A RESEARCH PAPER ON
IMPACT OF TOURISM INDUSTRY IN NEPALESE ECONOMY

SUBMITTED TO
Purbanchal University
Management Campus
Biratnagar, Nepal

Authors
Ankita Khaniya
Dipesh Kumar Batsa
Poskar Basnet
Sadanad Jha
Sarita Bhandari
Yogita Thapa

Published Date: - December, 2011
Published On: - www.ibirat.com
Abstract

This research paper has been prepared by the undergraduate students of Management Campus, Purbachal University. According to the scenario of Nepal Tourism Year 2011, the students are interested to find out how much Nepal earn from tourism industry and how much tourism industry contribute in total GDP of country.

This study shows the relationship between different factors of tourism industry and economic indicator from which it is easy to find out which factors are directly correlated to GDP of country. This study also shows that, the actors of tourism industry of Nepal and why tourist wants to visit Nepal.

This report has completed in three chapters, the first chapter contains the general introduction, the second chapter includes the presentation and analysis and the third chapter contain conclusion made from the study.
Acknowledgement

This research paper is a product of cooperation with many people. Therefore, We would like to express our sincere gratitude to Dr. Biju Kumar, Reader, Purbanchal University, Nepal for their cooperation, support and guidance during the study. We would like to extend my sincere thanks to Mr. Bishal Rai for encouraging us and also extending cooperation.

Similarly, we would like to thank Mr. Sudhir Kumar Kafle, Campus Chief, Purbanchal University Management Campus; Mr. Mohammad Azam, President, Students Welfare Council of Management Campus; Mr. Bimal Khanal, Nepal SBI Bank Limited and Mr. Amir Shrestha and Neelam Kumari Pokharel, Purbanchal University Management Campus for their support and coordination.

Finally We would like to thank Mr. Anil Kumar Yadav, CEO of ibirat technologies, Biratnagar for providing us a platform to publish this report through www.

Authors

December, 2011
# Table of Contents

<table>
<thead>
<tr>
<th>Content</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td></td>
</tr>
<tr>
<td>Acknowledgement</td>
<td></td>
</tr>
<tr>
<td>Table of Contents</td>
<td></td>
</tr>
<tr>
<td>List of Tables and Graphs</td>
<td></td>
</tr>
<tr>
<td><strong>Chapter I: Introduction</strong></td>
<td></td>
</tr>
<tr>
<td>1.1. Concept and Meaning</td>
<td></td>
</tr>
<tr>
<td>1.2. Major Tourist Attractions of Nepal</td>
<td></td>
</tr>
<tr>
<td>1.3. History of Nepalese Tourism</td>
<td></td>
</tr>
<tr>
<td>1.4. Actors of Tourism Industry in Nepal</td>
<td></td>
</tr>
<tr>
<td>1.5. An Overview of Nepalese Economy in Relation to Tourism</td>
<td></td>
</tr>
<tr>
<td>1.6. Objectives of Study</td>
<td></td>
</tr>
<tr>
<td>1.7. Limitation of Study</td>
<td></td>
</tr>
<tr>
<td>1.8. Organization of Study</td>
<td></td>
</tr>
<tr>
<td>1.9. Research Methodology</td>
<td></td>
</tr>
<tr>
<td><strong>Chapter II: Presentation and Analysis of Data</strong></td>
<td></td>
</tr>
<tr>
<td>2.1. Presentation and Analysis of Data</td>
<td></td>
</tr>
<tr>
<td>2.2. Major Findings</td>
<td></td>
</tr>
<tr>
<td><strong>Chapter III: International Trade Difficulties of Nepal</strong></td>
<td></td>
</tr>
<tr>
<td>3. Conclusion</td>
<td></td>
</tr>
<tr>
<td><strong>Bibliography</strong></td>
<td></td>
</tr>
</tbody>
</table>
### List of Table

<table>
<thead>
<tr>
<th>Table</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table No. 1</td>
<td>10</td>
</tr>
<tr>
<td>Table No. 2</td>
<td>11</td>
</tr>
<tr>
<td>Table No. 3</td>
<td>13</td>
</tr>
<tr>
<td>Table No. 4</td>
<td>14</td>
</tr>
</tbody>
</table>

### List of Graphs

<table>
<thead>
<tr>
<th>Graph</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graph No. 1</td>
<td>10</td>
</tr>
<tr>
<td>Graph No. 2</td>
<td>12</td>
</tr>
<tr>
<td>Graph No. 3</td>
<td>13</td>
</tr>
<tr>
<td>Graph No. 4</td>
<td>15</td>
</tr>
</tbody>
</table>
Chapter - 1

1. Introduction

1.1. Concept and Meaning

Nepal is a land linked country with India in the south, east and west and China in the north. It is a lucrative, marvelous and beautiful country. It is the richest country in terms of bio diversity due to its unique geographical position and altitudinal variation. The elevation of the country ranges from 60m above sea level to highest point on earth, Mt. Everest at 8,848m, all within a distance of 150km resulting into climatic condition from sub tropical to arctic.

There is immense potentiality of tourism in Nepal; thought only 0.1% of the world landmass of the earth is covered by Nepal it has 2% of total flowering plants, 8% of world’s population of birds, 4% of mammals more than 500 species of butterfly, 600 indigenous plant and 319 species of exotic orchids not only this the geographical position and altitude variation of Nepal is also able to attract tourist. The culture, religion and climate are also a major factor which has contributed a lot in the development of tourism in Nepal. Today, ecotourism has also helped Nepal to widen its area, ecotourism is nature based tourism. The increasing literacy rate and per capita income of Nepal has also given birth to domestic tourism and is increasing every year.

Although many of us have been "tourists" at some point in our lives, defining what tourism actually is can be difficult. Tourism is the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business or other purposes.

Tourism is a dynamic and competitive industry that requires the ability to constantly adapt to customers’ changing needs and desires, as the customer’s satisfaction, safety and enjoyment are particularly the focus of tourism businesses. And the tourism industry is also called as all the various businesses that provide services for tourists, considered together

The word 'tourism' is derived from the French word 'Tourisme' which originated in the 19th century. Tourism describes every activity of mankind concerned with the development of tourist movement.

According to Hermann Von Schullard. “The sum of total operations, mainly of economic nature, which directly relate to the entry, stay and movement of foreigners inside and outside a certain country, city or region”
According to the Edmond Picard, prof. of economics at Brussels University. “The function of Tourism is to import currency form foreign resources into the country. Its impact is what tourist expenditures can do to the different sectors of the economy and in particular the hotel-keepers”.

Similarly according to the Swiss prof. Walter Munziker and Kurt karphs (in 1942 A.D). “Tourism is the total relationship and phenomena linked with the stay of foreign persons to a locality, on condition that they not settle there to exercise a major, permanent or temporary activity of a lucrative nature.”

According to the above given definition it may say that traveling from one place to the tourist area of other place to stay temporary with the different kinds of purpose is called Tourism. In Nepal we have different purpose of visit to foreigner.

1.2. Major Tourist Attractions of Nepal

A land linked. Country in south Asia, Nepal borders the Peoples’ Republic of China to the north and Indian peninsula to the south, east and west. A beautiful country with an amazing array of mysterious attractions, Nepal is a most visit tourist destination in this part of the world. Nepal is a land of outstanding diversity and tourist attractions in Nepal are as varied and fascinating as the country itself. The landscape across the country is unusually diverse ranging from the mighty Himalayan Mountains in the north to the humid Terai in the south. Eight of the world’s fourteen highest mountains including Mt. Everest are in Nepal. Some of the prominent tourist attractions in Nepal are:

1.2.1. Rafting

Nepal is a river runners’ paradise. Rafting in Nepal is usually a wilderness experience in that most rivers don’t have highways along side them but it’s a soft, tamed wilderness with white beaches for camping, clean blue rivers and friendly locals.

Nepal has earned reputation as one of the best destinations in the world for white water rafting. White water rafting means cruising down a rushing river in an inflatable rubber raft or white water kayak over crashing waves and swirling rapids for the excitement of a lifetime. Some rafting destinations are Karnali River, Trishuli River, Arun River, Bheri River, Kali Gandaki River, Sunkoshi River, Seti River, Tamor River, Marsyangdi River etc …
1.2.2. Trekking

Nepal aptly has been called a trekkers paradise. Its high standing mountains, scenic hills and the luxuriant Terai offers some of the spectacular trekking routes in the world. Passing through the diverse culture and nature, trekking in Nepal is a lifetime experience which involves a certain degree of physical fitness owing to the rugged topography. Annapurna range also called the range of gods is amazingly beautiful and one of the most visited and preferred trials for trekking in Nepal. It is perfect place for trekkers and adventure seekers and who wants to treasure the hidden glory in trekking. The other trekking zones in Nepal are Everest region trekking, Langtang region trekking, Makalu region, Narphu valley, Sailung, Kalinchok, Ghalegaun, Ghandruk etc…

1.2.3. Mountaineering

Eight of the world’s fourteen highest mountains are in Nepal. Mt. Everest is one of the most important attraction in Nepal. The crowning glory of Nepal tourism, Mt. Everest is the highest mountain in the world where every mountain climber dream of to reach its summit. Mountaineering is the prime attraction of Nepal. The mountains of Nepal have stood as landmarks for the world’s adventure since Nepal opened its door to visitors in the 1950s. Mountaineering can range from climbing the highest peaks over meters to climbing lower peaks which even though considered minor by Himalayan standards are technically quite challenging. There are 33 trekking peaks opened by the government.

1.2.4. Paragliding

Paragliding in Nepal gives the opportunity to experience an Ariel view of the Himalayas. Pokhara, the beautiful lakeside town at the foot of the Annapurna Mountain offers paragliding services.

1.2.5. Jungle Safari

The tropical jungles of Nepal’s Terai preserve some of the best wildlife habitat in the subcontinent. Jungle safaris on elephant back or jeep rides are offered at Chitwan national park, Bardiya national park, Parsa wildlife reserve and Shuklaphanta wildlife reserve, all located in Terai.

1.2.6. Rock climbing

Rock climbing is a challenging sport for outdoor lovers. Most of the rock climbing are situated towards the north of Kathmandu in Nagarjung forest and Shivapuri national park areas. Trip to these places can be combined with hiking, bird watching, nature tours and other activities.
1.2.7. Bungee Jumping
The ultimate thrill of bungee jumping is offered one of the best sites in the world. Nepalese bungee jumping site is situated 160 meters over the ranging Bhotekoshi River in the northern part of the country. The site is located close to Nepal-china border at Barahbise.

1.2.8. Hunting
Dhorpatan hunting reserve is the only area in Nepal where license hunting is allowed. Dhorpatan is the prime habitat of blue sheep, Ghoral, Serow, Black Bear, Pheasant and Partridge. Endangered here are Red Panda, Wolf, Musk Deer and Danphe. Hunting is allowed only after obtaining license from department of national parks and wildlife conservation (DNPWC) in Kathmandu and is restricted to certain times in year. Most hunting trips are planned in spring and onset of autumn from February through April and August through October. The reserve begins at 3000meter and reaches as high as 7000 meters. Trees like fir, pine birch, hemlock, and juniper, oak are available in the reserve. One of the prime attractions for hunters is the blue sheep which is abundant in the area.

1.2.9. Ultra Light Aircraft
Ultra light aircrafts offer breathtaking birds eye view of Pokhara valley and the surrounding mountains. Flights are operated almost throughout the year except during the monsoons, June through August. Flights take place from sunrise 11 a.m. and from 3 pm to sunset everyday provided the weather is not rainy. In the half hour flight, one can fly over Pokhara City, Phewa Lake, Sarangkot Hill land get close to Mt. fishtail. Another option is the exploration of Annapurna range from 12000ft or higher in an hour.

1.2.10. Angling/Fishing
Angling is gaining popularity in Nepal as water sport. Approximately 118 varieties of fresh water fish are found in the Himalayan Rivers ranging from the much sought after masher to the mountain stream trout varieties. Fishing trips on white water are generally organized before and after the monsoons from February through April and October through November.

1.2.11. Mountain Flight
Mountains flight offer a luxurious option of Himalayan experience. The one hour mountain flight takes one close to the source of the highest peaks in the world including Mt. Everest. One can clearly see and identify the peaks and see the Himalayan landscape and glaciers during the flight. The peaks seen are Gosaithan, Dhorje, Lhakpa, Phurbi
Chyacho, Choba Bhamare, Gaurishankar, Melungtse, Chugimago, Karyolung, Pumori, Nnuptse and of course Mt. Everest.

1.2.12. Boating

From glacier fed lakes up north where rivers ease into the Terai plains, there are numerous lakes in Nepal where tourists can experience the pleasure of boating. With famous lakes like Phewa, Begnas and Rupa, Pokhara is known as the lake city and a popular place for boating.

1.2.13. Mountain Biking

Nepal’s diverse terrain is a mountain bikers dream. Biking offers on environmentally sound way of exploring the country. It is possible to go biking the entire length of Nepal. centuries-old dirt roads and trails offer a chance to go on extended trips to exotic locales like Annapurna and Kanchanjungha areas.

1.3. History of Nepalese Tourism

Nepal as a country of diversity is surrounded by natural beauty. It is called peaceful living country because Lord Gautam Buddha was born here. Nepal is also famous in all over the world as a country of mountain, temples etc. In Nepal there are lots of lofty Himalayas, green forest, deep gorges, and tranquil lakes, antique and artistic temples that attract many people to visit Nepal. Nepal was forbidden land to tourist before 1950 AD. The autocratic Rana rulers hardly permitted to foreigner to come in Nepal. With the advent of democracy, Nepal has opened its door to all. In 1950, Nepal's first road system was built to connect the city Kathmandu to Indian border, As a result, Nepal welcomed many international tourist to explore the region’s, rich culture and Himalayas.

According to study of previous data about tourism development in Nepal, in 1962 AD, the approximate number of tourist arrivals has been more than 60,000. Before 1983, there was lack of tourism in Nepal. Government of Nepal and Nepal Tourism Board has a lot of contribution to promote the tourism industry in Nepal with various Programs and providing facilities. According to the Encyclopedia of Tourism, in 1983, Nepal’s tourism peaked as the country’s lending economic sector by marketing Himalayan landscape and Hindu/ Buddhist culture. In 1996, about 400,000 tourists arrived in Nepal and in 1997, Nepal Tourism Committee was established and tourism in Nepal was accelerated. Government of Nepal declared a program “Visit Nepal 1998” by spending much more money in advertising about tourist places all over the world. In 1998 Government of Nepal expected about 500,000 international tourists but total number of tourist arrivals
was only 463,684. In same year total number of tourist increases by 41,827 than in 1997 because of the program “Visit Nepal 1998”. Two years later Nepal Tourism master plan was prepared followed by Government of Nepal in the establishment of Ministry of Tourist in 1973.

Nepal has different culture and tradition. A visitor is the guest and a “Guest is an incarnation of God”. It is a classical convention of Nepalese people. This statement reflects how warmly we treat tourist. In past, travelers used to do different productive works such as reconstruction of pilgrimages seeking education, pursuing social contacts and participating in trade. After the development of trade industry in 20th century, people from all over the world started to visit Nepal for variety of purpose. During the year 2000/2001 AD, the total number of tourists decreased than 1998/1999 because of bad events of Nepal such as Maoist War in the country and massacre of Royal family on Jesta 19th, 2058 BS.

Government of Nepal has decided to allow visiting inside Nepal for a Chinese tourist permitting in new place of Nepal. They have organized “Dolakha Fair” in Dolakha district of Nepal. Still there is a great chance to increase the number of tourist in Nepal by giving peace, security, and providing good services and facilities for domestic and international origin of Nepalese Economic source.

1.4. Actors of Tourism Industry in Nepal

There are different types of actors in tourism industry. Actors are those which play great impact on tourism. Epically the actors include the following.

1.4.1. Air Transport

Tourists have annual holidays, weekends, bank holidays, etc. There is strict relation to the speed of aircraft, since the high speed of aircraft reduces the length of flight to the benefit of the length of stay at any chosen destination. Air transport has contributed significantly to world tourism. Even countries whose geographical location makes access difficult, have begun to profit from the tourist movement in Nepal. The aeroplane has only stood forth for nearly the last 60 years. It is felt that from 1970, due to introduction of Supersonic aircraft, all inhabited areas of the globe will be reached in an average of 23 hours. It is also estimated that in the years 2000 AD, some two thousands million people will take to the air.

Nepal was completely closed to the outside world up to 1951 and the development of surface communication has taken place only during the last two decades.
Today progress has been made in surface transport and almost every corner of the country can be reached by Royal Nepal Airlines and its scheduled services. The first air services in Nepal were set in motion by a precursor of Indian Airlines in 1951, Then Indian National Airways (INA) lineage, Himalayan Aviation, operated domestic services to connect Kathmandu with Pokhara, Bhairahawa, Simra and Biratnagar.

RNAC is the national airline of Nepal and it has started domestic and international networks. The domestic network covers every part of Nepal connects more than 43 districts in all 14 zones for the benefit of local people and visitors. Its STOL flights to Exotic Mountain resorts such as Lukla, Jumla, Jomsom, Langtang and Shangboche, daily mountain flights and helicopter charters, provide easy means to view many beautiful parts of Nepal.

1.4.2. Hotel

The hotel is an enterprise for the production of goods and services, intended to be sold for a profit to remunerate the administration and the capital involved. The production of goods consists primarily in the transformation of foodstuff, into dishes and meals served to clients. The hotel is also a unit of wholesale trade when it sells alcohol drinks, cigarettes, postcards, etc. But its prime role consists in providing services (hall, lounges, swimming pool, garden, sporting installations, banquet, conference halls, etc.)

The growth of the hotel industry in Nepal began in 1955. Mr. Boris Lissanevitch started the Royal Hotel in February 1955. In order to have a glimpse of the growth of the hotel industry in Nepal, it is not out of place here to quote Mr. George lebrec of Direction Generale du Tourisme, Paris who had been sent to Nepal as an advisor under the bilateral Co-operation Program of the French Ministry of Foreign affairs in 1958-59.

1.4.3. Travel Agency

Travel agencies are profit-making business firms set up for the purpose of organizing trips. At present they act either as middlemen between their customers and the firm supplying the services required (transport companies, hotels, firms offering excursions or entertainment) or as actual tourist entrepreneurs.

Travel agents have a great responsibility in promoting Nepal's tourism industry. The travel agents of Nepal have played a creative role in promoting new business and popularizing new destinations. They have played a prominent role in the overall development of tourism industry in Nepal.

1.4.4. Trekking Agency

Trekking is done around existing high level habitations built for shepherds or climbers (hunt, shelters) or an industrial installation (a power station on a mountain stream, or a dam creating an artificial lake). Finally, they may be near some celebrate site
that attracts large number of tourists (volcanoes in the Pacific, peaks with a panoramic view).

The most popular recent trekking routes are Kathmandu-Namche Bazar, Kathmandu-Helembu, Kathmandu-Pokhara, Pokhara-Annapurna and Pokhara-Manang. Besides these, many other places of interest are Jiri, Langtang Valley, Gosaikund, Jumla, Palpa, Dolpa, Ghandrung, Ghorapani, Laker-Rara, etc.

It is certain that trekking tourism is Nepal's sole resources to build up an independent market. The duty of the licensed trekking agencies is to discover potential markets and sell their products directly to the desirous clients.

1.4.5. Mountaineering Agency

The history of Mountaineering in Nepal began in 1950. This view is well expressed by Dr. Harka Gurung in his introduction to the souvenir, a publication published by the HMG, Ministry of Tourism on the occasion of Nepal Mountaineering (Sagarmatha) Week, Kathmandu, 29 May-4 June, 1978. The growth of mountaineering in Nepal can be traced back to the beginning of the 1950s when the country was opened to foreign visitors.

The Ministry of Tourism, Government of Nepal, Mountaineering section and Nepal Mountaineering Association (NMA) are the two bodies (Government and non-government) which handle expeditions. Mountaineers attempting to scale less than 6,000-meter peaks can obtain the permission from the NMA whereas the same for above 6,000 meter peaks can be applied for permission from Ministry of Tourism, Mountaineering section.

1.5. An Overview of Nepalese Economy in Relation to Tourism

Nepal is a small land linked country with majority of its people engaged in agriculture. However, the agriculture sector contributes only 55 percent on the Gross Domestic Product and 50 percent of total export. Similarly the manufacture sector contributes 20 percent in Gross Domestic Product.

Tourism industry has been considered as a major industry in Nepalese economy. More than 1.50 million people are employed directly or indirectly in this industry.

1.6. Objectives of Study

The objective of studying this is
• To analyze the impact of tourism in national economy.
• To evaluate the foreign exchange earning from tourist.
• To study the possibility of increasing the total number of tourist arrival in Nepal on different ways and different time.
• To see the Economic impact of tourism in hotel industry.
• To see the impact of tourism in travel, trekking and rafting agencies and licensed manpower.

1.7. Limitation of Study

This study has following limitations.

- The Study period will cover the data’s of past 5 yrs
- This study excluded the Indians who come from land.
- The study is mainly based on secondary data through statistics of bank, brochure and newspaper, so validity of the findings depends on the reliability of those data.
- The main focus is given to qualitative aspect than the quantitative aspect.

1.8. Organization of Study

This research report consists of three chapters. The first chapter consists of introduction part and it’s about of concept and meaning of tourism, history of Nepalese tourism, major tourist attractions of Nepal and actors of Nepalese tourism industry. The second chapter consists of presentation of data and its analysis. The major findings are also included in chapter two. And the third chapter includes the conclusion made from analysis.

1.9. Research Methodology

This research is descriptive and is completely based on secondary data, no primary data are used in this research so there is no any questionnaire and any tools of primary data collection but a short interview took place with Mr. Jitendra Bhattarai of Nepal Tourism Board which was very useful for us and helped a lot through this research.
Chapter - 2

Presentation and Analysis

2.1. Presentation and Analysis of Data

2.1.1. Relationship Between “Tourist Arrival” – “Foreign Exchange Earnings From Tourist” – “Gross Domestic Product”

Following represents the year wise tourist arrival in Nepal, foreign exchange earnings from tourist and the GDP of country for last 5 years.

Table No. 1

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Year</th>
<th>Tourist Arrival</th>
<th>Foreign Exchange Earnings From Tourist US$ ‘000’</th>
<th>Gross Domestic Product US$ ‘000’</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>2006 AD</td>
<td>383,926</td>
<td>162,790</td>
<td>6627000</td>
</tr>
<tr>
<td>02</td>
<td>2007 AD</td>
<td>526,705</td>
<td>230,617</td>
<td>6948000</td>
</tr>
<tr>
<td>03</td>
<td>2008 AD</td>
<td>500,277</td>
<td>351,968</td>
<td>7323000</td>
</tr>
<tr>
<td>04</td>
<td>2009 AD</td>
<td>509,956</td>
<td>377,172</td>
<td>12640000</td>
</tr>
<tr>
<td>05</td>
<td>2010 AD</td>
<td>602,807</td>
<td>392,982</td>
<td>12470000</td>
</tr>
</tbody>
</table>

(Source: - Nepal Tourism Board and CIA)

Graphical representation of above data is as follows.

Graph No. 1

Relation Between GDP, Foreign Exchange Earnings From Tourism and Tourist Arrival in Nepal
The above table shows the number of tourist arrival from year 2006 AD to 2010 AD. It shows the earnings from tourist arrivals and its impact on Gross Domestic Product. Here we can see that in 2006 AD, 2007 AD, 2008 AD, 2009 and 2010 AD the number of tourist visited in Nepal were 383,926, 526,705, 509,926 and 602,807 respectively. Similarly foreign earnings in each year were $162,790 Thousand, $230,617 Thousand, $351,968 Thousand, $377,172 Thousand and $392,928 thousand respectively. The GDP on those years were $662,700 Thousand, $694,800 Thousand, $732,300 Thousand, $1,264,000 Thousand and $1,247,000 Thousand respectively.

The above graph reflects the relationship between numbers of tourist arrival in Nepal; foreign exchange earnings form tourist and gross domestic product of respective year.

It is seen that as the number of tourist has increased, the earnings has been increased due to use there incensement in GDP. This shows that the direct relation between these three factors. It is also prove that the number tourist arrival in Nepal increases the gross domestic product of Nepal.

The GDP not only depends upon the tourist inflow but there are many other factors. So the percentage share on GDP from foreign exchange earnings has shown below.

But in year 2008 AD, although there is decrement in number of tourist arrival than 2007 but the earnings is more in 2008 AD greater than in 2007. This is due to length of stay of tourist in Nepal. The length of stay of say the tenure was more in 2008 than in 2007.

2.1.2. Relationship Between “Tourist Arrival” – “Foreign Exchange Earnings From Tourist” – “Percentage of GDP from Foreign Exchange Earnings”

Following represents the year wise tourist arrival in Nepal, foreign exchange earnings from tourist and the percentage of GDP from foreign exchange earnings from tourist for last 5 years.

<table>
<thead>
<tr>
<th>S. N.</th>
<th>Year</th>
<th>Tourist Arrival</th>
<th>Foreign Exchange Earnings From Tourist US$ ‘000’</th>
<th>% of GDP From Foreign Exchange Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>2006 AD</td>
<td>383,926</td>
<td>162,790</td>
<td>2.456465973</td>
</tr>
<tr>
<td>02</td>
<td>2007 AD</td>
<td>526,705</td>
<td>230,617</td>
<td>3.319185377</td>
</tr>
</tbody>
</table>
The above table shows the number of tourist arrival from year 2006 AD to 2010 AD. It shows the earnings from tourist arrivals and its impact on percentage share of Gross Domestic Product. Here We can see that in 2006 AD, 2007 AD, 2008 AD, 2009 and 2010 AD the number of tourist visited in Nepal were 383,926, 526,705, 500,277, 509,926 and 602,807 respectively. Similarly foreign earnings in each year were $162,790 Thousand, $230,617 Thousand, $351968 Thousand, $377,172 Thousand and $392,928 thousand respectively. The percentage of GDP from foreign exchange earnings from tourist were 2.456465973%, 3.319185377%, 4.806336201%, 2.983955696%, 3.151419407% respectively.

The above graph reflects the relationship between numbers of tourist arrival in Nepal; foreign exchange earnings from tourist and percentage of gross domestic product from foreign exchange earnings of respective year.

It is seen that number of tourist inflow in Nepal increases the foreign exchange earnings as well as the percentage share of gross domestic product has also increased. Therefore it is represent direct of say positive relation among these three factors.
But in year 2009 AD the number of tourist arrival is more than recent years but the percentage share of GDP from foreign exchange earning is decreases due to increases the share of GDP from another sector such as service, production etc…

2.1.3. Relationship Between “Average Length of Stay of Tourist in Nepal” – “Foreign Exchange Earnings From Tourist

Following represents the year wise foreign exchange earnings from tourist and average length of tourist stay in Nepal for last 5 years.

Table No. 3

<table>
<thead>
<tr>
<th>S. N.</th>
<th>Year</th>
<th>Foreign Earnings From Tourist US$ ‘000’</th>
<th>Exchange Rate</th>
<th>Average Length of Stay of Tourist In Nepal (in Day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>2006 AD</td>
<td>162,790</td>
<td></td>
<td>9.09</td>
</tr>
<tr>
<td>02</td>
<td>2007 AD</td>
<td>230,617</td>
<td></td>
<td>10.20</td>
</tr>
<tr>
<td>03</td>
<td>2008 AD</td>
<td>351,968</td>
<td></td>
<td>11.78</td>
</tr>
<tr>
<td>04</td>
<td>2009 AD</td>
<td>377,172</td>
<td></td>
<td>11.32</td>
</tr>
<tr>
<td>05</td>
<td>2010 AD</td>
<td>392,982</td>
<td></td>
<td>12.67</td>
</tr>
</tbody>
</table>

Graphical representation of above data is as follows.

Graph No. 3

Relation Between Foreign Exchange Earnings From Tourist and Average Length of Stay of Tourist in Nepal
The above table shows the number of tourist arrival from year 2006 AD to 2010 AD. It shows the relation between foreign exchange earnings from tourist and average length of tourist stay in Nepal. Here it is seen that in 2006 AD, 2007 AD, 2008 AD, 2009 and 2010 AD the foreign earnings in each year were $162,790 Thousand, $230,617 Thousand, $351,968 Thousand, $377,172 Thousand and $392,928 thousand respectively. The average length of stay is 9.09 day, 10.20 day, 11.78 day, 11.32 day, and 12.67 day respectively for those years.

Here it is seen that average length of stay increases the foreign exchange earnings and vice versa. Therefore, there is a direct relationship between foreign exchange earnings and average length of tourist stay in Nepal.

2.1.4. Relationship Between “Amount of Hotel Expenditure of Tourist” – "Foreign Exchange Earnings From Tourist” – “Percentage Contribution of GDP from Hotel Industry”

Following represents the fiscal year wise amount of hotel expenditure of tourist foreign exchange earnings from tourist and Contribution of GDP from Hotel Industry.

<table>
<thead>
<tr>
<th>S . N.</th>
<th>Fiscal Year</th>
<th>Foreign Exchange Earnings From Tourist NPR &quot;Million&quot;</th>
<th>Hotel Expenditure of tourist NPR &quot;Million&quot;</th>
<th>% Contribution of GDP from Hotel Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2062/63 BS</td>
<td>11710.89</td>
<td>9398</td>
<td>1.49</td>
</tr>
<tr>
<td>2</td>
<td>2063/64 BS</td>
<td>12645.72</td>
<td>10043</td>
<td>1.44</td>
</tr>
<tr>
<td>3</td>
<td>2064/65 BS</td>
<td>20339.89</td>
<td>13943</td>
<td>1.48</td>
</tr>
<tr>
<td>4</td>
<td>2065/66 BS</td>
<td>27959.8</td>
<td>13943</td>
<td>1.49</td>
</tr>
<tr>
<td>5</td>
<td>2066/67 BS</td>
<td>28139</td>
<td>17466</td>
<td>1.59</td>
</tr>
</tbody>
</table>
The graphical representation of above table is as follows.

### Graph No. 4

**Relationship Between Amount of Hotel Expenditure of Tourist Foreign Exchange Earnings From Tourist and % Contribution of GDP from Hotel Industry**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Foreign Exchange Earnings From Tourist NPR &quot;Million&quot;</th>
<th>Hotel Expenditure of tourist NPR &quot;Million&quot;</th>
<th>% Contribution of GDP from Hotel Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>2062/63</td>
<td>1.35</td>
<td>9398</td>
<td></td>
</tr>
<tr>
<td>2063/64</td>
<td>1.4</td>
<td>10043</td>
<td></td>
</tr>
<tr>
<td>2064/65</td>
<td>1.45</td>
<td>13943</td>
<td></td>
</tr>
<tr>
<td>2065/66</td>
<td>1.5</td>
<td>27959.8</td>
<td></td>
</tr>
<tr>
<td>2066/67</td>
<td>1.55</td>
<td>28139</td>
<td></td>
</tr>
</tbody>
</table>

The above table shows the fiscal year wise relation between foreign exchange earnings from tourist, hotel expenditure of tourist and the percentage contribution of GDP from hotel industry. Here it is seen that in fiscal year 2062/63 BS, 2063/64 BS, 2064/65 BS, 2065/66 BS and 2066/67 BS and the foreign earnings in each year were Rs. 11710.89 Million, Rs. 12645.72 Million, Rs. 20393.89 Million Rs. 27959.8 Million and Rs. 28139 Million respectively. The fiscal year wise hotel expenditure of tourist is Rs. 9398 Million, Rs.10043 Million, Rs.13943 Million,
Rs.13943 Million and Rs.17466 Million respectively and the contribution of GDP from hotel industry is 1.49 %, 1.44 %, 1.48%, 1.49% and 1.59% respectively.

The above graph shown that the foreign exchange earning have positive relationship with the hotel expenditure of tourist. In average, the hotel expenditure of tourist have also positive relationship with percentage contribution in GDP. Therefore is prove that the foreign exchange earnings have direct relationship percentage share of GDP and the Gross Domestic Product of Country.

2.2. Major Findings

- The foreign exchange earnings have positive relationship with the percentage contribution in GDP.
- The average length of stay of tourist in Nepal causes more foreign exchange earnings.
- The proportion of hotel expenditure of tourist and GDP is 1.5 % in average.
Chapter - 3

3. Conclusion

The tourism industry of Nepal has great impact in Nepalese Economy. There is average three percent contribution of tourism sector in National Gross Domestic Product. The trend is continuously increasing. Therefore, there will great chance to increase the percentage contribution of GDP from tourism industry in future date.

Nepal has great opportunities to make money from tourism industry. Nepal has to utilize all the resource and advertise the tourism industry to get more benefit from tourism industry.