NEPAL
Tourism sector analysis

Source: CIA - The World factbook, 2008

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1 Introduction

1.1 Research objectives

The main objectives of this market research are the following:

1. Definition of the current state of the Nepalese touristic sector in general.

2. Specifying of propulsive touristic subsectors and market niches.

3. Determining of the level and existence of specific knowledges.

4. Finding the fields insufficiently covered with necessary knowledge.

5. Establishing a solid base and guidelines for the transmission of needed knowledge on spot.

6. Collecting sufficient information on most needed profiles of knowledge in order to be learned or upgraded on the course at the MIB school for management in Italy.

1.2 Methodology

The methodology of the research is based on the three main activities:

1. Desk research – collecting data on Nepalese touristic sector available from internet sources and library sources as it is stated in the bibliography at the end of this document.

2. Research on terrain i.e. Nepal executed by the expert from the Agency for International marketing. The twelve days work on terrain which was formerly prepared and later co-ordinated by the EEC in Kathmandu included meetings at the key institutions involved in tourism development in Nepal such as Nepal Tourist Board, sample tourist agency as President Tours, discussions with the high ranking officials from some of the tourist associations as well as visiting a sample tourist resort of Pokhara. Additionally the main hotels in Kathmandu Pohara and Nagarkhot area were shortly visited and the information from their marketing managers about the hotel services was collected.

3. Finishing the research by selecting and processing the information received from the above sources in Nepal, combining the pieces of information from terrain with the information collected before departing to Nepal, and, when necessary, completing the document by the additional data gained from the internet sources recommended by the experts from Nepal.
2 Executive summary

The population of Nepal (2007) is over 22 million, of which more than 90% are rural and 10% are urban. The country is a potpourri of ethnic groups and sub-groups who speak over 93 languages and dialects.

Nepal's gross domestic product (GDP) for the year 2007 was estimated at just over US$30 billion, making it the 83rd largest economy in the world.

Tourism became the leading industry in Nepal in 1983, but it has often suffered from its dependence on its politically unsettled neighbours for airline flights and overland links. Initially tourists consisted of mountaineers attracted to the Himalayan peaks, the highest in the world. Today, trekking is a major tourist form. By 1996 Nepal was attracting 404,000 tourists and generating 130 million USD in tourism receipts. Recently, the Ministry of tourism and Aviation was strengthened by assuming more policy planning and regulatory roles. A Nepal Tourism Board, consisting of representatives of various sectors of the industry and the major government agencies with which they interact, was created to further coordination and cooperation between government and the private sector (Jafar Jafary, 2007).

Tourism reaches into the varied aspects of Nepalese life and its benefits are encompassed by diverse sectors directly and indirectly. It generates employment opportunities and helps in the promotion and conservation of the art and culture. The tourism industry is one of the foreign currency earners in the country and thus makes a significant contribution to the economy. Government of Nepal has been actively promoting tourism in Nepal and has always encouraged the private sector for their involvement and participation. The Ministry of Culture, Tourism & Civil Aviation (MOCTCA) gives equal importance to conservation of natural, cultural and human resources (Jafar Jafary, 2007).

The further development of tourism in Nepal has been encouraged by the recent stabilisation of political situation. After the elections in April 2008 this year and declaration of republic end of May 2008 it is expected more intensive growth of touristic sector. The political parties in parliament have given their commitment to tourism as the most important sector of Nepalese economy. Consequently the “New Nepal” was awarded also a new tourist brand name and marketing promotion by The Nepal Tourist Board. State budget for touristic sector is growing although the experts in touristic sector still claim to expect more funding by the government.

The vision of Nepalese tourism is establishing the Nepal Tourism Board as the leading NTO championing the best and innovative practices of destination marketing and development and eco-tourism in this region. The most important plan is to make Nepal the number one mountain tourism destination in the world as envisioned by the Brand and to maximize the tourism benefits by developing Nepal as a premier holiday destination by following the spirit of “Inclusiveness” and sustainable tourism for greater harmony and equitable distribution of income.
3 Overview of Nepal

3.1 Political and Legislative Environment

Nepal's Political History

In the 18th century, the warrior king Prithvi Narayan Shah unified many princely states, bringing the country to its present shape and size. The unification marked the beginning of the rule by the Shah dynasty. In the past two-and-a-half centuries, the country has been ruled by 13 kings. In 1847 the Ranas took over power from the king and remained the de-facto rulers for 104 years. The Ranas word was law. The people revolted against the Rana oligarchy, and in 1951 the Rana regime gave way to democracy. King Tribihuwan supported the revolt. However, the ushering in of democracy wasn't completely free of political turmoil.

After years of political instability that followed, general elections were held in 1959 and for the first time the people had an elected government. B. P. Koirala, became the first elected prime minister of Nepal. In less than two years, King Mahendra, successor of King Tribihuwan dissolved both the government and the parliament, brought democracy to an end and introduced the party-less Panchayat rule. The Panchayat system, in which political parties were banned, continued for 30 years. During this period a number of armed and unarmed struggles against the system took place, which was crushed by the government. Students launched a major political movement in 1980 against the Panchayat system, during King Birendra's regime. To resolve the tension, the King announced a referendum. People were to choose between multi-party democracy and an improved version of the Panchayat system. In a controversial result, the multi party democracy was defeated. However it weakened the Panchayat system, paving way for the restoration of democracy afteradecade.

The historical Movement of the people in 1990 overthrew the Panchayat system and restored multi-party democracy. Within a year, a democratic constitution was introduced, which, for the first time, made the people sovereign. Less than six years after the restoration of multi-party system, the Communist Party of Nepal-Maoist started an armed insurgency in 1996 claiming that the people had not yet received justice.

In the decade long armed conflict more than 13 thousand Nepalese lost their lives. Thousands were displaced and hundreds disappeared. Terror, instability and infrastructure damage took its toll on the nation. In the meantime, the entire family of King Birendra was wiped out in the infamous Royal palace massacre. The subsequent rise of King Gyanendra, pushed the country to further turmoil. The government failed to hold elections in time. On charges of incompetence Sher Bahadur Deuba's elected government was overthrown and the King formed his own government.

The Maoists movement had in the meantime gathered momentum, hindering the holding of elections. The new government under Lokendra Bahadur Chand also failed to conduct
elections. Surya Bahadur Thapa was appointed as the new Prime Minister. He held peace talks with the Maoists to prepare an environment for elections, but that too resulted in a failure. Deuba was reappointed the Prime Minister, but only remained in office for a short time, as dialogue with the Maoists did not materialize. The escalation of violence and killings only added to the people's desperation and increased security problem.

On February 1st 2005, the King took over absolute state powers and assumed the role of the Chairman of the cabinet, a cabinet that he had himself nominated. This led the political parties to form an alliance with the Maoist rebels. In November 2005, a 12-point agreement was signed by the seven political parties and the Maoists. The first objective of the agreement was to end the violent conflict and restore peace in the country. This agreement provided the Maoists an opportunity to suspend the armed movement and participate in a peaceful democratic movement.

The peaceful movement turned into a people's movement. Millions of people marched onto the streets demanding an end to the tyrannical monarchy and the writing of a new Constitution through a Constituent Assembly. The people finally forced the king to relinquish state control on April 24, 2006. The success of the People's Movement II left king Gyanendra powerless. The political parties are now committed to writing a Democratic Constitution through a Constituent Assembly elected by the people. The Maoists have become a part of the Parliament. The responsibilities vested in the King have now been transferred to the Prime Minister.

An Interim Parliament was formed on January 15, 2007 after the Seven Party Alliance signed the Comprehensive Peace Agreement with the CPN-Maoists, a former rebel group, making it an 8 party coalition. In April 2006, Girija Prasad Koirala was nominated the Prime Minister through political consensus and a Council of Ministers was chosen. On January 15, 2007 Interim Constitution promulgated an interim parliament of 330 seats established, including the Maoists (Nepal election portal, 2008).
Current System of government

On 28\textsuperscript{th} May 2008 Nepal was declared a Federal Republic under a 23 point agreement signed by the Seven-Party Alliance and the Maoists on 23\textsuperscript{rd} Decembre 2007. According to the agreement the declaration would be confirmed by a simple majority at the first meeting of the Constituent Assembly. The number of the seats in the Constituent Assembly would be 601 (Nepal election portal, 2008).

Main Political Parties:

Constituent Assembly:
The Constituent Assembly is the body of representatives authorized by the Interim Constitution to draft a new Constitution for Nepal. This Constituent Assembly is to be directly elected by the people of Nepal in order to make it representative of Nepali society.

The Interim Constitution legislates for the creation of a 601 member Constituent Assembly, with 575 of these members being directly elected (335 through Proportional Representation and 240 through First-Past-the-Post) and 26 being appointed by the Cabinet after the election takes place.

The Constituent Assembly Election was originally expected to take place in June 2007, but as this date approached and the necessary election laws were not in place, it was necessary to postpone the election until November 2007. The Constituent Assembly Election again had to be cancelled as November 2007 approached due to political deadlock over a range of issues. Some of the parties in Nepal refused to participate in an election until these issues were resolved and it was felt that an election held under these circumstances would not be legitimate.

With the conclusion of a political agreement in December 2007, Nepal was able to announce a new date for the Constituent Assembly Election. The election was then scheduled to take place on 10\textsuperscript{th} April 2008.

On 10\textsuperscript{th} April 2008 CA Election was held in fair environment and Former rebels (CPN Maoist) emerged as the largest party followed by Nepali Congress and Communist Party of Nepal, Unified Marxist-Leninist.

The Election Constituency Delimitation Commission recommended the following number and distribution of seats: 335 members would be elected through a proportionate electoral system, 240 members through election in constituencies and 26 on recommendation by the Council of Ministers (Nepal election portal, 2008).

Through Direct Election Maoist managed to get 120, Nepali Congress 37 and UML 33.
Table 1: Party wise result status, CA Election 10th April 2008

<table>
<thead>
<tr>
<th>S.no</th>
<th>Party Name</th>
<th>Candidate</th>
<th>Elected</th>
</tr>
</thead>
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<tr>
<td></td>
<td></td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>1</td>
<td>Communist Party of Nepal (Maoists)</td>
<td>43</td>
<td>197</td>
</tr>
<tr>
<td>2</td>
<td>Nepali Congress</td>
<td>26</td>
<td>214</td>
</tr>
<tr>
<td>3</td>
<td>Communist Party of Nepal (UML)</td>
<td>27</td>
<td>212</td>
</tr>
<tr>
<td>4</td>
<td>Madhesi People's Rights Forum, Nepal</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>5</td>
<td>Tarai Madhes Loktantrik Party</td>
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<td>90</td>
</tr>
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<td>6</td>
<td>Sadhvawana Party</td>
<td>4</td>
<td>83</td>
</tr>
<tr>
<td>7</td>
<td>Janamorcha Nepal</td>
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<td>175</td>
</tr>
<tr>
<td>8</td>
<td>Nepal Workers and Peasants Party</td>
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<td>71</td>
</tr>
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<td>9</td>
<td>Independent</td>
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<td>Rastriya Janamorcha</td>
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<td>Rastriya Janshakti Party</td>
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<td>Samajwadi Prajatantrik. Janata Party, Nepal</td>
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<td>43</td>
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<td>Nepal Rastriya Bikas Party</td>
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<td>13</td>
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<td>15</td>
<td>Socialist Party of Nepal</td>
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<td>5</td>
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<td>16</td>
<td>Rastriya Janamukti Party</td>
<td>8</td>
<td>76</td>
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<td>Rastriya Prajatantra Party Nepal</td>
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<td>196</td>
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<tr>
<td>18</td>
<td>Communist Party of Nepal (Unified)</td>
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<td>20</td>
<td>Rastriya Janata Dal</td>
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</tr>
<tr>
<td>21</td>
<td>Communist Party of Nepal (United)</td>
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<td>49</td>
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<td>22</td>
<td>Nepal Samata Party</td>
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<td>12</td>
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<tr>
<td>23</td>
<td>Dalit Janajati Party</td>
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<td>49</td>
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<tr>
<td>24</td>
<td>Nepal Sadhvawana Party (Anandidevi)</td>
<td>13</td>
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<td>25</td>
<td>Communist Party of Nepal (United Marxist)</td>
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<td>43</td>
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<td>26</td>
<td>Communist Party of Nepal (Marxist)</td>
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<td>7</td>
</tr>
<tr>
<td>27</td>
<td>Hindu Democratic Party</td>
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<td>28</td>
<td>Nav Janawadi Morcha</td>
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<td>29</td>
<td>Nepal Rastriya Janakalyan Party</td>
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<td>3</td>
</tr>
<tr>
<td>30</td>
<td>Rastriya Bikas Party</td>
<td>0</td>
<td>21</td>
</tr>
<tr>
<td>31</td>
<td>Muskan Sena Nepal Party</td>
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<td>32</td>
</tr>
<tr>
<td>32</td>
<td>League Nepal Shanti Ekata Party</td>
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<td>10</td>
</tr>
<tr>
<td>33</td>
<td>Nepal Janavawana Party</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>34</td>
<td>Nepal Shanti Kshetra Parishad</td>
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<td>2</td>
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<td>35</td>
<td>Rasrawadi Yuwa Morcha</td>
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<td>4</td>
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<tr>
<td>36</td>
<td>Liberal Samajwadi Party</td>
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<td>3</td>
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<td>37</td>
<td>Nepali Janata Dal</td>
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<td>38</td>
<td>Nepal Rastriya Lokatantrik Dal</td>
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<td>1</td>
</tr>
<tr>
<td>39</td>
<td>Rasrawadi Ekata Party</td>
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<td>0</td>
</tr>
<tr>
<td>40</td>
<td>Janamukti Party, Nepal</td>
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<td>3</td>
</tr>
<tr>
<td>41</td>
<td>Sa-Shakti Nepal</td>
<td>6</td>
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</tr>
<tr>
<td>42</td>
<td>Rastriya Janata Dal Nepal</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>43</td>
<td>Shanti Party Nepal</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>44</td>
<td>Nepal Janata Party</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td>45</td>
<td>Lok Kalyankari Janata Party Nepal</td>
<td>2</td>
<td>32</td>
</tr>
</tbody>
</table>
Federal Democratic Republic of Nepal

The first meeting of the Constituent Assembly (CA) overwhelmingly voted in favor of republicanism by 460 to 4 members. The meeting finally ended at 23.25 hrs on 28th May 2008 ousting the 449 year old Shah Dynasty (initiated by Drabya Shah in 1559). Before voting, Girija Prasad Koirala, Acting Head of State and Prime Minister of the Government of Nepal (GON) tabled a six-point proposal. The proposal says, “Nepal shall turn into an independent, indivisible, secular, inclusive, and federal democratic republic with sovereignty and state authority vested in the people”. The meeting abolished all rights and privileges of the king and his royal family members and put them in the same category as common Nepali citizens. The meeting accepted the proposal to direct the GON to drive out ex-king Gyanendra and his personal secretariat from Narayanhiti Royal Palace within 15-days and take care of the safety of national properties remaining inside. The same meeting decided to develop the royal palace into a historical museum. It extended tribute to the martyrs whose sacrifice contributed to bring about republic in Nepal. The proposal scrapped all deviance in constitutional provisions, laws, administrative rules and regulations effective from the same day. The CA also passed a separate bill to make new arrangements for a president as Head of State by amending the Interim Constitution (IC). The President works as the patron of the IC and controls the Nepal Army, but shall mobilize the army and impose emergency upon recommendation of the cabinet. The position of president shall remain until the CA promulgates the New Constitution.
3.2 Macroeconomic Parameters

Economic system

Nepal figures among world's poorest counties. There are various factors that have contributed to the economic backwardness of Nepal. Its topography, lack of resource endowment, landlocked position, lack of institutions for modernization, weak infrastructure, and lack of policies conductive to development are some of the factors that have hindered the Nepalese economy. Due to its landlocked situation, Nepal relies heavily on its neighbors India and China for its trade, especially on India. Nepal's economy has been subject to fluctuations resulting from changes in its relationship with India as a result of its geographical position and the scarcity of natural resources.

Agriculture is the mainstay of the economy, providing a livelihood for three-fourths of the population and accounting for 38% of GDP (CIA-The world factbook, 2008). Industrial activity mainly involves the processing of agricultural products including jute, sugarcane, tobacco, and grain (CIA-The world factbook, 2008). Security concerns relating to the Maoist conflict have led to a decrease in tourism, a key source of foreign exchange. Nepal has considerable scope for exploiting its potential in hydropower and tourism, areas of recent foreign investment interest. Prospects for foreign trade or investment in other sectors will remain poor, however, because of the small size of the economy, its technological backwardness, its remoteness, its landlocked geographic location, its civil strife, and its susceptibility to natural disaster.

Nepal's gross domestic product (GDP) for the year 2007 was estimated at just over US$30 billion, making it the 83rd-largest economy in the world. Per capita GDP is estimated to be in the order of US$ 1,100 (2007). Real growth rate in 2007 was estimated at 2.5%. Agriculture accounts for about 38% of Nepal's GDP, services comprise 42% and industry 20%. Agriculture employs 76% of the workforce, services 18% and manufacturing/craft-based industry 6%. Agricultural products mostly grown in the Terai region bordering India includes tea, rice, corn, wheat, sugarcane, root crops, milk, and water buffalo meat. Industry mainly involves the processing of agricultural produce, including jute, sugarcane, tobacco, and grain. Its workforce of about 10 million suffers from a severe shortage of skilled labour (CIA-The world factbook, 2008).

Nepal's exports of mainly carpets, clothing, leather goods, jute goods and grain total $822 million. Import commodities of mainly gold, machinery and equipment, petroleum products and fertilizer total US$2 bn. India (53.7%), the US (17.4%), and Germany (7.1%) are its main export partners. Nepal's import partners include India (47.5%), the United Arab Emirates (11.2%), China (10.7%), Saudi Arabia (4.9%), and Singapore (4%) (Wikipedia, 2008).

The major source of foreign currency is tourism industry. The spectacular landscape and diverse, exotic cultures of Nepal represent considerable potential for tourism, but growth in
this hospitality industry has been stifled by recent political events. The country has high potentiality of water resources which has not yet been fully utilized.

**Economic growth**

The process of structural change is taking place in the Nepalese economy, although very slowly. The pressure on price has remained high in recent years due to the slow growth in agriculture production caused by the adverse weather conditions, the increase in the price of petroleum products, and the consequent rise in transport cost. The annual average inflation based on national consumer price index, recorded a rise of 8.6 percent during 2007 (CIA-The world factbook, 2008). The instability of prices has continued over the years because of several reasons: First, agricultural production which is critical factor for ensuring smooth supply of food grains is vulnerable to weather condition; and cyclical nature. Agricultural production growth has also created cyclical pressure on the prices of agricultural produces. A rise in the prices of non-food and services which carries a weight of 46.8% has contributed more to an increase in the annual average inflation rate. Second, due to open border with India and free flow of goods across the border facilitated by the free and unlimited convertibility of the Nepalese rupee into Indian rupee, prices in Nepal remain deeply influenced by Indian prices. Third, gradual deregulation of the administered prices leading to price rise in critical areas like electricity, fertilizer, and petroleum products has escalated the cost of production leading to inflationary pressure in the Nepalese economy. In recent years, the price of petroleum products has increased and in all probability the trend will continue in future as well. In addition, the increase of economic activities in the country will create additional demand for POL products that will have to be met by an increase in total import, thus putting pressure on the price level of the economy. Fourthly, Nepalese market suffers from fragmentation, asymmetric information, lack of competition, and inadequate regulatory mechanism which often results in price distortions and inflation. Finally, the disturbances in the economy because of strikes, forced closures of the industrial establishments, the imposition of curfews and hindrances in the smooth transportation of good and vehicles and so on also affected the price level.

The structure of the economy is such that the share of the agriculture sector in GDP at factor cost in 2001/02 is estimated to be around 39.4 percent and that of the non-agriculture sector is 60.6 percent, but in 2005/06, the share of the agriculture sector in GDP at factor cost declined marginally to 38.8 percent with the share of non-agricultural increased slightly to 61.2 percent. But, macro economic stability continued to remain a major challenge during the first four years of the Current Tenth Plan/PRSP, 2002-2007 (Ministry of Finance, 2008).

Nepal's rates of economic growth during the past four years have been unsatisfactory when compared to the Tenth Plan/PRSP target. The growth has been erratic, from a negative of 0.3 percent in FY01/02 to 2.4 percent in 05/06, with lot of fluctuations in between. The magnitude of fluctuations in case of manufacturing is the highest, from a negative of 10 percent to a positive of 2.1 percent in 05/06 (Ministry of Finance, 2008).
Table 2: Real Gross Domestic Product Growth by Sector (% change per annum)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/2004</th>
<th>2005/06a</th>
<th>2005/06b</th>
<th>2002/03</th>
<th>2005/06</th>
<th>2006/07</th>
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<td>GDP Growth</td>
<td>-0.3</td>
<td>3.1</td>
<td>3.6</td>
<td>2.4</td>
<td>2.4</td>
<td>2.9</td>
<td>2.8</td>
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<tr>
<td>Agriculture Sector</td>
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<td>2.5</td>
<td>3.9</td>
<td>3.0</td>
<td>1.7</td>
<td>2.8</td>
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<tr>
<td>Industry Sector++</td>
<td>2.9</td>
<td>3.3</td>
<td>1.1</td>
<td>1.5</td>
<td>3.5</td>
<td>2.3</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Of which</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Manufacturing</td>
<td>-10.0</td>
<td>1.9</td>
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<tr>
<td>Services Sector ++</td>
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<td>2.4</td>
<td>3.2</td>
<td>3.3</td>
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</tbody>
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Source: Ministry of Finance, 2008

**Unemployment**

The rate of unemployment and underemployment approaches half of the working-age population. The unemployment rate was estimated at 42% in 2004 what means that 30.9% of population is leaving below poverty line. Thus many Nepali citizens move to India in search of work; the Gulf countries and Malaysia being new sources of work. Nepal receives US$50 million a year through the Gurkha soldiers who serve in the Indian and British armies and are highly esteemed for their skill and bravery. The total remittance value is worth around 1 billion USD, including money sent from Persian Gulf and Malaysia, who combined employ around 700,000 Nepali citizens. A long-standing economic agreement underpins a close relationship with India. The country receives foreign aid from India, Japan, the United Kingdom, the United States, the European Union, China, Switzerland, and Scandinavian countries. Poverty is acute; per-capita income is less than US$ 300. The distribution of wealth among the Nepalis is consistent with that in many developed and developing countries: the highest 10% of households control 39.1% of the national wealth and the lowest 10% control only 2.6%. As estimated in 2006 the labour force was about 11,11 billion of economically active population of working age. 76 % of them were engaged in agricultural activities, 18 % in services and 6 % in industry (CIA-The world factbook, 2008).

**Government's budget**

The government's budget is about US$1.153 billion, with expenditures of $1.927 billion for the years 2006-2007. The Nepalese rupee has been tied to the Indian Rupee at an exchange rate of 1.6 for many years. Since the loosening of exchange rate controls in the early 1990s, the black market for foreign exchange has all but disappeared. The official economical exchange in 2007 was estimated at $9.627 billion (CIA-The world factbook, 2008).
Infrastructure quality

Nepal remains isolated from the world’s major land, air and sea transport routes although, within the country, aviation is in a better state, with 47 airports, ten of them with paved runways (CIA-The world factbook, 2008). Flights are frequent and support a sizeable traffic. Hilly and mountainous terrain in the northern two-thirds of the country has made the building of roads and other infrastructure difficult and expensive. There were 9.886 km of paved roads and one 59 km railway line in the south in 2007 (CIA-The world factbook, 2008). There is only one reliable road route from India to the Kathmandu Valley. The only practical seaport of entry for goods bound for Kathmandu is Kolkata in India. Internally, the poor state of development of the road system (22 of 75 administrative districts lack road links) makes volume distribution unrealistic. Not only its landlocked location and technological limitations but also the long-running civil war has prevented Nepal from fully developing its economy.

3.3 Democratic and cultural aspects

Population

The total population of Nepal for 2008 was estimated at 29.519.114. Nepal's population growth rate of 2.095 percent is still relatively high (CIA-The world factbook, 2008). High fertility rate, declining infant mortality rate, improving longevity due to expanding health care facilities and health consciousness, and inadequate supply of family planning services mass illiteracy (nearly three fourth of the female population remaining illiterate) and others have remained as the major reasons behind the high population growth. It is important that poverty alleviation efforts are accompanied by the more aggressive campaign to population planning. The problem of poverty is immense and requires consistent efforts spread to over a numbers of years for its reduction. But the intervention measures both from the public and private sectors do not match the severity of the problem and hence, no indication as yet that poverty would be reduced to 10 percent by the end of the Twelfth Plan, 2012-2017.

The ratio of the population in the birth to fourteen age-group for 2008 is estimated at 38% (male 5.792.042, female 5.427.370), the population in the productive age-group which are 15-64 years old at 58,2% (male 8.832.488, female 8.345.724) and the population over 65 years was estimated at 3,8% (male 542.192, female 579.298). The sex ratio for whole population for 2008 is estimated at 1,06 males to every female, from 15 to 64 years 1,07 males to female, over 65,94 males to female. The average age for male is 20,5 years, for female is 20,8 years, which means in total 20.7 years (2008 est.). The average family is made up of 5,8 persons (CIA-The world factbook, 2008).

Table 3: Nepalese population as per age groups - estimations for 2008

<table>
<thead>
<tr>
<th>Age group</th>
<th>0-14 years</th>
<th>15-64 years</th>
<th>65 years &amp; over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.of persons</td>
<td>11.219.412</td>
<td>17.178.212</td>
<td>1.121.490</td>
<td>29.519.114</td>
</tr>
<tr>
<td>Share in %</td>
<td>38,0 %</td>
<td>58,2%</td>
<td>3,8%</td>
<td>100 %</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance, 2008
Fertility and Mortality

According to the estimates made for 2008, the crude birth rate will be 29.92 per 1,000, and the crude death rate will be 8.97 per 1,000. The total fertility rate for 2008, defined as the average number of children a woman might bear, is estimated at 3.91 children, with a variation between rural and urban fertility rates (CIA-The world factbook, 2008). Both the crude birth rate and the total fertility rate have remained high and fairly constant for the past several decades, whereas the crude death rate has been declining consistently, thereby contributing to rapid population growth.

The most significant category of deaths is the infant mortality rate. Varying techniques for calculating infant mortality have led to discrepant estimations. The total infant mortality rate for 2008 is estimated at 62 deaths per 1,000 live births; for male is 60.18 deaths per 1,000 and for female is 63.91 per 1,000 live births (CIA-The world factbook, 2008). Infant mortality rates also varied widely among the three geographic regions, which may have been partly because of differing rates of migration and the expectancy that higher mortality rates are found in migrant families. Nonetheless, infant mortality is almost twice as high in rural areas as urban areas, a clear indication of the lack of health services in rural areas, and is high compared to many other Asian countries.

Official language

Nepali is the official language as well as the Lingua Franca of the people of Nepal and speaks 47.8% of population. Maithali (12.1%), Bhojpuri (7.4%), Tharu (5.8%), Tamang (5.1%), Newari (3.6%) and Awadhi (2.4%) are other languages which are also spoken as the mother language by certain communities (CIA-The world factbook, 2008). Multiple ethnic groups speak more than a dozen other languages in about 93 different dialects. English is spoken by many in government and business offices. It is the mode of education in most private schools of Kathmandu and some other cities.

Religion

Religion occupies an integral position in Nepalese life and society. In the early 1990s, Nepal was the only constitutionally declared Hindu state in the world. Many of the people regarded as Hindus in the 1981 census could, with as much justification, be called Buddhists (Country studies, 2008). In 2001 approximately 80.6 percent of the Nepalese people identified themselves as Hindus. Buddhists and Muslims comprised only 10.7 and 4.2 percent, respectively. The remainder followed other religions, including Christianity (CIA-The world factbook, 2008).

The geographical distribution of religious groups revealed a preponderance of Hindus, accounting for at least 80.6 percent of the population in every region. The largest concentrations of Buddhists were found in the eastern hills, the Kathmandu Valley, and the central Tarai; in each area about 10 percent of the people were Buddhist. Buddhism was relatively more common among the Newar and Tibeto-Nepalese groups. Among the Tibeto-Nepalese, those most influenced by Hinduism were the Magar, Sunwar, and Rai.
peoples. Hindu influence was less prominent among the Gurung, Limbu, Bhoté, and Thakali groups.

**Ethnic Groups**
The Nepalese population is classified into three major ethnic groups in terms of their origin (Responsible travel Nepal, 2008):

**The northern himalayan people**
In the northern region of the Himalayas are the Tibetan-speaking groups namely Sherpas, Dolpas, Lopas, Baragaonlis, Manangis. The Sherpas are mainly found in the east in the Solu and Khumbu region; the Baragaonlis and Lopas live in the semi-deserted areas of Upper and Lower Mustang in the Tibetan rain-shadow area; the Managis live in Manang district area; while the Dolpas live in Dolpa district of West Nepal, one of the highest settlements on earth at 4,000 meters.

**The middle hills and valley People**
Several ethnic groups live together in harmony in the middle hills and valleys. Among them are the Magars, Gurungs, Tamangs, Sunuwar, Newars, Thakalis, Chepangs and majority of Brahmans and Chhetris. The Brahmans and Chhetris have long dominance in all pervading social, religious and political realms. There are also some occupational castes namely: Damai (tailor), Sarki (cobbler), Kami (blacksmith) and Sunar (goldsmiths). Though, there exist numerous dialects, the language of unification is the national language, Nepali.

**Ethnic diversity in the Kathmandu valley**
Kathmandu Valley represents a cultural cauldron of the country, where, people from varied backgrounds have come together to present a melting pot. The natives of the Kathmandu Valley are the Newars. Newari culture is an integration of both Hinduism and Buddhism. The Newars of Kathmandu Valley were traders or farmers by occupation in the old days.

**The Terai people**
The main ethnic groups in Terai are Tharus, Darai, Kumhal, Majhi and other groups that have roots in India. They speak north Indian dialects like Maithili, Bhojpuri. Owing to the fertile plains of Terai, most inhabitants live on agriculture. There are, however, some occupational castes like Majhi (fisherman), Kumhal (potter) and Danuwar (cart driver).
Table 4: Nepalese major ethnic groups (2001)

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>No. of persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brahman</td>
<td>2,896,477</td>
</tr>
<tr>
<td>Chhetri</td>
<td>3,593,496</td>
</tr>
<tr>
<td>Chepang</td>
<td>52,237</td>
</tr>
<tr>
<td>Gurung</td>
<td>543,571</td>
</tr>
<tr>
<td>Kami</td>
<td>901,536</td>
</tr>
<tr>
<td>Limbu</td>
<td>359,379</td>
</tr>
<tr>
<td>Muslim</td>
<td>971,056</td>
</tr>
<tr>
<td>Magar</td>
<td>1,662,241</td>
</tr>
<tr>
<td>Newar</td>
<td>1,245,232</td>
</tr>
<tr>
<td>Rai</td>
<td>635,151</td>
</tr>
<tr>
<td>Raute</td>
<td>658</td>
</tr>
<tr>
<td>Sherpa</td>
<td>15,462</td>
</tr>
<tr>
<td>Tharu</td>
<td>1,533,879</td>
</tr>
<tr>
<td>Thakuri</td>
<td>334,120</td>
</tr>
<tr>
<td>Thakali</td>
<td>12,973</td>
</tr>
<tr>
<td>Tamang</td>
<td>1,282,304</td>
</tr>
<tr>
<td>Yadav</td>
<td>882,778</td>
</tr>
<tr>
<td>Others</td>
<td>7,577,183</td>
</tr>
</tbody>
</table>

Source: A Country studies, 2008

Health

Health-care problems are varied and enormous. Health and health-care facilities are generally poor and directly reflected the mode of life. The majority of people live in mass poverty and deprivation, while the nation's small wealth is concentrated in the hands of a few. Deprivation is apparent in the pervasiveness of poor nutrition and sanitation, inadequate housing for most families and the general absence of modern medical care and other social services, especially in rural areas. The rich live comparatively well but also shared such common problems as the lack of an abundant and clean water supply, and the prevalence of disease.

The health-care delivery network in Nepal is poorly developed. Health-care practices in the country could be classified into three major categories: popular folk medical care, which relied on a jhankri (medicine man or shaman); Ayurvedic treatment; and allopathic (modern) medicine. Nepal had a total of 50 hospital beds available for 10,000 people in 2006, two doctors of modern system and two nurses per 10,000 populations in 2004 (World health organization, 2008).

Tuberculosis has been a chronic problem and was more common in urban areas. During the 1970s, the Tuberculosis Control Project was established to provide immunizations to all children younger than fifteen, and it is likely that this project has reduced tuberculosis. In 1990 460 people per 10,000 were infected with tuberculosis. In 2005 only 280 people of 10,000 had tuberculosis. Number of sickened with malaria reduces from 196 of 10,000 people in 1990 to 25 in 2005. (World health organization, 2008). The number of infected
with HIV increased in last few years. In 2003 there were 3,100 people infected with HIV (CIA-The World factbook, 2008).

**Health care for tourists during trips and expeditions**

During the trips the tour or travel agents usually carry normal medicines for loose motion, headaches, fever, vomiting, pains, high altitude sickness as well as they take some bandages with them. Normally they first ask the clients to consult the doctors before start travelling and request them to carry the medicine that they are using regularly at home. All trekking guides have the first aid training and have the essential knowledge about the medicine science. If the condition of victims of accidents is serious they are immediately evacuated to the nearest hospital, of course, if this is not somewhere high in the mountains.

**Women’s Status and Role in Society**

In the early 1990s, Nepal was a rigidly patriarchal society. In virtually every aspect of life, women were generally subordinate to men. Women's relative status varied from one ethnic group to another. The status of women in Tibeto-Nepalese communities generally, was relatively better than that of Pahari and Newari women. Women from the low caste groups also enjoyed relatively more autonomy and freedom than Pahari and Newari women (A Country studies, 2008).

**Education**

Modern education began in Nepal with the establishment of the first school in 1853. This school was only for the members of the ruling families and their courtiers. Schooling for the general people began only after 1951 when a popular movement ended the autocratic Rana family regime and initiated a democratic system. In the past 50 years there has been a dramatic expansion of educational facilities in the country (A Country studies, 2008). As a result, adult literacy (15+) of the country was reported to be 48.2% (female: 34.6%, male: 62.2%) in the Population Census, 2001, up from about 5% in 1952/54. Beginning from about 300 schools and two colleges with about ten thousand students in 1951, there now are 26 thousand schools (including higher secondary), 415 colleges, five universities and two academies of higher studies. All together 5.5 million students are enrolled in those schools and colleges who are served by more than 150 thousand teachers (CIA-The world factbook, 2008).

The Ministry of Education and Sports is the body responsible for initiating and managing educational activities in the country. Education is structured as school education and higher education. School education includes primary level of grades 1-5, lower secondary and secondary levels of grades 6-8 and 9-10 respectively. Pre-primary level of education is also available in certain areas. Six years of age is the prescribed age for admission into grade one. A national level School Leaving Certificate (SLC) Examination is conducted at the
end of grade ten. Grades 11 and 12 are considered as higher secondary level. Higher Secondary Education Board (HSEB) supervises higher secondary schools which are mostly under private management. Previously these grades were under the university system and were run as proficiency certificate level (Nepal tourism portal, 2008).

**Education on the field of tourism**

The tourism education in Nepal has not developed to the same level as the tourism sector itself. This can negatively effect the sustainability of the tourism industry which means disappointment of tourists visiting Nepal and also adversely affect on local tour operators, employment and foreign exchange earnings. The most important damage is the suffering of in rural areas regarding the conservation of cultural heritage and local development activities. However the below quoted institutions are trying to catch up the development of tourism in Nepal.

Within the Ministry of Education and Sports there are several universities in Nepal like Tribhuvan University (the first national university), Kathmandu University, Purbanchal University and Pokhara University. Despite the existence of stated universities there is a wide gap between educational institutions and other institutions involved in tourism, largely due to lack of coordination. This constraint has also led to poor utilistion of the available resources in the research and consulting services for the tourism development.

There is no faculty for tourism at above quoted universities but there are two institutions affiliated to the Tribhuvan University who are performing programmes on tourism. In recent years the Tribhuvan University started to provide sufficient support to the programme of Ecotourism Education performed at the **Institute of Forestry** (IOF) ([www.iof.edu.np](http://www.iof.edu.np)) which is situated in Pokhara and belongs to this University. The IOF recognised very early that the tourism activities in Nepal grow rapidly and thus organised ecotourism related courses already in the year 1993. Additionally courses on human and physical resources were organised. The courses include short-term trainings, researches, information and knowledge dissemination, awareness campaigns and volunteer services as well as consultation services. The IOF has two campuses: one located in Hetuda (in the southern plains of Nepal) and the other campus in Pokhara. The IOF is the only educational institute in the country devoted to the training and education of natural resource professionals (Institute of Forestry, 2008).

**The Nepal College of Travel and Tourism Management** ([NCTTM](http://www.ncttm.com)) is also affiliated to the Tribhuvan University. It was established in 1995 and is providing a bachelor degree programme under the faculty of Management since 1998. It primarily aims at developing human resource in the tourism sector, both in quality and quantity terms and to build up career prospects of younger generation in the rapidly emerging travel and tourism sector. NCTTM is the pioneer institution on the field of tourism management in Nepal and provides different courses within its programme such as Business communication, Travel and tourism management, Human resource management, Sustainable tourism management and many other subjects that are forseen for achieving the bachelor diploma (Nepal College of Travel and Tourism Management, 2008).
The newest institution on the field of tourism management has been established on 1st January 2008. This is The International School of Tourism and Hotel Management (www.ist.org.np). IST is situated in Kathmandu and was established with a view of producing world-class human resource to cater to the overwhelming need of the hospitality industry in Nepal by offering various academic degrees and training packages as per international standards. It aims at developing practical, managerial and communication skills and provides each individual student with the know how for a successful career in hospitality industry. It is a center for excellence in hospitality education, providing an enterprising and stimulating environment. The structure of the academic programme achieves this by combining management theory with practical experiences. The successful candidates of the Diploma Programme can also persue their Higher Diploma in Hotel Management and top up to Bachelor’s and Master’s Degree in Nepal as well as in Austria, Cyprus, Singapore, Australia, Switzerland, UK and USA (International School of Tourism and Hotel Management, 2008).

Hereby we should also mention The Kathmandu Environmental Education Project (KEEP) which is a non-profit and non-governmental organization (www.keepnepal.org). Its aims are twofold: to provide impartial and independent information to travellers and to insure the future ecological and cultural prosperity of Nepal through positive impact of tourism and outreach project work. The KEEP aims to help with minimizing the negative influences of tourism by advocating and promoting “minimum impact trekking” and through presentations and lectures to travellers and trekking industry professionals. These presentations sensitize visitors and Nepaleese to the issues of conservation and culture. In the field KEEP spreads its message to the local population by offering training and courses on nature conservation, on basic and intermediate English for trekking guides and lodge owners, as well as first aid training, eco trekking workshops and courses on ecological thinking. Positive impact tourism and regenerative handicraft skills. Recently KEEP became involved in programmes related to the poverty alleviation and the empowerment of women (Kathmandu Environmental Education Project, 2008).

3.4 Technological factors

In Nepal technological development has been considered important in achieving higher standards of living and in determining international competitivness. Technological factors include R&D activity, automation, technological development, technology incentives, PC ownership (% of population), number of internet users, tv, radio, telephones and mobile telephones, new media and new technologies.

There is less than one telephone per 19 people. Landline telephone services are not adequate nationwide but are concentrated in cities and district headquarters. Mobile telephony is in a reasonable state in most parts of the country with increased accessibility and affordability. There were around 175,000 internet connections in 2005. After the imposition of the "state of emergency", intermittent losses of service-signals were reported, but uninterrupted Internet connections have resumed after Nepal's second major people's revolution to overthrow the King's absolute power.
Table 5: General Technological Indicators

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephones</td>
<td>595,800 (2006)</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>1,042,000 (2006)</td>
</tr>
<tr>
<td>TV Sets</td>
<td>11* (2006)</td>
</tr>
<tr>
<td>Radios</td>
<td>2 mio (2006)</td>
</tr>
<tr>
<td>Internet Users</td>
<td>249,400 (2006)</td>
</tr>
<tr>
<td>PCs</td>
<td>0.4*(2005)</td>
</tr>
</tbody>
</table>

*Per 1000 People (Estimated)

Source: Tiscali, 2008

An Information Technology (IT) Park is under development at Kavre along the Banepa–Panauti highway. The High Level Commission for Information Technology (HLCIT), which oversees the development of the Park, is of the belief that it will serve as a platform for the development of the IT sector in the country.

3.5 Communication

The Nepalese constitution today guarantees the freedom of press as a fundamental right. It also prohibits the censoring of news items, articles, or any other reading materials and states that a press cannot be closed or seized for printing any news item, article, or any other reading materials. In addition, the registration of a newspaper or periodical cannot be cancelled for publishing offensive news articles or reading material. The operation of a free press is circumscribed, however, by vague restrictions against undermining the sovereignty and integrity of Nepal; disturbing the harmonious relations among the people of different castes, classes, or communities; violating decent public behaviour morality; instigating crimes; or committing sedition or contempt of court (A Country studies, 2008).

According to government figures, in 2003 Nepal had 3,741 registered newspapers, of which 251 were published daily and 295 registered magazines and periodicals. Government-owned Gorkhapatra (Gorkha Journal) had the highest daily circulation at around 75,000. Most registered newspapers were published either weekly (1,304) or monthly (1,122). Most vernacular news media are regarded as having little credibility as a result of affiliations with political parties (Wikipedia, 2008). Cyber cafes around the city are a fast growing business.

Main Dailies:
Himal Khabar - Daily newspaper by Himalmedia.
Nepal Democracy - Information on Nepali politics, government and civil society.
Electronic media consisted of radio and television programming controlled by the government. Historically, radio has been the most prevalent form of mass communication in Nepal. Government-owned Radio Nepal has been the sole domestic radio provider since
1951, and by 1995 it was broadcasting in short-wave, medium-wave, and FM frequencies (Wikipedia, 2008).
Television programming commenced in 1985, and broadcasters include government-owned Nepal Television, which has two channels and private broadcasters Nepal One, Shangri-La, and Space Time Network.

List of main Radio and TV stations:
BFBS Gurkha Radio - BFBS Gurkha Radio goes live to the world from BFBS Kathmandu.
BFBS online radio - Listen to all three networks on the web.
Image Channel TV & Radio - A private TV and Radio Channel of Kathmandu.
Kalika FM 95.2 MHZ - "Your Choice, Our Voice"
Kantipur Television - Nepal's private News Channel.
Machhapuchhre FM - FM Station of Pokhara.
Namaste Radio 101.3 MHZ - Voice of the Nepalese Community.
Radio Annapurna 93.4 MHZ - ONLINE RADIO NEWS.
Radio Dovaan - US based Nepali Community Radio
BBC Nepali Website - BBC's Nepali language broadcasts
Himalayan Broadcasting Co.(HBC 94 FM) - Web magazine and live internet broadcast of the best FM radio station in Katmandu from 4 am to 12 midnight.
Hits FM91.2 - FM Radio station in Nepal - you can even dedicate songs online
Kantipur FM - FM Radio station of Kantipur Publication at 96.1 MHz
Nepal Television - Government owned Television Station
Radio Nepal - Government-owned radio station in Kathmandu
Radio Sagarmatha - FM 102.4 MHz in Kathmandu

Media specialized on tourism (Nepal home page, 2008)

Directories:
NHP Yellowpages - Diplomatic Missions Abroad - Royal Nepal embassies and consulates
NHP Yellowpages - Embassies & Consulates - Foreign diplomatic missions in Nepal
NHP Yellowpages - Restaurants and Dining - Restaurants, bakeries, catering services, pan bhandars
NHP Yellowpages - Travel and Transportation - Airlines, travel agents, hotels, rafting, national parks, air charters, bus etc.
Hotels - Searchable directory of hotels in Nepal
Nepal Home Page Whitepages and Phone Directory - Search for phone numbers...
All Hotels Directory Of Nepal - The hotel information site for entire Nepal
Nepal Tourism Board

Travel Info:
Asian Journey - Nepal Mountain Trekking and Travel Agency.
Project Himalaya - An internet-based business.
Spirit of the Himalayas - Great explorations to the Himalayan Kingdoms and Beyond
Travelers Digest - Your one stop source for Nepal travel information.
Trekking Agents Associations of Nepal - Official list of trekking agencies
Trekking Nepal at Lukla, Goyko and Kala Patar
Visitnepal.com - Travel information network.
Nepal Home Page Travel Info Sites Directory - Links to other sites with information on Nepal travel
Nepal Home Page Travelogue Directory - Links to personal home pages with travel accounts on Nepal
Places to Visit - Nepal Home Page's guide to the country's favorite tourist destination.
Travel FAQ - Nepal Home Page's Travel-Frequently Asked Questions
Visa Regulations - His Majesty's Government's notice on current visa regulations (July 1999)
Lonely Planet - Destination Nepal
Nepal Hotspots - Where Do You Want To Go Birding In Nepal Today?
Nepal Travel Agency Guide

Adventure Travel:
Himalayan Mountain Bikes - Himalayan Mountain Bikes - HMB is an apprenticeship-training program, the first & only such program seen in Nepal and the Asian region, to develop the broad skills required by a mountain biking guide.

Travel Guide:
Travelers Digest - Your one stop source for Nepal travel information.

Web sites:
Nepal tourism, http://www.nepaltourism.info
Ministry of culture, tourism and civil aviation, http://www.tourism.gov.np/

3.6 Security situation

Finally, Nepal was formally declared a Federal Republic by the first meeting of the Constituent Assembly (CA) Wednesday night on 28th May 2008. The declaration has ended the 240-year rule of the Shah Dynasty. The Shah Kings had been reigning the country since King Prithvi Narayan Shah conquered the Kathmandu Valley in 1748. The dynasty crumbled the other day, transforming its 12th king Gyanendra to an ordinary citizen. The CA has also given the former king 15 days to vacate the Narayanhity Royal Palace. When the proposal for the republic was tabled at the first meeting of the CA, an overwhelming 560 CA members supported the proposal while only four votes went against it. In the 601-member CA, 26 members are yet to be nominated whereas two MPs were prevented from voting on legal grounds. With the fall of the Shah dynasty through a bloodless political movement, the base of feudalism has crumbled. No king will stage coups to overthrow elected governments as in 1960 and 2005. The historic declaration of 28th May has ushered in an era of political stability. Indeed, this is an era of democracy, and only people-elected representatives have the right to govern. By birth, no institution and individual can possess the right to rule. He or she must get popular votes to exercise such rights. Contrary to this, the kings were exercising the rights simply because they were born kings. The first CA meeting that began after paying a two-minute tribute to the martyrs has indeed fulfilled the dreams of all martyrs and the people. The Nepali people were raising voices for the Constituent Assembly right after the change of 1951, but it could not be realised due to the conspiracies of the kings. When the demand for the CA
was getting weakened, the Maoists waged an armed insurgency with republic as their major demand in 1996. The seed of republic was truly sowed in the 12-point between the CPN (Maoists) and the then mainstream seven-party alliance brokered in New Delhi. The very agreement resulted in the success of the April Movement of 2006, restoration of the parliament, drafting of the interim constitution, formation of the interim parliament and the present historic CA. The political parties have taken very cautious steps to materialise the dream of a republic. Now when the people are celebrating the people’s victory, all the political parties should be committed to forging a consensus as said by Prime Minister Girija Prasad Koirala in his historic address to the historic meeting of the CA so that epochal changes, including the consolidation of democracy and human rights, in Nepal are possible to lead Nepal to a peaceful, prosperous status.

Due to above considerable changes in the political sistem the security situation is to be improved progresively comparing to the recent periods where violence was reported in September 2007 (explosions on crowded places – many people injured) and still beginning of April 2008 – before elections the explosions were reported. Before proclamation of the Republic end of May 2008 and during related festivities the public was celebrating on the streets of Kathmandu especially arround the king’s palace where the police had to establish order. Some people were injured but no larger extent of violence took place due to strong police forces and the “celebrating character” of the demonstrations in support of the newborn Republic of Nepal. The process of changes and complete political stabilisation is thus ending and times of parliamentary democracy with president are beginning. On the other hand the concern about the economical situation and its consequences to the social stability is remaining. Nevertheless this is confirmed by shortage of fuel, gas and other essential supplies which is lasting for months and causing long rows of cars, motorbikes and people on the streets. The situation in June got even worse and the police had to establish order on some overcrowded pump stations.

3.7 Sustainable Tourism

Tourism reaches into the varied aspects of Nepalese life and its benefits are encompassed by diverse sectors directly and indirectly. It generates employment opportunities and helps in the promotion and conservation of the art and culture. The tourism industry is one of the foreign currency earners in the country and thus makes a significant contribution to the economy. Government of Nepal has been actively promoting tourism in Nepal and has always encouraged the private sector for their involvement and participation. The Ministry of Culture, Tourism & Civil Aviation (MOCTCA) gives equal importance to conservation of natural, cultural and human resources.

Sustainable products of Nepalese tourism

Annapurna Conservation Area
Located in north-central Nepal, the Annapurna Conservation Area (ACA) enjoys a world-renowned reputation as a premier trekking destination. From the time Nepal was first
opened to foreign visitors in the 1950s, ever-increasing numbers of tourists have journeyed here in order to experience some of the most impressive scenery in the world. The Annapurna Range comprises one of the sacred mountain of Machhapuchhre (6,993m). The ACA is also the site of the world's deepest valley, that of the Kali Gandaki River, numerous impressive water falls and glaciers and the stunning trans-Himalayan zone of the Upper Mustang.

The Annapurna Conservation Area supports high diversity of flora and fauna species. A total of 1,226 species of plants (including 38 Orchid species and 9 Rhododendron species), 101 species of reptiles and 22 species of amphibians have been recorded in the ACA. The area harbors rare and endangered wildlife species such as the Snow Leopard, Musk Deer, Tibetan Argali, Impeyan Pheasant and Tragopan Pheasant. The ACA provides a large protected area with the entire habitat gradient from sub tropical Sal forests to perennial snow in which to maintain the Biodiversity and integrity of the central Himalayas.

More than Ten Ethnic groups inhabit the ACA, including Gurung, Thakali, Bhotia, Ethnic Tibetan, Magar, Brahimin, Chetri, Kami, Damai and Sarki. The former 5 groups are Tibeto-Burmese by race and dominate the ethnography of the region. The latter 5 groups are Indo-Aryan and Hindu by origin. Most of the 120,000 inhabitants of the ACA derive their livelihood principally from agricultural enterprise, with livestock as a secondary occupation. Much of the arable land surrounding villages is utilized for agricultural purposes. Terraced fields have been sculptured for centuries. Major staple food grains grown in the area are rich, maize, millet, wheat, potato, barley and buckwheat and the major livestock species include buffalo, cattle, sheep, goat, yak, horse and chicken.

Global environmental problems, familiar to most people, include overpopulation, deforestation, species extinction, pollution, and waste disposal and energy consumption. These are the same issues confronting the ACA and, not surprisingly, the pressures associated with such a large transient tourist population as well as increases in local population levels are further compounding these problems.

The unquestionable significance of the Annapurna region, together with its vulnerability to extensive environmental degradation, has resulted in the area being declared a Conservation Area. The ACA presently incorporates 55 village Development Committees (VDCs) and covers an area of 7,629 square kilometers, some 5.8% of the total land area of Nepal. In total, the protected area of Nepal covers approximately 18.33% landmass of the country, with the ACA contributing a little over 28% to this area (Sustainable tourism network, 2008).

**WWF's work in Sagarmatha**

Sagarmatha, or Mt. Everest, is known as the top of the world. The magnificence of the Sagarmatha region has always attracted tourists, primarily trekkers and mountaineers to the Sagarmatha National Park (SNP). However, the masses of people visiting the region each year leave behind trash, debris, human waste and abandoned climbing equipment. This led to the region being dubbed in the late 1980s as the "highest trash dump" in the world. WWF intends to change this negative image. Encouraging local people to take responsibility for their region. WWF supported the creation of a local environmental conservation institution in 1991 called Sagarmatha Pollution Control committee (SPCC)
chaired by the Abbot of Tengboche Monastery in 1991. The initial aim of the SPCC program was to manage waste disposal, along trekking routes and around settlements and camps. SPCC has gathered its activities beyond pollution control, to include community services, environmental awareness, tourism development, and culture preservation.

WWF continues working in the Sagarmatha region through SPCC. In 1998 WWF and SPCC, in coordination with SNP and local government agencies, introduced a new government policy banning bottles in the Sagarmatha National Park. WWF continues to support. SPCC's work within the national park. Recognizing that conservation is important outside national parks.

In the late 1980's the Sagarmatha National Park received negative media publicity on solid waste issues in the Khumbu region. Many climbers believed that by following the toilet paper trail anyone could reach the Mount Everest Base Camp. In response the first Everest summiteers, Sir Edmond Hillary stated that Nepal government must restrict Mountaineering for some years to reduce pollution in Everest region. The local community accepted the challenge and organized a clean up campaign in the Everest region with initial funds from the Ministry of Culture Tourism and Civil aviation and the World Wildlife Fund (WWF) Nepal program formed local organization Sagarmatha Pollution Control Committee (SPCC). The SPCC's original goal was to manage waste disposal along the trekking routes and Himalayan Base camps in the Khumbu region. Since then SPCC has expanded throughout the Khumbu region from dealing with pollution control to include community motivation, environmental conservation and tourism promotions.

Currently SPCC focused on its goal to create a "pollution free Khumbu" SPCC is directing its efforts towards maintaining a sustainable pollution control management system by focusing its program and activities on environment conservation, Community development and tourism promotion with a strong local community participation.

SPCC has successfully reduced the amount of garbage through various garbage management activities in this region. From 1994 to 2003 SPCC disposed 202745 kg of garbage (i.e. 2023.745 tons). SPCC has promoted alternative energy sources such as kerosene and LPG gas as an alternative to firewood energy to reduce pressure on the surrounding alpine and sub-alpine ecosystems. SPCC established a Kerosene depot and LPG gas depot within the Khumbu. A garbage deposit system has been applied to every expedition entering the Khumbu with Ministry of Tourism and Civil Aviation and the Nepal Mountaineering Association. Currently the SPCC is establishing a program to create a garbage management system with all trekking groups within the Trekking Agents Association of Nepal ( TAAN ). Along with the above activities SPCC has created a Khumbu Ice Fall rigging team to prepare the Khumbu icefall route as safe as possible with help from the Ministry of Tourism, Culture and Civil Aviation.

Towards its Sustainability, icefall route usages charge, garbage disposal charge, controlling illegal mountaineers on NMA permit peaks and Everest Surfer Project contribute its financial resources to run its programs. SPCC has no donor organizations supporting its program and activities. To achieve its goal "Pollution free Khumbu" substantial its program and activities is the dire need. SPCC's own effort is nearly rolling to keep its
programme and activities in this region, which is the least effort with its financial capacity. But the result and outcome of SPCC's work on Garbage Management is widely visible when you visit/trek in this region. Its works are recognized by the trekkers, mountaineers, local people and government as well. Major support to SPCC's Action Plan will make huge changes in the control and management of garbage and environment conservation of the region (Sustainable tourism network, 2008).

3.8 Positive and negative growth factors

The further development of tourism in Nepal has been encouraged by the recent stabilisation of political situation. After the elections in April 2008 and declaration of republic end of May 2008 it is expected more intensive growth of touristic sector.

The political parties in parliament have given their commitment to tourism as the most important sector of Nepalese economy. Consequently the “New Nepal” was awarded also a new tourist brand name and marketing promotion by The Nepal Tourist Board. State budget for touristic sector is growing although the experts in touristic sector still claim to expect more funding by the government. Substantial growth in outbound tourism in the neighbouring countries especially in India is representing a base for the optimistic projections of growth of key factors of Nepalese tourism. The permanent positive growth factor are Nepal’s touristic attractions which are unique and diverse, the environment outside bigger cities is still relatively unpolluted.

Table 6: Employment contribution of tourism

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of direct working places</th>
<th>Direct &amp; indirect working places</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>75,000</td>
<td>257,000</td>
</tr>
<tr>
<td>2001</td>
<td>80,000</td>
<td>-</td>
</tr>
<tr>
<td>2007</td>
<td>200,000</td>
<td>500,000</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006

The Report of the World Travel and Tourism Council has published the projections for 2007 which shows the direct contribution of the tourist sector to the GDP in value of 2.7%, the direct and indirect contribution together value up to 6.4%. Tourism generated 200,000 direct jobs and 500,000 direct and indirect jobs in Nepal in 2007.

One of the main obstacles on the way of further development of tourism is poor infrastructure – especially traffic infrastructure where the air connections represent a special bottleneck for the landlocked country that Nepal is. This includes many subfactors like less than 24 hours daily operating international airport in Kathmandu, its infrastructure and service hostility of the immigration personnel and few direct flights from Europe and other strategic destinations. The national air carrier is currently having a role which is of much lower importance than it is expected and necessary for the support of touristic and other economy sectors in Nepal. Due to all stated the accessibility to Nepal still represents an unpleasant bottleneck with all its negative effects to the tourism development.
Regarding further infrastructure a pure drinking water and hygienic food also represent a big problem for the image of local tourism since they are not yet accessible on sufficient places.

Despite the enlarged state budget for tourism it remains relatively low especially in comparison with competitive countries in the region and worldwide.

Due to poor market confidence the level of domestic and foreign investments in tourism remains low although they represent a mayor factor for considerable improvement of the infrastructure and thus intensiver growth of the sector.

A strong competition from the regional countries like India, Singapore, Malaysia, Sri Lanka and others is reducing the potential number of tourists who are intended to discover the region. Nevertheless the global touristic competition is also reducing the share of Nepal on the global touristic market.
4 Tourism Outlook and Parameters

4.1 The beginning of tourism in Nepal

The tourism industry is growing very rapidly and Nepal has tremendous potential for tourism development because of its unique natural and cultural heritage. In this context, this tourism policy has been formulated with the aims of: increasing national productivity and income; increasing foreign currency earnings; creating employment opportunities; improving regional imbalances and projecting the image of Nepal more assertively in the international arena; through the development and diversification of the travel and tourism industries.

Tourism was a major source of foreign exchange earnings. Especially since Mount Everest (Sagarmatha in Nepali) was first climbed by Sir Edmund Hillary and Tensing Sherpa in 1953, the Himalayas have attracted foreigners to Nepal. Mountaineering and hiking were of considerable interest as were rafting, canoeing, and hang gliding. Tourism was facilitated with the opening of airways to Kathmandu and other parts of the country and the easing of travel restrictions.

In the 1950s, there was a shortage of hotels. Beginning in the 1960s, the government encouraged the building of hotels and other tourist facilities through loans. According to government statistics, between 1985 and 1988 the number of hotel rooms increased from under 22,000 to more than 27,000.

Prior to the trade impasse with India beginning in March 1989, tourism had grown by more than 10 percent per year for most of the 1980s. Between 1985 and 1988, the number of tourists increased from approximately 181,000 to about 266,000. More than 80 percent of the tourists arrived in the country by air.

In FY 1985, more than US$40 million worth of foreign exchange was earned through tourism. By FY 1988, this amount had increased to more than US$64 million. In FY 1989, tourism accounted for more than 3.5 percent of GDP and about 25 percent of total foreign exchange earnings. The 1989 trade and transit impasse with India negatively affected tourism because the transport and service sectors of the economy lacked supplies. Beginning in FY 1990, however, Kathmandu initiated a policy to allocate fuel on a priority basis to tour operators and hotels.

Tourism is the largest industry in Nepal; the largest source of foreign exchange and revenue. Possessing 8 of the 10 highest mountains in the world, Nepal is a hotspot destination for mountaineers, rock climbers and people seeking adventures. The Hindu and Buddhist heritage of Nepal, and its cold weather are also strong attractions.
4.2 Balance of tourism payments and expenditures

Travel agencies offer package tours as a general practice, which cover air tickets, hotel accommodation, food and ground transportation. Passengers have to pay extra for certain excursions, amusement and shopping of their choice. About 50% of outbound passengers mainly spent only on their package tours; 30% spent extra money which equals half of the tour price; 7% spent extra money amounting to more than half of the tour price and the extra charge of 14% passengers equal to their tour prices (World Tourism Organization, 2008).

International tourism expenditure for 2006 was estimated at 157 million US$ and international fare expenditure was estimated at 50 million US$. In 2005 tourists spent per capita around 5 US$ and per trip 438 US$ (World Tourism Organization, 2008).

Receipts per arrival tourist in 2005 was estimated at 351 US$, per capita 5 US$. International tourism receipts was estimated at 163 million US$, fare receipts at 29 million US$ (World Tourism Organization, 2008).

Most of the tours being package, the use of credit cards in meeting the travel expenses is lower. For the business travellers, use of credit card is important. Travellers’ cheques are now passé.

Table 7: Gross Foreign Exchange Earnings in Convertible Currency (2002–2006)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Earnings US$ (000)</th>
<th>Total Earnings NRS (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>106,822</td>
<td>8,300,553</td>
</tr>
<tr>
<td>2003</td>
<td>192,832</td>
<td>14,508,396</td>
</tr>
<tr>
<td>2004</td>
<td>179,941</td>
<td>13,146,534</td>
</tr>
<tr>
<td>2005</td>
<td>148,441</td>
<td>10,600,345</td>
</tr>
<tr>
<td>2006</td>
<td>162,790</td>
<td>11,784,644</td>
</tr>
</tbody>
</table>

Source: Nepal Rastra Bank, 2008

Table 8: Tourism Income in Convertible Currency – split by Sectors in 2006 (US$ in 000)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>9,650</td>
</tr>
<tr>
<td>Travel Agencies</td>
<td>45,962</td>
</tr>
<tr>
<td>Airlines</td>
<td>22,038</td>
</tr>
<tr>
<td>Trekking &amp; Rafting</td>
<td>11,241</td>
</tr>
<tr>
<td>Tourists</td>
<td>55,366</td>
</tr>
<tr>
<td>Others</td>
<td>18,533</td>
</tr>
<tr>
<td>Total Tourism Income</td>
<td>162,790</td>
</tr>
</tbody>
</table>

Source: Nepal Rastra Bank, 2008
Table 9: Tourism Income in Convertible Currency by Sectors (July 2005–July 2006)

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Total (000)</th>
<th>Equivalent US$ (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>694,854</td>
<td>_____</td>
</tr>
<tr>
<td>Travel Agencies</td>
<td>3,309,307</td>
<td>_____</td>
</tr>
<tr>
<td>Airlines</td>
<td>1,586,774</td>
<td>_____</td>
</tr>
<tr>
<td>Trekking &amp; Rafting</td>
<td>809,406</td>
<td>_____</td>
</tr>
<tr>
<td>Tourists</td>
<td>3,986,414</td>
<td>_____</td>
</tr>
<tr>
<td>Others</td>
<td>1,324,138</td>
<td>_____</td>
</tr>
<tr>
<td><strong>Total Tourism Income</strong></td>
<td><strong>11,710,893</strong></td>
<td><strong>162,086</strong></td>
</tr>
</tbody>
</table>

*Source: Ministry of Culture, Tourism and Civil Aviation, 2006*

### 4.3 Incoming

**International tourists arrival**

The arrival figures released by Immigration Office, TIA indicate that visitors' arrivals to Nepal in April 2008 reached 32,665, which is a marginal decrease of 1% as compared to same month last year. However European Sector remains unchanged with almost the same figure as compared to the April 2007. France grew up by 21%, Austria with 20%, Netherlands & Israel with 28%, Switzerland with 66%, Spain with 25%, but UK, Sweden & Germany decreased by 20%, 31%, & 20% respectively.

There are some significant growths recorded; Australia & New Zealand arrivals show a growth of 51%. Closely following the trend are Canada & USA with the growth of 25%. The arrival figure shows a decrease of 18% for the Asian countries. SAARC countries arrival is decreased by 14% where India has the share of 19% decrement. Bangladesh on the other hand shows an extraordinary growth of 60% which may be the positive impact of the recent Bangladesh Sales Mission program held vigorously. Taking the data into consideration, the main reason for the decrease in arrival might be the prediction of uncertainty in the minds of travelers due to our Constitutional Assembly Polls.
Chart 1: Tourist Arrivals 2003-2007

Source: Nepal Tourism Board, 2007

Table 10: Tourist Arrivals 2003-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Tourists (In Thousand)</td>
<td>338</td>
<td>385</td>
<td>375</td>
<td>384</td>
<td>526</td>
</tr>
</tbody>
</table>

Source: Nepal Tourism Board, 2008

Analyzing the total number of arrivals in the first four months of this year, it shows 128,802 visitors to Nepal with an increment 11.15% than the total arrival of the same period of last year. The successful completion of the Constitutional Assembly Election with peace being reinstated in the country will definitely give a good message to the potent travellers and also to the travel trade fraternity of the world.
The 383.926 arrivals in 2006 represent an additional 2,3% growth in relation to the 2005’s level (375.398 arrivals) The arrivals in 2006 can be devided as follows: 29% were from Europe, 26% from East Asia and the Pacific, 37% from South Asia, 7,5% were Americans and 0,5% from Africa. East Asia and the Pacific (+ 1%) was the star performer in 2006, Subsaharan Africa (+10%) was the major contributor to this rise, while North Africa (+7%) also ended the year above the world average. Asia and the Pacific (+8%) maintained its positive growth level of the previous year – due in no small part to the full recovery of Thailand and the Maldives from the impact of the December 2004 tsunami, as well as to excellent performances from other emerging destinations in the region. Europe (+5%) performed well above target while, in the Middle East, international tourist arrivals are...
estimated to have risen by 9%, in spite of the overall geopolitical situation and the Israel-Lebanon crisis, which marked the summer months in the region. The weakest region was the Americas, whose 2% estimated growth was well below target, largely as a result of a stagnation in arrivals in Canada and Mexico – and despite excellent results for Central America and healthy performances from the Caribbean and South America (Ministry of Culture, Tourism and Civil Aviation, 2008).

Table 12: Arrivals by Air by Nationality (2006–2007)

<table>
<thead>
<tr>
<th>Nationality</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>3,911</td>
<td>5,718</td>
</tr>
<tr>
<td>United States of America</td>
<td>16,888</td>
<td>24,576</td>
</tr>
<tr>
<td>Argentina</td>
<td>956</td>
<td>_____</td>
</tr>
<tr>
<td>Brazil</td>
<td>992</td>
<td>_____</td>
</tr>
<tr>
<td>Mexico</td>
<td>925</td>
<td>_____</td>
</tr>
<tr>
<td>Others (South &amp; Central America)</td>
<td>973</td>
<td>_____</td>
</tr>
<tr>
<td>Austria</td>
<td>2,944</td>
<td>3,087</td>
</tr>
<tr>
<td>Belgium</td>
<td>2,750</td>
<td>3,975</td>
</tr>
<tr>
<td>Denmark</td>
<td>1,613</td>
<td>2,683</td>
</tr>
<tr>
<td>Finland</td>
<td>677</td>
<td>_____</td>
</tr>
<tr>
<td>France</td>
<td>12,996</td>
<td>16,770</td>
</tr>
<tr>
<td>Germany</td>
<td>12,326</td>
<td>16,920</td>
</tr>
<tr>
<td>Greece</td>
<td>783</td>
<td>_____</td>
</tr>
<tr>
<td>Ireland</td>
<td>937</td>
<td>_____</td>
</tr>
<tr>
<td>Italy</td>
<td>7,050</td>
<td>9,193</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5,322</td>
<td>6,781</td>
</tr>
<tr>
<td>Norway</td>
<td>1,287</td>
<td>1,608</td>
</tr>
<tr>
<td>Spain</td>
<td>9,320</td>
<td>13,000</td>
</tr>
<tr>
<td>Sweden</td>
<td>907</td>
<td>1,504</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2,958</td>
<td>4,098</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>19,787</td>
<td>26,814</td>
</tr>
<tr>
<td>Others (Western Europe)</td>
<td>2,005</td>
<td>_____</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>674</td>
<td>_____</td>
</tr>
<tr>
<td>Poland</td>
<td>1,218</td>
<td>_____</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>2,626</td>
<td>_____</td>
</tr>
<tr>
<td>Hungary</td>
<td>603</td>
<td>_____</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006
After the initiation of peace process in the country there is an encouraging growth of 27% on air arrivals in the year 2007 comparing to 2006 which demonstrates immediate prospect of delivering economic benefits of the stable political situation.

Table 13: Arrivals by Air by Nationality (2006–2007)

<table>
<thead>
<tr>
<th>Nationality</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>5,516</td>
<td>7,892</td>
</tr>
<tr>
<td>Bhutan</td>
<td>2,049</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>93,722</td>
<td>96,275</td>
</tr>
<tr>
<td>Maldives</td>
<td>179</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>1,852</td>
<td>2,566</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>801</td>
<td>1,303</td>
</tr>
<tr>
<td>Indonesia</td>
<td>606</td>
<td></td>
</tr>
<tr>
<td>Iran</td>
<td>151</td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>3,085</td>
<td>3,630</td>
</tr>
<tr>
<td>Japan</td>
<td>18,896</td>
<td>21,989</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3,668</td>
<td>4,027</td>
</tr>
<tr>
<td>People’s Republic of China</td>
<td>6,719</td>
<td>14,426</td>
</tr>
<tr>
<td>Philippines</td>
<td>680</td>
<td></td>
</tr>
<tr>
<td>Republic of China (Taiwan)</td>
<td></td>
<td>4,412</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>7,720</td>
<td>12,513</td>
</tr>
<tr>
<td>Singapore</td>
<td>2,398</td>
<td>3,185</td>
</tr>
<tr>
<td>Thailand</td>
<td>3,787</td>
<td>5,247</td>
</tr>
<tr>
<td>Others (Asia)</td>
<td>4,751</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>6,657</td>
<td>9,615</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1,244</td>
<td>1,467</td>
</tr>
<tr>
<td>Fiji</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>756</td>
<td></td>
</tr>
<tr>
<td>Not Specified</td>
<td>3,607</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>1,530</td>
<td>35,076</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006

Table 14: Percentage of Market Share

<table>
<thead>
<tr>
<th>Markets</th>
<th>Countries</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Based</td>
<td>United States, United Kingdom, Germany, France, Spain, etc.</td>
<td>45%+</td>
</tr>
<tr>
<td>Volume Based</td>
<td>India</td>
<td>30%+</td>
</tr>
<tr>
<td>Developing</td>
<td>China, Malaysia, Singapore, Thailand, Korea, Sri Lanka, Russia, Scadinavia, Australia, New Zealand, etc.</td>
<td>25%+</td>
</tr>
</tbody>
</table>

Source: Nepal Tourism Board, 2008
Table 15: Arrivals by means of transport used (2006 and 2007)

<table>
<thead>
<tr>
<th>Mode of Transport</th>
<th>2006 (%)</th>
<th>2007 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>Air</td>
<td>74</td>
<td>72</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006

Table 16: Tourist Arrival By Continent – 2007 (By Air Only)

<table>
<thead>
<tr>
<th>Year</th>
<th>North America</th>
<th>Central &amp; South America</th>
<th>Western Europe</th>
<th>Eastern Europe</th>
<th>Africa</th>
<th>Asia</th>
<th>Australia &amp; Pacific</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>31,294</td>
<td>12,952</td>
<td>135,064</td>
<td>25,690</td>
<td>2,010</td>
<td>282,897</td>
<td>16,186</td>
<td>20,220</td>
</tr>
<tr>
<td>%</td>
<td>5.90%</td>
<td>2.50%</td>
<td>25.70%</td>
<td>4.90%</td>
<td>0.40%</td>
<td>53.80%</td>
<td>3.10%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Source: Nepal Tourism Board, 2008

Chart 3: Travel partners

Source: Nepal Tourism Board, 2008
In 2008 37% of tourists come to Nepal alone. Those who are travelling in groups are with family members and friends.

55% are coming only to Nepal. Similar to world trends, tourists from the West travel to many countries in the region. The most popular are India and Thailand.

Chart 4: Touristic visits to Nepal comparing to the visits in other countries in the region

Source: Nepal Tourism Board, 2008
Purpose of travel and length of stay
The information centres on the main categories like leisure, recreation and holiday which includes interests in nature and culture, heritage etc, business and others. Leisure tourism was the main purpose of travel for 56% of the travellers. Business is the main purpose of visit for about 10% travellers. Other purposes for travelling in Nepal belong to 34% travellers (World Tourism Organization, 2008).

Table 17: Tourist arrivals by purpose of visit

<table>
<thead>
<tr>
<th>Year</th>
<th>Holiday Pleasure</th>
<th>Trekking Mountain</th>
<th>Business</th>
<th>Pilgrimage</th>
<th>Official</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>110.143</td>
<td>59.279</td>
<td>16.990</td>
<td>12.366</td>
<td>17.783</td>
<td>58.907</td>
<td>275.468</td>
</tr>
<tr>
<td>2004</td>
<td>167.262</td>
<td>69.442</td>
<td>13.948</td>
<td>45.664</td>
<td>17.088</td>
<td>71.893</td>
<td>385.297</td>
</tr>
<tr>
<td>2007</td>
<td>228.000</td>
<td>86.000</td>
<td>30.000</td>
<td>61.000</td>
<td>22.000</td>
<td>96.841</td>
<td>523.841</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006

Chart 5: Purpose of Visit (2007)

Source: Nepal Tourism Board, 2007
Table 18: Foreign Tourist Arrivals in different Areas of Nepal (2002-2006)

<table>
<thead>
<tr>
<th>Year</th>
<th>Kathmandu (By Air)</th>
<th>Pokhara (Non Indians)</th>
<th>Chitwan</th>
<th>Annapurna Trek</th>
<th>Sagarmath National Park, Khumbu region</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>218660</td>
<td>50533</td>
<td>34552</td>
<td>38277</td>
<td>13982</td>
</tr>
<tr>
<td>2003</td>
<td>275438</td>
<td>59435</td>
<td>43980</td>
<td>40668</td>
<td>18812</td>
</tr>
<tr>
<td>2004</td>
<td>297335</td>
<td>87693</td>
<td>43061</td>
<td>42347</td>
<td>20051</td>
</tr>
<tr>
<td>2005</td>
<td>277346</td>
<td>57125</td>
<td>38659</td>
<td>36224</td>
<td>19522</td>
</tr>
<tr>
<td>2006</td>
<td>283819</td>
<td>70600</td>
<td>41759</td>
<td>37901</td>
<td>20693</td>
</tr>
<tr>
<td>2007</td>
<td>360350</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Ministry of Culture, Tourism and Civil Aviation, 2006*

From January until April 2008 the average duration of stay was 14.2 days. Independent tourist length of stay is higher (15.1 days) than package tourist (11.1). Much higher duration of stay is for adventure tourists (19.86 days). This is shorter for the business travellers - 3 to 4 days (Nepal tourism board, 2008).

Table 19: Overview of Tourist Arrivals and Length of stay (1999 – 2006):

<table>
<thead>
<tr>
<th>Year</th>
<th>By Air</th>
<th>By Land</th>
<th>Total Arrival</th>
<th>Change in Percentage</th>
<th>Average Length of Stay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>421243</td>
<td>70261</td>
<td>491504</td>
<td>6.0</td>
<td>12.28</td>
</tr>
<tr>
<td>2000</td>
<td>376914</td>
<td>86732</td>
<td>463646</td>
<td>-5.7</td>
<td>11.88</td>
</tr>
<tr>
<td>2001</td>
<td>299514</td>
<td>61723</td>
<td>361237</td>
<td>-22.1</td>
<td>11.93</td>
</tr>
<tr>
<td>2002</td>
<td>218660</td>
<td>56808</td>
<td>275468</td>
<td>-23.7</td>
<td>7.93</td>
</tr>
<tr>
<td>2003</td>
<td>275438</td>
<td>62694</td>
<td>338132</td>
<td>22.7</td>
<td>9.60</td>
</tr>
<tr>
<td>2004</td>
<td>297335</td>
<td>87962</td>
<td>385297</td>
<td>13.9</td>
<td>13.51</td>
</tr>
<tr>
<td>2005</td>
<td>277346</td>
<td>98052</td>
<td>375398</td>
<td>-2.6</td>
<td>9.09</td>
</tr>
<tr>
<td>2006</td>
<td>283819</td>
<td>100107</td>
<td>383926</td>
<td>2.3</td>
<td>10.2</td>
</tr>
<tr>
<td>2007</td>
<td>360350</td>
<td>193000</td>
<td>553350</td>
<td>44</td>
<td>-</td>
</tr>
</tbody>
</table>

*Source: Ministry of Culture, Tourism and Civil Aviation, 2006*
Chart 6: Tourist Arrivals by Air and Land (2006-2007)

Source: Nepal Tourism Board, 2007

Chart 7: Duration of stay

Source: Nepal Tourism Board, 2008
One third of tourists coming in the period from January until April 2008 were repeat visitors. 11% of them visited Nepal more than five times.

Only 16% made decision to come to Nepal in less than 15 days, but one-third (34%) made airlines bookings only before 15 days of coming to Nepal and 16% made between 15 days to 1 month. Holiday decision for majority of the countries made before a month, even before three months. 51.4% of the Indian tourists made decision to come to Nepal in less than 15 days.
In 2008 an overwhelming 67% were found to have used the internet, friends & family, followed by travel magazines an important source of information on Nepal. Only 17% get information from tour operators.

Source: Nepal Tourism Board, 2008

Source: Nepal Tourism Board, 2008
**Seasonality**

Arrival figures to most destinations show that for the Nepalese tourists is preferred dry season from October to November. The weather is balmy, the air is clean, visibility is perfect and the countryside is lush and green following the monsoon. October is the time for festivals in Nepal. From February until April, the tail end of the dry season is the second-best period. December and January is not recommended for travelling in Nepal.

The rest of the year is fairly unpleasant for travelling: May and early June are generally too hot and dusty for comfort, and the monsoon from mid June to September obscures the mountains in cloud and turns trails and roads to mud. Flying is often the only way to reach outlying areas at this time of year, and the western border crossings to India are often impassable.

### 4.4 Target profile of current and potential customers

Among the inbound passengers, in terms of proportion, first comes the age group of 31 to 45, followed by 46 to 60, then by 16 to 30. People of the age between 26 to 55 make up 69%. Young people between 18 to 25 years are 15%. People over 55 years are 10%. Youngsters below 18 years travelling with their parents account for 6% (World Tourism Organization, 2008).

Chart 11: Respondent profile

*Source: Nepal Tourism Board, 2008*
Table 20: Tourist Arrivals by Age Groups (2006)

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–15 Years</td>
<td>37,433</td>
<td>9.8</td>
</tr>
<tr>
<td>16–30 Years</td>
<td>75,626</td>
<td>19.7</td>
</tr>
<tr>
<td>31–45 Years</td>
<td>123,541</td>
<td>32.2</td>
</tr>
<tr>
<td>46–60 Years</td>
<td>95,260</td>
<td>24.8</td>
</tr>
<tr>
<td>61 and Over</td>
<td>52,066</td>
<td>13.6</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006

Business managers and company employees total around 40% of the total market while teachers and students are in second place, constituting around 23%. The third place is government workers, retirees and professionals; each is about 7 to 9% (World Tourism Organization, 2008).

For 41% of the outbound passengers, their motive for travel is to gain more knowledge and expand their vision in order to acquire more knowledge and cultivate oneself. For 33%, relaxation is their primary purpose, due to work stresses and economic pressures. For 15% of them, to experience something new and exotic is their primary aim. About 7% of them feel that an outbound tour with family members or friends will strengthen their ties (World Tourism Organization, 2008).
### Outgoing and Domestic

Table 21: Nepalese Departures by Purpose of Visit (2006)

<table>
<thead>
<tr>
<th>Purpose of Visit</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official</td>
<td>41,668</td>
</tr>
<tr>
<td>Health</td>
<td>7,948</td>
</tr>
<tr>
<td>Education/Training</td>
<td>21,850</td>
</tr>
<tr>
<td>Sports</td>
<td>1,724</td>
</tr>
<tr>
<td>Business</td>
<td>20,256</td>
</tr>
<tr>
<td>Conference/Seminar</td>
<td>9,363</td>
</tr>
<tr>
<td>Religious</td>
<td>4,547</td>
</tr>
<tr>
<td>Holiday/Pleasure</td>
<td>20,960</td>
</tr>
<tr>
<td>Others</td>
<td>287,029</td>
</tr>
</tbody>
</table>

*Source: Ministry of Culture, Tourism and Civil Aviation, 2006*

Table 22: Nepalese tourists going abroad

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.of tourists</td>
<td>238.424</td>
<td>257.525</td>
<td>286.457</td>
<td>373.362</td>
<td>415.345</td>
</tr>
</tbody>
</table>

*Source: Ministry of Culture, Tourism and Civil Aviation, 2006*

Table 23: Purposes of visits of Nepalese tourists in 2006

<table>
<thead>
<tr>
<th>Official</th>
<th>Health</th>
<th>Study</th>
<th>Sports</th>
<th>Business</th>
<th>Seminars</th>
<th>Religious</th>
<th>Holiday</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
</table>

*Source: Ministry of Culture, Tourism and Civil Aviation, 2006*

Table 24: Nepalese touristic trips as per age groups in 2006

<table>
<thead>
<tr>
<th>Age groups</th>
<th>0-15 yrs</th>
<th>16-30 yrs</th>
<th>31-45 yrs</th>
<th>46-60 yrs</th>
<th>61&amp;over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.of tourists</td>
<td>2.090</td>
<td>9.209</td>
<td>10.171</td>
<td>2.700</td>
<td>1.834</td>
<td>26.004</td>
</tr>
</tbody>
</table>

*Source: Ministry of Culture, Tourism and Civil Aviation, 2006*
Table 25: Visits of Nepalese tourists to major touristic destinations in 2006

<table>
<thead>
<tr>
<th>Visited country</th>
<th>No.of tourists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>2.146</td>
</tr>
<tr>
<td>Canada</td>
<td>466</td>
</tr>
<tr>
<td>France</td>
<td>546</td>
</tr>
<tr>
<td>Germany</td>
<td>1.192</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>12.577</td>
</tr>
<tr>
<td>Japan</td>
<td>4.184</td>
</tr>
<tr>
<td>Malaysia</td>
<td>48.393</td>
</tr>
<tr>
<td>China</td>
<td>6.734</td>
</tr>
<tr>
<td>R.of Korea</td>
<td>1.829</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.083</td>
</tr>
<tr>
<td>Thailand</td>
<td>11.109</td>
</tr>
<tr>
<td>U.K.</td>
<td>8.427</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>8.751</td>
</tr>
<tr>
<td>U.A.E</td>
<td>23.879</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>2.723</td>
</tr>
<tr>
<td>Bhutan</td>
<td>245</td>
</tr>
<tr>
<td>India</td>
<td>52.231</td>
</tr>
<tr>
<td>Maldives</td>
<td>300</td>
</tr>
<tr>
<td>Pakistan</td>
<td>925</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>828</td>
</tr>
<tr>
<td>Others</td>
<td>118.801</td>
</tr>
<tr>
<td>TOTAL</td>
<td>311.369</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006

**Leading company profiles**

**Tiger Mountain Ltd**
Kathmandu, Nepal
[www.tigermountain.com](http://www.tigermountain.com)

The company is one of the tourist agencies with the longest tradition. With over 40 years experience they are in fact pioneers of tourism in Nepal and have an image of the first class travels through the diverse country side.

Tiger mountain is a trademark of the Tiger Tops Mountain Travel Group of Companies for Nepal, India and Tibet. They are very experienced in adventure tourism and are able to handle the arrangements from arrival to departure on a high level quality.

The group of companies consists of the following companies:

- **Tiger Tops (P) Ltd**: it was established in 1965. It owns and operates Tiger Tops Jungle Lodge and Tiger Tops tented Camp in the Chitwan National park. Tiger Tops is the first wildlife resort operation in Nepal and is one of the best known high quality wildlife lodge in Asia.

- **Mountain Travel (P) Ltd**: it was established in 1965 and is a pioneer of organized trekking in the Nepal Himalaya. Besides trekking for all levels of fitness and various lengths of time, Mountain Travel also handles climbing expeditions to the Himalaya.
- Himalayan River Exploration (P) Ltd: established in 1976 it pioneered the commercial rafting in the subcontinent. With a team of highly skilled staff it has run trips on the Trishuli, Tamur, Marshyangdi, Seti, Arun, Karnali and Kali Gandaki rivers of Nepal and some rivers in India and Bhutan.
- Adventure Travel Nepal (P) Ltd: it was established in 1982 and is fully equipped to handle ground arrangements including escorted transfers, sightseeing, hotel bookings, flight confirmations, VIP service, special arrangements for seminars and meetings.
- West Nepal Adventures (P) Ltd: it was established in 1984 in far western Nepal. This remote destination is accessible by daily flights from Kathmandu and offers rich wildlife viewing, river running, short treks and unique cultural experience.
- Tiger Mountain Pokhara Lodge Ltd: was established in 1998 and is situated thousand feet above Pokhara Valley on a hilltop ridge with panoramic views of Annapurnas and Lamjung Himalaya. It sets new standards of hospitality for Nepal’s second tourism destination.

President Travel (P) Ltd
Kathmandu, Nepal
www.president-travel.com

The President Travel & Tours was established in 1977 by the Government of Nepal. The company was established when the tourism in Nepal was still in its early development phase with the sole aim of providing international service standards to the clients. The Agency is considered as one of the most progressively growing travel companies in Nepal with over one hundred service personnel. It received major awards accrediting its outstanding & significant contributions in the hospitality business. They are country representatives for the international airlines like Quantas Airways, Gulf Air, United Airlines etc. They are also representing Quantas Holidays as well as Rail Europe.

The services offered by The President Travel & Tours are ranging from package tours to Jungle safaris to customized itineraries. The standard services like ticketing, destination management, travel insurance, hotel reservations, cargo management and car hiring are performed as well.

The President Group consists of four companies: President Travels and Tours, President International, President Treks and Expeditions, Greenline Intercity Bus Services. The group has a yearly turnover more than 35 million USD and was the second highest foreign currency earner in the travel agencies category in 2007.

Broadway Travels (P) Ltd
Kathmandu, Nepal
www.broadwaynepal.com

The company offers travels to the four destinations: Nepal, India, Tibet and Bhutan. It is offering the service of ticketing and online booking on the fields of leisure travel as well as business travel. Beside this it offers standard advices and information for the tourist coming to the region. On their web page there is no description about the wider background and history of the company.

In Nepal it is promoting different package tours – from Special low cost tours of 4 days up to the Experience Nepal tour of 10 days. Separately the agency is offering 5 trekking tours on different locations and with the duration of 6 to 13 days.
In India the agency offers two packages of 9 or 10 days duration. The packages are of trekking character but are including also cultural sight seeing.

For Tibet there are forseen four tours with a duration of 5 to 9 days providing sightseeing of monuments and diverse nature beauties of the county.

For the country of Buthan there are four tours from the duration of 7 and up to 18 days. The tours include, beside the pure sightseeing, also visiting two famous cultural festivals.

**FishTail Tours & Travels Ltd.**

Kathmandu, Nepal

www.fishtail.org

Fish Tail Tours & Travels (P).Ltd with its head office in Kathmandu was established in the year 1990. They have been promoting Nepal, India, Tibet and Bhutan for seventeen consecutive years now. They are specialists on three main fields: Trekking & Expeditions, River Rafting and Cultural Village Tourism for which further three daughter Ltd companies are established.

The web page of the company provides also the general information about the company with its registration no. names of the managing staff as well as the information about the branch offices in Nepal and the overseas branch office in Hong Kong through which they are offering additional outbound destinations such as Thailand, Malaysia, Singapore, Hong Kong, China, Korea, Europe and America.

In Nepal they are offering package tours from 2 to 7 days tours mainly in the regions of Pokhara, Lumbini and Chitwan. Special visits to different temples are explicitly promoted.

**Gandaki Tours & Travels (P) Ltd.**

Kathmandu, Nepal

www.gandakittravels.com

The company was established in 1989 and is located in the city centre of Kathmandu and thus easily accessible. It is specialized in domestic and international ticketing (sole authorized sales agent for Uzbekistan Airlines) but they also provide another services like: hotel reservations, cultural and religious studies, nature and village walks and tours. Apart from this they can also arrange adventure sports like: water rafting, bungee-jumping, trekking, safari, mountain flights and other visits of the tourists interests.

The sister company Gandaki International Travels P.Ltd. is representing international airlines and it is run by the same management as the main company.

The objective of the company is to provide reliable and quality services to the customers according to their needs and wishes. With the continued sales support to the various leading airline companies the Gandaki agency has been honoured with numerous prestigious awards and recognition like Top Three Performance Awards by the Cathay Pacific and Top Five Revenue Award from Thai Airways.

**Zenith Group of Companies**

Kathmandu, Nepal

www.zenithgroup.org
The group of companies under the name Zenith is specialist in Nepal but on the other hand it offers also the outbound tours to Tibet and Bhutan where classical sightseeing tours and trekking tours are quoted. In Nepal the group promotes different country destinations where beside sightseeing also adventure sports like paragliding, ultralight aircrafts and jungle safari are possible. Their programme quotes also trekking, mountaineering, hiking, biking and mountain flights with normal jet. Since Nepal is a country with long history they are performing a specific tours which are giving the visitors an opportunity to observe the rich Nepalese culture tradition and unique culture heritage. Beside the cultural visits the agency can organise also shoppings of handycrafts.

Earthbound Expeditions (P) Ltd
Kathmandu, Nepal
www.earthboundexp.com

Basically the Earthbound Expeditions is an Adventure Travel and Trekking Company. It has been established just a few years ago but it is growing progressively. So far it has been recommended by the Lonely planet, New York Times and Action Asia magazines as well as in different international weekend and weekly magazines which confirms its quality image. The company has been set as an alternative to the “dash in, dash out” assault style tours of many other companies. The business started with the standard outbound destinations like India, Tibet and Bhutan and of course the home country of Nepal. The vision and mission of the company is to bring people closer to the Himalayas with carefully designed trips which unite the natural history, the present scientific understanding and the unique cultures of the region. Each trip maximizes the exposure to the Himalayan life styles and wilderness, while still maintaining the safety of the tourists. The main activities that are offered by the company are hiking and trekking in the regions of Annapurna, Langtang, Everest and Mera peak as the highest trekking peak of 6476 m. Some of the tours include also visiting cultural festivals and Temples which is already a domain of the science tours. Also available are Wildlife Viewing and special cultural tours as well as touring packages. The duration of above trips is from 8 and up to 23 days for the longest trekking tours.
Eco Trek (P) Ltd.
Kathmandu, Nepal
www.ecotrek.com.np

Eco Trek is one of the leading trekking companies in Nepal has a vast knowledge and experience with the trekking routes in the country. It is one of the most known government-licensed trekking and touring companies in Nepal. The company organizes rewarding adventures in the Himalayas since 1992. They are trekking all the traditional routes but their speciality is catering to the more adventurous travellers who prefer to move on the beaten path.

Eco Trek comprises of well-educated and ecologically-concerned staffs of very high standards. They have trekked and guided in all regions of Nepal and have a deep knowledge about every aspect of trekking in the Himalayas.

Eco Trek offers treks in every region of Nepal. They are using lodges and tea houses for more classical popular treks and bring their own camps for the remote treks. The lodge treks can be done with as few as one person all the way to a group of 20 persons. The trekking of the beaten (remote) paths requires a minimum of two people.

Thamserku Treking (P) Ltd.
Kathmandu, Nepal
www.thamserkutreking.com

Thamserku is the name of 6.623m high mountain. It was established in 1998 and it handles about 5000 clients annually which includes 300 expedition clients. It offers trekking adventures in Nepal, Tibet, Bhutan, India, Pakistan and Sikkim.

The expertise of the working team has been enhanced by a multitude of trips with world class expedition teams and in their history of existence they have organised more than 500 major expeditions. With mutuak cooperation the Thamserku team has become the leader in the outdoor travel business and has contributed to the development of the mountain adventure in Nepal.

Thamserku in fact consists of two companies: Yeti Airlines and Yeti mountain home which were established in 1998 and where the former is operating scheduled and chartered flights within Nepal while the latter performs the service of hotel staying in its chain of resort hotels situated around Trans Himalayan region of Khumbu.

The Thamserku group has also participated vitally in the social sector by establishing health clinics in rural areas for the poor and needy, electricity project, water and sanitation. It was taking special care for the trekking porters shelter huts on the trials above 4000m. They are promoting ecofriendly tourism for the protection of clean and healthy mountain environment.

Thamsereku has been recognised by the Government of Nepal as the most awarded adventure company in Nepal, for the highest foreign currency earners as well as local employees and leading outfitters of the highest number of tourist mountain adventure. Awards granted in 1993 (3rd position) and 1995 till 2006 (1st position). In 2002 and 2003 it was awarded by the Nepal Tourism Board as the Top paying tourism service fees. Thamserku was also awarded by the International Gold star for the Quality from Business Initiative Directions in Madrid.

South Asia Trekkings (P) Ltd
Kathmandu, Nepal
www.southasiatrekks.com
South Asia Trekking (SAT) is registered under the Nepal Government, Ministry of Tourism and Industry and was founded by Nga Temba Sherpa, a native from the Everest region to promote adventure tourism and bordering Himalayan countries. He has been in the field of mountaineering and other adventure activities since 1974. During these three decades he has, among others, summated Everest four times. Being highly skilled he has experienced more than 26 successful mountaineering expeditions in the highest mountains of the world. He has received several awards and appreciation by the government of Nepal, India/Sikkim and the international community for his contribution in mountaineering.

The company offers highly experienced expeditions, trekking, peak climbing, water rafting, mountain biking, and optional tours in Nepal, Tibet, India Bhutan and some other destinations in South Asia.
5 Travel Accommodation

5.1 Hotels by region and typology

The following table shows the number of hotels, rooms and beds in the capital city of Kathmandu and in the rest of the country. The hotels quoted are from non-star category to the five star hotels. The continuation of this chapter shows a test insight into some of the hotels in Kathmandu and the famous touristic resorts of Pokhara and Nagarkot.

There are no data available on the occupancy of the hotels but during the below research on spot no larger occupancy was noted, moreover, mainly we got the feeling that the hotels are quite empty and only the staff in Hyatt Regency Hotel officially recognised this by the reducement of prices.

Table 26: Figures on accommodation establishments in Nepal

<table>
<thead>
<tr>
<th>Category / area</th>
<th>No. of hotels</th>
<th>No. of rooms</th>
<th>No. of beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kathmandu Five star</td>
<td>8</td>
<td>1539</td>
<td>2897</td>
</tr>
<tr>
<td>Four star</td>
<td>2</td>
<td>190</td>
<td>362</td>
</tr>
<tr>
<td>Three star</td>
<td>12</td>
<td>455</td>
<td>940</td>
</tr>
<tr>
<td>Two star</td>
<td>30</td>
<td>1223</td>
<td>2391</td>
</tr>
<tr>
<td>One star</td>
<td>29</td>
<td>725</td>
<td>1495</td>
</tr>
<tr>
<td>Non star</td>
<td>254</td>
<td>3228</td>
<td>6448</td>
</tr>
<tr>
<td>Sub total</td>
<td>335</td>
<td>7360</td>
<td>14533</td>
</tr>
<tr>
<td>Out of Kathmandu</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Five star</td>
<td>1</td>
<td>200</td>
<td>400</td>
</tr>
<tr>
<td>Four star</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three star</td>
<td>5</td>
<td>231</td>
<td>460</td>
</tr>
<tr>
<td>Two star</td>
<td>6</td>
<td>205</td>
<td>392</td>
</tr>
<tr>
<td>One star</td>
<td>12</td>
<td>194</td>
<td>426</td>
</tr>
<tr>
<td>Non star</td>
<td>248</td>
<td>4063</td>
<td>8049</td>
</tr>
<tr>
<td>Sub total</td>
<td>272</td>
<td>4843</td>
<td>9727</td>
</tr>
<tr>
<td>Grand total</td>
<td>607</td>
<td>12253</td>
<td>24260</td>
</tr>
</tbody>
</table>

Source: Survey of Hotels and Lodges, 2003-2004

Table 27: Hotel Rooms and Beds (2006)

<table>
<thead>
<tr>
<th></th>
<th>Number of Hotels</th>
<th>Number of Rooms</th>
<th>Number of Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>607</td>
<td>12,253</td>
<td>24,260</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006
Table 28: Total number of travel, trekking, rafting agencies and licensed manpower guide

<table>
<thead>
<tr>
<th>Category</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel agency</td>
<td>691</td>
<td>738</td>
<td>788</td>
<td>877</td>
<td>948</td>
<td>1026</td>
</tr>
<tr>
<td>Trekking agency</td>
<td>580</td>
<td>611</td>
<td>645</td>
<td>705</td>
<td>740</td>
<td>793</td>
</tr>
<tr>
<td>Rafting agency</td>
<td>87</td>
<td>87</td>
<td>90</td>
<td>91</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>Licensed manpower guide</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tour guide</td>
<td>1900</td>
<td>2001</td>
<td>2071</td>
<td>2149</td>
<td>2202</td>
<td>2271</td>
</tr>
<tr>
<td>Trekking guide</td>
<td>2745</td>
<td>3094</td>
<td>3457</td>
<td>3930</td>
<td>4395</td>
<td>4663</td>
</tr>
<tr>
<td>River guide</td>
<td>174</td>
<td>174</td>
<td>180</td>
<td>182</td>
<td>182</td>
<td>182</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006

The test research of sample hotels on spot in Kathmandu, Pokhara and Nagarkot from the segments of hotels with 2 to 5 stars including mountain type of hotels

**Hotel (name, category, location):** SHANGRI-LA HOTEL, 5 stars, Kathmandu
**Internet address:** www.hotelshangrila.com
**Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):**
Two restaurants – »Coffie shop« for european meals and »Safran« with indian type of food. Three additional bars and garden caffe. Big garden, swimming pool, fitness, sauna, casino. The hotel officially reaches the standard of 5 stars but it is not well maintained which is visible in the rooms, partially in restaurants and also in the reception hall. The price for single or double room is the same and amounts 180USD per day which is even above average level of 5 star hotels in Kathmandu. On the other hand, as said, the quality of service is much lower than 5 star hotel should offer which finally results a bad ratio price/service.

**Hotel (name, category, location):** HOTEL AMBASSADOR, 3 stars, Kathmandu
**Internet address:** www.nepalhotel.com
**Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):**
One kitchen, one restaurant which serves indian, nepalese, chinese and european types of food. Two gardens, meeting hall, business center. Well maintained rooms for prices from 25 USD (single without A/C) up to 50 USD (duble room with A/C). Very good price/service ratio.

**Hotel (name, category, location):** HOTEL DE L’ANAPURNA, 5 stars, Kathmandu
**Internet address:** www.anapurna-hotel.com
**Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):**
Three restaurants with separate kitchens – oriental, multicuisine, indian. Banquet and breakfast room are separately to the restaurants. Also several other halls for meetings are available. All services for 5 star hotels are available and the personell as well as the visible quality of hotel is at the required level. The minus point is the location of the hotel which is too close to the road and on the other side among other houses.Prices for the comparable rooms with other 5 star hotels i.e. »de luxe« room are reasonable – 180 USD for single and 190 USD for duble room. Otherwise the prices start at 140 USD and continue up to 450 USD for the »Regency suite«. Realistic ratio Price/service.
Hotel (name, category, location): HOTEL YAK & YETI, 5 stars, Kathmandu
Internet address: www.yakandyeti.com
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
Three restaurants with Indian, Nepalese, Chinese and continental food. All services for 5 star hotel plus discotheque, business centre and six different halls for conferences and banquets. A large building which separately includes historical building used as the largest convention centre in Nepal. Location of the hotel is a bit off the main road but it possesses a very nice and large garden. Prices of rooms are from 185 USD to 625 USD for the Executive suite. The comparable »De luxe« room costs 205 USD. Very large building with a friendly facilities but less friendly »feeling« in the long corridors to the rooms. Otherwise satisfactory maintenance of the building and high level of service which results still reasonable price/service ratio.

Hotel (name, category, location): SOALTEE CROWNE PLAZA, 5 star, Kathmandu
Internet address: www.crowneplaza.com/kathmandu
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
A very impressive large hotel complex with facilities for international congresses. A separate building constructed 15 years ago is designed to receive foreign presidential delegations. Special care for security with 24 hours guard around hotel. Restaurants serve Chinese, Indian, Italian and continental meals. All facilities for a 5 star hotel are available. The only hotel in Kathmandu that is actively cooperating with The Nepal Tourism Board. The cheapest room »De luxe« has a daily price of 220 USD. Except the presidential suites and other types of rooms which can cost up to 920 USD the standard offered in comparable »De luxe« rooms is exactly in accordance with 5 stars category but nothing special more which means relatively high prices. Besides some of the rooms have just been renovated (109 rooms) the other look a bit worn out so as the whole building which shows a bit »tired facade« of course having in mind the prices and the sounding brand name.

Hotel (name, category, location): GRAND HOTEL, 4 stars, Kathmandu
Internet address: www.grandhotelnepal.com
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
Two restaurants serving Indian, Nepalese and continental food. Swimming pool, fitness, business centre, bar and tea lounge. Rooms according to the category – prices from 95 USD (single room) to 200 USD for »De luxe« suite. Well maintained rooms. Favourable price/service ratio.

Hotel (name, category, location): HOTEL HIMALAYA, 4 stars, Kathmandu
Internet address: www.hotelhimalaya.com.np
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
One restaurant and one bar. The restaurant serves Chinese, Japanese, Indian, Nepalese and continental food. The position of the hotel offers a nice view to the Himalayas. The rooms are under renovation and also the other facilities will be renovated so that the standard of the hotel will finally be higher as up to now. These are the plans of the new management. The prices are from 140 (single room) up to 350 USD for suite. The price/service ratio still reasonable.

Hotel (name, category, location): SUMMIT HOTEL, 4 stars Kathmandu
Internet address: www.summit-nepal.com
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
The brochure promises different levels of comfort comparable with categories from 2 to 5 stars hotels. It has one restaurant and one bar but also swimming pool, business centre and
some shops Hotel is situated in the south of Kathmandu in a nice residential area. It offers nice view to the Himalayas. It is designed in traditional nepalese style but inside more in european style so the rooms also give such feeling to the guests. They are well equipped – even with fixed internet lines. Prices are from 70 USD (single room) up to 80 USD (duble room). Favourable price/service ratio.

**Hotel (name, cathegory, location):** HOTEL GREENWICH VILLAGE, 3star, Kathmandu  
**Internet address:** [www.godavariresort.com.np](http://www.godavariresort.com.np)  
**Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):**  
Hotel designed in traditional nepalese style – outside and inside. It is located next to the Summit hotel and offers the same nice view to the Himalayas. It has one restaurant and and one bar offering nepalese and continental meals. Further there is a swimmingpool, shops and businesscentre. Rooms are well equipped and maintained. They give a warm and sympatic feeling to the guests. The prices are from 60 to 80 USD and represent a favourable price/service ratio.

**Hotel (name, cathegory, location):** RADISSON HOTEL, 5 stars, Kathmandu  
**Internet address:** [www.radisson.com/kathmandune](http://www.radisson.com/kathmandune)  
**Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):**  
Hotel has one restaurant but is well equipped and serves different types of meals – mostly indian and nepalese food, a continentnal food can be served as well. There are two additional bars one of them is on the roof top where also the swimmingpool is situated. The includes all servisess required for this cathegory. A large banquet and convention halls are available. A casino with the bar facilities is situated in the cellar. Rooms are well maintained. The prices are from 185 USD (single room) and up to 600 USD for the presidential suite. Still reasonable price/service ratio.

**Hotel (name, cathegory, location):** HOTEL TIBET, 3 star, Kathmandu  
**Internet address:** [www.hoteltibet.com](http://www.hoteltibet.com)  
**Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):**  
Himalayan restaurant, additional restaurant with tibetanian specialities, businesscentre, meditation centre. Room prices from 70 USD to 110 USD, reasonable price/service ratio.

**Hotel (name, cathegory, location):** HYATT REGENCY KATHMANDU, 5 stars  
**Internet address:** [www.kathmandu.regency.hyatt.com](http://www.kathmandu.regency.hyatt.com)  
**Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):**  
A high class hotel with a large facility complex situated in the south east part of Kathmandu next to the Boudanath Stupa the famous buddist temple. The cheapest room is 215 USD, at the time of research it was reduced to 150 USD due to lack of guests. The highest class is the presidential suite for 850 USD daily rate. Well equipped and maintained rooms Favourable price/service ratio.

**Hotel (name, cathegory, location):** THE DWARIKA’S HOTEL, high class, Kathmandu  
**Internet address:** [www.dwarikas.com](http://www.dwarikas.com)  
**Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):**  
A hotel resort at the highest level – no stars. Hotel is designed and equipped as a museum of nepalese culture containing original pieces of old nepalese furniture. Prices vary from 175 USD for the single room and up to 1650 USD for the royal suite with several rooms, two bathrooms and fitness room – all within the suite. Relatively reasonable price/service ratio with lower level of rooms.
Hotel (name, category, location): FISH TAIL LODGE POKHARA, 5 star, Pokhara
Internet address: www.fishtail-lodge.com.np
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
Excellent location on island. Well equipped and interesting rooms in round buildings but renovation is necessary. Prices from 105 USD to 185 USD. Relatively unfavourable price/service ratio.

Hotel (name, category, location): HOTEL BEDROCK, 2 stars, Pokhara
Internet address: www.hotelbedrock.com.np
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
Hotel intended for trekkers with one kitchen serving nepalese type of food. Relatively low level of service but well maintained and favourable priced rooms – from 18 to 48 USD.

Hotel (name, category, location): POKHARA GRANDE, 5 stars, Pokhara
Internet address: www.pokharagrande.com
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
A large hotel complex belonging to the Radisson hotel group. Comparing to the Radisson hotel in Kathmandu the prices are higher but the service – especially room quality is lower. The prices of rooms are from 160 USD to 250 USD.

Hotel (name, category, location): SHANGRI-LA VILLAGE POKHARA, 4 stars, Pokhara
Internet address: www.hotelshangrila.com
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
Officially equivalent to the Shangrila hotel in Kathmandu but by having one star less it is offering better services and much more pleasant environment than the Shangrila in Kathmandu. Price for single/double room is 180 USD.

Hotel (name, category, location): CLUB HIMALAYA, 5 stars, Nagarkot
Internet address: club@mos.com.np
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
Mountain hotel of interesting architecture situated at about 2000m above sea level. Room prices from 65 to 130 USD.

Hotel (name, category, location): THE FORT RESORT, 4 stars, Nagarkot
Internet address: www.mountain-retreats.com
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
The mountain hotel is perched on the highest northern ridge at an elevation of 2000 m and is located at the site of the ancient fort complex. A multicuisine restaurant, bar, library, conference hall and an overwhelming presence of pure nature sum up the ambience of The Fort Resort.

Hotel (name, category, location): HOTEL COUNTRY VILLA, 4 stars, Nagarkot
Internet address: www.hotelcountryvilla.com
Brief evaluation on spot (kitchen/type of food served, room quality, other facilities):
The mountain hotel Country Villa is situated at 2175 m above sea level and it boats of wonderful scenic canvas of the Himalayas stretching from Mt. Kanchenjunga in the far east to the Annapurna massif in the far west. The hotel has one restaurant offering exotic food as well as one bar and a large open terrace. It has also two conference halls equipped with the
necessary gadgets and facilities. The rooms are very sympathetic and well maintained. Some parts of the hotel were constructed only 14 years ago and are in very good condition.
6 Transportation

There are few direct flights to Nepal, which means most travellers from Europe, North America and Australia have to change aircraft and/or airline en route. Nepal's only international airport is Kathmandu's Tribhuvan Airport. The departure tax for international flights is Rs1695.00, or Rs1356.00 to destinations on the Indian subcontinent, payable in Nepali rupees.

The classic overland routes between Nepal and India are still popular. Buses are usually the quickest and easiest form of transport between Nepal and India. There are five main crossing points that are open to foreigners, but most people cross at Sunauli-Bhairawa, Birganj-Raxaul Bazaar or Kakarbhitta-Panitanki. The Sunauli border crossing is convenient for Varanasi or Delhi, the Birganj crossing is convenient for Kolkata, and Kakarbhitta is the obvious choice for Darjeeling or Sikkim. A trickle of travellers enter Nepal at the Mahendrenagar-Banbassa border crossing in the extreme west of Nepal, which is handy for Delhi and the hills of Uttaranchal and Himachal Pradesh. The crossing between Nepal and Tibet via Kodari is open to organised groups but not to individual travellers heading north.

Local transportation (Visit Nepal, 2008):
- Taxis & Tempos (three wheeler auto-rickshaws) can be hailed off the street. There are numerous taxi companies and all kinds of cabs.
- Buses, mini-buses and three-wheeler tempos ply on fixed routes at regular intervals. These public vehicles do not have a schedule and leave when there are enough passengers. The services are fairly frequent.
- Rickshaws (two-seater tricycles) are a fun way to get around Kathmandu. They are especially useful for short trips.
- Motorcycles, Bikes and Cars are available for renting in Kathmandu, Pokhara and many other cities and towns of Nepal.
- Planes are one of the easiest and fastest means to reach the far and remote parts of Nepal. Most of the airstrips in Nepal are quite difficult as they lie on the mountain sides surrounded by high peaks. Apart from the Government owned Royal Nepal Airlines, there are a number of private companies operating domestic flights to different sectors.
- Helicopters are very popular to reach to the remotest parts of Nepal. Since helicopters requires small landing spaces compared to planes, the former makes it sound much safer too.
- Local Buses are available for short and longer journeys alike. These are the cheapest means of transport.
- Tourist Buses are specifically meant for the tourists only. These are run by private bus companies or travel agencies. Tourist buses are more comfortable, faster and less crowded and more expensive compared to the local buses.
- Trucks are used to transfer goods but sometimes these trucks can get you to places although these vehicles aren’t licensed as passenger vehicles.
- Trains are practically non-existent for the traveling purposes. Railroads are available only in few places like Birgunj, the main entry point to Nepal for Indian tourists coming from Calcutta and Patna which has a railway to Raxaul which lies in Nepal-India border (Railways: total 59 km).
- Sea Transportation - Although Nepal is a landlocked country, the Himalayan Kingdom has access to the sea through the ports of Calcutta and Haldia in India. The port of
Calcutta is about 1150 kilometers from the Nepalese border close to Biratnagar. The cargo bound for Nepal is forwarded either by rail or road to the land customs post of the Indo-Nepal border upon the clearance of Indian port and customs authorities in Calcutta and the average transit time through India could be 3 to 7 days.

6.1 Airlines and low cost carriers

Best way to reach Nepal is by air. The Tribhuvan airport in Kathmandu is Nepal’s only international airport. The important airlines that serve Kathmandu are Indian Airlines, Thai International, Bangladesh Biman, China Southwest Airlines, Druk Air, Qatar Airways, PIA-Pakistan Airlines, Gulf Air, Sahara Airlines, Jet Air, and Cosmic Air. The national carrier - Royal Nepal Airlines Corporation (RNAC), operates flights to Europe and Japan as well as the regional destinations. However 12 airlines in total operate services for international travelling.
Table 29: Capacity of International Airlines Operating in Nepal

<table>
<thead>
<tr>
<th>Airline</th>
<th>Weekly Capacity</th>
<th>Yearly Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Arabia</td>
<td>1,120</td>
<td>58,240</td>
</tr>
<tr>
<td>Air China</td>
<td>256</td>
<td>13,312</td>
</tr>
<tr>
<td>Air Nepal International</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Biman Bangladesh</td>
<td>1,400</td>
<td>72,800</td>
</tr>
<tr>
<td>China Southern</td>
<td>540</td>
<td>28,080</td>
</tr>
<tr>
<td>Cosmic Air</td>
<td>1,470</td>
<td>76,440</td>
</tr>
<tr>
<td>Dragon Air</td>
<td>632</td>
<td>32,864</td>
</tr>
<tr>
<td>Druk Air</td>
<td>684</td>
<td>35,568</td>
</tr>
<tr>
<td>Ethihad Airways</td>
<td>920</td>
<td>47,840</td>
</tr>
<tr>
<td>GMG Airlines</td>
<td>608</td>
<td>31,616</td>
</tr>
<tr>
<td>Gulf Air</td>
<td>2,750</td>
<td>143,000</td>
</tr>
<tr>
<td>Indian Air</td>
<td>2,465</td>
<td>128,180</td>
</tr>
<tr>
<td>Jet Airways</td>
<td>980</td>
<td>50,960</td>
</tr>
<tr>
<td>Jet Lite</td>
<td>1218</td>
<td>63,336</td>
</tr>
<tr>
<td>Korean Air</td>
<td>261</td>
<td>13,572</td>
</tr>
<tr>
<td>Nepal Airlines</td>
<td>3,990</td>
<td>207,480</td>
</tr>
<tr>
<td>Pakistan International</td>
<td>368</td>
<td>19,136</td>
</tr>
<tr>
<td>Qatar Air</td>
<td>2,145</td>
<td>111,540</td>
</tr>
<tr>
<td>Silk Air</td>
<td>432</td>
<td>22,464</td>
</tr>
<tr>
<td>Thai International</td>
<td>2,163</td>
<td>112,476</td>
</tr>
<tr>
<td>Hong Kong Express</td>
<td>492</td>
<td>25,584</td>
</tr>
<tr>
<td>Orient Thai</td>
<td>510</td>
<td>26,520</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,404</strong></td>
<td><strong>1,321,008</strong></td>
</tr>
</tbody>
</table>

*Source: Ministry of Culture, Tourism and Civil Aviation, 2006*

There is no data about the occupancy of airplanes available, but unofficially we got interesting information from some travelling agencies that the air companies are many times overbooking the seats or hold the reserve till the last minute and thus blow up the demand artificially and thus consequently keep the price level high.
Table 30: Market shares of International Airlines Operating in Nepal According to their yearly capacity

<table>
<thead>
<tr>
<th>Airline</th>
<th>% of market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Arabia</td>
<td>4.6</td>
</tr>
<tr>
<td>Air China</td>
<td>1.0</td>
</tr>
<tr>
<td>Air Nepal International</td>
<td>0.0</td>
</tr>
<tr>
<td>Biman Bangladesh</td>
<td>5.7</td>
</tr>
<tr>
<td>China Southern</td>
<td>2.1</td>
</tr>
<tr>
<td>Cosmic Air</td>
<td>5.8</td>
</tr>
<tr>
<td>Dragon Air</td>
<td>2.5</td>
</tr>
<tr>
<td>Druk Air</td>
<td>2.9</td>
</tr>
<tr>
<td>Ethihad Airways</td>
<td>3.6</td>
</tr>
<tr>
<td>GMG Airlines</td>
<td>2.4</td>
</tr>
<tr>
<td>Gulf Air</td>
<td>0.8</td>
</tr>
<tr>
<td>Indian Air</td>
<td>7.7</td>
</tr>
<tr>
<td>Jet Airways</td>
<td>3.8</td>
</tr>
<tr>
<td>Jet Lite</td>
<td>4.8</td>
</tr>
<tr>
<td>Korean Air</td>
<td>1.0</td>
</tr>
<tr>
<td>Nepal Airlines</td>
<td>16.7</td>
</tr>
<tr>
<td>Pakistan International</td>
<td>1.5</td>
</tr>
<tr>
<td>Qatar Air</td>
<td>8.4</td>
</tr>
<tr>
<td>Silk Air</td>
<td>1.7</td>
</tr>
<tr>
<td>Thai International</td>
<td>8.7</td>
</tr>
<tr>
<td>Hong Kong Express</td>
<td>1.9</td>
</tr>
<tr>
<td>Orient Thai</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

Note: Analysis based on Winter Schedule.

Source: Ministry of Culture, Tourism and Civil Aviation, 2006
7 Nepal tourism performance in 2007 - analysis of key indicators

The tourism industry in Nepal has shown promising growth in 2007 compared to other years. The 10 years (1996-2006) of political instability left a big void in the industry. The continuous decline of tourist flow over the years brought slackness in tourism development process. Similarly, its contribution to GDP and other interrelated economic activities were also affected.

The scenario has changed for better now with the restoration of peace in the country. This was the main reason for enabling the country to witness the highest number of tourist arrival in a year so far. 2007 proved a very favorable year for Nepal with the provisional data of 526313 tourist arrival. The encouraging figure has made the Nepalese travel trade fraternity very optimistic for the coming years.

Analyzing the growth trend of 2007, it has been recorded 27.1% growth over 2006 with the arrival figure of by air reaching 360,350 (provisional data) all time high since 2000 against 283,516 in 2006. In 2000, the number of visitors arriving Nepal by air was 376914. Since then, it has continued to plummet due to various socio-political reasons. The changed political scenario and improved accessibility with many destinations ushered in by the operation of 9 new international airlines to Nepal in 2007 such as GMG, Air Arabia, China Southern Airlines, Korean Air etc. has now increased the base of consumer awareness and interest towards Nepal.

The first half of 2007 has shown the overall growth of 37.5% in total tourist arrivals with substantial 80% increase from developing markets like South Korea (+27%), Spain (23.2%). The volume markets like India & Bangladesh as well as the Value markets have also shown an encouraging growth.

In line with its goal to create a desire among international visitors and travel trade for destination Nepal, Nepal tourism Board has set its three specific objectives:
- Influence: to inform/influence the potential customers about destination Nepal,
- Engagement: to help convert the international consumer & trade’s desire to choose destination Nepal,
- Innovation: to seek new platforms and areas to promote Nepal to enhance visitors’ numbers, stay & spend.

The overall international marketing and promotion strategic approach in 2007 was to engage into direct marketing and interact “Face to Face” with the travel trade as well as the consumers via Fairs, Sales Missions, Road Shows and special consumer oriented campaigns.

To achieve the overall objectives, due emphasis had been given for continuation of successful programs of the past. At the same time NTB encouraged partnerships with Nepalese travel trade to consolidate the positive growth markets from volume, value and developing segments.
Hence, in 2007 NTB’s 3 pronged approach while participating in certain fairs or organizing Sales Missions was to exclusively lead as NTO, go jointly with the travel trade and to facilitate the travel trades’ exclusive participation to represent Nepal.

The additional focus of all the promotional activities for 2007 was:

- Promotion of MICE Tourism through Corporate Houses, IT Sectors, Educational Institutions etc. in Regional and Short haul markets
- Promotion of “Send Home a Friend” campaign by mobilizing Non Resident Nepalese (NRNs)

Similarly, NTB has to explore the possibilities of organizing a Corporate Night wherever feasible in all its major markets with MICE potential while participating in the Trade fairs or organizing the Road Shows.

Reviewing the whole year activities, tourism industry hopes has considerably been revived and they is looking forward to a steady growth once again in 2008 (Nepal Tourism Board, 2008).
8 Tourist attractions

8.1 Key players

Ministry of Culture, Tourism And Civil Aviation
Singha Durbar, Kathmandu, Nepal
Tel: +977 1 4211992, Fax: +977 1 4211758
www.tourism.gov.np

The tourism industry is one of the foreign currency earners in the country and thus makes a significant contribution to the economy. Government of Nepal has been actively promoting tourism in Nepal and has always encouraged the private sector for their involvement and participation. The Ministry of Culture, Tourism & Civil Aviation (MOCTCA) gives equal importance to the conservation of natural, cultural and human resources.

Ministry of Tourism first came into existence in 1978. In 1982, Civil Aviation was also merged into the Ministry of Tourism and became the Ministry of Tourism & Civil Aviation. In 2000, Culture was also integrated into the Ministry and now it is called the Ministry of Culture, Tourism, & Civil Aviation (MOCTCA). Ministry of Culture, Tourism & Civil Aviation is headed by Minister for Culture, Tourism & Civil Aviation.

MOCTCA has 123 staffs excluding Department for Archeology, Nepal Copyright Registrar’s Office and Tourism Offices.

The ministry also has the role of the policy maker and thus cares about the implementation, monitoring and implementation of the culture, tourism and civil aviation sectors. It coordinates among the international organisations related to the culture, tourism and civil aviation and works related to the mountain tourism. It is also involved into the works related to the national and international symposiums, seminars and conferences associated with culture, tourism and air transportation.

In addition to above the MOCTCA has the mandate also with the following works: works related to the collection and preservation of archeologically important objects and archeological exploration and excavation, works related to the inspection and permission of the archeological goods for the purpose of exporting outside the country, works related to the museums and records, works related to the copyright on archeological matters, preservation and promotion of cultural heritage of the country, works related to the international agreements in culture, cultural exchange, study and research, works related to the Nepal Academy, Pashupati Area Development Trust, other cultural centers and committees, works related to the development of religions, castes, ethnicity, communities, languages, dialects, literature, scripts, arts and culture, works related to the construction, renovation preservation and advancement of airports, works related to the management and operation of air transportation, works related to the public enterprises authorities and organisations in the field of airline services.
Nepal Tourism Board
Bhrikuti Mandap, Kathmandu, Nepal
P.O.Box: 11018
Tel: +977 1 4256229, Fax: +977 1 4256910
www.welcomenepal.com

Nepal Tourism Board is a national organisation established in 1998 by an act of parliament in the form of partnership between Government of Nepal and private sector tourism industries of Nepal to develop and market Nepal as an attractive tourist destination. The Board provides platform for the vision-drawn leadership for Nepal’s tourism section by integrating government commitment with the dynamism of private sector tourism industries.

Although the initial phase of the functioning of the Board was focused on marketing and promotion, the ultimate aim of the NTB is to take over regulatory and product development activities as well. The functioning of NTB has the commitment and the support of the government as well as the dynamism of the private sector. The Board is an autonomous institution consisting of 11 board members (the secretary at the MOCTCA as chairman and 4 ex-officio members from government ministries and 6 from among the private sector representatives including the Chief Executive Officer).

The Board has been created to provide a vision drawn leadership, promotional efforts, good management and guidance to Nepal’s tourism industry. The funds for NTB is collected from the entire tourism related business in the form of tourist service fee thereby keeping it financially independent. The Board is working toward repositioning the image of the country so as to market and promote Nepal aggressively and extensively- both domestically and internationally. This is crucial as Nepal, through small size has immense cultural and natural diversity and is one of the most beautiful countries in the world.

The Sustainable Tourism Network (STN) is an informal network of individuals and organisations that have keen interest in promoting sustainable tourism practices in Nepal. With the recognition of the need to create a forum or platform where institutions and professionals working in tourism to share lesson learned, increased corporation and partnership between projects, decreased duplication of work and encouragement of best practices in sustainable tourism the Sustainable Tourism Network was formed. With the establishment of Nepal Tourist Board (NTB) in 1998 the STN started as a network of GOs, NGOs, tourism operators, tourism professionals and individuals. Since the STN is within the framework of NTB, NTB has been providing support to STN’s action and also administrative support and coordination.

Driven by the vision of Nepal as a wholesome sustainable tourism destination, STN aims to promote and facilitate sustainable and equitable tourism in Nepal by bringing together concerned stakeholders from the public, private and NGO sectors who are involved in – or have and influence on the tourism industry. This will be achieved primarily through knowledge sharing, skills transfer, compilation and distribution of best practices models and through marketing support for the sustainable tourism products.

Since the inception in 1999, Nepal Tourism Board has been in forefront in promoting the Nepalese tourism with its continuous efforts in the international tourism arena. Despite the best effort put together by NTB, Government of Nepal and the private sector its objective to make Nepal most premier holiday destination has not been achieved as desired due to the series of adverse socio-political & global socio-economic turn of events.

With the growing impact of media on international travellers felt lately the idea of developing a Media Center emerged as a forum to disseminate correct and reliable information about
Nepal’s tourism. Recognising media’s role in influencing public opinion throughout the world, Nepal Tourism Board in consultation with various stakeholders has established Media Center within its existing set up. The Media Center aims to facilitate Nepal based foreign journalists as well as national media community by disseminating accurate information related to Nepalese tourism products and activities. This center also plays an active role by interacting with the international media in promoting Nepal and its image as premier destination.

Chart 12: Nepal Tourism Board portal

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes (%)</th>
<th>No (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ever visited NTB official website</td>
<td>11</td>
<td>89</td>
</tr>
<tr>
<td>Was website helpful in getting more info</td>
<td>84</td>
<td>16</td>
</tr>
<tr>
<td>Did special packages assist in planning</td>
<td>33</td>
<td>67</td>
</tr>
</tbody>
</table>

*Source: Nepal Tourism Board, 2008*
8.2 Tourism Associations

**Nepal Mountaineering Association (NMA)**

P.O.Box: 1435, Nagpokhari, Naxal, Kathmandu, Nepal  
Tel: + 977 1 4434525  Fax: + 977 1 4434578  
[www.nepalmountaineering.org.np](http://www.nepalmountaineering.org.np)

The Nepal Mountaineering Association (NMA) is the national mountaineering association of Nepal. This association was founded in the year 1973 with its main objectives aiming to promote the mountaineering activities in the Himalayan region, to safeguard the interest and to upgrade the professional and mountaineering skill of Nepalese mountaineers, to popularize mountaineering activities among Nepalese students and youths, to create awareness both in national and international level to preserve the beauty of Himalayan region for future generations (Ministry of Culture, Tourism and Civil Aviation, 2008).

**Hotel Association of Nepal (HAN)**

P.O.Box: 2151, Gairidhara, Kathmandu, Nepal  
Tel: + 977 1 4412705, Fax: +977 1 4410522  
[www.hotelassociation.org.np](http://www.hotelassociation.org.np)

Hotel Association of Nepal (HAN) was established in the year 1966, when it had just eight hotels and all of them were situated in Kathmandu itself. In the first ten years of its existence, due to the early stage of the industrial age as well as the membership being extremely homogenous, the Hotel Association of Nepal was able to make its mark on the governmental regulatory and social upgrading aspects of tourism (Ministry of Culture, Tourism and Civil Aviation, 2008).

**Nepal Association of Rafting Agents (NARA)**

P.O.Box: 3586, Jyatha, Thamel, Kathmandu, Nepal  
Tel: + 977 1 4244048, Fax: +977 1 4221197  
[www.raftingassociation.org.np](http://www.raftingassociation.org.np)

NARA is an association of all the rafting outfitters of Nepal and is the only one Association where we get all kinds of information about rafting trips in Nepal such as; River information of Nepal, Rafting equipment and the rafting agencies of Nepal (NARA, 2008).

The main purpose of our Association (NARA) is to introduce and promote Nepal's rafting (River sports) in national and international sector. We trained people and create job to help unemployment problem. We promote and advertise rafting in international sector and bring more tourists to help earn more foreign currency and revenue to the Government.
Nepal Association of Tour and Travel Agents (NATTA)

P.O.Box: 362, Gairidhara, Naxal, Kathmandu, Nepal
Tel: +977 1 4418661, Fax: +977 1 4419409
www.natta.org.np

NATTA was established in 1966 by a group of leading travel agents who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. who felt that it was the time to work together to formulate sound business principal and to regulate the travel industry in Nepal. (Nepal Association of Tour and Travel Agents, 2008).

Trekking Agents Association of Nepal (TAAN)

P.O.Box: 3612, Maligaun, Ganeshthan Kathmandu, Nepal
Tel: +977 1 4427473, Fax: +977 1 4419245
www.taan.org.np

Trekking Agents Association of Nepal (TAAN) was formed and registered in the Kathmandu CDO Office in 1979 by a handful of trekking agents who realized that it was time to assemble and create an umbrella organization; under which they could work together to meet their common goals and also assist the government by providing suggestions to make trekking business revenue generating industry and also provide employment opportunity to the locals. Such a body was necessary for many reasons. The need for such a body was felt very much, which could undertake the major responsibilities to develop and promote adventure tourism in the country. It was also essential to play a significant, conducive role to mitigate mountain environmental stress.
Other associations:

Nepal Association of Tour Operators (NATO)
Kathmandu
Tel: +977 1 227487

Pacific Asia Travel Association (PATA) Nepal Chapter
NAC Building
P.O.Box: 1041
Tel: +977 1 224266, Fax: +977 1 256162
www.patanepal.org

Airlines Operators Association of Nepal
Anam Nagar, Kathmandu
P.O.Box: 20980
Tel: +977 1 240940

Association of Helicopter Operators Nepal
Babar Mahal, Kathmandu
P.O.Box: 10760
Tel: +977 1 226 223, Fax: +977 1 226941

Nepal Entrepreneurs Association of Tourism (NEAT)
Kathmandu
P.O.Box: 11034
Tel: +977 1 416326, Fax: +977 1 415284

Federation of Nepalese Chambers of Commerce and Industry (FNCCI)
Kathmandu
P.O.Box: 269
Tel: +977 1 262007, Fax: +977 1 261022

Thamel Tourism Development Board
Kathmandu
P.O.Box: 7655
Tel: +977 1 250513, Fax: +977 1 262775

Cargo Agents Association of Nepal (Reban)
Tel: +977 1 410403, Fax: +977 1 419858

Himalayan Rescue Association
Gairidhara, Kathmandu
Tel: +977 1 262746

Tourist Guide Association of Nepal
Kamaladi, Kathmandu
Tel: +977 1 225102, Fax: +977 1 423939

Board of Airline Representatives in Nepal (BARN)
Durbar Marg, Kathmandu
8.3 Tourist destinations

Popular cities (Welcome to Nepal, 2008)

The capital city, Kathmandu is enriched with temples more than homes and festivals exceeding the number of days in a year. The whole valley with its seven heritage sites has been enlisted in cultural World Heritage Site list. The place, which blends cultural vigor with modern facilities possible on earth is place liked by tourists been here. The place has more to offer and it is not only administrative capital of the country but to the fullest extend capital of traditional culture and physical resources. Three Durbar Squares - Kathmandu, Patan and Bhaktapur, Pashupatinath, Bouddhanath, Swoyambhunath and Changunarayan are the places most revered by the Kathmanduities and whole world.

Pokhara is its center of adventure. An enchanting city nestled in a tranquil valley; it is the starting point for many of Nepal's most popular trekking and rafting destinations. The atmosphere on the shore of Phewa Lake is one of excited vitality as hipster backpackers crowd the many bars and restaurants exchanging recommendations on guest houses and viewpoints, both by the lake and above the clouds.

Lumbini is a small town in the southern Terai plains of Nepal, where the ruins of the old city can still be seen. Lumbini has been a holy ground for Buddhists all over the world.
National parks and reserves

Nepal has nine National Parks and four Wildlife Reserves. About 15,000 square kilometers amounting to almost 18 percent of the total area is protected. The Terai lowlands are defined by a belt of well-watered floodplains stretching from the Indian border northward to the first slopes of the Bhabhar and the Siwalik Range. This is the richest habitat in the land with tall grasslands interspersed with riverine and hardwood Sal Forest. Here one can see wildlife such as the swamp deer, musk deer, black buck, blue bull, the Royal Bengal Tiger, gharial and marsh mugger crocodile and the last of a breed of Asiatic wild buffalo. Parks and Reserves are also rich in bird species with a variety of babblers and orioles, koels and drongos, peacocks and floricans, and a multitude of wintering wildfowl cities (Nepal Tourism Board, 2008).

National parks:
- Shey Phoksundo National Park
- Sagarmatha National Park
- Makalu Barun National Park
- Chitwan National Park
- Langtang National Park
- Shivapuri National Park
- Khaptad National Park
- Rara national Park
- Bardia National Park

Reserves:
- Kanchanjunga Conservation Area
- Annapurna Conservation Area
- Shukla Phant Wildlife Reserve
- Dhorpatan Hunting Reserve
- Koshi Tappu Wildlife Reserve
- Manaslu Conservation Area
- Parsa Wildlife Reserve

Chart 13: Touristic circles in 2008

Source: Nepal Tourism Board, 2008
Table 31: Visitors to National Parks and Protected Areas in 2006

<table>
<thead>
<tr>
<th>National park</th>
<th>Third country</th>
<th>SAARC countries</th>
<th>Nepalese</th>
<th>Grand total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sagarmantha National Park</td>
<td>20.531</td>
<td>162</td>
<td>-</td>
<td>20.693</td>
</tr>
<tr>
<td>Chitwan National Park</td>
<td>38.478</td>
<td>3.281</td>
<td>18.367</td>
<td>60.126</td>
</tr>
<tr>
<td>Langtang National Park</td>
<td>4.551</td>
<td>11</td>
<td>-</td>
<td>4.562</td>
</tr>
<tr>
<td>Khaptad National park</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Shey Phoksundo National Park</td>
<td>159</td>
<td>-</td>
<td>-</td>
<td>159</td>
</tr>
<tr>
<td>Bardiya National park</td>
<td>1.058</td>
<td>119</td>
<td>1.238</td>
<td>2.415</td>
</tr>
<tr>
<td>Rara National Park</td>
<td>23</td>
<td>-</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Dhorpatan Hunting Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Parsa Wildlife Reserve</td>
<td>2</td>
<td>-</td>
<td>53</td>
<td>55</td>
</tr>
<tr>
<td>Koshi Tappu Wildlife reserve</td>
<td>212</td>
<td>2</td>
<td>4.128</td>
<td>4.342</td>
</tr>
<tr>
<td>Shukla Phata Wildlife Reserve</td>
<td>58</td>
<td>-</td>
<td>78</td>
<td>136</td>
</tr>
<tr>
<td>Makalu Barun National Park</td>
<td>115</td>
<td>-</td>
<td>-</td>
<td>115</td>
</tr>
<tr>
<td>Kanchanjunga protected area</td>
<td>365</td>
<td>-</td>
<td>-</td>
<td>365</td>
</tr>
<tr>
<td>Shivapuri National Park</td>
<td>4.735</td>
<td>-</td>
<td>49.297</td>
<td>54.032</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70.288</strong></td>
<td><strong>3.575</strong></td>
<td><strong>73.161</strong></td>
<td><strong>147.024</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Culture, Tourism and Civil Aviation, 2006

Potential New Areas Identified by Nepal Tourism Board:

- Antu Dada and Surrounding Areas (Ilam)
- Basantapur and Surrounding Areas (Terhathum)
- Dhanusha Dham and Surrounding Areas
- Tansen and Surrounding Areas
- Khaptad and Surrounding Areas
- Solukhumbu
- Kanchanjunga Region
- Dolpa, Humla
Major tourist activities in Nepal

Rural tourism
Nepal where major chunk of area is occupied by villages has tremendous potential in rural tourism. Its main aim is to link Village Development and Sustainable Tourism through the generation of income, employment and local markets for agricultural products and handicrafts. Other objectives include the provision of incentives for forestation and nature conservation and the creation of a global family through the encounter between rural Nepalese people and foreign tourists during village home stays, resulting in mutual understanding and learning (Nepal Tourism Board, 2008).

Mountain Climbing
With eight of the highest peaks in the world, Nepal has been the focus of some of the most outstanding achievements in the world of mountaineering. For many decades the dauntless icy peaks have posed as challenge to those who dare. There are some 326 peaks in Nepal open for mountaineering today (Nepal Tourism Board, 2008).

Trekking
Nepal offers excellent trekking options to visitors from the easy walking excursions to the strenuous climb of the snowy peaks. The most rewarding way to experience Nepal's natural embellishment and cultural assortment is to walk through the length, breadth and the altitudes of the country. Trekking in Nepal is a big part of the ultimate Himalayan adventure and a majority of tourists have trekking as a part of their itinerary (Nepal Tourism Board, 2008).

Mountain Flight
Only awe-stricken silence can come close to matching the experience of going on a mountain flight to encounter the tallest mountains on earth. Mountain flights offer the closest possible aerial views of Mt. Everest, Kanchenjunga and the Tibetan Plateau. Mountain flights appeal to all category of travellers and have become a popular tourist attraction of Nepal (Nepal Tourism Board, 2008).

Rock Climbing
For all those cliffhangers out there, Kathmandu offers a roster of stone walls that make for an experience of a lifetime. Now of late, Rock climbing has become a popular sport in Kathmandu, which offers some really terrific places for rock climbing. Nagarjun, Balaju, Shivapuri and Budhanil Kantha are some of the places where you can try this sport (Nepal Tourism Board I, 2008).

Rafting
Rafting is one of the best ways to explore the typical cross section of natural as well as ethno-cultural heritage of the country. There are numerous rivers in Nepal which offer excellent rafting or canoeing experience. The best time for rafting is from October through mid-December and March through early May. In winter hypothermia may be hindrance to some (Nepal Tourism Board, 2008).

Hot Air Ballooning
Hot air ballooning is very popular with tourists for it affords the most spectacular bird’s-eye view of the Kathmandu valley and the Himalayan ranges towering in the background. On a
clear day it’s a superb way to view the Himalayan (from over 6000m up), and the view of the
valley is equally breathtaking (Nepal Tourism Board, 2008).

**Bungee Jumping**
The ultimate thrill of a bungee jump can now be experienced in Nepal at one of the best sites
that this sport can boast of anywhere in the world. Nepal’s first bungee jumping site is
situated 160m. Over the Bhote Koshi river, inviting tourists to experience the ultimate
adrenaline rush in the surroundings of this amazing place. The jump, at 160m., is staffed and
operated by some of the most experienced jumpmasters in the business (Nepal Tourism
Board, 2008).

**Paragliding**
Paragliding is a relatively new adventure sport in Nepal. Gliding is a weather dependent sport
and the flying season in Nepal commences from November through February, the best months
being November and December. By virtue of its latitude and monsoonal climate, the tree line
in Nepal is at an incredible 3,900 m above sea level (Nepal Tourism Board, 2008).

**Ultralight Aircraft**
Ultralight aircraft take off from Pokhara and offer spectacular views of the lakes, mountains
and villages. This is an ideal way to see life from a new perspective. The choice of Pokhara
Valley for ultra-light aircraft is appropriate chiefly because of the proximity of the mountains,
and the scenic lakes. Flights are from the Pokhara airport beginning September through June.
The flights take place from sunrise to 11 a.m. and from 3 p.m. to sunset every day during
these months (Nepal Tourism Board, 2008).

**Mountain Biking**
Nepal offers a challenging and pleasant scenic ride from the tropical plains of Terai, mid-hills,
mountainous terrain and its lush valleys to the arctic climate of the high alpine region. The
only way to discover these hidden treasures and its warm ever-smiling people is on mountain
bikes. Mountain bikes are available for rent by the day or longer in many of the bicycle rental
outlets in Nepal and around the city (Nepal Tourism Board l, 2008).

**Jungle Safari**
National Parks located specially in the Terai region in Nepal attract visitors from all over the
world. A visit to these parks involves game- stalking by a variety of means-foot, dugout
canoe, jeep, and elephant back. One is bound to sight a one – horned rhino or two at every
elephant safari. Besides the rhinos, wild boars, samburs, spotted deer, sloth bear, four-horned
antelope are also usually seen (Nepal Tourism Board, 2008).

**Bird Watching**
Nepal is a paradise for bird lovers with over 646 species (almost 8% of the world total) of
birds, and among them almost 500 hundred species are found in Kathmandu Valley alone.
The most popular bird watching spots in Kathmandu are Phulchoki, Godavari, Nagarjun,
Bagmati river, Taudaha and so on (Nepal Tourism Board, 2008).
The most important activities in the first four months in 2008 were:
- visiting temples,
- shopping for indigenous products,
- visiting places,
- shopping for modern products,
- trekking.

Chart 14: The most important touristic activities in Nepal

Source: Nepal Tourism Board, 2008
9 Trends and Forecasts

The travel industry strongly feels that the trend of looking for unique and new experiences is already showing. In the coming years, they feel, hitherto less explored destinations which have been marketed as exotic locations different from the usual ones like China beyond Shanghai and Beijing, Tahiti, Turkey etc will attract more repeat travelers. The Asian destinations particularly the short haul, extended weekend ones, can exploit this new trend by imaginative marketing and innovative product development.

Tourism 2020 Vision is the World Tourism Organization’s long-term forecast and assessment of the development of tourism up to the first 20 years of the new millennium. An essential outcome of the Tourism 2020 Vision are quantitative forecasts covering a 25 years period, with 1995 as base year and forecasts for 2010 and 2020. Although the evolution of tourism in the last years has been irregular, UNWTO maintains its long-term forecast for the moment. The underlying structural trends of the forecast are believed not to have significantly changed. Experience shows that in the short-term, periods of faster growth (1995, 1996, 2000, 2004 to 2006) alternate with periods of slow growth (2001 to 2003). And, the actual pace of growth is in reality in line with the Tourism 2020 Vision forecast as international tourist arrivals show an average growth of 4.2% between 1995 and 2006.

UNWTO’s Tourism 2020 Vision forecasts that international arrivals are expected to reach nearly 1.6 billion by the year 2020. Of these worldwide arrivals in 2020, 1.2 billion will be intraregional and 378 million will be long-haul travellers. The total tourist arrivals by region shows that by 2020 the top three receiving regions will be Europe (717 million tourists), East Asia and the Pacific (397 million) and Americas (282 million), followed by Africa, the Middle East and South Asia. East Asia and the Pacific, South Asia, the Middle East and Africa are forecasted to record growth at rates of over 5% per year, compared to the world average of 4.1%. The more mature regions, Europe and Americas, are anticipated to show lower than average growth rates. Europe will maintain the highest share of world arrivals, although there will be a decline from 60% in 1995 to 46% in 2020.

Emergence of low cost airlines is another opportunity for the countries. For example, AirAsia plans to operate low cost, no frills affordable flights to Bangladesh and Vietnam and then to other destinations in the future (Eturbe News, 2006). The Air India Express to the Middle East, travel industry believes, has contributed to the growth of outbound tourism to this region. Macao Asia express, it is reported, a new airline based in Macao will fly to new destinations in China and other Asian nations by 4th quarter of 2006 offering very competitive prices. Low cost airlines’ market share of 20% and 11% in United States and Europe is projected to grow to 40% of United States domestic travel by 2020 and 41% of intraEuropean travel by 2015. In South East Asia market share of airlines such as Air Asia has risen from 8% of total market in 2002 to 20% in 2005 (Travel Impact Newswire, 2006).

The “Nepal departing visitors survey – preliminary findings for 2008” shows that comparing to the situation in 2005 there are differences in some categories. The main purpose of visit is growing mainly in the sector of the adventure tourism which shows the increase from 6% in the year 2005 to 24% in 2008. The length of stay is mostly growing with the independant visits – from 11 days in 2005 to 15 days in 2008 and again the adventure tourism has the highest increase of length of stay among all touristic activities. The number of visits is in 2008 still
the highest by the first time visits (66%) which is followed by the repeat visits (33%) and more than five times visits (11%). Another change occurred regarding the partnering structure of visitors namely the travelling with friends dropped from 51% in 2005 to 45.6% in 2008 and the travelling with family members is increased from 37.5% in 2005 to 41.4% in 2008.

The statistics about the number of touristic agencies between 2001 and 2007 is also confirming the increase of volume within the adventure tourism since the number of trekking agencies was increased up to 33% to the existing 790 agencies while the number of travel agencies increases also for about 30% up to 1030 agencies. The number of registrated guides was doubled from 2001 to 2007. Surprisingly the rafting agencies and the number of river guides increased only for about 5% in the said period of 2001 to 2007.

Estimations of different local experts are quoting the current situation regarding the popularity of particular adventure activities as follows:
- trekking - is the most popular,
- rafting,
- expedition climbing,
- mountain biking,
- paragliding,
- mountain flights,
- bungee jumping.
The estimated projections about some key indicators in the Nepalese tourist sector are the following:

Table 32: Projection of earnings and expenditures

<table>
<thead>
<tr>
<th>Physical targets / year</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of tourist expenditure per capita (USD)</td>
<td>766</td>
<td>865</td>
<td>1200</td>
<td>1500</td>
</tr>
<tr>
<td>Increase of the quality of touristic services</td>
<td>continuous</td>
<td>continuous</td>
<td>continuous</td>
<td>continuous</td>
</tr>
<tr>
<td>Increase of foreign exchange earnings (million USD)</td>
<td>192</td>
<td>532</td>
<td>1077</td>
<td>2150</td>
</tr>
<tr>
<td>Retained foreign exchange earnings (%)</td>
<td>40</td>
<td>50</td>
<td>60</td>
<td>70</td>
</tr>
<tr>
<td>Increase of length of stay (days)</td>
<td>10</td>
<td>14</td>
<td>16</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: Nepal Rastra Bank, 1989

Table 33: Projection of visitors arrivals by year

<table>
<thead>
<tr>
<th>Description / Year</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative</td>
<td>375.398</td>
<td>517.982</td>
<td>606.659</td>
<td>710.518</td>
</tr>
<tr>
<td>Medium</td>
<td>375.398</td>
<td>-</td>
<td>615.655</td>
<td>898.299</td>
</tr>
<tr>
<td>Optimistic</td>
<td>375.398</td>
<td>632.045</td>
<td>972.398</td>
<td>1,609.157</td>
</tr>
</tbody>
</table>

Source: Nepal Tourism Board, 2004

Table 34: Projection of visitors by market segments

<table>
<thead>
<tr>
<th>Segment / Year</th>
<th>2005</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>21.992</td>
<td>30.783</td>
<td>47.610</td>
<td>103.209</td>
</tr>
<tr>
<td>Holliday&amp;Leasure</td>
<td>160.259</td>
<td>273.966</td>
<td>291.049</td>
<td>352.630</td>
</tr>
<tr>
<td>Official</td>
<td>16.859</td>
<td>22.779</td>
<td>48.508</td>
<td>77.407</td>
</tr>
<tr>
<td>Pilgrimage</td>
<td>47.621</td>
<td>65.875</td>
<td>134.745</td>
<td>283.824</td>
</tr>
<tr>
<td>Trekking</td>
<td>61.488</td>
<td>118.821</td>
<td>241.642</td>
<td>422.869</td>
</tr>
<tr>
<td>Others</td>
<td>67.179</td>
<td>103.430</td>
<td>134.745</td>
<td>193.516</td>
</tr>
<tr>
<td>Total</td>
<td>375.398</td>
<td>615.655</td>
<td>898.299</td>
<td>1,433.455</td>
</tr>
</tbody>
</table>

Source: Nepal Tourism Board, 2004
10 SWOT analysis

Strengths
After signing the Peace agreement and performing of parliamentary elections finally the Federal Democratic Republic of Nepal has been declared. Such development of democracy and political stabilisation of the country means a very encouraging factor for the further development of tourism which was not the case in the last decade. The political parties in parliament have given their commitment to tourism as the most important sector of Nepalese economy. Consequently the “New Nepal” was awarded also a new tourist brand name and marketing promotion by The Nepal Tourist Board. State budget for touristic sector is growing although the experts in touristic sector still claim to expect more funding by the government. The demand on Nepal as a touristic destination is still lasting on the global touristic market and a strong market appeal with huge interest is to feel worldwide. The Nepal’s nature by its beauty, diversity and uniqueness at the same time is representing a permanent strong point of touristic sector in the country.

Weaknesses
Despite the huge interest of the global touristic market for the region the neighboring countries represent a strong and direct competition to Nepal and thus the final figure of tourist reaching Nepal is relatively lower as it could be which means a relatively lower results from tourism stagnant demand. Nepal as known “Low cost destination” is earning less foreign currency as it could by better organized touristic offer and improved infrastructure of the country. There are also other factors who are representing a strong obstacle to the efforts of the touristic experts to raise the image and quality of services which would finally lead into the higher ranking position of the country touristic and thus enable better prices and related higher income. In addition to the internal obstacles on the way of reaching higher image of tourism in Nepal there are unfortunately also external negative factors where a strong bargaining trend of international operators is identified. This trend is hard to stop again due to existing profile of a low cost destination. The poor country infrastructure and accessibility by air and by land represents a bottleneck for a considerably higher touristic inflow currently and also midtermly. Drinking water and hygienic food also represent a big problem for the image of local tourism since they are not yet accessible on sufficient places. Despite the official support of the politics to the development of tourism the priority of this economic sector is still not widely shown which gives lower results than expected by the local and international experts as well as wider public in the country. Beside the above described weaknesses there is to be mentioned also the unmotivated and divided industry as well as the inadequate software and missing knowledges on different fields of tourism.

Opportunities
There are signs of recovery due to the stabilising of political situation which influences on growing environment for tourism. Certain softening of travel advisories is recently present which is mainly in relation with the improvement of the political situation. It is followed by the increasing business inquiries-and bookings.
As a permanent opportunity the Nepal’s tourism attractions and their unique and nature based activities are determining the diversity of the local tourism. Products like “Life time experiences embracing nature” as well as culture and adventure are joining into the frame of the country image.
Growing awareness towards Nepal among global audience and emerging markets are based on attracted natural and rural experience. The substantial growth in outbound tourism in neighbouring countries like India and China represent a huge potential for the coming years. The promotion of regional tourism must intensively include local culture e.g. Buddhism, Asian culture, Himalayan trail tec.
Sales on line and internet travel portal represent the quickest and cost effective way of reaching potential customers.

**Threats**

Despite the improved situation of tourism due to the stable political situation the country is still the victim of the past image which is visible as a travel reluctance for Nepal and through negative and strong travel advisories.
Due to international situation there are some declining figures already from 2002 and due to the very recent energy crisis it is a question if the growth of Nepalese tourism will be as high as expected on basis of favourable domestic factors.
If the need to strengthen the National air carrier will be neglected further this can mean an additional trouble on the existing bottleneck of the air accessibility. The lack of sufficient seats on Indo Nepal sector and the poor long-haul connectivity are joining to the same issue.
Unfortunatelly there are many further threats such as low market resources which are insufficient to carry out sustained promotion activities, less scope for product diversification due to low investments, still relatively poor market confidence and respectively long haul traffic declination, other accessibility and cost problems due to poor infrastructure.
Additionaly and again there must be mentioned threats from the competition on the global market and especially from close competitors like Malaysia, Thailand, Singapore, Srilanka, Maldives where the resource constraints like low budget comparing to competitors, slow development of infrastructure also have an important negative role.
11 Marketing promotion of Nepalese tourism set by Nepal Tourism Board

The overall marketing objectives

The overall marketing objectives are to expand the overall volume and value international markets of tourism to Nepal by concentrating on inherent product strengths and other possible competitive areas, to position Nepal firmly as a varied and multi-faceted destination with weekend breaks, lifetime experiences with special interest products comprising nature, culture and adventure, to improve the spatial distribution of visitors and foster the growth of new tourism areas, increase Length of Stay and spends and deregulating, decentralization and open sky policies by increasing FDI in tourism spheres. The most important impact of tourism development in Nepal is its major contributing to Nepal's economy, providing employment in hotels, international airlines, trekking and travel agencies.

Among the overarching goals of Nepal Tourism Board there are goals as creating the destination demand by rebuilding destination image, catalyzing the Nepalese travel trade and international travel trade, establishing backward and forward linkages, promoting a perfect product-market mix in line with the segments: weekend breaks, amazing adventures and lifetime experiences.

To reach the above described goals there must be an increased influence on the potential customers (trade and consumers) about the Nepal as interesting touristic destination. The international consumers should adopt this destination as as one of their favourites. Therefore in Nepal should be, among others, formed a new platforms, areas and activities in order to improve spatial distribution and thus enhance visitors numbers, stays and spendings.

Vision and strategy

The vision (Nepal Tourism Board, 2008) of Nepalese tourism is establishing the Nepal Tourism Board as the leading NTO championing the best and innovative practices of destination marketing and development and eco-tourism in this region. The most important plan is to make Nepal the number one mountain tourism destination in the world as envisioned by the Brand and to maximize the tourism benefits by developing Nepal as a premier holiday destination by following the spirit of “Inclusiveness” and sustainable tourism for greater harmony and equitable distribution of income.

Forecasts suggest that the number of visitors will continue to increase, largely due to the strength of the Nepalese economy, competitive travel prices and Nepalese’s’ interest in offering new experiences to increase visitor spend and days: Wellness Tourism, Sports tourism, Education Tourism, Spiritual Tourism.

The short term strategy (until 2009) sets a task to rebuild destination image, to communicate effectively with markets, to continue working on Confidence Building Measures (CBM), to target at least 10-12% growth (PATA predicts 8% growth for Nepal), and to make vigorously position of the new Nepal brand and concentrate in Indian market (Nepal Tourism Board, 2008).
The medium term strategy for 2009-2012 is enhancing the visitor's number, increasing the spending pattern of the visitors, increasing the average length of stay, to develop new tourism products through diversification drives, implant Inclusiveness culture in planning, policies and execution levels and coordinate with stakeholders for deregulation and decentralization and liberalized policies. In 1012 Nepal would like to develop its products in three categories as to length of stay. For short stay, up to 13 days, is for businesses, pilgrims, tourists who would like to do sport and golf players. For average stay, about 13 days, would be enough for tourists who would visit Nepal for general leisure, businessman, niche leisure and MICE. Long stay, more than 13 days, is for trekking and backpacking, volunteers and mountaineering. Tourists products with high spent are MICE, mountaineering, niche leisure and golf (Nepal Tourism Board, 2008).

The long-term strategy is predicting that the destinations should make specific study of the market segments of their interest, spread out their marketing strategy to reach wider areas and also plan their future air connectivity to suit the demand from such areas. In fact most of the countries trying to woo the travelers are planning to expand their air network to touch new areas and products. In most cases the national carriers lead the country’s destination marketing in the area. The most important mission statement is to maximize the tourism benefits by developing Nepal as a premier holiday destination with a definite brand image. Main goals of long term strategy are: to create Destination Demand by rebuilding destination image, catalyst to bring Nepalese travel trade, international travel trade and consumers together, establish backward and forward linkages and promote a perfect product-market matrix in line with 3 brand segments: weekend breaks, amazing adventures and lifetime experiences (Nepal Tourism Board, 2008).

Due to the fact that the Nepalese market is wide and varied and the new growth centers are emerging the strategy should be comprehensive, multi-pronged and diversified trying to reach to many new sources as possible directly. The national carrier can be the lead agency for such a strategy. Easy access to the country is one of the most compulsive incentives. The future bilateral aviation arrangements with Nepal should focus on connections to as many areas of demand as possible. The presence of the national airline is a visible advertisement of the country’s tourism attractions and interests; The neighboring countries can benefit mutually by a coordinated policy of regional or sub regional development. The airlines can promote multiple destinations in collaboration with each other and can in the process offer stronger incentives to the prospective traveler. Such coordination may also be most cost-effective.

**Strategic marketing approach**

The strategic marketing approach, above all, consists of Confidence building measures (CBMs) which especially mean focusing on family trips and press meetings, highlighting the normality of the destination and utilizing of Nepalese diplomatic missions abroad. Very important is also the enhanced communication which forsees the 24 hours operating crisis cell and well established media center. The journalists reporting on political events in Nepal must be approached and informed also about Nepal as interesting touristic destination. The priority should first be given to the retaining the visitors number more than seeking the growth of the touristic inflow. The regional markets are approached by the governmental regional marketing fund. Within the framework of intense marketing approach a special care should be dedicated to the collaborative ventures of government, privates and regional forums The major events
(conferences) should be attracted to Nepal and thus assist the growth of business tourism. The use of customers database should be increased in order to engage the customers relationship marketing. The media campaigning for destination awereness, promotion and publicity of touristic packages are to create a confidence and desire among the trade and consumers.

**Marketing promotion tools**

Different countries follow different modes of promotion and marketing for their destinations. These different types can be broadly grouped under the following categories:

- Using the travel agents and tour operators and other industry professionals on a regular or ad hoc basis and appointment of dedicated agents for such promotion;
- Occasional road shows, exhibitions, cultural programs, food festivals, fashion shows etc to promote the tourism attractions of the country;
- Continuous promotion through a combination of these activities by opening offices of the NTAs;
- Electronic and print media publicity;
- Internet and web site publicity.

FAM tours of travel agents, tour operators, travel writers and policy makers to show case the attractions of the country.

Participation in Travel trade exhibitions in major generating markets: WTM, ITB, CITM, CMT, TTF, BIT, FITUR, SATTE, TTAA, MATTA, DTM etc.

The promotion tools set by the Nepal Tourism Board are partially including the above widely used categories and in addition to that quote also some specific promotion tools. There is a variety of marketing promotion tools listed in the documents set by the NTB. The most important are:

- F2F direct marketing: B2B and B2C sessions
- Market specific Promotional Collaterals
- Media campaigns, Media and Tour Operators meetings, Press Meetings, FAM Trips
- Sales Missions, Road Shows
- Advertisements, Print and Electronic publicity
- e-marketing through website and e-newsletters
- Build web platforms for larger consumer access

The promotion programme is based on collaboration and cost sharing and the promotion plans are designed in consultation with steakholders. In addition to that the NTB is trying to organize collaborative ventures with government, private and regional forums, to help attract major events to Nepal in order to assist growth of business tourism, to increase the use of customer database in order to engage into customer relationships marketing and finally to create a confidence and desire amontg the trade and the final consumers (Nepal Tourism Board, 2004).
New Nepal tourism brand

The travel industry strongly feels that the trend of looking for unique and new experiences is already showing. In the coming years, they feel, hitherto less explored destinations which have been marketed as exotic locations different from the usual ones like China beyond Shanghai and Beijing, Tahiti, Turkey etc will attract more repeat travelers. The Asian destinations particularly the short haul, extended weekend ones, can exploit this new trend by imaginative marketing and innovative product development. The potential destinations so far less explored by the foreign tourists have to focus on creating awareness about their products. They should concentrate on showing their unique selling proposition, and how that is different from the general run of experiences. The new destinations can expect to offer value for money by expanding their direct air connections to India or by collaborating with regional airlines to provide cheap and quick connectivity. Marketing and awareness creating promotional measures are therefore very important (Nepal Tourism Board, 2008).

Chart 15: Knowledge about the Nepal’s brand “Once is not enough”

Source: Nepal Tourism Board, 2008

In accordance with the above trends and facts the new Nepal touristic brand “Once is not enough” has been developed with intense homework and research. Its aim is to reestablish Nepal’s declining image and to integrate consumer and trade. It incorporates the competitive advantage of Nepal with better clarity and precision, besides it is integrating trade, product development and marketing very effectively. The positioning of the brand is already underway and it is focusing on exactly identified key market segments which are: weekend breaks, adventure holidays and lifetime experiences. The new brand is also spinning the same products with multitude of offers.

The fact that the new brand name had to be chosen as soon as possible and there was no time for any further hesitating is now being confirmed not only in the country itself but also by the good practice in the neighbouring India.
The example of India’s own highly rated “Incredible India” campaign can be mentioned by way of illustration. It was launched when India was facing a series of crises, as a part of crisis management strategy. It created an image of India as a destination focusing on the unique and intrinsic variety of the country. It selected the target audience and markets and launched vigorous and sustained campaign using all the different modes of travel marketing mentioned earlier. The coverage of India by reputed publications like the National Geographic, Lonely Planet, CondeNast etc established the credentials of the campaign. India’s inbound arrivals have shown double-digit growth in recent times, though the numbers are far below the potential because of a variety of reasons. This way the mode of concentrated, focused and comprehensive marketing is recommended not only for Nepal but also for other the emerging Asian destinations.

**Strategic Focus on Ways Forward**

As per Nepal tourism board guidelines the efforts of NTB, government and trade must be coordinated and integrated to the highest possible level. There should be concluded the strategic partnerships with the associations, marketing bodies, regional tourism wings and other forums like UNTWO, PATA etc. The traditional markets as well as the markets of competitive advantage must be targeted continuously. Despite the fact that Nepal is a land locked country the market base for land arrivals should be expanded. The vigorous position of the Nepal destination brand must be strengthened and sub-brand destinations and promotions like The Pokhara Year 2007, Lumbini and others should be continuously in the promotional campaign. The new experiences like wellness tourism, sports tourism, education tourism, spiritual tourism can be offered to the visitors of Nepal. The promotional campaign should include the Nepalese diplomatic representations and a special market representatives should be appointed in the target markets. The marketing promotion strategies should be improving continously i.e. the new objectives and respective tools can be added and the less effective activities can be deleted. The growth of regional arrivals is targeted up to 25% annually and the overall annual growth of tourist arrivals is set to be 10 – 12%. The countries targeted are shown in the below table.

<table>
<thead>
<tr>
<th>Volume markets</th>
<th>Value markets</th>
<th>Developing markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term (2008-2009)</td>
<td>India</td>
<td>USA, UK, Japan, Germany</td>
</tr>
<tr>
<td>Medium term (2008-2012)</td>
<td>India, China, Bangladesh, Sri Lanka</td>
<td>USA, UK, Japan, EU, Australia, New Zealand, S.E.Asia, S.Korea, Scandinavia</td>
</tr>
</tbody>
</table>

*Source: Nepal Tourism Board, 2008*
12 Conclusion

12.1 Considerations

By the conventional tourism the majority of benefits are generally retained in the central and city areas with only a minor share reaching the villages. However the local communities can become meaningfully engaged in tourism, including women and disadvantaged groups. That’s why the rural community development such as health, water, bridges, trails, power supplies etc. and sustainable small tourism business such as home-stays, guesthouses, teashops, guide services, handicrafts etc. must be complementary and undertaken simultaneously.

One of the benefits of such approach would be that the local villagers are more comfortable embracing small projects that fit with their aspirations and often with their traditional occupations. These include the construction and maintenance of trekking trails and other micro infrastructure but they need skills training, microfinance and other help with their organisation. Therefore enough tourism professional and responsible private sector input at the early planning stages must be insured so that the realities of market demand and tourism flows can be matched to the aspirations of the local communities to create successful tourism business. By the participatory people-oriented approach, communities can identify their immediate and long term goals and work towards achieving them. The community based tourism is well suited for the underdeveloped Nepalese economy. The ongoing capacity building and training is needed until villagers are confident enough with their tourism activities.

In order to achieve the sustainable development of tourism a further activities in the touristic sector need to focus on institutional, legal and governance reforms. Community tourism programmes need a sound institutional framework within which the poor and underprivileged can exercise their rights to act, to organize, to make demands and to claim resources from the public funds. Having an independent, relatively empowered, community –based presence to ensure that the community mobilisation is sustained is important. This can be provided by partners such as NGOs, private sector and local government.

The active involvement of stakeholders at the community, district and central level is essential for maintaining sensible backward and forward tourism linkages and for promoting ownership of projects. This can only be achieved through representative institutional arrangements and flexible procedural formalities. For establishing the ongoing and sustainable linkages between the central government and local bodies the institutional design has to be legally assured within government regulations.

Tourist impacts on natural resources and cultural heritage are to be controlled, especially in fragile areas of Nepal. To balance the positive benefits of tourism to rural areas, threats that need to be managed include waste disposal, deforestation and pressure on biodiversity. Tourism and environmental planning is the key to balancing the needs of the local community with the protection of the resource.

Developing new tourism products in areas with no established flows is extremely difficult and presents interesting marketing and promotional challenges. This is especially relevant in the context of Nepal’s geographically constrained tourism patterns. Linking new rural tourism business with Kathmandu tour operators should be an essential part of any new product development process.

In order to access rural tourism products it is necessary to upgrade and maintain roads, trails, bridges and other essential infrastructure. These improvements not only help tourists, but also ease the livelihood of local people. For tourism infrastructure development. The successfully concluded partnerships between the government, communities, local bodies and NGOs is generating in some districts are already showing a good will and are generating a feeling of
ownership among the local users and other local population. These partnerships are ranging from upgrading or renovating access roads and trails, creating tourism facilities, repairing religious sites, building public utilities, social infrastructure and environmental conservation facilities as well as alternative energy systems. This implementation model proved to be flexible, transparent, responsive and cost effective.

Emerging local people in new tourism activities starts with tourism awareness and then requires capacity building and skill training. Therefore capacity building and skills training is a core activity to promote rural tourism. The local culture emerges as being a key product in presenting and interpreting rural tourism. The beneficiaries can be women and deprived people with awareness and skills training. The exchange and study programmes to successful tourism destinations proved useful in proving confidence and motivation to start new tourism initiatives in the remote areas.

12.2 Recommendations

Safety and security

The main concern of tourists visiting Nepal as well as entrepreneurs is related to their safety assurance. As the successful election of constitutional assembly in the country and ameliorating political situation seem to have positive message, confidence building is to be initiated immediately through network of Nepalese Embassies and consulates located in tourist generating countries particulary India, UK, Germany, France, Japan, Australia, Korea, and USA strengthening vigilance over deception, fraudulent activities, looting inside the country.

A statement welcoming tourists with assurance and instructing to be tourist friendly to its cadres from high command of major political party getting mandate from the people recently could be first step in this direction.

Formal request from the Government to the government of the countrys generating tourists to Nepal be initiated to improve existing negative travel advisory.

No more bandh and strikes in tourism industry

The tourism industry is totally different from the other traditional production industry as its operation cannot get guests immediately on its opening after strikes. So announcement by political forces and government need to restrict bandhs and strikes in tourism related industrial units along with the supply related essential services. However, all the rights and procedures between entrepreneurs and workers for their negotiations as per law and practice can remain except can remain the point of vclosing the operation.

Air Accessibility

The air accessibility and connectivity is undoubtedl the most crucial factor for the development of international tourism in the land locked country like Nepal.

There is an estimation that 99% of the neighboring Indian outbound travelers travel by air and less than one percent by road even to Nepal. This fact shows the two issues like: the visitors from the neighbouring countries that can reached by road relatively easily should be attracted by the improved road traffic connections – a possibility of financing from the “Asian Highway project” should be reconsidered and secondly, it is clear that the air connections still remain very important.
As more than 80% of arrivals to Nepal are from the air transport without improvement in air accessibility Nepalese tourism cannot achieve its growth. At the moment that the Nepalese tourism is completely dependent on foreign carriers. Therefore Nepal Airlines should be revamped and acquisition of at least 5 wide body aircrafts are to be acquired to conduct direct flights to tourist generating markets of Nepal particularly two points to Europe, one to Japan, one to Australia, USA and to increase new flights to connect Indian cities, China, South East Asia and Middle East.

Nepal should be included into the regional”Policy of ‘near open sky’ for the South East Asian region and the concept of ‘single sky’ for the SAARC region. The intense charter policy for inbound travel and the emergence of domestic and international low cost airlines would finally reduce the air fares.

The additional local measures are recommended such as: off hour flying carriers can be encouraged with the discounted rates to reduce the peak hour traffic at Tribhuvan International Airport in Kathmandu and the operational time of this airport could be extended to 24 hours. The operational mechanism of the Kathmandu airport should be improved on the activities like: acquisition of baggage, toilet facilities, internet facilities, hospitality of the immigration staff and the taxi drivers.

Reviving and expanding accommodation industry

Hotel resorts and Lodges are main facility for tourism sector. It needs heavy investment and longer gestation period for recovery. During the last few years many of them could not sustain and few are closed. Yield has gone down and the foreign hotel chains are getting better environment in the competing destination in the region. In this context a special incentive package to bring back from the state sick industries if needed.

The deteriorating service quality should be improved by the service-human resource development programmes and the rural areas home-stay mechanism is to be organized with the local village and district agencies. In the peak season hotels are to be encouraged to work with the local communities to contribute their vacant rooms as additional product with the agreement.

Designating tourism as national priority industry

As tourism is defined as sector of priority it is to be designated as national prior industry. Private investments in tourism sector to be supported by the state providing guarantee of physical infrastructure facilities. The Nepal Tourism Board is to be specially designated as the national promotion agency. It has to be assigned to focus with all its resources promoting Nepal as destination in generating market with trade and consumer marketing programmes.

Development of new tourism areas

The government should designate various parts of the country as “Tourism destination development zone where private investors should be given special facilities in getting the state owned land, basic infrastructure support and encouraging tax benefits for several years. Such locations could be in the following areas:

Eastern region: Shree Antu, Ilam, Basantpur Bazar to Milke danada and surrounding area, Therathum
Central region: Rashuwa, Langtang, Dhanushadham area
Western region: Gurung Heritage Trail, Tanshen Bazar, Palpa, Dhorepatan area
Mid western region: Rara with surrounding
Far western region: Khaptad region and Ghodaghodi tal area, Kailali

**Promotion of domestic tourism**

In order to promote domestic tourism the government should implement the provision of “Leave travel concession” for all its employees and make an official request to follow it in all the NGOs and corporate houses of Nepal. The domestic tourism should be considered as the base for upgrading tourism facilities for international tourism.

A “Special highway patrol police” should be established for proper movement of tourists. Similar “Tourist police” should be placed on all entry points and major tourist destinations with added responsibilities of monitoring tourist vehicle transfer in the border cities adjoining India and China.

Based on the research studies and project implementations several villages can be chosen, on regional basis, as a pilot project villages to implement the community based village tourism.

**Promotion of Nepal as “The neighbourhood touristic destination”**

Full fledged road connection and free movement on East-West highway adjoining the Indian border cities is needed. Presently the 13 km road between Mahendranagar Bazar to Tanakpur Bazar in India should be constructed on top priority basis.

It would be recommendable that the government would open new entry points with India at Pashupatinagar, Ilam and Jogbani, Morang and also start the construction of modern facility equipped entry point at Kakarbhitta Jhapa, Kodari, Sindhupalchok, Bhairawa, Rupandehi, and Gaddachauki, Kanchapur.

South North corridor of tourism movement targeting neighbouring cities of bordering northern India can help west and east of Nepal to develop as a hill station.

The extension of the railway network from India to the bordering cities in Nepal could enhance growth of visitors from neighboring India to establish southern parts of Nepal as a gateway points to be developed from the tourism perspective.

Similarly the cross border shuttle flights by the medium sized aircrafts should be established. The lines would connect the Indian cities like Lusknow, Gaya, Patna, Varanasi, Ranchi and Badgora with Dhangadi, Pokhara, Nepalgunj, Bhairahawa, Birgunj and Biratnagar.
64% of the respondents stated that they were very satisfied with their present trip
77.3% stated that would visit Nepal again within the next five years
95.7% mentioned that they would recommend Nepal for a holiday to their friends, family and colleagues

Source: Nepal Tourism Board, 2008
12.3 Recommendations focusing on educational needs

The recommendations about the content of the immediate education courses and seminars for the selected staff of different institutions in the sector of tourism as well as staff of tour operators which will be executed in the frame of this project and are quoted below are in accordance with the above conclusions and recommendations but selected in sense of reasonable immediate action which still has to be combined with wider actions at the level of Government of Nepal.

One of the basic activities that have to be performed immediately is upgrading the deteriorating service quality by the support of in-service human resource development with the appropriate programmes. Touristic brochures of a high quality and sufficient information on not only the touristic attractions but also about the ecological environment of Nepal have to be produced. This is a part of more aggressive approach to the customers on foreign markets which still do not have adequate information about the hygiene food and drinking water availability. Due to lack of such information the negative advisory results only the general information on the touristic infrastructure in Nepal which sometimes leads into conclusions of some potential customers that even a high level hotels are not in position to provide safe food and drinks. This is an important part of the awareness raising campaign for the potential customers.

On the other hand better brouchers originated in Nepal would help Nepalese tourism to retain more foreign currency in the country since due to too many activities that are left to the foreign tourist agencies they keep 30 – 40% of price for themselves. The normal percentage for the intermediaries in this branch is namely only 20%.

The marketing tools such as spots on foreign TV channels (so far most known spot on BBC) should be multiplied and widely used. In addition to that a regular attendance on tourist fairs and regular advertising in the specialised magazines is recommended. The desired stronger presence on the markets would thus be achieved.

Other activities that would make marketing of Nepalese tourism more aggressive and thus more efficient is clear segmentation of the market needs. The potentional tourists should first be identified and than divided into the segments of high class, medium and lower class. Their needs and wishes should be followed and corresponding tourist packages in Nepal should than be offered. Although the high level tourist segment is rather small it represents a niche and the gateway to the high budget tourism which should slowly but systematically be developed in order to escape from low budget tourism that is not contributing to the growth of Nepalese economy as it should due to the natural and cultural potentials of the country.

Related to the above segmentation the optimal mixes of Nepalese culture, nature and local experts from different fields must be defined. Appropriate sight seeing and destination marketing should be included in this process in order to distribute tourists to different areas and thus strengthen tourism of those areas as well.

As per opinion of many local experts the cultural heritage is not promoted as it would deserve and as it is possible due to numerous interesting cultural sights in the country. For this reason the improvement of knowledge of tourist guides specialized for the field of culture and other guides in the agencies who are willing to expand their activities also to this field is recommended.

The process of defining and developing new tourism products in sense of a platform should be present all the time and for this reason a permanent generating of new ideas is welcome and needed. The marketing of such newly developed tourism products should turn the ideas into the earnings.
So far it is clear that, in accordance with the above quotations, a market based restructuring of the existing tourist packages is required and thus the existing offers should be evaluated and revised. The local experts are of the opinion that there should be more combinations of activities and as example they quote that the trekking can be combined by rafting and canuining or even climbing on the other hand they are shure that the trekking must be combined by home-stay in villages and thus combined by the village tourism and cultural heritage tourism. Also the tourist segment related to the religious visits – especially Buddhism is to be developped more intensively since there is still a large potential in Europe and other parts of the world. The idea of Nepal as a destination for seminars is also present.

Village tourism deserves a special attention since as per opinion of local experts it is just beginning and a huge potential has not been activated yet. The agencies must be more active in this sense but also very careful in order not to blow up some facts and promise too much or simply give wrong information about the possibilities of certain rural areas. In such case the disappointment of tourists can seriously damage the further development of this important tourist product. On the other hand for more intensive and correct development of rural tourist places necessary activities must be performed. First is of course the exact definition of activities in the selected villages that can be of the tourists interests i.e. from baking bread to handling with domestic animals and different food processing as well as traditional handicraft products.

Primarily several villages on regional basis are to be destin ated as a pilot village projects to implement a community based village tourism. Such areas should be carefully selected in order to achieve harmonised distribution of tourists and development of distant areas of the country. For this purpose the adequate activation of communities, farmers and related tourist agencies is to be organized. As per existing data there is sufficient enthusiasm amongs villagers to embrace tourism. The existing good practice shows that the developed awareness programmes can explain basic benefits and impacts of tourism to the remote communities. Settlements are cleaner as villagers are mobilised through counselling on health, hygiene and sanitation. Additionally booklets and posters are to be supplied to the area.

The village tourism, although it is very promising product, should, at least in the first stage of intesiver development, be connected to the adventure tourism which would have the first priority and would this way help to attract the tourists also to the touristic villages.

The creation of new tourism products is difficult, especially those trying to establish themselves in new destinations away from traditional tourism areas. However developing new tourism products in areas with no established flows means also and excellent challenge on the field of marketing promotion which is especially relevant in the context of Nepal’s geographically constrained tourism patterns. **Linking new rural tourism with Kathmandu tour operators should thus be an essential part of any new product development process.** By the assistance of the Nepal Tourism Board the tourism promotion has already been achieved internationally and locally by the organisation of local events, interactions, drama, and study visits to tourism areas with successful community-based tourism.

The general goal of all interventions in the Nepalese touristic sector should increase confidence of investors – domestic and foreign in setting up projects directly and indirectly related to the tourism which would finally lead to the adequate growth of touristic inflow in sense of quantity and quality. There is namely the estimation that the one million tourist arrivals per year could contribute to the creation of additional hundred thousand jobs as well as to the wider prosperity of the Nepalese economy in general.
13 Bibliography

Travel Impact Newswire. 2006.