility, air services, road construction but it is not appropriate for the better performance of Nepalese tourism so, there needs the more effective and co- operative manner of works of these service sector.
5. There needs the monitoring and evaluation of the tourist arrival and their interest or in which purposes they desires to visit Nepal, should be identify like these days the tourist arrival is greater on traveling and mountaineering, pilgrimage, first of there needs to greater management of these objects and also needs the work to fulfill the demand of these tourist arrivals and also needs to introduce the new package programs to meet the desired targets.
6. Almost tourist enters into Kathmandu Valley and near to 60 percent tourist returns only visiting Kathmandu Valley. In this respect, the Capital city is representing image of Nepal. The first entry or fist path in Nepal does not show their interest to visit to other parts because of the environmental pollution of Kathmandu, the lack of management of planning of the town, the way of showing the unsatisfactory to the government on the name of bandh and strike. So there needs the proper plan and policies to make it as the once Nepal is not enough as declaring

the Nepal is pollution free country to win the confidence of the world as before the country of peace.

7. We know Nepal is such a country where are the smiling faces people, has a festivals more than a days, more than gods and temples than the population and the houses and here is the believes the city of god and god gifted natural, cultural heritages but there is lack of the publicity internationally so there needs the better publicity over the world. There should give the continuous focus to celebrate the festivals and also needs to conserve the languages, festivals the historical charm. For it there needs the interest and participation of local peoples.
8. There needs the qualitative tourism product and services , so the air services should be better and needs the sufficient seats with fast and easy transportation services with Governmental and private co-operative plans. Nepal needs the national air port to every district and the international air port such as the most tourism places such as Pokhara, Lumbini. The introducing of Star Hotels, the new handicraft industries and such activities suitable for the high spending of tourist should be introduced and developed. Which helps to increase the total tourist arrivals as well as their average duration of stay and it helps to increase the foreign exchange earning.
9. To promote the tourism government makes the plan and policies but there is lack of the implementation and there is not the such policies which helps the Nepalese tourism in the period of political instability, period of hartals and bandhs and from the eleven years Maoist conflict we can learn the lesson than how the internal conflict affected the Nepalese tourism , so there needs the better understanding from the policy makers to make it as separate from the disturbance and leading for the development. Recently the Maoist conflict is ended with peace

agreement and the pattern shows there is drastically increment on tourist arrivals so there needs the attention of not only the policy makers but from the warring groups, local peoples and the governmental and private service sectors should be understand of its importance for the achievement of millennium development goals. All the people of Nepal wants to see our country as developed and modern one , so every one should understand the importance of such sectors which are the foundation of Nepalese economy, and also needs to understand it the tourists feel safe to travel only they comes. So there should not any disturbance in this field with the any name of reconstruction of new Nepal.

10. The entire decision maker thinks that Tourism is the leading sector of Nepalese economy and government also giving attention to develop the tourism sector but with the importance of this sector the allocation of development and promotional budget is very low. So, there needs the greater allocation of the development and promotional budget.
11. In addition to the resolution of the decade - long armed conflict , it is essential to look into future possibilities of such conflict and have a separate and effective crisis management mechanism to deal with natural and other calamities that may again affect the volatile tourism industry.
12. The most important recommendation for the policy maker, government and the private service sectors that there needs the up to date statistical analysis of the Nepalese tourism industry as trend of tourist arrival, foreign exchange earning , their contribution to the GDP and the marketing power needs to upgrade internationally, if we need the data of the Nepalese tourism of the year 2006 till the peace agreement , we cant achieve it and there is the lack of skilled man power , so it is

viewed that the eleven years Nepalese tourism is quoted that it has low performance due to the effect of Maoist conflict but the conflict own self is not reason , there are other reasons also because government thinks this is the thing of plan and policies, decision makers thinks there is sound plan and policies, private service sector thinks how to maximize profit to sustain their business, and warring group thinks chance to be strong economically and to publicity world wide for the attention of world toward them, and other general people thinks this is the work of leaders and leaders are only in the voice not the works they makes such plans and policies that after 60 years old the employers are use less for the governmental works but talking to the leaders all are more than 60, so there is gap , there is wrong about the thinking and the general people also thinks own self if they can achieve the profit they thinks it good otherwise less value. Thus according to the Dr. Rudra Pd. Upadhyay in his article "Don't ask the doles but close the holes", the government should encourage the young population of Nepal to develop not only the tourism sector but all sectors to make New Nepal not only in the lectures but in reality.

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