

**STRUCTURE AND TREND OF TOURIST ARRIVAL IN NEPAL
(1990-2017)**

**A Thesis
Submitted to the Department of Economics,
Faculty of Humanities and Social Sciences of Tribhuvan University,
In Partial Fulfillment of the Requirements for the Degree of
MASTER OF ARTS
in
ECONOMICS**

**Submitted by
Deepak Acharya
Department of Economics
Prithvi Narayan Campus, Pokhara
Tribhuvan University**

December, 2018

Department of Economics

LETTER OF RECOMMENDATION

This thesis entitled "*Trend and Structure of Tourist Arrival in Nepal (1990-2017)*" is prepared by Mr. Deepak Acharya under my guidance and supervision. I hereby recommend this thesis for approval by the thesis committee.

Date: 4th Dec, 2018

.....
Prof. Dr. Lekha Nath Bhattarai

Thesis Supervisor

Department of Economics

APPROVAL SHEET

We certify that the thesis entitled "*Trend and Structure of Tourist Arrival in Nepal (1990-2017)*" submitted by Deepak Acharya to Department of Economics, Prithvi Narayan Campus Pokhara, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the degree of *MASTER OF ARTS in ECONOMICS* has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said Degree.

Thesis Committee

.....
Prof. Deo Narayan Sutihar
Head, Department of Economics

.....
Dr. Hari Prasad Pathak
(Associate Professor)
External Examiner

.....
Prof. Dr. Lekha Nath Bhattarai
Thesis Supervisor

Date: 9th December, 2018

ACKNOWLEDGEMENTS

The research study entitled “Trend and Structure of Tourist Arrival in Nepal (1990-2017)” is a partial fulfillment for the degree of Master of Arts under the course designed by the Faculty of Humanities and Social Science. It is my great pleasure to submit this thesis prepared under the guidance of Prof. Dr. Lekh Nath Bhattarai, who inspired me to do research work and provided knowledge of the study area. I am highly grateful and appreciate his invaluable guidance and supervision in the field of research of the study.

I would like to express my special thanks to other faculty member of Economic Department, PNC, Pokhara for their constructive and critical encouragement at various stages of my work. I am also equally grateful to respected HOD of Economics Department Professor Deo Narayan Suithar for supporting me the course of research study.

The word would be insufficient to convey the depth of gratitude to my father Purna Bhadra Acharya, mother Kharika Acharya and other family member including sister and friends for invaluable support and there help has a great source of encouragement and inspiration to me. I would also like to acknowledge the help I have received from all the staff of Western Regional Library, P.N. Campus, Pokhara. I would like to thank all those directly and indirectly who help me to bring this thesis to completion.

Finally, I would like to express my thanks to Aabiskar instituted, Pokhara-1 for computer assistance.

.....
Deepak Acharya
Campus Roll No.: 510/070 “B”
T.U. Regd. No.: 5-2-48-18-2010

Date: 4th Dec, 2018

ABSTRACT

This study entitled “Trend and Structure of Tourist Arrival in Nepal 1990-2017” has been carried out for the partial fulfillment of the degree of Master of Arts in Economics. The study analyzes the Trend and Structure of Tourist Arrival in Nepal. For this purpose secondary data have been collected through Nepal Tourism Statistics, Economic survey and related publications. This data have been presented in tables, figures, graph, percentage and ratio. The trend analysis has been computed to clarify the facts under study. The statistical tests such as Darbin- Watson statistics, F-test, T-test, correlation, regression have been found useful to justify the objective under study.

Tourist arrival in Nepal is in increasing trend that with the increase in one year tourist arrival increase by 19306. The number of tourist arrival in 1990 was 254885 and in 2000 it becomes 463684 which has increases by 208799 and in 2010 it becomes 602867 increases by 139183 but in 2017 it becomes 940218 which was also not satisfactory because the government aim is to attract 2 million tourist by 2020. The average gender wise trend of tourist arrival shows that 55% of tourist arrivals are male and remaining 45% of tourist arrivals are female. The shortest length of stay of tourist was recorded 7.92 days in 2002 and the longest day was 13.51 days in the year 2004, the average length of stay of tourist was recorded just 12 days. The age wise trend of tourist arrival shows that 31 to 45 age group has the highest share in each year followed by the age group 16-30, 46-60, 61 above and 0-15 respectively. March April of spring season and October and November of autumn season these four month are peak seasons of tourist coming in Nepal. Most of the tourists visiting Nepal come for holiday/pleasure followed by trekking and mountaineering, business, pilgrimage and other purpose. The tourist arrival by mode shows that about 75-80% of tourist arrival through air service and remaining 20-25% come through land transport. In terms of nationality, the largest number of tourist arrival coming to Nepal is from India and other major nationality include China, UK, USA, Sri Lanka, Japan, Germany, France etc. In the fiscal year 2000/01 the total foreign exchange earnings from tourism is Rs. 11717 million. It reached to 33753 million in fiscal year 2017/18 which is less than the earning of the fiscal year 2016/17. The average expenditure per visitors US\$ ranges from 472.4 in 2000/01 and 902.4 in 2015/16 and

other year lies between them. There were 2239 travel agency, 1598 trekking agency, 52 rafting agency, 31 tourist transportation service and very few number of tour guide, trekking guide and river guide in fiscal year 2069/70 but in the fiscal year 2074/75 they have reached to 3824, 2637, 73,72,3876,1381,230 respectively. This shows that trend of number of employment opportunity as well as foreign currency increases. The average number of tourist arrival before and after earthquake by month wise trend of three years data shows that there is not such a great variation in number of tourist arrival. In the year of earthquake 2015 there is large fall in tourist arrival by 32% but it rises by 40% and 25% in 2016 and 2017 respectively. This shows the positive potentiality in the development of tourism industry.

Using the regression analysis, it is found that there is positive correlation between foreign exchange and number of tourist arrival. The value of R^2 is 0.715 implying that the predictor number of tourist arrival accounts 71.5% variation in foreign exchange earnings from tourism. The slope of regression line of the tourist arrival is 759.706 implying that one thousand increase in tourist arrival increases the foreign exchange earnings by 759.706 million. Similarly, GDP and FEE from tourism are also positively correlated. The value of R^2 is 0.897 implying that predictor FEE from tourism accounts 89% variation in GDP. The slope of FEE from tourism is 41.826 which indicate that when FEE from tourism increases by one million GDP increases by 41.826 million. Similarly, it is found that there is positive correlation between rate of GDP and rate of FEE from tourism. The value of R^2 is 0.784 which indicates that predictor rate of FEE from tourism accounts 78.4% variation in rate of GDP. The slope of rate of FEE from tourism is 38.6% which indicates one percent increase in FEE from tourism increases the GDP by 38.6%.

The trend and structure of tourist arrival in Nepal is too low with respect to its high potentiality. For the sustained development of tourism sector government of Nepal as private sector should work combinely and effectively. Maintaining peacefull environment within the country and advertising about Nepal in international market is the most important factor to attract tourist. The development of infrastructure in each and every corner of the country is essential.

TABLE OF CONTENTS

| | |
|---|-----------|
| ACKNOWLEDGEMENTS | iii |
| ABSTRACT | iv |
| LIST OF TABLES | ix |
| LIST OF FIGURES | x |
| LIST OF ACRONYMS | xi |
| | |
| CHAPTER 1. INTRODUCTION | 1 |
| 1.1 Background of the Study | 1 |
| 1.2 Statement of the Problem | 7 |
| 1.3 Objectives of the Study | 8 |
| 1.4 Significance of the Study | 8 |
| 1.5 Limitations of the Study | 9 |
| 1.6 Organization of the Study | 9 |
| CHAPTER 2. REVIEW OF THE LITERATURE | 10 |
| 2.1 Introduction | 10 |
| 2.2 Overview of Concept and Theories | 10 |
| 2.2.1 Definition of Tourist and Tourism | 11 |
| 2.2.2 Theoretical Overview | 13 |
| 2.3 Review of Related Studies | 15 |
| 2.4 Research Gap | 19 |
| CHAPTER 3. METHODOLOGY | 20 |
| 3.1 Research Design | 20 |
| 3.2 Nature and Source of Data | 20 |
| 3.3 Data Collection Technique | 20 |
| 3.4 Variables and Model Specification | 21 |
| 3.4 Method of Data Analysis | 21 |
| CHAPTER 4. DATA ANALYSIS | 25 |
| 4.1 Introduction | 25 |
| 4.2 Trend of Tourist Arrival in Nepal | 25 |
| 4.3 Composition of Tourist Arrival in Nepal | 28 |

| | | |
|-------|--|-----------|
| 4.3.1 | Mode of Tourist Arrival in Nepal and their Length of Stay | 28 |
| 4.3.2 | Tourist Arrival by Gender | 30 |
| 4.3.3 | Tourist Arrival by Age Group | 32 |
| 4.3.4 | Tourist Arrival by Month | 34 |
| 4.3.5 | Tourist Arrival by Major Nationality | 36 |
| 4.3.6 | Tourist Arrival by Purpose of Visit | 38 |
| 4.4 | Contribution of Tourism on National Economy | 39 |
| 4.4.1 | Foreign Exchange Earnings from Tourism | 40 |
| 4.4.2 | Gross Foreign Exchange Earnings (2000-2017) | 41 |
| 4.5 | Tourist Arrival Before and After Earthquake of 2015 | 44 |
| 4.6 | Major Findings | 46 |
| | CHAPTER 5: SUMMARY AND CONCLUSIONS | 48 |
| 5.1 | Summary | 48 |
| 5.2 | Conclusions | 50 |
| 5.3 | Suggestions | 51 |
| | APPENDIX | 53 |
| | BIBLIOGRAPHY | 59 |

LIST OF TABLES

| Table | Title | Page |
|-------|---|------|
| 4.1 | Number of Tourist Arrival in Nepal 1990-2017 | 26 |
| 4.2 | Mode of Tourist Arrival in Nepal & there Length of Stay (1990-2017) | 29 |
| 4.3 | Tourist Arrival by Sex (1993-2017) | 31 |
| 4.4 | Tourist Arrival by Age Group (1993-2017) | 33 |
| 4.5 | Tourist Arrival by Month 2017 | 35 |
| 4.6 | Tourist Arrival in Nepal by Major Nationality (2007-2017) | 36 |
| 4.7 | Tourist Arrival by Purpose of Visit (1993-2017) | 38 |
| 4.8 | Foreign Exchange Earnings from Tourism in Fiscal Year 2000/01-2016/17 | 40 |
| 4.9 | Gross –Foreign Exchange Earnings (2000-2017) | 42 |
| 4.10 | Regression Result | 43 |
| 4.11 | Average of Tourist Arrival of Three Years by Month Wise Before and After Earthquake 2015 | 45 |

LIST OF FIGURES

| Figure | Title | Page |
|--------|--|------|
| 4.1 | Trend of Tourist Arrival in Nepal from 1990-2017 | 28 |
| 4.2 | Mode of Tourist Arrival in Nepal | 30 |
| 4.3 | Tourist Arrivals by Gender | 32 |
| 4.4 | Percentage of Tourist Arrival by Age Group 2017 | 34 |
| 4.5 | Tourist Arrival by Month wise in 2017 | 35 |
| 4.6 | Tourist Arrivals by Major Nationality 2017 | 37 |
| 4.7 | Tourist arrival by major nationality | 39 |
| 4.8 | Foreign Exchange Earnings from Tourism | 41 |

ACRONYMS/ABBREVIATIONS

| | | |
|--------|---|---|
| ACAP | : | Annapurna Conservation Area Project |
| AD | : | Amino Domini |
| BS | : | Bikram Sambat |
| CAAN | : | Cargo Agents Association of Nepal |
| CBS | : | Central Bureau of Statistics |
| CTEVT | : | Council for Technical Education and Vocational Training |
| DOI | : | Department of Information |
| DOT | : | Department of Tourism |
| EEC | : | European Economic Community |
| EIA | : | Economic Impact Analysis |
| FEET | : | Foreign Exchange Earnings from Tourism |
| GON | : | Government of Nepal |
| GDP | : | Gross Domestic Product |
| HAN | : | Hotel Association of Nepal |
| HRA | : | Himalayan Risqué Association |
| ICIMOD | : | International Centre for Integrate Mountain Development |
| IUOTO | : | International Union of Official Travel Organization |
| MOF | : | Ministry of Finance |
| MOCTCA | : | Ministry of Cultural Tourism and Civil Aviation |
| NCAP | : | National Civil Aviation Policy |
| NGO | : | Non-Government Organization |
| NIDC | : | Nepal Industrial Development Commission |
| NPC | : | National Planning Commission |
| NTB | : | Nepal Tourism Board |
| NTTR | : | Nepal Tours and Travels |
| NATTA | : | Nepal Association of Tour and Travel Agent |
| NATHM | : | Nepal Academy of Tourism and Hotel Management |
| NRB | : | Nepal Rastra Bank |
| PATA | : | Pacific Area Travel Agent |
| RATDP | : | Remote Area Tourism Development Project |
| REBAN | : | Restaurant and Bar Association of Nepal |

| | | |
|------|---|---|
| SDG | : | Sustainable Development Goal |
| TDB | : | Tourism Development Board |
| TAAN | : | Trekking Agents Association of Nepal |
| WTO | : | World Tourism Organization |
| WCFD | : | World Commission on Environmental and Development |
| WTTC | : | World Travel and Tourism Council |