

Tourism Strategy of Nepalese Government And Tourist's Purpose of Visit in Nepal

Adhikari, Bimal

The purpose of this paper is to analyze the tourism strategy of Nepalese government and attempts to examine the prospects and potentiality of tourism in Nepal. The main aim of this work is to focus the purpose of visitors in the country, their mode of arrival, period of stay and development of hotel industry. Furthermore, this study traces holiday pleasure trips as well as mountaineering and trekking has been the dominant part of a tourist arrival in the country from the beginnings. Consequently, Nepalese government needs to prepare a strategy that's why visitors from other purpose also increase into Nepal. Besides, we find that tourism has promotional strength for the Nepalese economy that has been seen through many ways in this paper.

Introduction

Nepal is a small land-locked county, surrounded by the Tibetan region of China on the north and India on the rest, with a total population of 28.6 million in 2009 (World Development Indicators Data Base, January 2010), but is one of the growing tourism destinations in Asia. The number of foreign tourists increased greatly from a mere 6179 in 1962 to 176,634 in 1984, 491,504 in 1999, 361,237 in 2001, and 385,297 in 2004 (NTS, 2004: p. 21). Although there was a starting of Maoist insurgency from the second half of 1990s and political instabilities the country nevertheless managed to receive 500,277 foreign visitors in 2008 (NTS, 2008: p. 8).

Until 1950, the concept of tourism was unknown to Nepal. Along pilgrimage routes 'dharam shalas'¹ were constructed by local people. As measure of the value set in providing services, 'dharma shalas' are still built by villagers as projects on remote and lovely spots. The races, like Newars and Sakyas, developed the first kind of hotels (Wake, 1975: p. 20). The model for a village hotel is 'bhattis'².

Today tourism has become a major enterprise in Nepal. It is an economic backbone of the country and has been priority wise placed at the fourth position in the Ninth Five Year Development Plan (1997-2002) (Kakshapati, 2001: pp.18-19). Thus, the promotion of tourism in the true sense started more or less only after 1950. Prior to 1950, we don't find any plan, policy regarding tourism in Nepal.

Nepal Tourism Marketing Strategy (1976-81), is a study done by Joseph-Edward Susnik of Yugoslavia. Government of Nepal, Ministry of Tourism secured the services of Marketing

Tourism advisor Joseph Susnik, Director Marketing, KOMPAS, Yugoslavia through bilateral agreement in 1976. He submitted his report 'Nepal Tourism Marketing Strategy 1976-81' on 24 March 1977. His main suggestions were: "without substantial increase in the number of international visitors, stay of tourists cannot be prolonged at present; Nepal should become the starting point of any Asian tourist as it is the cradle of a religion and culture that influenced the history and life of the major parts of Asia, built up good image of secondary destinations".

To elaborate the role of tourism in the changing perspectives of the Nepalese economy, M.K. Dahal (1999) argues, "The agriculture sector instead of playing the role of leading sector remains eventually a lagging sector. Since more than twenty-five years we have invested huge amount of money in agriculture at least, 25 % of our national budget. When we look at the result it is highly disappointing" (Dahal et al., 1999: p. 9). As a result, there is a growing debate among the Nepalese economists about government's top priority for agriculture sector. So, we have to look for an alternative sector. Tourism can be a perennial source to support to the Nepalese economy compared to agriculture.

Ramesh Chandra Arya (1997) presented another important study in *Planning Models for Tourism Development with Reference to Nepal*. This study has attempted to highlight that traditionally tourism development plans have focused on increasing the number of tourists. It is presented that it would result in increasing earning. However, it has not been so. Different sites have their own attractions. Due to certain advantages of selected sites, it is a natural tendency to develop these. Thus, Arya tries to suggest that it is not necessary that developments of tourism in all areas are equally rewarding (Arya, 1997).

As William F. Theobald (1994) suggests that: "the travel industry includes: hotels, motels and other types of accommodation; restaurants and other food services, transportation services and facilities; amusements, attractions and other leisure facilities; gift shops and a large number of other enterprises. Since many of these businesses also serve local residents, the impact of spending by visitors can easily be overlooked or underestimated in all nations, this problem has made it difficult for the industry to develop any type of reliable or credible tourism information base in order to estimate the contribution it makes to regional, national and global economies. However, the nature of this very diversity makes travel and tourism ideal vehicles for economic development in a wide variety of countries, regions or communities" (William, 1994: p. 4). Indeed, the importance of tourism to Nepal can be seen from the fact that in 2006 the contribution of tourism industry accounted for 8.2 % of Gross Domestic Product (GDP) in Nepal, a high share as compared to other countries such as India (5.3 %), Bangladesh (3.7 %) and Pakistan (6.3 %). Even a country like Nepal, where the global tourist attraction—the Mount Everest is located, lags behind in tourism with only 8.2 % contribution in GDP (World Tourism and Travel Council, Country Report, 2006). So, the question arises why South

Asian countries like Nepal, so rich in flora, fauna, culture and natural wonders, has such a small proportion of the tourism cake within Asia. It is observed that despite huge potential, the contribution to GDP in the South Asian countries is much less in comparison to the world average.

In view the importance of tourism industry, there are some research works on tourism covering, in part or in whole, Nepal. However, as far as I am aware, there is few works, which focuses on the role of the government in the development of tourism in Nepal during the period from the 1950s to until the present day. This paper, therefore, attempts to examine the various dimensions of tourism in Nepal since 1950s and studies their features and problems with special reference to the role of Nepalese government. The main aim of this research is to focus the purpose of visitors in the country, their mode of arrival, period of stay and development of hotel industry. Besides, it aims to be helpful to understand the major tourism strategy of Nepalese Government under different five-year plans.

1. Major Tourism Strategy of Nepalese Government under Different Five-Year Plans

(1). Tourism development process was started in Nepal through a strategy of First Five Years' Development Plan (1956-61) in 1956. During the plan period Nepal acquired membership of different tourist organizations. Upon the request of Nepalese government two tourism advisors Mr. George Libree from France and Dr. A. Ith from Switzerland came to Nepal to develop tourism in a planned manner. During the First Five Year Plan (1956-61), the government for the first time decided to form the Nepal Tourist Development Board (NTDB) in 1957. Nepalese Government set up Nepal Industrial Development Corporation (NIDC) in 1959 to provide both technical and modernization of industrial projects in private sector (Panta et.al., 1999: p.150-151).

(2). The Second Plan (1962-65) targeted to develop some infrastructure facilities and the number of hotel beds by 110. One of the main features of the Second Plan was the formation of National Travel Agency (NTA) to conduct tours for the convenience of foreign tourists and traveling facilities in Kathmandu valley. It for the first time seemed to have visions of diversifying the tourism sector to Pokhara and Lumbini (the birth place of Buddha) as well. In the process of diversification of tourism the Plan anticipated to increase the number of airports to 15 and make a provision for 20 Short Take Off and Landing (STOL) air strips and 11 airfields were to be repaired (Chand, 2000: p.71).

(3). In the Third Five Year Development Plan (1965-70) efforts were made to increase the number of incoming tourists and foreign exchange earnings maintenance and recreation of temples in Kathmandu and conservation of historical places. In pursuance of these objectives the policy's major thrust was upon the establishment of hotels of international standard in Kathmandu, Pokhara and Biratnagar and extension of aviation facilities in

view of the projected arrivals of 20,000 tourists by the end of the Third Plan period. Attraction would be given to conservation of historical places other than Kathmandu Valley that included Lumbini. Preparation of Master Plan for Lumbini Development was pronounced during the plan period. In short, the Third-Plan has accorded high priority to conserve and maintain the historical places and the systematic display of artistic objects, which had been kept in a disorganized manner, at a Mahendra Museum and National Archives. The Plan realized the importance of international publicity and conservation of art and architecture as essential for tourism development (Agarwal and Upadhyay, 2006: p. 202)

(4). Forth Five Year Development Plan (1970-75) was different from the earlier three plans. During this plan period a major breakthrough was made in the form of formulating the first tourism master plan in 1972. This master plan was the outcome of joint cooperation of Federal Republic of Germany. “Its emphasis was on developing qualitative tourism and projecting Nepal as a destination of its own merits called for a sustained and concerted effort on the part of the government and the private sector” (Banskota et. al., 1995: p. 21). The Master Plan made an attempt to separate tourism into five components, namely: Sight Seeing Tourism, Trekking Tourism, Recreational Tourism, International Pilgrimage and Nepal Brand of Tourism. According to the Anand Aditya, “Master Plan (1972) could be called the first milestone”. On the whole, the Forth Plan and the Master Plan appeared to be the first clear evidence of self-awareness that recognized the importance of developing Nepal as a distinct tourist centre and creation of an independent tourist market in Nepal.

(5). The Fifth Five Year Development Plan (1975-80) had the distinction of getting the Ministry of Tourism as a full-fledged ministry in 1977 so to pay a crucial role of facilitator, administrator and controller of tourism activities in Nepal. In this plan policies were framed. Some of the important policies are as follows: i) to establish basic infrastructure conducive to the promotion and extension of the tourism industry in close cooperation with the public and private sectors; ii) to gradually discourage the use of imported goods and to encourage the use of domestic products in the tourist industry; iii) to provide employment opportunities to the maximum number of people by engaging indigenous skills and technology; iv) to further increase the contribution made by tourism in the national economy (NPC, 1975).

Thus, the Fifth Plan tried to follow the marks of the Master Plan (1972) nonetheless the plan should be credited for linking the growth of tourism sector with foreign exchange earning and thereby growth of the economy, employment generation and self-sufficiency. Since the objectives were too large for a five year plan to fulfill, it was needed to phase out such objectives for a realistic solution in the near future. Moreover, the Ministry of Tourism, established in 1977, could not become effective central government body to look after the vital issues and challenges in the field of tourism.

(6). The Six Five Year Development Plan (1980-85) was almost an extension of the Fifth Five Year Plan in as much as it tried to lay emphasis on development of infrastructure for tourism promotion, interlinking tourism and economic development by earning more foreign exchange through various measures of tourism, and generating employment opportunities through tourism related industries and professional skills. Allocation of resources for tourism development had increased during the Sixth Plan and a separate development budget was also allocated for tourism. In fact, the Sixth Plan failed to take any major initiative for the development of tourism sector in the Nepalese economy. The Sixth Plan had included the preparation of a 'Tourism Master Plan' (second phase). A team of experts under the assistance of European Economic Community visited Nepal in the fourth year of the Plan period and completed a tour of possible tourist resorts in addition to holding extensive discussion with concerned Nepalese authorities and a detailed review of the Tourism Master Plan (first phase).

(7). The Seventh Five Year Development Plan (1985-90) is an important one as it made efforts to insert in its list of aims and objectives such issues that were not hitherto undertaken. It was particularly with regard to attracting more tourist inflow from the Asian nations. It was during this plan period that the Nepal Tourism Development Programme (NTDP) was prepared with the help of Asian Development Bank (ADB). The Seventh Plan had the following set of objectives for development of the tourism sector:

- i) To improve the balance of payments situation through increased foreign exchange earnings by attracting the upper-class tourists.
- ii) To generate new opportunities of employment by enhancing tourist related business and by stressing their capacity utilization
- iii) To increase the duration of stay of tourists and to ensure a wider distribution of tourists generated income by expanding the tourism related activities and business to those areas which have the necessary infrastructure.
- iv) To produce to the maximum possible extent, goods consumed and utilized by the tourism sector domestically to reduce imports and to encourage domestic industries.

Despite claiming to initiate the policy to integrate tourism sector with other economic sectors by the Seventh Plan (1985-90), Eighth Plan has noted that this task has not been accomplished. In a way the Seventh Plan could not translate policies into action to the extent it had claimed to. It has been observed by the Eight Plan that "In totality, there exists a problem of the supply of necessary materials for the promotion of tourism. Moreover, there is a lack of appropriate policy, incentives, proper rules and regulations and their effective use" (NPC, 1992: p.441).

(8). The Eight Five Year Developmental Plan (1992-97) was thus bold enough to acknowledge the defects of policies pursued and their net effects on achievements. This plan was also started after a gap of two years, i.e. 1990-92 due to certain political upheavals. On the whole, it can be argued that the

Eighth Plan (1992-97) tried to put the tourism sector as a centre of all economic activities, like poverty alleviation, employment generation, regional equality and industrial expansion. It simply highlighted the most on need for earning foreign exchange for the country. It failed to come out with any comprehensive and well-knit policy package for the tourism sector that could be translated into action (Agarwal and Upadhyay, 2006: p. 208).

(9). The Ninth Five Year Development Plan (1997-2002) has noted that the Eight Plan targets of tourist arrivals could not be achieved. There lied a gap of 10 % between the target and achievement. However, in terms of foreign currency received the target could not be realized in the first two years of the Eighth Plan but in the remaining three years it was compensated. It is in this background that the Ninth Plan thought that: “The tourism industry can be developed as an important sector of the national economy on account of its comparative advantage engendered by existing attractive features and special geographical location of the nation” (NPC, 1992: p. 467). ADB observes the features of the Ninth Plan that “An important feature of the policy in the Ninth Plan is the encouragement given to the private sector to tourism diversification and development of new areas, while the government’s role will be to develop the basic tourism infrastructure. The government will also remain as the central coordinating agency for the travel and tourism industry. The policy also stresses the importance of local and community participation in environmental conservation for sustainable tourism development, upgrading of existing tourism infrastructure, development of new tourism destination in rural areas, and improvement and preservation of religious sites” (NPC, 1992: p. 468)

Another main feature of Ninth Plan has been its emphasis on making distinction among various types of tourists. These have been classified as domestic tourists, South Asian Association for Regional Cooperation (SAARC) tourists and international tourists. This major categorization has been made for the first time in the country keeping in mind need for different policy structure for different tourists. One more important feature of the Ninth Plan has been its emphasis on the development of a Model Tourist Village in each development region. From the above it can be obtained that gradually the Plans became conscious about the relative advantage of developing the tourism sector in Nepal for inducing other sectors of the economy while reducing regional disparities, poverty and unemployment through proper policy strategy in a dynamic framework. While critically evaluating the Ninth Plan, Pushpa Shrestha observed that, “Tourism planning in the Ninth Plan has incorporated almost all aspects of tourism in Nepal. But the plan has not spelt out about some of the crucial issues such as process to reduce leakage of foreign exchange earnings, development of tourism as an academic career, establishment of import substitution industries, security and follow up and monitoring all tourism activities as a continuous process” (Shrestha, 1999: p. 189).

(10). The Tenth Plan not only aimed to use tourism for economic growth and favorable balance of payments, but also as an important instrument of poverty reduction by increasing employment opportunities directly and indirectly in urban as well as rural areas, particularly in the hills and mountain areas along trekking trails and tourism sites. And this is where the decline of tourism hurts the most.

At the end of the Tenth Five-Year Plan (2006/07), the government aimed to achieve a remarkable

and sustainable reduction in the poverty level in Nepal from 38 % of the population at the beginning of the plan period to 30 %. And the role of tourism couldn't be exaggerated if Nepal is to achieve that target (NTS, 2002)

2. Tourism Promotion Efforts of Nepalese Government

The Tenth Five Year Plan (2002-07) has accorded a priority to tourism sector in Nepal. The government opened up additional 103 mountains of remote area of the country for mountaineering expedition. The total number of mountains permitted for the climbers reached to 263. The mandatory provision for liaison officer in all mountaineering expedition has been revised. As per the new provision, the expedition team doesn't require a liaison in 89 peaks, but it is mandatory for such teams to register their details in the Nepal Trekking Association. Six restricted tourist destination in Taplejung, Sankhuwasaba, Solukhumbu, Manang, Humla and Darchula have been opened up.

A memorandum of understanding Nepal and China was signed on November 26, 2001 to facilitate the visit of Chinese citizens and, thus, Nepal became the first nation in South Asia to receive the approved destination status by China. Two types of visa system viz., single visa and multiple visa has been applied with varying rates US\$ 30 and US\$ 50 respectively (Agarwal and Upadhyay, 2006: p. 230). The duration of multiple visas has been extended to five months.

Destination Nepal Campaign 2002/03 started from December 2002 and ended in December 2004. The international year of mountain 2002, international year of eco-tourism 2002 and Visits South Asia 2003 are also integrated under this campaign. This campaign had set the target of receiving half a million tourists and earnings of US\$ 180 million by the end of 2003. With begin of FY 2003/04 emphases have been given to promote regional tourism by joint co-operation of Nepal Tourism Board with private sectors. According to budget speech 2003/04 it was announced to waive visa duties for tourist coming from SAARC countries and China.

Tourism business in Nepal at present is in acute crisis and deserves government support. Visa fee has been waived to that tourist re-entering the country within one year of 15 days long stay in Nepal. Similarly, it has been waived to those tourists who like to visit Nepal only for 3 days or less. This effort is expected to develop Nepal as a regional tourist focal point. With the view to reduce in expenses of trekkers and the mountaineers, the provision of the deputing environment officer for upper Mustang, Humla and the Byas of Darchula, the sensitive and restricted area of the country, have been abolished. Attention is paid to promote pilgrimage tourism in place like Halesi, Swargadhari, Mukti Nath, Janakpur Dham, Devghat, Lumbini, and Ridi for domestic and foreign pilgrimage.

The financial condition and commercial capacity of Royal Nepal Airlines Corporation (RNAC) has declined for the last few years due to various reason including political

interference and financial indiscipline. It is felt to necessary to restructure corporation in order to run it on the basis of competition and efficiency in future. Requirement of alternative international airport has been long felt in the country. Thus the selection of the appropriate site and proposal will be decided on the basis of Built-Own-Operate-Transfer (BOOT) scheme as soon as possible. Programmes for the development of tourism sector will be implemented with the participation of private sector and Nepal Tourism Board (NTB). In additional to the resources of the private sector and the board, the government allocated NRs.110 million for tourism development in 2009 (Budget Speech, 2009/10).

2.1. Visit Nepal Year (VNY) 1998

It was planned as a year long event that was officially declared on April 1996 by Nepalese Government. This was taken up as national campaign and was first in the history of tourism of its kind. The central theme of the campaign has been 'A Sustainable Habitat through Sustainable Tourism'. Similarly, its marketing slogan was 'A World of its Own' which reveals that there is a 'world' in Nepal that needs to be discovered in its natural resources, living cultural heritage and friendly and hospitable host. Some of the important objectives of the programme have been as follows:

- i) To raise the image of Nepal throughout the world
- ii) To protect the conserve the natural and cultural centres in integrated form
- iii) To diversify the tourism products
- iv) To raise the public awareness about tourism
- v) To distribute the fruits of tourism upto the grass root
- vi) To increase the volume of domestic tourism
- vii) To increase the length of tourist stay to 13 days and their expenditure to US\$50
- viii) To welcome 50, 0000 tourists.

Visit Nepal Year 1998 helped Nepal to rebuild its image internationally, and also contributed to introduce professionalism in tourism in general and helped to raise awareness among the Nepalese people about the importance of tourism in particular. Similarly, more than 49 different national seminars and conferences and 29 international conferences and seminars held within VNY'98. International Tourism Fair and Exhibitions were held in more than 24 countries. However, its impact was not of desired extent among the foreign tourists. This should have been followed by another event. However, that could not be done in time.

2.2. Nepal Tourism Year (VNY) 2011

To attract tourists from all over the world, after 11 years, Ministry of Tourism and Civil Aviation (MoTCA) has come up with an ambitious plan, 'Nepal Tourism Year 2011'. Ministry is optimistic that this kind of events will increase tourist arrival and ultimately

will create jobs and reduce poverty. In the budget, government already committed fund to construct new international airport at Bara district and upgrade few domestic airports. In addition, Ministry is searching for new trekking routes and looking to invest on infrastructure development. Previous such event was held back in 1998 as 'Visit Nepal 1998'.

Tourism Year 2011 was launched by NTB with the motive to bring about one million tourist to Nepal in the year 2011. It is launched with the purpose to promote the tourism sector of Nepal. The other vital objectives of this project are internationally highlighting the Nepalese culture, art, bio-diversity and stakeholder business through E-marketing globally. Its viability lies within the marketing options and efforts that are available where the NTB, the MoTCA and the private sectors need to coordinates in an effectively and efficiently. The main target of visit Nepal year 2011 is for Indian and Chinese visitors as both continents are current growing economy power of the world and our most populated neighbours.

The following are opportunities and challenges of NTY 2011:

Opportunities

- Development of rural areas.
- Development of infrastructure such as proper roads, electricity, water-supply, hospitals, communication and so on.
- Development of per capita GDP of Nepalese people.
- Opportunity of proper research and development of tourism product.
- Increase employment opportunities.
- Increases the chance of better investment options and opportunities.

Challenges

- Lack of international airport facilities.
- Lack of proper infrastructure and resources.
- Lack of qualitative human resource.
- Destination getting expensive due to service charge and value added tax (VAT).
- Lack of proper training centers.
- Lack of proper monitoring mechanism for tourism fields and tourists.
- Increase of online fraud cases.
- Risk of sex-tourism and prostitution.
- Political instability and chaos making the destination unpopular

3. Purpose of Visit

Tourism is one of the world's most rapidly growing industries. Tourism industry can be a

major contributor to socio-economic development in developing countries. It has appeared as a growing sector in terms of employment and income generation. The contribution of the tourism sector is very significant. "Tourism is not only an important economic activity for the national growth and development of Nepal, but also an important way of cultural interaction with countries of the world" (Clough, 1987: p. 29). It influences the economic and social well-being of the host country. A lot of emphasis has been laid on economic aspect of tourism because of its contribution to the foreign exchange earnings, employment generation and national income.

The World Tourism Organization (WTO) indicated that there were more than 364 million arrivals in 1987 generating receipts of U.S. \$150 billion (excluding international fare payments) (WTO News, 1987: p. 3) in countries visited. However, Nepal has insignificant tourist arrivals as compared to the world visitors. Considering the overall scenario and composition of South Asian Association for Regional Cooperation (SAARC), Nepal's position has not been strong and satisfactory. If one compares the growth rate of visitors in the neighbouring region of East Asia and Pacific (11.14 % per year) between 1975 and 1997, the growth rate of Nepal itself needs to be improved (Agarwal and Upadhyay, 2006: p. 88, M.D. Dharamdasani, 2005). Because of nearness and easy accessibility due to an open border, Indian tourists are among the largest number of visitors. Indians combined with other Asian tourists account for more than 50 % to total arrivals. Western Europe, one of the most important target groups, makes up one-third of the visitors to Nepal. The Japan and USA are other important origins for tourists.

Despite security concerns, tourist arrivals increased 36 % during the first half of FY 2004. After bottoming out in FY 2002, the tourist sector has steadily recovered. However, tourist arrivals are still significantly less than the peak levels of FY 2000. Such factors as the hijacking of Indian Airlines plane in December 1999³ and adverse publicity in the Indian news media could have been responsible for the large decrease in the number of Indian tourists.

According to the report published by Kathmandu Research Centre on Sunday, October 03, 2004, if tourism sector is properly managed, it alone contributes a 17.11% to the GDP, 47.6981 billion Nepalese rupees (653.4 million US dollars) and could generate employment to 6.675 million people. The tourism sector provides direct employment to 300,000 people, while 500,000 others are indirectly involved in this sector (China's View about Tourism of Nepal, 2004: <http://friendofnepal.blogspot.com/2004/10/xinhuanet-china-tourism-contributes-17.html>). Since the advent of modern tourism in Nepal four decades ago, this industry has come of age at least quantitatively if not qualitatively. After the direct flights linking Kathmandu to various important Asian as well as European Centres, have made Nepal easily accessible to aspiring tourists.

Generally all the foreign visitors to Nepal are organized under the category of tourists.

Composition of tourists according to their purpose of visit to the country has been provided in table (2) which was clearly seen initially classification of tourist in the categories of pleasure, trekking and mountaineering, business, official and others. However, since 1990 two new purposes pilgrimage, and meetings and seminars had been added as parts of official visits.

Holiday pleasure trips have been the dominant part of a tourist arrival in Nepal from the beginnings and then trekking and mountaineering follow it. They accounted around 90 % of the total tourist arrival before the 1990s. Since 1990 the average share decline of these two important components, which was around 80 % of the total. Share of the pleasure tourists has been generally above 70 % since 1985. After that the pleasure share has been declining. One reason for this may be attributed to separate accounting for pilgrimage. We have to know one thing that pilgrimage can't be held responsible in any significant manner because its share never crossed 4 % until 2001. However, it has been increasing after 2002 which reached near 13 % in 2005. The share of trekking and mountaineering has been in surrounding of 22 % varying from 22.6 % in 1996 to 27.9 % in 2001 and again declining position of 21 % in 2008.

Table 1: Share of Tourists Arrival by Purpose of Visit (in %), 1975-2008

Year	Holiday Pleasure	Trekking and Mountaineering	Business	Official	Pilgrimage	Meeting and Seminars	Others	Total
1975	75.9	13.6	5.3	4.6	-	-	0.6	100
1980	80.1	11.6	3.4	2.9	-	-	1.8	100
1985	70.8	15.9	5.8	5.1	-	-	2.4	100
1990	63.5	15.7	4.6	10.4	2.6	1.1	2.0	100
1991	60.5	14.4	5.0	12.7	3.1	1.9	2.4	100
1992	71.1	10.5	9.5	6.3	2.2	0.2	0.2	100
1993	58.0	23.7	6.6	5.4	3.6	1.8	0.9	100
1994	51.5	23.5	7.2	6.3	1.7	1.6	8.2	100
1995	50.4	23.3	6.0	5.5	1.4	1.5	11.8	100
1996	53.2	22.6	6.4	5.1	1.2	1.5	10.0	100
1997	59.1	21.7	6.5	5.7	1.0	1.4	4.6	100
1998	56.4	24.3	5.4	4.8	3.5	1.1	4.6	100
1999	59.2	22.0	4.8	4.9	3.9	1.2	4.0	100
2000	55.2	25.6	6.4	4.5	3.4	1.2	3.7	100
2001	51.8	27.9	5.1	5.2	3.8	0.0	6.2	100
2002	40.0	21.5	6.2	6.5	4.5	0.0	21.4	100
2003	29.0	19.4	5.7	6.5	6.3	0.0	33.1	100
2004	43.4	18.0	3.6	4.4	11.9	0.0	18.7	100
2005	42.7	16.4	5.9	4.5	12.7	0.0	17.9	100
2006	27.7	12.7	4.0	3.4	11.3	0.0	13.8	100
2007	41.4	19.2	4.6	4.1	10.0	1.5	19.1	100
2008	29.6	21.0	4.6	8.6	9.0	1.4	25.8	100

Source: Nepal Tourism Statistics 2008, Annual Statistical Report, Government of Nepal,

Ministry of Tourism and Civil Aviation, Singha Durbar, Kathmandu

Share of the business has not changed much in the Nepalese economy as its share has been varying around 5 % only for the last almost three decades. This also reflects the poor interest that the economy of Nepal has stimulated among the business community of the world. Since the 1990s the share of official visit has been improving. It is despite the fact that meetings and seminars have been shown separately from the official purpose since 1991. The average share of official purpose visit has been around 4 % during 1975-85. However since 1990 the share has been above 5 % despite more than 1 % share claimed for meetings and seminars. So it can be concluded for this chapter that the slow growth of tourism in Nepal has not been helpful in diversifying the purpose of tourism arrivals to Nepal where in the predominant pleasure trips are not properly encouraged.

4. Pattern of Airlines' Expansion

Although the use of air routes by foreign visitors has been used earlier, it became more and more important since the mid-60s in Nepal. The airlines that had been operating to Nepal from early time are mainly Indian Airlines of India, Royal Nepal Airlines of Nepal and Pakistan Airlines of Pakistan. In the beginning of 1970s Bangladesh and Thailand also started operating. In the late 1980s airlines from some other neighbouring countries, like China, Bhutan, Russia and also Singapore started operating airlines services to Nepal. After the mid-1990s countries like Austria, Qatar and Saudi Arabia joined the airline operation. The five airlines of Bangladesh, India, Nepal, Pakistan and Thailand have been transporting more than 80 %. It has been more than 95 % from the mid seventies upto 1988. There after, certain other airline came and thus their shares started declining which has now become around 80 % only (NTS, Ministry of Tourism and Civil Aviation, 2001)

Among the five major airlines up to mid eighties sometimes Indian Airlines and Royal Nepal Airlines had the highest shares. Later on the latter had maintained the highest share not with standing the fact that there has been erosion in its own share towards the late 1990s. With regard to Indian Airlines the trend of decline is noticeable particularly since mid 1990s. The two airlines together shared up to 80 % up till 1988. Thereafter, it has come down to around 60 % towards the close of the 1990s. The third important airline has been from Thailand which had also very inconsistent behaviour because its share came down to the lowest 8.78 % in 1982 from the highest 21.18 % in 1970. After 1982, the share slightly improved. Since, 1997 there is upward trend for this airline. And the other two airlines, Bangladesh and Pakistan in that order together shared just around 6% of the air traffic. Even China has been fluctuating around 2 % of the share while Russia could cross the barrier of 1 % only in the year 2000. (Agarwal and Upadhyay, 2006: p.101-120)

5. Growth of Hotel Industry in Nepal

Increase in the number of hotels and hotel beds are an important indicator of development of hotel industry in Nepal. Compound growth rate of number of hotels has been 15.56 % per year during 1985-2001 (Table 2). The number of hotels increased to above 11 times from small of 76 in 1985 to 888 in 2001 (Economic Survey, 2004). Similarly, the number of total beds was increased by 10.37 % in year in the above period. Growth rate of star hotels has been 2.32 % a year while their number of beds increased by a growth rate of 2 % per year only during 1985-2001. And on the other hand respective growth rate for the non-star categories has been very high at 19.74 % and 14.68 % per year. Relatively faster expansion of non-star categories of hotels in Nepal might be due to the reason of low cost involvement, short development period and higher demand for low cost hotels by the tourists.

Table 2: Annual Growth Rates of Hotels and Hotel Beds

Year	Star Hotels		Non-Star Hotels		Total		Share of Beds	
	Number	Beds	Number	Beds	Number	Beds	Star Hotels	Non-Star Hotels
1984	-	-	-	-	-	-	62.27	33.73
1985	5.13	2.60	5.41	4.49	5.26	0.07	60.61	39.39
1990	5.56	12.75	5.71	4.73	5.66	13.22	53.71	46.29
1991	7.02	5.58	18.02	13.83	14.29	9.40	51.83	48.17
1992	4.92	2.75	6.11	7.50	5.73	5.04	50.71	49.29
1993	0.00	0.00	7.91	13.36	5.42	6.58	47.57	52.43
1994	12.50	8.93	114.67	70.69	84.11	41.31	36.67	63.33
1995	0.00	0.00	39.13	36.31	31.98	22.99	29.82	70.18
1996	9.72	8.43	23.44	21.45	21.54	17.57	27.50	72.50
1997	8.86	10.34	12.12	6.70	11.71	7.70	28.17	71.83
1998	3.49	0.81	4.84	6.07	4.67	4.58	27.16	72.84
1999	2.25	10.38	7.38	11.99	6.22	11.55	26.87	73.17
2000	8.05	7.67	8.02	8.83	8.03	8.52	26.66	73.34
2001	3.19	1.18	4.91	4.27	4.72	3.45	26.08	73.92

Source: Economic Survey, 2000/01, 2001/02, Ministry of Finance, Ministry of Tourism, Culture and Civil Aviation, Nepalese Government

Annual growth rate of the number of hotel and beds has a wide fluctuation. Star hotels shared around 60 % of the total beds during mid 1980 leaving around 40 % for the non-star hotels. After a decade since 1985, share of the star hotels in total beds dipped to less than 30 % that declined further to near 26 % in 2001 (Table 3). Thus, share of non-star hotels in the total bed has become almost double between 1985 and 2001. It was almost 74 % of the total in 2001.

Table 3: Hotel Accommodations, 2008

Category	No. of Hotels	No. of Rooms	No. of Beds
Kathmandu			
Five Star	8	1539	2897
Four Star	2	190	362
Three Star	11	372	774
Two Star	27	1138	2263
One Star	26	564	1374
Non Star	288	3997	7895
Sub-Total	362	7800	15565
Out Station			
Five Star	2	283	566
Four Star	-	-	-
Three Star	5	231	460
Two Star	4	128	238
One Star	11	174	386
Non Star	285	4472	8848
Sub-Total	307	5288	10498
Grand Total	669	13088	26063

Source: Nepal Tourism Statistics 2008, Annual Statistical Report, Government of Nepal, Ministry of Tourism and Civil Aviation, Singha Durbar, Kathmandu

Star hotels which are concentrated mainly in Kathmandu, the capital of Nepal. According to the Tourism Board Nepal, Nepal has in total ten five star hotels, where as eight are in Kathmandu, and only recently two five star hotel has been opened in Pokhara, the second capital of Nepal (Table 4) (NTS Annual Report, 2008: p. 66).

Concluding Remarks

The aim of this paper was to give general picture of tourism industry in Nepal and the various issues regarding tourism development strategy of Nepalese government. From the above discussion, one can clearly see that there is a lot to be done to improve the tourism sector in Nepal. Impact of tourist inflow on the promotion of tourist activities can be found in various ways, like expansion of airlines, hotels and so on. Expansions in these activities reflect expansion in the economic activities. It has been found that airlines from new sources feel encouraged to record their presence in this Himalayan country. Even the growth rate of hotels in Nepal has been higher than the growth rate of tourists' inflow. Disaggregated at star and non-star levels the former categories of hotels has shown almost one-third of the growth rate of the tourists inflow. So far as non-star hotels are concerned their growth rates have been more than three times growth rate of the tourists' inflow. It has resulted in increased share of beds among the non-star categories to almost three-fourth of the total. Still, what is a matter of concern is a decline in the growth rate of traditional pleasure tourism that cannot even be compensated by the upcoming trekking and mountaineering tourism. In fact, the two are attracting different types of tourists.

Holiday pleasure trips as well as mountaineering and trekking have been the dominant part of a tourist arrival in the country from the beginnings. So Nepalese government needs to prepare a strategy that's why visitors from other purpose also increase into Nepal.

On the whole, we find that tourism has promotional strength for the Nepalese economy that has been seen through many ways in this work. I shall try to explore this issue in details into my further research work and want to discuss how we can use Japanese ODA in order to get the development of tourism in Nepal.

Notes

- ¹ Rest house where nominal fee is charged
- ² Small hotel or restaurant organized by local people
- ³ Indian Airlines flights IC 814 Kathmandu-New Delhi was hijacked on Saturday 24 December 1999 at about 17:30 hours shortly after it entered Indian air space. The hijacking ended on New Year's Eve after India released three terrorists in exchange of the hostages.

Bibliography

- Agarwal, Manoj Kumar and Upadhyay, Rudra Prasad (2006), *Tourism and Economic Development in Nepal*, Swatantra Bharat Press, Northern Book Centre, New Delhi, India.
- Anand, Aditya (1998), *Indian Tourists in Nepal*, Project Report submitted to United Nations Research Institute for Social Development (UNRISD) on pp. 46-50.
- Arya, Ramesh (1997), *Planning Models for Tourism Development with Reference to Nepal*, Ph.D. Thesis submitted in Banaras Hindu University, Banaras.
- Clough, P.W.J. (1987), "A Note on the use of The Trip Index in Travel Cost Analysis", *Journal of Travel Research*, Volume XXVI, Number 2, p. 29.
- Dahal, M.K., Dahal, D.R. and Acharya, Keshav (1999), *Development Challenges for Nepal*, Nepal Foundation for Advanced Studies (NEFAS), Kathmandu, p. 9.
- Dharamdasani, M.D. (2005), *Nepal's Foreign Policy*, Anmol Publications Pvt. Ltd., New Delhi, India.
- Hagen, Toney (March, 1960), *A Trek to Roadless Nepal*, (a) *National Geographic Magazine*, Vol. 17, No. III, pp. 35-60
- <http://www.nepalnews.com.np/contents/englishdaily/trn/2003/jan/jan16/features.htm>.
- <http://friendofnepal.blogspot.com/2004/10/xinhuanet-china-tourism-contributes-17.html>
- Ichiro, Imai (March 2006), *Problem and Prospects of Mountain Tourism in Nepal Himalaya*, A Case of the Makalu-Barun National Park, Kwansai Gakuin University, *Journal of Policy Studies* No. 22.
- Kazuko, Tatsumi and Takeyoshi, Higuma (2003), *Tourism Development and Conservation of Cultural Property in Nepal*, Mountain Tourism and Eco-Conservation in the Mountain Areas, Hiroshima Shudo University.
- Kakshapati, Gopal Sundar (June 2001), *Tourism for Economic Development and National Image*, a journal published by NATA, Kathmandu, p. 18-19.
- Malla, Pushpa Shrestha (2004), 'Tourism in Nepal-Problem and Prospects' *Sub-Chapter in Nepalese Economy-Towards Building a Strong Economic Nation-State* by Dahal Madan Kumar, Central Department of Economics, Tribhuvan University, Kiritipur, Nepal.
- Michel, Picard and Robert, E. Wood (1997), *Tourism, Ethnicity, and the State in Asian and Pacific*

- Societies*, University of Hawai'i Press, Honolulu.
- National Planning Commission (NPC) (1975), *The Fifth Plan (1975-80)*, HMG/N.
- National Planning Commission (NPC) (1992), *The Eighth Plan (1992-87)*, HMG/N, p. 441-468.
- Nepal Tourism Statistics (NTS) (2002, 2004 and 2008), *Annual Statistical Report 2002, 2004 and 2008*, His Majesty's Government of Nepal, Ministry of Culture, Tourism and Civil Aviation.
- Panta Y.B. and Panta Girish (1997), *Some Aspects of Economic Planning (a case study of Nepal)*, Vikash Publishing House Pvt. Ltd.
- Pradhanang, Surendra Kumar (2000), *Tourists' Consumption Pattern and Its Economic Impact in Nepal*, Adroit Publishers, Delhi, India.
- Shimizu, Hiroshi (2005), *The Development of Tourism in Singapore since the mid-1960s*, Aichi Shukutoku University, 「現代社会学部論集」第10号
- Satyaj, Yajna Raj (2000), *Tourism in Nepal - a Profile*, Adroit Publishers, Yamuna Bihar, Delhi, India.
- Shrestha, Puspa (1999), *Tourism in Nepal: Problems and Prospectives* (Ph.D. Thesis) submitted in Banaras Hindu University, Varanasi, p. 32.
- The National Daily, *The Rising Nepal*, February 12, 2001.
- Wake, C.J. (1975), *Bikas Evolution in Nepal*, p. 20.
- William, F. Theobald (1994), *Global Tourism: The Next Decade*, Butterworth Heinemann Ltd., Jordon Hill, Oxford, p. 4.
- World Tourism Organization, WTO News, March, 1987, p. 3.
- World Tourism and Travel Council, Country Reports (2006) in South Asian Year Book of Trade and Development, 2006.
- www.iexplore.com/dmap/Nepal/Where+to+Go - 55k.