

CHAPTER-I

INTRODUCTION

1.1 Background

Tourism denotes the temporary, short term movement of people to destinations outside the places where they normally live and work and their activities during the stay at these destinations. Much of these movements are international in character and much of it is a leisure activity. In recent years it has become an important factor in the world trade and the major element in the balance of payment of many countries, which has grown faster than the trade in goods. For countries, regions, towns, and villages, which attract tourists in large numbers, tourism can be a significant element in their prosperity. Tourism generates wealth and employment. It is a major source of incomes and employment for individuals in many places deficient in natural resources other than climate and scenery. It makes use of resources, which may not be used otherwise, in particular of unemployed labor in developing countries and regions with few or no alternative sources of employment. Beaches, moors, and snowfields are examples of natural resources, which cannot readily contribute to the economic well-being of the area, except through the medium of tourism. It is also a major source of income to many transport operators, providers of accommodation and entertainment, shops and other businesses. For residents of an area tourism often provides amenities which the resident population would not be able to support otherwise. But if not skillfully managed, the injection of a large alien population into a society may also give rise to social and political tensions, which may vitiate the economic benefits the tourist brings (Burkart & Medlik, 1974).

Tourism industry is the best instrument to drive the economy of Nepal smoothly. Tourism is only the sector from which with low investment a country can gain high return. Tourism is the movement or travel of people from one place to another whether it is within their own country or to another country, for pleasure, business pilgrimage and other purposes. It is an important industry and it is going a

growing recognition in the world. It plays an important role in economic and technological development of nation, it is smokeless industry.

Tourism industry has become the largest single earner of foreign exchange in many countries like Nepal. The prevalence of unfavorable balance of trade with low level of export many low income countries have considered the shortage of foreign exchange earnings, employment opportunity and helped improve the balance of payment of the country.

Historical background, geographical situation and sociological, wealth are numbers tourist potentialities in Nepal. So, tourist industry has been playing a significant role in the country's economy. Nepal natural attraction, physical, historical, cultural, monuments like temple, art treasure, festivals and wild life are the best attraction of foreign visitors. Nepal Mt. Everest and the land of Yeti, its various snow peaked mountains, river, lakes, conducive climate and mysterious charm are inviting the visitors of the world.

Most of the tourists arriving to Nepal have been found pursuing recreation trekking and mountaineering. On the tourists visiting Nepal in calendar 2016, out of total, 65 percent hold for pleasure 8.82 percent trekking and mountaineering 3.23 percent business 11 percent pilgrimage 2.83 percent official 1.7 percent conv. /conf. 7.4 percent others .This sector has contributed 4.1 percent to GDP in 1993/94 which was decreased to 1.9 percent in 2016.The total number of tourist arrival was 254885 in 1990 which was increased to 753002, in 2016 (MOF, 2017).

There are different types of tourism in Nepal like Eco-tourism, Mountain tourism, Trekking tourism, Wild Tourism, Rural-Tourism, and Agro-Tourism etc. There are 120 stars hotels ,985 non star hotels, 3444 travel agency, 2367 Trekking agency 72 Rafting agency, 72 Tourism transportation service, 3717 Tourist guide ,13049 Trekking guide, 207 River guide (MOCTCA, 2016).

Historical Development of Tourism

Tourism refers to the movement or journey of human being from one place to another, whether it is within one's own country or other countries. It can be for pleasure, business, pilgrimage and other purposes. The evolution of tourism dates

back ancient times. In Sanskrit literature, there are three terms for tourism, derived from the root “anta”, which means going or leaving home for some other places. The three terms are:

Paryant – It means going out for pleasure and knowledge.

Deshant - It means going out of the country prominently for economic gain.

Trithatan – It means going out to places of religious merits.

The literal meaning of these three Sanskrit terms is that tourism denotes going out from house for pleasure and knowledge, going out of the country for economic gain and going out to places for religious purposes (cited Ranjit, 1976).

Traveling, in the remote past, was mandatory because the very survival and existence of primitive men depend on it. However, the advent of civilization brought about changes in human perception and the focus of travelling shifted from one of the necessity to a desire for adventure. Later the introduction and development of modern means of transportation and communication have contributed to tourism growth by facilitating and augmenting traveling activities (Shrestha, 1978). Today, tourism industry is rapidly growing worldwide and its role is significant in the socio-economic sector of all countries. Tourism is an important source of foreign exchange earnings, provides employment opportunities and help in economic growth of the country.

The rapid growth of tourism in the world started only after the Second World War. The realization for the need of development in almost all countries, increasing liberalization of foreign exchange and travel restriction, liberal policy of government, the aspiration for international brotherhood, etc., are the main factors contributing for the rapid growth of tourism (Shrestha, 1978). Other factor responsible for the enormous growth of international tourism are: availability of leisure time with the people, the rapid growth of population, the advent of jet travel, the creation of low cost means of transport and communication, low cost hotel and restaurants, retirement age and increasing life expectancy, desire to know and see the unique life styles, traditions and cultures of people of different places, rising standard of living and so on. In the developed countries, tourism agencies are encouraging the people to travel by providing schemes of incentive travel. Agencies also provide credit plans to the people for traveling on installment basis as, “fly now pay later” arrangement

(Encyclopedia Americana, 1976: 877). All these developments have led to the expansion of international tourism movement during the last few decades.

Nepal was closed to foreigners under the autocratic Rana Regime until 1951. The beginning of tourism in Nepal can be pointed to the first ever successful ascent of the mighty Mt. Everest on 29th May, 1953 by Tenzing Norgay and Sir Edmund Hillary. Initially the majority of the tourists were Americans who were of the retirement age. In 1955, Nepal issued its first tourist visa on persistent request by Boris Lissanevitch. The legendary Russian hotelier pleaded to the then crown prince Mehendra to allow Thomas Cook and Son Ltd. to send tourist to Nepal. Heeven convinced a group of 20 tourists who were mostly females, to travel from Calcutta into Nepal. The first tourists to come through were 10 American and 2 Brazilians. They stayed at famous Royal Hotel, the first tourist standard hotel, started by Boris himself. The same year a private airline named 'Himalayan Airways' also started operation which was again a big boon to Nepal Tourism.

In 1956, National Planning Council on Tourism set up the first five year plan on tourism. The plan stated that 'travel profession' was an important tool to popularize Nepal and earn foreign currency.

In 1957, The Nepal Transportation Department was set up which paved the way for civil aviation. The same year, National Tourist Development board also came into existence. Royal Nepal Airlines Corporation (RNAC), now known as Nepal Airlines Corporation (NAC), started its operation the following year in 1958. By 1959, Nepal became a member of International Union of Official Travel Organization, with a plan to develop tourism in Nepal. This plan was created by George Lebrec, a French national.

The year 1965 showed a 40percent increase in the arrival of tourists. The following year in late 60's drew a new breed of tourist- 'The Hippies'. During the late 1960s the hippie trail started to take off. Almost 50 percent of the tourist were between 16 to 30 age and followed a radical and liberal anti-war philosophy along with "mind-exploring" activities that involved experimentation with sex, drugs, religion. One of their major reasons to come Kathmandu was hashish was legal at that time.

The Hippie Trail was a tour taken by these hippies in the 1960s and 1970s from Europe/ America to Asia, mainly India and Nepal. Their objective was to discover their inner-self and for this reason they wanted to stay away from their home

as long as possible. They took the cheapest form of transport like buses, trains and also hitchhiking. Hippie trail shows a popular route from Europe via parts of Asia to India and Nepal. Most of them would start their journey from Istanbul (Turkey) and ending it into Goa (India) or Kathmandu (Nepal).

With the establishment of the Drug Enforcement Administration in 1973, hashish transaction was considered legal. The hippie trail (new big thing) came to an end in 1979. With the Islamic revolution in Iran and the Russian invasion of Afghanistan, they closed the overland route to western travelers.

During 1975-1991, Nepal was the hot spot for holiday makers, adventure seekers and cultural tourists. The tourist count increased from 100,000 to 300,000 in a year. In 1998 Nepal celebrated “Visit Nepal 98” to strengthen Nepal tourism.

There was a fall in Nepal tourism with the hijacking of an Indian Airlines Plane from Tribhuvan international Airport on 24th December 1999. 2001 saw one of the worst events in Nepal- The royal massacre, in which our beloved King His Highness Birendra Bir Bikram Shah Dev and his entire family were mysteriously murdered. Similarly devastating earthquake on 25th April 2015, of magnitude 7.8 badly affect the tourism sector (Rana, 2013).

As active factors of production in Tourism Industry, trained manpower including guide, cook, manager, housekeeper, trekking guides, housewives, waiter etc. is required to provide quality service product to tourist. It is just like policy, institutional set up, hotels, and physical infrastructure. After the realization of trained and qualified manpower concerning hotel management, Government and private sector have established training institution and colleges since 1990. For example: Nepal Tourism and Hotel Management Academy. The academy produces more than 1000 skilled manpower per annum. Till 2010/11, it has produces 16 thousands trained manpower. Its reflection can be seen in the growth rate of trained manpower per annum. Its market is not only our domestic tourism industry but also international tourism industry. In case of domestic tourism industry, it is not encouraging if we analyze the capacity of hotels. There is a question about integrity between these trained manpower and tourism industry (Bista, 2008).

The travel and tourism industry is placed among the largest industry in the world. However, the degrading effects of tourism have become a big concern and need to be addressed quickly. With this in mind, the concept of sustainable tourism has evolved with the aim of reducing the negative effect of tourism activities, which

has become almost universally accepted as a desirable and politically appropriate approach to tourism development. Sustainability covers all elements that constitute a complete tourism experience. According to the majority of scientists ‘sustainable tourism development’ concern an economic, social and environmental tourism development that aims at the continuous improvement of tourists’ experiences. The tourism industry has the potential to contribute to sustainable development, particularly by job creating, including employment for women and marginalized groups. The purpose of sustainable tourism is to make a balance between protecting the environment, maintaining cultural integrity, establishing social justice and promoting economic benefits, meeting the need of host population in terms of improved living standard both in the short and long term in both developed and emerging nations while emphasizing both intergenerational equity and intra-generational equity and in a form that can maintain its viability in an area for an indefinite period of time’. In community tourism, sustainable development is applied to improve the residents, quality of life by optimizing local economic benefits, protecting the natural and built environment and providing a high-quality experience for visitors (Zolfani, S.H., Sedaghat M., Maknoon, R. & Zavadskas, E.K. 2015).

Construction work of the Gautam Buddha International Airport will be expedited in order to operate from the Mid-January 2018. For this purpose, governments have allocated Rs.7.22 billion. Construction work of Pokhara Regional International Airport will be completed within coming four years. For this Rs. 1.50 billion is allocated to complete the land acquisition and fencing work of the International Airport in Nijgadh in the coming fiscal Year. It will be initiated to manage fund by preparing Detail Project Report and Implementation modality. The existing airport will be expanded and closed airport will be operated soon by repairing them. Lumbini Development Master Plan will be complete within two years and Master Plan for the development of other religious and cultural places will be lunched soon. Similarly from the Mid-April 2016 to Mid-April 2017 will be celebrated as Internal visit Year. Required preparatory work will be completed to celebrate 2018 as Nepal visit Year (MOF, 2018).

1.2 Statement of the Problem

As tourism is the backbone-leading sector for the economic development of developing countries like Nepal. However, it has not well developed and tourism activities are not succession to be pro-poor. Tourism is the result of movement, entry and stay; it is a composite product and outcomes of attraction, accessibility, accommodation and amenities. Elements and components of tourism are the prime factor or indicators process of development of tourism. Development and scope of tourism depends up on the quality and quantity of products/components. Most of potential tourist destinations are deprived of transportation, communication, accommodation and amenities. Highly potential but unexplored tourist destinations are not advertised and promoted sufficiently so that large chunk of probable tourists does not know about Nepal in international front.

Development of tourism sector has faced so many problems so this sector is still in infant phase trying to grow bigger and better. Not only did those problems in past but some of them still exist today. From the economic crisis and natural disaster development of this sector becomes difficult. Tourism is a labor intensive industry which is the most important sector for the Nepalese economy but this sector has been neglected in Nepal. Tourism has also created a considerable source of income and employment opportunities in the country which has been added to national economy. Besides, with references to our limited amount of export and unfavorable balance of payments, tourism sector contributes to the earning of foreign currency to some extent.

The main problem, which is dealt in the study, is to identify the growth rate of the tourist arrival in Nepal. This study explores about the employment generated by this sector and how far foreign currency earns helps in balance of payment. This study also study about the trend of tourist arrival before and after the earthquake which is a new issue raised by this thesis. To summarize this study mainly focus on these question

- i. What is the trend of tourist arrival in Nepal?
- ii. What is the structure of tourist arrival in Nepal?

- iii. To what extent the foreign exchange earnings are contributing to the national economy?
- iv. What is the trend of tourist arrival before and after the devastating earthquake 2015?

1.3 Objectives of the Study

The main objective of the study is to analyze the trend of tourist arrival in Nepal. Specific objectives are as follow.

- i. To explore the trend of tourist arrival in Nepal.
- ii. To analyze the structure of tourist arrival in Nepal.
- iii. To predict the contribution of tourist on real GDP and foreign exchange earnings.
- iv. To compare the number of tourist arrival before and after the devastating earthquake 2015.

1.4 Significance of the Study

Nepal has three major resources built of economy: agriculture, hydropower and tourism. Among them tourism is the key industry which can be effortlessly be established, promoted and developed with minimum investment and can be made an important foundation of national income. So it is one of the chief sectors for economic development. Tourism is an activity that generates economic and social benefits. Tourism has effects on the different sector of the economy.

The importance of tourism in Nepal is not confined to the economic aspect only, but also to environmental and cultural aspects. Nepalese people realize the importance of environment conservation and have pride over the cultural heritage of the country. Although the economically poor, it is rich in its natural and cultural heritage. And, the economic exploitation of this heritage can only be possible through the development of tourism. The tourism industry is growing very rapidly and has tremendous potential for tourism development because of its unique and cultural heritage.

This study helps on the basis of following grounds

-) It is useful to promote the accommodation facility and quality service for tourist so as to increase the number of tourist and their duration of study.
-) It is useful to identify the problem recording the tourism in Nepal and adopt help to appropriate polices.
-) It is helpful to solve the problems of unemployment to some extent through tourism sectors.
-) It is useful for the entrepreneur for further investment on tourism industry in Nepal.

1.5 Limitations of the Study

The major limitations of the study are as following:

- i. The study is based on secondary data only.
- ii. Due to the time and budget constraint, the study may not be comprehensive.
- iii. This study specially focused with international tourist arrival in Nepal.
- iv. Only specific tools are used for the analysis of data.

1.6 Organization of the Study

The study consists of five chapters. Chapter one deals with background, statement of problem, hypothesis, objectives, significance and limitations of the study. Chapter second is assigned as review of literature on conceptual and theoretical overview. Chapter three is concerned with the methodology which indicates research design, data collection procedure, with the methodology which includes statistical tool like equation of trend line t-test, F-test, D-W statistic, regression analysis. Chapter four is concerned with data analysis of tourist arrival in Nepal. Chapter five is concerned with summary, conclusions, and suggestions. At last Appendix and Bibliography are listed.

CHAPTER - II

REVIEW OF THE LITERATURE

2.1 Introduction

This chapter presents the literature review for the study. Section 2.2 contains overview of concepts and theoretical overview and section 2.3 contains overview of related studies which include books, research paper thesis review. The literature reviewed was essential in informing the variables that were selected later on in the methodology section.

In the field of tourism, national as well as international authors have written several books, booklets, journals and articles. Similarly, students of economics have submitted dissertation referring to tourism for the partial fulfillment of the master's degree and several articles in the local, national and international newspapers are being published.

2.2 An Overview of Concepts and Theory

The concept of tourism is an ancient as a history of human kind. Due to the inherent nomadic urge to man in ancient time, people travel long distance in different parts of the world. There were only three motives to travel one place to another place in ancient time.

The interest was a motive made people to meet different tribes and status of men not only between neighboring countries but also between the states situated long distance apart. Merchants were compelled to travel long distance to seek rare necessary product to raise their trade. The curiosity to know the customs and habits of people of different lands made them to travel one place to another place, which was a second motive to travel. And the third motive was the religious sentiment which urged people to go on long pilgrimage places of religious worship. Traveling in ancient time was so difficult because of the constraints of well-equipped transport, lack of comfort and safety.

In the middle age merchants, explorers pilgrimage and student traveled in various place for their different purposes of visit and desired students of that time attracted by the master minds of such renewed university of Bulgaria, Paris Rome Cairo in Egypt and Nalanda in India travelled after to heart them (Upadhya 2003).

2.2.1 Definitions of Tourist and Tourism

Various scholars have defined the word 'tourism', 'tour' and tourist in different ways. Until now there is no universally accepted definition of these words. The first definition of tourism was given by the Australian economist Hermann Von schullard in 1910. He defines tourism as 'the sum total of operation mainly of economic nature which directly relate to the entry, stay and the movement of foreigners inside or outside the certain country, city or region.' (Satyal, 2004)

Another definition of tourism was given by Edmond Picard professor of economics at the University of Brussels as follows: 'The function of tourism is to import currency from foreign resources into the country, its impact of the economy and in particular the hotel keepers' (Satyal, 2004).

According to the Ryhn tourism is 'A study to the demand for and supply of accommodation and supportive services for those staying away from home and the resultant pattern of expenditure, income and creation of employment.'(Kunwar, 2006).

The widely accepted definition of tourist was proposed by the international Union of Travel Organization (IUOTO) in 1963 and approved in 1968 by the world tourism organization. It states that 'International tourist are temporary visitors staying at least twenty four hours in the country visited and the purpose of whose can be classified under one of the following heading (a) leisure (recreation, holiday, health, study, religion and sport) (b) business (family mission meeting).' (cited in Leiper, 1979).

It is clear from the above definition that a person is a tourist if he goes out of his daily living zone abroad at least twenty four hours to satisfy his appreciate nature with the purpose of recreation holiday, health, study, family mission, meeting etc.

Types of Tourism

The curiosity, why people travel? Is a matter of concern, in tourism study? People do travel for various reasons and purposes. Tourism can be classified on the basis of various factor such as geographical location, purpose of visit, the number of person travelling etc. some major types of tourism can be classified as follow.

- I. **Pleasure tourism**:- Under pleasure tourism, people go on holiday for enjoyment out of curiosity, to take rest, observe something new, to delight of good scenery unknown folklore. Some tourist finds pleasure in traveling to various places. This type of tourism usually depends up on different test of different people.
- II. **Recreational Tourism** -: Recreational tourism is mainly concerned with leisure and rest and to cover physical and psychical stamina. This type of tourist usually stays longer.
- III. **Cultural/Pilgrimage Tourism**:- This type of tourism is motivated is motivated by the eagerness to learn different culture of various countries. Mostly these tourist of this type visit to learn different habits, languages and customs of the people of alien land and visit places rich in monuments in the center of ancient civilization. It is also concerned with visiting the places of great modern achievements where they visit art galleries, religious center or participation in art, music theatre, dances and folklore festivals.
- IV. **Eco-tourism**: Eco-tourism is new concept. It involves travelling relatively undisturbed and uncontaminated natural area with the specific objective of studying admiring and enjoying the scenery and wild plants animals as well as any existing cultural areas in which the conservation of ecosystem and protection of bio-diversity is aimed at the desired types of tourist visit the protected area and organization and legislation of the tourism development support a sustainable development. This is a kind of small-scale tourism which is based on nature and cultural condition and does not destroy the resources which tourism builds on. It is also a form of tourism inspired primarily by the nature of an area including its indigenous culture (Kunwar-2006).

- V. **Adventure and Sport Tourism:** Nepal has most of the advantageous region in different parts of the country. The Himalayan peaks and their touring miracles of nature have always become attraction to mountaineer.
- VI. **Business Tourism -:** This type of tourism is concerned with the business professional and industry. Many businessmen and traders visit place to demand the goods and services and advertise their good and to exchange their goods.
- VII. **Conference Tourism -:** International conference is organized in different countries where such convention facility are available, a large number of people participated in conference from different countries. These conferences are usually organized in large hotels in low season. There is rapid growth of conference tourism in modern world.
- VIII. **Domestic Tourism-:** Domestic tourism is that activity of tourist which takes place within his/her own country without crossing the boundaries of the country. Similarly a domestic tourist is a person who travels beyond his normal domicile to certain other areas within the country. The basic difference between domestic and international tourism is that of jurisdiction of travel. The domestic tourist does not need to fulfill various travel formalities, which are necessary in international tourism. The barriers of passport, visa, and exchange of foreign currency, language and culture are not faced by a domestic tourist. The domestic tourist is generally regarded as a person travelling for a purpose other than excusing a gainful activity or setting at the place visited.

2.2.2 Theoretical Overview

The relationship between tourism and economic growth has generally been addressed by two different components in the economic literature. The first was derived from the Keynesian theory of multiplier. According to the Keynesian approach, international tourism can be accepted as an exogenous component of aggregate demand that has a positive effect on income, employment and so on, thus leading to economic growth through the multiplier. Multiplier effects mean that any government expenditure about cycle of spending that increase employment and

income regardless of the form of the expenditure. Tourism yields income and employment multiplier effects in addition to direct income and employment. Besides, tourism has a crucial role indirectly by completing other factors of production in the process of economic growth. Once tourism receipts increase, country competitiveness will improve. Earnings from tourism have systematically compensated a country's trade imbalance. However, this approach is static and doesn't allow an inference of the long-term impact of tourism development (Kum, Aslan & Gungor, 2015).

An alternative approach, which is the most commonly admitted claim in the literature, elucidate the potential of endogenous growth theory and the new trade theory adapted to the tourism sectors. Thus, like the hypothesis of export-led growth, four hypotheses can be identified based on economic growth relationship theories which are as follow:

Tourism-Led Growth (TLG) Hypothesis

The TLG postulates that tourism is a main determinant of overall long-term economic growth. Tourism receipts can be used to import capital goods, which in turn produce goods and services leading to economic growth in the host country. The foreign exchange earnings from tourism receipts can be used to finance more imports.

Economic Driven Tourism Growth Hypothesis (EDTG)

Realization of the development and economic growth strategy of a country begins by the application of well-designed economic policies and international trade police, governance structures, and investments in physical and human capital. The Socio- economic power that is obtained this way encourages tourism activity through better use of the available resources and political stability. This results in a unidirectional causality from economic growth to tourism. This reversed causality suggested that an expansion in tourism will happen when every effort is made to increase overall economic growth.

Neutrality Hypothesis (NoCausal-NC)

There is no causality between economic growth and tourism. Thereby, implementation of development policies and gains obtained from tourism are

independent. Hence tourism improvement strategies by tourism managers and decision –makers may not be effective.

Bidirectional Hypothesis (BiCasual-BC)

According to the hypothesis, tourism police affects economic growth performance and economic growth in turn affects the tourism sector. Since there is bidirectional causality between economic growth and tourism, an improvement in both areas will benefit both. Resources should be allocated to tourism and all other related sectors equally (Kum, Aslan & Gungor, 2015).

2.3 Review of Related Studies

Burger, Viet (1978), have applied input-output analysis, he shows tourism in Nepal to be effective and promoting instrument for earning foreign exchange. He also suggests that tourism industry is generally believed to be labor intensive rather than capital intensive in developing countries like Nepal. It helps to generate additional income to the people of Nepal (cited Sharma, 2017).

Shrestha (1998) in his doctoral study “Tourism Marketing in Nepal” has precisely highlighted the challenges of tourism marketing in Nepal. His main findings were that Nepal is extremely rich in tourism product and it exists all over the country. Natural wealth, cultural and monumental heritage bequeathed history are the principal tourism products in Nepal. Further he analyzed that tourism is a major source of foreign exchange of Nepal and it is playing an important role in the national economy. Tourism helps to promote balance of payment and regional development of the country as well. Hence, the contribution of tourism in the socio-economic development of Nepal is very significant.

Sharma (2001) deals about “Tourism development Planning in Nepal” by using various econometric tool to establish relationship between gross domestic product and tourism income in Nepalese economy the estimation shows that tourism income elasticity is nearly 0.2 which mean that one percent increase in tourism income will increase the gross domestic product by twenty percent.

Panta (2002) has analyzed the impact of tourism in the economic development of Nepal. In his study, he concluded that the tourism is one of the major source foreign currencies. In the fiscal year, 1995/1996 the tourism sector has contributed three percent of total GDP, eighteen percent of the total foreign currency earning and 47.9 percent of total merchandise export. He has analyzed tourism industry as an important component in the Nepalese economy because of its comparative advantage. Tourism has contributed to increase the balance of payments.

Maharjan (2004) in his doctoral study on the topic “Tourism Planning in Nepal” has precisely highlighted tourism planning practice in Nepal. His study found that the importance of tourism planning and especially strategic planning has not yet been fully realized even by tourism planned or private tourism institution. The form of planning is a new phenomenon to the Nepalese private sector. Thus activities are not forwarded in the desired direction. The study also conclude that the strategic planning has only been done by quarter of the tourism institutions that shows that the institution lack a long term vision and strategic thinking the planning decision making and the practice of tourism planning has been highly dominated by the bureaucracy and politics, similarly an absence of strategic planning the public sector tourism planning has remained ineffective. The study has shown enormous shortcomings in the practices of tourism planning in Nepal, symbolized as planning myopia.

Sharma (2003) deals about hotel industry employment in his research paper. He present the growth of tourism, their exchange rate and its positive contribution in growing hotel sector in Nepal; and the employment opportunity increased on account of growth of tourism. He has recognized the hotel industries have reduced the burden of unemployment of the country. By applying the regression, it is concluded that the growth pattern of tourism sector of Nepal demonstrates a remarkable growth of tourist arrival, earning from tourism. An impressive growth has been witnessed followed by rooms and beds. However, the average guest night per tourist virtually remained stagnant. Tourism not only generates income but also helps to raise direct employment in hotel industry of Nepal.

Tripathee (2004) in his study “Prospect of Tourism Development in Lekhnath Municipality” concluded that the inflow of tourist visiting Nepal is found increasing since the year 1962 to 2000 besides few years. At the same period, the number of

tourist visiting Pokhara had also grown in similar way. Due to the lack of annual data of visitors in Lekhnath Municipality, the total no of tourist arriving in Pokhara is converted into 40 percent to determine the tourist visiting Lekhnath Municipality. The number of tourist arrival varies according to the seasons. Autumn is the peak season followed by spring. Tourist arrival is limited in winter and summer. Domestic tourists also come to Lekhnath area from various places. Field survey shows that the majority of domestic visitors are from Kaski, Kathmandu, and Chitwan respectively. The number of tourist visiting from India is the highest among all foreigners. They arrive directly in Begnas lake area by tourist bus from Pokhara with their guide. They spend few hours and return to Pokhara.

According to CAAN (2007), Nepal's government has air agreement with 36 countries so far and 12 of such countries are directly connected to Nepal. Out of 41 airlines companies licensed by CAAN, 16 companies licensed so far are in operation. Nepal government has already signed air seats agreements with more than 36 countries.

In the year 2007, air traffic growth on international front was relatively higher influenced by the sights of low cost carriers in the sub-region as well as in the entire Asia Pacific region for the past few years. It was also boosted by good air conductivity with many destinations. Entry of new foreign airlines and fifty years of unstinted service of Nepal airlines also helped to raise number of air passenger in Nepal. Nepal has good air links with number of countries in the world such as India, Bangladesh, Pakistan, Bhutan, Thailand, China, Malaysia, United Arab Emirates, Japan, Qatar, Oman, Bahrain, South Korea and has signed Memorandum of Understanding (MOUs)/ASAs with 35 countries.

Lamichhane (2009) deals about the impact of tourism in his research on the topic of "Major economic impact of tourism in Nepal," He analyzed the employment generation from tourism and gave some suggestion for tourism development in Nepal. His study period was from the fiscal year 1990/91 to 2006/07. His study show that the total foreign exchange earnings from tourism was recorded Rs. 3587.6 million in the FY 1990/91 which was increased and reached Rs. 10125.5 million in FY 2006/07 increasing about 3 times more during the study period. The share of tourism earnings to gross domestic product seems decreasing trend which has occupied only 1.5

percent to total GDP in FY 2006/07. Tourism sector has been compensated 7.7 percent share of total trade deficit of the country in FY 2006/07 which was recorded 22.65 percent in 1990/91. 83000 direct employment in tourism sectors in Nepal in the fiscal year 2005/06. His study also shows that the annual growth rate of hotels both stars and non-stars from the year 1990 to 2007 was 7.2 percent.

Gautam (2011) deals about “Tourism and economic growth in Nepal” he studied the data of 1974 to 2010 by using the method of unit root test, co-integration, Granger causality test and error correction method, the study confirms that there exists short-term dynamic relationship as well as long-run co integrating relationship between tourism income and GDP.

Sapkota (2011) deals about “The trend and structure of tourist arrival in Nepal”, He analyzed that tourist arrival in Nepal seems to be fluctuating year by year. In the year 2011, it was 736215 international tourist who has visited Nepal, this number of tourist arrival in Nepal during the year increased by 22.1 percent in comparison to previous year 2010. Likewise, lowest number of tourist arrival during 1996 to 2002 due to extreme political instability, Indian airlines being high jacked in Kathmandu, Twin tower of U.S.A. attacked on 11th September 2001 and wars in Middle East states. However, the trend of tourist arrival in Nepal is seems to be increasing. The trend line shows that growth rate of the tourist arrival was 12874 per year, which is significant.

Paudyal (2012) deals about “Does tourism really matters for economic growth? Evidence from Nepal” by using regression and causality test taking the data of thirty six years from 1975 to 2010 estimates that multiplier value is 1.21 and there exist bi-directional impact in the case of tourism receipts and GDP. In addition, tourism receipts are found to have bi-directional relationship with some other variables such as GNI, export, private consumption, imports and so on. Which shows that tourism is important component for economic growth in Nepal?

Khalil, et.al (2013) examined the role of tourism in economic growth of Pakistan. Using annual data for the period from 1960 to 2005, they identified empirically whether there is a unidirectional or bidirectional casual relation between tourism and economic growth. Using the concept and method of the co-integration

and Granger Causality Test, there study explored the short term dynamic relation as well as long-run equilibrium conditions and concluded about the existence of co-integration between tourism and economic growth in Pakistan (Sharma, 2001).

2.4 Research Gap

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

So it has become very essential to analyze its trend and impact comprehensively and to highlight its significant role in Nepalese economy. Nepal being underdeveloped country needs a big amount of convertible foreign exchange to cover its different economic development activities which can be obtained from tourism. So, sustainable development of tourism industry is the need of today. Different developmental program regarding the development of tourism sector were announced in different national planning but its development seems to be very poor in respect to other countries. Tourism industry is in its childhood period in our country, though Nepal has very high potentiality of its development.

There are several research work conducted on the importance of tourism in Nepal. Most of the researches were based on importance of tourism in Nepal and its impact on national economy. Those studies were made during transitional phase, which was unfavorable condition for tourism development. This study seek the trend and structure of tourist arrival in Nepal after the devastating earthquake 2015 (2072, Baishak 12) and the proclamation of constitution 2015(2072, Ashoj 3) and also its potentiality in future.

CHAPTER - III

METHODOLOGY

This chapter basically deals with the framework on which this research has been carried out. It is essential before presenting and analysis of data and gives the work plan to the research by describing, explaining and predicting a basis framework on which this study is based on. Several aspects like research plan and design, data collection procedures, nature and source of data, descriptive and statistical analysis of data are used in order to achieve the objective of the study.

3.1 Research Design

The study adapted a combination of analytical and descriptive research design to collect and analyze data. In this research work, most of data and informations were obtained from secondary source. Data of tourist's purposes, length of stay, expenditure, problems and specification of model were tabulated and analyzed in a descriptive way.

3.2 Nature and Source of Data

The present study is purely based on secondary data of tourist arrival from 1990 to 2017, to meet the set objectives. The secondary data and pieces of the information were extracted from the different published source such as Journal, books and different statistical reports as per the requirement.

3.3 Data Collection Technique

On the basis of research objectives, question and type of data required for the study, the secondary data and information of the total tourist arrival Nepal, purpose of visits, average stay, total arrival by nationalities and total foreign exchange earnings from tourism have been required from the Nepal Tourism statistics, published by MOCTCA and Economic Survey published by MOF, Nepal. Nepal statistical year Book published by the Central Bureau of Statistics (CBS), Annual Report of Nepal

Rastra Bank and Economic Survey of Ministry of Finance were cited to acquire the reliable valid data for the study.

3.4 Variable and Model Specification

The simple regression model has been used for the comparative study

$$FEE_T = a_1 + b_1 T.A + e \dots\dots\dots (I)$$

Where, FEE_T = Foreign Exchange Earnings from Tourism in Million rupees
(dependent variable)

$T.A.$ = Tourist Arrival in Thousand (independent variable)

$$GDP = a_2 + b_2 FEE_T + e \dots\dots\dots (II)$$

Where,

GDP = Gross Domestic Product in Million rupees (dependent variable)

FEE_T = Foreign Exchange Earnings from Tourism in Million
(independent variable)

$$RGDP = a_3 + b_3 RFEE_T + e \dots\dots\dots (III)$$

Where,

$RGDP$ = Rate of Gross Domestic Product (dependent Variable)

$RFEE_T$ = Rate of Foreign Exchange Earnings from Tourism
(independent variable)

a_1, a_2, a_3 are the autonomous increase in dependent variables

b_1, b_2, b_3 are the slope of independent variables

e is error term

3.5 Method of Data Analysis

The collected data have been analyzed qualitatively and quantitatively. The data have been analyzed through ratio and percent. The tables, charts, and diagrams have been prepared to analyze and present the data.

i. Trend Line Analysis

The trend analysis of the total tourist arrival in Nepal and total foreign exchange earnings from tourism have been calculated by using the simple linear function by least square method. The established equation is given below:

$$Y = a + bX$$

Where,

Y = number of tourist arrival

X = time variable in year

a = regression constant

b = slope of regression line

ii. Regression Analysis

The simple regression is the equation with one independent (explanatory) variable. Let us take a simple regression equation with dependent variable Y and independent variables X_1 . Then the regression equation or line of Y on X_1 is:

$$Y = a + b_1X_1$$

From simple regression, we can know find out the relationship between dependent variable and independent variable. Once a simple regression equation has been constructed, one can check how good it is (in terms of predictive ability) by examining the coefficient of determination (R^2). R^2 always lies between 0 and 1.

iii. Correlation Analysis

Correlation can be defined as a quantitative measure of the degree or strength of relationship that may exist between two variables. If X and Y are two variables, the correlation coefficient is given by the ratio of the covariance between X and Y to the product of the standard deviation of X and that of Y. This can be expressed as:

$$r_{xy} = \frac{\text{Cov}(X,Y)}{\sigma_X \sigma_Y} = \frac{\sum xy - \sum x \sum y}{\sqrt{\sum x^2 - (\sum x)^2} \sqrt{\sum y^2 - (\sum y)^2}}$$

The covariance in the numerator gives a measure of the simultaneous change in the two variables and is divided by the product of standard deviation of X and Y to make

the measure free of any unit in order to facilitated a comparison between more than one set of bivariate data which may be expressed in different units. Thus this measure of correlation coefficient is independent of a shift in the origin and a change of scale. The correlation coefficient lies between +1 and -1. The correlation coefficient is positive when the two variables tend to move in the same direction. In the event of the two variables tending to move in the opposite directions, the correlation coefficient assumes a negative value.

iv. R^2 -Coefficient of determination

All software provides it whenever regression procedure is run. The closer R^2 is to 1, the better is the model and its prediction. A related question is whether the independent variables individually influence the dependent variable significantly. Statistically, it is equivalent to testing the null hypothesis that the relevant regression coefficient is zero. This can be done by using t-test. If the t-test of regression coefficient is significant, it indicates that the variable is in question influences Y significantly while controlling for other independent explanatory variables.

v. Test of Significance

The significance level for a given hypothesis test is a value for which a P-value less than or equal to is considered statistically significant. Typical values for are 0.1, 0.05, and 0.01. These values correspond to the probability of observing such an extreme value by chance. Suppose the P-value is 0.0082, so the probability of observing such a value by chance is less than 0.01, and the result is significant at the 0.01 level.

vi. Autocorrelation

Autocorrelation, also known as serial correlation, is the correlation of a signal with a delayed copy of itself as a function of delay. Informally, it is the similarity between observations as a function of time lag between them. The analysis of autocorrelation is a mathematical tool for finding repeating patterns, such as the presence of a periodic signal obscured by noise, or identifying the missing fundamental frequency in a signal implied by its harmonic frequencies. It is often

used in signal processing for analyzing function or series of values, such as time domain signals (<https://en.m.wikipedia.org>).

vii. Durbin-Watson Statistic

The test developed by J.Durbin and G.S. Watson for small samples in 1950 is called D-W statistic, which can detect the presence of auto correlation among error terms. They had tested the null hypothesis of non-autocorrelation i.e.; $H_0: \rho = 0$ against the alternative hypothesis of positive auto-correlation of first order i.e.; $H_1: \rho > 0$. They gave formula for the calculation of Durbin- Watson statistics named as 'd' and defined as follows (cited Gujrati 2004; 469)

For Positive Autocorrelation

- i. If $d < d_L$, d is significant and null hypothesis is rejected which shows that there is positive autocorrelation.
- ii. If $d_L < d < d_U$, the test is inconclusive, i.e. the result does not have a universal application.
- iii. If $d > d_U$ and closer to 2 but less than $4 - d_U$ i.e. $d < 4 - d_U$, then test is not significant and accept null hypothesis i.e. there is no positive autocorrelation and error terms are independent.

For Negative Autocorrelation

- i. If $d > 4 - d_L$, d is significant and null hypothesis is rejected which shows that there is negative autocorrelation.
- ii. If $4 - d_U < d < 4 - d_L$, the test is inconclusive, i.e. the result does not have a universal application.
- iii. If $d_U < d < 4 - d_U$, then d is not significant and accept null hypothesis i.e. there is no negative autocorrelation and error terms are independent.

CHAPTER - IV

DATA ANALYSIS

4.1 Introduction

This chapter includes presentation and analysis of data. In the process of data analysis the relevant data from various sources are collected, classified and tabulated to fulfill the requirement of the study. Data are presented in percentage when required. Tables, bar graph, pie charts, trend line, mean and standard deviation etc. are used accordingly to the situation and requirement of the study. The regression, correlation, hypothesis testing are done according to the given set of data using SPSS and Microsoft Excel Program.

4.2 Trend of Tourist Arrival in Nepal

Tourism industry being the best industry for the development of Nepal, we are not able to take sufficient advantage from this sector. Nepal being the nation of birth place of Lord Buddha, Mt. Everest and many more historical and cultural importation it has high potentiality even though only limited number of tourist arrives in Nepal which is presented in the Table 4.1.

The tourist arrival in Nepal in the year 1962 was 6179 and after a decade in 1972 it reached 52,930, which was an increase by 8.6 times. Similarly, in the following decades in 1982, 1992 and 2002 the total no of tourist arrival increased 1,75,448, 3,34,353 and 2,75,468 respectively, which was increased by 28.4, 54.1 and 44.6 times respectively in every decades in comparison to the year 1962. In the year 2012 the number of tourist reached 8, 03,092 by recording a growth of 9.1 percent over 2011 which was highest figure of tourist arrival in Nepal until the year 2012. But in the year 2013, 2014, 2015 number of tourist arrival decline continuously because of political instability in the first two year and the main cause to decline in number in the year 2015 was the divesting earthquake and territorial blocked in the southern of Nepal. But it tries to regain initial condition 2016 by increasing the number of tourist

Table 4.1

Number of Tourists Arrival in Nepal 1990-2017		
Year	Total tourist arrival	Annual growth rate (percent)
1990	254885	6.2
1991	292995	15.0
1992	334353	14.1
1993	293567	-12.2
1994	326531	11.2
1995	363395	11.3
1996	393613	8.3
1997	421857	7.2
1998	463684	9.9
1999	491504	6.0
2000	463646	-5.7
2001	361237	-22.1
2002	275468	-23.7
2003	338132	22.7
2004	385297	13.9
2005	375398	-2.6
2006	383926	2.3
2007	526705	37.2
2008	500277	-5.0
2009	509956	1.9
2010	602867	18.2
2011	736215	22.1
2012	803092	9.1
2013	797616	-0.7
2014	790118	-0.9
2015	538970	-32
2016	753002	40
2017	940218	25

Source: MOCTCA, Nepal Tourism Statistics 2017.

by 40 percent with respect to 2015. This became possible due to continuous effort from different sector that Nepal is safe place to visit. Similarly arrival of tourist also increases in the year 2017 and reached to 940218 which is the highest record of tourist arrival in Nepal. The trend of tourist arrival had increased significantly up to the year 1999 except in the year 1993. In the year 1993, the growth rate of tourist arrival was noticed negative by 12.2 percent less as comparison of previous year. Tourist arrival in Nepal, despite showing a steady trend in the year 1991, 1992, 1994, and 1995 and most occasions have also shown relatively stagnancy and fluctuations. For example, the number of tourist arrival decreased by 1.5 percent, in 1965, due to tension between Pakistan and India. There has been a relative stagnancy during the

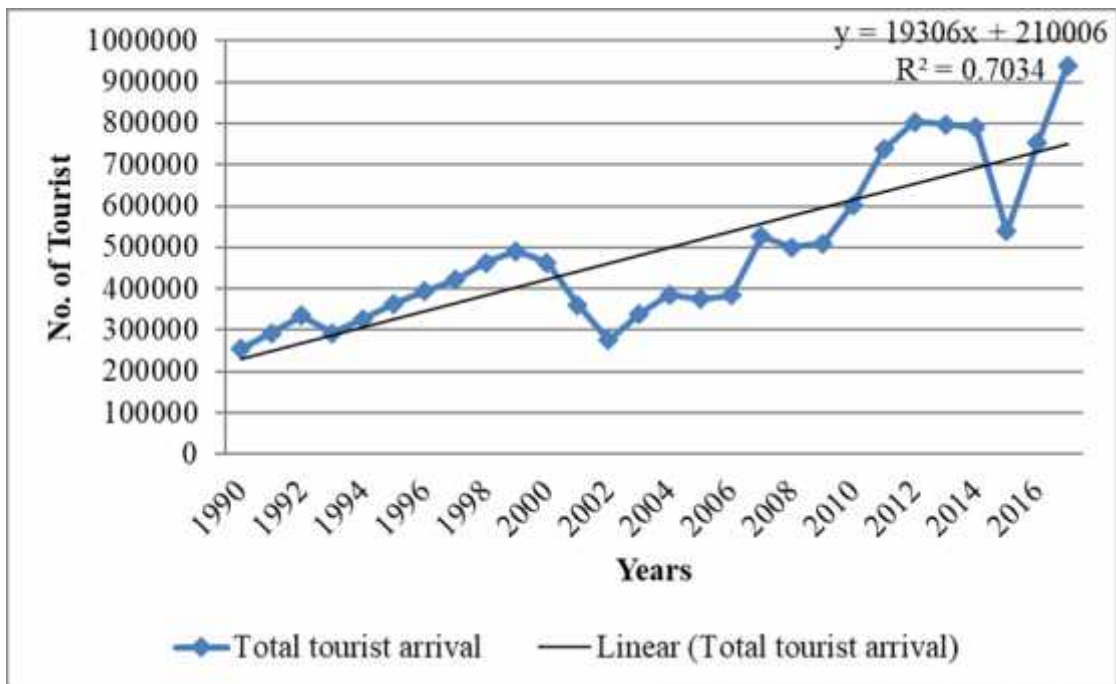
period 1978-82 due to the democratic movement in Nepal and oil crisis which lead to decline in world tourism low. Tourist arrival declined in the year 1989 due to trade and transit dispute between Nepal and India. Decline in tourist arrival in 1993 may be attributed to a host of reasons viz. like the decrease in visa fees, limited air seat capacity, THAI and PIA aircraft accidents, increasing pollution in Kathmandu and its international publicity, lack of promotional activities abroad, destruction cause by floods and landslides and numerous strikes.

In the year 2000, 2001 and 2002 there has been a continuous decrease in tourist arrivals in the country and it is attributed to the hijacking of an Indian Airlines aircraft on 24 December 1999 on route to Delhi from Kathmandu. Again in the year 2003 and 2004 the flow of tourist arrival grew by 22.7 percent and 13.9 percent respectively more than previous year. Similarly, tourist arrival was decreased by 2.6 percent in the year 2005 and 0.5 percent in the year 2008 more than previous year. But the number of tourist arrival increases continuously in the year 2009, 2010, 2011 and 2012 by 1.9, 18.2, 22.1, and 9.1 respectively. The main cause was due to the success of political movement of 2008/09.

Tourist arrival in Nepal decline continuously in 2013, 2014, and 2015 by -0.7, -0.9, -32 percent respectively this was due to political instability in the first two year but it was due to the devastating earthquake and blocked in the southern parts of the country, which badly hampers the economic as well as tourism sector in Nepal. But after the continuous effort from different sector tourism sector gets a little relief in 2016 by increasing the number of tourist by 40 percent and reached to 753,002. Though this number was not enough because it was still less in number with respect to the year 2012 and 2013. But it reaches to 940,218 in 2017 which was a great breakthrough in the number of tourist arrival in Nepal this was due the political stability in the country.

Figure 4.1

Trend of Tourist Arrival in Nepal



Tourist arrival continuously increases from 1990 to 1992 but it fall down in 1993 then starts to raise slowly till 1999 then starts to fall continuously up to 2003 again slight rise and fall occur till 2009 then starts to raise continuously with slightly fall in 2013/14 but highly fall in 2015 and again highly rises in 2016 and 2017. Also the trend line shows that tourist arrival in Nepal increases by 19,306 with an increase in year.

4.3: Composition of Tourist Arrival in Nepal

Tourist arrival in Nepal is composed of by age group, sex wise, national wise, months wise. The study of the composition of tourist arrival helps to make proper decision at proper time which furthers helps in making proper planning about tourism.

4.3.1: Mode of Tourist Arrival in Nepal and their Length of Stay

Tourist arrivals in Nepal either through Air or through Land transport since other mode of transportation are not available in Nepal. The history shows that about 75 to 85 percent of tourist arrival in Nepal through Air transport and remaining 15 to 25 percent of tourist arrival through land transport and their length of stay lies in

between 7.92 to 13.4 days. The overall trend is shown in Table 4.2. The available transport service, whether it may be air or land has a crucial factor to attract tourist in the country. More than 80 percent tourist came to Nepal by air transport.

Table 4.2
Mode of Tourist Arrival in Nepal and their Length of Stay

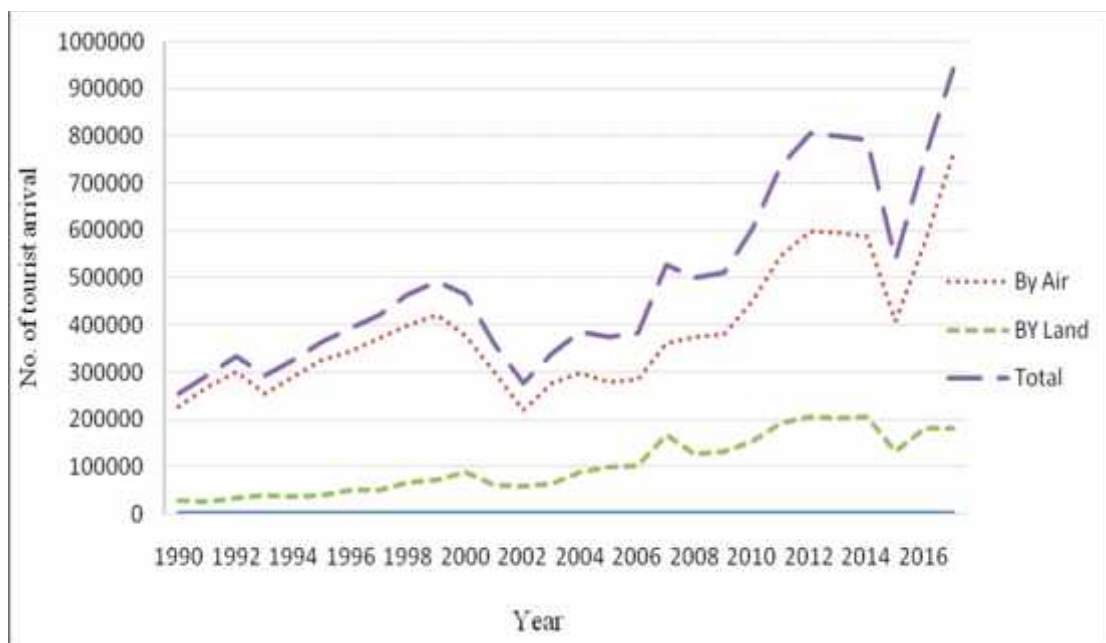
Year	By Air		By land		Average Length of stay
	Number	Percent	Number	Percent	
1990	226421	88.8	28464	11.2	
1991	267932	91.4	25063	8.6	9.25
1992	300496	89.9	33857	10.1	10.14
1993	254140	86.6	39427	13.4	11.94
1994	289381	88.6	37150	11.4	10.00
1995	325035	89.4	38360	10.6	11.27
1996	343246	87.2	50367	12.8	13.50
1997	371145	88.0	50712	12.0	10.49
1998	398008	85.8	65676	14.2	10.76
1999	421243	85.7	70261	14.3	12.28
2000	376914	81.3	86732	18.7	11.88
2001	299514	82.9	61723	17.1	11.93
2002	218660	79.4	56808	20.6	7.92
2003	275438	81.5	62694	18.5	9.60
2004	297335	77.2	87962	22.8	13.51
2005	277346	73.9	98052	26.1	9.09
2006	283819	73.9	100107	26.1	10.20
2007	360713	68.5	165992	31.5	11.96
2008	374661	74.9	125616	25.1	11.78
2009	379322	74.4	130634	25.6	11.32
2010	448800	74.4	154067	25.6	12.67
2011	545221	74.1	190994	25.9	13.12
2012	598258	74.5	204834	25.5	12.16
2013	594848	74.6	202768	25.4	12.60
2014	585981	74.2	204137	25.8	12.44
2015	407412	75.6	131558	24.4	13.16
2016	572563	76	180439	24	13.4
2017	760577	81	179641	19	12.6

Source: Nepal Tourism Statistics, 2017, MOCTCA

In the early years above 80 percent tourists uses air service while visiting Nepal and below 20 percent tourist they came by land transport service. However, the mode of transport of tourists visiting Nepal has changed since 2004. Since 2002, except the year 2003, below 80 percent tourists came by air and above 20 percent came via land.

The tourist length of stay in the country has important role in tourism development. Higher length of stay is more beneficial for the country. In Nepal shortest length of stay of tourists recorded 7.92 days in 2002 and the longest 13.51 days in the year 2004 during the period 1990 and 2017. The average length of stay of tourist in Nepal is 12 days. The trend shows stagnation around 12 days in the tourist's length of stay in the year 2012, 2013, and 2014. However it increases to 13.16 and 13.4 days in the year 2015 and 2016 but again decrease to 12.6 days in 2017. It seems that generally the tourists who come for mountain tourism activities have longer length of stay in Nepal.

Figure 4.2
Tourist Arrival by Different Mode



The figure clearly shows that number of tourist arrival by Air are high in numbers than tourist arrival through land. So, it can be easily conclude that Air service is the important factor for the development of tourism sector.

4.3.2: Tourist Arrival by Gender

It is a worldwide trend that male are more in number than to female to travel from the ancient time it is due to various constraints like paternal society, lack of public awareness physical feature of women etc. But now the trend has changed due

to public awareness so there is no vast difference though numbers of male are more in number to tour which is shown in the Table 4.3.

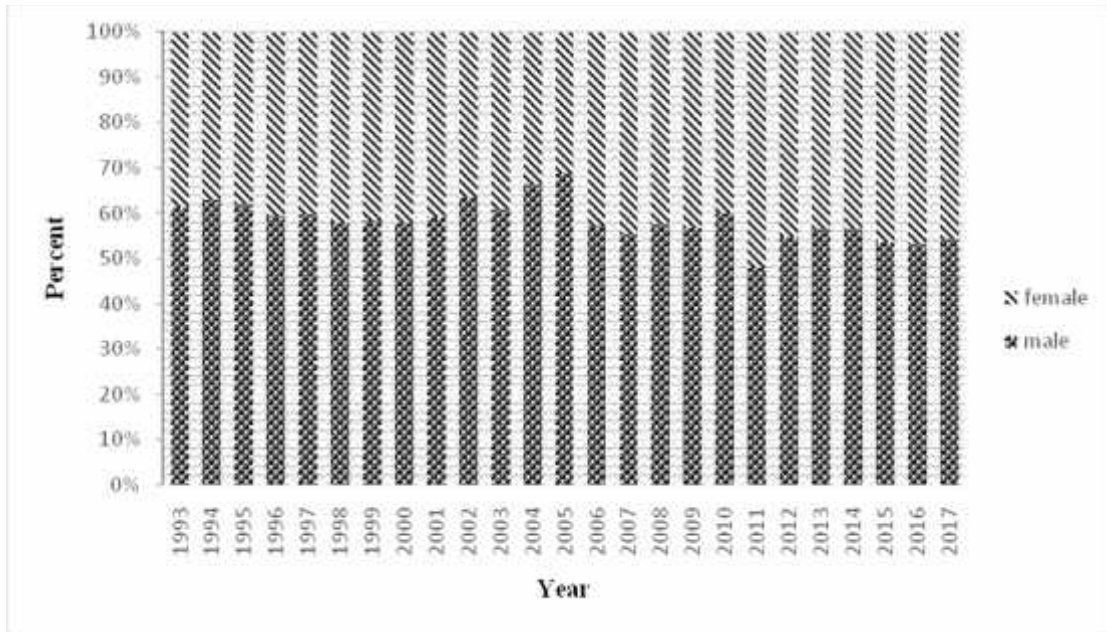
Table 4.3
Tourist Arrival by Sex, 1993- 2017

Year	Sex				Total
	Male	Percent	Female	percent	
1993	179178	61.0	114389	39.0	293567
1994	205389	62.9	121142	37.1	326531
1995	224769	61.9	138626	38.1	363395
1996	233055	59.2	160558	40.8	393613
1997	251358	59.6	170499	40.4	421857
1998	267871	57.8	195813	42.2	463684
1999	286161	58.2	205343	41.8	491504
2000	266937	57.6	196709	42.4	463646
2001	213465	59.1	147772	40.9	361237
2002	174710	63.4	100758	36.6	275468
2003	204732	60.5	133400	39.5	338132
2004	255303	66.3	129994	33.7	385297
2005	257972	68.7	117426	31.3	375398
2006	218818	57.0	165108	43.0	383926
2007	290688	55.2	236017	44.8	526705
2008	286983	57.4	213294	42.6	500277
2009	288155	56.5	221801	43.5	509956
2010	361611	60.0	241256	40.0	602867
2011	352059	47.8	384156	52.2	736215
2012	439270	54.7	363822	45.3	803092
2013	449058	56.3	348558	43.7	797616
2014	445627	56.4	344491	43.6	790118
2015	289158	53.7	249813	46.4	538970
2016	399091	53.0	353911	47.0	753002
2017	509585	54.2	430633	45.8	940218

Source: Nepal Tourism Statistics 2017, MOCTCA

Tourist arrival in Nepal is dominated by male than to female from 1990 to 2017 except in 2011. In most of the years around 60 percent are male and around 40 percent are female. In 2011 47.8 percent are male and 52.2 percent are female tourist visiting Nepal. In the recent year number of female tourist arrival is also increasing this is all due to public awareness.

Figure 4.3
Tourist Arrival by Gender



4.3.3 Tourist Arrival by Age Group

It's a human nature to travel to get new information and to observe new object and natural beauty. Age is one of the factor which influence people to do different activities for example children like to play and have to go school, middle age group engaged in job and old age people like to be a cultural one. To get reed from their usual activity they want to visit new places for refreshment as well as to get more from the open world. So, trend of tourist arrival is affected by age group which is shown in Table 4.4.

Table 4.4

Tourist Arrival by Age Group (1993-2017)

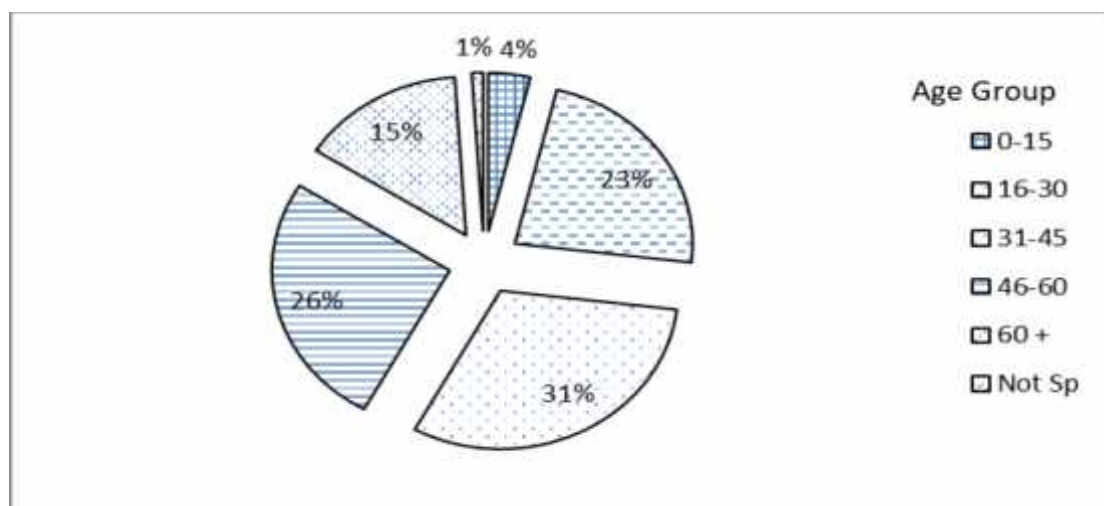
Year	Age Group						Total Arrivals
	0-15	16-30	31-45	46-60	61&over	Not Specified	
1993	15289 (5.2)	91947 (31.3)	96665 (32.9)	59768 (20.4)	29898 (10.2)	NA	293567
1994	20097 (6.2)	96016 (29.4)	106260 (32.5)	66174 (20.3)	37984 (11.6)	NA	326531
1995	22878 (6.3)	106603 (29.3)	120212 (33.1)	76647 (21.1)	37055 (10.2)	NA	363395
1996	22185 (5.6)	94924 (24.1)	116307 (29.5)	89751 (22.8)	70446 (17.9)	NA	393613
1997	23840 (5.7)	121286 (28.8)	126828 (30.1)	107111 (25.4)	42792 (10.1)	NA	421857
1998	26763 (5.8)	122103 (26.3)	151846 (32.7)	121190 (26.1)	41782 (9.0)	NA	463684
1999	30967 (6.3)	150307 (30.6)	155985 (31.7)	113314 (23.1)	40913 (8.3)	NA	491504
2000	19136 (4.1)	119816 (25.8)	148063 (31.9)	125140 (27.0)	51491 (11.1)	NA	463646
2001	14608 (4.0)	95801 (26.5)	115678 (32.0)	93621 (25.9)	41529 (11.5)	NA	361237
2002	12425 (4.5)	67774 (24.6)	99622 (36.2)	67017 (24.3)	28630 (10.4)	NA	275468
2003	16056 (4.7)	78357 (23.2)	99740 (29.5)	85753 (25.4)	58226 (17.2)	NA	338132
2004	38734 (10.1)	84125 (21.8)	128267 (33.3)	96920 (25.2)	37251 (9.7)	NA	385297
2005	30429 (8.1)	57115 (15.2)	114103 (30.4)	106007 (28.3)	67674 (18.0)	NA	375398
2006	37433 (9.8)	75626 (19.7)	123541 (32.2)	95260 (24.8)	52066 (13.6)	NA	383926
2007	38870 (7.4)	112879 (21.4)	164488 (31.2)	130756 (24.8)	69927 (13.3)	9785 (1.9)	526705
2008	42581 (8.5)	106596 (21.3)	150171 (30.0)	121387 (24.3)	60531 (12.1)	19011 (3.8)	500277
2009	84891 (16.6)	140805 (27.6)	141955 (27.8)	99197 (19.5)	39638 (7.8)	3470 (0.7)	509956
2010	41156 (6.8)	120395 (20.0)	189852 (31.5)	172800 (28.7)	64593 (10.7)	14071 (2.3)	602867
2011	32795 (4.5)	171081 (23.2)	212176 (28.8)	177983 (24.2)	82726 (11.2)	59454 (8.1)	73625
2012	35468 (4.4)	181558 (22.6)	231117 (28.8)	201835 (25.1)	109239 (13.6)	43875 (5.5)	803092
2013	46262 (5.9)	190630 (24.1)	237690 (30.1)	195416 (24.7)	115654 (14.6)	11964 (1.5)	797616
2014	50441 (6.4)	185685 (23.5)	235738 (29.8)	183582 (23.2)	106666 (13.5)	28007 (3.5)	790118
2015	19614 (3.6)	123444 (22.9)	157416 (29.2)	129614 (24.0)	74518 (13.8)	34365 (6.4)	538970
2016	29825 (4.0)	154960 (20.6)	218479 (29.0)	199139 (26.4)	130627 (17.3)	19972 (2.7)	753002
2017	35332 (3.8)	217143 (23.1)	292827 (31.1)	244342 (26.0)	141316 (15.0)	9258 (1.0)	940218

Note: Figures in parenthesis represent percentage of total.

Source: Nepal Tourism Statistics, 2017, Minister of Tourists and Civil Aviation, Govt. of Nepal, 2017.

The tourist arrival in Nepal varies by age groups; it reveals that 31-45 age groups of tourist have great interest to make tour to Nepal in 2016/17, than all the age groups of tourist. They love to be in Nepal. The second group that was found to be interested to make visit in Nepal are 46-60 age groups. Similarly, 16-30 years age group stands at the third position in regard to visit to Nepal. In the same way 61 and over of ages hold the fourth position in regard to visit in Nepal. Likewise, the fifth groups that visit Nepal were from 0-15 age groups. The data are collected from the Nepal Tourism Statistics 2011, although the rate of the visitors in Nepal greatly varies according to the situation, time and place. The data demonstrated in Nepal by different age group from 1990-2017 (Table 4).

Figure 4.4
Percentage of Tourist Arrival by Age Group



4.3.4 Tourist Arrival by Month

The place is visited by tourist if the place is wonderful and charming, not only this factor motivate people to visit other factor also play important role to be visited some of them are political condition, weather condition, security, mode of transport etc. Among them climatic or weather condition also plays crucial role to attract tourist, Nepal climatic condition is all-round good among them March, April, October and November is taken as the best season to travel which can be clearly explain with the help of Table 4.5.

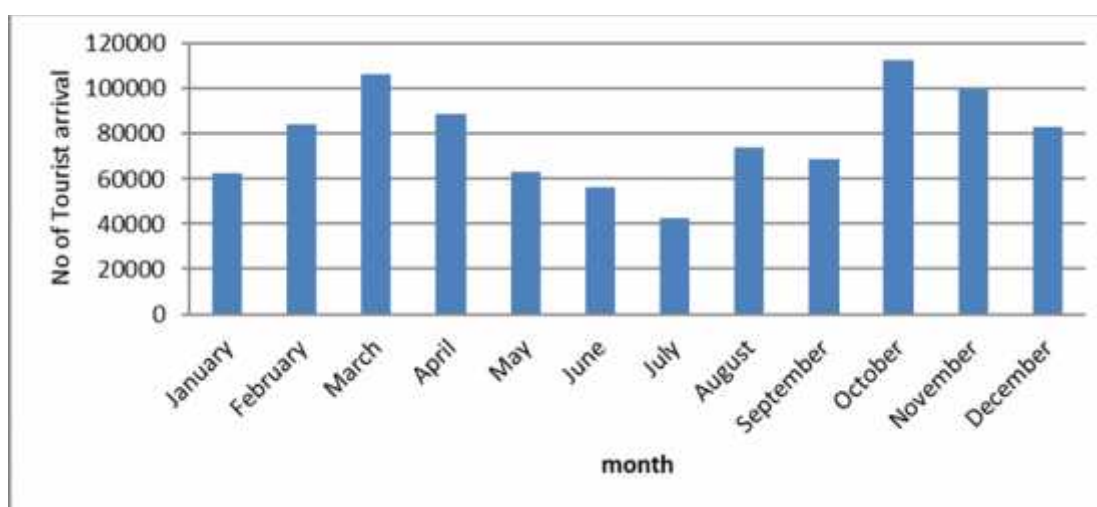
Table 4.5
Tourist Arrival by Month 2017

S.N.	Month	Number	Percentage
1	January	62632	6.66
2	February	84061	8.94
3	March	106291	11.30
4	April	88591	9.42
5	May	62773	6.68
6	June	55956	5.95
7	July	42240	4.50
8	August	73778	7.85
9	September	68634	7.30
10	October	112492	11.96
11	November	99804	10.62
12	December	82966	8.83
	Total	940218	100

Source: Nepal Tourism Statistics, 2017, MOCTCA

The months wise tourist arrival in shows that 11.96 percent in October the highest and 4.50 the least. The other months lie in between these two extreme points. The statistics shows March April October and November are four month in which tourist arrival is high. The main reason for high number of tourist during those months was due to favorable climatic condition.

Figure 4.5
Tourist arrivals by month wise in 2017



4.3.5 Tourist Arrival in Nepal by Major Nationality

Before going to visit any nation a person calculate his/her expenditure and measure the major theme of the study if both of them satisfies the visitors then they plan to visit but visa must be needed to visit the other nation which is a necessary condition. Thus, tourist visiting Nepal are more in number from India because of no visa system between the two country and the tourist visiting Nepal from other major nation is presented in the Table 4.6.

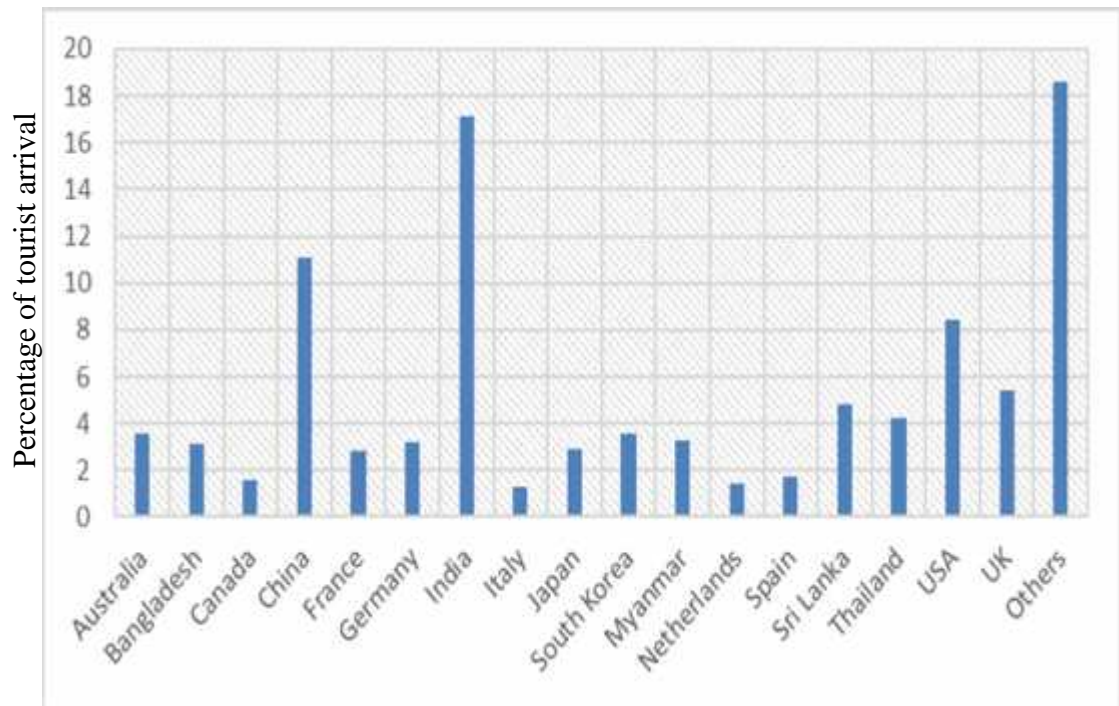
Table 4.6
Tourist Arrival in Nepal by Major Nationality 2007 -2017

Year \ Nationality	2008	2010	2013	2014	2015	2016	2017
Australia	13846	16243	20469	24516	14816	25507	33371
Bangladesh	-	-	22410	21851	14831	23440	29050
Canada	8132	9322	12132	11610	6495	12491	15105
China	35166	46360	113173	123805	64675	104005	104664
France	22402	24550	21842	24097	10885	20863	26140
Germany	18552	22583	22263	18028	12216	23812	29918
India	91177	120898	180974	135343	75124	118249	160832
Italy	7914	10226	9974	10347	3972	9911	11840
Japan	23383	23332	26694	25829	14465	22979	27326
South Korea	-	-	19714	23205	18112	25171	34301
Myanmar	-	-	-	-	-	25796	30852
Netherlands	10900	13471	10516	12320	4324	11453	13393
Spain	13851	13712	10412	13110	4307	12255	15953
Sri Lanka	37817	45531	32736	37546	43117	57521	45361
Thailand	-	-	40969	33422	32338	26722	39154
USA	30076	36425	47355	49830	53897	53645	79146
UK	33658	35091	35668	36759	204469	46295	51058
Others	136823	168590	78821	218639	171688	119245	174460
Total	500277	602867	797616	790118	538970	753002	940218

Source: Nepal Tourism Statistics, 2017, MOCTCA

Nepal is a popular tourist destination in the world. In Nepal, tourists come from different countries. In terms of nationality, the largest number of tourists coming to Nepal is from India and other major nationalities include UK, USA, Sri Lanka, Japan, Germany, France, etc. India has an increasing trend from 17.8 percent share in 2001 to 25.5 percent in 2003 and 2005. The highest share of 33.2 percent India nationalities were recorded in the year 1984. India is a major tourist generating market for Nepal. According to the latest data shows that about 18 to 20 percent of Indian tourists visit Nepal. It was 23.2 percent of Indian tourists visit Nepal in 2013 which was the highest record. Other major countries for Nepal among top nations are India (17.1 percent), China (11.1 percent), Sri Lanka (4.8 percent), USA (8.4 percent), UK (5.4 percent), Australia (3.55 percent), Thailand (4.2 percent), Myanmar (3.3 percent), Bangladesh (3.09 percent), Germany (3.2 percent), South Korea (3.6 percent), and Japan (2.9 percent).

Figure 4.6
Tourist arrival by major nationality



4.3.6 Tourist Arrival by Purpose of Visit

Number of tourist by purpose of visit is a major indicator for tourism sector output. This indicator is very useful for evaluation of characteristics, type and economic and social contributions made by tourists and to plan and manage infrastructure, services and market economy accordingly. It also shows inflow of high value of tourist. Historical data shows more than 50 percent of the tourist arrived with purpose of holiday celebration and pleasure. Though, few numbers of years have shown this group reduced. Year 2017 shows higher proportion (70 percent) visited Nepal for holiday and pleasure followed by pilgrimage (15 percent), adventure (8 percent), and other purpose (7 percent).

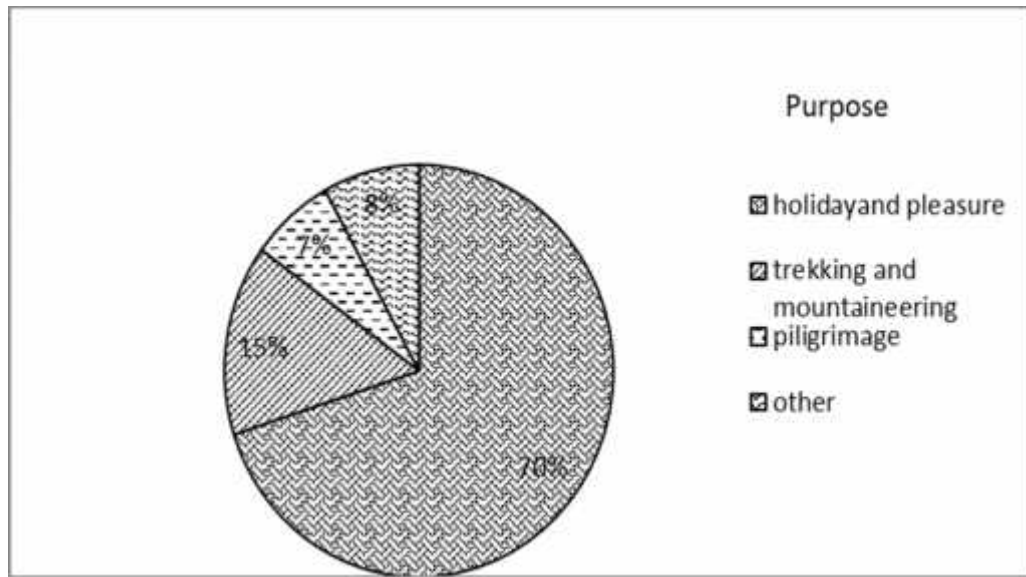
Table 4.7
Tourist Arrival by Purpose of Visit (1993-2017)

Purpose /Year	Holiday Pleasure	Trekking & Mount	Business	Pilgrimage	Official	Conv./ Conf.	Others	Total
1993	170279	69619	19495	10429	15812	5367	2566	293567
1996	209377	88945	25079	4802	20191	6054	39165	393613
1999	290862	107960	23813	19198	24132	5965	19574	491504
2002	110143	59279	16990	12366	17783	-	58907	275468
2005	160259	61488	21992	47621	16859	-	67179	375398
2008	148180	104822	23039	45091	43044	6938	99634	500277
2011	425721	86260	17859	63783	24054	10836	37311	736215
2014	395849	97185	24294	98765	32395	13432	53728	790118
2015	386065	9162	20876	14996	21479	9038	77354	538970
2016	489451	66490	24322	82830	21310	12801	55797	753002
2017	658153	75217	Na	141033	Na	Na	65815	940218

Source: Nepal Tourism Statistics, 2017, Ministry of Tourists and Civil Aviation, Govt. of Nepal, 2017.

Figure 4.7

Tourist arrival by major nationality



4.4 Contribution of Tourism on National Economy

Over the last decades, tourism has experienced continued growth and increased diversification, becoming one of the fastest growing sector in the world. The business volume of tourism today equal or even surpasses that of oil exports, food product or automobiles, offering millions of direct entry points in to the work force, particularly for youth and women, and a diversity of investment opportunities for young entrepreneurial talents. Tourism has become one of the major sector in internal trade at the same time representing one of the main income source for many developing countries. It is their only service sector with recorded surpluses in trade compared to the rest of the world.

Tourism sector is one of the driving tools in the national economy of Nepal. It is in its growing phase from the long time and just contributing 2 percent to national GDP, though its future is so high. This sector has provided 42,7000 direct employment and 945,000 indirect employment (WTTC). Of the total foreign exchange earnings, tourism sector is one of the leading sector contributing to FEE, which can be explain by the Table 4.8.

Table 4.8

Foreign Exchange Earnings from Tourism, 2000/01-2016/17

Fiscal Year	Total foreign exchange earnings from tourism (Rs. in million)	As percent of Total value of Merchandise Export	As percent of total value of export of goods and non-factor services	As percent of total foreign exchange earnings	As percent of GDP
2000/01	11717.0	16.8	11.8	5.8	2.7
2001/02	8654.3	14.9	10.6	4.8	1.9
2002/03	11747.7	23.1	15.2	6.1	2.4
2003/04	18147.4	32.9	20.3	8.2	3.4
2004/05	10464.0	17.5	12.2	4.7	1.8
2005/06	9556.0	15.5	10.9	3.6	1.5
2006/07	10125.0	16.5	10.8	3.8	1.4
2007/08	18653.0	30.1	17.9	5.6	2.3
2008/09	27960.0	40.0	22.8	6.5	2.8
2009/10	28139.0	44.5	24.6	6.0	2.4
2010/11	24611.0	35.8	20.2	4.9	1.8
2011/12	30703.8	37.7	20.0	4.5	1.8
2012/13	34210.6	39.8	18.9	4.5	2.0
2013/14	46374.9	45.9	20.5	4.7	2.4
2014/15	53428.8	54.4	21.6	4.9	2.5
2015/16	41765.4	55.8	19.6	3.7	1.9
2016/17	58526.9	71.3	24.3	4.5	2.3
2017/18*	33753.0	73.1	26.4	5.0	-

Note: *1st six month of FY 2017/18

Source: Nepal Tourism Statistics 2017, MOCTCA

Tourism sector is one of the driving tools in the national economy of Nepal. It is in its growing phase from the long time and just contributing 2 percent to national GDP, though its future is so high. This sector has provided 42,7000 direct employment and 945,000 indirect employment (WTTC). Of the total foreign exchange earnings, tourism sector is one of the leading sector contributing to FEE, which can be explain by the Table 4.8.

4.4.1 Foreign Exchange Earnings from Tourism

Foreign exchange earnings from tourism are an important source of economic development in Nepal. It is a matter of fact that tourism sector in Nepal is playing a vital role in receiving the foreign currency. Total foreign exchange earnings from tourism are fluctuated from Rs. 8654.3 million in 2001/02 to Rs.58526.9 million in 2016/17. The last three years data shows a good trend in earning foreign currency. The percentage of total value of merchandise export varies from 14.9 percent to 73.1

percent in 2001/01 and 2017/18 respectively. Similarly percentage of total value of exports of goods and non-factor services varies from 10.6 to 26.4. Likewise, percentage of total foreign exchange earnings from tourism varies from 3.6 percent to 8.2 percent and average value is 4.5 percent. The percentage share of foreign exchange earning to GDP is in stagnation phase almost of the year its value lies between 1.5 to 2.5 which is a measurable condition and has to be improve.

Figure 4.8
Foreign Exchange Earnings from Tourism



4.4.2 Gross Foreign Exchange Earnings, 2000-2017

The Table 4.9 shows the total earning from foreign, annual average exchange rate, percentage change in US\$, average expenditure per visitors US\$ and Average expenditure per visitors per day US\$.

Table 4.9
Gross Foreign Exchange Earnings, 2000-2017

Year	Total Earning			Percent change in US\$	Average expenditure per visitors US\$	Average Expenditure Per Visitors per Day US\$
	In Rs Million	Annual Average exchange rate	US\$ (Million)			
2000/01	11717		158.7		472.4	39.6
2001/02	8654.3		109.7	-30.9	512.0	64.8
2002/03	11747.7		151.0	37.6	765.9	79.1
2003/04	18147.4		245.9	62.9	609.8	45.1
2004/05	10463.8		145.2	-41.0	532.0	58.5
2005/06	9555.8		132.1	-9.0	561.0	55.0
2006/67	10125.3		143.6	8.7	535.0	45.0
2007/08	18653.1		286.9	99.7	860.3	73.0
2008/09	27959.8	77.14	363.7	26.8	798.9	70.6
2009/10	28138.6	72.88	377.5	3.8	578.6	45.7
2010/11	24640.7	74.33	340.4	-9.8	522.9	39.9
2011/12	30703.8	81.02	379.0	11.3	440.8	36.2
2012/13	34210.6	87.96	388.9	2.6	538.0	42.8
2013/14	46374.9	98.21	472.2	21.4	597.6	48.0
2014/15	53428.8	99.49	544.1	15.2	790.0	63.0
2015/16	41765.4	106.35	392.7	-27.8	902.4	68.6
2016/17	58526.9	107.58	510.0	40.3	695.0	52.0
2017/18	33753.0	102.96	327.8		680.4	54.0

Source: Nepal Tourism Statistics, 2017, MOCTCA

Foreign exchange earnings from tourism ranges from Rs.11717 million to Rs. 58526.9 million .Up to 2006 the earning becomes stable, it started to rise from the fiscal year 2007/08 but falls in the year 2015/16 due to devastating earthquake but its result cannot be seen long period so foreign exchange earnings increases again in 2016/17.The table also shows that exchange rate is continuously increasing i.e. devaluation of Nepali currency is very high due to continuous increase in import.

Average expenditure per visitors per day was lowest in the year 2011/12 and highest in the year 2015/16 i.e. 440.8 and 902.4 US\$ respectively and other values lies between them. Similarly average expenditure per visitors per day ranges from 36.2US\$ in 2011/12 to 79.1US\$ in 20020/03. At present it is about 60US\$.

Table 4.10
Regression Results

Model		B Coefficient	S.E.	T	sig	R ²	F	Sig at	D.W
1	Constant	-14654.462	6989.390	-2.097	0.053	0.715	37.69	0.000	0.67
		759.766	123.747	6.139	0.000				
2	Constant	104104.426	105231.939	989	0.339	0.897	122.16	0.000	1.572
		41.826	3.784	11.053	0.000				
3	Constant	0.222	0.274	0.810	0.421	0.784	54.48	0.000	0.732
		0.386	0.052	7.381	0.000				

The Table 4.10 shows the output of regression in model 1 i.e. ($FEE_T = a_1 + b_1 T.A.$), Pearson coefficient 0.845 which implies that there is positive correlation between foreign exchange earnings and tourist arrival. The value of R^2 is 0.715 implying that tourist arrival account 71.5 percent variation in foreign exchange earnings from tourism. The value of F-statistics is 37.690, whose tabulated value of F is 4.54 at 1 percent level of significance which indicates that R^2 is statistically significant. That is estimated equation is significant. Likewise slope of tourist arrival is 759.706 which implies that one thousand increase in tourist arrival increases the foreign exchange earnings by 759.706 million. The value of d-statistics is 0.673 for $n=17$ and $k=1$ Durbin Watson statistics $d_L=1.33$ & $d_U=1.381$ at 5 percent level of significance $d < d_L$ which shows there is no autocorrelation.

In model 2 i.e. ($GDP = a_2 + b_2 FEE_T$) the regression model was used in order to see the impact of foreign exchange earnings from tourism to GDP. The dependent variable GDP and the independent variable FEET. The Pearson's coefficient is 0.947 which implies that there is a positive correlation between dependent and independent variables. The value of R^2 is 0.890 implying that predictor foreign exchange earnings from tourism is 89percent variation in GDP. The value of F-statistics is 122.165 at which the critical value of F is 8.86 at 1percentlevel of significance which indicates that R^2 is statistically significant. That is the estimated equation is significant.

Likewise, the slope of foreign exchange earnings from tourism is 41.826 which indicate that there is positive relation between foreign exchange earnings from tourism and GDP. This implies that when foreign exchange earnings from tourism increased by one million GDP increased by 41.826 million. The value of d-statistics is 1.572 for $n=16$ and $k=1$, Durbin Watson statistics $d_L=1.106$ and $d_U=1.371$ at 5 percent level of significance since $d_U < d < 4-d_U$ so, there is statistically significant evidence of no autocorrelation.

Similarly in the model 3 i.e. ($RGDP=a_3+b_3RFEE$) dependent variable is rate of GDP and independent variable is rate of foreign exchange earnings from tourism. The Pearson coefficient is 0.885 which implies that there is positive correlation between dependent and independent variables. The value of R^2 is 0.784 implying that predictor rate of foreign exchange earnings from tourism accounts 78.4 percent variation in total GDP. The value of F-statistic is 54.477, whose critical value is 8.68 at 1 percent level of significance which indicates that R^2 is statistically significant, that is estimated equation is significant. Likewise, slope of rate of foreign exchange earnings from tourism is 38.6 percent, which indicates 1 percent increase in foreign exchange earnings from tourism increases the GDP by 38.6 percent. The value of d-statistics is 0.732 for $n=16$ & $k=1$, Durbin Watson statistics $d_L=1.067$ & $d_U=1.371$ at 5 percent level of significance. Since $d < d_L$ so, there is statistically significant evidence of no autocorrelation.

4.5 Tourist Arrival Before and After Earthquake

Tourist arrival is affected by different factors like cultural, social, political, environmental etc. Tourist arrival just takes its motion to rise after the peace talk held between government and the then maoist 2063 B.S. But, suddenly unexpected and devastating earthquake occurs affect the tourism sectors badly. With large efforts from governmental, non-governmental, national, and international level now it has able to meets its original position.

Table 4.11

Average of Tourist Arrival of Three Years by Month Wise before & After Earthquake 2015.

Months	Three Month Average Before earthquake	Three Month Average After earthquake	Change in Number
January	18949	47827	+28878
February	67577	67801	+224
March	85920	87307	+1387
April	71667	71511	-156
May	55236	42341	-12896
June	52986	37725	-15261
July	50184	37774	-12410
August	70613	59575	-11038
September	62010	60784	-1226
October	88932	86119	-2813
November	78321	77032	-1289
December	60523	66232	+5709

Source: Nepal Tourism Statistics, 2017, MOCTCA

Table 4.11 shows that there is no vast difference between tourist arrival before and after earthquake. In January numbers of tourist arrival were less in number before earthquake but after earthquake it rises by 28878. In February March April stagnation stage was seen just differ by one two thousand. But in May June July & August number of tourist arrival before earthquake were more in number than after earthquake by 12895, 15261, 12410, 11038 respectively. In the month September October November there is slightly more number of tourist visiting before earthquake than after earthquake. But in December number of tourist arrival were more in number after earthquake by 7709. Three years average shows that number of tourist arrival before earthquake were more in number than after earthquake by 158636 which shows that earthquake 2015 has negative impact on the number of tourist arrival.

4.6 Major Findings

- i. The tourist arrival in 1990 was 254,885 and has increased in very slow growth rate. The trend shows lowest arrival in 2002 with 275468. Trend of tourist arrival was increased order up to 2012 which declined there after year 2016 and 2017 seems remarkable improvement in tourist arrivals. Tourist arrivals increased by the number 214032 and 187216 in 2016 and 2017 respectively.
- ii. The time series data of 28 years shows that average of annual tourist arrival was 394.4 million tourists and annual growth rate was estimated as 12.874 thousand.
- iii. Numbers of tourist arrival by air transport are 75 percent to 80 percent while the numbers of tourist through land are 20 percent to 25 percent.
- iv. The data of tourist arrival by month shows that tourist arrivals is affect by month and are high number in the month March, April, October and November.
- v. The average number of male tourist visitors are about 55 percent and the female tourist are about 45 percent.
- vi. The age wise trend shows that 31 to 45, 46 to 60, 16 to 30 and 60 above respectively are the major age wise trend of tourist arrival in Nepal.
- vii. Many tourist visiting Nepal are mainly from India, China, Sri-Lanka, USA and UK.
- viii. The average length of stay of tourist was lowest in 2002 which was just 7.2 days and highest was 13.51 days in 2004 and in others years lies between them.
- ix. The main purpose of tourist visiting Nepal is for holiday and pleasure, trekking and mountaineering, pilgrimage, business and for convention/conference.
- x. It is found that one thousand increase in tourist arrival increases the foreign exchange earnings by 759.706 million.
- xi. Foreign exchange earnings from tourism increase by one million GDP increases by 41.826 million.
- xii. It is also found that one percent increase in foreign exchange earnings from tourism increases the GDP by 38.6 percent.

- xiii. The effect of tourist arrival by the earthquake is very sever in the year 2015 but its effect does not last long time and number of tourist arrival increases remarkably i.e. by 40 percent and 25 percent in the year 2016 and 2017.

CHAPTER –V

SUMMARY AND CONCLUSIONS

5.1 Summary

Nepal is known as an important tourist destination in the world with its natural wealth and cultural, religious and archaeological heritages. Since long tourism has provided to be an important and major source of foreign exchange earning to Nepal. Apart from this, it has been creating significant employment opportunities many other direct and indirect benefits have been generated for the country. Thus, tourism has played a significant role in Nepalese economy. Despite enormous tourism potentials, these have not been exploited properly due to limited air access, poor infrastructure and marketing strategy which have limited the number of visitors to the country.

The study attempted to get various empirical results using only secondary data. The required data are also obtained from various sources like Economic survey, Minister of Finance (MOF), Central Bureau of Statistics (CBS), Ministry of Cultural Tourism and Civil Aviation Fund (MOCTCA), Quarterly Economic Bulletin etc. In addition to those data and information were collected from different newspaper as well as published and unpublished documents of various research institutions. To analyze the data different tools and technique have been used. The simple mathematical tools and technique have been used. The simple mathematical tools like percentage, ratio, average and regression have been used to analyze the data. And the data have been presented by using simple method such as table, bar diagram, pie-chart, and line graph and trend line. In his study data from the year 1990 to 2017 has been used to show the trend and structure of tourist arrival in Nepal.

Tourist arrival in Nepal is in increasing trend that with the increase in one year tourist arrival increase by 19,306. The number of tourist arrival in 1990 was 254,885 and in 2000 it becomes 463,684 which has increases by 208,799 and in 2010 it becomes 602,867 increases by 139,183 but in 2017 it becomes 940,218 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 percent of tourist arrivals are male and remaining 45 percent 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 percent of tourist arrival through air service and remaining 20-25 percent 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. 11,717 million. It reached to 33,753 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 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 percent but it rises by 40 percent and 25 percent 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 percent variation in foreign exchange earnings from tourism. The slope of 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 percent 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 percent variation in rate of GDP. The slope of rate of FEE from tourism is 38.6 percent which indicates one percent increase in FEE from tourism increases the GDP by 38.6 percent.

5.2 Conclusions

Tourist arrival in Nepal is growing steadily, however her place in world tourism seems in lower position and even in comparison to the countries of the south Asia like India, Sri Lanka and Maldives. The foreign exchange earnings from tourism in Nepal; is also fluctuating day by day. Nepal is undertaking very limited tourism marketing activities in the country and out of the country while other countries in the world with limited resources are spending a huge amount of investment on aggressive marketing in their destinations. The government of Nepal has limited budget to spend on tourism sector which is inadequate to utilize tourism resources fully in the country. Nepal's natural attractions, physical, historical, cultural, monuments like temples, art treasures, festivals and wild life are the best attraction for foreign visitors. Nepal's Himalayas and their scenic beauty are also the prominent attractions to the visitors. Nepal has great prospects in tourism industry development. Higher percentage of tourist visit Nepal for entertainment. Due to the lack of physical infrastructure, lack of security, lack of quality hotels etc., the pace of tourism development in Nepal is very slow. Tourism, despite having a long history, has really appeared as the development from since the 1950s only, in Nepal. The trend of tourists visiting Nepal seems satisfactory; however, a rightful appropriation of potential resources to change the existing situation of the tourism industry shall be expedient.

Tourism industry has emerged as a sector that contributes a lot to the country by creating jobs and by reaching development to remote and far off areas that has turned out a corner stone in alleviating poverty. It plays an important role in economic and technological development of nations. It also serves to stimulate the development of basic infrastructure, contributes to the growth of domestic industries, attracts

foreign investment, facilitates the transfer of technology and information. Thus, to promote tourism sector and its contribution to socio-economic sector of the country, we need to utilize available resources properly and beneficially. For this, there is a need of dynamic and tourism friendly policy and joint effort of the government and the private sectors as well. Some tourism plan and institution both of private and public sector of the country are aware for the tourism development in the country launching the various plans and policies regulatory. Implying the tourism plan, policies and marketing strategies in the country government has given limited attention towards tourism marketing and promotional programs. Further lack of proper marketing strategies, lack of proper implementation of research based promotional activities and effective publicity of Nepal in potential segments in world market are the major challenges to attain the expected level of outcome from tourism. Although lack of sufficient resources allocation, lack of long term vision, comprehensive policies and programs, deficiency of other supportive things, lack of sufficient infrastructure development, lack of publicity for Nepal in international tourism market and lack of peace and security in the country it is seems difficult to achieve the goal of tourism.

Tourism industry can be a backbone for Nepalese economy. Nepal has higher potentialities to develop tourism industry which is suitable for socio-economic prosperity for the country.

5.3 Suggestions

For the sustain growth of tourism industry in Nepal, following suggestion are given on the basis of this study. This study basically concentrates on trend and structure of tourism arrival in Nepal from 1990 to 2017. The suggestion in related areas whose improvement is necessary in order to developed tourism in Nepal is as follows

- i. Tourism marketing should be done jointly by the government and the private sector to promote destination, promote products and to counter poor or bad publicity abroad whenever such cases happen. Such publicity has occurred on number of occasion. One sector should not wait or look at another sector to do

the job. Both these should join hands and promote Nepal on a continuous manner.

- ii. Generally in Nepal, tourists have been concentrating in some particular areas like, Pokhara, Chitwan, Khumbu (Everest) and Annapurna area and Kathmandu. There are various potential areas also viz. Jumla, Khaptad, Dolpa, Dhorpatan, Illam, Arun and Barun valley of Palpa etc., which might attract visitors. It is necessary to develop such new areas in different parts of the country. Similarly, the influx of international visitors should be managed in accordance with the receiving capacity of the area.
- iii. Due to the particular preference of various categories of visitors, Nepal should design conducive strategies and programmed to suit the interest of these specific categories by taking the specific characteristics viz. age, sex, nationality etc., of the visitors in order to provide higher level of satisfaction and to attract more visitors in the country.
- iv. Publicity should be made at international level through different popular international travel trade magazines, journals, and various other media in major originating markets.
- v. At present Tribhuvan International Airport (TIA) is only international airport of Nepal. Big aircrafts cannot come here so it does not seem to have made it financially attractive to international carriers to come to Nepal. There also seem to be limited feasibility for expansion of TIA. Likewise, present service and facilities also are limited at TIA. Therefore, an alternative international airport should be developed in the Terai region at a location which will be technically and economically sound and viable from market perspectives. This should help to enhance international connection and make Nepal a hub for international flights making it a noted tourist destination.
- vi. Still there are not sufficient hotels, lodges, restaurant, tourist guide, travel agency which are prerequisites for the development of tourism sector so they must be developed in sufficient number.
- vii. The concerned authorities have to try their best to establish political stability and help maintain the peaceful environment and provide security in the country which was violated in the period of political instability. The government should provide the security at reliable level by increasing the security forces in the tourist region as well as useable trekking routes.

APPENDIX A
Tourist Arrival by Major Nationalities, 2008-2017

Nationality	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Australia	13846	15461	16243	19824	22030	20469	24516	14816	25507	33371
Bangladesh	-	-	-	-	-	22410	21851	14831	23440	29060
Canada	8132	8965	9322	11404	13507	12132	11610	6495	12491	15105
China	35166	32272	46360	61917	71861	113173	123805	64675	104005	104664
France	2240 2	22154	24550	26720	28805	21842	24097	10885	20863	26140
Germany	18552	19246	22583	27472	30409	22263	18028	12216	23812	29918
India	91177	93884	120898	149504	165815	180974	135343	75124	118249	160832
Italy	7914	7982	10226	12621	14614	9974	10347	3972	9911	11840
Japan	23383	22445	23332	26283	28642	26694	25829	14465	22979	27326
South Korea	-	-	-	-	-	19714	23205	18112	25171	34301
Myanmar									25796	30852
Netherland	10900	11147	13471	16836	15445	10516	12320	4324	11453	13393
Spain	13851	13006	13712	16037	14549	10412	13110	4307	12255	15953
Sri Lanka	37817	36362	45531	59884	69476	32736	67546	43117	57521	45361
Thailand						40969	33422	32338	26722	39154
U.S.A.	30076	32043	36425	42875	48985	47355	49830	53897	53645	79146
U.K.	33658	35382	35091	39091	41294	35668	36759	204469	46295	51058
Other	136823	140574	168590	179158	214638	78821	218639	171688	119245	174460
Total	500277	509956	602867	736215	803092	797616	790118	538970	753002	940218

Source: Nepal Tourism Statistics 2017, MOCTCA

APPENDIX B

Tourist Arrival by Purpose of Visit

Purpose/Year	Holiday Pleasure	Trekking and Mount	Business	Pilgrimage	Official	Conv./Conf.	Other	Not specified	Total
1993	170279	69619	19495	10429	15812	5367	2566	-	293567
1994	168155	76865	23522	5475	20431	5361	26722	-	326531
1995	183207	84787	21829	5257	20090	5272	42953	-	363395
1996	209377	88945	25097	4802	20191	6054	39165	-	393613
1997	249360	91525	27409	4068	24106	5824	19565	-	421857
1998	261347	112644	24954	16164	22123	5181	21271	-	463684
1999	290862	107960	23813	19198	24132	5965	19574	-	491504
2000	255889	118780	29454	15801	20832	5599	17291	-	463646
2001	187022	100828	18528	13816	18727	0	22316	-	361237
2002	110143	59279	16990	12366	17783	0	58907	-	275468
2003	97904	65721	19387	21395	21967	0	111758	-	338132
2004	167262	69442	13948	45664	17088	0	71893	-	385297
2005	160259	61488	21992	47621	16859	0	67179	-	375398
2006	145802	66931	21066	59298	18063	0	72766	-	383926
2007	217815	101320	24487	52594	21670	8019	78644	22156	526705
2008	148180	104822	23039	45091	43044	6938	99634	29529	500277
2009	140992	132929	22758	51542	24518	9985	87134	40098	509956
2010	263938	70218	21377	101335	26374	9627	52347	57651	602867
2011	425721	86260	17859	63783	24054	10836	37311	70391	736215
2012	379627	105015	24785	109854	30460	13646	48540	91165	803092
2013	437891	97309	30309	40678	39881	15952	62214	73381	797616
2014	395849	97185	24494	98765	32395	13432	53728	74271	790118
2015	386065	9162	20876	14996	21479	9038	77354	-	538970
2016	489451	66490	24322	82830	21310	12801	55797	-	753002
2017	658153	75217	-	141033	-	-	65815	-	940218

Source: Nepal Tourism Statistics 2017, MOCTCA

APPENDIX C

Tourist Arrival by Month, 2012-2017

Year	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Total
2012	42055	55301	72882	53745	30140	30084	34837	57590	54654	79536	74603	51850	637277
2013	40296	58195	73434	53079	33295	28507	37666	57642	51912	77163	59630	45822	616642
2014	57062	58874	70008	67165	41979	30024	37567	51828	45807	72964	69143	52354	654775
2015	32633	51251	71573	56214	13746	13174	17901	31571	32351	51683	52542	39207	463846
2016	36563	54272	68595	50831	34332	26432	37497	54924	64143	81706	62304	63154	634753
2017	52085	72865	93562	73996	42762	35838	63585	59721	59719	101824	87890	67077	779386

Source: Nepal Tourism Statistics 2017, MOCTA

APPENDIX D

Overall Regression Result

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.846 ^a	.715	.696	8886.4708

a. Predictors: (Constant), number of tourist arrival in thousand

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.976E9	1	2.976E9	37.690	.000 ^a
	Residual	1.185E9	15	7.897E7		
	Total	4.161E9	16			

a. Predictors: (Constant), number of tourist arrival in thousand

b. Dependent Variable: Foreign Earning Exchange from Tourism in Million rupees

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-14654.462	6989.390		-2.097	.053
	number of tourist arrival in thousand	759.706	123.747	.846	6.139	.000

a. Dependent Variable: Foreign Earning Exchange from Tourism in million rupees

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.947 ^a	.897	.890	208922.847	1.572

a. Predictors: (Constant), Total foreign exchange earnings in million rupees

b. Dependent Variable: Gross Domestic Product in million rupees

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.332E12	1	5.332E12	122.165	.000 ^a
	Residual	6.111E11	14	4.365E10		
	Total	5.943E12	15			

a. Predictors: (Constant), Total foreign exchange earnings in million Rupees

b. Dependent Variable: Gross Domestic Product in million rupees

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		T	Sig.
		B	Std. Error	Beta			
1	(Constant)	104104.426	105231.939			.989	.339
	Total foreign exchange earnings in million	41.826	3.784	.947		11.053	.000

a. Dependent Variable: Gross Domestic Product in million Rupees

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.222	1	3.222	54.477	.000 ^a
	Residual	.887	15	.059		
	Total	4.109	16			

a. Predictors: (Constant), Rate of Foreign exchange earning

b. Dependent Variable: GDP growth rate

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.222	.274		.810	.431
	Rate of Foreign exchange earning	.386	.052	.885	7.381	.000

a. Dependent Variable: GDP growth rate

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