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Prospects of tourism in Nepalese economy

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ABSTRACT

This article examines some of the tourism indicators and the contribution of tourism to the Nepalese economy. The number of tourists' inflow through bus and air services and their percentages are discussed. Since 1985 to 2016 the contribution of tourism sector indicators such as the percentage of total foreign exchange earnings and its share in GDP, average expenditure per visitor and average expenditure per visitor per day are discussed with annual data for the period 2000/01 - 2015/16. Further, the duration of tourist's stay an annual growth rate of tourist, and percentage change of foreign exchange earnings in the yearly basis are discussed. The data on the number of tourist arrival, their duration of stay and the growth rate in percentage, from 1985 to 2016 and the contribution of the tourism sector to the national economy is presented from 2000/01. The significance is tested using a t-test. Further, this articles examines the prospects, and review of the literature, review of the tourism sector in the periodic plan, and some problems facing the tourism sector and some suggestion for the development of tourism sector. Nepal still is unable to recover its structures damaged by the earthquake of 2015, which has affected the tourist arrival in the country. Furthermore, the article describes the prospects for the tourism industry in Nepal with reference to its biodiversity and natural beauty.

Keywords— Tourism industry, Data, fluctuations, Structure, Heritages

Jel Classification: Z30, Z31, Z32, Z38.

1. INTRODUCTION TO NEPAL AND NEPALESE ECONOMY

Nepal is a landlocked country situated in South Asia. It is also known as the land of Mt. Everest and the birthplace of Lord Buddha. "Nepal occupies 0.03 percent and 0.3 percent of land area of World and Asia respectively. The country stretches from east to west with a mean length of 885 kilometers" (CBS, 2015:2).

Geographically, Nepal is divided into three ecological belts: the Northern Range – Mountains, the Mid Range – Hills and the Southern Range– Terai (flat land). In the northern range, the Himalayas from an unbroken mountain ranges which contain eight peaks higher than 8,000 meters, including World's highest peak Mt. Everest. The middle range is covered by gorgeous mountains, high peaks, hills, valleys, and lakes. The Capital City of Nepal, Kathmandu Valley lies in this region. Terai region is located on the bottom part of Nepal. It is usually known as the grain house of Nepal. The Federal Democratic State of Nepal is divided into seven States. Nepal is further divided into 744 local administrative bodies.

Nepal's overall economic activity has been encouraging in fiscal year 2016/17. Gross domestic product (GDP) at the basic price is estimated to grow by 6.94 percent (MoF, 2017). This growth rate is the highest since fiscal year 1993/1994.

2. ROLE OF THE TOURISM INDUSTRY IN NEPAL'S ECONOMY

The sources of foreign exchange earning in Nepal are a foreign trade, foreign employment, foreign loans and grants and the tourism industry. Regarding foreign trade, the export trade of Nepal is not sound and continuously losing its volume of export due to weak production scenario both in agriculture and non-agriculture sectors. Foreign employment is also not a reliable source of foreign exchange earning which is affected continuously due to the employment policy of respective countries. Some of the employees are compelled to return due to changes in employment policies and internal disorder of the respective countries. Further, the foreign loan is also not a reliable source of foreign exchange and Nepal has not fully utilized the foreign loan in productive channel what it has received. This is also the reason of increasing regular expenditure of the government as a welfare state after the re-establishment of democracy. Foreign grants either bilateral or multilateral are not properly utilized and they are also not a reliable source of foreign exchange. It depends on the diplomatic relation with the respective countries. On the other hand, more than 512 thousand economically active youth enter into the Nepalese labor market each year (MoF, 2016). In such a scenario, the tourism industry can be a viable sector for earning foreign exchange and employment generation. This sector can be

developed through internal activities. Income generated from tourism sector flows and circulates in the economy and boosts other activities and creates many rounds of income generation. Therefore, the role of tourism in economic growth and development remains distinct.

3. OBJECTIVES

The general objective of this article is to analyze the growth of the tourism sector in Nepal. The specific objectives are:

1. To assess the contribution of tourism to foreign exchange earnings and GDP.
2. To assess the trend of tourist arrival.
3. To review tourist sector development programmes in periodic plans.
4. To analyze the prospect of tourism in Nepal.
5. To discuss the problems faced by the tourism sector and suggest measures for future development.

4. METHODOLOGY

This research article is based on secondary data. The data sources are publications of Nepal Rastra Bank (NRB), the central bank of Nepal, Nepal Tourism Board (NTB), Central Bureau of Statistics (CBS) and Tourism Statistics of Ministry of Culture, Tourism and Civil Aviation 2016 and Economic Survey of the fiscal year 2017. For supporting the study, regarding tourist arrivals and share of the tourism sector in total foreign exchange earning and GDP, most data are taken from Nepal Tourism Statistics, 2016. Other sources are also used as per the requirement.

Regarding the methodology used for testing the significant difference in the number of arrival of tourist between 1985 to 2000 and 2001 to 2016 and total foreign exchange earnings from tourism sector during two different five years, before and after fiscal year 2010/11. The t-test is used for testing the significance of differences.

Further, a line graph is drawn to show the trends of tourists' arrival under the content. Similarly, the contribution of the tourism sector regarding the share of foreign exchange earning and GDP also presented in the tabular form to present some indicators of the tourism sector.

5. PROSPECTS OF TOURISM IN NEPAL

Nepal is one of the major touristic destinations of the World. Tourism is one of the important economic sectors of the Nepalese economy and also a largest industry that also influences the socio-cultural and economic life of the people. Tourism and associated activities have been a significant source of foreign currency and government revenue (Nepal Tourism Fact, 2016). Expansion of tourism sector increases the employment opportunities. The religious harmony among communities, linguistic and culturally diverse people and climatic variations attract visitors from around the world.

Nepal is a country with cultural diversity, snow-capped mountains, the unique beauty of nature and hospitable and tourist-friendly people. It is compared with Switzerland of Europe in terms of natural beauty. Similarly, Nepal is famous for its rich cultural heritage and history. Tourism can be an important economic activity for the rapid growth of the national economy. Nepal has inherent features like geographical diversity, unique natural beauty, immense bio-diversity etc. the northern part of the country is surrounded by World's highest mountains like Mt. Everest (World's Highest Peak), Kanchanjunga, Annapurna, Machhapuchhre, Manaslu, Dhaulagiri and so on. Nepal has eight of the ten world's highest peaks.

There are altogether 6000 rivers including rivulets and tributaries (CBS, 2015), and some other waterfalls and lakes. The rare animals and birds are also the attractions of the country. It has a variety of flora and fauna. The mountain region of the country is covered with green hills which are considered as a natural park. It has lush green Terai belt, terraced farmland, and fast flowing white water rivers originating from the mountain. Nepal is a very rich country in terms of natural resource and bio-diversity. Further, it is a country of decorated temples. The important pilgrim like Muktinath, Pashupatinath, Gosaikunda, Guheswori, Swayambhunath, Krishna temples is famous here. These temples are attractive to the persons interested to observe and study history and culture. Besides, these temples display the unique quality of Nepalese art and craftsmen. Nepal is considered as a center of excellence in learning the ancient craft. Similarly, Lumbini is famous for religious tourist which is the birthplace of Gautam Buddha, the Light of Asia. Nepal is known as the birthplace of brave Gorkhalis. The bravery of Gorkhali soldiers is world famous.

The climate of Nepal is suitable for tourists from across the Globe. The climate here is neither too hot nor too cold. Nepal has a different climate in different parts of the country due to differences in altitude. The climate in mountain regions is cold; it is medium in hills and hot in Terai. Overall, the climate is healthy in major touristic areas.

Nepal is rich in biodiversity. The tourists can observe rare birds and animals of Nepal. Several wildlife sanctuaries have been developed to preserve the wild animals and birds. Nepal is called the home of snowman called 'Yeti'.

The country has a feature of cultural tolerance; people are hospitable. It is relatively a peaceful country. There is no communal war. People take tourists as guests and guests are regarded as God in Nepalese Culture. There is no insecurity for tourists.

Nepal is an easy tourist destination from the viewpoint of travel cost as well. The cost of living is very low as compared to other countries. So it is suitable to place for tourists having different economic status. The Nepalese currency is very cheap in terms of its foreign exchange. One dollar has a purchasing power of more than a hundred rupees.

Nepal offers varieties of activities for tourism. Mountaineering, trekking, rafting, hot air ballooning and gliding, bungee jumping, bird watching, jungle safari are some of the popular recreational activities.

Air service has an important role in tourism development. To meet the ambitious target of tourist arrival, a number of flights has to be increased remarkably due to its weak road connectivity especially with China whose tourist arrival is (13.8 percent) which is

the second largest country sending tourist after India (15.7 percent) of the total tourist arrival in 2016 (MoF 2017). Similarly, international and domestic airport have to be upgraded. The government of Nepal has identified these issues and keeping efforts for the development in air services.

Out of 56 airports in Nepal 32 airports are in operation. Twenty-six airports run in all seasons. Six airports are under construction and 18 areas non -functions. The number of countries having civil aviation contract has reached 38. There are 19 airlines for a domestic flight (Tourism statistics 2016). Therefore, the tourism industry has been an industry of comparative cost advantages and it has contributed largely to income generation through foreign exchange earning as well as to cover the deficit in the balance of trade and payment.

6. REVIEW OF TOURISM SECTOR DEVELOPMENT UNDER PERIODIC PLANS AND ACHIEVEMENTS

The importance of tourism was first realized in 1959 with the establishment of the Department of Tourism Development Board (TDB). During the first five year plan (1956-1961) Nepal Industrial Development Corporation (NIDC) was established and it started to provide a loan to the development of hotel and travel agencies. During the second third-year plan (1962-65) establishment of modern hotels and tourism Act was brought into operation. It was only during the Third five year Plan (1965-70), other modern hotels, travel agencies, training for guides and development of touristic areas such as Kakani and Nagarkot were developed and the establishment of hotel and extension of aviation facilities were emphasized. The Fourth Plan (1970-75) envisaged to enlarge the scope of tourism with trade as an important source of increasing national income and foreign exchange earnings, but adequate and clearly formulated policies were not brought out. Tourism Master Plan (1972) provided comprehensive guidelines for developing the tourism sector in Nepal.

The Fifth five year Plan (1975-80) focused on the preservation of historical, cultural and natural attraction of the country to promote tourism and spread tourism to other parts of the country outside Kathmandu. Similarly, activities regarding hotel training and distribution of 1.6 million tourism informative books at the international level were made. The Sixth Plan (1980-85) was targeted to increase foreign exchange earnings to improve the balance of payment and the second tourism sector master plan was prepared with the assistance of the European community. The Seventh Plan (1985-90) emphasized in foreign exchange earnings, the creation of more employment opportunities, and diversification of tourism activities. Further, activities regarding regular air services were made and developed trekking route. The Eighth Plan (1992-97) also emphasized the promotion of environmental, historical and cultural assets and sought to develop linkage tourism with other sectors of the economy. A liberal sky policy had been adopted to attract more tourists and development of tourism study and researches were made regarding tourism development. The Ninth Plan (1997-2002) emphasized the development of tourism in an integrated and coordinated manner along with other sectors of the economy, identifying it as a new potential economic sector requiring long-term vision. "Visit Nepal Year 1998" was launched as a national campaign for the first time to develop the tourism sector. It played a crucial role to generate awareness on tourism, drawing attention and local investment in tourism-related areas, bringing new tourism destinations, promoting tourism contacts worldwide and re-establishing Nepal's tourism image in the world.

A Memorandum of Understanding between Nepal and China was signed on 26 November 2001 to facilitate the visit of Chinese citizen to Nepal. Nepal became the first nation in South Asia to receive the Approved Destination Status by China in process of promoting tourism in South Asia. (MOF, 2002).

Visa system has been amended by introducing two types of Single Entry and Multiple Entry in lieu of the existing three types of visa. The charges for single and multiple entry visas have been fixed at the US \$ 30 and the US \$ 50 respectively and duration of multiple entry visa has been extended to five months. (MoF, 2002).

During the Tenth Plan, (2002-07) infrastructure were added in the hilly and busiest local airport with the help of the international donor agencies. Similarly, improvements in runways, the addition of more equipment, improvement of the standard of Tribhuvan International Airport, expansion of parking area and terminal buildings, strengthening of the fire extinguishing services among other were achieved during the plan period. The plan had the objective of bringing 516,000 tourists but 383,926 tourists visited Nepal.

Since the Three Year Interim Plan (2007/08- 2009/10) was launched in 2007, with the objective of producing international standard human resources introducing courses in Bachelors in Hotel Management and Bachelors in Travel and Tourism Management. Academy of Tourism and Hotel Management and Mountain Academy Nepal of international standard has been established.

The aim of the Three Year Plan (2010/11-2012/13) was to establish Nepal a major tourist destination in the world, and for this intensive and coordinated efforts were made in tourism development by expanding tourism industry to the local level of the country. Similarly, it is expected to earn more foreign currency and generate employment opportunities from tourism development by introducing Nepal as a 'naturally beautiful country'.

In Thirteenth Three Year Plan (2013/14-2015/16), the main strategy was to develop sustainable tourism through providing quality service to the tourists.

Fourteenth Plan (2016/17 – 2018/19) is formulated with the following objectives:

1. To raise the income level of the people by attracting tourist arrival remarkably.
2. To develop and diverse tourist destinations and products.
3. To promote and marketization of major tourism product of Nepal.

Nepal has set an ambitious vision 2020 with a target to bring 2 million tourists and create employment opportunity to 1 million people by 2020 by developing Nepal as an attractive, recreational and safe tourist destinations in the world by preserving and promoting natural, cultural, biological, as well as man-made heritages of Nepal (MOF, 2016).

7. LITERATURE REVIEW

Some research literature is presented with reference to Nepal and global perspective. The native literature is locally based while global literature is a broad perspective. The economic aspects of tourism is of multidimensional which is closely related to balance of payment, supply, demand, direct impact, economic impact, employment, exports and imports, income elasticity, indirect impact, inflation and pressure, leakage, multipliers, optimizations, price elasticity and inelasticity, tax revenue, tourism satellite account. This economic approach is helpful in providing a framework for analyzing tourism and its contribution to an economy.

John B. McDonald (1978) conducted a study on tourism in Phewa Lake catchment area which concludes that natural originality of this area has been disturbed due to unplanned land use, unsystematic development of building and dwelling in the Pokhara city. He also suggested preserving the natural beauty of the region for promoting tourism in the area.

Development Research and Coordination Group (1981) has identified that the expenditure on food items was inelastic whereas that of travel and lodging were elastic. Their study also determines that the tourism has provided employment for about 2.1 percent employees from the total employment in the country.

Nepal Rastra Bank (1989) conducted a study on the topic 'Income and Employment Generation from Tourism in Nepal' which states that tourism and related industries have earned Rs. 2789.3 million in 1987/88 of which 92.7 percent has been earned by industries such as hotels, travel agencies, trekking agencies and airlines services. The study estimated that tourism has provided employment for 11176 persons among which constitute basic level manpower (61.7%), middle level (29.2%) and top-level only (9.1%).

After the development of livelihood approach in the 1990s, tourism is regarded as a means of livelihood. Gilbert (1990; in Hunter and Green, 1995:3) suggests that the difficulty of definition arises from the very broad nature of both tourism as a concept and of the service inputs involved in satisfying tourism demands and needs. Stanley (1993) has examined the tourism development in Everest region and changing livelihood of Sherpa of the region. Stevens (1997) has discussed the linkage of the tourism development in the conservation and local development in the Annapurna region.

Amatya (1998) studied for the Center for Economic Development and Administration (CEDA) and found that the Bed Occupancy rate of the hotels in Pokhara had been 39.3 percent. The hotels had earned just an average US Dollars 4.01 from each tourist visitors in the year 1997. The study has also reported that 64.3 percent of the hotel owners expressed dissatisfaction over Government policy as ineffective and 12.5 percent of the hotels reported loss by their business. They reported various problems for tourism by focusing environmental degradation to uncontrolled pollution and negligence of the relevant parties, poor transportation facilities, poor infrastructure regarding water supply, irregular electricity supply, lack of public awareness causing tourism harassment and inconveniences and poor implementation of Government policies and programs. Gurung (1998), focuses on the environmental problems of the tourism sector. Forest depletion and pollution due to tourism activities in damaging effects natural habitats. Littering, although not so dangerous to health, is very visually intrusive. Furthermore, he has given emphasis regarding other problems of over-commercialization of art and culture due to tourism. One of the positive aspects, he has presented the data on employment generation in mountain areas in the estimated range of 536,935 to 1,115,345.

Sharma (1998), highlights sustainability as one of the major issues in tourism sectors. He has focused on the exploitation of environmental resources and environmental pollution and lack of linkage with the productive system and retention of benefits from tourists' areas, a high degree of seasonal characters, negative socio-cultural impacts, and the problem of policies and institutional development.

Tourism is the temporary movement of the people to destinations outside their normal place of residence and work, the activities were undertaken during their stay in those destinations, and facilities provided to their needs. According to Goeldner et al. (2000: 14), "tourism is a composite activity, services, and industries that delivers experience: transportation, accommodation, eating and drinking establishment, shops; entertainment, activity facilities, and other hospitality services available for individuals or groups that are traveling away from home". Thus tourism is the study of the people outside of their usual residence.

Nowadays tourism is being christened as "3G" industry (get them in, get their money and get them out). It is considered as "clean" industry, "smokeless" industry, "invisible" industry, "vacation" industry, "fickle" industry, "seasonal" industry, "people" industry, "decentralized" industry, "service" industry, "industry" of industries, "hospitality" industry, "leisure" industry, "single" industry, "peace" industry and so on (Kunwar, 2012).

The change in livelihood strategy of the people of the mountain area has been a common phenomenon and it has been so visible with a development of tourism in Annapurna region (Subedi and Chapagain 2011; Chapagain 2016).

Nepal's share in receiving total tourist flow in the world as a whole and within the South Asian Region has remained very low. Similarly, the share of Nepal in tourism sector earning is so low of the total earning of the South Asian Region. Nepal's share in world tourism market is about 0.40 percent and the lowest per capita tourist earning in South Asia (<http://www.travelbiznews.com/news/features-destinations/item/130-nepal-and-international-tourism> (Tiwari, Ramesh, nd)). The main reasons behind such a situation are improper planning, low concern about sustainability and very poor marketing policy.

8. TOURIST ARRIVAL DATA AND CONTRIBUTION OF TOURISM

The contribution tourism sector in terms of foreign exchange earnings to GDP till mid-January 2015 was 2.6 percent and till mid-January 2016, it was 2.9 percent (MOF, 2016). Of the total number of tourists visiting Nepal during 2015 by their purpose, 71.63 percent came for holiday/pleasure while 1.7 percent for trekking and mountaineering, 2.78 percent for pilgrimage, 3.87 percent for business, 3.99 percent for official purpose 1.68 percent for conv./conf and 14.35 percent for other proposes (Table 2, Appendix). Table 1 in the appendix shows that the annual growth rate of tourist arrival was 2.5 in 1985 while there is an increment of 20.9 percentage point in 1986 compared to 1985. The highest annual growth rate (53.7 percent) was observed in 1989. The year between 1990 and 2000, the highest growth rate (15.0 percent) was in 1991 and it was negative growth (-5.7 percent) in 2000. Another remarkable growth rate (37.2 percent) is found in the year 2007. After one year in 2008, it was again negative- 5.0 percent (growth). In 2016, the growth rate (40 percent) is the highest since 1985. This can be considered as a good symbol to expand the tourism industry. Regarding the average length of stay, it was 11.30 days in 1985 and it remained more or less stable till 1990. Then it decreased in 1991 and increased gradually in 1995 and 1996. It is about equal in 1996 and 2004 which is 13.51.

Overall, the highest negative growth rate was observed in 2015 and then in 2001 and 2002 while the highest growth was found in 2016. The reason behind such fluctuations in 2015 was due to the cause of the devastating earthquake. The highly negative growth was observed in 2001 and 2002. The t-test shows that there are significant differences in the arrival of tourists from 1985 to 2000 and then 2001 to 2016. The number of tourists is shown in the vertical axis while time in the year is shown horizontal axis.

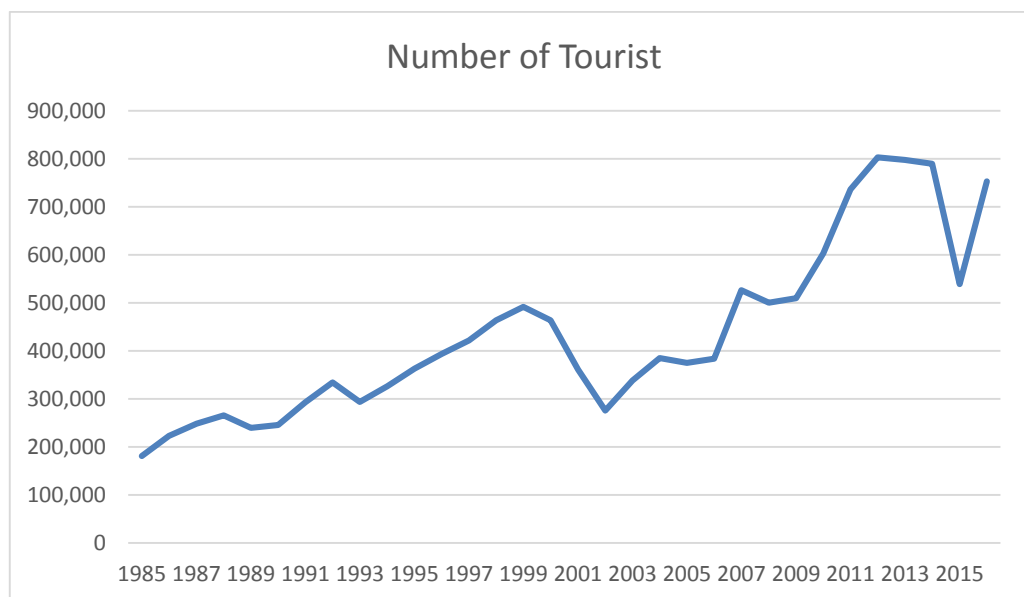


Fig. 1: Line graph showing tourist arrival

Table 3 in Appendix shows data on foreign exchange earnings from tourism and percentage share in GDP. The total foreign exchange earning in terms of Nepalese rupees from tourism is highest in fiscal year 2014/15 and the lowest in 2001/02. The percentage share of foreign exchange earning in GDP is highest in fiscal year 2003/04 while it is lowest in fiscal year 2005/06.

The total foreign exchange earning from tourism has a fluctuating trend till fiscal year 2006/07 while this trend is continuously increasing till fiscal year 2014/15 except that of fiscal year 2010/11. In fiscal year 2015/16 foreign exchange earning has decreased. In fiscal year 2014/15, total foreign exchange earning has decreased where the impact is easily known which the negative message of earthquake 2015 is. The percentage share of tourism on GDP was 2.7 in fiscal year 2000/01. While this share was 2.8 in 2008/09 which is also highest among the 16 fiscal years (2000/01-2015/16), and it was only 1.9 in fiscal year 2015/16. The average expenditure per tourist during his/her total stay and per day is also in a fluctuating trend. However, both these figure are highest in the fiscal year, 2015/16.

The highest growth rate was observed in fiscal year 2007/08. There was a remarkable increment in fiscal year 2002/03 and 2003/04. This is due to the reason that the then government of Nepal opened up additional mountains effective from March 1st 2002 to promote mountain tourism and in course of opening of protected areas of Nepal, six tourist destinations in Taplejung, Sankhuwasabha, Solukhumbu, Manag, Humla, and Darchula have been opened up in the primary stage. Similarly, a memorandum of understanding between Nepal and China was signed and the visa system was amended. There was no positive growth rate in fiscal year 2004/05 and 2005/06 and there was no any specific program to promote tourism during these years. After fiscal year 2005/06, there was positive and even highest growth rate till fiscal year 2009/10. The reason behind it was an improvement in security situation through the increment of tourist police. Branding Nepal by “Naturally Nepal: Once is not enough” has been completed also in one of the biggest International Tourism Expo held in Germany. Furthermore, honored to the female Mountaineers were honored. Similarly, protection of Gorkha Palace, building construction of Cultural Corporation under which included the building construction of National Dance House, Shopping Complex and to promote national cultures to the development of artists training, music festival drama competition, cultural grand gala and to the development of songs, music, and dances. And after 2011, there was some increment in foreign exchange inflow which is seen till fiscal year 2014/15. Finally, there was a negative growth rate in fiscal year 2015/16 which is due to the earthquake. Nepal Tourism Year 2011 seemed more

effective for the growth of earning foreign exchange. Highest percentage growth rate was observed in fiscal year 2007/08 and then 2008/09. The average percentage share of tourism to GDP is 2.3 before 2011 and 2.1 after 2011. Average expenditure is increasing which is due to rise in price. There is also a significant difference before and after the tourism year 2011 in total foreign exchange earnings.

9. ENTERPRISE AND EMPLOYMENT SCENARIO

There is no actual data regarding employment. However, there are some tourism-related enterprises that have generated some employment opportunities. There are 120-star level hotels and 985 nonstar level hotels in 2016. Similarly, there are 3444 travel agencies, 2367 trekking agencies, 3717 tourist guides and 13049 trekking guides at the same year (Table 4 in the appendix).

10. PROBLEMS

The development of the tourism sector is far below compared to the natural beauty of Nepal. The average stay and spending of the tourist has not increased remarkably. Due to the lack of adequate infrastructure such as proper transport and communication facilities in remote areas, there is a lack of tourism activities. This is the reason why tourism activities are limited in a limited to specific tourist destinations. Shortage of standard hotels, lodges, travel agencies and guides are also the problems facing the tourism sector. Tourism infrastructures are concentrated in central and western development regions. Well trained manpower is essential to provide quality services to the tourist. Limited trained manpower is producing from some institutions which are insufficient. Problems of solid waste management, noise, water pollution, environmental degradation are some of the major problems.

In addition to environmental pollution, safety in mountain tourism is another problem. Tourist face health hazards in course of mountaineering. The increasing trend of deforestation is also one of the causes of environmental degradation. Unmanaged industrial establishment and urbanization caused water, air, and land pollution. The conscious tourists do not like to visit dirty city areas. The exact calculation of contribution of the tourism sector in the economy through the development of a Tourism Satellite Account (TSA) system to calculate tourism related major indicators has remained a problem.

11. CONCLUSION

Developing, expanding and increasing the quality of tourism services in Nepal is challenging. The country should have regular, reliable and comfortable international air service. Similarly, the regional airports should be developed to expand the tourism activities in different regions of the country. Nepal should take benefit of the increasing global tourism market through the protection, promotion and sustainable management of its natural, historical, religious, cultural and archeological heritage which are located different parts of the country with the participation of newly elected local bodies, communities, and the private sector. For developing and expanding Nepal's tourism sector, unique biodiversity and natural heritage originating in specific topographic and historic, religious and cultural heritage should be identified clearly, protected and promoted. This sector should be diversified and expanded in order to concentrate its benefits to semi-urban and rural areas. New tourism sites and trekking routes should be identified and required infrastructure should be developed to attract more tourist in the country.

The trained manpower of different level is essential for providing quality services to tourists. It will be helpful to reduce the problem of lack of managerial capacity. Tourism sector should be developed as an employment and income generating industry. Nepal, as an attractive tourist destination, has not still been well popularized in the global sector. The efforts of the government to activate the Nepalese embassies for this purpose should be activated. The inflow trend of tourists is not radically reduced except in 2015 when there was a devastating earthquake. Nepal can develop tourism sector rapidly by restructuring its damaged heritages as soon as possible and finding new touristic destinations which are yet to be made popular. The latest data show that 65 percent of total tourist inflow is for holiday pleasure and then 8.83 percent for trekking and mountaineering. This fact indicates that Nepal is a suitable destination for recreation. Further, there is an urgent need to rebuild and re-brand the image of tourism, and strong efforts and resources will be required to develop the tourism sector as per the requirement of the twenty-first century. There is an improvement in the tourist inflow after 2000 than before which is shown by the significant difference of the t-test.

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APPENDIX**Table 1: Number of tourist arrival average duration and growth rate**

Year	Number of Tourist	A tourist from air service	Percent	Tourist arrival from bus services	Percent	Estimated Average duration per Tourist (in the day)	The annual growth rate of tourist (in percent)
1985	180,989	151,870	83.9	29,119	16.1	11.30	2.5
1986	223,331	182,745	81.8	40,586	18.2	11.16	23.4
1987	248080	205611	82.9	42469	17.7	11.98	11.1
1988	265943	234945	88.3	30998	11.1	12.00	7.2
1989	239945	207907	86.6	32038	13.4	12.00	-9.7
1990	245885	226421	88.8	28464	11.2	12.00	6.2
1991	292995	267932	91.4	25063	8.6	9.25	15.0
1992	334353	300496	89.9	33857	10.1	10.14	14.1
1993	293567	254140	86.6	39427	13.4	11.94	-12.2
1994	326531	289381	88.6	37150	11.4	10.00	11.2
1995	363395	325035	89.4	38360	10.6	11.27	11.3
1996	393613	343246	87.2	50367	12.8	13.50	8.3
1997	421857	371145	88.0	50712	12.0	10.49	7.2
1998	463684	398008	85.8	65676	14.2	10.76	9.9
1999	491504	421243	85.7	70261	14.3	12.28	6.0
2000	463646	376914	81.3	86732	18.7	11.88	-5.7
2001	361237	299514	82.9	61723	17.1	11.93	-22.1
2002	275468	281660	79.4	56808	20.6	7.92	-23.7
2003	338132	275438	81.5	62694	18.5	9.60	22.7
2004	385297	297335	77.2	87962	22.8	13.51	13.9
2005	375398	277346	73.9	98052	26.1	9.09	-2.6
2006	383926	283819	73.9	100107	26.1	10.20	2.30
2007	526705	360713	68.5	165992	31.5	11.96	37.20
2008	500277	374661	74.9	125616	25.1	11.78	-5.00
2009	509956	379322	74.4	130634	25.6	11.32	1.90
2010	602867	448800	74.4	156067	25.6	12.67	18.21
2011	736215	545221	74.1	190994	25.9	13.12	22.10
2012	803092	598258	74.5	204834	25.5	12.87	9.08
2013	797616	594848	74.6	202768	25.4	12.51	-0.70
2014	790118	585981	74.2	204137	25.8	12.44	-0.94
2015	538970	407412	75.6	131558	24.4	13.16	-32.00
2016	753002	572563	76	180439	24	13.40	40.00

Source: Nepal Rastra Bank (Quoted from Nepal Tourism Statistics, 2016, Published by Ministry of Culture, Tourism & Civil Aviation).

Table 2: Tourist arrival by purpose of visit, 1993-2016

Year	Holiday Pleasure	Trekking & mountaineering	Business	Pilgrimage	Official	Conv./Conf.	Others	Not Specified	Total
1993	170,279 (58.0)	69,619 (23.7)	19,495 (6.6)	10,429 (3.6)	15,812 (5.4)	5,367 (1.8)	2,566 (0.9)		293,567 (100.0)
1994	168,155 (51.5)	76,865 (23.5)	23,522 (7.2)	5,475 (1.7)	20,431 (6.3)	5,361 (1.6)	26,722 (8.2)	-	326,531 (100.0)
1995	183,207 (50.4)	84,787 (23.3)	21,829 (6.0)	5,257 (1.4)	20,090 (5.5)	5,272 (1.5)	42,953 (11.8)	-	363,395 (100.0)
1996	209,377 (53.2)	88,945 (22.6)	25,079 (6.4)	4,802 (1.2)	20,191 (5.1)	6,054 (1.5)	39,165 (10.0)	-	393,613 (100.0)
1997	249,360 (59.1)	91,525 (21.7)	27,409 (6.5)	4,068 (1.0)	24,106 (5.7)	5,824 (1.4)	19,565 (4.6)	-	421,857 (100.0)

1998	261,347 (56.4)	112,644 (24.3)	24,954 (5.4)	16,164 (3.5)	22,123 (4.8)	5,181 (1.1)	21,271 (4.6)	-	463,684 (100.0)
1999	290,862 (59.2)	107,960 (22.0)	23,813 (4.8)	19,198 (3.9)	24,132 (4.9)	5,965 (1.2)	19,574 (4.0)	-	491,504 (100.0)
2000	255,889 (55.2)	118,780 (25.6)	29,454 (6.4)	15,801 (3.4)	20,832 (4.5)	5,599 (1.2)	17,291 (3.7)	-	463,646 (100.0)
2001	187,022 (51.8)	100,828 (27.9)	18,528 (5.1)	13,816 (3.8)	18,727 (5.2)	0 (0.0)	22,316 (6.2)	-	361,237 (100.0)
2002	110,143 (40.0)	59,279 (21.5)	16,990 (6.2)	12,366 (4.5)	17,783 (6.5)	0 (0.0)	58,907 (21.4)	-	275,468 (100.0)
2003	97,904 (29.0)	65,721 (19.4)	19,387 (5.7)	21,395 (6.3)	21,967 (6.5)	0 (0.0)	111,758 (33.1)	-	338,132 (100.0)
2004	167,262 (43.4)	69,442 (18.0)	13,948 (3.6)	45,664 (11.9)	17,088 (4.4)	0 (0.0)	71,893 (18.7)	-	385,297 (100.0)
2005	160,259 (42.7)	61,488 (16.4)	21,992 (5.9)	47,621 (12.7)	16,859 (4.5)	0 (0.0)	67,179 (17.9)		375,398 (100.0)
2006	145,802 (27.7)	66,931 (12.7)	21,066 (4.0)	59,298 (11.3)	18,063 (3.4)	0 (0.0)	72,766 (13.8)	-	383,926 (100.0)
2007	217,815 (41.4)	101,320 (19.2)	24,487 (4.6)	52,594 (10.0)	21,670 (4.1)	8,019 (1.5)	78,644 (14.9)	22,156 (4.2)	526,705 (100.0)
2008	148,180 (29.6)	104,822 (21.0)	23,039 (4.6)	45,091 (9.0)	43,044 (8.6)	6,938 (1.4)	99,634 (19.9)	29,529 (5.9)	500,277 (100.0)
2009	140,992 (27.6)	132,929 (26.1)	22,758 (4.5)	51,542 (10.1)	24,518 (4.8)	9,985 (2.0)	87,134 (17.1)	40,098 (7.9)	509,956 (100.0)
2010	263,938 (43.8)	70,218 (11.6)	21,377 (3.5)	101,335 (16.8)	26,374 (4.4)	9,627 (1.6)	52,347 (8.7)	57,651 (9.6)	602,867 (100.0)
2011	425,721 (57.8)	86,260 (11.7)	17,859 (2.4)	63,783 (8.7)	24,054 (3.3)	10,836 (1.5)	37,311 (5.1)	70,391 (9.6)	736,215 (100.0)
2012	379,627 (47.3)	105,015 (13.1)	24,785 (3.1)	109,854 (13.7)	30,460 (3.8)	13,646 (1.7)	48,540 (6.0)	91,165 (11.4)	803,092 (100.0)
2013	437,891 (54.9)	97,309 (12.2)	30,309 (3.8)	40,678 (5.1)	39,881 (5.0)	15,952 (2.0)	62,214 (7.8)	73,381 (9.2)	797,616 (100.0)
2014	395,849 (50.1)	97,185 (12.3)	24,494 (3.1)	98,765 (12.5)	32,395 (4.1)	13,432 (1.7)	53,728 (6.8)	74,271 (9.4)	790,118 (100.0)
2015	3,86,065 (71.63)	9,162 (1.70)	20,876 (3.87)	14,996 (2.78)	21,479 (3.99)	9,038 (1.68)	77,354 (14.35)		5,38,970 (100.0)
2016	489,451 (65.0)	66,490 (8.83)	24,322 (3.23)	82,830 (11.0)	21,310 (2.83)	12,801 (1.7)	55,797 (7.41)		7,53,002 (100)

Note: Figures in parentheses indicate percent in total.

Source: Nepal Rastra Bank (Quoted from Nepal Tourism Statistics, 2016, Published by Ministry of Culture, Tourism & Civil Aviation).

Table 3: Foreign exchange earning

Fiscal Year	Total Foreign Exchange Earnings from Tourism (Rs. in Million)	% Change	As % of Total Foreign Exchange Earnings	As % of GDP	Average Expenditure per visitor US\$	Average Expenditure per visitor per day US\$
2000/01	11717		5.8	2.7	472.4	39.6
2001/02	8654.3	-35.4	4.8	1.9	512.0	64.8
2002/03	11747.7	35.7	6.1	2.4	765.9	79.1
2003/04	18147.4	54.5	8.2	3.4	609.8	45.1
2004/05	10464.0	-42.3	4.7	1.8	532.0	58.5
2005/06	9556.0	-8.7	3.6	1.5	561.0	55
2006/07	10125.0	5.6	3.8	1.4	535.0	45
2007/08	18653.0	84.2	5.6	2.3	860.3	73
2008/09	27960.0	49.9	6.5	2.8	798.9	70.6
2009/10	28139.0	0.6	6.0	2.4	578.6	45.7
2010/11	24611.0	-12.5	4.9	1.8	522.9	39.9
2011/12	30703.8	24.8	4.5	1.8	440.8	36.2
2012/13	34210.6	11.4	4.5	2.0	538.0	42.8
2013/14	46374.9	35.6	4.7	2.4	597.6	48.0
2014/15	53428.8	15.2	4.9	2.5	790.0	63
2015/16	41765.4	-21.8	3.7	1.9	902.4	68.57

Source: Nepal Rastra Bank (Quoted from Nepal Tourism Statistics, 2016, Published by Ministry of Culture, Tourism & Civil Aviation) (Percentage change is computed by the author).

Table 4: Some Facts Regarding Tourism

Mountaineering Expedition (above 6500 mtr)			
Indicators	2015	2016	% Change
Total Team	4003	3354	16
Successful Persons	825	1225	48.5
Royalty to Government (Rs. '000)	342586	287493	-16
Tourism Related Enterprises (Number):			
Hotels (star)	116	120	3.4
Hotels (non star)	960	985	2.6
Beds (total)	36950	38242	3.5
Travel Agencies	2768	3444	24.4
Trekking Agencies	2016	2367	17.4
Tourist Guides	3507	3717	6.0
Trekking Guides	11358	13049	14.9

Source: Nepal Rastra Bank (Quoted from Nepal Tourism Statistics, 2016, Published by Ministry of Culture, Tourism & Civil Aviation).

Formula for t-test:

$$t = \frac{\mu_1 - \mu_2}{s \sqrt{\left(\frac{1}{n_1}\right) + \left(\frac{1}{n_2}\right)}}$$