Tourism Policy, Possibilities and Destination Service Quality Management in Nepal

by

Bista Raghu

Thesis Submitted for the Degree of Doctor of Philosophy

at

the University of Macedonia - Economics and Social Sciences
Department of Applied Informatics,
Thessaloniki, Greece

Thesis Supervisor: Professor Zoe Georganta
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Yet, I remain responsible for the inadequate use of the English language in this Thesis and any mistake the reader may find herein.

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Abstract

The research project of this thesis is a synopsis of Nepal’s tourism policy, possibilities, actions and strategies. The thesis has developed a measurement scale for the service quality in tourism as perceived by the international tourists visiting Nepal. The objective of this research is two-fold: First, to recommend specific policy actions and strategies for the development of tourism in Nepal. Second, by analysing the views of international tourists as they leave the country of Nepal, the study aims at proposing a set of different dimensions concerning the service quality of tourists’ destination.

To achieve these objectives, the thesis has revised previous reports and development plans, as well as older studies, taking into account interviews taken with tourism experts, business executives and entrepreneurs operating in Nepal. Regarding the empirical part of the thesis, the research methodology employed has produced 31 qualitative variables which were derived from the questionnaire used in the field study, which has been developed in order to measure the perceptions of international tourists visiting Nepal. Two statistical surveys were carried out.

The thesis has analysed the positive and negative factors influencing Nepal’s tourism. Within the framework of governmental efforts to develop this sector during the years starting in 1956, the thesis has identified three stages of development – initial stage, middle stage and inadequate stage of development – and has made suggestions for the sector’s progress. Four scale-dimensions have also been identified including 14 out of the 31 variables by using the econometric approach of EFA (Exploratory Factor Analysis). The results have been improved by utilizing the approach of CFA (Confirmatory Factor Analysis). Thus, four dimensions were approved including 14 variables from a sample of 317 observations on the basis of the appropriate statistics. The study has analyzed in detail the service quality supplied by the sector taking into consideration the views expressed by international tourists.

This thesis has developed important proposals regarding policy measures to improve Nepal’s tourism. Moreover, this thesis has made a theoretical contribution by suggesting new factors determining tourists’ quality destination-services, which can be used not only in Nepal, but in other countries as well.
Περίληψη

Το ερευνητικό έργο της διατριβής είναι μια σύνοψη της τουριστικής πολιτικής, των δυνατοτήτων, των δράσεων και των στρατηγικών του Νεπάλ και αφορά την ανάπτυξη μιας κλιμακώς μέτρησης της ποιότητας των υπηρεσιών τουριστικού προορισμού. Μέσα στα πλαίσια αυτά, η έρευνα αξιολογεί την ποιότητα των υπηρεσιών που αντιλαμβάνονται οι διεθνείς τουρίστες στο Νεπάλ. Οι στοχοί της διατριβής είναι να προτείνει δράσεις πολιτικής και στρατηγική μέτρα για την πρόοδο και την ανάπτυξη του τουρισμού στο Νεπάλ και να προτείνει μια σειρά από διαστάσεις της ποιότητας των υπηρεσιών τουριστικού προορισμού, καθώς και να αναλύσει την ποιότητα των υπηρεσιών όπως την αντιλαμβάνονται οι διεθνείς τουρίστες που αναχωρούν από το Νεπάλ.

Για να αναπτύξει προτάσεις για την πρόοδο του τουρισμού στο Νεπάλ, η διατριβή αναθεώρησε τις προηγούμενες εκθέσεις, τα διάφορα προγραμματικά σχέδια ανάπτυξης, όπως και άλλες παλαιότερες μελέτες και εκθέσεις, παίρνοντας υπ’ όψιν τις συνεντεύξεις των εμπειρογνωμόνων τουρισμού, των διευθυντών και των επιχειρηματιών του τουριστικού κλάδου του Νεπάλ. Όσον αφορά το εμπειρικό μέρος της μελέτης, η ποιοτική έρευνα έχει παραγάγει 31 ποιοτικές μεταβλητές που προέκυψαν από το ερωτηματολόγιο που χρησιμοποιήθηκε στην μελέτη πεδίου και το οποίο αναπτύχθηκε για να μετρήσει την αντιλήψη των διεθνών τουριστών στο Νεπάλ. Για τον σκοπό αυτό πραγματοποιήθηκαν δύο στατιστικές έρευνες.

Η διατριβή ανέλυσε τους θετικούς και αρνητικούς παράγοντες του τουρισμού στο Νεπάλ. Στα πλαίσια της αναθεώρησης των κυβερνητικών προσπαθειών που χρονολογούνται από το 1956, η διατριβή ταξινόμησε την μέχρι τώρα ανάπτυξη του τουρισμού στο Νεπάλ σε τρία στάδια – αρχικό στάδιο ανάπτυξης, μέσο στάδιο ανάπτυξης και ανεπαρκής στάδιο ανάπτυξης. Κατόπιν προέβη σε προτάσεις για την πρόοδο του τουρισμού. Διαπιστώθηκαν τέσσερις διαστάσεις της κλιμάκας με 14 από τις 31 μεταβλητές χρησιμοποιούντας την προσέγγιση EFA (Exploratory Factor Analysis). Τα αποτελέσματα έχουν αντιπαραβληθεί χρησιμοποιούντας την προσέγγιση CFA (Confirmatory Factor Analysis) για την περαιτέρω βελτίωσή τους. Η CFA επικύρωσε τέσσερις διαστάσεις με 14 μεταβλητές που αναπτύχθηκαν από ένα δείγμα 317 παρατηρήσεων βάσει των αποδεκτά κατάλληλων δεικτών. Η μελέτη ανέλυσε με μεγάλη λεπτομέρεια τις αντιλήψεις για τις τουριστικές υπηρεσίες που εκτιμήθηκαν από διεθνείς τουρίστες στο Νεπάλ.

Η διατριβή προσφέρει σημαντικές προτάσεις όσον αφορά τα μέτρα πολιτικής που πρέπει να ληφθούν για τη διαχείριση και ανάπτυξη του τουρισμού στο Νεπάλ. Η διατριβή έχει συμβάλει θεωρητικά προτείνοντας βασικούς ποιοτικούς παράγοντες τουριστικού προορισμού. Επιπλέον, η διατριβή παρέχει σημαντικές πληροφορίες που σχετίζονται με την ποιότητα του τουρισμού που αντιλαμβάνονται οι διεθνείς τουρίστες στο Νεπάλ. Οι πληροφορίες αυτές θα είναι πολύ χρήσιμες για τη βελτίωση της ποιότητας των υπηρεσιών στο Νεπάλ, αλλά και σε άλλες χώρες.
Chapter 1: Introduction of the Study

1.1 Introduction

Nepal is a mountainous country. It lies between India and China. Including Mount Everest, the highest peak of the world, Nepal has 8 mountain peaks having a height of above 8000 meters. Nepal has smiling and friendly people with unique culture. It has eight cultural heritage sites and two natural heritage sites recognized by UNESCO. It is the birthplace of Buddha and Land of Pashupatinath (The Hindu God). About 20% land of Nepal is conserved as a conservation area. It has rare wildlife like tiger and one-horn rhinos. Nepal is renowned for trekking destinations with world famous trekking routes like Annapurna and Everest treks. Due to these attractions, it can be said that Nepal has possibilities for tourism development.

Until the mid of 20th century, Nepal remained a close country (Gurung, 1982) and isolation was the national policy (First Plan of Nepal, 1956-1961). Because of government policies and adverse geography, only after 1950, Nepal’s policy toward foreigners transformed from one of suspicion to reception. Since the first five year plan (1956-1961), Nepal has given tourism as an important sector of economy. Nepal adopted planed approach to development. From the first plan (1956-1961), tourism was also included in the plan document. In the year 1962, about 6 thousands tourist visited Nepal but in 1999 this number increased to nearly half million. It has contributed significantly in employment generation, gross domestic product (GDP) and foreign exchange earning.

However, tourism has not progressed as targeted by various development plans of Nepal. Tourism has been limited mainly in Kathmandu and Pokhara of Nepal. Contribution to GDP has not increased since 1980. From 1999 to 2005, tourist arrivals decreased sharply. Compared with that of other LDCs (Lower Developed Countries), the performance is somewhat disappointing (UNCTD, 2003).

Nepal government has implemented the tenth plan (2002-2007), which has given high priority to tourism development. However, there is lack of study to address tourism policy and possibilities of Nepal so that problems can be identified and recommendations can be used for the planning and management of tourism in Nepal.

The growth of tourism has started to mature in many destinations. This maturing growth will cause many destinations to increasingly covet the success of other destinations in securing a share of a market that is expanding more slowly (Ritchie and Crouch, 2000). The competition in tourism has sifted from interfirm competition to competition between destinations due to globalisation (Go and Govers, 2000). Many countries of the world have established destination
marketing organizations and have set organizations in the source markets to efficiently market their countries (Tourism Office Worldwide Directory, 2006).

Service Quality has become very important aspect in this growing age of competition in destination management. Tourists’ expectations are constantly rising in the changing scenario of the tourism industry. In this situation, service quality is a necessary and winning strategy in the tourism industry for the new millennium (Augustyn and Ho, 1998). Postma and Jenkins (1997) also state that quality improvement must be seriously concerned as a useful instrument in achieving competitive advantage, as a strategy to reduce uncertainty and improve the results of tourist organizations.

Therefore, it is very important to know the quality of service, the destination is offering to tourists from the side of customers. To measure the quality of a destination, operational instruments are needed. But there is lack of instrument developed so far that can be used to measure the service quality in a destination.

In this context, the research project of this dissertation is a synopsis of Nepal’s tourism policy actions and strategies and the measurement of destination service quality from the demand side. A closer focus on the demand side and basic service quality dimensions that affect tourist’s perception about destination service quality have also been studied. So this research also has the opportunity to help both national and international tourism related organizations for improving tourism service quality in their destination through basic service quality dimensions.

1.2 Background of the Problem

Tourism can bring many benefits to an economy. When tourists spend money, they create demand for local goods and services and generate income, employment and tax revenue in the economy. The construction of tourist facilities also creates income, employment and tax revenue in the community. Foreign tourist also brings valuable foreign exchange to the host country (Mak, 2004). Besides, there are indirect economic benefits also. When total demands for goods and services in the host community are greater with tourism than without, bigger demand means bigger market, which can bring lower prices for goods and services due to economics of scale. Tourism development can also balance economic opportunities and incomes in different regions of a destination or country.

Tourism is taken as most probable sector to earn foreign currencies, to create employment and to contribute to the rural poverty alleviation program in developing countries. But in Nepal, the economy has gained only about 3% of GDP contribution from tourism for last 20 years in average. The tourism sector has been identified as one of the sectors that can contribute significantly toward poverty alleviation. It was estimated that tourism has provided
direct employment to 80,000 people in 2001. Number of international tourist arrivals worldwide is growing at a higher rate. In comparison, Nepal is unable to increase the number of tourists every year, instead, it is loosing market share. Due to decreased number of international tourists in Nepal, it became difficult to operate the tourism business especially hotel sectors, which have invested huge fixed capital to have more than 30,000 beds until now. Some high quality level hotels and restaurants had already closed their operations (The Kathmandu Post, 2003).

World tourism has been growing significantly. Tourism 2020 Vision, World Tourism Organization’s long-term forecast and assessment of tourism up to the 20 years of the new millennium, shows that it will grow continually. According to Tourism Vision 2020 forecasts, international arrivals are expected to reach over 1.56 billion by the year 2020. Out of this, 1.2 billion will be intraregional and 0.4 billion will be long-haul travelers.

Nepal offers comparative advantage in very specific sectors, one of which is tourism (Upadhaya and Grandon, 2006). It has unique natural and cultural attractions. However, it failed to maintain its share in the market. And its contribution to economy has not increased. This can be due to the poor efforts of tourism planning and management of Nepal. It is necessary to find out tourism possibilities and review and analyse tourism policy and planning of Nepal so that right measures can be suggested for the progress of tourism in Nepal.

Destination quality is the key factor necessary for the sustenance and promotion of destination. By providing high quality services, tourism procedures are more likely to entice both first-time and repeat visitors. Tourists who have a quality experience are likely to communicate favourable reports to friends and relatives. This creates both repeat business and potential new business. Unfortunately reverse is also possible. If a quality tourism experience is not attained, than tourist business is lost. As a result, the unhappy tourists will not return again and they will tell others about their disappointment (Crotts, 1999; Mackay, 1989). Getting new customer is also very expensive way.

In tourism industry, customers are not in dependent position. The degree of dominance is high if the customers can dictate his or her demand on the service organizations and low if the service organization can dictate its demand. In tourism, customers’ dominance even increases. Due to this, there is growing attention for quality in the tourism industry from customers’ perspective (Fache, 2000). Likewise, behaviours of consumers have changed due to factors such as new means of communication, increase in the number of destinations and tourist products, reservation facilities and the average level of education (Lanquar, 1989).

Out of the five factors that lead to revisit to a vacation, two are related to service quality in the vacation (Gitelson and Crompton, 1984). One factor to make revisit to a destination is the reduced risk that an unsatisfactory experience would be forthcoming. The other is to expose others to the experiences, which had been satisfying to vacationers.
Providing quality services to visitors depends on the destination’s ability to exceed the expectation of the visitors. Quality improvement in destination can be initiated by measuring service quality perceived by tourists, correcting quality problems and seeking new way of innovations. But it is found that managers’ perception of service quality differs with the customer’s perception of quality (Parashuraman et al., 1985). So study is required to understand how customers perceived the level of service quality. In case of a tourism destination, it is very important to know the quality of service quality the destination is offering to tourists from the side of customers. To measure the quality of a destination, operational instruments are needed.

1.3 Research Objectives

The objectives of the study are to recommend policy actions and strategic measures for the progress and development of tourism in Nepal, to propose a set of dimensions of destination service quality by developing a scale that can be used to measure the service quality in a tourism destination and to analyse service quality perceptions of departing tourists from Nepal.

1.4 Research Questions

Several research questions were formulated to guide the research to be conducted. These research questions were grouped in two sets of questions. The first set of research questions dealt with possibilities and policy of Nepal. These are following:

1. What is the present situation of tourism in Nepal?
2. What are the existing attractions of Nepal?
3. How are the existing accommodation and restaurants and dining facilities in Nepal?
4. What entertainment facilities are available in Nepal?
5. What types of shopping facilities are in Nepal?
6. How are conferences and conventions facilities in Nepal?
7. What is the existing transportation in Nepal?
8. What are the existing facilities of information centres, banking, and money exchange in Nepal?
9. What other infrastructures are available in Nepal?
10. Are these attractions, and other services and facilities are constraining tourism development in Nepal?
11. How is tourism managed and administrated in Nepal?
12. What are the positive and negative factors for the tourism development in Nepal?
13. What efforts did government make from first development plan (1956-1961) to tenth development plan (2002-2007)?
14. How tourism policy of Nepal intends to develop tourism in Nepal?
15. What are the positive and negative factors of tourism development in Nepal?

The second set of questions was intended to provide information about destination service quality.

1. What are the basic service quality dimensions to measure service quality in a destination?
2. What is the level of overall service quality perceived by international tourists to Nepal?
3. What is the level of overall service satisfaction perceived by international tourists to Nepal?
4. What are the revisit intentions of international tourists to Nepal?

1.5 Hypothesis

The study has also the objective to propose basic dimensions of destination service quality. Past service quality researches have shown that service quality is a multidimensional construct (Parasuraman et al., 1988; 1991; Carman, 1990; Cronin and Taylor, 1992). However, destination service quality is different from the general service quality construct. In destination, tourists consume service provided by different organizations in a single visit. Thus, following hypothesis is purposed for the destination service quality.

H1. Destination service quality is a multidimensional construct.

Tourists come to Nepal with different purposes. Most of them are coming for vacations. A significant percentage of tourists come to Nepal for mountaineering/trekking purposes. There are tourists who visit Nepal for business and other purposes also. The study has proposed following hypotheses based on tourists’ purposes to visit Nepal.

H2A. There is no difference in level of perceived overall service quality among tourists based on purposes of visit to Nepal.
H2B. There is no difference in level of perceived overall satisfaction among tourists based on purposes of visit to Nepal.
H2C. There is no difference in intentions to revisit Nepal among tourists based on purposes of visit to Nepal.
Tourists from different regions might have different service quality perceptions. Therefore, following hypotheses were also tested.

H3A. There is no difference in level of perceived overall service quality among tourists from different regions.
H3B. There is no difference in level of perceived overall satisfaction among tourists from different regions.
H3C. There is no difference in intentions to revisit Nepal among tourists from different regions.

First time visitors and repeat visitors constitute the two types of tourists who may visit a destination. A significant percentage of tourists revisit Nepal also. Therefore, Following hypothesis has also been purposed.

H4A. There is no difference in level of perceived overall service quality between first time tourists and tourists making revisit.
H4B. There is no difference in level of perceived overall satisfaction between first time tourists and tourists making revisit.
H4C. There is no difference in intention to revisit Nepal between first time tourists and tourists making revisit.

1.6 Originality of the Research

There are some studies about tourism in Nepal. Tourism Master Plan was carried in 1972 (Department of Tourism, 1972). Review of Master plan was conducted in 1984. Second Infrastructure Development Project and Tourism Sector Development Project were carried out respectively in 1995 and 1997 with the help of Asian Development Bank. In 1998, Nepal organized Visit Nepal program. Shrestha (2000) studied the tourism marketing challenge in Nepal. From 2001, Nepal government is implementing Tourism for Rural Poverty Alleviation Program (TRPAP) to develop tourism products in rural areas of Nepal. TRPAP (2004) made Tourism Marketing Strategy for Nepal 2005-2020. However there is no such study which studies tourism possibilities and policy in Nepal. One part of the thesis filled this gap by analysing tourism policy, strategy and possibilities of Nepal and by suggesting for policy measures to be taken. Based on analysis, it has made proposals to take right strategy in the changing market situations.

In a tourism destination, different organizations provide services to tourists, which as a whole determine the tourists’ service experience with the destination. When a tourist wants to
visit a destination, he has to search information, he has to apply for a visa, book tickets, take service of buses, trains or airlines or other means of transportation. When he arrives in the destination, he takes immigration service in the airport, takes a taxi and goes to places of stay. He changes money, buys foods, visits attractions, or meets friends and relatives, conducts business deal etc. He may buy something as gift or as a souvenir and when he completes the visit in a destination; he may goes to other destinations or return back to his home. Thus, destination service quality is the whole of the service tourists experience in a destination during their visit which begins from information search and ends at arrival to home.

Different researchers have conducted research to measure tourism service quality (Hudson and Shephard, 1998; Fick and Ritchie, 1991; Luckwood, 1994; Weiermair and Fuchs, 1999, 2004). Main methods used by Researchers are like Important – Performance Analysis, Critical Incidents Techniques, SERVPERF, and SERVQUAL. Researchers have customized SERVQUAL to measure service quality in different sectors of tourism industries. Khan (2003) developed ECOSERV to measure the perception of eco-tourists. Knutson et al. (1991) developed LODGSERV to measure service quality in lodging industry. Similarly Knutson et al (1995) developed DINESERV to measure the service quality in dining restaurant. Tribe and Snaith (1998) developed HOLSAT modifying SERVQUAL to measure the satisfaction of holiday experience. However, reviewing literature it seems that there is lacking an instrument which can be used to measure the service quality in a tourism destination. So the study also has fulfilled the gap by purposing basic destination service quality dimensions which can be used to measure service quality in a destination.

A journey to service quality improvement in a tourism destination begins from the measurement of service quality perceived by tourists. But Nepal lacks such types of research. Regular surveys of departing visitors are not undertaken (TRPAP, 2004). So this research has filled some gap by providing service quality perceptions of departing tourists of Nepal also. Such information is very useful to improve the service quality for tourists in Nepal.

1.7 Structure of the Thesis

The thesis report is organized in seven chapters. Chapter one is the introduction of the study. It has seven sub chapters which explain about introduction, background of the problem, research objectives, research questions and hypothesis, originality of the research and structure of the thesis.

Chapter two is about evolution and present situation of tourism in Nepal. The chapter first provides the definition of tourism and discusses about tourism policy and planning. Then,
the chapter introduces the evolution of tourism in Nepal and analyses present situation of tourism in Nepal.

Chapter three is about service quality. The chapter provides introduction to quality and discusses how different quality gurus consider quality and quality approach. It introduces concept of service, service quality, reviews SERVQUAL and some alternative methods of service quality measurement. Then, the chapter explains concept of destination service quality and measurement of destination service quality.

Chapter four is related to research methodology. It explains questionnaire development, data collection and data analysis. Chapter five is subdivided into tourism possibilities, review of tourism planning and policy and SWOT analysis for tourism in Nepal.

Chapter six is about analysis and finding of surveys. It provides result of Explorative and Confirmatory Factor Analysis, tourists’ judgment on destination service quality in Nepal and result of hypothesis testing.

Chapter seven discusses key findings and proposes recommendations for tourism development in Nepal. The chapter ends with conclusion and prospects of tourism development in Nepal.
Chapter 2: Tourism in Nepal: Evolution and Present Situation

2.1 Introduction to Tourism

Tourism is a service industry that is related to providing travelling and lodging related facilities for those who travel for business and non-business purposes. Tourism is a major force in global trade. It plays a vital role in the social, cultural and economic development of most nations, and has the potential both to preserve heritage and destroy it (Smith, 1995). Therefore, it cannot be defined only by considering economic aspects. The whole community which is affected by tourism activities, the environment and culture, and its growing complexities, are also attached with tourism. Hawkins (1982) opined that tourism is like other many kind of products and services which follow a normal pattern of growth, maturity, and subsequent decline, similar to the products life cycle curves. Taking tourism as an increasingly widespread and complex activity, Weaver and Lawton (2002) emphasize on the requirement of sophisticated management to realize its full potential as a positive economic, environmental, social, and cultural forces.

Tourism is an important but not well-defined concept (Morley, 1990). Morley stated that the early attempt to study tourism was undertaken from an economic standpoint by Ogilvie (1933, pp. 5-6) who defined tourists as “all persons who satisfy two conditions, that they are away from home for less than one year and second that they spend money in the place they visit without earning it there”.

The definition of Ogilvie is partly accepted. Many have recognized his first condition which discriminates tourists from migrants, but his second condition has not been as widely accepted as his first (Morley, 1990).

Morley (1990) also cited the definition of tourism referring tourists provided by Cohen (1974) from sociological approach. According to Cohen (1974, p. 533) a tourist is “a voluntary, temporary traveller, travelling in the expectation of pleasure from novelty and change on a relatively long and non-recurrent trip”.

Cohen’s definition would not be widely accepted in the field of tourism. The emphasis on the novelty and change as the source of pleasure for a tourist is particularly narrowing- it excludes those people whose travel is not motivated to a large by desire to visit friends and relatives (a seeking of familiarity rather than novelty and change and usually be considered to be tourists). Likewise, the distinction between recurrent and non-recurrent visitors is similarly difficult to make in practice (Morley, 1990).

Mill and Morrison (1998) mention that tourism is a difficult phenomenon to describe. They define tourism as an activity that takes place when, in international terms, people cross boarders for leisure or business and stay at least 24 hours, but less than one year. The must
widely accepted definition of tourism is the definition provided by World Tourism Organization at the international conference on travel and tourism statistics convened in Ottawa in 1991. The definition provided by the WTO conference is adopted from (Goeldner and Ritchie, 2003):

“Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business, and other purposes”.

Goeldner and Ritchie (2003, page: 5-6) states that for to define tourism with its full scope, attempt should be made to consider the various groups that participates in and is affected by this industry. They mention four different perspectives of tourism.

1. The Tourist
2. The business providing tourists goods and services.
3. The government of host community or area
4. The host community.

Goeldner and Ritchie (2003) state, “Tourism may be defined as the process, activities, and outcomes arising from the relationships and the interactions among tourists, tourism suppliers, host governments, host communities, and the surrounding environments that are involved in the attracting and hosting of visitors”. This definition has taken the stockholder’s perspectives also in defining tourism. Since in recent days, tourism has also been sharply criticized as it worsens the host environment and culture.

Tourism is made up of various sectors or sub industries such as transportation, accommodation, attractions, amenities, catering, entertainment, eating and drinking establishments, shops, activity facilities (leisure and recreation), and many other. These sectors provide products and services for individuals or groups of tourists who travel away from home.

2.1.1 Characteristics of Tourism

According to Burkart and Medlik (1974) tourism has five characteristics that Vanhove (2005) noted that these still apply.

1. Tourism is an amalgam of phenomena and relationships rather than a single one.
2. These phenomenon and relationships arise from a movement of people to, and a stay in, various destinations. There is a dynamic element (the journey) and a static element (the stay).
3. The Journey and stay are to and in destinations outside the normal place of residence and work, so that tourism gives rise to activities which are distinct from those of the residents and working populations of the places through which tourists travel and of their destinations.
4. The movement to the destinations is of temporary, short-term character.
5. Destinations are visited for purposes not connected to paid work.

As far as tourism service management and marketing is concerned, except basic service characteristics like intangibility, perishability, there are some others characteristics particularly apply to travel and tourism (Middleton and Clarke, 2001).
   a. Seasonality and other variations in the pattern of demand.
   b. The high fixed cost
   c. The interdependence of tourism products.

2.1.2 Types of Tourism

Based on World Tourism Organization at the international conference on travel and tourism statistics convened in Ottawa in 1991, following are the types of tourism (adopted from Goeldner and Ritchie, 2003):

1. International tourism
   a. Inbound tourism: visits to a country by nonresidents.
   b. Outbound tourism: visits by residents of a country to other country.
2. Internal tourism: visits by residents of a country to their own country.
3. Domestic tourism: internal tourism + inbound tourism.
4. National tourism: internal tourism + outbound tourism (The residents’ tourism markets for travel agents and airlines).

Visitors are further divided into two categories:
1. Same day visitors who do not spend the night also called Excursionists in international technical definition.
2. Visitors who stay for at least one night called Tourist in international technical definition.

Hawkins (1982) presented tourism under different forms in the following way:

1. According to the Number of people travelling:
   a. Individual tourism in which only one person or family is travelling;
   b. Group Tourism in which a number of persons, usually tied up with a certain link, travel together, e.g., club, school or an organized tour by a travel agency usually accompanied by a tour leader. The number in such groups may vary but is usually more than 15 or 20.
2. According to the purpose served by travel:
   a. Recreational tourism or leisure tourism, which serves the reformation of physical and mental capacities of the individual tourist, and relaxing from work weariness and exhaustion in resorts areas;
b. Cultural tourism serves to enrich information and knowledge about other countries and satisfy the need for entertainment. It also includes visits to exhibitions and fairs, cultural events, places of natural interest and archaeological excavations in resort areas;

c. Health tourism which satisfies the need for medical treatment in other countries or places with curative facilities, e.g., hot spring, mud baths etc.

d. Sport tourism satisfying people’s hobbies like fishing, animal hunting, deep sea diving, sport excursions and hiking;

e. Conference tourism, which includes scientific, professional and even political gatherings.

3. According to the means of transport:
   a. Land tourism (Bus, private cars, railroad, hiking, walking, cycling, etc.)
   b. Sea and river tourism;
   c. Air tourism

4. According to geographical location:
   a. National/domestic tourism;
   b. Regional tourism, i.e., tourist movement between countries forming one touristic region, e.g. Western Europe.
   c. International tourism.

5. According to age (age modifies needs and habits); youth, adult or family.

6. According to sex; masculine tourism or feminine tourism.

7. According to prices and social class; deluxe tourism, middle class tourism, or social tourism.

8. According to types of accommodations; friends and relatives, hotel and resorts; or campgrounds, cruise ships, etc. *

9. According to method of payment. *

10. According to distance travelled; day or overnight.*

11. According to destination/attraction. *

Robinson and Novelli (2005) divided tourism activities into mass tourism and niche tourism. Niche tourism includes special interests, culture, and/or activity based tourism involving small number tourists in authentic settings.
2.1.3 Positive and Negative Impacts of Tourism

Tourism has both positive and negative impacts. These impacts are divided in economic, social, cultural and environmental impacts. Supports for tourism development are usually based on the perceived economic benefits that tourism can bring to an economy (Mak, 2004). When tourists spend money, they create demand for local goods and services and generate income, employment and tax revenue in the economy. The construction of tourist facilities also creates income, employment and tax revenues in the community. Foreign tourists also bring valuable foreign exchange to the host country. In case of developing countries foreign tourism generally affects positively in economic development (Skerritt and Huybers, 2005).

Besides, there are indirect economic benefits also. When total demand for goods and services in the host community is greater with tourism than without, bigger demand means bigger market which can brings lower prices for goods and services due to economics of scale (Mak, 2004).

Tourism development can also balance economic opportunities and income in different regions of a destination or country. Tourism development in Nepal’s remote Himali region has helped to develop these areas.

But tourism also imposes direct and indirect economic costs to the economy also. Tourism in a developing economy can create an increased demand both for imported goods and for local products and factors of production. Shop prices rise and the cost of factors of production, particularly land, is likely to be bid up. To the extent that the domestic population is adversely affected by some resultant inflation, this can be considered an additional cost of tourism development (Sadler and Archer, 1975). Jobs from tourism are also seasonal (Laws, 1995). Similarly over dependence on tourism for economic growth and welfare can make some countries vulnerable to economic instability (Leu, 1998).

In the name of tourism many facilities including parks and entertainments facilities will be added and infrastructures will be developed. This will benefit all people of society. But at the same time tourism can promote child prostitution also (Mak, 2004). If tourism development is concentrated in urban areas, it can contribute to urban migration and widen the distribution of wealth between urban and rural communities. Tourism will also promote gambling in the name of casinos, which will develop bad habits in youth. In case of Nepal’s tourism, casinos are growing in Kathmandu city. There is growing illegal practice to attract Nepalese to casino in Kathmandu though Nepalese are not permitted to go to casino in Nepal.

Tourism is more criticized for its environmental impacts. Hunter and Green (1995) divided these environmental impacts into natural, built and cultural environment. Natural environment includes impacts on floral and faunal species e.g. killing of wild animals through
hunting, inward outward migration of wild animals due to tourism development, pollutions in air and water, damage to geological features etc. Similarly tourism may also bring positive natural change by proper planning. Building national parks and wild life reserves will preserve flora and fauna. Treatment of disposal facility will help to reduce pollution, developing greenery in city.

Tourism may bring positive and negative impacts on build environment (Hunter and Green, 1995). Due to overuse of historical places, overload of infrastructure (e.g. Roads, railways, car parking), tourism will damage built environment. But if use in right way tourism will generate fund to preserve and restore these built environments.

Increased importance to religious festivals, enhancement and development of museums are positive cultural impacts but change in the vocabulary of languages, pressure on religious festivals, growth in use of drink products and alcohol are negative cultural impacts (Hunter and Green, 1995)

2.2 Tourism Policy and Planning

2.2.1 Tourism Policy

Peters (2004, p. 4) points that as public policy studies are now popular, everything government does is labeled ‘policy’. He defined public policy as ‘stated most simply, public policy is the sum of government activities whether pursued directly or through agents, as those activities have an influence on the lives of citizens’. Luke (1998) states ‘a public policy is generally characterized as a combination of decisions, commitments and actions directed toward achieving a particular outcome or result which is deemed in the public interests’.

As regard tourism policy, it has become a high priority of governments in developed and developing countries since the 1970s (Hall and Jenkins, 2004). In case of developing countries, there are obvious reasons why governments should positively intervene in tourism (Jenkins, 1980). It is established to guide the development of tourism in a destination area (Mill and Morrison, 1998)

Tourism has been growing and it has become one of the largest sectors of the world economy. Because of the contribution tourism made in economic development, employment creation and regional development, it has become an important sector for any nation. Tourism is also taken as industry which promotes peace (Litvin, 1998). With the promotion of travel among countries, the understanding and cooperation between citizens increase. It helps to improve the atmosphere for the world peace.
But tourism has negative impacts also. Hawkins (1982) discussed the negative and positive impacts of tourism and adds that challenge is to create the best climate for the positive and to ameliorate the conditions, which lead to negative impacts.

Many researchers and writers have defined tourism policy. Goeldner and Ritchie (2003, p. 413) defines that tourism policy is a set of regulations, rules, guidelines, directions and development/promotion objectives and strategies that provide a framework within which the collective and individual decisions directly affecting long-term tourism development and the daily activities within a destination are taken.

Tourism policy in the scientific sense of term must always be economic (Sessa, 1976). He further adds that social and cultural and nation’s environmental situations must also be taken into account in defining tourism policy.

As above definition, tourism policy indicates the type and directions which the area wishes to take on tourism development, and provides the general basis for planning tourism and making decisions on its continual development. It deals with the future development of tourism. Goeldner and Ritchie (2003, p. 413) mention that sustainability and competitiveness are the two primary parameters that must be satisfied in a tourism destination. Sustainability refers to the ability of a destination to maintain the quality of physical, social, cultural, and environmental resources while it competes in the market place. Tourism policy is to be directed toward long-term success of a destination. Policy, particularly its visioning component has a very long-term strategic emphasis.

The tourism policy of some country is to promote outbound tourism also giving economic and diplomatic emphasis. For example, Japan and Taiwan (People’s Republic of China) promoted outbound tourism after accumulating massive foreign currencies during 1980s giving little attention to inbound tourism (Hall, 1994).

2.2.1.1 Essentiality of Government involvement in Tourism

Government involvement is considered essential in tourism development. Wanhill (1987, p. 54) mentions that ‘every government must have a policy for tourism both at national and local level’. To adopt a laissez-faire philosophy and stand on the sidelines is to court confrontation between hosts and guests leading poor attitudes. Hall (1994) stated “there is almost universal acceptance by governments around the world, regardless of ideology, that tourism is a good thing, with most tourism policies being designed to the tourist industry”. He discussed the seven functions of public sector involvement in tourism:

1. Coordination;
Coordination is probably most important role of government in tourism. It is necessary both within and between the different levels of government in order to avoid duplication of resources in various government tourism bodies and private sectors and to develop effective tourism strategies.

2. Planning
Planning is required by government sector to develop tourism in sustainable way, to increase economic contribution and to generate employment.

3. Legislature and Regulations;
Government has wide range of legislative and regulative power which directly and indirectly impinges on tourism industry policy, passport and visa, industry regulations, environment protections, taxation policies etc. These significantly influence tourism growth.

4. Government as Entrepreneur
Besides involving in basic infrastructure such as road and sewage, government can also play important role by involving in tourist activities like hotels, airlines, travel companies etc.

5. Stimulation
Government can provide various types of incentives to develop tourism sector by providing low interest loan, depreciation allowance, tax holidays etc. Government’s involvement also play role in marketing and promotion of destination, conducting research etc.

6. Social Tourism
It involves the extension of benefits of holidays to economically disadvantaged groups. For example, Nepal is implementing tourism program to benefit poor and disadvantaged groups of societies (Bista, 2006).

7. Government as Interest Protector
Last role of government for involvement in tourism is to protect interests of different groups like national, regional, local and community rather than the sectional defined interest of tourism industry.

2.2.1.2 Tourism Policy Objectives

A tourism destination hosts visitors in order to provide its stakeholders with a broad range of economic and social benefits- most typically employment and income. This employment and income allow stakeholders to reside in and enjoy the quality of region. Tourism policy seeks to ensure that visitors are hosted in a way that maximizes the benefits to stakeholders while minimizing the negative effects, costs, and impacts associated with ensuring the success of the destination. Tourism policy seeks to provide high quality visitor experiences that are profitable to destination stakeholders while ensuring that the destination is not compromised in terms of its
environmental, social, and cultural integrity. Baum (1994) mentions that public sector policy objectives which may be sought from tourism include the creation of income and wealth, job creation, maintaining and improving the image of an area, its environment and the quality of life, maintaining and improving links both within and between nations, and contributing to the nation’s balance of payment position. Akehurst, *et al.* (1993) studied tourism policy objectives of 12 member states of European Union and found that policy objectives concentrate on attracting higher spending tourists, improvement of product quality and reduction in seasonality. The research of Baum (1994) based on a postal survey of NTOs, identifies primarily the economic determinants of tourism policy but notes a number of important variations between policy development in developed and developing countries.

Hawkins (1982) mentioned that it is in the best interest of the citizens of all countries of the world to develop a national tourism policy to:

- Optimise the contribution of the tourism and recreation industries to economic prosperity, full employment, and international balance of payment of the host country;
- Make the opportunity and benefits of tourism and recreation in the host country universally accessible to its residents and to insure that present and future generations are afforded adequate tourism and recreation resources.
- Contribute to personal growth, health, education, and international appreciation of geography, history, and ethnicity of the host country;
- Encourage the free and welcome entry of individuals travelling to and from the host country;
- Eliminate unnecessary trade barriers to the host country and to the tourism industry operating throughout the world;
- Promote the continued development and availability of the alternative personal payment mechanisms which facilitate national and international travel;
- Promote quality, integrity, and reliability in all tourism and tourism related services offered to visitors to the host country.
- Preserve the historical and cultural foundation of the host country;
- Insure the compatibility of tourism and recreation with other national interests in energy development and conservation, environmental protection, the judicious use of natural resources, and similar issues;
- Assist in the collection, and analysis, and dissemination of data which accurately measure the economic and social impacts of tourism to and within the host countries, in order to facilitate planning in the public and private sectors; and
- Harmonize, to the maximum extent possible, all government activities in support of tourism and recreation with the needs of the general public and host countries, local
governments’ and the tourism and recreation industry, and to give leadership to all concerned with, recreation, and national heritage preservation in the host countries.

2.2.1.3 Formulating Tourism Policy

Inskeep (1991, p. 190) cited from the Zanzibar Tourism Development Plan 1983 reports that “formulation and adoption of tourism policy is the essential first step in developing tourism. Tourism affects many people in society; so many people should be involved while formulating tourism policy”. Hawkins (1982, p.191) states “tourism policy formulation process should involve people and institutions at all levels to optimise the use of resource in order to improve the quality of the life”. Coherent and realistic tourism development policy is needed for developing and maintaining tourism development of a nation or region. Various groups can influence in formulating tourism policy. Hall (1994) noted, “The study of power arrangements is a vital part of the analysis of tourism policy because power governs the interaction of individuals, organizations, and agencies influencing, or trying to influence the formulation of tourism policy and the manner in which it is implemented”.

Many issues should be considered while formulating tourism policy. Inskeep (1991, pp.171-174) suggested that following issues should be considered.

1. Role of Government:
A basic policy decision that must be made is about the role of government. The government can be passive, active or somewhat intermediate. Jenkins and Henery (1982) argued that in most developing countries government involvement in tourism is required not only to acquire long-term objectives but also to compensate for the absence of a strong and tourism-experienced private sector. Jenkins and Henery (1982) further mention that because of the characteristics of tourism activity, there is a requirement of active rather than passive intervention by government. The same authors categorized passive involvement of government into mandatory and supportive actions.

2. Environmental Protections, Cultural Consideration, and Sustainable Development:
While developing policy, some of the rising concepts of tourism development are included in policy statements. To ensure that the natural environment is not degraded, archaeological and historical sites are conserved, sociological impacts are minimized, it is necessary to include these aspects into policy statements.

3. Reasons for Developing Tourism:
The reason for developing tourism should be stated in the policy. These may include:
• Economic reasons like foreign exchange earning, employment creation, to help in expansion of other sectors, and using tourism to help pay for infrastructure development.
• Social reasons like cross-cultural exchanges, and national prestige reasons.
• For domestic tourism like social reasons for providing opportunities for recreations, relaxation, and education from citizens to citizens.
• Using tourism to help achieve environmental and cultural conservation objectives.

4. Types of Tourism to be Developed:
Deciding the types of domestic and international tourism and the types of tourist markets to aim for is a basic policy consideration. The type of tourism can range from general interest sightseeing or large-scale beach or mountain resort-oriented tourism to small-scale special interest.

5. Extent of Tourism Development:
Extent of tourism development is related to the type of tourism development as well as socio-economic and environment considerations. This can also range from a very limited small-scale level of a few thousands tourists to mass tourism involving millions of visitors.

6. Locations and Staging of Development:
General geographic location and staging of tourism development can also be a policy decision. For example, it may be decided that certain areas and not others will be developed during the time frame of the plan.

7. Other Types of Policy:
Other considerations are multi-use of tourism infrastructure, relation between domestic and international tourism, education and training, social integration of tourism and investment and employment policies.

Some policies should be flexible to changing circumstances and so stated in the policy. For example, the extent of investment incentives that will be permitted should usually be flexible, depending on the current situation.

2.2.1.4 Tourism Policy and Other Policies

A whole range of social, economic, legal and technological policies greatly affects the appeal, attractiveness, competitiveness, and sustainability of tourism destination. Goeldner and Ritchie (2003) state these general policies (regulations, rules, directives, objectives, strategies) as follow:

• Taxation – affects cost and thus profitability
• Interest Rate Policy – affects costs and thus profitability
• Bilateral Air Agreements - determine foreign visitor access.
• Environment Policy – limits growth and access to attractive but sensitive areas.
• Customs and Environment Policies – can facilitate or hinder international visit.
• Communication Policy – can restrict use of certain advertising media.
• Minimum Wage Policy – can affect labour markets.
• Welfare Policy – can affect quality of work force
• Cultural Policy – can affect preservation and promotion of national heritage.
• Foreign Investment Policy/ Regulations – can affect availability of investment capital
• Local Zoning Policy/ Regulations – can restrict or encourage tourism facility development.
• National/Provincial/Local Policy pertaining to funding support for major public facilities can drastically affect destination attractiveness.
• Infrastructure Policy – can make destination safer for visitors,
• Currency/Exchange-rate Policy – can restrict residents travel to foreign destinations.
• Legal System – determines consumer/visitor protection legislation (e.g. liability for failing to deliver advertised facilities/tours/experiences.

The great majority of these policies are affecting tourism development and growth in a destination country or region.

### 2.2.2 Tourism Planning

Planning is the conscious process of selecting and developing the best course of action to accomplish an objective. It decides in advance what to do, how to do, where to do and who is to do it. It sets the objectives to be set and achieved. The help of planning is taken to maximize the use of limited resources and to fulfil the objectives effectively. Planning is the process of identifying objectives and defining and evaluating methods of achieving them. Inskeep (1991) points that the concept of planning is generally accepted as being a valid approach to guiding future development rather than just letting things happen. Glasson (1978) states the major features of planning that include a sequence of actions which are designed to solve problems in the future.

Tourism development should be undertaken within the context of a plan. It is an essential activity for every destination in today’s rapidly changing business environments. Tourism planning, in comprehensive sense, should consider all of the tourism resources, organizations, markets, and programs within a region. Comprehensive planning should also consider economic, environmental, social, and institutional aspects of tourism development. Hawkins (1982) stated that through proper planning natural resources are preserved and the environment is maintained and enhanced with the concept of tourism.

Inskeep (1991) mentions that planning is a continuous process and must be flexible, depending on changing circumstances but still achieve the basic development approach. He mentions detail activities to prepare the plan in an integrated manner. Furthermore, planning now...
applies the coordinated and integrated approach. In tourism planning all the components of tourism should be taken into consideration. Gunn (1979) suggests that, in tourism planning, the component categories should be grouped into interdependent functional units. These units are people (tourists), attractions, service facilities, transportation, and information directions. Gunn explains that tourism is not made up of hotels, airlines, or so-called tourist industry; rather it is a system of major components linked together in an intimate and interdependent relationship. Similarly, Inskeep (1991) mentioned the following six components of tourism:

- Tourist attractions - all those natural, cultural, and special features and related activities of an area that attract tourists.
- Accommodation facilities
- Other tourist facilities and services – tour and travel operations, restaurant and eating establishments, retail outlets for handicrafts, banks and money exchanges, information centres, medical facilities etc.
- Transportation - external access and international linkages
- Other infrastructure – water supply, electricity, sewage and solid waste, telephone, internet etc
- Institutional elements - institutional elements necessary to develop and manage tourism like marketing organisation, training and educations, legislations and regulations.

For the sustainable development of tourism, environmental consideration and community participation are needed. Planning should be easier to implement as well. Many researchers have mentioned about tourism planning. Burns (2003) explains about a third way of tourism planning. Baud-bovy (1982) offered reasons why many tourism plans were not implemented. Simmons (1994); Murphy (1988) discussed about the participation of community in tourism.

Tourism planning has the five basic purposes of identifying alternatives approaches, adapting to the unexpected, maintaining uniqueness, creating the desirable and avoiding the undesirable (Mils and Morrison, 1998). Each of these five planning purposes and respective planning considerations and potential outcomes are shown in Table 1.

If a destination does not get involved in tourism planning it can have damaging impacts on many physical environments and local peoples. Mill add Morrison (1998) discuss five types of impacts and symptoms of lack of planning relating to each impact. The impacts are physical, human, marketing, organisational and other. The impacts show the symptoms of lack of tourism planning. For example, some symptoms of lack of tourism planning are (Mill and Morrison, 1998):
- Damage or permanent alteration of the physical environment (physical impacts)
- Loss of Cultural identities (human impacts)
- Failure to capitalize on new marketing opportunities (marketing impacts)
Table 1: Tourism Planning Purposes

<table>
<thead>
<tr>
<th>Tourism Planning Purposes</th>
<th>Planning Considerations and Outcomes</th>
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<tbody>
<tr>
<td>Identify Alternative Approaches</td>
<td>- Marketing&lt;br&gt;- Development&lt;br&gt;- Organisation of tourism&lt;br&gt;- Community awareness of tourism&lt;br&gt;- Support services and activities</td>
</tr>
<tr>
<td>Adapting to the Unexpected</td>
<td>- General economic conditions&lt;br&gt;- Energy supply and demand situations&lt;br&gt;- Values and lifestyles&lt;br&gt;- Performance of Local industries&lt;br&gt;- Government legislation and regulations&lt;br&gt;- Technological advancement</td>
</tr>
<tr>
<td>Maintaining Uniqueness</td>
<td>- Sustainable tourism development&lt;br&gt;- Natural features and resources&lt;br&gt;- Local culture and social fabric&lt;br&gt;- Local architecture and heritage&lt;br&gt;- Local festivals, events, and activities&lt;br&gt;- Parks and outdoor sports areas</td>
</tr>
<tr>
<td>Creating the Desirable</td>
<td>- High level of community awareness and of the benefits of tourism&lt;br&gt;- Clear and positive image of area as a tourism destination&lt;br&gt;- Effective organization of tourism&lt;br&gt;- High level of cooperation among tourism organisations and businesses&lt;br&gt;- Effective marketing, directional sign and travel information</td>
</tr>
<tr>
<td>Avoiding the Undesirable</td>
<td>- Sustainable tourism development&lt;br&gt;- Fiction and unnecessary competition among tourism organisations and business&lt;br&gt;- Hostile and unfriendly attitudes of local residents toward visitors&lt;br&gt;- Damage or undesirable, permanent alteration of natural features and historical sites&lt;br&gt;- Loss of cultural identities&lt;br&gt;- Loss of market share&lt;br&gt;- Stoppage of unique local events and festivals&lt;br&gt;- Overcrowding, congestion, and traffic problems&lt;br&gt;- Pollution&lt;br&gt;- High seasonality</td>
</tr>
</tbody>
</table>


- Lack of support from local government authorities (organizational)
- Poor or deteriorating quality of facilities and services (other impacts)

### 2.2.2.1 Tourism and Environment

While defining environment, Collin (2001) defines that environment is surrounding of any organism including the physical world and other organisms. To make it simple Hunter and Green (1995) classified environments as natural, built (or human made) and cultural. In the same line, Holden (2000) states that environment of tourism can be viewed as possessing social, cultural, economic and cultural dimensions, besides a physical one.
The environment is tourism’s base. Quality environment is one important and necessary precondition for tourism development. Environment is the core of the tourism product. Tourism can both preserve and destroy environment. If tourism is managed properly, it will not only preserve but also provide funds to preserve environment.

For tourism all natural, built and cultural aspects are the pull factors of a destination. Tourism shapes and affects the environment. So tourism should be planned and developed in such a way that natural and cultural environments are not degraded. Instead, it should help in promoting such resources.

Inskeep (1991) provides three aspects of tourism-environment relationship:

- Many features of the physical environment are attractions for tourists.
- Tourism facilities and infrastructure constitute one aspect of the built environment
- Tourism development and tourist use of an area generate environmental impacts.

WTO (1989) pointed that unspoiled natural, cultural and human environment is a fundamental condition for the development of tourism. Tourism can generate either positive or negative environmental impacts, depending on how its development is planned and managed (Inskeep, 1991)

Therefore, environmental planning for tourism is essential for promoting positive impacts of tourism and reducing or controlling negative impacts. Inskeep (1987) states that thorough and systematic environmental analysis of the area is essential to provide the basis for tourism planning. This analysis must be done at the national or regional level and at the micro level for resorts, hotels, related attractions and their associated infrastructures.

Inskeep (1987) states that because of various types of environmental related problems, some governments and tourism planners are considering alternative form of tourism development. He mentions about quality tourism, special interest tourism, village tourism etc. that minimize environmental impacts and spread economic benefits. Holden (2000) suggests that government at national, regional and local level can consider the following mix of policy and planning measures:

- The establishment of protected areas through legislation, for example national parks;
- The implementation of land-use planning measures such as zoning, carrying capacity analysis, and limits of acceptable change (LAC) to control development;
- Mandatory use of environmental impact analysis (EIA) for certain types of projects; and
- Encouraging co-ordination between government departments over the implementation of environment policy, and encouraging private sectors to adopt environment management policy.
2.2.2.2 Community Participation and Tourism

Webster’s Dictionary defines communities as groups of people residing in the same region with common interest and identity. The culture, behaviour, and friendliness of these groups are component of tourism. Tourism affects community in both positive and negative way. If tourism helps local economy, preserve local environment, the happiness of community increases. As Goeldner and Ritchie (2003) mention, tourism should bring happiness and smile for community.

Simmons (1994) mentions that recent tourism planning literature calls for greater participation in tourism planning. He further clarifies that “because residents themselves are being seen increasingly as essential part of an area’s hospitality atmosphere”.

The synergetic partnership between community and tourism can have many advantages. Murphy (1988) presented many community driven tourism examples. He mentions that there is considerable evidence to suggest that communities and the tourist industries can work together to form mutually beneficial partnership. He further says that an important aspect of such planning is a process of involving all relevant and interested parties in such a way that decision-making is shared.

Tourism planning must seek community participation for the sustainable development and maximizing benefits to local community. Community participation in tourism seems more meaning because:

- Public local communities are important aspects for tourism.
- Local residents also use tourism facilities.
- Interest of local people will be assured.
- Modern tourism is for the benefits of local economy. This can be achieved with the participation of public in planning.
- Implementation related problems would be reduced.

2.2.2.3 Sustainable Tourism Development

In 1972, the book of Dunella and Dennis Meadows “Limits to Growth” (Meadows and Meadows, 1972) raises some global concerns. These concerns include:

- If the present growth trends in world population, industrialization, pollution, food production, and resource depletion continue unchanged, the limits to growth on this planet will be reached sometime within the next one hundred years. The most probable result will be a rather sudden and uncontrollable decline in population capacities.
- It is possible to alter these growth trends and to establish a condition of ecological and economic stability that is suitable far into the future.
- If the world’s people decide to strive for this second outcome rather than the first, the sooner they begin working to attain it, the greater will be the chance of success.

With this first warning, many researchers, academics started to voice on the long-term consequences of continued industry and population expansion. This led to the publication of the world Conservation Strategy by the Union for the Conservation of Nature and Natural Resource (IUCN, 1980). This was one of the first reports to introduce the concept of Sustainable Development (Murphy and Price, 2004).

The World Commission followed this on Environment and Development (Brundtland Commission) Report in 1987, entitled ‘Our Common Future’ which placed the concept at the centre stage and promoted it. Our Common Future described sustainable development as ‘development that meets the need of the present without compromising the ability of the future generations to meet their own needs (WCED, 1987).

Economic and environmental forces led many nations, companies and individual to June 1992 United Nation’s Conference on the Environment and Development (UNCED Earth Summit) in Rio de Janeiro. The ‘Earth Summit’ adopts ‘Agenda 21’ aimed at promoting sustainable development throughout the world. The term gained greater attention with this popularly known the “Earth Summit”.

Globally, tourism is forecast to grow continually. This trend is in both domestic and international tourism. It has a multitude of impacts, both positive and negative, on people's lives and on the environment. The negative impacts of tourism are the harms tourism brings in environment, culture and society. These negative harms challenge the long-term development of tourism. Without significant change toward more sustainable form of development, it was felt probable that severe damage to cultural and natural environment will increase. With these growing concerns, in the late 1980s the concept of sustainable tourism has been introduced (Weaver, 2000). Since its introduction, the concept has been one of the most frequently addressed issues among tourism planners and researchers.

Now, sustainability has become an important policy issue in all the sectors of economy as well as in tourism. Tourism’s interest in sustainable development is logical given that it is one of the industries that sell the environment both physical and human, as its product (Murphy and Price, 2004).

Weaver (2000) defines that “to paraphrase the definition of sustainable development proffered by the Brundtland Report, sustainable tourism can be defined as tourism that meets the needs of the current generations without compromising the ability of the future generations to meet their own needs”. Inskeep (1991) states that sustainable tourism development is for the management of all resource in such a way that we can fulfil economic, social, and aesthetic
needs at the same time maintaining cultural integrity, essential ecological process, biological diversity and life support systems.

Goals of sustainable tourism as found out by Globe’90 conference on sustainable development held in Canada in March 1990 (Inskeep, 1991) are.

1. To develop greater awareness and understanding of the significant contributions that tourism can make to the environment and economy;
2. To promote equity in development;
3. To improve the quality of life to the host community;
4. To provide a high quality of experience for the visitors and
5. To maintain the quality of the environment on which the forgoing objectives depend.

The Globe’ 90 conference also provided implications for policy and role of governments, non-government organizations, tourism industry, tourists and international organizations in promoting sustainable tourism development. Every government, national, regional and community level, must plan and manage tourism so as to achieve sustainable tourism development taking necessary measures. Hunter and Green (1995) provided the list of criteria that must be met for sustainable tourism development. The development should:

- follow ethical principles that respect the culture and environment of the destination area, the economy and traditional way of life;
- involve the local population, proceed only with their approval and provide for a degree of local control;
- be undertaken with (intra-generational) equity in mind i.e. with the idea of access to a fair distribution of benefits and costs among tourism promoters and host people and areas, not only now but in the future;
- be planned and managed with regard for the protection of the national environment for the future generation;
- be planned in an integrated manner with other economic sectors; and
- be assessed on an ongoing basis to evaluate impacts and permits actions to counter any negative effects.

2.3 Nepal: A Himalayan Country

Nepal is small landlocked country situated in the lap of Himalayas (see Figure 1). It is located in between the latitude 26° 22' N to 30° 27' North and longitude 80° 4' E to 88° 12' East. Katmandu is the capital city. It lies between China in the North and India in the South, East and West. Bhutan and Bangladesh are two other nearest neighbors. The area of Nepal is 147181 sq. km.
The average length is 885 km. east to west and average breadth is about 193 km. north to south. The elevation ranges from 90 to 8848 meters. The northern range (Himalayas) is covered with snow over the year where the highest peak of the world, the Mount Everest, stands. The middle ranges (Hills) are featured with mountains, high peaks, hills, valleys and lakes. The Southern range (Terai) is the plain and consists of dense forest area, national Parks, wildlife reserves and conservation areas. The other characteristics of Nepal are discussed below.

Figure 1: Map of Nepal


Nepal is rich in glaciers (Himnathi), rivers and lakes. The longest glaciers are Khumbu and Langtang glacier. Khumbu is 32 km long and Langtang is 36 km long (Dahal, 20601). There are about 6000 rivers in Nepal. The main three rivers are Koshi, Gandaki and Karnali. Many tourists come for rafting. These rivers offer a huge possibility of rafting as well as fishing. The famous lakes are Rara Lake, Phewa Lake, Phokusondo Lake, Tilicho Lake, Goshaikunda, and Bulbul Lake. Tilicho Lake is located at the highest height of the world. Phewa Lake is so famous among tourists.

Climate of Nepal
The country has a great variety of topography which is reflected in the diversity of weather and climate. The country experiences tropical, temperate, and cold type of climate. In the southern

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1 According to Nepali Calendar.
part of Nepal, the temperature is up to 45 degree in summer while it is in 30 degree in mountain region. In the Himali region, the summer climate is up to 12 degree centigrade, and in the winter it will be below 0 degree centigrade. This shows that Nepal is suitable for people of any climate. June to September is the rainy seasons of Nepal. The 90% rain falls during this season.

**Population of Nepal**

According to the population census of 2001, the total population of Nepal is 227,36934. The current population growth is 2.25 percent per annum. Economic growth of the country has not improved substantially over time to overtake population growth. Population Census 2001 reports that 53.1 percent population of age 10 years and over age is employed and 5.1 percent are unemployed (CBS, 2003).

**Cultural Diversity in Nepal**

Nepal is renowned for its cultural diversity. Its cultural diversity is categorized under following heading:

- **Language and Religion:**
  Nepal is a multi-linguistic and multi-cultural country. The official language is Nepali. According to 1991 census, population speaking Nepali language as mother tongue is 50.3 % of the total population. And population speaking Maithili, Bhojpuri, Tamang and Newari as mother tongue are about 11.8, 7.5, 5.4, 4.9, and 3.7 percent respectively. There are many other languages spoken in different part of Nepal.

  Nepal is known as Hindu Kingdom in the world. The majority (more than 85 %) of population is of Hindu. The second largest religion is Baudhha, constituting 7.8% of total population (CBS, 2000). There are about 4% Muslim and little is Christian.

- **Foods:**
  Foods in Different regions of Nepal are presented below (Dahal, 2060):
  - Himal Region: Salty tea with ghee, Pita, Mo. Mo. Thupa, Wine, Chhurpi, Meat, Potato etc.
  - Pahadi Region: Rice from Maize or Paddy, Vegetables, Pita, fruits, milk, ghee, pulse etc.
  - Terai: Pita, pulse, vegetable etc.

- **Dresses:**
  The climate is clearly seen in dresses of different regions. Following are the dresses in three regions of Nepal:
  - Himal Region: Thick woolen cloths, Long dress, Docha etc
  - Pahadi Region: Daura, Surual, Bhot, Kachad, Estakota, Topi, Patuka, Pharia, Cholo etc
  - Terai Region: Thin clothes like Patalo Dhoti, Bhot, Kurta, Lungi, Sari, Cholo, etc.

- **Music, dances and festivals:**
There are different types of music, dances and festivals in Nepal. They are all unique in nature and are performed in different parts of Nepal.

**Economy of Nepal**

Nepal is among the poorest and least developed countries in the world with almost one-third of its population living below the poverty line. According to Nepal Living Standard Survey II published by Central Bureau of Statistics 30.85% of total population is poor. Farming is the main economic activity where as manufacturing, trade and tourism, finance and real state, constructions etc. are other major activities (see Figure 2). The country receives foreign aid from many international organisations like World Bank, Asian Development Bank, European Union and countries like America, Japan, United States, China, UK, Germany etc. The chief sources of foreign currency earnings are merchandise exports, remittances from Nepalese who work in foreign countries, and tourism. Annual Gross Domestic Product (GDP) is about US $ 4.5 billion. Nepal has huge foreign loan. The stock of outstanding external loan of Nepalese Government in mid-July 2005 stood US $ 3122 millions (CBS, 2005).

Currency/Exchange Rate: The Rupee is the official currency of Nepal. 1 Nepalese rupee (NR) or rupee (R) = 100 paisa. Coins issued in denominations of 25, 50 paisa, and 1 rupee; notes issued in denominations of 1, 2, 5, 10, 25, 50, 100, 500, and 1,000 rupees. (In 2006, Dec 3, US$1= 71.84 Nepalese rupees)

Nepal has considerable scope for exploiting its potential in hydropower. Nepal has capacity of producing 83,000 megawatt electricity. But it is producing only 600 megawatt now. Tourism is considered to be an area of comparative advantage due to unique landscape, nature and exotic culture of Nepal.

Eight out of 10 Nepalese are engaged in farming and it accounts 40 % of the GDP. However, contribution of agricultural activities is gradually decreasing in the GDP. The major crops are rice, wheat, maize, millet and barley. And major cash crops are potato, sugarcane, oil seeds, tobacco, jute and tea. Major industries are woollen carpets, garments, textiles, leather products, cigarettes, vegetable ghee etc. Nepal has large trade deficit. India is a major trading partner. During the first eight month of the fiscal year 2005/2006, Nepal’s export to India is about 69 % of total exports and import from India is 63% of total imports (Ministry of Finance, 2006).
2.4 Evolution of Tourism in Nepal

The real opening of Nepal to foreign visitors may be dated as the year 1949 (Gurung, 1982). But many people have been visiting Nepal for thousands of years. Many Chinese as well as Indian people came to Nepal to make long pilgrimages (Satyal, 2004). Lord Krishna came to Nepal and established Gopal’s kingdom. Manjushree came to Nepal and made Nepal a place to live in (Dahal, 2060^2). Nepal’s Himalayan region was a place for holy people of Hinduism for deep meditation, which is mentioned in Bed and Puran (The ancient religious books of Hinduism). Similarly, if we look the history of Nepal, we found that different rulers of Nepal (Gopal, Mahesmpal, Lichhabi, Malla) came from another countries. The kings and princes of ancient time also had visited Nepal. In the past, Prince Gautam Buddha of Nepal visited Buddgaya of India searching for knowledge. It is mentioned in Silalekh of Ashok Stamva that King Ashok of India had visited Lumbani.

During the period of Mahabharat, Arjun came to Nepal for weapons training from Kirateshowr. Kautilleyko Arthashastra mentioned that there were also many trade relations

\(^2\) According to Nepali calendar.
between Nepal and India (Dahal, 2060). Jagat Guru Shankaracharya also visited Nepal and made Bhatta Braman as the worshiper of Lord Pashupati Nath temple.

In 5th century, Chinese visitors Faiyan and Huonsang visited Nepal. These are mentioned in Chinese visit briefs. In 743, Vischu Shanta of Naland University and in 749, Vishu Padmasamnvav visited Nepal for promotion of religion. In this way, there was religious tourism in Nepal during ancient period.

During Lichhabi period, Nepal had trade and marriage relationship with Tibet and China. Nepal’s daughter Vrikuti married with the king Sanchanggambo of Tibet. During 14th century, Artist Araniko’s visit to China is most popular in Nepal. He promoted Nepal’s art in China and Tibet.

During Malla regime of Nepal, Nepal was divided into many small kingdoms. In Kathmandu valley (centre), there were kingdoms like Kathmandu, Bhaktapur and Lalitpur. In eastern parts of Nepal, there were kingdoms like Kirats. In western sides, there were many kingdoms called 22 kingdoms and 24 kingdoms. During this Malla period Nepal had trade relationships with China. Relationships with India were broader. In 1741, king Prithivinarayan Shah visited Bhaktapur (one small kingdom of Nepal). Similarly, in about the period of 1743-44, he visited Banaras of India. Both of his visits are famous in Nepalese history.

Visit of Kirkpatrick mission is important in Nepalese history. He published book about Nepal’s historical, social and cultural aspects. In 1801, 50 people led by Captain Nax visited Nepal. Dr. Hamilton was also included in this team who wrote books about Nepal and promoted Nepal (Dahal, 2060). During the period of prime minister Bhimsen Thapa, Nepal fell into war with England from 1814 to 1816. War ended in 1816 after an agreement was reached between Nepal and England. The agreement was called Sugauli Sandhi in Nepalese history. Nepal also lost some land. After the agreement, England’s counsellor could stay in Nepal. This helped to increase the foreign visitors. However, foreign visits were limited.

Nepal was popular in big game shooting. King George V of Britain came for his famous shoot in the Nepal Terai in 1911 and Prince of Wales 1921 (Satyal, 2004). Smythies (1942) described shooting of Nepal as follow:

It is scarcely surprising that the Terai has always been regarded as a sportsman paradise

Gurung (1982) mentioned how a renowned traveller described Nepal in about 13 Century:

The country is wild and mountainous,
and it is little frequented by foreigners,
Whose visit the king discourage.

Nepal had only 153 European (mostly British) visitors during the 45-year period of 1881-1925 as cited by Gurung (1982). It was in the late 1920 that one of the American travellers, Alexander Powell, visited Nepal. His records of statement clearly show that the then Nepalese

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government had closed-door policy. When Powell expressed his desire to visit Nepal from Calcutta (city of India), the Bengal Governor, Sir Stanley Jacksen was not encouraging (Gurung, 1982):

> It is one of the most difficult countries on earth to inter. To all intends and purposes, it is a forbidden land. The Nepalese are suspicious of foreigners and very rarely grant them permission to cross the mountains into the great valley though they occasionally permit those who are properly recommended to go into outlying Terai for tiger shooting.

Alexander Powell was a lucky and determined person. He sought audience of the then Nepalese prime minister Chandra Sumsher. The prime minister was also visiting Calcutta and provided Powell the permission to visit Nepal. On hearing of Powell’s good fortune, one British Government official says that (Gurung, 1982):

> You chaps are really lucky
> You know, I have lived out here for 20 years
> and I have not succeeded in getting permission to go into Nepal yet.

Powell (1929) described Nepal in his book (The last home of mystery.....) as “a lonely land”, “the forbidden country” and “the eaves of the world”. During Rana ruling in Nepal, Rana prime ministers visited many countries. The first Rana prime minister visited Britain leading a big team. He visited some other countries also. While returning from Britain he visited many places of pilgrimages in India. His visit was much mentioned in Nepalese History. During this period, Nepal had good relationship with Britain. The Rana prime ministers also visited Britain, India and some other countries.

Until the mid of 20th century, Nepal remained a close country and isolation was the national policy (First Dev. Plan of Nepal). Because of government policies and adverse geography, only after 1950, Nepal’s policy toward foreigners transformed from one of suspicion to reception (Gurung, 1982).

After the end of Rana ruling, open politics started in Nepal. Gradually, Nepal was introduced to many countries of the world. Nepal started to have diplomatic relationships with many countries of the world. In 1950, the first airplane landed in Kathmandu Gauchar airport. This was a significant year for tourism. It was developed as Tribhuvan International Airport. In 1953, Tenjing Sherpa and Admond Hillari successfully climbed the Mount Everest. In 1955, Nepal also became the member of United Nations. The same year Thomas Cook and Sons (Travel Agencies) brought 60 tourists by airline. This is another very significant year for Nepalese tourism.

In 1956, Nepal started planned development efforts for the development of the country. The plan had considered the tourism of Nepal as an important means to earn foreign exchange. The plan had targeted to widely disseminate information about the interests and attractions of Nepal. The plan focused to build modern hotels and facilities. It gave importance for
preservation of art and cultures and the full satisfaction of tourists. The government had allocated 1 million for the plan period in the name of commerce and tourism development. During the first plan period tourist department was established and tourist information centre was opened.

At the end of second development plan, the number of hotel beds reached to 270 (3rd Dev. Plan of Nepal). In 1959, two experts one from France and other from Switzerland were invited for the development of tourism. The experts were Jurge Lebrek from France and Dr. A. Tth from Switzerland. Their help remained important. Jurge Lebrek wrote many articles about Nepal and helped in promoting Nepal (Dahal, 2060). As per the 3rd Dev. plan document, the number of tourist visiting Nepal from 1958 to 1961 increased sharply (see Table 2).

For institutionalising tourism development in Nepal, a tourism development board was established in the year 1957. After two years, a separate department was also established. With the establishment of department, Nepal got membership in different international tourism organizations. In 1959 Nepal became the executive member of PATA. In 1977 Nepal became the President for south Asia in World Tourism Organization.

### Table 2: Number of Tourists from 1959 to 1961

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of Tourists</th>
</tr>
</thead>
<tbody>
<tr>
<td>1958</td>
<td>2056</td>
</tr>
<tr>
<td>1959</td>
<td>3397</td>
</tr>
<tr>
<td>1960</td>
<td>4637</td>
</tr>
<tr>
<td>1961</td>
<td>5954</td>
</tr>
</tbody>
</table>


Nepal’s tourism went ahead continually. Until the end of 3rd development plan, there had already been 800 hotel beds of varying standard in Kathmandu (out of which 206 were five stars and 180 were four stars). Establishment of different travel agencies, the continue improvement of Tribhuvan International Airport, the operation of air services by foreign airlines and service extension of Nepal Airlines Corporation (NAC) have been the major factors in the progress in the proceeding decades.

It was necessary to make tourism master plan in Nepal. With the help of German government, a 10-year tourism master plan was prepared. In 1984 the master plan was amended for a period of two years with a special priority in promotions and institutional issues. To give strong organizational support, ministry of tourism was established in 1977 (Satyal, 2004).

Year 1972 was also important in Nepalese tourism development. This year Hotel Management and Tourism Training Center was established (Chettri and Rayamaji, 2061). It has been providing training on cooking, hotel management, tourist guides, trekking guides, public relations and hospitality.
Government of Nepal also issued tourism act, tourism policy, immigration act, immigration regulation, industrial regulation and industrial act to develop and extend tourism in Nepal. Tourism Department was dissolved to establish Nepal Tourism Board with the participation of private sector. Civil Aviation Authority was set up in 1996. To bring cultural issues under the tourism sector, the ministry was renamed as the Ministry of Cultural, Tourism and Civil Aviation. Now, Nepal Airlines Corporation, Hotel Management and Tourism Training Centre, and Taragoan Development Committee have been put under the ministry.

Mountaineering is one major attraction in Nepal. Since 1907 many efforts were made to climb the Mount Everest. Finally, on 29 May 1953, Sir Admond Hillary of New Zealand and Tenjing Norge Sherpa of Nepal became the first persons to climb the Mount Everest. 1487 mountaineers have climbed the Mount Everest till 2005 (MCTCAa, 2006). In 2003, Nepal celebrated Golden Jubilee year of The Everest Climbing. As regards development of Trekking in Nepal, everybody was trekker in the past before the development of road and air transportations. The commercial beginning of Trekking was from 1966. The government has issued rules and regulations to administer trekking in Nepal. Some trekking routes are famous in the world.

Sir Admond Hillary started water travelling by rafting in Sunkoshi River of Nepal. In 1973, Michel Pejel did rafting in Kali Gandaki. In 1976, commercial water travelling was started in Nepal (Dahal, 2060). Nepal Association of Rafting was established in 1990. Water travel act has already issued to administer water travel. Now, there are 16 rivers opened for rafting.

With the beginning of plan history of Nepal, many efforts were made to promote tourism. Nepal organized Visit Nepal Year 98 and in 2002 it has completed Destination Nepal Campaign. After 1999, Nepal’s tourist arrival has worsened. In 2006, Nepal Tourism Board has launched a New Tourism Brand (Naturally Nepal, Once is not Enough) incorporating entire spectrum of tourism products/services to regain its lost market. This provides gateway to Nepal to promote and market its tourism product in a complete package. The New Tourism Brand will be adopted by all the travel trade and other concerned agencies that market Nepal nationally or internationally.

2.5 Contribution of Tourism to the Nepalese Economy

Tourism is one of the important sources of foreign currency earnings for Nepalese economy. In the Fiscal year 1980/81, total foreign exchange earning from tourism was Rs. 773.4 million while in 2003/04, it increased to Rs. 18,147.4 million. Tourism contributed 47.9% of total value of merchandise exports, 21.0% of total value of exports and non-factor services, 29.2% of total foreign exchange earnings and 3.1% of GDP in 1980/81. Though contribution to GDP increased to 3.7% in the Fiscal year 2003/2004, it contributed only 32.9% total value of merchandise

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exports, 20.3% total value of exports and non-factor services and 11.4% of total foreign exchange earnings (see Table 3). It is evident here that Nepal is now less dependent on tourism for foreign currency needs.

To arrive at actual contribution of tourism in foreign currency earnings, leakages should be considered (De Los Santos, 1982). In case of Nepal, percentage of leakage was estimated to be about 30% (Burger, 1978).

Table 3: Foreign Exchange Earning from Tourism (1980/81-2003/04)

<table>
<thead>
<tr>
<th>Year*</th>
<th>Total Foreign Exchange Earning from Tourism (Rs. in Million)</th>
<th>As % of Total value of Merchandise Exports</th>
<th>As % of Total Value of Exports of Goods and Non Factor Services</th>
<th>As % of Total Foreign Exchange Earnings</th>
<th>As % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980/81</td>
<td>773.4</td>
<td>47.9</td>
<td>21.0</td>
<td>29.2</td>
<td>3.1</td>
</tr>
<tr>
<td>1983/84</td>
<td>561.0</td>
<td>32.8</td>
<td>13.1</td>
<td>19.7</td>
<td>1.4</td>
</tr>
<tr>
<td>1989/90</td>
<td>3,121.2</td>
<td>59.5</td>
<td>28.5</td>
<td>23.3</td>
<td>3.2</td>
</tr>
<tr>
<td>1994/95</td>
<td>8,973.2</td>
<td>50.0</td>
<td>21.6</td>
<td>17.3</td>
<td>4.1</td>
</tr>
<tr>
<td>1998/99</td>
<td>12,167.8</td>
<td>34.1</td>
<td>18.5</td>
<td>15.9</td>
<td>3.6</td>
</tr>
<tr>
<td>1999/00</td>
<td>12,073.9</td>
<td>24.2</td>
<td>13.0</td>
<td>8.8</td>
<td>3.2</td>
</tr>
<tr>
<td>2000/01</td>
<td>11,717.0</td>
<td>21.0</td>
<td>12.0</td>
<td>7.4</td>
<td>2.9</td>
</tr>
<tr>
<td>2001/02</td>
<td>8,654.3</td>
<td>14.9</td>
<td>10.6</td>
<td>6.1</td>
<td>2.1</td>
</tr>
<tr>
<td>2002/03</td>
<td>11,747.7</td>
<td>23.1</td>
<td>15.2</td>
<td>8.2</td>
<td>2.6</td>
</tr>
<tr>
<td>2003/04</td>
<td>18,147.4</td>
<td>32.9</td>
<td>20.3</td>
<td>11.4</td>
<td>3.7</td>
</tr>
</tbody>
</table>

* Note: Based on Fiscal year as Fiscal year starts in Nepal from July 16 and ends July 15. Source: MCTCA (2006)

There are many other economic advantages of tourism in Nepal. One advantage of tourism to Nepalese economy is the creation of employment. Tourism has provided total employment to 2,57,000 in 1997 (Ninth Plan of Nepal, 1997-2002). Another advantage of tourism is the revenue for the government. From mountaineering only, government received 2170,000 US $ as permission royalty for mountain climbing in 2005 (MCTCA, 2006).

Tourism is said to be vehicle for regional development since attractions are often far from main centres (De Los Santos, 1982). Nepal, since its first five year plan (1956-61), has stated to expand tourism in rural areas. However, Nepal’s tourism is mainly Kathmandu centred which is confirmed by the fact that Kathmandu represents 89.07% of total investments in hotels till the records of 1980/81 (Bhattarai, 2003). The other four regions, Mountain, Hill, Inner Terai and Terai represent only 10.93% of total capital investments in hotels (see Table 4). Recent data show that Kathmandu accounted for 13,136 rooms out of the total 20,801 rooms until 2005 (MCTCA, 2006). The study of Burger (1978) found that the impact of tourism in regional development was small and the situation remained the same till now.
Table 4: Capital Investment in Hotels by Ecological Zones (up till 1980/81)

<table>
<thead>
<tr>
<th>Ecological Zones</th>
<th>Total Investment (Rs. In Million)</th>
<th>% of Total Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mountain</td>
<td>14.429</td>
<td>1.28</td>
</tr>
<tr>
<td>Hill</td>
<td>64.44</td>
<td>5.73</td>
</tr>
<tr>
<td>Kathmandu Valley</td>
<td>1002.098</td>
<td>89.07</td>
</tr>
<tr>
<td>Inner Terai</td>
<td>20.667</td>
<td>1.84</td>
</tr>
<tr>
<td>Terai</td>
<td>23.442</td>
<td>23.442</td>
</tr>
<tr>
<td>Total</td>
<td>1125.058</td>
<td>100</td>
</tr>
</tbody>
</table>


2.6 Analysis of tourist Arrivals in Nepal

2.6.1 Number of Tourists Visiting Nepal

In 1962, only 6179 international tourists visited Nepal. In 1982, the number of international tourists visiting Nepal was 175449. From 1982 to 1992 arrivals increased by more than 90%. Tourists’ number peaked at nearly half million in 1999. The year 2002 remained the worst year as tourist arrivals plummeted to 275,468 (see Figure 3). 375,398 tourists visited Nepal in 2005. The figure was a decline of 2.6% over the previous year (MCTCA, 2006). Until 2005 Nepal has not yet regained the arrival numbers as it was recorded in 1999.

2.6.2 Tourist Arrivals by Major Nationalities

Nepal has been getting large number of tourists from India. It accounts for more than 25%. Tourists from Japan, UK, USA, France and Germany were some major countries to visit Nepal in 1999. Arrivals from all the major counties except Sri Lanka decreased by significant percent (5% - 62%) between 1999 and 2005 (Table 5). During this period, the arrivals from Switzerland and Canada decreased by 62% and 61% respectively. The arrival from Spain decreased by only 5%. Arrival from Sri Lanka increased by 51%.

Number of tourists from other than previous major countries has increased significantly by 32 % in 6 years period. Tourists from South Korea, Bangladesh and China are growing in speed creating new hopes.
Figure 3: The Number of International Tourist Visiting Nepal

![Bar chart showing the number of international tourists visiting Nepal from 1962 to 2005.](chart)

Source: MCTCA (2006)

Table 5: Tourists Arrivals by Major Nationalities

<table>
<thead>
<tr>
<th>Countries</th>
<th>1999</th>
<th>2005</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>140661</td>
<td>95685</td>
<td>-32%</td>
</tr>
<tr>
<td>Japan</td>
<td>38893</td>
<td>18238</td>
<td>-53%</td>
</tr>
<tr>
<td>UK</td>
<td>36852</td>
<td>25151</td>
<td>-32%</td>
</tr>
<tr>
<td>USA</td>
<td>39332</td>
<td>18539</td>
<td>-53%</td>
</tr>
<tr>
<td>France</td>
<td>39332</td>
<td>18539</td>
<td>-42%</td>
</tr>
<tr>
<td>Germany</td>
<td>26378</td>
<td>14345</td>
<td>-46%</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>12432</td>
<td>18770</td>
<td>+51%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>17198</td>
<td>8987</td>
<td>-48%</td>
</tr>
<tr>
<td>Italy</td>
<td>12870</td>
<td>8785</td>
<td>-32%</td>
</tr>
<tr>
<td>Australia</td>
<td>11873</td>
<td>7083</td>
<td>-40%</td>
</tr>
<tr>
<td>Spain</td>
<td>9370</td>
<td>8891</td>
<td>-5%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>8431</td>
<td>3163</td>
<td>-62%</td>
</tr>
<tr>
<td>Canada</td>
<td>7578</td>
<td>4168</td>
<td>-45%</td>
</tr>
<tr>
<td>Austria</td>
<td>6377</td>
<td>3007</td>
<td>-53%</td>
</tr>
<tr>
<td>Den Mark</td>
<td>4577</td>
<td>1770</td>
<td>-61%</td>
</tr>
<tr>
<td>Others</td>
<td>94192</td>
<td>124737</td>
<td>+32%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>491505</td>
<td>375398</td>
<td>-24%</td>
</tr>
</tbody>
</table>

Sources: Calculated from the data of MCTCA (2006)

If we compare tourist arrivals among regions, the share of Asia is growing while the share of Western Europe and America is declining (Table 6). Asia’s share of the total inbound tourists to Nepal was just 4% in 1962. It increased to 50.8% in 1999. From 1999 to 2005, arrival from Asia increased to 61.3% of total arrivals in Nepal. On the other hand, in 1962, North America’s share of total tourists to Nepal was 60.3% which decreased to 6.1% in 2005. In 1962, the
The number of tourists from Western Europe was 32% of total tourists and its share decreased to about 26% in 2005.

Table 6: Share of Tourists from Different Regions

<table>
<thead>
<tr>
<th>Regions</th>
<th>1962 (%)</th>
<th>1999 (%)</th>
<th>2005 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>60.3</td>
<td>9.5</td>
<td>6.1</td>
</tr>
<tr>
<td>Western Europe</td>
<td>32</td>
<td>33.6</td>
<td>26.1</td>
</tr>
<tr>
<td>Asia</td>
<td>4</td>
<td>50.8</td>
<td>61.3</td>
</tr>
<tr>
<td>Australia and Pacific</td>
<td>1.9</td>
<td>3.1</td>
<td>2.2</td>
</tr>
<tr>
<td>Central and South America</td>
<td>0.9</td>
<td>1.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>0.4</td>
<td>1.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Africa</td>
<td>0.1</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Others/ Not Mentioned</td>
<td>0.4</td>
<td>0</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Calculated from the data of MCTCA (2006)

The number of tourists from Asia is growing. The number of tourists from China, Sri Lanka, Bangladesh and South Korea is also growing in speed in recent years. In 2004, the number of tourists from China is 13326 while in 2005 the number reached to 21170. Within 6 years’ period number of Chinese tourists to Nepal has grown by 4 times. China has put Nepal on the lists of outbound destinations for Chinese tourists. It is the only South Asian countries listed (United Nations, 2003). This also helps Nepal to attract Chinese tourists. In 2005, one European and 4 Asian countries each sent more than 5% of total tourists in Nepal (see Table 7).

Table 7: Share of Top Five Countries in 2005

<table>
<thead>
<tr>
<th>Countries</th>
<th>Number of Tourists</th>
<th>Share of Tourists</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>96434</td>
<td>25.7%</td>
</tr>
<tr>
<td>UK</td>
<td>25151</td>
<td>6.7%</td>
</tr>
<tr>
<td>China</td>
<td>21170</td>
<td>5.6%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>20201</td>
<td>5.4%</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>18770</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

Source: Calculated from the source MCTCA (2006)

Nepal is also trying to include Nepal’s name on the lists of destinations where Indian employees can visit. India has been providing travel incentives to its 2 million employees. Now they can visit only in India. If India includes Nepal’s name, it will help a lot to Nepalese tourism industries.
2.6.3 Tourists’ Purposes to Visit Nepal

In the year 1970, tourists who visited Nepal for holiday/pleasure purpose were about 91% of total arrivals (MCTCA, 2006). Tourists for trekking and mountaineering, business, official, and other purposes were 1.2%, 2%, 3.3%, and 2.4% respectively. From 1970 to 2005, holiday/pleasure tourists decreased to 42.7% of total tourists. 16.4% of total tourists came for trekking/ mountaineering in 2005. Business tourists, official tourists (who expressed their visiting purpose as official) and pilgrimage tourists were 5.9%, 4.5% and 12.7% respectively. Tourists who did not specified purposes (others) were 17.9%.

Pilgrimage tourism is a growing segment in Nepal. In 1990, 2.6% tourists of total arrivals visited Nepal for pilgrimage. Between 1990 and 2005, pilgrimage tourists increased to 12.7%. In fact, growth of tourists from Sri Lanka helped to increase share of pilgrimage tourists in Nepal. They have been visiting Nepal mainly for pilgrimage purpose. It is a Buddhist country and Nepal is a holy place for Buddhists. About 93% tourists from Sri Lanka stated that they had come for pilgrimage in 2005 (MCTCA, 2006). It can be said that the Nepalese tourism is moving toward sustainable direction making it less dependent in one segment of market.

Until 2001, Indian tourists had little interests in trekking and mountaineering. There were not any Indian tourist for trekking and mountaineering in 2001 (MCTCA, 2006). But situation has completely changed. 9 percent of total Indian tourists came for trekking and mountaineering in 2005 (see Table 8). It is further evident of the diversification of Nepalese tourism.

Table 8: Indian Tourists and Reasons for Visiting Nepal in 2001 and 2005

<table>
<thead>
<tr>
<th>Reasons for Visiting Nepal</th>
<th>% in 2001</th>
<th>% in 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holidays/Pleasure</td>
<td>64</td>
<td>45</td>
</tr>
<tr>
<td>Trekking and Mountaineering</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Business or Official</td>
<td>24</td>
<td>17</td>
</tr>
<tr>
<td>Pilgrimage</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>23</td>
</tr>
</tbody>
</table>

Sources: MCTCA (2006)

The visit purposes of other major countries of Asia (China, Bangladesh, South Korea) are not known, as data is limited. The data for very important segment i.e. Visiting Friends and Relatives (VFR) has not been recorded.
2.6.4 Length of Stay and Tourists’ Expenditure

TRPAP (2004) stated that lack of data on visitor expenditure is a major planning weakness in Nepal. The average visitor expenditure per day is US $ 58.1 in 2005. It is higher than the expenditure of 2004 but quite lower than the expenditure of 2003 (see Table 9).

The average income per visitor per day fluctuated sharply from 2001 to 2005. In 2001, it was just US $ 39.6 that rose to US $ 64.8 in 2002 and doubled in 2003. However, it decreased sharply to US $ 45.1 in 2004. To see if there is any relation between average length of stay and average per day expenditure, the data of 7 years is compared in the Table 9.

<table>
<thead>
<tr>
<th>Years</th>
<th>Average Length of Stay</th>
<th>Average Income from a Tourist per day in US $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>12.28 Days</td>
<td>39 US $</td>
</tr>
<tr>
<td>2000</td>
<td>11.88</td>
<td>38.2</td>
</tr>
<tr>
<td>2001</td>
<td>11.93</td>
<td>39.6</td>
</tr>
<tr>
<td>2002</td>
<td>7.92</td>
<td>64.8</td>
</tr>
<tr>
<td>2003</td>
<td>9.6</td>
<td>79.1</td>
</tr>
<tr>
<td>2004</td>
<td>13.51</td>
<td>45.1</td>
</tr>
<tr>
<td>2005</td>
<td>9.09</td>
<td>58.5</td>
</tr>
</tbody>
</table>

Source: MCTCA (2006)

The increase in the length of stay has contributed to the total earning. While in average lower length of stay has produced higher per day income. In 2001, tourists spent about 12 days in average and their average daily income per tourist was 38.2. On the other hand, the average length of stay in 2003 was 9.6 days but per day income from Tourists is so high (nearly US $ 80).

One finding is that objective of increasing length of stay has negative result or no positive result. On the other hand, if tourists stay more days in Nepal he might not return back again because he will already have experienced most of the attractions of Nepal.

There is lack of reliable data about the per day expenditure of tourists from different countries. The survey of Nepal Tourism Board (2001) estimated visitor expenditure by different market. This shows that the average per day expenditure of a Chinese tourist is US $ 55, which is the highest among the 9 countries surveyed (see Table 10). However, the survey report should be taken cautiously since it was conducted with a small sample (TRPAP, 2004).
Table 10: Estimated Visitors Expenditure of Tourists by Markets for 9 Countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Per Day Expenditure in US $</th>
<th>Per Trip Expenditure in US $ in 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>48</td>
<td>520</td>
</tr>
<tr>
<td>Japan</td>
<td>26</td>
<td>620</td>
</tr>
<tr>
<td>UK</td>
<td>22</td>
<td>877</td>
</tr>
<tr>
<td>USA</td>
<td>40</td>
<td>1187</td>
</tr>
<tr>
<td>France</td>
<td>28</td>
<td>768</td>
</tr>
<tr>
<td>Germany</td>
<td>26</td>
<td>714</td>
</tr>
<tr>
<td>China</td>
<td>55</td>
<td>588</td>
</tr>
<tr>
<td>South Korea</td>
<td>32</td>
<td>420</td>
</tr>
<tr>
<td>Spain</td>
<td>35</td>
<td>895</td>
</tr>
</tbody>
</table>

Source: Nepal Tourism Board (2001)

2.6.5 Seasonality of Tourism in Nepal

Nepal enjoys a long tourism season. The peak seasons are the March, September, October and November. The June and July are the off-season. June/July is the rainy time of Nepal. The sky is cloudy, the road in the rural areas are muddy during this time. The highest amount of rain falls on Pokhara of Nepal. But seasonal variability is not so high in Nepal (see Figure 4). The percentage of total tourists in six peak months is about 62% in 2005. The remaining six months have about 38% of total tourists.

Figure 4: Number of Tourists by Months in 1999 and 2005

Sources: MCTCA (2006)
2.6.6 Demography

At present more than 60% visitors to Nepal are male. TRPAP (2004) stated that this is consistent with a country whose image has been built on trekking and mountaineering. In 2005, the male number increased to 68% of total tourists. Tourists below 15 years of age are about 8% in 2005, which was 4% in 2000. And 18% tourists are above 61 years or more. This means the number of older segment of tourists is also significant in Nepal.

2.6.7 Sources of Information Used by Tourists

It is very important to know which source of information tourists use to come to Nepal. This information can be used to design marketing activities. Crotts (1999) states that advice from friends and relatives are found to be the most frequently acquired and influential sources of information. But advices can be good or bad based on the friends and relatives’ previous experience with a destination. The survey of NTB (2001) found that words of mouth are the main sources of information for tourists to visit Nepal also. For them, guidebooks are also important and less important are travel agents and (at present) the Internet. But use of Internet is growing. Shrestha (2000) found that the highest number (67.8%) of visitors viewed that friends and relatives are the main source of information to come to Nepal, followed by guide books (28.9%), prior visit (22.8%), travel magazines (20.1%) and so on. Travel agents, newspaper and television motivated a very small segment of visitor. TRPAP (2004) states that Internet is likely to grow in importance.

2.6.8 Nepal and Other Destination Countries

According to TRPAP (2004) Nepal’s main competitors are those countries which can offer a similar mountain and cultural products. Most of these are either in or beyond the great Himalayan mountain range. These countries are Bhutan, China (Tibet and Yunnan), North India and Pakistan. Other long haul options are also emerging as serious competitors for adventure travellers. Destinations like Bolivia, Peru is emerging. Similarly, South Africa and New Zealand are also in the roads of adventure tourism. These destination countries have infrastructures many times greater than Nepal. Peru alone has 121,624 lodging offerings with 229,886 beds, more than 78,000 km of highways and 10 airports ready for international flights (http://www.peru.info/peru.asp, visited on 2006 June). India and China both have many World Heritages sites. The continued economic growth of these countries has attracted the attentions of
many people worldwide and getting headlines in international journals and newspapers. Such activities also can help to attract many international visitors.

NTB (2001) compared Nepal with a range of other mountainous destinations (Australia, Bolivia, New Zealand, Chile) and other 5 Asian destinations (Singapore, Tibet (China), Bhutan, Malaysia, and India). Key findings are:

Nepal compares favourable in the following areas:
- Friendly People
- Good Facilities
- Adventure Travel Destination
- Wildlife Destination
- Adventure Tourism
- Culture
- Pilgrimage
- Value for money
- Overall experience

This study also shows that Nepal seems unfavourable in many respects. Nepal compares unfavourable in these areas:
- Entertainment
- Shopping
- Exoticism
- Nature
- And relaxation

2.7 Growth of World Tourism and Nepal’s Situation

2.7.1 Growth of World Tourism

Tourism is one of the world’s largest and the fastest growing industries of the world. It has played very important role. It is growing sector and accounted directly and indirectly for more than 10% of global GDP (Weaber and Lawton, 2006). Some 10% of jobs in the world are now related to tourism (Laws, 2004).

The recent data published by WTO (2006a) shows that despite various terrorists’ attacks and natural disasters, the recovery that was started in 2004, continued through 2005. According to the preliminary results presented in 2005 the recorded number of international tourist arrivals worldwide grew by 5.5% and exceeded 800 million for the first time ever. The news mentions
that Growth in Asia and the Pacific averaged 7%. Northeast Asia (+10%) emerged as the most dynamic sub region with the strongest performers being Taiwan (+15%, Jan-Oct), China (+13%, Jan-Nov) and Japan (+9%, Jan-Nov). Modest growth was recorded in South-East Asia (+4%), Oceania (+4%) and South Asia (+4%).

The substantial growth of the tourism activity clearly marks tourism as one of the most remarkable economic and social phenomena of the past century. The number of international arrivals shows an evolution from a mere 25 million international arrivals in 1950 to 766 million in 2004, corresponding to an average annual growth of 6.5 percent. Europe and Americas were the main tourist-receiving regions between 1950 and 2000. Both regions represented a joint market share of over 95 percent in 1950 and 76 percent in 2000 (WTO, 2006b).

Substantial growth is also seen in receipts from international tourists. In 1950, receipt from international tourism was US $ 2.1 billion, which increased to US $ 105.3 billion in 1980 and reached US $ 682 billions in 2005. The receipts are 347 billions for Europe, 145 billions for Americas, 139 billions for Asia and Pacific, 29 billions for Middle East and 21 billions for Africa. In absolute terms, international tourism receipts increased by US $ 49 billion in 2005 (WTO, 2006b).

2.7.2 Future Prospects of World Tourism

World tourism is expected to grow continually at least until 2020, which is evident from the World Tourism Organization’s long-term forecasts known as “Tourism 2020 Vision”. International arrivals are expected to reach over 1.56 billion by the year 2020 (see Figure 5). Out of this, 1.2 billion will be intraregional and 0.4 billion will be long-haul travelers. The base year for the forecast was 1995.

The number of South Asian international tourists that was only 4 million (.07% of market share for 1995) is expected to reach 19 million (1.2% of market share for 2020) in 2020. According to the forecasts, it is expected to grow by 6.2% in average between 1995 and 2020 (see Table 11).

The Vision 2020 forecasts is supported by trends like population growth, change in lifestyles, globalisation and increased global visit, economic progress of developing countries, revolution in transportation, political factor etc. The world population is expected to grow continually. It was reported that there would be about 8.5 billion people in the world by 2025 if it grow at the middle rate (Johnson, 1994). Growing population means more probable consumers that will help to grow both domestic and international tourism. Reduced family size and growing urbanization also help to grow tourism. Similarly, increased discretionary time due to lower working hour, introduction of two-day weekend and introduction of annual holiday entitlement
will also support to grow tourism (Weaver and Lawton, 2002). Leisure conscious has been enhanced with travel no longer seen as a luxury (Singh, 1997).

Figure 5: World Tourism Forecasts for 2020

![World Tourism Forecasts for 2020](source)

Source: Adopted from World Tourism Organization ([www.unwto.org](http://www.unwto.org)), site visited on 6 June 2006

Table 11: World Tourism Forecasts for 2020

<table>
<thead>
<tr>
<th></th>
<th>Base Year 1995 (Million s)</th>
<th>Forecast s for 2010 (Million s)</th>
<th>Forecast s for 2020 (Million s)</th>
<th>Market Share for 1995 (%)</th>
<th>Market Share for 2020 (%)</th>
<th>Average Annual Growth Rate from 1995-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>565</td>
<td>1006</td>
<td>1561</td>
<td>100 %</td>
<td>100 %</td>
<td>4.1</td>
</tr>
<tr>
<td>Africa</td>
<td>20</td>
<td>47</td>
<td>77</td>
<td>3.6</td>
<td>5</td>
<td>5.5</td>
</tr>
<tr>
<td>Americas</td>
<td>110</td>
<td>190</td>
<td>282</td>
<td>19.3</td>
<td>18.1</td>
<td>3.8</td>
</tr>
<tr>
<td>East Asia and the Pacific</td>
<td>81</td>
<td>195</td>
<td>397</td>
<td>14.4</td>
<td>25.4</td>
<td>6.5</td>
</tr>
<tr>
<td>Europe</td>
<td>336</td>
<td>527</td>
<td>717</td>
<td>59.8</td>
<td>45.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Middle East</td>
<td>14</td>
<td>36</td>
<td>69</td>
<td>2.2</td>
<td>4.4</td>
<td>6.7</td>
</tr>
<tr>
<td>South Asia</td>
<td>4</td>
<td>11</td>
<td>19</td>
<td>0.7</td>
<td>1.2</td>
<td>6.2</td>
</tr>
</tbody>
</table>

Source: Adopted from World Tourism Organization ([www.unwto.org](http://www.unwto.org)), site visited on 6 June 2006

Tourism for business purposes is also seemed to grow. Due to globalisation, business people may have to make more overseas visits. Another significant reason to help grow tourism is the economic growth trend of developing countries. India, China, is some examples. This growth will create greater disposal income available for travel and tourism (Weaver and Lawton, 2002).
Transportation by air sector has been safer, reliable and cheaper due to liberalization and technical progress in aviation (Forsyth, 2006). Due to trend in air sector liberalization both in domestic and international markets, competition has increased and price has reduced. Many Low cost carriers have started services. Lower price can create more travellers. Similarly use of information technology such as Internet can increase the education, and awareness of people about other areas of the world. This can add interest in travel and tourism and may create more demand.

Political factors can also affect growth of tourism positively and negatively. Increasing freedom of people to travel internationally and domestically will help to grow tourism. The collapse of Soviet Union and its socialist orbit in the early 1990s has meant an additional 400 million now have greater freedom to travel. Likewise, more deliberate has been the Chinese government’s increment moves to allow its 1.3 billion people to foreign travel (Weaver and Lawton, 2002). The general trend in Asia Pacific is toward a reduction of travel barriers to promote tourism (Singh, 1997). These all trends seem to shape the future of tourism toward positive trends.

2.7.3 Present Situations of Tourism in Nepal

Though number of international tourists and revenue from international tourism increased significantly in 2005, Nepal experienced a negative growth of 2.6% in arrival and 17.5% in gross foreign currency earning. Till 2005, Nepal has not yet succeeded to regain tourist arrival and gross foreign currency earning recorded in 1999. Despite attractions of Mount Everest and renowned heritage sites, its share in the tourist arrival is only .046% of world market and the share in revenue generated is (see Table 12).

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>World*</th>
<th>Nepal**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total international visitors</td>
<td>808 million</td>
<td>375398 (.046 %)</td>
</tr>
<tr>
<td>Revenues in US $ from International Tourism</td>
<td>682 billions US$</td>
<td>148 millions US$ (.02 %)</td>
</tr>
</tbody>
</table>

*Source: World Tourism Organization (WTO), 2006a
**Source: MCTCA (2006)

Compared with that of other Laces (Lower Developed Countries), the performance of Nepal is somewhat disappointing. Nepal remained among the top five Laces in relation to visitor numbers (UNCTD, 2003). Table compares Nepal's performance with that of two other LDC tourism leaders – the United Republic of Tanzania and Cambodia. Nepal’s performance both in terms of growth and revenue is too law (see Table 13).
Table 13: Comparison of Tourist Arrivals and Expenditure 1990-2000

<table>
<thead>
<tr>
<th>Countries</th>
<th>Arrivals of Tourists (Thousands)</th>
<th>Tourism expenditures in Millions of US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>17</td>
<td>220</td>
</tr>
<tr>
<td>Nepal</td>
<td>255</td>
<td>363</td>
</tr>
<tr>
<td>Tanzania</td>
<td>153</td>
<td>285</td>
</tr>
</tbody>
</table>

*Not Available.

News release by World Tourism Organization on June 2006 mentioned about seven Asian nations’ outbound tourism situations (WTO, 2006d). The new research – conducted in Australia, China, Hong Kong, India, Japan, Republic of Korea and Thailand – is contained in a series of seven publications called “The Asia & Pacific Intra-Regional Outbound Series”. It mentions that Asia’s outbound growth rates and travel potential far exceed that of other economic blocs such as Europe and Americas. The resent research has shown that 78% of all international tourists in Asia come from other Asian countries. It is also suggested that Asian countries would do well to pay less attention to attracting tourists from long-haul markets in Europe and the Americas and pay more attention to bringing in tourists who live closer to home.

Table 14 presents the outbound tourism of seven Asian countries. India and China both are Nepal’s neighbors. Outbound tourism of India in 2004 is 6.1 million and China’s outbound tourism is 31 million in 2005. Weaver and Lawton (2002) mention that geographical proximity is one of the pull factors for a destination. But only about 1.5% of total outbound Indian tourists visited Nepal in 2004. On the other hand, only .07% of total outbound Chinese tourists visited Nepal in 2005. It is evident now that Nepal could not manage tourism in correct way so that it could not exploit opportunities seen around it.

Table 14: Outbound Tourism of Seven Asian Nations

<table>
<thead>
<tr>
<th>Countries</th>
<th>Outbound Visitors in million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>4.8 millions in 2005</td>
</tr>
<tr>
<td>China</td>
<td>31 Millions in 2005</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>3.5 Millions in 2005</td>
</tr>
<tr>
<td>India</td>
<td>6.1 Millions in 2004</td>
</tr>
<tr>
<td>Japan</td>
<td>16.5 Millions in 2005</td>
</tr>
<tr>
<td>Republic of Korea</td>
<td>10 Millions in 2005</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.7 Millions in 2004</td>
</tr>
</tbody>
</table>

Source: World Tourism Organization (2006d)

There are some studies about tourism in Nepal. Tourism Master Plan was carried in 1972 (Department of Tourism, 1972). Review of Master plan was conducted in 1984. Second

Chapter 3: Service Quality

3.1 Introduction to Quality

Quality has been defined taking customer in the centre of management. For Juran (1989) ‘quality is fitness for use’. He claims that the concept of fitness for use is universal and applies to all goods and services without exception. Later, Juran and Gryna (1993) define ‘quality is customer satisfaction’ and alternatively another definition of quality is ‘fitness for use’. For Deming (1986) quality should be aimed at the needs of the consumer, present and future. Takeulchi and Quelch (1983) point, “We should not forget that customer, after all, serve as the ultimate judge of quality in the marketplace”. He also says “quality should be primarily customer-driven, not technology-driven, production driven or competitor-driven”. Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs (International Organisation for Standardization, 1994).

Goods quality is the grand elder which is nearly seventy years old if the use of the statistical control chart is marked as the birth of the modern, systematic approach to quality management while service quality is an adolescent, a teenager, attempting to break into the adult world (Gummesson, 1991). Research in services started to grow in the late 1970s and after 1980s service quality has got increased attention.

Different types of service quality dimensions have been purposed in literature. Lehtinen and Lehtinen (1991) defined service quality as three-dimensional construct consisting of ‘Interactive’, ‘Physical’, and ‘Corporate’ quality. Grönroos (1984) conceptualised service quality with two components that is technical (or output) and functional (or process) quality. Parasuraman et al. (1988) defined service quality with five dimensions that is Reliability, Responsiveness, Assurance, Tangibles, and Empathy. Hedvall and Paltschik (1989) conceptualised with two dimensions referred to as ‘Willingness and Ability to Serve’ and ‘Physical and Functional Quality’.

Here is a review of how different quality gurus consider quality and quality approach.

W. Edward Deming

Deming may be the best known of quality gurus in the field of quality. He was a doctorate of Physics and keen statisticians. He was very much known in Japan and called as founder father of Japanese industrialization. Deming’s widely read book ‘Out of the Crisis (1986) presents his approach.
Deming defines quality in terms of agents however he focuses on meeting the needs of customer, both present and future (Deming, 1986, p. 5). Deming mentions that there are two types of causes of quality problem, special causes and common causes. His Statistical Process Control (SPC) chart is a key method for finding these causes. Deming explains about chain reaction where if quality improves, cost decreases, productivity increases, and it can capture the market with better quality and lower price which ultimately improves profit. To solve quality problems, he practiced systematic approach known as PDCA cycle to problem solving. This means Plan - Do - Check – Action cycle. Deming explains about seven deadly sins specially characterized by American industries (Deming, 1986):

- Lack of Constancy.
- Short term profit focus.
- Performance appraisal.
- Job hobbling (Movement within and between organizations).
- Use of visible figures only.
- Excessive medical costs.
- Excessive cost of liability.

Deming proposed 7 points action plan and 14 points quality improvement principles, which can be applied to every organizations of any size from service to product. Deming’s 14 points for leadership in quality improvement are a good guide for service managers (Edvardsson, et al., 1994)

Deming’s beliefs are mentioned as (Beckford, 1998):

- Quantitative, statistical valid, control system.
- Special and common causes.
- A systematic and methodological approach.
- Continuous improvement
- Constancy and determination.

**Philip B. Crosby**

Crosby from his two famous books ‘Quality is Free’ in 1979 and Quality without Tears’, has expressed his concepts and methods for improving quality. Generally it is believed that to produce quality products/service needs extra money or it is always expensive to produce high quality. But Crosby made it popular through his book ‘Quality is Free’ that quality does not cost. He mentions that it is not only free; it is a bountiful source of profit. However it is not a gift. By it he means it does not come itself, efforts and commitments and actions are necessary. He strongly emphasizes that quality is an achievable, measurable, profitable, entity that can be installed once you have commitment and understanding and are prepared for hard work. He
states that if customers are not satisfied with final products there are problems with Quality (Crosby, 1984).

Crosby explains following four absolutes of quality.

a. Quality is defined as conformance to requirements, not as goodness.

His concept is customer oriented. First of all, requirements must be clearly stated so that they cannot be misunderstood. The non – conformance to requirements is the absence of quality. Crosby’s definition of quality suggests that when we talk about quality of product/service he means to meet customers’ or users’ requirements.

b. The System of Quality is Prevention.

Crosby believes that it is always cheaper to do it right the first time (DIRFT). Crosby puts many simple examples to explain prevention. Prevention is something we know how to do if we understand our process. As one example, he says if a sales person is driving from a strange airport, into a strange town, it is best to ask for directions prior to heading out on the highway. This is the preventive method to go to the place right the first time. Inspection is a cost ant it is expensive. For producing a quality product, quality must be built in focussing on prevention.

c. The performance standard is Zero Defects:

Another his most famous idea is zero defects performance standard. His idea to go for perfection creates the need for continuous improvement. Zero defects build the attitude of defect prevention. It means do the job right the first time.

d. The cost of quality is the price of non-conformance:

As Crosby says the cost of quality is divided into two areas - the price of non-conformance and the price of conformance (POC). Price of non-conformance is the all expense involved in doing things wrong. Crosby believes that 20 % of manufacturing costs relative to failure whilst for service companies this is around 35 %. Similarly Crosby suggests that management is responsible for quality as he says that 85 % of quality problems are within the control of management.

As Beckford (1998) notes, there are three essential strands in Crosby’s perspective on quality- a belief on quantification, management leadership, and prevention rather than cure. Crosby awakened the world to the notion that quality rests in the hand of management, not in the quality control department. It must start at the top. He has practiced quality improvement with his 14 steps program:

- Management commitment
- Quality improvement team
- Quality measurement
- Cost of quality evaluation
• Quality awareness
• Corrective actions
• Establish an Ad Hoc committee for the zero defects programme.
• Supervisor training
• Zero defects day
• Goal setting
• Error causes removal
• Recognition
• Quality council
• Do it over again

Beckford (1998) pointed that the first two steps may be addressing cultural aspects of organisation. The final step “Do it Over Again” should be seen as quality improvement never ends as customers’ needs and expectations continuously change. Crosby’s quality improvement method has also some tools like Quality Management Maturity Grid, which is a device to examine the status of quality efforts in an organisation.

Feigenbaum
Dr Armand V. Feigenbaum is the originator of Total Quality Control, an approach to the quality and productivity that has profoundly influenced the competition for world markets in the United States and Japan and throughout the world. Orienting customers, Feigenbaum (1991) defines quality as a customer determination, not an engineer’s determination, not a marketer’s determination or a general management determination. He further adds that “The total composite product and service characteristics of marketing, engineering, and maintenance through which the product and service in use will meet the expectation of the customer”.

His total quality control focuses on integrating various groups in organisation toward full customer satisfactions. His belief is that an organisation should be involved in the quality process and that quality should be built in to the product rather than failure is inspected out. In his phrase ‘quality control’ the word ‘quality’ does not have the proper meaning of ‘best’ in any absolute sense, only best for certain customer requirements. His word ‘quality control’ represents a management tool with simplified four steps:

• Setting quality standards
• Appraising conformance to these standards
• Acting when the standards are exceeded
• Planning for improvements in the standards
He noted that the human factor is of greater importance for product quality than technological factors. For Feigenbaum, ‘quality is, in its essence, a way of managing’. He notes that one basic concept in organising quality control is “Quality is everybody’s job”.

In contrast with greater statistical emphasis in the work of Deming, he focuses reliance on human aspects of the organisation with statistical methods being used as necessary (Beckford, 1998). Feigenbaum raises the issue about the selling price, which has not been met and clearly indicates that for any given price the expectations of quality limit. Beckford (1998) summarises the Feigenbaum’s philosophy that it includes a systematic total approach and an emphasis on designing for quality and involving all department.

**Juran**

Like Deming, Juran is a reputed name in the field of quality. Writer of many books, he is a naturalised American. He commenced his career as an engineer in 1924, subsequently working as an executive, civil servant, professor, as well as management consultant and director of Juran Institute, Inc. Along with Deming, he worked in Japan in the 1950s. As Beckford mentions, his book ‘Juran on planning for quality’ is the most relevant one.

Juran (1989) mentions ‘human needs of quality have existed since the down of history’. He mentions that reaching agreement on the meaning of quality is not simple. For managers, no short definition is really precise, but one such definition has received wide acceptance, ‘quality is fitness for use’. He claims that the concept of fitness for use is universal and applies to all goods and services without exception. Later, Juran (1993) defines ‘quality is customer satisfaction’ and alternatively another definition of quality is ‘fitness for use’. He divides the fitness for use in two branch of definition: customer needs and freedom from deficiencies. He mentions in the preface of his book ‘Quality Planning and Analysis’ that ‘quality failures can and do result in serious human inconvenience, economic waste, and sometimes loss of life’.

The important strand of Juran’s thinking is included in his trilogy:

- Quality Planning
- Quality Control
- Quality Improvement

Juan’s ten steps to continuous quality improvements are:

- Create awareness of the need and opportunity for quality improvement.
- Set goals for continuous improvement.
- Build an organisation to achieve goals by establishing a quality council, identifying problems, selecting a project, appointing teams and choosing facilitations.
• Give everyone trainings
• Carryout projects to solve problems.
• Report progress
• Show recognition
• Communicate results
• Keep a record of success
• Incorporate annual improvements into the company’s regular systems and processes and thereby maintain mome

Beckford (1998) summarised Juran’s key beliefs as:
• Management is largely responsible for quality.
• Quality can only be improved through planning.
• Plans and objectives must be specific and measurable.
• Training is essential and starts at the top.
• Three step process of planning, control and action.

David Gravin
Gravin is a Harvard Professor. Gravin (1987) purposed eight dimensions or categories of quality that can serve as a framework for strategic analysis. He stated that quality should be taken as strategy. So it is necessary to break down quality into manageable parts. Following are his eight dimensions of quality:

According Gravin a product or service can rank high on one dimension of quality and low on another. Indeed, an improvement in one may be achieved only at the expense of another. So the challenge of managers is to compete in selective dimensions. Quality is not simply a problem to be solved; it is a competitive opportunity. He mentioned that high quality means pleasing customers, not just protecting customer from annoyances.

3.2 Quality Award Model

To promote total quality management, Deming Prize for quality was founded in Japan. Malcolm Baldrige Award was established in America to promote quality in America. Following the American Malcolm Baldrige Award, European Foundation for Quality Management (EFQM) Excellence Model was created to promote TQM in Europe. Here we introduce EFQM Excellence model.
European Foundation for Quality Management (EFQM) Excellence Model

European Foundation for Quality Management (EFQM) was formally established on 15 September 1988 in Brussels. The president of 14 leading European companies came together to create the EFQM. In 1991 the EFQM Excellence Model was born. There are more than 700 members now. Its mission was “to promote, and where possible to assist management in the understanding and application of total quality principles” (European Quality, 1999).

The Fundamental Concept

Being The EFOM Model a non-prescriptive framework, it recognizes that there are many approaches to achieving sustainable excellence. Within this non-prescriptive approach there are some Fundamental Concepts, which underpin the EFQM Model.

The concepts will be mentioned below.

- Result Orientation
  Excellence is achieving results that delight all the organization’s stakeholders.
- Customer Focus
  Excellence is creating sustainable customer value.
- Leadership and Constancy of Purpose
  Excellence is visionary and inspirational leadership, coupled with constancy of purpose.
- Management by Process and Facts
  Excellence is managing the organization through a set of interdependent and interrelated systems, processes and facts.
- People Development and Involvement
  Excellence is maximizing the contribution of employees through their development and involvement.
- Continuous Learning, Innovation and Improvement
  Excellence is challenging the status quo and effecting change by utilizing learning to create innovation and improvement opportunities.
- Partnership Development
  Excellence is developing and maintaining value-adding partnerships.
- Corporate Social Responsibility
  Excellence is exceeding the minimum regulatory framework in which the organization operates and to strive to understand and respond to the expectations of their stakeholders in society.
**EFQM Excellence Model**

EFQM Excellence Model was born in 1991 as the framework for assessing organizations for the European Quality Award. The model is a framework, which helps organizations to identify their strengths and the areas in which they need to improve. It is said to be flexible and it can be applied to organizations large and small, in the public as well as the private sector. The model has nine criteria: five ‘enabler’ criteria (leadership, people, policy and strategy, partnership and resources, process) and four ‘results’ criteria (customer results, people results, society results, key performance results (see Figure 6). The nine criteria were further divided into 32 sub-criteria. The premise was that outstanding performance in enablers ultimately leads to better results and enablers are improved using feedback from results. The relationships between enablers and results criteria give the model its strength (Pyke et al., 2001).

The both enablers and results sides have weighting (see Table 15). However, the analysis of Eskildsen, et al. (2001) shows that the perceived criterion weights vary from the current allocation in the EFQM excellence model.

The arrows emphasize the dynamic nature of the model (see Figure 1). They show innovation and learning helping to improve enablers that in turn lead to improved results.

**Figure 6: EFQM Excellence Model**

At the heart of the model lies the RADAR logic, which has four elements - Results, Approach, Deployment, Assessment and Review. The element of Approach, Deployment, Assessment and
Review are used when assessing “Enabler” criteria and the Results element is used when assessing “Results”.

Table 15: Model Criteria and Weighting of Each

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enablers:</td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td>10%</td>
</tr>
<tr>
<td>People</td>
<td>9%</td>
</tr>
<tr>
<td>Policy and Strategy</td>
<td>8%</td>
</tr>
<tr>
<td>Partnership and Resources</td>
<td>9%</td>
</tr>
<tr>
<td>Process</td>
<td>14%</td>
</tr>
<tr>
<td>Results:</td>
<td></td>
</tr>
<tr>
<td>People Result</td>
<td>9%</td>
</tr>
<tr>
<td>Customer Result</td>
<td>20%</td>
</tr>
<tr>
<td>Society Result</td>
<td>6%</td>
</tr>
<tr>
<td>Key Performance Result</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.3 Concept of Service

Service is defined as an intangible offering and does not include the transfer of ownership as products. Kotler and Armstrong (1991) define that a service is an activity or benefit that one party can offer to another party that is essentially intangible and does not result in the ownership of anything. Zeithaml et al. (1996) define services as deeds, process and performances. Shostack (1977, 1984) takes service as an experience, which cannot be stored on a shelf, touched, tested or tried on for size. When we buy the use of a hotel room, we take nothing away with us only the experience of a night’s stay. When we fly, we are transported by an airplane but we don’t own it. If we hire a consultant, his product may appear as a bound report, what we get is his mental capability and knowledge, not paper and ink.

The well-known characteristics of services are intangibility, inseparability and heterogeneity. Palmer (1994) argued that pure services have features of intangibility, inseparability, variability, perishability and inability to own. Schneider and White (2004) defines characteristics of services in relative intangibility, relative inseparability, and heterogeneity all obviously range from high to low. The higher on the continua, the more like a pure service it is, the lower on the continua, the more like a pure good it is.

The importance of service sectors has been growing everyday. Service sector accounts for most of the new job growth in developed countries. Its GDP contribution has been growing since 1966. As it is clearly different from product, the strategy and practice of managing services also differ from managing product. That’s why study of services management has been growing since 1980.
3.3.1 Differences between Products and Services

Grönroos (2000) provided following differences between product and services.

**Physical goods**
- Tangible
- Homogeneous
- Production and distribution
  - A thing
  - Core value produced in the factory
  - Customer does not (normally) participate in the production process
  - Can be kept in stock
  - Transfer of ownership

**Service**
- Intangible
- Heterogeneous
- Production, distribution and consumption
  - An activity or process
  - Core value produced in buyer – seller interactions
  - Customers participate in the production process
  - Cannot be kept in stock
  - No transfer of ownership

3.3.2 Classifying Services

Different authors have classified services in different ways. Lovelock (1983) reviewed the past classification from 1960 to 1980 and purposes five schemes. His five classifications are based on:
- Nature of service act.
- Service organization’s relationship with customer.
- Customisation and judgment on the part of the service provider.
- What is the nature of demand and supply for the services?
- How is the service delivered?
The author concludes that these classifications can contribute management practice in better way.
3.3.3 Evolution of Services

Fisk, et al. (1993) did a very good job of tracking the evolutions of service sectors in their article published in the ‘Journal of Retailing’. These authors trace the literatures through three stages: Crawling Out (1953 - 79); Scurrying About (1980 -1985); and Walking Erect (1986 – present). The discussion of the three stages shows how the literature has evolved from the early service marketing is different debate to maturation of specific topics (e.g. service quality, service encounters), and the legitimisation of the service marketing literature by major marketing journals. The authors used bibliographies contains focusing exclusively on the general services marketing literatures containing 1127 sources as of November 1992. Journal articles, books, conferences proceedings papers, and dissertations are the four major sources included. The first services publication included in the data is 1953. Thus a Crawling Out stage represents a 27-year time period. The Crawling Out stage was a time of discovering and risk taking. The period captures the beginning of the service marketing literature and continues through the goods marketing vs service marketing debate. The entire output of this 27-year period is 120 publications, must of which were published in the 1970s. The first scholar studying services marketing was McDowell, Ward, J. in 1953 by the dissertation titled ‘The Marketing of Consumer Services’.

During Scurrying About (1980 – 1985) period, high interests and enthusiasms were found in service marketing. During this short period, literature increased significantly and two new journals came into being: the Service Industries Journal (SIJ) in 1980 and the journal of Professional Service Marketing (JPSM) in 1985.

Walking Erect (1986 - Present) period can be taken as a period of explosive growth in number of publications and empirical and theoretical rigor in their content. Service quality also became most researched area in this period.

3.4 Service Quality

As service management is different from product management and service has characteristics of intangibility, heterogeneity, inseparability and perishability, goods sector definition of service quality is not sufficient. Parasuraman et al. (1985) based on their landmark research define service quality as the discrepancy between consumers’ perceptions of service and their expectations about such service.

Now many researchers on service marketing and management agree on the definition of service quality provided by Parasuraman et al. (1985). Grönroos (2000) noted that quality is to the large extent perceived subjectively and the total perceived quality is determined by the gap
between the expected and experienced quality. Edvardsson, et al. (1994) talked about ‘right quality’. They provide the definition of right quality in the following terms:

‘The right quality is achieved when expectations are fulfilled, a need satisfied and demands met: those of customers, staff and owners’. Their definition is broad and on TQM perspective.

Parasuraman et al. (1988) further clear that service quality is a form of attitude, related but not equivalent to satisfaction. And it results from comparison of expectations with perception of performance.

3.4.1 Service Quality Conceptualisation

Carman (1990) noted, “Conceptualisation and measurement of service quality has been an elusive concept primarily because of service intangibility, the problems associated with simultaneously production and receipt of service and the difference between mechanistic and humanistic quality”. Few academic researchers have attempted to define and model quality because of the difficulties involved in delimiting and measuring the construct (Parasuraman et al., 1985). Parasuraman et al. (1985) developed a model of service quality and offered propositions for future research through an explorative investigation of quality in four service firms. The model has marketer’s side in the lower portion of figure and consumer’s side in the upper portions with four gaps in the service marketer’s side and one gap in the consumer’s side (see Figure 7).

Gap1. Consumer expectation and management perception gap:
“Knowing what consumers expect is the first and possibly most critical step in delivering quality service (Parasuraman et al., 1985). But manager’s perception of consumer’s expectation will not always match with real expectation of consumer. This situation creates gap 1. This gap will have an impact on the consumers’ evaluation of service quality. The reasons given for this gap are the lack of marketing research orientation, inadequate upward communication and too many levels of management.

Gap 2. Management perception and service quality specification gap:
Though the managers accurately understand what customers expect, they find it difficult to establish specifications on service quality standards. The reasons that contribute this gap are inadequate management commitment to service quality, perception of infeasibility, inadequate task standardization etc.

Gap 3. Service quality specifications and service delivery gap:
This gap originates from service quality specifications and actual service delivery service organizations want to deliver. The reasons given are role ambiguity, role conflict, poor employee
– job fit, poor technology, inappropriate supervisory control systems, lack of perceived control and lack of team work.

Gap 4. Service delivery external communication gap:
Service firms’ external communications can affect consumer’s expectations. If a firm promises more than it can deliver, it will raise consumers’ expectations and lower perceptions of service quality when the promises are not fulfilled. This is a gap between what a firm promises about services and what it actually delivers. The reasons given for this gap are inadequate horizontal communications and propensity to over promise.

Gap 5. Expected service and perceived service gap:
The study of Parasuraman et al. (1985) states that the key to ensuring good service quality is meeting or exceeding consumers’ expectation from the service. Gap 5 is the functions of four gaps (Gap 5 = gap 1, gap 2, gap 3, and gap 4).

### 3.4.2 Perceived Service Quality Components/ Determinants

Parasuraman et al. (1985) purposed 10 dimensions, which, they believe, consumers use to evaluate service quality regardless of type of service. The 10 dimensions are following:
Reliability - involves consistency of performance and dependability.
Responsiveness – the willingness or readiness of employees to provide service.
Competence – possession of required skills and knowledge to perform the service
Access – approachability and ease of contact.
Courtey – involves politeness, respect, consideration, and friendliness of contact personnel.
Communication – means keeping customers informed in language they can understand and listening to them.
Credibility – involves trustworthiness, believability, honesty.
Security – involves freedom from danger, risk, or doubt.
Understanding/ knowing the customer – means making efforts to understand the customers’ needs.
Tangibles – include the physical evidence of the service.

Based on available studies, Grönroos (2000) derived 7 criteria for experienced service quality (Table 16). He divides quality under technical or outcome dimension and functional or process related dimension. He gives many examples to explain them. For examples, the consumers of a
restaurant will get a meal; the airline passengers will be transported from one place to another; these are outcome of service processes. But this is not the whole truth. There are a number of interactions between the service provider and the customers including various series of moments of truth. The technical or outcome dimension will not count for the total quality, which the customers perceive they have received like the appearance and behaviour of waiting staff. For such types, he called functional quality (how).

One of the seven, professionalism and skills, is outcome-related quality and thus a Technical Quality dimension (Grönroos, 2000). Reputation and credibility is image related and remaining 5 criteria are Functional quality.
Table 16: The Seven Criteria of Good Perceived Service Quality

<p>| | |</p>
<table>
<thead>
<tr>
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</tr>
</thead>
</table>
| 1. | Professionalism and Skills  
|   | Customers realize that the service provider, its employees, operational systems, and physical resources have the knowledge and skills required to solve their problems in a professional way (outcome-related criteria). |
| 2. | Attitudes and Behaviour  
|   | Customers feel that the service employees (contact persons) are concerned about them and interested in solving their problems in a friendly and spontaneous way (process-related quality). |
| 3. | Accessibility and Flexibility  
|   | Customers feel that the service provider, its location, operating hours, employees and operational systems are designed and operate so that it is easy to get access to the service and are prepared to adjust to the demands and wishes of the customer in a flexible way (process related criteria). |
| 4. | Reliability and Trustworthiness  
|   | Customers know that whatever takes place or has been agreed upon, they can rely on the service provider, its employees, and systems, to keep promises and perform with the best interest of the customers at heart (process-related criteria). |
| 5. | Service Recovery  
|   | Customers realize that whenever something goes wrong or something unpredictable happens the service provider will immediately and actively take action to keep them in control of the situation and find a new, acceptable solution (process-related criteria). |
| 6. | Serviscape  
|   | Customers feel that the physical surrounding and other aspects of the environment of the service encounter support a positive experience of the service process (process-related criteria). |
| 7. | Reputation and Credibility  
|   | Customers believe that the service provider’s business can be trusted and gives adequate value for money, and that it stands for good performance and values, which can be shared by customers and the service provider (image-related criteria). |


3.4.3 Service Quality and Customer Satisfaction

There has been considerable debate about the concept of service quality and customer satisfaction. First, customer expectation in service quality is defined as desires or wants of consumers what they feel a service provider should offer. This definition of expectations differs from the way the term is used in the consumer satisfaction literature. Expectations in the consumer satisfaction are operationalized as predictions of services performances. Second, customer satisfaction is taken transaction specific and perceived service quality is a global judgment, or an attitude, relating to superiority of service (Parasuraman et al., 1988).

Some researchers believe that service quality is the antecedent of customer satisfaction while other takes differently. However support is stronger for service quality to be the antecedent of customer satisfaction. The studies of Cronin and Taylor (1992); Lee, et al. (2000); Spreng and Mackoy (1996) found that perceived service quality is antecedent of satisfaction, rather than vice verse. Furthermore, Parasuraman et al. (1994), Storbacka, et al. (1994) believe service quality as an antecedent of customer satisfaction.
3.4.4 Service Quality and Profit

Quality Gurus Deming, Juran and Crosby have shown that quality improves both productivity and profitability. Service quality and profit have positive relationship. Higher service quality leads to higher profit and vice versa. When the customers perceived service quality to be higher, it increases their satisfaction and loyalty, which ultimately increase transactions and revenue. Increased revenue helps to increase profitability. Hesket et al., (1994) show this relationship with the help of service profit chain. Reichheld and Sasser (1990) showing many examples explain that companies can boost profits by providing zero defective quality services. Supporting further he shows examples that economic boom from long – time customers is the free advertisement they provide. Loyal customers do a lot of talking over the years, which help to increase the number of customers. Grönroos (2000) in his book ‘Service Management and Marketing: A customer Relationship Management Approach’ warns service organizations not to neglect customer perceived service quality as it drives profit for such organizations.

3.5 Measurement of Service Quality and Development of SERVQUAL

Efforts in defining and measuring quality have come largely from goods sector (Parasuraman et al., 1985) Reichheld and. Sasser (1990) argued that service companies are beginning to understand that quality does not improve unless you measure it. Edvardsson, et al. (1994) mention “More executives now have experience of quality programs as the most powerful means of improving customer satisfaction, customer loyalty, competitiveness and thus profitability”. As its measurement is the prime concerns of service organizations, Parasuraman et al. (1988) developed the 22 items instrument (called SERVQUAL) for accessing customer’s perception of service quality in service and retailing organizations. The previous 10 dimensions were reduced to five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. Parasuraman et al. (1988) conducted the 2 stages of data collection to purify SERVQUAL.

Five dimensions of SERVQUAL:
(1) Tangibles – includes physical facilities, equipment, and the appearance of personal.
(2) Reliability - is the ability to perform the promised service accurately and dependably.
(3) Responsiveness - means willingness to help customers and to provide prompt service.
(4) Assurance - includes knowledge and courtesy of employees and their ability to convey trust and confidence.
(5) Empathy - includes caring and individualized attention to customers.

The last two dimensions (assurance and empathy) contain items representing seven original dimensions-communication, credibility, security, competence, courtesy, understanding/knowing customers, and access. The authors noted, “While SERVQUAL has only
five dimensions, they capture facets of all 10 originally conceptualised dimensions”. Parasuraman et al. (1988) mention that SERVQUAL can be used across a broad spectrum of services and can be adopted or supplemented to fit the characteristics of specific research need of particular organization.

Parasuraman et al. (1991) revised SERVQUAL based on the empirical study they conducted on five service companies. The original version of SERVQUAL uses to produce unrealistically high expectation scores so a slightly different wording was adopted to match suitably. The revised wording focused on what customers would expect from companies delivering excellent services. For example, “Telephone companies should keep their records accurately” was modified to the statement, “Excellent telephone companies will insist on error free records”.

Similarly, the negative worded items in the original versions were all changed to positive formats. Lastly two new items were substituted for two original items to more fully capture the dimensions and to incorporate suggestions from managers who reviewed the pre-test questionnaires.

They give guidelines for correct using of SERVQUAL mentioning that it should be used in its entirety as much as possible. Miner modifications in the wording of items to adopt them to a specific setting are appropriate without deleting items and content.

Specific items can be used to supplement SERVQUAL. They further suggested that items, which do not fall under anyone of five dimensions, may be useful to include in the survey questionnaires, but should be treated separately. It can be supplemented with additional quantitative and qualitative research to uncover the causes of gaps.

3.5.1 Critiques on SERVQUAL and Support for SERVPERF

SERVQUAL battery after its development has been able to heighten the interest of many researchers. Carman (1990) in a way to replicate and validate, tested SERVQUAL in four different organizations. He argued that SERVQUAL could not be a generic measure that could be applied to any service. Similarly, he found that the dimensions of SERVQUAL are not limited to five; it is as a function of type of service industries. He also found problem with the measurement of consumer expectation. Cronin and Taylor (1992) gathered responses through interview from four service industries (banking, pest control, dry cleaning and fast food) to investigate the conceptualisation and measurement of SERVQUAL. They argued that SERVQUAL confounds satisfaction and attitude and stated that SERVQUAL can be conceptualised as an attitude. They empirically showed that performance only appear to be a good fit in all the four industries they examined and hence purposed alternative performance-
based measure called ‘SERVPERF’. Similarly Babakus and Boller (1992) also noted that the
definition and measurement of SERVQUAL’s five-dimensional construct appears to be
suffering from a number of methodological shortcomings. Their findings suggest that the
dimensionality of service quality may depend on the type of service under study. Their empirical
analysis shows that perception only measures had higher correlations with an overall service
quality measure and with complaint resolutions scores than did the SERVQUAL measure.

Brown, et al. (1993) argued that calculation of difference score could lead to several
psychometric problems. Their finding shows that measuring service quality as a difference score
does not add anything to empirical prediction over and above its component. They support for a
non-difference score measure as they found higher reliability for it than SERVQUAL. Further
they reported that SERVQUAL could not achieve discriminant validity but a none-difference
score showed better discriminant validity. Another problem, which appeared in SERVQUAL, is
related to variance restriction. Comparing SERVQUAL they noted that the difference-score
measure just take half time to respond it.

Teas (1993) indicates that the P – E framework is of questionable validity because of a
number of conceptual and definitional problems particularly with respect to the conceptual and
operational definition of expectation. He points that the expectation side of SERVQUAL
measures normative expectations and are similar to ideal standard in the consumer
satisfaction/dissatisfaction literature. He states that ideal standard can be interpreted in two ways,
the ideal point specified in classic ideal point model and a feasible ideal point. He remarks that
SERVQUAL P – E measurement specifications is not compatible either with classic ideal point
or with feasible ideal point.

Cronin and tailor (1994) replying the concerns raised by Parasuraman et al. (1994) stated
that the emerging literature clearly supports the SERVPERF against SERVQUAL. Similarly they
stated that research report of one of the original co-authors of SERVQUAL (Boulding, et al.
1993) supports the conclusion of Cronin and Tailor (1992) that is for SERVPERF.

3.6 Alternative Ways of Measuring Service Quality

3.6.1 Critical Incidents Technique (CIT)

An alternative way of creating an understanding of how customers perceive the quality of a
given service is the Critical Incident Technique (Gronroos, 2000). CIT has proved to be a useful
and suitable method of identifying and analysing defects in service quality (Edvardsson, 1992). It
has been used in a variety of service contexts in recent years to explore service research issues
(Grembler, 2004). Flanagan first introduced the method in 1954. The major catalyst for use of
the CIT method in service research appears to have been a Journal of Marketing study conducted by Bitner, et al. (1990) that investigated sources of satisfaction and dissatisfaction in service encounter. Under this method, customers are interviewed to think situations where the services or any part of the service process clearly deviated from the normal, either in a favourable or unfavourable way. These are critical incidents. The respondents are asked to describe about the situations why they think critical. Firstly, researchers analyse these collected events, stories, or incidents and reasons for them in order to find out what kind of critical problems exist and why these problems occur. With the collected rich materials in the critical incidents, the researchers can explore the problem areas and strengths as well as ways that should be developed in order to improve perceived service quality. Grembler (2004) cited Chell (1998) about the following description of the CIT method:

The Critical Incident Technique is a qualitative interview procedure that facilitates the investigation of significant occurrences (events, incidents, processes, or issues) identified by respondent, the way they are managed, and outcomes in terms of perceived effects. The objective is to gain understanding of the incident from the perspective of the individual, taking into account cognitive, affective, and behavioural elements (p. 56).

Bitner, et al. (1990) defined an incident as an observable human activity that is complete enough to allow inferences and predictions to be made about a person performing an act. The same authors defined critical incident as one that contributes to or detracts from the general aim of the activity in a significant way. For an incident to be defined as critical, the requirement is that it can be described in detail (Edvardsson, 1992).

a. Advantages of CIT Method

One important advantage is that data collected are from the respondent’s perspective and in his or own words (Gilmore, 2003; Edvardsson, 1992). The CIT method therefore provides rich sources of data, which are important for the respondents. Similarly, when the purpose of the research is to increase knowledge of a phenomenon about which relatively little has been documented and/ or to describe a real-world phenomenon based on thorough understanding, an approach such as CIT seems particularly well suited to the task (Bitner et al., 1990). The method enables us to investigate and gain a greater understanding of situations where quality fails, i.e. where a critical incident occurs (Edvardsson, 1992).

b. Drawbacks of CIT Method

CIT method relies on events being remembered by respondents (Gremler, 2004). An incident may have happened some time before the collection of data. So the method depends on the ability of respondent to remember the incidents. The stories mentioned by the respondent can be
misinterpreted or misunderstood (Edvardsson, 1992). Besides, CIT method has been criticized on the issue of reliability and validity (Bitner et al. 1990).

In content analysis, reliability and validity problems may arise as a result of the ambiguity of word meanings, category labels, and coding rules in a particular study (Weber, 1990). Bitner, et al. (1990) stated that to test intercoder reliability all incidents were sorted by a third researcher who was given the 12 categories but had not participated in the initial categorization tasks.

To obtain good validity, it is necessary to describe what is meant by critical incident in the study in question, preferably providing exemplification. Further, it is essential to ask about individual, specific incidents, which the interviewee remembers well, and to ask follow-up questions to ensure the interviewee has given a both comprehensive and detailed account of the incident in question (Edvardsson, 1992).

Gremler (2004) stated that service researchers have found CIT to be a valuable tool, as the analysis approach suggested by the CIT method often results in useful information that is more rigorously defined than many other qualitative approach. He found that most CIT studies used content analytic method. Content analysis classifies textual material, reducing it to more relevant, manageable bit of data (Weber, 1990). Gremler (2004) provided research process for Critical Incident Technique using content analysis (see Table 17).

### 3.6.2 Importance – Performance Analysis

Developed by Martilla and James (1977) as an easily – applied technique for measuring attribute importance and performance is well documented in the literature. The method can be applied by comparing of means score on the importance of service attributes and performance of a service organizations on the same attributes perceived by consumers. Hudson et al. (2004) mentioned that IPA is a procedure that shows the relative importance of attributes and the performance of the firm, product, or destination under study in providing these attribute. Originally using it in automobile dealer’s service, Martilla and James stat that IPA can further the development of effective marketing program. The process for using IPA begins by identifying attributes, which are thought to be relevant to measure services. Then respondents are asked two questions about each attribute.

How important is the feature?
How well did you find the performance?

Martilla and James suggest that important and performance should be measured separately. An attractive feature of this method is that results can be graphically displayed on an
easily interpreted two-dimensional grid. IPA is very useful for improving service as it guides to focus improvement in area which consumers think important.

Table 17: Research Process for Critical Incident Technique

<table>
<thead>
<tr>
<th>Phase 1: Problem Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine what the research question is</td>
</tr>
<tr>
<td>Determine if CIT is an appropriate method for understanding this phenomenon</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 2: Study Design</th>
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</thead>
<tbody>
<tr>
<td>Determine what a critical incident will be defined as</td>
</tr>
<tr>
<td>Determine the criteria for determining what is not a critical incident</td>
</tr>
<tr>
<td>Determine the units of analysis</td>
</tr>
<tr>
<td>Develop data collection instrument (clear instructions, appropriate story-triggering questions)</td>
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<tr>
<td>Determine appropriate sample (appropriate respondents)</td>
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<table>
<thead>
<tr>
<th>Phase 3: Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Train data collectors (if applicable)</td>
</tr>
<tr>
<td>Data collectors collect data</td>
</tr>
<tr>
<td>Identify usable critical incidents</td>
</tr>
<tr>
<td>Identify/develop criteria for incident inclusions (or exclusion)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 4: Data Analysis and Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content analysis of critical incidents</td>
</tr>
<tr>
<td>Read, reread incidents</td>
</tr>
<tr>
<td>Identify recurring themes</td>
</tr>
<tr>
<td>Develop classification scheme</td>
</tr>
<tr>
<td>Create description of categories (incidents, behaviours, or other units of analysis)</td>
</tr>
<tr>
<td>Sorts incidents using classification scheme</td>
</tr>
<tr>
<td>Assess intracoder reliability</td>
</tr>
<tr>
<td>Have additional judges/coders sort incidents</td>
</tr>
<tr>
<td>Access intercoder reliability</td>
</tr>
<tr>
<td>Test classification scheme on a handout (validation) sample</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 5: Results Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Gremler (2004)</td>
</tr>
</tbody>
</table>

well a particular service meets an individual customer needs. However, they pointed that it is possible that the consumer who thinks an attribute is important also perceive it to be poorly supplied while for the same attribute, he think unimportant may perceive it to be supplied very well. Fache (2000) demonstrates that an important-performance survey combined with service blueprinting and benchmarking is a useful strategy to improve and innovate service.

Oh (2001) pointed that although ease of application or simplicity may be one important criterion for wide acceptance of IPA, it should not be interpreted as an indicator of validity. He raised the issues that it lacks clear definition of importance and also commented on absence of
guidelines for developing a set of attributes to be used. He suggested hospitality and tourism researchers to give critical considerations before employing IPA.

3.6.3 Kano Model

Noriaki Kano, Professor of Tokyo Rika University has developed a model, which help organizations to find out which product/service features have what type of influence on consumer satisfaction. To improve customer perceived quality it helps decision makers about which quality feature should be included and which not. So it is used in introducing new product or services. Berger et al. (1993) pointed about Kano Model that “Customer ideas about quality are often confused and difficult to see clearly, but they can be made clear”. The model is based on Kano questionnaires from which we can have clear consumers’ mind about how consumers perceive certain quality feature. It has been for many years that we talk about satisfying consumers by meeting or exceeding their expectations but Kano presents a model about not only meeting or exceeding expectations but also delighting them. He derived this unique model from the study of Herzberg’s Motivator-Hygiene Theory. The model provides three unique definitions of quality in terms of Must-be quality, One-dimensional quality and Attractive quality (see Figure 8).

a. “The Must-be” Quality:
The Must-be quality indicates that consumers have some needs and expectations, which they think, must be fulfilled. If it is not fulfilled, it causes high dissatisfaction. On the other hand if it is fulfilled, they will think it is normal and they will not give any credit. For example, when somebody buys a long root bus ticket, he expects that there must be a seat for him. If he does not find a seat, he will be fully dissatisfied and will show violent behaviour. But if there is a seat for him, his satisfaction will not increase. He just thinks it as normal

b. The “One-dimensional” or Performance Quality:
The second type of quality is Performance or One-dimensional quality. Customer satisfaction is a linear function of the performance of the product attribute. High attribute performance leads to high customer satisfaction and low performance leads to low satisfaction. Here the better the performance of particular quality attribute, the greater the satisfaction, and vice versa. For example customers in a restaurant want his order for food to be taken promptly and served in a reasonable time. If the restaurant serves this quality need better, the consumer will be satisfied proportionally. If not serve properly; the consumer will similarly be dissatisfied equally.

c. The “Attractive” or Excitement Quality:
This type of quality, also called Delighters, creates positive satisfaction at any level of execution. This is the quality, which is not expected by consumers. If somebody gets something
unexpected, his happiness of course will raise. Likewise, if he does not get anything, it’s not a problem for him and it will not create any dissatisfaction. Lack of such type of quality features in a product/service keep a consumer basically neutral. There is a situation where a consumer will

Figure 8: Kano Model

neither be satisfied with a service attribute nor be dissatisfied without that service attribute. It is an indifferent situation and the customer is indifferent to the quality attribute.

In figure 3, the horizontal axis indicates functionality of the product and vertical axis shows customer satisfaction. A line is going through the origin at 45-degree graphs. This is one-dimensional curve. It shows that the higher the product is functional, the higher the satisfaction is. The figure has also must be and attractive curve. The attractive curve show that when the product is more functional, the customer is more satisfied, and is not dissatisfied when the product is less functional.
3.6.3.1 Customer Requirement over Time

The customers’ requirement changes over time. Today’s excitement quality attribute slowly changes to must be quality as the quality attribute becomes familiar among customers. Remote control was not an expected or must be requirement in television when it was introduced. After it became familiar among customers, it changed into Must-be quality.

3.6.3.2 Advantages of Kano Model

Souereign et al. (1996) mention advantages of Kano Model. The model helps to prioritise for product/service development. For example, it is not very useful to invest in improving must be requirements which are already at satisfying level but better to improve One-dimensional or Attractive requirements. Product requirements are better understood with this method. It can be combined with Quality Function Deployment. Kano’s Method provides valuable help in trade of situations in the product development stage. Must be, One-dimensional and Attractive requirements differ in the utility expectations of different customer segments. Discovery and fulfilling attractive requirements creates a wide range of possibilities for product/service differentiation.

3.6.3.3 Steps of developing and administrating Kano questionnaires

Sauerwein et al. (1996) mention following steps:
Step One. Identification of customer requirements ‘Walk in your customer’s shoes’: The starting point for constructing Kano questionnaire is from the customer requirements, which should be determined in explorative investigations.
Step Two. Construction of Kano questionnaires:
For each customer requirements a pair of questions is formulated to which the customer can answer in one of the five ways. The first question is functional form of the question, and the second question is dysfunctional (see Figure 9)
Step Three: Administrating Customer Interviews
Oral interview is taken as most suitable method for administering interviews. The questionnaire is new and unfamiliar nature. So that law cost mail method’s return rate is frequently law.
Step Four: Evaluation and Interpretation.
The answers for each of the pair of questions are then evaluated in three steps. The filled questionnaires are categorized with the help of Evaluation Table (Table 18) after that, the results of evaluation are shown in another table called Table of Results (Table 19).
To fill above table, if answer for a pair of questionnaire is ‘I like it’ for the functional form and ‘I dislike it’ for the Dysfunctional form, we will fill ‘O’ in the table as shown by aero. With the help of above table, ‘table of results’ can be developed.

From this table with easiest method of frequency of answers, Edge grip would be a Must-be requirement (49.3%), Ease of turn would be a One-dimensional requirement (45.1%), and Service of edge is ranked as Attractive requirements (63.8%).

Table 18: Evaluation Table

<table>
<thead>
<tr>
<th>Customer Requirements →</th>
<th>Dysfunctional (Negative) Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1*  2  3  4  5</td>
</tr>
<tr>
<td>Functional (positive)</td>
<td></td>
</tr>
<tr>
<td>Questions</td>
<td></td>
</tr>
<tr>
<td>1* Q</td>
<td>A A A O</td>
</tr>
<tr>
<td>2 R I I I M</td>
<td></td>
</tr>
<tr>
<td>3 R I I I M</td>
<td></td>
</tr>
<tr>
<td>4 R I I I M</td>
<td></td>
</tr>
<tr>
<td>5 R R R R Q</td>
<td></td>
</tr>
</tbody>
</table>

* Note: Above numbers are the codes according to figure 4

Evaluation Rule M > O > A > I
According to Berger, et al. (1993) a general guideline to order requirements is to seek to fulfil all Must-be requirements, be competitive with market leaders on the One-Dimensional requirements, include some differentiating Attractive requirements. Improving performance on a
Must-be requirement, which is already at satisfying level, is not productive; in stead adding One-dimensional or Attractive quality is productive.

3.6.3.4 Customer Satisfaction Coefficient (CS Coefficient)

The use of CS coefficient is to find out whether fulfilling a particular product or service requirement will increase satisfaction or whether it merely prevents the customer from being dissatisfied (Berger et al., 1993). To find the average impact of product/service requirement, the CS Coefficient is indicative of how strongly a product/service feature may influence customer satisfaction or, in case of its non-fulfilment, customer dissatisfaction. To calculate better value (extent of satisfaction), total sum of Attractive and One-dimensional is divided by the total sum of One-dimensional, Must-be, Attractive, and Indifferent responses. Similarly to find negative (dissatisfaction), we should divide total value of Must-be, and One-dimensional by the same normalizing factor and put a minus sign in front of the result to get the number for worse.

Table19: Table of Results

<table>
<thead>
<tr>
<th>Product Requirement</th>
<th>A</th>
<th>O</th>
<th>M</th>
<th>I</th>
<th>R</th>
<th>Q</th>
<th>Total</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edge Grip</td>
<td>7</td>
<td>32.3</td>
<td>49.3</td>
<td>9.5</td>
<td>0.3</td>
<td>1.5</td>
<td>100%</td>
<td>M</td>
</tr>
<tr>
<td>Ease of Turn</td>
<td>10.4</td>
<td>45.1</td>
<td>30.5</td>
<td>11.5</td>
<td>1.2</td>
<td>1.2</td>
<td>100%</td>
<td>O</td>
</tr>
<tr>
<td>Service of edge</td>
<td>63.8</td>
<td>21.6</td>
<td>2.9</td>
<td>8.5</td>
<td>0.7</td>
<td>2.5</td>
<td>100%</td>
<td>A</td>
</tr>
<tr>
<td>……………</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
</tr>
</tbody>
</table>

Source: Sauerwein, et al., (1996)

Better = (A+ O) / (A + O + M + I)
Worse = - (O + M) / (A + O + M + I)

The positive better numbers show the situation where on average, customer satisfaction will increase by providing these Attractive and One-dimensional quality elements. The negative worse numbers indicate the level of dissatisfaction that if these requirements (One-dimensional and Must-be quality) are not fulfilled.

The positive CS coefficients range from 0 to 1 and the closer the value is to 1, the higher the influence on customer satisfaction. One the other hand, negative CS-Coefficients range from 0 to 1.

In general for decision-making purposes, the higher positive CS coefficients should be included/fulfilled because it adds most to satisfaction and customer requirements with higher (more negative) worse scores should also be fulfilled because they prevent the most customer dissatisfaction.
3.7 Destination Service Quality Measurement

3.7.1 Concept of Tourism Destination

Destinations are amalgams of tourism products, offering an integrated experience to consumers (Buhalis, 2000). Tourism service may be said as an assemblage of diverse individual service (Kandampully, 1997). Tourists come generally from far to enjoy their holidays, to see new places, and to refresh them and to gain new experiences. A destination offers various types of services like accommodation services of various quality and price, food and restaurant services, entertainment services, transportation facilities etc. As must service offerings or service packages consist of ‘core service’ and ‘peripheral service’ (Norman, 1984), the core service in tourism is the holiday experience (Kandampully, 1997).

Leiper (1995) explains that destinations are places toward which people travel and where they chose to stay for a while in order to experience certain features or characteristics – a perceived attractions of some sorts. Murphy, et al. (2000) interpreted macro destination environment and service infrastructure as destination products and tourist destination experience builds on the foundation of destination environment and service infrastructure. European Commission (1999) Report provides a definition of tourist destination as an area, which is separately identified and promoted to tourist as a place to visit and within which the tourism product is co-ordinated by one or more identifiable authorities or organisations.

The concept of destination has been changing. Laws (1995) provide the emerging concept of tourism destination as follows:
- Recognition of plural interests
- Communicate debate on the role and scale of tourism.
- Co-ordination of public and private sector provision.
- Managing tourists demand levels.
- Influencing tourist’s destination behaviour.
- Delivering quality destination experience.
- Co-operating regional promotion and development.
- The development of tourism theory.
- The development of policies for tourist destination management

Tourism is a service industry where clients can not sample their destination before being in destination by purchasing a holiday, and because many organizations are involved in delivering services to tourists during their destination stay with the potential for lack of coherent service standards (Laws, 1995). Mackay (1989); Woods and Deegan (2003) mention that providing quality tourism experience is a major hurdle. Both the concept of service quality and
tourism industry is of complex nature. Because travel and tourism industries are comprised of a diversity of hospitality services provided by the public and private sectors. Similarly, the tourism experience encompasses various degrees of interactions with host community, business, and government. Another factor is the highly labour-intensive industry that has enormous potential for variable quality. So quality service is difficult to assure in tourism destination. Each service organization, large or small, which are providing services to visitors, can contribute to the destination’s quality. As a whole, total quality service is possible only with each individual organization’s service quality.

3.7.2 Destination Service Quality, Revisit Intention and Quality Measurement

To make a competitive destination, quality was given a centre focus in destinations for example in Northern Ireland (O’Neill and Mckenna, 1994). This is because quality helps to regenerate new tourists through words of mouth communication and promote repeat visits. The study result of Murphy et al. (2000) found that destination quality was key predictor of visitor “Intention to Return” within two years (β = 0.30) to a premier Canadian destination but perceived trip value was not (β = 0.08). They suggest that destination marketers should give a central focus to quality and not on value.

Plog (1991) states that a memorable trip leads to desire to seek similar experiences; a failed trip results in more discretionary dollars going into competing leisure time activities, rather than travel. He mentioned that improving the quality of destination experience is required in order to expand the amount of the leisure travel in the future.

Researchers have pointed that destination quality is the key factor for the sustenance and promotion of destination (Crotts, 1999; Mackay, 1989). If tourists have a quality experience in a destination, they will communicate favourable reports to friends and relatives and they will intend to revisit the destination again. Unfortunately, the reverse is also possible. Gitelson and Crompton (1984) found that out of the five factors that lead to revisit to a vacation, two are related to service quality in the vacation. One factor to make revisit to a destination is the reduced risk that an unsatisfactory experience would be forthcoming. The other is to expose others to the experiences, which had been satisfying to vacationers. As satisfaction leads to purchase intentions and in tourism context satisfaction with a destination would leads to revisit the same destination (Kozak and Rimmington, 2000). The study of Alegre and Cladere (2006) shows that main determent to make a further visit to a destination is a high level of satisfaction. Their study’s conclusion also highlighted a need for the product’s basic components to offer high quality levels to maintain client loyalty.
First time visitors and repeat visitors constitute the two types of tourists who may visit a
destination. Both types of tourists play a fundamental role in the overall well being and success
of a destination (Lau and McKercher, 2004). Cost for bringing first timer is also expensive than
attracting the repeat visitors. Oppermann (1998) states that it is costly to attract new visitors than
to convince existing customers to return to a destination.

Repeat visitors represent a stabilizing influence for most destinations (Oppermann, 2000). Kozak (2001) found that repeat visitors are more likely to choose the same destinations in the future also. But repeat visitors are motivated to revisit the destination with different reasons as compare to first time visitors (Anita and McKercher, 2004). The study of Alegre and Juaneda (2006) shows that repeat visitors spend less than the first timers.

Due to personality type some tourists do not purchase the same destination again. Plog (1991) divided the personality and travel related characteristics of allocentrics and psychometrics tourists and stated that allocentric segment of tourists seek novel and different destinations and want to visit different destinations for each time.

Quality improvement begins by measuring quality from the customers’ side. European Commission (1999) provided the case studies of rural destinations of improving service quality in the destinations and sustaining and progressing the destinations. These rural destinations analyse the needs and wants of the visitors and periodically measure quality from the demand side perspective and improve the quality of the destination. The cases show the importance of conducting service quality measurement in the destinations.

To measure the service the qualitative in a tourism destination, different methods have been used. Hudson and Shephard (1998) used the importance performance analysis in a skiing destination and demonstrate the usefulness of IPM analysis in a tourism destination. IPM analysis was also used to measure the perception of products and service of Toronto destination in terms of important and satisfaction analysis (Joppe, et al., 2001). Their study found that irrespective of origin of visitors, essentially the same attributes were rated as important. O’Leary and Deegan (2005) analysed Attribute Importance and Performance of France.

Use of SERVQUAL in measuring service quality in tourism industries is wide. It was also used to measure the performance of tourism destination. Weiermair and Fuch (1999, 2000) used SERVQUAL in an alpine ski resort. The advantage of SERVQUAL is that it shows clearly the gap in expectation and performance. Reichel, et al. (2000) measure expectation and experience in rural tourism destination of Israel. The study found gap in 11 quality attributes out of 15 attributes.

Critical Incidents technique was used to analyse critical incidents in tourism industries for service improvement. Pritchard and Havitz (2005) have used qualitative Importance Performance Analysis using Critical Incidents Technique. Their result shows the areas where service
improvement is needed in destination Western Australia. Petrick, *et al.* (2006) utilise Critical Incident Technique to analyse negative and positive service incidents among cruise passengers.

Though destination experience is a fundamental product in tourism (Ritchie and Crouch, 2000), quality focus most often has been at the individual service provider level in the tourism hospitality industry as opposed to destination level (Woods and Deegan (2003). Literature provides lot of example of service quality studies at the individual tourism service operator level. Fick and Ritchie (1991) conducted research for wide range of service categories of travel and tourism industries. SERVQUAL has been adopted in to develop scale to measure quality of different service industry. Knutson *et al.* (1991) developed LODGSERV to measure service quality in lodging industry. Similarly Knutson *et al.* (1995) developed DINESERV to measure the service quality in dining restaurant. Frochot and Hughes (2000) developed HISTOQUAL to measure service quality in historic houses. Khan (2003) developed ECOSERV to measure the perception of eco-tourists in eco tourism destination. Tribe and Snaith (1998) developed HOLSAT modifying SERVQUAL to measure the satisfaction of holiday experience. However, in case of tourism destination, there lacks an instrument that can be used to measure the service quality in a tourism destination using basic destination variables.
Chapter 4: Research Methodology

In order to recommend policy actions and strategic measures for the progress and development of tourism in Nepal, secondary data were used extensively for the study of evolution of tourism, tourism progress and possibilities, tourism policy and strategy, problems and prospects of tourism in Nepal. The study is based on the analysis of relevant reports, plans, previous studies and research findings, and other documentation, together with interviews of key personnel.

Secondary data were collected from different sources. To understand problems and possibilities of Nepalese tourism development considered by persons involved in Nepalese tourism, qualitative interview was conducted. One of the approaches in the qualitative data collection is to conduct an unstructured, open-ended interview and take interview notes (Cresswell, 1994). Interviews with nine persons of Nepalese tourism were conducted in August 2006. These persons were selected from tourism entrepreneurs, managers, and experts in the area. The questionnaire was open ended in nature. It included queries regarding tourism problems and possibility in Nepal. The researcher himself collected interviews when he visited in Nepal.

Data collected from secondary sources were processed with annual rate of percentage change, comparative tables, growth trends etc. The data that came from reviews of secondary data and interview have been suitably analysed, and synthesized to formulate strategic recommendations regarding tourism policy and possibilities in Nepal. Summary has been drawn and recommendations have been made. For the empirical part of the research that is destination service quality, methodology has been discussed in incoming sections.

4.1 Generation of Sample of Items and Development of Survey Questionnaire

4.1.1 Items Generation

The generation of pool of items was done as suggested by Churchill (1979). Extensive reviews of literature were conducted to identify the domain of service quality and destination quality. Then, the researcher conducted an explorative research to develop destination quality items. In April of 2006, a questionnaire was developed to ask destination management organizations about the basic quality variables of tourism destination country/region (see Appendix A). The questionnaire was sent through email to the destination management organisations. But only six completed answers were received. Then, the researcher contacted with some main travel and tour...
organisations of Thessaloniki, Greece and asked them about the variables which are important to make a quality destination. Based on replies from destination management organisations and travel and tour organisations, a list of 31 quality variables was developed. Then the researcher discussed with the tourism sector businessman, managers, known experts of Nepal and international tourists to Nepal if they want to add any variable to measure destination service quality. They agree with the sufficiency of the 31 variables to measure quality in a destination.

4.1.2 Questionnaire Development

A questionnaire is a formalized set of questions for obtaining information from respondents (Malhotra, 2006). The respondents have to answer the questions on their own. Questionnaire method has some merits and demerits (Kothari, 2003). First, questionnaire is low cost even when the universe is large and widely spread geography. Second, it is free from the bias of the interviewer. Third, respondents have adequate time to give well thought answers. Forth, respondents, who are not easily approachable, can also be reached conveniently. Fifth, large samples can be made of and result can be made more dependable and reliable.

Some demerits of questionnaire are: (1) It is difficult to know whether willing respondents are truly representative, (2) There is also the possibility of ambiguous replies or omission of replies and interpretation of omissions is difficult, (3) It can be used when respondents are educated (Kothari, 2003).

Malhotra (2006) suggests following questions to be considered while making questionnaire: what information is needed in the questionnaire?, how should individual question be framed?, are the respondents able to answer the questionnaire?, are the respondents willing to answer the questionnaire?, what should be the structure of the questionnaire?, what type of scale should be used?, how should the questionnaire be worded?, how should the questionnaire be pre-tested?

These suggestions were followed while designing questionnaire. The questionnaire in this study was to measure the service quality perception of international tourists to Nepal. Besides, the questionnaire also asked tourists to rate on overall tourism service quality in Nepal, overall satisfaction, and intention to visit Nepal again held by international tourists. Another section of the questionnaire was the demographic. The demographic section included the country of visitors, gender, age, marital status etc.

As guided by (Carman, 1990; Cronin and Taylor, 1992, 1994), only perception section was designed to measure the visitors’ perception of service quality in Nepal. The instructions for the respondents to fill the questionnaire were as purposed by Parasuraman et al. (1991) for its
service quality perception measurement. For example, the first questionnaire of perception was read like:

- Nepal has eye catching natural and scenic view (Perception).

As suggested by PZB (1991) negatively worded items were not included in both expectations and performance sections. The items were measured using a Likert type 7-point scale varying from 7 “Strongly Agree” to 1 “Strongly Disagree”. No verbal labels for scale points 2 through 6 were designed (see Appendix B). Linkert scale, named after its developer Rensis Linkert, is one of the most widely used itemized scales (Malhotra, 2006).

Questionnaire for this study was in English language. As the respondents for this questionnaire survey were international tourists to Nepal with different native language, ordinary and simple words have been chosen to match the vocabulary level of respondents.

Before final print of the test items in the final form, it is a good idea to try out the items on a small sample (Crocker and Algina, 1986). So the questionnaire was tested with two small groups of international tourists to Nepal in the departure hall of Tribhuvan International Airport, Nepal. Some changes in wording of the items were made to remove the ambiguity. During the data collection period, some enthusiastic respondents started to ask the researcher for permission to write their comments also.

### 4.2 Data Collections

Sample for the purpose of the data collection was the international tourists to Nepal. Since Nepal has only one international airport (Tribhuvan International Airport), all passengers who use air travel depart from this airport. Though the international flights out of the country are scheduled between 6 am to 1 am in the night, tourists who depart from 10 am to 4 pm were selected as respondents. Tourists were selected based on systematic sampling where every fifth tourist who entered the departure hall was requested to fill the questionnaire. First survey data was collected in the last week of August and first week of September of 2006 in the Tribhuvan International Airport of Nepal. Permission was taken from the Airport Authority of Nepal to entry in the departure hall. A cover letter explaining the purpose of the study was attached to the questionnaires (see Appendix C). As tourists had just completed their holiday, they had fresh experience about the destination service quality in Nepal. Only tourist who knows English could participate in the survey questionnaire. Tourists were provided a small postcard as a small gift also. Interestingly some of the tourists did not take it, as they did not want to increase the cost of student researcher. 260 questionnaires were distributed in 2006 and 244 were found completely filled.
Second survey data was collected in the September and October of 2007 in the Tribhuvan International Airport of Nepal as first survey. Data were collected similarly as in the 2006. 340 questionnaires were distributed in 2007 and 317 were found completely filled.

4.3 Data Analysis

4.3.1 Factor analysis

Factor analysis is a generic name given to a class of multivariate statistical methods whose primary purpose is data reduction and summarization with minimum loss of information. Broadly speaking, it addresses to the problem of analysing the interrelationships among a large number of variables in terms of their common underlying dimensions (factors) (Hair, et al., 2006). Here for our study, for each survey, we first conduct Explorative Factor Analysis (EFA), and then we will follow Confirmatory Factor Analysis (CFA).

4.3.2 Explorative Factor Analysis

In case of explorative factor analysis, the researcher has no knowledge about the factor structure. The researcher has to collect data and explore or search for a factor structure, which can explain the correlations among the factor indicators (Sharma, 1996). So to find out basic service quality dimensions, data collected from the first foreign tourist sample (2006) and second foreign tourist sample (2007) on destination service quality were factor analysed using SPSS 15. First sample data were factor analysed with SPSS 15 to result out explorative factor structure. Similarly second sample data were factor analysed using SPSS 15 to result out explorative factor structure. Reliability analysis for each factor structures was produced with SPSS 15. For each subscale, the internal consistency (Cronbach’s Alpha) was calculated.

4.3.3 Confirmatory Factor Analysis

CFA is used to empirically verify or confirm factor structure (Sharma, 1996). So in our study, the initial factor structures of both surveys were analysed with CFA using Amos 7 separately to check whether explorative factor structures have better fit (Albacete-Saiz, 2007). With Amos 7, fit indexes of each survey data were compared. These fit indexes were used to compare between models. Comparing fit indexes of two survey data, factor structure with best fit has been proposed.
Various fit indexes are used but there are not clear-cut guidelines about acceptable model fit interpretation (Hair, et al., 2006). Kline (1998) suggested for \( X^2 \) value relative to degree of freedom. He writes that a frequent suggestion for \( X^2/\text{degree of freedom} \) is less than 3 to be minimally acceptable. Schumacker and Lomax (2004) discussed about various fit criteria, acceptable level and interpretation. For the Goodness of Fit Index (GFI) 0 value is no fit and 1 is perfect fit. Value close to .95 reflects a good model fit. For Adjusted Goodness of Fit Index (AGFI) 0 value is no fit and 1 is perfect fit. Value close to .95 is a good model fit. For Root Mean Square Error of Approximation (RMSEA) value below .05 is acceptable. Value close to .05 reflects a good model fit. For Tucker Lewis Index (TLI) 0 value is no fit and 1 is perfect fit. Value close to .95 reflects a good model fit (Schumacker and Lomax, 2004). For Comparative Fit Index (CFI) 0 value indicates no fit and 1 is a perfect fit. Value close to .95 or grater is said to be a good model fit (Brown, 2006).

### 4.3.4 Analysis of Variance (ANOVA) and Scheffe Test

ANOVA is a suitable method to compare difference among means of independent samples (Burns and Bush, 2006). Mean and standard deviation of tourists’ perceived overall service quality, overall satisfaction, and their revisit intentions were calculated and Statistical comparisons were made using One-Way analysis of variance (ANOVA). With ANOVA method differences among the tourists with different objectives and among tourists of different regions were compared in their perception of overall service quality, overall satisfaction and their intention to revisit Nepal. Post-hoc analyses were than performed to indicate differences between tourists with different visiting purposes and between regions by using Scheffe test.

### 4.3.5 Independent Samples T test

Independent samples t test is used to compare the difference between means of two independent groups. In order to compare the difference on tourists’ perception of over service quality, overall satisfaction and revisit intentions between first time tourists and repeat visitor tourists, independent samples t tests were performed.
Chapter 5: Analysis of Tourism Possibilities and Review of Tourism Policy in Nepal

This chapter is related to tourism possibilities and review of tourism policy of Nepal. Besides, it has analysed tourism strength, weakness, opportunity and threat (SWOT) of Nepal.

5.1 Tourism Possibilities in Nepal

This section has reviewed the components of tourism in Nepal. Review and analysis of tourism attractions, accommodations, tourists’ facilities and services, transportation, other infrastructures, and institutional elements of Nepal are provided.

5.1.1 National Parks, Wild Life Reserves, and Conservation Areas

One of the important objectives of tourism is that it raises fund for conservation. Many people from the world come to see rare animals, birds, and landscape in National parks and protected areas. It has been great attractions for tourists both domestic and international. Eagles and McCool (2002) mention that park and protected area tourism is a large and growing part of the economy of many countries. Kenya, Tanzania, and Botswana, for example all have park tourism as their most important export industry.

Protected areas in Nepal include nine national parks, three wildlife reserves, one hunting reserve and three conservation areas and eleven buffer zones covering an area of 28,998.67 sq. km that is 19.70% of the total area of the country (Department of National Parks and Wild Life Reserves, 2006). Nepal has more than 850 spices of birds, more than 30 varieties of rhododendrons, rare animals like one-horn rhino (see Figure 9).

The first organized approach to managing protected areas in Nepal dates back to the year 1973 by establishing Chitwan National Park. Government of Nepal has also declared a buffer zone in and around the park and conservation areas. 30 - 50 percent the revenue earned by these areas goes to community. To burn wood is not allowed. Kerosene has to be used to cook to save environment in parks and conservation areas.
5.1.1.1 National Parks

1. Royal Chitwan National Park
The Royal Chitwan National Park offers a wilderness of rich ecosystem that includes mammals, birds, reptiles, and water animals of several kinds. It covers 932 square km in the subtropical lowlands of the inner Terai. The area was declared as the country's first national park in 1973, recognizing its unique ecosystems of international significance. UNESCO declared it a World Heritage Site in 1984 (Dahal, 2060). It has a range of climatic seasons each offering a unique experience. There are 50 mammal species, over 525 bird species, and 55 amphibians and reptiles found in the park. The endangered fauna found in the park are: One-horned rhinos (See Figure 10), Gaur, Royal Bengal tiger, Wild elephant, Four horned antelope, Pangolin, Golden monitor lizard, Python, etc. Rhinos are the most critical animals. It is the second largest home to one-horned rhinos after India. The endangered birds are Bengal florican, Lesser florican, Giant hornbill, Black stork, white stork, etc. Tharus are the main indigenous ethnic groups in Chitwan. Their cultural dances, and farming are attractions to visitors. Traditional Tharu Stick Dance gives an insight into their culture. There are attractions like museum, religious sites also.

Figure 10: Asian One- Horn Rhino

![Asian One-Horn Rhino](image)

Source: Department of National Parks and Wildlife, Nepal

The park offers interesting sites and activities. There are handicap shops and other local products. Elephant safari provides opportunity to get a closer view of the endangered one-horned
rhinoceros. Various resort and lodge facilities are available in the park areas. Public buses, 
tourist coaches, and airlines service link Chitwan National Park. Park management has made 
regulations for visitors to respect the religious sites and cultures and to help in maintaining 
environment quality.

2. Sagarmatha National Park
Sagarmatha National Park is spread over an area of 1,148 sq, km. The park is in Sagarmatha 
district in the northeastern part of Nepal. The prime object of attractions in the national park is 
Mt. Everest, the peak of the world. The park was added to the list of World Heritage site in 1979. 
The park has several other prominent peaks most of which are above 6000 meters. Other peaks 
above 6,000 meters are Lhotse, Cho Oyu, Thamserku, Nuptse, Amadablam and Pumori. 
Sagarmatha is full of rugged terrain with gorges, glaciers and huge rock. With its Himalayan 
terrain and its unique culture, the park offers a blend of natural and cultural tourist products. The 
famed Sherpa people live in the region. The renowned Tengboche and other monasteries are 
common gathering places to celebrate religious festivals such as Dumje and Mane Rumdu. In 
addition to Tengboche, Thame, Khumjung and Pangboche are some other famous monasteries. 
The Park has Himalayan climate. Varieties of rhododendron flowers are seen here. The park is 
home to the red panda, snow leopard, musk deer, Himalayan Tahr, marten, Himalayan mouse, 
hare (pika) and over 118 species of birds including the Impeyan pheasant (Danphe), snow cock 
etc

   Park can be reached both by bus and by air. But at least some days’ trek is required. Most 
part of the national park can only be reached by walking. Trekking is very enjoyable here. 
Facilities of are hotel and lodges are available here. Besides services of aid post and health clinic 
are available.

3. Khaptad National Park
Khaptad National Park is in mid-mountain region of Nepal. The park was established in 1984 
covering an area of 225 sq. km. The park offers a challenging experience unlike any other 
protected areas in Nepal. There are religious sites like Khaptad Baba Ashram, Tribeni confluence 
made by three rivers, and a Shiva temple, Sahashra Linga, Ganesh temple, etc. There is a small 
museum and a view tower at the park headquarters. To the north one can see the Saipal 
Himalayan Ranges. In other direction, the vast green mid-hills of Nepal can be seen clearly. In 
the northeastern part of the park, there is a lake called Khaptad Daha. The park is reported to 
have 266 bird species. It offers excellent bird watching opportunities. A wide variety of 
butterflies and insects are also forming a part of the Khaptad ecosystem. The park provides
habitat for some 20 different species of mammals. Common ones include barking deer, wild boar, goral, Himalayan black bear etc. 224 varieties of herbs are available in the park.

However, no lodges or hotels are in the park currently. Trekkers must be self-sufficient in tents, food, fuel and all other supplies. There are no medical facilities available within the park.

4. Shivapuri National Park
Shivapuri National Park (144 sq km) is situated on the northern fringe of Kathmandu valley and lies about 12 km away from the centre of capital city. Visitors can have breathtaking views of the high Himalayas from the northern aspects of the park. Likewise, the panoramic views of Kathmandu valley could be seen from the southern slopes of the park.

Shivapuri lies in a transition zone between subtropical and temperate climates. The vegetation consists of a variety of natural forest types including pine, oak, rhododendron etc. Recorded wildlife in the park includes Himalayan Black bear, leopard, jungle cat, and rhesus monkey etc. The park is also home to 177 species of birds, 102 species of butterflies, and 129 species of mushroom. The park is easily accessible from Kathmandu. Visitors are attracted to the park for trekking. There are several religious sites for the Hindus and the Buddhists inside the park. As park is near Kathmandu city, it offers excellent short trekking trails.

5. Langtang National Park
It was established in 1976 to conserve the unique flora and fauna of the region. It is the nearest national park of the capital Kathmandu in the Central Himalayan Region. Total area of the park is 1710 sq. km. The Park is extended to The Nepal–China (Tibet) boarder in northern boarder of Nepal. High altitude jungles with diverse vegetation and wildlife, scenic lakes, glaciers, and Himalayan peaks combine to make Langtang an attractive destination for visitors. Mainly three inhabitants live in this national park. Cultural diversity can be seen in house types, languages, clothes, ornaments and rituals. Gosaikunda Lake attracts thousands of Hindu pilgrims at a festival during August. Lodging facilities are available in the park.

From April, various types of flowers can be seen. As warm increases, Yak and Chauri herds start to go at higher elevation. From June to August, skies are heavy with monsoon rain. From this month, cold starts to increase so livestock herd go down to lower pastures. Different varieties of plants are found in the National Park. Numerous species such as musk deer and Himalayan tahr are available in the park. The park is also well known for its populations of red panda, Himalayan black bear, snow leopard, wild dog, and more than 250 species of birds.
6. Makalu Barun National Park
Nepal's Makalu-Barun National Park and Buffer zone, covering 1500 + 830 sq, km. is the only protected area on earth with an elevation gain of 8,000m. Panorama of rugged Himalayan peaks; including Mt. Makalu (8,463m) Mt. Chamlang (7,319m), Mt. Baruntse (7,129m) is centre of attractions. Mera peak (6,654m) and Nepal peak are known as peak hill. The park has Himalayan climate. This national park is recognized for its tremendous diversity of plants, animals and people. The area has 25 species of rhododendron, 47 types of orchids, and 56 rare plants. Snow leopard, red panda, musk deer, wild boar, and they are among the wildlife found here.

Campsites have been designed along the trekking route. The place can be reached by the flights from Kathmandu to Tumlingtar. From Dharan, a trek of three days is required.

7. Bardia National Park
Royal Bardia National park is the largest national park in the lowland Terai covering an area of 968 sq.km. This is the most undisturbed protected area in the Terai and is home to the endangered Royal Bengal Tiger and Nepal’s famous one-horned rhinoceros. Many one-horned Rhinos were translocated from Chitwan National Park in 1986, 1991, 1999, 2000, 2001 and 2002. Karnali River is the suitable home for Gangetic dolphin. Babai valley is a majestic place to visit where Rhino, tiger, elephant can be observed in the wilderness site. The park has three distinct seasons, each providing a unique experience.

The park hosts 30 different mammals, more than 250 species of birds and several varieties of reptile and water animals. Other animals found are wild elephant, swamp deer, and black buck. Several migratory birds visit the park. The visitors have opportunity to experience Tharu cultures. Traditionally they are farmers and practice their own tribal religious. There are lodges facilities around the park. There is a daily flight or buses from Kathmandu to Nepalgunj. From Nepalgunj, bus service is available to the park HQ during the dry season.

8. Shey-Phoksundo National Park
Shey-phoksundo Narional Park is the largest national park and one of the few areas protecting Trans-Himalayan ecology. The area of the park is 3,555 sq. km. It was established in 1984. Geographical landmarks of the park are the Himalayan peaks in the north and Lake Phoksundo (the deepest lake of Nepal) in the southern region. The park provides a diversity of spectacular landscapes. Elevations in the park range from 2130m to 6883 m at the summit of the Kanjiroba Himal. Much of the park lies north of the Himalayan crest. The country’s highest waterfall is near the lake’s outlet. There are many rivers that flow through park also.

The park is a home to more than 9000 people and their village areas are among the highest settlements on the earth. Most of the inhabitants of the park practice Bon Buddhism. The park experiences a wide climatic range.
The flora found within the park is extremely diverse. The park also contains 286 species of ethno-botanical importance. The park provides important habitat for endangered species including the snow leopard, grey wolf, musk deer, and blue sheep, goral, Tibetan sheep etc. The park is home to six reptiles, 29 species of butterfly including the highest-flying butterfly in the world. There are 200 species of birds in the park. Local accommodations are available in Dunai, Sangta, Chhepka, and Ringmo.

9. Rara National Park
Rara National Park is in the far North-Western part of Nepal. The park was gazetted in 1976 to conserve the unique beauty of Lake Rara. The area of the park is just 106 sq. km. The heart of the park is the country’s biggest lake Rara Tal. The maximum length of the lake is 5 km and width is 3 km. Its blue water is the home to the snow trout, the only fish recorded in the lake. During winter, bird lovers can enjoy many migratory birds. Chuchemara peak (4039 m) is the highest point in the park. The majority of vegetation in the park is dominated by blue pine. The Common plant species include fir, pine, and birch, rhododendron, hemlock, oak, juniper and spruce. The rich vegetation of the park is home to around 20 different species of mammals. They include Musk deer, Himalayan black bear, Leopard, Jackal, Himalayan tahr, Yellow throated marten, Otter, Wild dog, Red panda etc. The park has recorded 214 species of birds.

There are no facilities of accommodation, and hospitals. Trekker must be self sufficient with in all means. Rara National Park is 2.5 days trek via Jumala or 10 days trek from Surkhet.

5.1.1.2 Wildlife Reserves

A brief introduction of three wildlife reserves of Nepal is provided as follows.

1. Parsa wildlife Reserve
Parsa wildlife reserve is in the law land Terai of Nepal. It covers an area of 499 sq. km. It was established in 1984 to preserve the habitat of Wild Asian Elephant and a variety of other fauna. It is in the eastern side of Chitwan National Park. It provides a rare opportunity to experience the nature and culture of Nepal’s Terai. The park has mainly tropical and subtropical species. About 90 percent is covered by Sal forest. The reserve is a good habitat for Asian wild elephant and Royal Bengal tiger. Other endangered species include sloth bear and leopard. Birds found are of more than 500 species. The endangered great hornbill is also found in certain parts of forests. The reserve is also famous for reptiles and different kinds of snakes. Outside the parks, there are no accommodation facilities. There is a small guesthouse with four rooms at headquarter
The reserve is easily accessible from Kathmandu.

2. Koshi Tappu Wildlife Reserve
Koshi Tappu Wildlife Reserve lies on the southeastern Terai of Nepal. The reserve was gazetted in 1976 to preserve habitat for the only remaining population of Wild buffalo, Arna. The area of the reserve is 176 sq. km. The reserve has been recognized as a (Ramsar) Wetland site of international significance from 1987. It is famous site for bird watchers. What makes Koshi Tappu special is that birds seen here are not found in other part of Nepal. From February to May the climate is hot. Temperature reaches up to 40 degree Centigrade. From October to January is cold time. During this time the sky is clear with moderate temperature.

The vegetation is mainly composed of tall grasslands. The main trees are Khair, Sal etc. The last surviving population of wild buffalo is found here. The estimated population of wild buffalo is 159. Other animals found are Hog Deer, Wild Boar, Spotted dear, Blue Bull, and Rock Python. Around 441 species of birds are found. The Koshi Barrage is an extremely important resting place for many migratory birds. The Koshi River is also home to 80 species of fish. The endangered Gharial crocodile and Gangetic dolphin have been recorded in the river as well (Visit Nepal, 98). Visitors can arrange elephant ride from Reserve Headquarters. It is about 500 km road travel from Kathmandu. Regular bus services are available from Kathmandu and other part of the cities. There are a few lodges and teashop near the Reserve Headquarter.

3. Shuklaphanta Wildlife Reserve
This reserve is in the far western region of Nepal on the Indo-Nepal boarder. The area of the reserve is 305 sq. km. The main objective to establish this reserve is to preserve swamp deer. Based on various researches, it was stated that total of 24 mammal species was recorded and a total of 350 species of birds. According to Dahal (2060) about 2500-swamp dear, 45 wild elephants and 35 Bengal tiger are getting home there. Although the area of the reserve is small, it supports a wide range of biodiversity.

A tropical monsoon climate is the feature of the reserve. The reserve is accessible by bus from different parts of Nepal. The reserve has also been linked by air. There is a small hotel inside reserve.

5.1.1.3 Hunting Reserves of Nepal
Nepal has only one hunting reserve. It is named as Dhorpatan hunting reserve. Its area is 1325 sq. km. This is the only reserve of Nepal where licensed hunting is allowed. Altitudes vary from
3000 m. to more than 7000 m. One of the prime attractions for hunters is the blue sheep, which is abundant in the area. Other animals found are leopard, goral, Himalayan tahr, Himalayan black bear, barking deer, wild boar, etc. Endangered animals like Musk deer, Wolf, Red panda, Cheer pheasant are also found in this reserve. The reserve is divided into six blocks for hunting management purpose. Common plant species are like fir, pine, and birch, rhododendron. The best time to visit the park is March- April. Villages on all sides except north surround the reserve. Every year livestock grazing activities begin from February and last until October. This reserve has more pasturelands. The reserve is accessible by bus and by air. But from bus point, it takes another 3 days trek and from air it takes another 4 days trek.

5.1.1.4 Conservation Areas of Nepal

A brief introduction of conservation areas of Nepal is provided as follows.

1. Annapurna Conservation Area
The Annapurna Conservation Area (ACA) is the Nepal’s largest protected area of 7629 sq. km. It contains some of the world’s highest peaks, the world’s deepest valley-the Kali Gandaki River Valley. It was established in 1992. Officially, this conservation area was established in 1992 covering 55 village development committees. The Annapurna Conservation Area has been claimed as one of the best trekking area in the world. It is also the most visited trekking area in Nepal. Some of the World’s highest peak (Annapurna 1:8091 m, Machhapuchhre: 6993 m.), World’s deepest gorge Kali Gandiki and one of the World’s highest altitudes lake Tilicho are here. A total of 1226 species of plants including 38 Orchid species and 9 Rhododendron species are available. Many types of Mammals including snow leopard, musk deer, Tibetan wolf, Tibetan fox are found in this conservation area. 474 species of birds, 39 species of reptiles and 22 species of amphibians are also found. Other specific features are more than 100000 inhabitants and 10 ethnic groups live in this area. Jomsom, Manang and Ghandruk, Sikless, Bhujung are renowned places for tourism.

2. Kanchanjunga Conservation Area
Kanchenjunga Conservation Area is named after Mt. Kanchenjunga (8,586m) - second highest mountain in Nepal and the third highest in the world. It was designated as a conservation area in March 1998. It covers an area of 2035 sq. km. and is in Taplejung district, the northeast corner of Nepal. The district is also renowned for high peaks and glaciers. In April 1997, His Majesty’s Government of Nepal declared Kanchenjunga region as a Gift to the Earth as part of WWF’s Living Planet Campaign 2000. KCA has been selected as one of the 200 Global eco regions
recognized by World Wildlife Fund. It is also a global hotspot for plant biodiversity. 23 species of rhododendrons are growing in the area. The area is splashed with colors every spring with wild display of rhododendrons, orchid, lilies, and other flowers. Wildlife includes endangered snow leopard, Himalayan Black deer, musk deer, red panda, blue sheep etc. The area has rich forests that support more than 250 species of birds. The area can be reached by air from Kathmandu to Suketar and it can be reached by bus through Ilam - Phidim - Taplejung Bazzar root. Some tourist facilities are available in Dharan, Dhankuta, and Biratnagar.

3. Manaslu Conservation Area

Manaslu was declared a Conservation Area in December 1998. It is in northern side of Gorkha district. It covers an area of 1663 sq. km. The region is a home to 33 species of mammals, 110 species of birds, 11 species of butterflies and 3 species of reptiles, 2000 species of plants, 11 types of forests and over 50 species on useful plants. The altitude rises from a mere 600 meters to the summit of Mt. Manaslu (8,163), the eighth highest peak in the world. It is also an ideal place for village tourism. The Manaslu region has different climatic zones due to altitude variety. The entrance to Manaslu Conservation Area is at Arughat. Arughat can be reached by bus or car in about five to seven hours.

5.1.1.5 Protected Areas Management in Nepal

Under the Ministry of Forestry and Soil conservation (MFSC), Department of National parks and wildlife conservation (DNPWC) was formed to manage wildlife and conservation in Nepal. In 1973, National Parks and Conservation Act has been brought with the aim of conserving wildlife and biological diversity. Since then Nepal government has established a network of protected areas. In 1992, the government introduced the concept of buffer zone. To Manage Buffer Zone areas in Nepal, the ministry has approved the buffer zone Management Guidelines in 1999. The regulation provides detailed guidelines facilitating local participations in buffer zones program. Conservation of endangered and other wildlife species is its main activity of DNPWC. International Non Government Organizations like World Wildlife Fund (WWF), International Union for Conservation of Nature and Natural Resources (IUCN), International Center for Integrated Mountain Development (ICIMOD) are joining hand for the conservation work of Nepal. Similarly, National NGO King Mahendra Trust for Nature Conservation (KMTNC) is also working for nature conservation in many parts of Nepal.
5.1.1.6 International Visitors in National Parks and Conservation Areas

Out of total international visitors to National Parks and Conservation Areas, 3700 are from SAARC countries and remaining from third country. Out of the total visitors to national parks and conservation areas more than 50% tourists visited Chitwan National parks. Sagarmatha is in the second position, which got 19522 tourists. Langtang National Park got 2735 international visitors. There are no visitors at all in Khapted National Park, Dhorpatan Hunting Reserve and Persa Wildlife Reserve. Shivapuri National Park, which is very near from Kathmandu, got 4954 international visitors (see Table 20).

Table 20: International Visitors in National Parks and Conservation Areas in 2005

<table>
<thead>
<tr>
<th>S. No.</th>
<th>National Parks</th>
<th>No. Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sagarmatha National Parks</td>
<td>19,522</td>
</tr>
<tr>
<td>2.</td>
<td>Chitwan National Parks</td>
<td>38,659</td>
</tr>
<tr>
<td>3.</td>
<td>Langtang National Parks</td>
<td>2,735</td>
</tr>
<tr>
<td>4.</td>
<td>Khaptad National Park</td>
<td>-</td>
</tr>
<tr>
<td>5.</td>
<td>Shey Phoksundo National Park</td>
<td>113</td>
</tr>
<tr>
<td>6.</td>
<td>Bardia National Park</td>
<td>653</td>
</tr>
<tr>
<td>7.</td>
<td>Rara National Park</td>
<td>29</td>
</tr>
<tr>
<td>8.</td>
<td>Dhorpatan Hunting Reserve</td>
<td>-</td>
</tr>
<tr>
<td>9.</td>
<td>Persa Wildlife Reserve</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>Koshi Tappu Wildlife Reserve</td>
<td>202</td>
</tr>
<tr>
<td>11.</td>
<td>Shukla Phata Wildlife Reserve</td>
<td>13</td>
</tr>
<tr>
<td>12.</td>
<td>Makalu Barun National Park</td>
<td>70</td>
</tr>
<tr>
<td>13.</td>
<td>Kanchanjunga Protected Areas</td>
<td>81</td>
</tr>
<tr>
<td>14.</td>
<td>Shivapuri National Park</td>
<td>4,954</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>67,031</td>
</tr>
</tbody>
</table>

Sources: MCTCA (2006)

National parks and conservation areas of High Himalayan sides are found difficult to reach by air or by bus. Therefore, tourists with short holiday period cannot go to these places. Due to lack of facilities, only committed explorer tourists having long holidays can go to these parks and conservation areas.
5.1.2 Trekking in Nepal

Trekking is an activity of walking from one place to another. In tourism trekking is done with religious, cultural, and natural objectives. MCTCA (2004, p. 2) defines that trekking is a travel by walking for sightseeing in places where there are generally no modern transportation. Trekking is not a new activity in Nepal. Until about the early 60s almost everybody had to walk across the hills and valleys whenever they move from one area to another. The unique geography of Nepal offers some of the excellent opportunities for trekking in the world. Himalayan region of Nepal is very attractive place for tourists. It is a country of countless trails. The real beauty of nature can be enjoyed through trekking in Nepal. Trekkers can enjoy the rhododendron-filled green, dark forests and forests with different flowers. They can watch by near the Hindu temples and Buddhist Gumba. As a mountainous country, the best way for one to experience Nepal is by trekking. Basically, we can say that trekking is one of the authentic products of Nepal (Singh, 2003). A trek in Nepal is different from mountain holidays in other countries (Department of Tourism, 1978). Most mountainous regions of the world are uninhabited wilderness, but hilly regions of Nepal are heavily populated. So tourist can experience different ethnic culture and lifestyles in trekking. Duration of treks in Nepal varies widely. It varies from one day to three months with the average 10 days long (Bhattarai et al., 2005).

In the past, trekking was a necessity, now it has become one of the major leisure activities. Many trekkers in Nepal are from North America and Europe. In 1966, there were only 8 tourists who came for trekking but in 2000, the number of trekkers increased to 118,414. Between 2000 and 2005, number of trekkers declined to 61,488.

### Table 21: Number of Trekkers in Different Trekking Areas in 1980-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Everest, Langtang, Valley</th>
<th>Helambu, Lamjung Valley</th>
<th>Annapurna, Manang, Jomsom</th>
<th>Others</th>
<th>Mustang*</th>
<th>Lower Dolpa*</th>
<th>Upper Dolpa*</th>
<th>Humla*</th>
<th>Mana slu*</th>
<th>Kan chen Jung a*</th>
<th>Others*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>5,836</td>
<td>4,113</td>
<td>14,332</td>
<td>3,179</td>
<td>813</td>
<td>585</td>
<td>500</td>
<td>185</td>
<td>191</td>
<td>677</td>
<td>667</td>
<td>27,460</td>
</tr>
<tr>
<td>1985</td>
<td>8,347</td>
<td>4,610</td>
<td>18,960</td>
<td>813</td>
<td>5,386</td>
<td>585</td>
<td>400</td>
<td>109</td>
<td>151</td>
<td>677</td>
<td>667</td>
<td>32,730</td>
</tr>
<tr>
<td>1990</td>
<td>11,314</td>
<td>7,826</td>
<td>36,561</td>
<td>5,897</td>
<td>8,291</td>
<td>585</td>
<td>500</td>
<td>185</td>
<td>191</td>
<td>677</td>
<td>667</td>
<td>61,472</td>
</tr>
<tr>
<td>1995</td>
<td>14,997</td>
<td>8,442</td>
<td>50,012</td>
<td>1,122</td>
<td>1,022</td>
<td>1,069</td>
<td>1,069</td>
<td>121</td>
<td>509</td>
<td>617</td>
<td>375</td>
<td>118,414</td>
</tr>
<tr>
<td>2000</td>
<td>26,683</td>
<td>10,917</td>
<td>76,407</td>
<td>1,022</td>
<td>1,069</td>
<td>1,069</td>
<td>1,069</td>
<td>121</td>
<td>509</td>
<td>617</td>
<td>375</td>
<td>118,414</td>
</tr>
<tr>
<td>2001</td>
<td>22,029</td>
<td>9,148</td>
<td>65,313</td>
<td>1,022</td>
<td>1,069</td>
<td>1,069</td>
<td>1,069</td>
<td>121</td>
<td>509</td>
<td>617</td>
<td>375</td>
<td>118,414</td>
</tr>
<tr>
<td>2002</td>
<td>13,992</td>
<td>7,978</td>
<td>38,642</td>
<td>1,022</td>
<td>1,069</td>
<td>1,069</td>
<td>1,069</td>
<td>121</td>
<td>509</td>
<td>617</td>
<td>375</td>
<td>118,414</td>
</tr>
<tr>
<td>2003</td>
<td>18,812</td>
<td>3,119</td>
<td>40,668</td>
<td>1,022</td>
<td>1,069</td>
<td>1,069</td>
<td>1,069</td>
<td>121</td>
<td>509</td>
<td>617</td>
<td>375</td>
<td>118,414</td>
</tr>
<tr>
<td>2004</td>
<td>20,051</td>
<td>3,020</td>
<td>42,347</td>
<td>1,022</td>
<td>1,069</td>
<td>1,069</td>
<td>1,069</td>
<td>121</td>
<td>509</td>
<td>617</td>
<td>375</td>
<td>118,414</td>
</tr>
<tr>
<td>2005</td>
<td>19,522</td>
<td>2,735</td>
<td>36,224</td>
<td>801</td>
<td>825</td>
<td>329</td>
<td>777</td>
<td>577</td>
<td>577</td>
<td>682</td>
<td>458</td>
<td>61,448</td>
</tr>
</tbody>
</table>

*Note: These are controlled trekking areas, which need permission from immigration office also.

Sources: MCTCA (2006)

Many new areas have been opened for trekking also. One particular features of Nepal is that there are many isolated places in Nepal where only controlled trekking is allowed (see Table 21). In some trekking region, open entry of tourists has been controlled. Therefore, only the trekking
agencies can take the trekking groups with them. But this controlled management of trekking has not benefited local villagers. The villagers are demanding open entry of tourists in the trekking regions (Kantipur Daily, 2007).

The study of Pobocik and Butalla (1998) found that there are two major types of trekkers in Nepal. They are group and independent trekkers. According to their survey in Annapurna Region, 92% of sample group are trekkers and 65% of independent trekkers came to Nepal to experience both the people of Nepal and natural environment. They found that excluding airfare, group trekkers spent US $ 78 per day while independent trekkers spent $ 6.5 per day. However, 60% of the group trekkers’ expenditure does not benefit Nepalese economy. They found that independent trekkers spent on average 18 days longer in Nepal than group trekkers.

Trekking tourism has contributed significantly. Because trekkers spend more time in Nepal and contribute a lot to the Nepalese economy. Trekking has also helped to contribute positively in the local economy of Nepal. The study of Nyaupane, et al. (2006) confirmed that trekking tourism in Annapurna Conservation Area of Nepal contributed to the empowerment of women, improved the local quality of life, and helped to revitalize traditional culture.

However, many trekking regions in Nepal do not have tourism facilities. Of course, the attractions are unique with mixture of nature and cultural. But minimum facilities of medical, transport and communication, lodging and eating facilities are not available. Musa et al. (2004) found that the majority of tourists (89.4%) suffer from the health ailment in Everest region trek. And group trekking organised under trekking agency is costly. That is why middle class could not trek in many unexplored areas of Nepal.

Regarding manpower and number of trekking agencies registered, there are huge numbers. The registered number of trekking agencies is 475 in 1999 and increased to 740 in 2005. Though the number of trekkers decreases sharply in compare to 2000, trekking agencies are increasing. May be trekking entrepreneurs are hopeful that Nepalese tourism will grow soon. Similarly, there has been more than double growth in the number of licensed manpower guide. There were 1967 trekking guides in 1999 but their number increased to 4395 in 2005 (MCTCA, 2006).

5.1.2.1. Areas of Trekking in Nepal

Following are the some important trekking areas in Nepal.

1. Everest Region

   Everest region is in northeastern side of Nepal. The region is renowned and it attracts about 30% trekkers out of the total trekkers in Nepal. The famous places to visit are the Everest Base Camp,
Namche Bazar. Famous Sherpas lives in this region. The trekkers have opportunity to view the highest peak of the world, the Mount Everest. The region provides opportunity to experiences different culture as different ethnic groups also live in this area. The region offers different species of plants and animals. The region offers trekking of twenty days. The best time is September to December and February to May. Bus or air services are available Kathmandu for this trekking. Buses are available from Kathmandu to Jiri. By air there are three options.

2. Annapurna Region
Annapurna region is recognized as one of the world’s best places for trekking. Trekkers state that it is a beautiful place with unique physical environment (Holden, 2003). The region lies in the north of central Nepal. It offers trekking in the Himalayan ranges. The region offers the beauty of Annapurna peaks, Mt. Dhaulagiri, River Kali Gandaki and several other peaks. Gateway to Annapurna trekking region is the famous city of Pokhara. Trekkers have the opportunity to experience ethnic culture of Gurung, Thakali, and Manangba. The trekkers can find the deepest gorge in the world, which is made by Kaligandiki River. The different colours of rhododendron and many other flora and fauna easily impress human beings.

The popular trekking routes of this region are Jomsom, Annapurna circuit, Annapurna Base Camp, Sikles, Lamjung, Dhaulagiri, Upper Mustang and around Pokhara. Upper Mustang can be visited on monsoon also as it falls on rain shadow area. There are services of lodges and teahouse in this area. The gateway Pokhara can be reached easily via buses or airlines from Kathmandu.

3. Langtang, Helambu Area
The region, which offers a multitude of destinations, lies in the north of Kathmandu. All the destinations are accessible without flights. The treks offer from 7 to 16 days, which can combine three major areas, Langtang, Gosakund and Helambu. The areas offer beauty of many Himalayan peaks, flora and fauna. The high and isolated region is inhabited by Tamangs whose culture and traditions are much more similar to those of Tibet. A visit to Langtang Valley offers an opportunity to explore villages. Hindu pilgrimage Gosaikunda is a holy place and can be met with this trek also.

4. Manaslu Area
The area to the east of the Annapurna is the peak of Manaslu group. Only few visitors trek in this area. This is a controlled area and in the year 2005, only 544 trekkers reached in this area. The area is bordered by river Budhi Gandaki and to the west by river Marshyangdi. Temple of Manakamana and Gorkha palace are the two cultural highlights of the area. The treks begin from an elevation of 1000 meters. It offers a wide range of flora of middle hills and alpine regions of
Nepal. Gorkha or Dhading Besi is the starting point for trekking. Bus services are available from Kathmandu to reach the starting point of trekking. Permission needs to be taken and fee is to be paid.

5. Dolpa Trek
The region is located in the central west of Nepal. The focal point of the area is the Shey Phoksundo National Park. This remote place is very attractive both for cultural and natural reasons. One can see the deepest lake of Nepal in this trekking. It was opened in 1991 for trekking but it is a controlled area. It is also a rain shadow area so trekking is possible in monsoon season also.

6. Kanchajunga Trek
Kanchanjunga Mountain is the second tallest mountain in Nepal. The region is home to ethnic groups of Kirats, notably the Rais and Limbus. The region has not been developed for the needs of independent trekkers. One very important attraction is Arun Valley. The government has controlled the flow of trekkers to enter in this area. The area is one of the renowned eco-trek areas of the world. The region has bus link as well as air link from Kathmandu.

7. Humla and Jumla Region
The region is located on the north-western part of Nepal. The area is very remote. Due to difficult transportation links, the people of this place face food shortages in many times in a year. Trekkers can experience attraction of Rara Lake, Jumli people, their unique culture, flora and fauna of the regions. Tourism facilities are lacking in these areas. So group trekking organised by trekking agency is suitable.

8. Trekking around Palpa and Kathmandu Valley
There are a lot of short treks available around Palpa. The place has many famous historical monuments, temples and lively cultures. Similarly, Kathmandu valley offers excellent sort treks, which can be completed in one or two days.

9. Newly Developed Treks
A program called TRPAP (Tourism for rural poverty alleviation) has developed some new trekking routes for the tourism industry of Nepal. The products were developed to help poverty alleviation through tourism in rural Nepal. The Tamang Trails, The Praja Trail, The Limbu Trails are some excellent products developed. The Tamang Trails has many offers for trekking, which can last 5 days to 8 days. It includes trek like Tamang Heritage Treks (7 days route), Tibetan Heritage Trek (7/8 days route), Cultural Heritage Treks (5/6 days treks) etc. The region is in
Rasuwa district and 120 km from Kathmandu. The home stay facilities have also been developed in the trails.

Another trail is known as Praja Trail. Praja are also called Chepangs. They are one of the poorest ethnic groups of Nepal. The culture of Praja is very unique. The route can also be linked with Jungle Safari in Chitwan. The area is easily accessible from Kathmandu. The trekking trails are well developed. A visitor information centre and a Praja Museum have been set up at Shaktikhor. Likewise, camping sites have been developed. Home stay facilities and community lodges are available. The surrounding area is quite rich in biodiversity and wildlife.

5.1.3 Mountaineering in Nepal

5.1.3.1 Introduction

Nepal is the land of Himalayas. Himalayas are the youngest and highest mountain peaks in the world. The name is based on the Sanskrit words. ‘Him’ means snow and ‘Alaya’ means abode (The place where you live). The Nepalese Himalayas, since time immemorial, have captured the dreams, desire and aspirations of men. Even the early Aryans found the Himalayas the birthplace and homes of their gods, and the Himalayas appeared so awesome, so majestic and so mysterious (Satyal, 2004).

Himalayas have extended 3000 km east to west. And Nepalese Himalayas are the largest and highest occupying nearly a third or 800km (MCTCA, 2006a). Nepal has 8 peaks above 8000 meters out of the 14 above 8000 meters peaks of the World. One of the above 8000 meters mountains of Nepal is the Mount Everest. The third tallest mountain of the world is Kanchenjunga, which is also in Nepal. Nepal has 22 peaks above 6700 meters out of 32 in the world (Chettri and Rayamaji, 2061). Nepal has identified 1310 peaks for mountaineering. These mountains offer higher peak climbing opportunity for mountaineers.

Mountaineering expedition in Nepal means an ‘act of expedition on any peak of the mountain range of Nepal by any team with the intention of reaching to the summit’ (MCTCA, 2004, page 2). It is adventure tourism and may be categorized as hard adventure tourism (Sung, et. al., 2000). Hard adventure tourism would require previous experience, recognized level of competency, ability to cope with the unexpected and skills associated with the type of holidays (Shephard and Evans, 2005). Climbing and reaching in the peaks of Nepalese mountains are highly challenging and risky as Nepalese Himalayas are the highest mountain ranges having 8 of the 14 peaks above 8000 meters.

Though it is challenging and risky, efforts had been made to climb Mount Everest for years. Early efforts to climb Mount Everest began in 1921. The first expedition (1921) to Everest
was a British reconnaissance team and the approach was made through Tibet. The British made five attempts on the mountain from the north and the highest point reached was 28,127 feet in 1924 (Satyal, 2004). Efforts to climb Mt. Everest from Nepali climbers happened as early as 1922. In 1922, seven Sherpa climbers died in an avalanche while climbing Everest. They were the first recorded death on Mount Everest (MCTCA, 2006a). After Nepal was formally opened for mountaineers in 1949, the Swiss made two attempts in 1952 from the southern side of Everest (Satyal, 2004). In 1953, May 29 Admond Hilary of New Zealand and Tenzing Sherpa of Nepal successfully climbed the peak of the world, Mt. Everest. Mountain Annapurna of Nepal (8091 meters) was climbed on June 3, 1950.

After Tenzing and Edmond successfully climbed Mount Everest, many others have made efforts to keep records. Ms Junko Tabai of Japan became the first woman to meet the peak of Everest in 1975. The first ascent without bottled oxygen was by Mr. Peter Habeler of Austria and Reinhold Messner of Italy on May 8, 1978. The first winter ascent was by Mr. Krzysztk Wkelicki of Poland on February 17, 1980. The first ascent by woman without oxygen was by Ms. Lydia Bradey of New Zealand on October 14, 1980. The first married couple to summit together were Mr. Andrej and Mrs. Mariza Stremfeli of Slovenia on October 7, 1990. The first father and son to summit together were Mr. Jean Noel Roche and his son Roche Bertrand in October 7, 1990.

There are many other world records kept in climbing Mount Everest for example first two bothers, first three bothers, first handicap, first blind, faster climbers, etc. and number of people who successfully climbed Everest increased to 1487 in 2005 (MCTCA, 2006a). Besides, many other mountains of Nepal has been popular among mountaineers.

### 5.1.3.2 Mountaineering Management

Ministry of Culture, Tourism and Civil Aviation is the responsible body for the management of mountaineering tourism in Nepal. According to recent data, there are 327 peaks opened for mountaineering in Nepal (MCTCA, 2006a). Out of 327 mountain peaks, the authority to manage 33 peaks was given to Nepal Mountaineering Association (NMA). So these 33 peaks are also called NMA peaks. Government of Nepal has established Mountain Academy Nepal (MAN) in 2002. This is the major government organisation of Nepal to work in mountain study, training, research, and for the development of mountain region.

As per Nepal Tourism Act 1978 and Mountaineering Regulation 2002, a mountaineering team looking for climbing Himalayan peak of Nepal opened for mountaineers shall have to take permission of climbing. Nepal Mountaineering Association gives permission, receives royalty of permission, and makes provision for garbage management for the 33 NMA peaks. For other 297 opened mountains, Ministry of Culture, Tourism and Civil Aviation of Nepal is responsible for
providing permission, receiving royalty and making provision of garbage management. Royalty, garbage management, other provision and rescue of mountaineers in case of emergency are discussed below:

a. Royalty for Mountaineering

Ministry Tourism, Culture and Civil Aviation provides climbing permission to 297 mountain peaks and also fixes royalty for these mountains. Royalties for Mt. Everest expedition for 7 members shall be fifty thousands US $, if the route other than general is used. If general (Southeast route) is used, the royalty ranges from US $ 25,000 for one member to US $ 70000 for seven members. For each additional member US $ 10,000 will be charged. Royalty for the other mountains under ministry’s permission categories are shown in Table 22.

Table 22: Royalty for the Mountains

<table>
<thead>
<tr>
<th>Name of Mountain</th>
<th>Royalty for up to seven members (U.S. Dollars)</th>
<th>Royalty for each additional member (U. S. Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 8000 meter (Other than Mount Everest)</td>
<td>10,000</td>
<td>1,500</td>
</tr>
<tr>
<td>From 7501 meter to 8000 meter</td>
<td>4,000</td>
<td>500</td>
</tr>
<tr>
<td>From 7001 meter to 7500 meter</td>
<td>3,000</td>
<td>400</td>
</tr>
<tr>
<td>From 6501 meter to 7000 meter</td>
<td>2,000</td>
<td>300</td>
</tr>
<tr>
<td>Less than 6501 meter high mountain</td>
<td>1,000</td>
<td>200</td>
</tr>
</tbody>
</table>

Source: MCTCA (2006a)

Nepal Mountaineering Association (NMA) decides royalty for the 33 mountain peaks, which are under its permission category. The 33 peaks are further divided into two groups; Group ‘A’ peaks (15 peaks) and Group ‘B’ peaks (18 peaks). Group ‘A’ peaks are charged US $ 500 for up to seven members. Royalty for each additional member is (US $) 100. For Group ‘B’ peaks, royalty amounts US $ 350 for up to 4 persons. Additional US $ 40 is required for each additional member up to 8 members. So for 8 members, royalty amounts US $ 510. Royalty for each additional member beyond 8 members is US $ 25. The maximum number of members in a team is 12 (http://www.nepalmountaineering.org/, accessed on 28th January, 2007). From mountaineering permission fees, Nepal has earned nearly 180 million Nepalese rupees as royalty in 2005 (MCTCA, 2006).

b. Garbage Management

Mountaineering expedition team generates huge amount of litter making it a serious concern (Baskota and Sharma, 1994). During the 1980sm, Everest region received a lot of media coverage about pile of garbage in Everest. From 1994 to 2003 Sagarmatha Pollution Control Committee disposed 202,745 kg of garbage (http://www.welcomenepal.com/stn/products.asp,)
accessed on 2007, January, 28). When people come for mountaineering, it generates garbage of various types. To permanently manage garbage generated by both trekking and mountaineering tourism activities, Nepal government has made legal provision to manage garbage by the trekking and mountaineering teams themselves. Mountaineering Expedition Regulation 2002 of Nepal has explained about provision of garbage management. Garbage is classified for the purpose of garbage management into three types, which are as below:

1. **Garbage which can be destroyed**: toilet paper, paper, cardboard, things made from bamboo, jute and cotton bags, decomposed food or dead body.
2. **Garbage which can be recycled**: tin, bottle, jar, plastic can, plastic sheet, reusable gas cylinder, plastic bag, or personal goods etc.
3. **Garbage which has to be re-imported**: used oxygen bottle, used battery, equipment to be used for climbing or personal goods etc.

The mountaineering expedition team shall destroy or dig and cover the garbage as of type 1 in the way that would not adversely affect the public place. It shall be done in front of the institution or body if the government of Nepal has prescribed such institution or body. If such institution or body has not available, the Liaison officer or representative of local body’s presence is necessary to manage such garbage. And if Liaison officer or representative of the local body is not available it shall be done in front of the headman.

For the garbage, which can be recycled, the mountaineering expedition team shall bring back such garbage to Kathmandu and hand over to prescribed authority. The garbage of third category, which cannot be recycled, should be taken back to the own country of mountaineering expedition teams.

As a guarantee of the garbage management as per rule, Mountaineering Expedition Regulation 2002 of Nepal has also made it compulsory to deposit certain amount before climbing peaks. The deposit amount for the Mount Everest is US $ four thousands or equivalent to that in Nepalese rupees for a mountaineering team. The deposit amounts for other mountains under the government management have been fixed mainly on the base of the height of the mountains. The minimum rate of deposit is US $ 500 for a mountaineering expedition team. The amount deposited will be returned back only after the submission of evidence of garbage management as per this regulation.

The deposit amount for 33 mountain peaks (also called NMA peaks) managed under Nepal Mountaineering Association (NMA) is decided by the NMA. The recent deposit amount is US $ 250 for mountaineering teams who want to climb any NMA peaks. The deposit amount shall be refunded as per the provision made by the NMA.

c. Other Provisions for mountaineering teams

3 Headman is the person who arrange local porters, and who supervises the mountain guides, high altitude porters, or workers of the base camp.
The tourism regulation 2002 also described the facilities to be provided to high altitude workers, base camp workers, and local workers used by mountaineering teams. The regulation act says that the mountaineering expedition team should insure of liaison officer, headman, mountain guide, high altitude workers, base camp workers, and local workers of their personal accident. The mountaineering teams have to provide all the necessary things (like sleeping bags, jacket, trousers, tent, equipments etc.) including food, medicine for the liaison officer, headman, mountain guide, high altitude workers, base camp workers, and local workers.

d. Rescue of Mountaineers in Emergency
Trekking in mountain areas and climbing Himalayan peaks create emergency situations due to illness, acute mountain sickness, snowstorms, landslide, and avalanches. If the situation is a non-life threatening, the ill trekkers or mountaineers will be brought to the nearest health post. If the situation is serious a helicopter rescue is also needed. Himalayan Rescue Association (HRA), established in 1973, has been helping to save lives by providing medical facilities and emergency rescue assistance to trekkers, mountaineers, support staff, porters and local people. A paid based rescue by helicopter is arranged in case of emergency. But mountaineers should have travel insurance, which cover helicopter rescue. Now a day, there are many private airlines in Nepal that provide services to evacuate trekkers/ mountaineers in an emergency.

5.1.3.3 Arrival Pattern of Mountaineers in Nepal

In the year 2005, total 892 mountaineering teams were permitted for mountaineering in Nepal. Government of Nepal provided permission for 128 teams (940 mountaineers) and Nepal Mountaineering Association provided permission for 764 teams (3677 mountaineers).

Table 23 shows the arrival pattern of mountaineers to expedite mountain peaks managed under Ministry of Tourism, Culture and Civil Aviation of Nepal of Nepal. The data shows the arrival pattern since 1996 to 2005. In 1996, there were 129 teams (851 mountaineers) who took permission from government of Nepal to climb mountains. The number of teams in 2005 was 128 (940 mountaineers). Likewise, under NMA managed mountains 3319 mountaineers took permission of climbing in the year 1996-97, which slightly increased to 3813 in 2005-2006 (see Table 24).

Due to technological advancement, the task of mountaineering and trekking has become easier (Beedie and Hudson, 2003). Johnston and Edwards (1994) mention that over the years, materials produced specifically for high altitude climbing needs have replaced heavy, cumbersome equipment, food and fuel. However, despite these changes and Nepal’s fame as a destination for mountaineers, the number of mountaineers has not been increased significantly.
Table 23: Number of Expedition Teams and Mountaineers 1992-2005 permitted by Government of Nepal

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Teams</th>
<th>Total Number of Mountaineers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>129</td>
<td>851</td>
</tr>
<tr>
<td>1997</td>
<td>120</td>
<td>861</td>
</tr>
<tr>
<td>1998</td>
<td>141</td>
<td>974</td>
</tr>
<tr>
<td>1999</td>
<td>115</td>
<td>857</td>
</tr>
<tr>
<td>2000</td>
<td>132</td>
<td>773</td>
</tr>
<tr>
<td>2001</td>
<td>112</td>
<td>836</td>
</tr>
<tr>
<td>2002</td>
<td>134</td>
<td>913</td>
</tr>
<tr>
<td>2003</td>
<td>152</td>
<td>1080</td>
</tr>
<tr>
<td>2004</td>
<td>140</td>
<td>1042</td>
</tr>
<tr>
<td>2005</td>
<td>128</td>
<td>940</td>
</tr>
</tbody>
</table>


Table 24: Number of Teams and Mountaineers of 33 NMA Peaks permitted by Nepal Mountaineering Association

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Teams</th>
<th>Total Number of Mountaineers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-1997</td>
<td>623</td>
<td>3319</td>
</tr>
<tr>
<td>1997-1998</td>
<td>680</td>
<td>3785</td>
</tr>
<tr>
<td>1998-1999</td>
<td>786</td>
<td>4338</td>
</tr>
<tr>
<td>1999-2000</td>
<td>908</td>
<td>4875</td>
</tr>
<tr>
<td>2000-2001</td>
<td>909</td>
<td>4943</td>
</tr>
<tr>
<td>2001-2002</td>
<td>840</td>
<td>4107</td>
</tr>
<tr>
<td>2002-2003</td>
<td>688</td>
<td>3373</td>
</tr>
<tr>
<td>2003-2004</td>
<td>762</td>
<td>3632</td>
</tr>
<tr>
<td>2004-2005</td>
<td>803</td>
<td>3833</td>
</tr>
<tr>
<td>2005-2006</td>
<td>780</td>
<td>3813</td>
</tr>
</tbody>
</table>

Source: Nepal Mountaineering Association, Kathmandu Nepal

5.1.3.4 Who Are Mountaineers in Nepal?

Mountaineering teams from 45 countries had taken permission of climbing in 2005 and most of the teams were from European countries. As most population in developed world lives in urban areas, mountains, lakes, oceans, jungle, desert islands represent escape locations that offer excitement, stimulation, and potential adventure (Beedie and Hudson, 2003). The popularity of mountaineering in Nepal is also among people of developed world. The top 10 origin countries, which provided more than 70% of total permitted teams were from Britain, France, Germany, USA, Japan, Italy, Australia, Spain, Switzerland, Austria respectively where 15.5% teams were from Britain only. The top 6 countries were the members of G-7 countries. Only 2
Mountaineering teams of Nepal took permission to climb mountain peaks in Nepal to climb for Everest. This shows that Nepalese are not showing interests in climbing mountains.

5.1.3.5 Which Mountains are Popular in Nepal?

Under ministry-managed mountains, Mount Amadablam and Mount Everest are the most popular for the climbers who want to reach the peak of these mountains. Mount Pumori and Mount Lhotse are third and forth popular mountains among climbers respectively. Out of the 128 teams permitted for climbing, 36 teams got permission for Amadablam and 21 teams got permission for Mount Everest (see Table 25). These four mountains are situated in Everest region (Khumbu Region) and account for about 70% of total mountaineers under ministry’s permission category in 2005. The popularity may be due to the Mount Everest. The popularity may be also due to the facilities in the caravan routes of these mountains.

Table 25: Mountain Peaks and Expedition Teams Permitted by Government of Nepal in 2005

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Mountain Peaks</th>
<th>Teams</th>
<th>S.N.</th>
<th>Mountain Peaks</th>
<th>Teams</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amadablam</td>
<td>36</td>
<td>22</td>
<td>Gyazikang</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Everest</td>
<td>21</td>
<td>23</td>
<td>Kanchanjung</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Pumori</td>
<td>8</td>
<td>24</td>
<td>Pasang Lamu Chuli</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Lhotse</td>
<td>5</td>
<td>25</td>
<td>Tengkang boche</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Dhaulagiri</td>
<td>4</td>
<td>26</td>
<td>Tawoche</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Annapurna I</td>
<td>4</td>
<td>27</td>
<td>Swelkhan</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Tukuche Peak</td>
<td>4</td>
<td>28</td>
<td>Salbach</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>Himjung</td>
<td>3</td>
<td>29</td>
<td>Kang Guru</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Thapa Peak</td>
<td>3</td>
<td>30</td>
<td>Ratna Chuli</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>Manaslu</td>
<td>3</td>
<td>31</td>
<td>Tashi Kang</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>Makalu I</td>
<td>3</td>
<td>32</td>
<td>Makalu II</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>Annapurna</td>
<td>2</td>
<td>33</td>
<td>Pabuk Kong</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>Bhrikutri</td>
<td>2</td>
<td>34</td>
<td>Khatunga</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>Dhampus</td>
<td>2</td>
<td>35</td>
<td>Putha Himal</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>Nuptse</td>
<td>2</td>
<td>36</td>
<td>Janak Chuli</td>
<td>1</td>
</tr>
<tr>
<td>16</td>
<td>Tilicho</td>
<td>2</td>
<td>37</td>
<td>P2</td>
<td>1</td>
</tr>
<tr>
<td>17</td>
<td>Barutse</td>
<td>1</td>
<td>38</td>
<td>Teng</td>
<td>1</td>
</tr>
<tr>
<td>18</td>
<td>Dhaulagiri</td>
<td>1</td>
<td>39</td>
<td>Swaska</td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>Drangnag Ri</td>
<td>1</td>
<td>40</td>
<td>Makalu II</td>
<td>1</td>
</tr>
<tr>
<td>20</td>
<td>Galgen</td>
<td>1</td>
<td></td>
<td>Total Teams</td>
<td>128</td>
</tr>
<tr>
<td>21</td>
<td>Gyachung Kang</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Under NMA managed teams, Island peak is the most famous which could attract more than 45% of the mountaineering teams permitted by NMA in 2005. Mera peak is the second most attractive
peak among climbers and Lobuje is the third most attractive peaks (see Table 26). The reasons behind the popularity of three mountains may be that all of them are situated in the Everest region (Kumbu Region), which is popular due to Mount Everest.

Table 26: Mountain Peaks and Expedition Teams Permitted by Nepal Mountaineering Association in 2005

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Peaks</th>
<th>Teams</th>
<th>S.N.</th>
<th>Peaks</th>
<th>Teams</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Island</td>
<td>364</td>
<td>16</td>
<td>Nireka</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Mera</td>
<td>138</td>
<td>17</td>
<td>Singa Chuli</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Lubuje</td>
<td>57</td>
<td>18</td>
<td>Mardi Himal</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Parchamo</td>
<td>41</td>
<td>19</td>
<td>Chekingo</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Chulu East</td>
<td>24</td>
<td>20</td>
<td>Khongma Tse</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Pokhalde</td>
<td>20</td>
<td>21</td>
<td>Yubra Himal</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Pisang</td>
<td>17</td>
<td>22</td>
<td>Bokta</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Naya Kang</td>
<td>14</td>
<td>23</td>
<td>Ombigaichen</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Chulu West</td>
<td>13</td>
<td>24</td>
<td>Kusum Kangru</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>Tent Peak</td>
<td>11</td>
<td>25</td>
<td>Babuche West</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>Yala</td>
<td>10</td>
<td>26</td>
<td>Langsisa Ri</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>Cholatse</td>
<td>9</td>
<td>27</td>
<td>Abi</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>Larkya</td>
<td>7</td>
<td>28</td>
<td>Machermo</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>Ramdung</td>
<td>5</td>
<td></td>
<td><strong>Total Teams</strong></td>
<td><strong>764</strong></td>
</tr>
<tr>
<td>15</td>
<td>Kyazari</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Pointing the situation of mountain tourism in Nepal, Maclellan, Deike, and Thapa (2000) state that the mountain tourism in Nepal lacks enough planning. Problems of litter, pollution, and deforestation are seen in trekking and mountaineering areas. Similarly, there lacks priority setting in developing mountain tourism in Nepal, it is moving haphazardly. Gurung and Decoursey (2000) presented the case of Mustang of Nepal and pointed and presented many problems after it was opened for tourism. This shows the lack of planning of tourism in mountain areas.

5.1.4 Rafting in Nepal

Nepal is said to be the second largest country in the world in water resource. Many rivers originate in the high Himalayan region of Nepal. There are 6000 rivers in Nepal but many rivers are very small. This provides Nepal a big opportunity for the economic development. Nepal can produce 83000-megawatt electricity with these water resources. Currently, only about 600 megawatt has been produced. Many big rivers flow from northern highland to southern low land. This creates a big possibility for rafting. Nepal has earned the reputation of one of the best
destinations for white water rafting. The waters in Nepal offer something for everybody: Grade 5-5+ rivers with raging white water rapids for the adventurous, to Grade 2-3 rivers with a few rapids for novices. Rafters also have a choice ranging from one week to two or three days.

The major rivers in Nepal are the Sapta Kosi in the extreme eastern Nepal, the Narayani in the central Nepal, the Karnali in the western Nepal and the Mahakali in the far western Nepal. The branches of these rivers are commercially opened for rafting.

Being a mountainous country, rafting in Nepal is considered as an adventurous experience. It is full of enjoy. During rafting, tourists can see different types of flora and fauna, experience different culture and religions. So, river rafting in Nepal is a combination of product, which includes adventure, nature and culture. Department of Tourism (1996) mentions that a river trip is one of the best ways to explore a typical cross section of the country’s natural as well as ethno-cultural heritage.

Sir Admond Hillary first introduced the possibility of white water rafting in Nepal. In 1968, He did rafting in Nepal with a jet boat. Now many Nepalese rafting companies are providing these services.

For rafting purpose, 9 rivers had already been opened. Recently, another 5 rivers have also been opened (Nepal Association of River Rafting, 2006). The Sun Koshi ‘River of Gold’ has been rated as one of the top ten rafting trips in the world. It is also in the list of ‘must do while in Nepal’.

However, white water rafting in Nepal, while well known among several specialist river-running communities across the world, has had relatively little publicity. Generally, their advertisement is limited in small yearly rafting competition. There needs much research in this area also.

5.1.5 Cultural Attractions in Nepal

Nepal has many religious places and pilgrimage sites, historic places and old palaces, distinctive life styles, arts and handicrafts and unique festivals.

5.1.5.1 Religious Places and Pilgrimage Sites

Though Nepal is marked only Hindu Country in the world, there are many pilgrimage sites related to Buddhism. Lumbini is the birth place of Buddha and Swambhu Nath and Boudhnath are other two important pilgrimage sites famous for Buddhists. Besides, Nepal has so many Hindu temples and pilgrimage sites in all over Nepal. Pashupatinath Temple is the famous one for all Hindu all over the world. Here we briefly explain about important pilgrimage sites in Nepal.
1. Lumbini: The birthplace of Buddha

Shakyamuni Buddha was born in the southern part of Nepal twenty-five hundred years before. Lumbini is a small town and remained as a holy place for Buddhists all over the world. Buddha was born to a royal family. His mother ‘Mayadevi’ gave birth to Siddharth Gautam (Buddha) in the garden of Lumbini. It is said that immediately after his birth Buddha walked seven steps. Wherever his feet touched the ground, a flower lotus bloomed.

After his powerful birth, his father used to worry that his sun would leave the palace for religious practice. Once Buddha came out of the palace and saw pain, sorrow, and death. To find the ultimate cause of suffering and to alleviate it, the young prince escaped from the palace one night. For years, he fasted, meditated and spent his time in a rigorous and painful search to find the way to end sufferings.

On a full moon night in the north Indian town of Bodhgaya, where he meditated under a tree, he had a direct realization of nirvana (eternal peace). This transforms a mortal prince into a Buddha. Indian Emperor Ashoka erected a large stone pillar where he wrote and validates that Lumbini is the birthplace of Buddha (TRPAP, 2006).

He spent the rest of life guiding people towards nirvana, love and friendship. When it was time for him to leave this world, he had thousands of flowers to keep Buddhism alive. He left this world at the age of 84.

Lumbini of Nepal has become holy place for Buddhists of all over the world and a centre place for world peace and friendship. UNESCO recognized it as the world heritage site. The restored garden and surroundings have many ancient stupas and monasteries, which can attract too many people. Mayadevi temple is also attraction there. Government of Nepal has also made a master plan to develop it.

There are many other religious sites related to Buddha, which can further attract tourists. These places are like Ramgram, Kapilbastu, Gotihawa. Link of all these places makes Lumbini Buddhist Circuit for tourists as one attraction. Besides religious and historical significance, Lumbini offers cultural insights into the village life of southern Nepal.

Lumbini has been a very important place especially for Buddhists. It is like the place Mecca and Medina. It is Nepal’s number one religious attraction, which has no alternative. This has provided Nepal a big possibility for developing tourism. Buddhism is the fifth largest religion in the world (see Table 26). Brierley (2005) estimates the Buddhist population around the world for 2010. Until 2000, there were 360 millions Buddhists in the world and it is estimated to be 381 million in 2010. Esposito et al. (2002) state that over 98% Buddhists live in Asia. In a half dozen Asian states (Srilanka, Myanmar, Thailand, Laos, Cambodia, Japan), Buddhists comprise overwhelming majorities of population in these countries. There are significant minorities in China, South Korea, and Singapore. Small percentage is also in Malaysia and Indonesia.
2. Other Important Buddhist Sites in Nepal
There are many other Buddhists sites in Nepal. Here we mention some important and renown.

- **Boudhnath Stupa:**
  It is in Boudha Kathmandu. It is the biggest Stupa in Nepal. The Stupa represents the mind of the Buddha. It is believed that it was built in 5th Century. It is also one of the centre of attractions for Buddhists and as well as for other tourists. UNESCO recognizes it as the World Heritage site.

- **Swayambunath Stupa:**
  Located in a lovely little hill rock, Swoyambhunath Stupa is one of the most fascinating architectural jewels of the world. It is situated on a hill in the west side of Kathmandu. It is believed to be two thousands year old. Around the Stupa, many monkeys can be seen. UNESCO recognized it as the World Heritage site.

- **Namobuddha Chaita:**
  It is a famous Buddhist pilgrimage site as well as stopover for trekkers. It is in the south east of Kathmandu. It is in a distance of three hour trekking from one of the small and beautiful city, Dhulikhel.
  Besides these, there are many other attraction sites like Gumba, Monastries for Buddhists in Nepal.

3. Pashupatinath
Pashupatinath is one of the holiest pilgrimage sites for all Hindus of the world. And it is the main attractions of Nepal for Hindus. It is also recognized as World Heritage site from UNESCO. It is situated on the banks of the Holy Bagmati river. The temple is very ancient and has very important religious position (Chettri and Rayamaji, 2061⁴). Main attraction of this pilgrimage site is the God Shiva. King (2005) mentions that the two pre-eminent gods worshiped by Hindus everywhere are Shiva and Bisnu. Shiva is said as lord of all in Hinduism. Pashupati is one of the many names of Lord Shiva, which means lord of animals. Besides, there are about 500 temples. The important temples are Guheshori temple, Bisho Rup temple, Jayabageshori temple, Ram Mandir, Kirateshor temple, Bankali, Gorakhnath temple etc. Non – Hindus are not allowed to enter into the main temple. They can have a good view of the temple complex from the other side of the Bagmati River. There are many Ghats on the bank of Bagmati river where death body of Hindus are burnt. In these areas, many monkeys can be seen. In Mirgasthali forest area, dears are also kept. Tourists will also see yogis (these people are seen without dress with ash all over their body). Shiva is the lord of yogis also. Many yogis are from India. Festivals like Mahashivaratri, Teej, etc. are celebrated with great enthusiasm.

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⁴ According to Nepali Calender
India, also called Hindustan (place of Hindu) has the largest population of Hindus. The population is approximately 700 million classed by census in India (Flood, 2003). There is huge possibility to attract Hindus from India in Pashupatinath. Esposito et. al (2002) states there are 16% Hindus in Bangladesh, 15% out of 20 million populations in Sri Lanka and small communities of Hindus are found in Burma, Malaysia, Indonesia, Fiji, and the Caribbean. In North America, there are over one million Hindus mostly immigrants.

Brierley (2005) estimates the world Hindu population for 2010 (see Table 27). According to the table, there will be 901 million Hindus in the world in 2010. It is the third largest religion of the world and has grown by 18% from 1990 to 2000.

Table 27: World Population of Different Religions (The figures are in Million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Christianity</td>
<td>1747</td>
<td>2000</td>
<td>2246</td>
<td>+15</td>
<td>+12</td>
</tr>
<tr>
<td>Islam</td>
<td>963</td>
<td>1188</td>
<td>1427</td>
<td>+23</td>
<td>+20</td>
</tr>
<tr>
<td>Hinduism</td>
<td>686</td>
<td>811</td>
<td>901</td>
<td>+18</td>
<td>+11</td>
</tr>
<tr>
<td>Chinese Folk-R eligion</td>
<td>348</td>
<td>385</td>
<td>409</td>
<td>+11</td>
<td>+6</td>
</tr>
<tr>
<td>Buddhism</td>
<td>323</td>
<td>360</td>
<td>381</td>
<td>+11</td>
<td>+6</td>
</tr>
<tr>
<td>Animists</td>
<td>200</td>
<td>229</td>
<td>246</td>
<td>+15</td>
<td>+6</td>
</tr>
<tr>
<td>Sikhism</td>
<td>19</td>
<td>23</td>
<td>26</td>
<td>+21</td>
<td>+13</td>
</tr>
<tr>
<td>Judaism</td>
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<td>15</td>
<td>+9</td>
<td>+4</td>
</tr>
<tr>
<td>Other Religions</td>
<td>126</td>
<td>141</td>
<td>151</td>
<td>+12</td>
<td>+7</td>
</tr>
<tr>
<td>Non-Religions</td>
<td>841</td>
<td>904</td>
<td>944</td>
<td>+7</td>
<td>+4</td>
</tr>
</tbody>
</table>


4. Other Hindu Pilgrimage Sites

There are many other Hindu pilgrimage sites in Nepal. In Hinduism people also worship stones, trees, mountains and rivers in the name of gods. There are uncountable murtis (face of gods and goddess made in stones or metal) of these gods all over Nepal. It is said that Nepal has more gods and goddess than men. Some other famous pilgrimage sites are Janaki Mandir, Muktinath temple, Changu Narayan, Danchhinkali temple, Manakamana temple, Gosaikunda, Krishna Mandir of Patan, Baraha Chhetra, Halesi Mahadev etc. Muktinath and Gosaikunda make popular trekking destinations. Here is short description for some of them.

- **Janaki Mandir**
  Janaki Mandir is in Janakpur. It is in eastern side of centre Nepal. Ancient religious books mentioned this area as the capital of Mithila. The main attraction is the Janaki Mandir. The
pleasant town of Janakpur is the birthplace of Sita, daughter of King Janaka and wife of Lord Rama. Lord Rama won Sita by picking up Lord Siva's bow and breaking it here. So, it is said to be the site of Lord Rama and Sita’s wedding. Rama is the symbol of god Visnu. Janaki Mandir (temple) is dedicated to Sita, the wife of Lord Rama, is also known as Janaki. There are other attractions like Janak temple, Hanuman temple, Bibaha Mandaap (A place made for marriage rituals), Danusthan etc. Road and air links are available. Banking, communications, accommodations, restaurants facilities are available.

**Muktinath**
Muktinath area attracts both Hindu and Buddhists. There are many Gumbas. Besides, there is Jvalamai temple that is also one attraction. Jvalamai mandir is not related to particular goddess, but is a burning fire naturally comes from the earth 24 hours. The Gumbas are like Kagabeni Gumba, Thunge Gumba, Garfu Gumba etc.

**Changu Narayan:**
Changu Narayan is the temple of Vishnu, the Preserver, in the village of Changu in Bhaktapur. The origins of Changu Narayan go back to the fourth century. A fifth century stone inscription in the temple proclaims it as one of the oldest shrines of the Kathmandu Valley. The temple is believed to be sixteen hundred years old. The best examples of stone, wood, and metal craft can be seen.

**Dakshinkali:**
The temple is 18 km south from the center of Kathmandu. It is dedicated to the ferocious mother goddess who has much energy and power. The temple is tantric in nature and is always a favourite worship place of the Hindus. It is also attraction for many western tourists also. Local bus services are available to go to this area.

### 5.1.5.2 Festivals

Festivals and events are short duration primary attractions (Mckercher and du Cros, 2002). The use of festivals as an instrument for tourism development has gained worldwide momentum in recent years (Felsenstein and Fleischer, 2003). Fairs, festivals, and other community-run special events are a growing force in tourism industry and new ones are being created each year (Chacko and Schaffer, 1993). Festivals and events add attractions in a destination for tourists.

Nepal is rich in festivals. There are variety of festivals and cultural events in Nepal. Every year many festivals and events are undertaken in Nepal. Some festivals are religious and some are historical. To promote tourism many new festivals and events are also created in Nepal.
Here we list some important festivals cultural events, which are important from tourism perspectives:

**Bisket Jatra**
This is an attractive festival which includes many unique activities like LINGO DHALNE, Tongue-Boring. Many attractive performances will be done. This falls on the month of April.

**Mother's Days**
It symbolizes love, affection for living mother and memory for dead mother. It is also the day for 'Looking at Mother's Face'. In this day, a special Mela is organized at Mata Tirtha. There are many myths related with these festivals. This falls on the month of April or May.

**Buddha’s Birth**
Buddhist people go to Gumba, Bihar, and Chaitya to worship.

**Red Machindra Jatra**
It is also called Bho Jatra enjoyed enthusiastically in Patan. It lasts for 7 days.

**Ghanta Karna**
It is a festival designed to celebrate the death of a demon. It falls on the month of July/August.

**Krishna Asthami**
People crowded in the Krishna temple Lalitpur. This falls on August.

**Gaura Parba**
It is in the Far Western Region of Nepal.

**Janai Poornima**
It is a festival to change the sacred thread with the worship of Lord Shiva. Janai Poornima is the day when Hindus change the Janai, the sacred thread the men wear on their chests. It is enjoyed throughout Nepal, Specially Pashupati Area and Kumbheswor, Patan. It falls during the month of Aug. A festival takes place in Gosaikunda also.

**Gai Jatra**
The festival of cows is one of the most popular festivals of Nepal. During festivals many satires programs seem in television, radio, newspaper etc. People with odd dresses and make-up are seen in the streets.

**Father’s Day**
Like mother’s day, this day is related to father.

**Teej**
It is the greatest festival for Hindu women. Women in red dress fast, dance and worship lord god Shiva. It lasts for three days.

**Indra Jatra**
In Hindu religion, Indra is known as King of Heaven and controller of rain. It is one of the great festivals in Kathmandu valley.
Dashain
It is the greatest and the most favourite festival of Hindu. It lasts for 15 days. Goddess Durga is worshiped all over Nepal. Children fly kites during the festival. Tihar (Dipawali): This falls on November. This is the festival of lights also. It lasts for 5 days. Houses, cities are decorated with light. Sisters feed sweets to their brothers.

Chhath Parba
The worship of Surya (the Sun) attracts thousands of pilgrims to the holy town of Janakpur in southeastern Nepal. Devotees from Nepal and India come to the ancient city to worship at the Janaki temple and take ritual baths in the rivers and ponds. It lies on October/November.

Mani Rimdu
About three days long festivals. Lamas and Sherpas gather in the Tengboche Monastery in the month of April/May. There will be masked dances, plays etc.

Gadhi Mai Mela
The festival is enjoyed in Bara district of Nepal. Thousands of animals are cut in the name of goddess.

Bhivaha Panchhami (Marriage Panchhami)
It is a big festival in Tarai region of Nepal. This falls on Nov/Dec.

Seven Village Jatra
It takes place in Kirtipur and Thankot area of Kathmandu. It falls on December.

Basant Panchami
People visits Swayambu temple and a festival takes place in Durbar square, Kathmandu.

Shiva Ratri
It is a big festival for Hindus. The day is the birth day of lord Shiva. Thousands of People from India and Nepal visit Pashupatinath temple.

Loshar
Sherpas and Tibetans enjoy this festival as their new year. Main places are Baudhanath, Swyambhunath and northen Himalayan Regions.

Christmas
The day is specially enjoyed in Thamel Kathmandu for tourists.

Sweta Machhendranth Rathyatra
A week long festival takes place in centre of Kathmandu. Music and dances are performed.

Holi or the Colour of Festival
It falls on March and enjoyed all over Nepal. It is a colourful festival. People play colour powder with each other.

These festivals are in practice from century. There are many festivals and events in practice, which are specially organized to promote tourism. Ashar Festival, Koshi Tappu Bird
Festival, Pokhara International Marathon, Bhotekoshi River Festival, Pokhara Street Festival etc. are examples of some festivals and events organized to promote tourism in Nepal.

### 5.1.5.3 Dances and Music in Nepal

As there are different landscapes in Nepal, there are different dresses, foods and dances and music also. Different types of songs, music and dances are the attraction of Nepal for its tourism development. In Hindu mythology, Lord Shiva is the Natraj, the supreme king of dancing, and his dance is called "Tandab Nritya".

Some important dances in Nepal are:
- Arati dance
- Bajrayogini dance
- Bhojpuri dance
- Chanchar dance
- Drum solo
- Dhimey dance
- Jhankri dance
- Jhaure dance
- Kattike Nach in Lalitpur
- Lakhe dance
- Maruni dance
- Mahakali masked dances
- Peacock dance
- Shebru dance
- Yak dance
- Chyabrung dance
- Jhyaure dance
- Khukuri dance
- Kauda dance

Nepalese Magars perform Sorathi dances, and in the Terai the stick dance is usually seen. Within Newar community only, there are many dances in practice.

There are other many dances also performed in different communities of Nepal. These dances are dying also due to lack of proper initiation of preserving. Kartike Dance used to be performed for one month at the open stage in Patan Durbar Square. But now it is performed only for one week due to financial constraint (Patan, 2006). These unique dances and music can be accumulated to make a single product. One of the strategies of constituting a primary attraction is to collect a lesser attractions together to make a primary attraction (Mckercher and du Cros, 2002).

### 5.1.5.4 Museums in Nepal

Museums have been used as the main attractions drawing tourists into the city (Tufts and Milne, 1999). There are many museums in Nepal. Most of them are in Kathmandu valley. These museums are adding attraction for promoting city tourism of Nepal.

- **National Museum:**
  The national museum is located in Kathmandu. It has collected many ancient artefacts, interesting mementos of recent kings, various arms and weapons, ancient statues, paintings, olden coins and other many attractions. It reminds the history of Nepal in many aspects.
• Tribhuvan Museum:
   It is located in the Hanuman Dhoka Palace in Kathmandu. This palace was the main seat of the Shah kings for many years. Here is an exhibit that highlights the life of king Tribhuvan.
• Museum of Natural History:
   It is in nearby the Swayambhunath Hill and has a fine display of Himalayan Butterflies, snakes, and plant
• Kashar Library:
   It is near tourist hub of Kathmandu, Thamel. It has a collection of 30000 books. Many of the books were imported all the way from England by special order.
• National Bronze Art Museum: It is believed there are arts from 9th century.
• National Art Gallery: It is in the place of Fifty-five windows. It has beautiful painting of erotic motifs, Paubhas, and animals.
• National Woodworking Museum: It is also in Bhaktapur.
• The Bronze and brass Museum: It is also in Bhaktapur. This provides the items used by old as well as rich people of Malla times.
• Asa Archives: It posses an exceptional collection of over 6,000 loose-leaf handwritten books and 1000 palm-leaf documents.
• Patan Museum: It has mainly bronze statues and religious objects.
• Pokhara Museum is located in town Pokhara. It reflects the lifestyles and history of ethnic groups. Similarly, Annapurna regional Museum is also located in Pokhara.
• International Mountain museum of Pokhara presents record, document, and chronicle past and present development of mountaineering activities in the world and specially in Himalayas (NMA, 2006)
• Ethnographic Museum: It preserves a representative sample of existing lifestyles of various ethnic communities in Nepal
• Lumbini Museum is an important attraction and it has many collections from all over the world about the life of Buddha.

There are museums in Dhankuta, Mustang and Jomsome also.

5.1.5.5 City Tourism in Nepal

Many tourists are attracted to cities every year. Page (1995) states that at general abstract level tourists are attracted to cities because of the specialized functions they offer and the ranges of services provided. Cities are convenient places to visit. They may be near the port or
international airport. Many cities are from the ancient time that can offer various cultural arts and architectures. Ranges of facilities are available in cities.

Mainly two cities, Kathmandu and Pokhara, are the centre of attraction. Some other cities are Patan, Bhaktapur, Lumbini, Tansen, Janakpur, Gorkha, Chitwan.

Kathmandu
Kathmandu is the capital city of Nepal. The four UNESCO recognized World Heritage sites are in Kathmandu. One of the main attractions is Kathmandu Durbar Square (World Heritage site). It is in the heart of the old city Kathmandu. The royal complex was residence to Nepal’s Royal family before the construction of the Narayanhity Royal palace. The founding of the royal place dates back to Licchavi times. Famous Kumari temple of Nepal lives in one of the Temple of Durbar Square. Durbar also has many other attractions (See Figure 11 for photo of Kala Bhairab).

Figure 11: Kala Bhairab in Durbar square Kathmandu


Actually Kathmandu offers cultural activities, beautiful woodcarvings, and architecture of ancient Nepal. Most of the museums are also located in Kathmandu. Most of the hotels, travel agencies, and trekking agencies are located in Kathmandu. Out of 8 five star hotel in Nepal 7 is in Kathmandu. There are a number of tourist shopping centres. Thamel is famous for this
sopping and other so many facilities. Five star hotels offer casino also. Restaurants provide foods of different countries. Only international Airport of Nepal is in Kathmandu also. So it is the entry point of Nepal.

**Patan**

Patan is another ancient city of Nepal. It is five km. southwest from Kathmandu. This city is best known for its fine tradition of art & crafts and rich cultural heritage. It is also famous for its narrow streets and alleys, lined by traditional buildings and vernacular architecture, Hindu and Buddhist monuments like Bahals, Bahis, temples, Chaityas, Stupas, Patis, Aganchhen etc. Patan is full of unique culture and festivals also.

Patan Durbar Square (UNESCO recognized Heritage Centre) is the major attraction. Within the Durbar Square, the attractions are Krishna Mandir temple, Bhimsen temple, Golden temple, and Sundari Chowk. Nepal’s Central Zoo is in this location. It offers many endangered animals and birds of Nepal. A cultural village, Bugmati is in little distance.

**Bhaktapur**

Bhaktapur, locally known as Khwopa, is renowned for its elegant art, fabulous culture and indigenous life-style. It offers majestic monuments, colourful festivals and the native Newars who are best known for their generations-old craftsmanship. The ancient city is also variously known as the “City of Culture”, the “Living Heritage” and “Nepal’s Cultural Capital”. Bhaktapur Durbar square is the major attraction. The famous attractions are the golden gate and 55 window palace, the tallest pagoda structure Nyatapol temple, the Bhairab temple and Dattatreya Square with its wood carving and metalwork museums. Another world Heritage Sites is in little distance. Bhaktapur is also a traditional city where earthen pots are built.

Tourist facilities are available. Bhaktapur municipality is working hard to keep the city clean and to maintain and preserve its valuable cultural assets.

**Pokhara**

Pokhara is the centre of adventure in Nepal. It is situated 200 km west of Kathmandu. It is the starting point for many of the Nepal’s most popular trekking and rafting. It is famous in Nepal as a place of remarkable natural beauty. It offers a beautiful view of Himalayas. The main offers of Pokhara are listed bellow:

- **Mountain views:** Pokhara offers magnificent views of Dhaulagiri, Manaslu, Machchhapuchhre, five peaks of Annapurna and others.
- **Phewa Lake:** It is the second largest lake in Nepal and remained as a centre of attraction. The eastern shore, popularly known as lakeside is the favourite home base for travellers.
Seti Gandaki: An underground river flows amazingly.
Devi’s Fall: A lovely waterfall lying about two km south-west of the Pokhara airport. It is said that a trekker (Devin, David) disappeared mysteriously down into the fall.
Mahendra Cave: Another of nature’s wonders in Pokhara is the Mahendra Cave.
Goddess Bhagabati: A Hindu temple
Museums: The Pokhara museum, Annapurna regional Museum and International Mountain Museum
Entry city of Nepal’s number one Trekking trail, Annapurna region.

All the tourists’ facilities are available in Pokhara. The city has both road and air link from Kathmandu.

Lumbini
Lumbini is the birth place of Buddha. It has become holy place for Buddhists of all over the world and a centre place for world peace and friendship. UNESCO recognized it as the world heritage site. The restored garden and surroundings have many ancient Stupas and monasteries, which can attract too many people. Mayadevi temple is also attraction there. Many surveys have found other many results. Besides this religious and historical significance, Lumbini offers cultural insights into the village life of southern Nepal. Lumbini Museum is an additional attraction and it has many collections from all over the world about the life of Buddha.

Chitwan
Chitwan offers one of the finest national parks in Asia, renowned for its concentration of wildlife and top class tourist lodges. Chitwan National Park is recognized as World Heritage site. Chitwan Chepang Hills Trail offers a rare combination of cultural and sightseeing experience. Visitors can also visit Chepang Museum. Paragliding and birds watching are some other activities.

Tansen
It is a small town in western Nepal. It is on the way from Pokhara to Lumbini. The attractions are the ancient culture, friendly people, and excellent mountain views. Folk music of Palpa is also nice. Dhaka is the most popular hand-woven cloth of Nepal, which is made in Palpa. There are potters and metal workers in Palpa too. Lodges and hotels are available.
Gorkha
The small city is famous for Gorkha palace. The palace offers beautiful architecture. It is the birthplace of King Prithvi Narayan Shah, the founder of modern Nepal. Temple of goddess Kali and Gorkhanath temple add attraction. Bus, cars and taxies can reach the place. Regular bus services are available. The place has road link.

Janakpur
It is in eastern side of centre Nepal. Ancient religious books mentioned this area as the capital of Mithila. The main attraction is the Janaki Mandir. There are other attractions like Janak temple, Hanuman temple, Bibaha Mandaap (A place made for marriage rituals), Danusthan etc. Road and air links are available. Banking, communications, accommodations, restaurants facilities are available.

5.1.6 Some Particular Places of Interest

There are some places, which are of interest to tourists. These places are adding attractions to tourists. Here, a brief introduction to them is provided.

Dharan
As a hill town, it is a tourist centre of the eastern part of the country and the gateway to the eastern hilly districts. It's a meeting point of mountainous region and the Terai plains. It offers historical sites, temples and rich cultures. It is gateway to Dhankutta, Taplejung, Kumbhakarna Himal, Kanchenjunga, Makalu-Varun National Park, Arun Valley, Tinjure-Milke (Rhododendron Protection Area), Gupha Lake, Hyatrung Fall, and Sabha Pokhari. These add to Dharan's importance as a tourist centre. Different types of local dances can be seen. Bhedetar (where there is cool all the year round) can be experienced. Accommodation restaurant facilities, telephone facilities are available. Tourism development is seen highly possible.

Nagarkot
Located 32 kilometers east of Kathmandu, is one of the most scenic spots in Bhaktapur district and is renowned for its spectacular sunrise view of the Himalaya when the weather is clear. Nagarkot has become famous as one of the best spots to view Mount Everest as well as other snow-topped peaks of the Himalayan range of eastern Nepal. Accommodation restaurant facilities, telephone facilities are available.
Dhulikhel
It is a scenic and ancient town situated 30 kilometers east of Kathmandu on the Arniko Rajmarg (Kathmandu Kodari Highway). From here one has a panoramic view of the Himalayan range.

Hile
From Hile the panorama of Himalayan including Mt. Everest, Makalu, Lhotse, and Kumbhakarna can be enjoyed.

Charikot/Jiri
Charikot provides a mountain view of Gaurishanker Himal.

Antu Danda
It is in eastern Nepal. It is famous for its unique views of Everest and Kanchenjunga.

Nuwakot
Famous for seven-story palace and the temple of Taleju Bhawani made shortly after the King Prithvi Narayan Shaha’s arrival. It offers hilltop view and the surrounding rural scenery with artistic buildings.

5.1.7 Other Adventure Tourism Related Activities

Besides, mountaineering, trekking and rafting other adventure activities are also available in Nepal. These are as follow:

**Rock Climbing:** This is available in Nagarjun forest and Shivpuri National park. The area is in short distant from Kathmandu.

**Hot Air Ballooning:** It offers a view of Kathmandu Valley and Himalayan ranges. The facility is available in Kathmandu valley. The best months are October, December and March.

**Paragliding:** Pokhara, the beautiful lakeside town offers paragliding to see the Mahavarat (mountain) range. The best months are November and December. Tansen is recognized as another nice place for paragliding.

**Ultra light Aircraft Flying:** Ultralight aircrafts flights offer a breathtaking bird’s-eye view of Pokhara Valley and the surrounding mountains. The flight is offered from October to March. Training course is also available.

**Mountain Flight:** Several airlines offer mountain flight in Nepal. From the sky one can see the beauty of the highest peaks and other peaks in Nepal.
**Bungy Jumping:** Nepal’s Bungy Jumping site is situated 160 meter over the wild river Bhote Koshi. This is one of the best sides in the world. The site is located close to the Nepal-Tibet boarder and is a three-hour bus ride from Kathmandu.

**Boating:** Pokara is also a most popular destination for recreational boating.

**Jet Scooter Riding:** Another fun water sport and is offered on Trisuli river.

**Mountain Biking:** With mountain bikes one can explore the whole country. It is possible to go biking the entire length of Nepal. Licensed biking companies provide this service also. Bicycles are available on hire in Pokhara and Kathmandu.

### 5.1.8 Accommodation Facilities in Nepal

Accommodation sector is a fundamental element of the domestic and international tourism industry. It represents the most significant element of the total expenditure (Sharpley, 2005). The most common types of accommodation facilities are hotels that include city hotels, convention hotels, resort hotels. They offer a wide range of facilities and services including recreation and amenities features. A multitude of other types of accommodation are available. These include bed-and-breakfasts, self-catering apartments, home exchanges and camping, as well as transport-based accommodations such as cruise liners or train accommodation.

Construction of hotels in Nepal is not so old. Only after mid 20th century, tourism in Nepal was started. But for the pilgrimage accommodation, Dharmashala, Ashram was in practice from very past. Tourism standard hotels in Nepal were constructed from 1954 (Chettri and Rayamaji, 2061). This year Hotel Snow View was opened in Kathmandu. In 1955 Royal Hotel was established (Satyal, 2004). Slowly, number of tourists started to increase and hotel also. During the second three year development plan of Nepal, it targeted to add 110 beds and governments owned Nepal Industrial Development Corporation provided loan for hotels (2nd Plan of Nepal, 1956-1961). Until the end of third development plan, 800 hotel beds of varying standard were available (4th Plan of Nepal, 1970-1975). Out of them, 206 were of five star and 180 were four standard.

7th five year plan of Nepal reported that in 1979 total hotel beds in Nepal reached 4925 and increased to 6819 in 1983. During 80s average occupation rate in Kathmandu was 32.9% and outside Kathmandu was 28.9%.

To manage growing number of hotels and restaurants, government of Nepal introduced Hotels/ Resorts/ Restaurants/ and Bar Rules and Regulations in 1981. It stated clearly the facilities and services to be maintained by different standard of hotels. In Nepal hotels used to be ranked on star basis. According to tourism department of Nepal in 1996, total hotel rooms in
Nepal were 13084 and total number of beds was 25683. These figures include hotels under construction also.

Data has shown that accommodation facilities in Nepal have been growing. MCTCA (2001) reported that there were 18880 rooms and 36163 beds including under constructions in 2001. From 2001 to 2005 hotel rooms and beds including under construction increased to 20801 and 39284 respectively in 2005 (MCTCA, 2006).

According to table, in Kathmandu, there are 499 hotel accommodations. Out of them 165 are registered and under construction. Including under construction, there are altogether 24244 beds. 9046 beds are under constructions where as 15098 have already been constructed. Outside Kathmandu, there are 5616 beds under construction where as 9624 beds have already been built (see Table 28). This shows that more than 60 percents bed are in Kathmandu only. And more beds are going to be added in coming future also.

Table 28: Hotel Accommodation, 2005

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Hotels</th>
<th>No. of Rooms</th>
<th>No. of Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Kathmandu</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Five Star</td>
<td>7</td>
<td>1411</td>
<td>2701</td>
</tr>
<tr>
<td>Four Star</td>
<td>7</td>
<td>655</td>
<td>1301</td>
</tr>
<tr>
<td>Three Star</td>
<td>13</td>
<td>572</td>
<td>1149</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>248</td>
<td>3009</td>
<td>6061</td>
</tr>
<tr>
<td>Registered and Under construction</td>
<td>165</td>
<td>5511</td>
<td>9046</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>499</td>
<td>13136</td>
<td>24144</td>
</tr>
<tr>
<td><strong>Out Station</strong></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>245</td>
<td>4010</td>
<td>7946</td>
</tr>
<tr>
<td>Registered and Under construction</td>
<td>238</td>
<td>2825</td>
<td>5616</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>507</td>
<td>7665</td>
<td>15240</td>
</tr>
<tr>
<td><strong>Grand-Total</strong></td>
<td>1,006</td>
<td>20,801</td>
<td>39,384</td>
</tr>
</tbody>
</table>

Source: MCTCA (2006)

Present accommodation capacity of Nepal (including under construction) can accommodate more than 1200000 tourists in a year if average length of tourists is about 9 days and occupancy
rate is 80%. This shows that accommodation facilities have been highly under occupied. Only less than one third of total capacity is occupied.

In 1967, Hotel Association of Nepal (HAN) was established. This association tries to solve problems in hotel sectors of Nepal and works for its development.

Bhattrai (2003) discussed about the ownership pattern and uneven spatial distribution of tourism centre in Nepal. He mentioned that some elites own most of the hotels in Nepal. And four centres- Kathmandu Valley, Pokhara, Khumbu, and the Chitwan National Park account for overwhelming share of tourism.

5.1.9 Entertainment Facilities

Many tourists are interested for nightlife and entertainment facilities. Mainly there are three types of facilities. They are Golf, casinos, and cultural programs in Nepal. Presently, there are 7 casinos in seven five star hotels of Kathmandu. These provide good offers for those who want to enjoy playing. Similarly, there are offers to play golf in Kathmandu, Pokhara and Dharan. In the night, many restaurants provide different types of cultural programs in main tourism locations. Tourists can experience local cultural programs in different trekking destinations also.

5.1.10 Restaurants and Dining in Nepal

Eating facilities in a destination affect the level of satisfaction experienced by tourists. It is the basic requirement in a destination. Many hotels and resorts have dining facilities in Nepal. As most of the accommodation facilities are located in Kathmandu city, most of the restaurants are also crowded in Kathmandu. Kathmandu Valley, Pokhara, Chitwan are the places where better services of restaurant are provided. To manage growing number of hotels and restaurants, government of Nepal introduced Hotels/ Resorts/ Restaurants/ and Bar rules and regulations in 1981. Following minimum facilities are required to improve the qualities by the act:

a. There shall be arrangement of food as per the international standard.
b. There shall be better crockery and cutlery.
c. There is arrangement of pure and hygienic drinking water.
d. There shall be arrangement of restroom with soap, towel for the gentlemen and ladies separately
e. There shall be arrangement of dinning place for fifteen people at a time.
f. There shall be non-congested room and seating arrangement.
g. The furniture shall be neat, clean and standard.
Restaurants and dining facilities have not been developed well in National Parks area. Only Chitwan and Everest national parks have these services.

Different variety of foods is available in Kathmandu and Pokhara cities. It ranges from Nepali local variety to Chinese, Indian, Italian, Mexican, Thai, American, Japanese, Korean, Tibetan and foods of other many countries. There are many café shops in Kathmandu also. Bhaktapur, Patan, Dhulikhel also have tourist class restaurants and bar but not so much like in Pokhara and Kathmandu.

5.1.11 Shopping Facilities

Mainly Nepal is famous for hand made items. Nepal is famous for woodworks. Tourists have opportunity to purchase handicraft goods as their souvenir. Handicraft shops are available in most of the tourist areas. Following are the major types of handicraft:

**Woodwork:** windows, statues of gods and traditional figures, figures of animals etc.

**Metalwork:** Gorkha Khukuri and metal statue are very famous.

**Thankas, Paubhas and Other Paintings:** we can see many shops of Thankas, Paubhas and paintings in the market. Tourists will have lot of choices.

**Gems and Jewellery:** Different types of Gems and Jewellery are made for market.

**Mithila Paintings:** A different types of painting of southern part of Nepal.

**Handmade Cloths:** Dhaka Topi, Kalo Topi, Pasmina Sawl are also famous.

**Paper products:** Hand made paper products.

**Baskets:** These are the baskets made in Terai region.

**Carpets:** Hand made thick carpets.

Tribhuvan International Airport provides tax-free shopping facilities. But there are only few shops (2-3) with limited items. Mainly wine and handicrafts are available.

5.1.12 Conferences and Conventions in Nepal

Domestic and international conference and convention tourism including small meetings, trainings, and workshops are expanding in all countries. Many destinations are working for attracting international conventions and conferences.

Inskeep (1991) stated that good accessibility to the city or country is required for large-scale conferences and conventions. It is also an advantage for the conference facilities to be located in a country or region that can generally provide a range of interesting attractions and facilities for pre and post conference tours.
The capital city of Nepal, Kathmandu offers a wide choice of conference centre. The newly built Birendra International Convention Centre is an excellent venue for conferences and conventions. It has facilities of audio, video, lighting, communications, ventilations, and parking. It has seven meeting areas of which the largest auditorium hall with a capacity of 1046 persons. So many hotels are located in the centre of Kathmandu. There are seven five star hotels and many other star hotels. These hotels also provide places with range of facilities.

Kathmandu has many attractions. Seven UNESCO recognized heritage sites are in Kathmandu valley. Most of the museums of Nepal are located in Valley. The people of Kathmandu are friendly toward visitors. Nepalese cookers are known for making different countries food items. It is a cheaper location as well.

However, Kathmandu has been suffering from narrow roads, limited air links that make it difficult to be a prime location for conventions and conferences.

5.1.13 Transportation in Nepal

Tourism and transportation are inextricably linked. As world tourism increases, additional demands will be placed on the transportation sectors. Page (2004) mentions that transportation is the pivotal element, which connects the tourists. Page also cited Hall and Page (1999, p. 181) where they describe four spatially expressed roles of transportation. These roles are:

- Linking the source markets with the destination.
- Providing mobility and access within a destination area/ region/country.
- Providing mobility and access within an actual tourism attraction and facility.
- And facilitating travel along a recreational route, which is itself the tourism experience.

Being a mountainous country, transportation development is difficult and costly. So transportation remained as a major constraint to economic and social development. Presently Nepal has following 8 types of transportation facilities (Dahal, 2060). They are road transportation, air, rope, horse trails, rail transport, water transport, cable car, foot trails.

Nepal has only 52 km rail facility which links Janakpur and Jayanagar of India. Rail services have lost a lot of fund. It is so old. Nepal has direct bus services with many cities of India. Due to long boarder between Nepal and India, travel by cars is also in practice. Nepal has agreement with Kathmandu Lasha direct bus services also. Currently, Nepal has cable car facility to reach the famous Manakamana temple. Its length is 2.8 km. Nepal has horse trails and foot trails in many mountain areas of Nepal.
5.1.13.1 International Access

Air transportation is an essential ingredient of tourism development, especially at an international scale where destination choice may be more constrained by time, cost, and accessibility factors. In many cases, air transportation becomes the only reasonable transportation alternative (Debbage, 2005). Tourism of Nepal heavily depends on air transportation. But Nepal has easy access with 5 countries of South Asia. In 2005 Nepalese two private sector airlines, Cosmic Air and Air Nepal also began international flight. This has highly contributed to increase international air capacity. After this, yearly international air capacity of Nepal has increased to about 12, 00, 000 passengers (details in Appendix C). Nepal has Air Service Agreement with 35 nations, which provides 2469128-air seat available for one way (MCTCA, 2062\textsuperscript{5}). Recently three other airlines have got permission to operate services in Nepal. One of them is the Air Arabia known as budget airline. Now Nepal linked directly with four cities of India with two Nepalese airlines and three Indian airlines. Austrian airline is the only European airlines, which directly links Nepal with European countries and has been operating 2 flights per week. Though North America and European countries are important source markets for Nepalese tourism, they do not get easy access that has become constraint. Due to operational limitations, wide body aircraft cannot take off from Tribhuvan International Airport. As a result, tourists from European and American origins need to transit in the Middle East or South East Asia before arriving to Nepal in a smaller capacity aircraft. This makes the cost of flying to Nepal more expensive compared to other similar destinations (Sharma, 2007). China where more than one billion people live and is another close neighbour of Nepal but international air link with China is found so week. The performance of National Carrier (Nepal Airlines) is worst and that is affecting the development of tourism in Nepal. Nepal’s only international airport is facing challenge with growing number of international and domestic planes.

At present Nepalese going abroad are increasing every year mainly for foreign employment. In 2005, the number of Nepalese going abroad remained 373,362 that is 30% above the figure of 2004. The figure is nearly equal to the total tourist of Nepal. While about 80% of tourists are visiting Nepal by air. In the coming day, this will affect sharply to provide easy access to Nepal during main tourist seasons of October and November as most of the Nepalese use to return back to Nepal during that time to participate in the two biggest festivals of Nepal. Total tourists who come by air are 277346 in 2005 while Nepalese arrivals are 265700. This shows that Nepal’s international air service is growing mostly to catch the growing demand of incoming and outgoing Nepalese.

\textsuperscript{5} According Nepali Calender
Airfare for European and North American tourists is so much higher as Nepal is very far from these areas. India’s international air sector is growing in a speed, from which Nepal can also benefit with its international linkage and reduce price to come to India from Europe and North America.

Nepalese international airport is also not able to provide quick immigration services. The number of counters is not enough and the service is poor.

### 5.1.13.2 Domestic Air Service

After Nepal introduced open-air policy for domestic air service, Nepal achieved very significant achievement in air sector. The comprehensive National Civil Aviation Policy was introduced in 1993 to create a competitive and healthy environment and encourage private sector. Now many domestic airlines operate services in the sky of Nepal linking many remote parts of Nepal. Total passenger movement in domestic airlines in 2005 is 2,450,462. Companies are adding planes in the domestic sky of Nepal. Government has introduced new aviation policy 2006, which is more liberal to boost aviation sector of Nepal.

### 5.1.13.3 Roads in Nepal

Nepal has total 16834.49 km roads (CBS, 2004). Out of this blacktopped road is 4519.84km, gravelled road is 4519.84 km and earthen roads are 7533.74km. Out of total 75 districts of Nepal 17 districts have not been linked with roads (Dahal, 2060). Only horse trails and foot trails are available in these remote parts of Nepal.

Kathmandu, the centre of tourism of Nepal has been the victim of road traffic problems. Statistics provided by Bagmati Zonal Transport Management Office (BZTMO) show that the number of vehicles in Bagmati Zone increased to 327,000 in September 2006 from 92,125 in fiscal year 1995/96, a 350 percent rise (The Kathmandu Post, 2006a). On average, 200 vehicles have to share one kilometre of Valley road. But the road construction increased slowly. According to the Department of Roads (DoR), the road length in Kathmandu Valley, including gravel and earthen, increased to 1,633 kms from 943 kms during the last 10 years, a scant 73 percent rise. The seriousness of problem is that there are no places to lengthen and widen roads in the centre of the city.

Another sharp problem of capital city is that the pollution is serious as mentioned by one of the study (Kantipur Daily, 2006). Pokhara, another resort city has the same problems
Similarly proper roads are not linked from Kathmandu with many tourism destinations of Nepal. This has affected the arrivals of tourists. Because tourists who have short holidays cannot go to trek in attractive trekking areas.

### 5.1.14 Facilities of Information Centres, Banking, Money Exchange

Efforts have been made in Nepal to provide information services to tourists. Nepal Tourism Board operated 8 tourists’ information centres in different part of Nepal. Three offices are in Kathmandu and the remaining is in 5 different places. Besides, Hotel Association Nepal (HAN) has operated information centre in Tribhuvan International Airport. Lumbini Development Trust has operated one tourist information centre in Lumbini. Tourists expressed that they are not getting information easily.

After the liberal policies of Nepal Government, many private banks, development bank and financial organisations are opened in Nepal. In Thamel area of Kathmandu only, there are 36 bank/money exchanges (TTDB, 2005). The government banks have also branches in rural part of Nepal.

### 5.1.15 Other Infrastructures

**Electricity Power**

Nepal is rich in water resources and 83,000-megawatt electricity can be generated. However only about 600-mega watt has been generated and only people of city areas are benefitting from electricity. More than 85% of Nepal’s populations who live in rural areas have no access to electricity (Pokheral, 2003). So development of tourism in village area is a problem due to lack of electricity. The cities are also facing load shading problems heavily.

**Sewage Disposal and Solid Waste management**

Urban population in Nepal is growing. According to National census in 2001, about 14% population lives in urban areas and this will be 24% after 10 years (Tenth plan, 2002-2007). Due to this, city is facing increased amount of sewage and solid waste. It is common in Nepalese cities to see the bundle of waste in every corner giving dirt smell. Many tourists have suggested the author at the departure hall of Tribhuvan International Airport that first these cities need to be cleaned to give tourists clean environment.

It is practice in Nepal that sewage that comes from the houses and industries are directly disposed to rivers. This has heavily polluted rivers in Nepal. Before 20 years people use to drink water of river directly but now the rivers near the city became so dirty that people even do not
touch water. Specially, rivers in Kathmandu valley are suffering much. The trend is growing (ICIMOD, 2007).

**Water Supply**

It is common in Kathmandu valley that people are in queue for water for hours at present time. The life of people in valley is more difficult due to shortage of water. Not only in Kathmandu valley, the problems are in all cities. The tenth plan mentioned that the problem of drinking water supply would be more complicated in city areas. The daily water demand of Kathmandu valley only was 170 million litres in 2001, but supply was only 140 million litres and during dry season the supply was only 90 million litres. There has not been any changed in 5 years period and people use to buy water from water tankers for their daily needs. The quality of water is poor close to urban centres also. There is wide gap between demand and supply of drinking water in Kathmandu, the quality of water is deteriorating and exploitation of groundwater is increasing (ICIMOD, 2007).

With the support of Tourism for Rural Poverty Alleviation Program (TRPAP), supporting infrastructures like trail, drinking water facilities, waste management system etc have been built in 6 program districts (Bista, 2006).

### 5.1.16 Trekking, Mountaineering, Travel Agents and Tour Organizations

Tourism in Nepal began after 1950. In the beginning, there are not any organizations to manage and help tourists in their travel. In 1965, first travel agency was established. But soon after, many other agencies were established. A group of leading travel agents opened Nepal Association of Tours and Travel Agents (NATTA) in 1966. During this time Nepal’s tourism industries are growing. So to meet this need, many mountaineering, Trekking, Travel agents and tour organizations were opened. In 2005 there are 948 travel agencies, 740 trekking agencies and 92 rafting agencies in Nepal (MCTCA, 2006). The Table 29 shows the growth pattern of these agencies and licensed manpower guide.

Mountaineering agencies are also renowned in Nepal. These services are provided by experience mountaineering agencies. Nepal mountaineering Association was established by private sector in 1973 and is the only national alpine club of Nepal. The association is working for the development of Nepalese tourism. Sherpa families of Nepal are mostly engaged in mountaineering tourism in Nepal. For trekking, travel, and mountaineering, services Nepal has progressed a lot.
Table 29: Number of Travel, Trekking and Rafting Agencies and Licensed Manpower Guide from 1999 to 2005

<table>
<thead>
<tr>
<th>Category</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Agency</td>
<td>563</td>
<td>637</td>
<td>691</td>
<td>738</td>
<td>788</td>
<td>877</td>
<td>948</td>
</tr>
<tr>
<td>Trekking Agency</td>
<td>475</td>
<td>537</td>
<td>580</td>
<td>611</td>
<td>645</td>
<td>705</td>
<td>740</td>
</tr>
<tr>
<td>Rafting Agency</td>
<td>87</td>
<td>87</td>
<td>87</td>
<td>87</td>
<td>90</td>
<td>91</td>
<td>92</td>
</tr>
<tr>
<td>Licensed Manpower Guide:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tour Guide</td>
<td>1691</td>
<td>1854</td>
<td>1900</td>
<td>2001</td>
<td>2071</td>
<td>2149</td>
<td>2202</td>
</tr>
<tr>
<td>Trekking Guide</td>
<td>1967</td>
<td>2155</td>
<td>2745</td>
<td>3094</td>
<td>3457</td>
<td>3930</td>
<td>4395</td>
</tr>
<tr>
<td>River Guide</td>
<td>174</td>
<td>174</td>
<td>174</td>
<td>174</td>
<td>180</td>
<td>182</td>
<td>182</td>
</tr>
</tbody>
</table>


5.1.17 Human Resource Development

Manpower planning and development is very important for the development of tourism. Government of Nepal established an academy to produce skilled manpower required by the tourism and hospitality sector in 1972. Now it is named as Nepal Academy of Tourism & Hotel Management (NATHM) that is providing regular training and bachelor courses also. It is also considering to start master level course in tourism and hotel management. Until 2006 June, they have provided training and education to 21890 people (see Appendix D) in different areas related to travel and tourism (NATHM, 2006). Further more Government of Nepal has established Mountain Academy Nepal (MAN) in 2002. This is the major government organisation of Nepal to work in mountain study, training, research, and for the development of mountain region. The aim of MAN is to develop the physical infrastructure and human resource required for mountain related tourism activities. MAN is working to establish a mountain training centre (MCTCA, 2062). Nepal Mountaineering Association has been actively involving in the training activities intended to produce qualified and skilled resources. NMA conducts Basic Mountaineering Course, Advanced Mountaineering Course, Annual Winter Aspirant Guide Training, and Basic Introductory Mountain Course etc.

There are now some private colleges and training institutions providing education and training in areas of travel and tourism also. These colleges provide bachelor as well as master program in tourism related areas. More than 200 students have already graduated from these private colleges. This supports that there will be sufficient manpower to support develop tourism in Nepal.
5.1.18 Tourism Management and Administration in Nepal

Ministry of Tourism first came into existence in 1978. In 1982, Civil Aviation was also merged into the ministry of tourism and it becomes the Ministry of Tourism and Civil Aviation. As culture plays important role in Nepalese tourism, it was also integrated in the Ministry in 2000. Then it became Ministry of Culture, Tourism, and Civil Aviation (MCTCA). The ministry makes plan and policy regarding culture, tourism and civil aviation and also monitors the tasks. It monitors the work of Civil Aviation Authority of Nepal. Department of Archaeology is one of departments functioning under MCTCA. It manages the work of conserving heritage sites, pilgrimage cites, archaeology places etc. There are two corporations under the ministry. They are Nepal Airlines Corporation and Sanskritik Sansthan. There is an organization called tourist police under the ministry also. Lists of some other important organizations under ministry are provided in Appendix E

Table 30: Number of Planes in Nepal Airline Corporation

<table>
<thead>
<tr>
<th>Types of Planes</th>
<th>Numbers in 2050*</th>
<th>Numbers in 2062*</th>
</tr>
</thead>
<tbody>
<tr>
<td>B757</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>B727</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Avro</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>DHC</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>PC-6</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: MCTCA (2062), Introductory Book 2062.
*Note 2050 and 2062 are according to Nepali calendar.

Nepal Airlines Corporation is a public enterprise. It is facing serious problem for its sustainability. It is going backward which can be seen from the Table 30.

Nepal Tourism Board does the works of marketing and promoting Nepal. It was established in 1998 in the form of partnership between Government of Nepal and Private sector tourism organisations of Nepal. NTB started with promoting Nepal in domestic and international market and is working toward repositioning the image of the country. In 1998 “Visit Nepal Year 1998” program was implemented. Destination Nepal Campaign 2002-2003 was implemented to attract more tourists to Nepal. It has made tourism brand, Naturally Nepal: Once Is Not Enough, to position Nepal in the international market.

With ‘Incredible India’ promotional campaign, India has achieved success in attracting tourists (WTO, 2006c). Nepal’s destination brand ‘Naturally Nepal: Once is not enough’ may be
too broad to correctly position Nepal in the international market. Since natural attractions of Nepal are suitable mainly for adventure tourism. Besides, Shrestha (2000) found the tourism marketing lacks due attention. (TRPAP, 2004) pointed that Nepal’s marketing activities are not satisfactory.

5.1.18.1 Tourist Police

Under the roof of Ministry of Culture, Tourism and Civil Aviation of government of Nepal, tourist police has been working since 1979. It is a special unit of Nepal Police, which looks after the welfare of the tourists and assures them a safe and pleasant stay to all the visitors in Nepal. They also advise and assist tourists about safety and security during travelling, trekking, rafting and hotel stay in any parts of Nepal.

At present there are 45 police personals working (Khadka, 2006). Now the service is provided in Kathmandu valley. The permanent services are available at three sections. They are in Tribhuvan International Airport, Thamel, and Basantpur of Kathmandu valley. For the larger cases it forwards to main office, which is in Bhrikutimandap, Kathmandu. It looks after all the cases related to tourists from small to larger. Outside Kathmandu Valley, there are no branches of tourist police. But there are plans to locate tourist police in other four locations outside Kathmandu valley. The manpower is not enough to provide better services right now.

Pickpocket is a common problem and some tourists report the case of theft without really losing things. These tourists want certificate from the office of tourist police so that they can claim insurances amounts (Khadka, 2006). She stated that reported thefts are in non-star hotels. There are cases of theft from porters who help tourists in trekking and mountaineering. The Table 31 provides cases recorded in three years.

<table>
<thead>
<tr>
<th>Cases</th>
<th>2060/61</th>
<th>2061/62</th>
<th>2062/63</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loses and founds</td>
<td>135</td>
<td>126</td>
<td>152</td>
</tr>
<tr>
<td>Stolen</td>
<td>195</td>
<td>107</td>
<td>141</td>
</tr>
<tr>
<td>Cheating</td>
<td>25</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Loot</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Accident</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Pick pockets</td>
<td>4</td>
<td>-</td>
<td>1</td>
</tr>
</tbody>
</table>

Sources: Tourist police office, Bhrikutimandap, Kathmandu.
5.1.18.2 Tourism Service Organizations’ Associations

Hotel Association of Nepal (HAN)
Hotel Association Nepal (HAN) was established in 1966. Its objectives are to promote hotel industry of Nepal, to advance the standard of hotel educations, to promote development of laws in regard to the tourist industry in general and the hotel in particular etc.

Nepal Mountaineering Association (NMA)
Nepal Mountaineering Association (NMA) is a non-governmental and nonprofit organization and it is the only national alpine club of Nepal. It was established on November 1, 1973. This association is working as a prime institution for mountain tourism promotion and mountain environment protection in the country. It has also built and operated Mountain Museum in Pokhara. It also conducts training programs about mountain climbing.

Himalayan Rescue Association
The Himalayan Rescue Association (HRA) is a voluntary non-profit organization formed in 1973. Its objective is to reduce casualties in the Nepali Himalayas, especially keeping in view the increasing number of Nepalese and foreigners who trek up into the remote wilderness. One of the most important tasks of the HRA is to try to prevent deaths from Acute Mountain Sickness that confronts foreign trekkers. For the last twenty-five years, the HRA has helped to make a safer Himalaya for tourism. It has operated two permanent aid posts at Pheriche (4200 meters) in Everest region and at Manang (3500 meters) in Annapurna region. These posts are operated during spring and fall. HRA also operates temporary medical clinic during spring at Everest Base Camp. Besides, it provides services in Gosaikunda during the festivals of Janaipurne also. Generally the festivals take place on August. It has also operated information centre in Thamel Kathmandu. It has carried out a number of rescue operations and saved the lives of many trekkers, climbers, porters, and local people. During the Fall of 2005, HRA provided services to 840 patients in Manang and in Pheriche aid posts. Similarly helicopter rescue operations were 21 in 2005 (Himalayan Rescue Association, 2006).

HRA has published various pamphlets concerning mountain safety in different languages for the benefits of trekkers and mountaineers. The contribution of HRA for the trekking and mountaineering in Nepal is very important. But the service is available only in two famous trekking destinations. There are not HRA aid posts in other trekking destinations. The service should be extended to other destinations.

There are many other important associations from the private sector like Trekking Agents Association Nepal (TAAN), Nepal Association of Rafting Agents (NARA), Nepal Association of Tour Organizations (NATO), Nepal Association of Tour and Travel Agents (NATTA).
5.2 Tourism Planning and Policy in Nepal

5.2.1 Planning History of Nepal

Nepal has been an underdeveloped country for years. No serious attempts were made until 1930 to initiate economic development on a systematic basis. It was only in 1935 that a development agency was established by the name of Development Board (NPC, 2006). Its primary functions were to help agricultural, industrial and commercial activities in Nepal. Some specialized agencies like Agricultural Board were also established. But the works done by these agencies were in haphazard manner that it was not adequate to remove backwardness of the country. During the same period, a 20 year plan was also announced but nothing was heard of what was done (NPC, 2006).

A revolutionary political change came in 1951, which brought democracy in Nepal. However, the government was not stable after 1951 also. In 1956, a five year development plan was started to develop Nepal in planned approach. Nine plans have been implemented and the tenth plan (2002-2007) is under implementation now.

The first four plans emphasized the development of infrastructure, especially roads, and electricity. However achievements of plan targets were poor. Under the fifth and sixth plans emphasis shifted towards agriculture and industry sectors. Poverty reduction has been stated as a development objective since the sixth plan (1980-1985).

Poverty alleviation was one of the major objectives of the eighth development plan (1992-1997) of Nepal. This was the first plan after Multiparty Democracy restored in 1991. The tenth plan has one single goal of poverty alleviation since more than 30% people of Nepal are living below poverty line. Very limited resource has been the main problem for development. So, one particular feature of Nepalese development plans is that they are over dependent on foreign aid and loans. Table 32 shows proportion of foreign help from first to eighth plans.

<table>
<thead>
<tr>
<th>Plans</th>
<th>Proportion of Foreign help</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Five Year Plan</td>
<td>89.7%</td>
</tr>
<tr>
<td>Second Three Year Plan</td>
<td>79.8%</td>
</tr>
<tr>
<td>Third Five Year Plan</td>
<td>54.4%</td>
</tr>
<tr>
<td>Forth Five Year Plan</td>
<td>45.5%</td>
</tr>
<tr>
<td>Fifth Five Year Plan</td>
<td>47.8%</td>
</tr>
<tr>
<td>Sixth Five Year Plan</td>
<td>51.1%</td>
</tr>
<tr>
<td>Seventh Five Year Plan</td>
<td>70.6%</td>
</tr>
<tr>
<td>Eighth Five Year Plan</td>
<td>65.5%</td>
</tr>
</tbody>
</table>

Source: Chettri and Rayamajhi (2061)
Corruption is another character in development work of Nepal. This has affected the quality of development work completed during the plan period.

5.2.2 Review of Five Year Plans from 1956 to 2007

Nepal has already implemented 9 development plans. Now it is implementing tenth plan (2002-2007). Each plan has given importance to tourism. Here a review of tourism section of each plan is discussed.

5.2.2.1 First Five-Year Plan (1956-1961)

The first plan’s central purposes were to raise production, employment, standard of living and general well being throughout the country (First Plan of Nepal, 1956-1961). Economic development was in the primary stage. For the first plan, estimated cost was 330 million Nepalese rupees. Transportation was given the top must priority allocating 104 million. The plan was not in detail and it contained only general terms.

Actually, till the political change of 1951, the then rulers provided permission to visit Nepal for very few foreigners. But the political change of 1951 opened the doors toward development of tourism as an economic activity. The tourism section of plan gave attention to tourism as a second principle means for the acquisition of foreign currencies. The plan allocated 1 million Nepalese rupees under the heading of commerce and tourism. This is just 0.3% of total estimated budget of the first plan. The plan also stated that tourism is a field, which needs cooperation among several government departments and with private sectors like travel bureau, hotels and guide services. The plan had given importance to promote Nepal by distributing information about the interest and attraction of Nepal. The plan emphasized the need to build modern hotel accommodations, to renovate points of major historic and cultural interest and to make available the most appropriate products of Nepalese arts and crafts. The target of the first plan was to attract 10000 visitors, and to earn 6.3 million Nepalese currencies.

Nepal had got attentions of international media on the first climbing of Mt. Everest in 1953. Other mountains with the height of more than 8000 meters were also climbed successfully. Mt. Kanchenjunga was climbed in 1955 and Mt. Lhotse was successfully climbed in 1956. The successful climbing of the world’s tallest mountains could draw attentions of the world towards Nepal.

Seeing the possibilities of tourism, a permanent institutional arrangement in the form of Tourism Development Board was established in 1957. The board has following objectives (Chettri and Rayamaji, 2061):
1. To find out the tourism possibilities
2. To develop tourism infrastructures
3. To increase income of foreign currencies
4. To contribute to the economic development in the country.

However, this board could not do well. Later, it became Department of Tourism in course of implementing the first Five-year plan. During the plan period, French Consultant Mr. George Lebrec prepared first tourism plan for Nepal with the assistance of France (Shrestha, 2006). The plan focused more on preparation of publicity materials.

The plan got some achievements. Survey was conducted to list places that can attract tourists. Posters were distributed in different tourist centres of the world. To develop manpower, guide trainings were provided. Information centres were opened. Tourists were provided special bus facilities to travel to Kathmandu and other places.

However, there were many constraints. Until 1958 only less than 100 beds were available for international tourists. India base company operated one travel agency. There was huge lacking of transportation facilities. The first plan had given top priority to transportation. In the beginning of the plan, there were about 600 km roads. Some of these roads are suitable for all seasons and some are usable only in fair weather. The ropeway in Nepal was made in 1927 and its length was just 25 km. This was for the transportation of rice to Kathmandu from southern Nepal only. The railway facility was available in a distant of 50 km, which had linked between Raxaul of India and Nepal. Indian National Airways operated first air service between one city of India and Nepal in 1951. Internal air services were started in 1953. During the plan period Nepal Airlines Corporation was also established. The airlines started international air services in 1960, which supported a lot to develop tourism in Nepal.

In the beginning of plan period electricity facilities were available to few people in Kathmandu and Biratnagar of Nepal. Postal services were also in limited places. Wireless communication facilities were in 6 places of Nepal only which was operated by petrol engine. Similarly, telephone facilities were available to limited people of Kathmandu. In this way tourism was in the primary stage of development during the plan period.

5.2.2.2 Second Three-Year Plan (1962-1965)

While implementing first plan, a political change materialized where the then king suspended the democratic constitution. So the second plan failed to come on schedule. Therefore, only three-year plan was introduced in 1962. The plan was also not in detail. The priorities of the plan are:
First: Transportation, communication, and electricity
Second: Organization reforms, survey and statistics
Third: Agriculture, Irrigation and Forestry

Forth: Industry and tourism

Though tourism was given the forth priority, the first priority of transportation, communication and electricity had helped tourism to develop. Out of the total 600 million Nepalese rupees, about 100 million was allocated for industry and the tourism. Nepal was facing lack of facilities of hotel beds and travel services, so the second plan focused on developing necessary hotel facilities and travel services. It also mentioned to promote Nepal in America also. The plan intends to develop new places like Kathmandu, Pokhara, Lumbini etc. The plan also intended to provide loans to private sectors to develop hotels. Manpower development and survey and data collections were also in priority.

During the plan period, collections of information on tourist arrival were initiated (Shrestha, 2006). This has proved very helpful to have authoritative database for further planning and policy formulation for the development of tourism sector. Number of tourist increased sharply. In the last year of three-year plan period, the number of tourist visiting Nepal was about 10000. The construction of two large-scale hotels was started with the loan of Nepal Industrial Development Corporation. Some travel agencies were also established during the plan period.

However both first and second plans could not meet the targets of road construction and during these plans, road constructions and tourism had less cooperation. Air transportation has progressed a lot. By 1964, Nepal airlines Corporation had 8 DC-3 aircrafts, 2 MI-4 helicopters in its fleet (Singh, 1991). The airlines operated services to 4 foreign cities of two countries and 12 domestic cities including Pokhara.

**5.2.2.3 Third Five-Year Plan (1965-1970)**

Third development plan had given priorities for agriculture development, transportation, power and development of industry. About half of the total public expenditure was allocated for transport, communication, and power sector. Industry sector was allocated 125 million Nepalese rupees (7.2 % of total budget). 5 million Nepalese rupees were allocated for tourism, and archaeology. This is about 0.28% of the total budget of the third plan. The plan stated that inadequate air transport and hotel facilities in Nepal had become the bottleneck for its development (Third Plan of Nepal, 1965-1970). The plan focused on increasing air transport and hotel facilities.

The plan had target to receive 20,000 tourists in the year 1970 because India had target to receive 200000 tourists by 1969-70. The plan stated that it should be possible to attract 10 % of total visitors expected in neighbouring India.
There was plan to complete the construction of international airports. Hotel construction in Kathmandu, Biratnagar and Pokhara was also planned. The plan had intentions to make films and distribute, to provide sightseeing facilities for tourists, to treat tourist well and to simplify legal and administrative procedures.

One major features of the plan were to preserve archaeological sites of Nepal. They are following:

- Preservation of temples
- Preservation of historical museum
- Master plan for future development of Lumbini garden.
- Records keeping of historical objects
- Construction of archaeological gardens
- Mahendra Archaeological Cave

During the plan period, tourism development of Nepal touched a new height. Followings were the achievements:

1. Number of tourist visiting Nepal increased to 45,970 in 1970 against a target of 20,000. This was a great achievement. In 1966, only 8 tourists came for trekking and mountaineering but this number increased to 556 tourists in 1970. The growth had made foundation for developing trekking and mountaineering tourism in Nepal.

2. Number of hotel beds increased to 800 in Kathmandu by the end of third plan (Forth Plan of Nepal, 1970-1975). Out of which 206 beds were in five star hotels and 180 beds were in four-star hotels.

3. Services of travel agencies and number of trained people increased to meet the growing demand.

4. Tribhuvan International Airport got further development, Nepal airlines Corporation expanded international air services

5. Publicity of Nepal had increased internationally.

6. Development of places like Nagarkot, Kakani for tourist attractions were under taken.

7. A high level Tourism Development Committee was formed to support formulating policy and planning.

8. Development of archaeological and historical sites had emphasized.

9. The foreign exchange earning increased sharply from 1.624 million Nepalese rupees in fiscal year 1964-65 (Nepal’s fiscal year begins from mid July) to 10 million in 1968-69 (see Table 33).

However lack of basic infrastructures in other parts of Nepal remained a serious weakness to extend tourism in other parts of Nepal. There were no road linkages to other attractions areas. Similarly, long term tourism development plan was lacking.
Table 33: Foreign Exchange Earning from Tourism in Nepal (From 1964/65 to 1968/69 Fiscal Years Earning of Foreign Exchange in million (Nepalese Rupees)

<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th>Earning of Foreign Exchange in million (Nepalese Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964-65</td>
<td>1.624</td>
</tr>
<tr>
<td>1965-66</td>
<td>3.029</td>
</tr>
<tr>
<td>1966-67</td>
<td>6.038</td>
</tr>
<tr>
<td>1967-68</td>
<td>8.254</td>
</tr>
<tr>
<td>1968-69</td>
<td>10.00</td>
</tr>
</tbody>
</table>

Source: Forth Five-Year Plan of Nepal

5.2.2.4 Forth Five-Year Plan (1970-1975)

The forth development plan came with an aim to gradually increase public welfare and to prepare the infrastructure needed for speedy economic growth. The plan had mentioned to finish the projects started in the previous plan. So transportation and communication again were the top priority. Only 0.002% total budget was allocated for tourism during the forth plan period.

For the tourism sector, formulation of Tourism Master Plan was given importance. The plan stated that:

- New sites of attractions would be constructed and developed in different parts of the country.
- Private sector would be encouraged to develop attractive parks, lakes, hunting sites, and playground, and to make accommodation and travel facilities available to tourists
- Integration with other sectors of the economy would be strengthened
- The length of stay of tourists would be increased.

The forth plan had estimated that number of tourists would increase at a rate of 40% annually. On the basis of this estimation number of tourists in the fiscal year 1974-75 would be 180000. Similarly it estimated that earning of foreign currency would be 70.1 million rupees, which was 10 million rupees in 1968-69.

The plan had a policy to increase the length of stay of tourists by establishing hotels in Pokhara, Lumbini, and Namche Bajar. As 80% of tourists come from air routes, the plan stated that the present Kathmandu airport would be further extended so the scheduled jumbo jet can land easily. To meet the growing need of tourists, the plan estimated to increase the number of hotel beds to 2600 in Kathmandu valley and 460 beds in different places outside the valley.
Achievements
Tourism Master Plan was initiated and prepared in 1972 with technical assistance from Germany. This was the ten years perspective plan, which defined programs and projects to develop Nepalese tourism (Department of Tourism, 1972). To develop manpower for the tourism sector, Hotel and Tourism Training Centre was established.

Number of tourists received in the forth plan were 160% more than the third plan period (Chhetri and Rayamaji, 2061). However, it did not meet 40% annual growth target by the plan. The reason was that the target was more ambitious. The number of beds available was not enough to meet the targets in peak season also. There was speedy growth of tourist who visited Nepal for trekking and mountaineering. In 1974, share of tourists who visited for Trekking and mountaineering increased to 13% of total tourists from 1.2% in 1970. Nepal Mountaineering Association (NMA) was also founded in 1973 to promote mountaineering activities of Nepal. Another feature was that percentage of Asian tourists was also growing.

The service of Jet air was started and service expanded to Bangkok. This had helped to attract more tourists.

Trekking agency services also started in Nepal from 1970. These agencies started to provide services for tourists who came to Nepal for trekking purposes.

However, most of the facilities for tourists were cantered in Kathmandu city. The targets of hotel beds, which totalled 1,663 in 1974-75, also remained below target. During the forth plan period progress on road and bridge constructions did not meet targets widely (Fifth Plan of Nepal, 1975-1980).

5.2.2.5 Fifth Five-Year plan (1975-80)

The fifth plan gave top priority to agricultural development, and emphasis was placed on increasing food production and cash crops. Social services were targeted. The fulfilment of basic needs was also focused.

For the tourism sector, the fifth plan intended to implement the suggestions made by the Tourism Master Plan and focused on earning foreign currency and generating employment from tourism. During the fifth plan period, about 1.4% of the total budget was allocated for tourism. Flowing objectives, policy, and programs were determined in the fifth plan for tourism development:

1. To earn foreign currencies and improve balance of payment.
2. To increase in employments through local skill development and buying power of many people.
3. To develop tourism at suitable locations in other region of Nepal to reduce regional imbalance.

4. To promote interregional tourism.

The plan also stated its tourism policy for the fifth plan. Following were the policies mentioned in the plan:

1. to preserve historical, cultural, and geographical features of the country to promote tourism.
2. to extend tourism activities in other parts of the country
3. to increase length of stay of tourists.
4. to develop facilities in Pokhara, Chitwan, Khumbu, Pokhara.
5. to facilitate remote areas viable for trekking
6. to coordinate tourism development with agriculture, industry and transport.
7. to promote Nepal in possible international markets.
8. to provide necessary trainings in tourism related areas.

Based on its plan and policy, programs in line with Tourism Master Plan were planned for implementation. The programs focused international promotion by publishing and distributing brochures, advertising in newspaper, inviting international journalists, and representatives of airlines, travel and tour agencies. Similarly, films relating to attractions of Nepal were also in programs.

Need of marketing Nepal as a tourism destination was recognized. So, Nepal Tourism Marketing Strategy (1976-81) was prepared (Shrestha, 2006). It had recommended two separate agencies for infrastructure development and marketing promotion.

There had been substantial increase in supply of hotel beds during this period as a result of government encouragement for investment from private sectors. Nepal Industrial Development Bank (NIDC) invested a sum of 115.4 million Nepalese Rupees in tourism industries during the plan period. The total number of hotel beds increased to 6838 in 1979-80. This was a 400% increment in five years period. Tribhuvan International Airport was also upgraded.

The separate ministry for tourism was established. Department of Tourism, Tourism and Hotel Management Training Centre, Civil Aviation Department and Royal Nepal Airlines Corporation were kept under the roof of the ministry. Nepal Tourism Act was also brought to manage the tourism activities in Nepal.
5.2.2.6 Sixth Five-Year Plan (1980-1985)

Until the end of fifth tourism plan, Nepal’s tourism industries had progressed continually. From 1965 to 1975, tourist arrivals in Nepal increased by an annual growth of 26%. While in the first four years of the fifth plan, the growth rate was at 15% per annual. Foreign currency earning also increased continually. Tourism became the main industry to generate foreign currency in Nepal. Following tourism development objectives, working policy and programs were set for the sixth plan:

**Objectives**

- To increase the net foreign exchange earnings and balance of payment.
- To develop tourism industry and enterprise that will generate employments and earnings.

**Policy**

The tourism plan recommended policy to improve tourism infrastructures already existed and to make the existing tourism spots more eye-catching. The plan also mentioned that new tourist resorts will be developed and use of domestic products will be maximized. The plan intended to preserve natural and cultural resources.

The plan mentioned its working policy as follows:

- Programs mentioned in the first master plan will be implemented and works will be started to make another master plan.
- Liberal policies will be adopted as regards foreign investments in the interest of increasing the number of tourist arrivals.
- Internal flight schedules will be made regular to make tourists easier to go to other destination of Nepal.
- Coordinated approach will be promoted to develop tourism.
- To develop manpower and collect statistics of tourism regularly etc.

In the sixth plan target was to prepare second tourism master plan and to produce the photographs of 87 peaks and to print and distribute. The resort area development project would make in-depth study of Ilam, Dhankuta, Kulekhani, Rupatal-Begnastal complex. The plan also hoped that Shivapuri cable car project would be executed by the private sector. It stated that government would undertake physical development only. It mentioned that previous tourist information centers would be strengthened. Similarly it had plans to publish 4 million booklets, to invite number of reputed personalities to visit Nepal and to participate in many fairs to promote Nepal.
Achievements
In total, 874145 tourists visited Nepal during sixth plan period. This is only 22.1% higher than the period of the fifth plan. But the foreign currencies earned increased by only 2% comparing the fifth plan. This shows that increase in number of tourists does not guarantee by itself increase in foreign exchange earnings. Royalty from mountaineering was significant. The average length of tourists in Nepal was 11.5 days in 1983. A number of tourists started to come for trekking and mountaineering. Trekkers mostly chose Annapurna, Manang and Jomsom. Some tourists also visited Everest, Helambu and langtang areas. Except these areas, only 417 trekkers went to other parts of the countries.

The data during the 6th plan also revealed that percentage of tourists at the age group of 16 to 30 years was declining. This might have effected earning of foreign currencies also. Total number of hotel beds increased to 6819 in 1983. The occupancy rates based on 1983 figures came to 32.9 percent in the hotels of Kathmandu whereas only 28.9% for hotels outside Kathmandu (Seventh Plan of Nepal, 1985-1990).

A study had been completed for the preparation of second master plan. Mountaineering development project produced picture of 87 peaks. Similarly, various survey activities were conducted. To develop tourism in other parts, survey and research were conducted in various parts of country. Regarding cable car operation, Shivapuri watershed management project objected the plan saying it might affect environment. There were programs to construct sheds in Araniko and Prithibi Highway, but there was very little progress.

5.2.2.7 Seventh Five-Year Plan (1985-1990)

Seventh plan came with the overall objective of increasing production, creating productive employments, and fulfilling minimum basic needs of the people. Agriculture development got high priority as most of the people depended on agricultural in Nepal. Tourism sector was taken as contributor of foreign currencies and creator of employment. The plan intended to focus on yield rather than number of arrivals. The objectives and policy of the plan were following:

- Attracting upper class tourists to increase foreign currencies earning.
- To generate new opportunity from tourism business
- To increase length of stay of tourists and expanding tourism related activities in other areas.
- To encourage to use domestic products by tourism industry.

The plan was different from the previous plan in respect to type of tourists. So the plan aimed to receive high spenders. It also intended to reduce leakage of foreign currency by
importing most of the goods for tourism. To attend these objectives, following policies were recommended:

- Tourism promotion will be intensified, Asian countries will also be attracted and measures will be taken for pilgrimage tourism also.
- Rules and regulations related to tourism will be simplified and modernized.
- Investments will be made from both public and private sectors.
- Mountaineering tourism will be further developed.
- Services of airport, hotel and internal flight will be improved.

The plan had working policy of conserving historical and cultural places, controlling pollution, cleaning mountain peak also etc. The plan also recognized to encourage domestic tourism particularly to address seasonality issue.

For the first time, an exercise was started in 1987 for an ambitious longer term quantified arrival target of one million tourists. Government of Nepal signed a Memorandum of Understanding with Tibetan Tourism Authority. This added an advantage to combine travel and tour package jointly.

During the first four year of the plan period, number of tourist increased by about 11% on average. In 1990 number of tourist increased to 254885. The growth was not so encouraging. The termination of trade and transit agreement between India and Nepal also affected tourism negatively in 1989. The average length of stay remained 11.68 days.

During the plan period, many projects were implemented. Important projects were Himali Region Tourism Development Project, Resorts Area Development Project, Strengthening of Tourists Service Project, Pokhara Tourism Development Project etc. Some improvements were completed in Tribhuvan International Airport of Nepal. Until the end of 7th plan, number of airports was 43 and 38 were in operation. Various works were completed to improve the facilities in domestic airports. Similarly, communication and aviation support terminal building in 31 airports had been furnished with equipments. In order to improve international air transport system agreements were completed. A mobile tourist police service was initiated in Kathmandu. News on climate forecasts was started from this plan.

Many problems were pointed in Nepalese tourism development (Eighth Five-Year Plan, 1992-1997). The problems were like limited spots for tourism, shortage of infrastructure, lack of focus on environmental, cultural, and religious properties, less effective promotional works, lack of sufficient services in international airport of Nepal, limited internal air services, seasonality problem, lack of linkages with other sector of the economy.
5.2.2.8 Eighth Five-Year Plan (1992-97)

The decade of 1990 was well written in the political history of Nepal. The 1990 people movement reestablished multi-party democracy in Nepal. The new government came with liberal economic policy. Analysing past development situations, the eighth plan mentioned following long term objectives:

1. Sustainable economic development
2. Poverty alleviation
3. Reduction of regional imbalances

The eighth plan stated that tourism industry should be promoted with high priority. The plan stated that it would attract private and foreign investors and would create suitable atmosphere for participation of private sectors, communities and non-government organizations. The government repositioned its role as a supportive and coordinating. It aimed to develop Nepal as a final destination. The following were the objectives of the plan:

- To earn larger amount of foreign currency by the development of tourism industry.
- To expand tourism industry in other places of the country.
- To create more employment from tourism to increase living standard of people and to reduce the level of poverty.
- To improve quality of services and facilities relating to tourism together with promotion of environmental, historical, and cultural properties.
- To develop necessary infrastructures for air services.
- To link tourism with other sector of the economy.
- To augment the use of local materials and services in the tourism industry.

To make Nepal a final destination and to operate the tourism industry as a main source of employment, following policy wise activities were stated:

- The high spending origin markets will be selected for tourism promotion programs. Special promotional programs will be formulated for India. Nepalese diplomatic missions will be mobilized and tourism promotions office will be set up in the prominent tourism markets to promote tourism.
- Encouragement will be given to produce materials and services within country for the consumption by tourists.
- The plan stated that infrastructure would be built for new trekking routes.
- Additional tourists activities like conventional tourism, SPAS, hot air ballooning, paragliding, wind surfing and fishing will be developed.
• Resorts areas will be developed by government itself or leasing to interested local or foreign investors. Additional facilities and incentives will be provided to attract private sector.
• New and attractive tourist spots will be developed.
• Mobile tourist police services will be also provided to other parts of the country. Administrative procedure will be made or simplified for attracting local or foreign joint ventures. The corporation will extend services to Japan, France, South Korea and Australia during the plan period. Similarly a new jet planes will be acquired. Domestic air services will also modernized.

Other many important policies and programs were included in the plan. The plan aimed to modernize and extend Tribhuvan International, to start process to construct second international airport and improve domestic airports. The plan aimed to introduce liberal sky policy and to encourage domestic and foreign investors to invest in domestic air services. It was stated that civil aviation related manpower would be developed and Department of Civil Aviation would be made an autonomous body. Various reforms were proposed in the organization structure of Ministry of Tourism of Nepal. The total budget allocated for the tourism sector (including civil aviation) was 3710 million Nepalese rupees. 1088 million rupees were allocated for tourism promotion project and 2631 million rupees were allocated for air transport projects.

**Targets of the Plan**
The number of tourist arrivals was estimated to grow at an average rate of 8% per annum and foreign exchange earning was estimated to increase at an average of 17% during the plan period. In the first year of the plan, US $ 72.36 million was targeted while the amount was estimated to be 137 million US $ in the final year of the plan.

**Review of Eighth Plan**
As planned, Nepal took part in various tourism fairs and promotional events in East Asia, Australia, South East Asia, Western Europe and North America. Destination promotion was done through various media like broadcasting tourism program on Radio Nepal, Internet, publications and distribution of various brochures. Preparatory works for Visit Nepal 1998 program was initiated. Promotion program was conducted in India in the STAR TV.

National Civil Aviation Policy was announced in the 1992/93 to liberalize air services. Along with this policy, substantial numbers of private air operators were encouraged to operate air services (Shrestha, 2006). The policy aims to promote tourism in Nepal. The policy stated that air services could be started by private sector. The policy encourages the operation of
recreational, adventurous and research-oriented air activities. Under the new policy initiative, 14 air operators including sports and ballooning were permitted to fly in the domestic sector. Helicopter services were started by private sectors for remote parts of Nepal. Hot Air Ballooning was started in Kathmandu. A power glider was started in Pokhara. New tourism Policy 1995 was introduced for the first time with a view to specifying the role of government and private sectors.

In the same plan period, Tourism Development Board act 1996 and Civil Aviation Act 1996 were brought. Necessary improvements were done in Civil Aviation Policy. Tribhuvan International Airport was upgraded. A green Channel was established to facilitate the smooth check-in and checkout of tourists. Tourism Infrastructure Development Project (Under the loan assistance of Asian development bank) improved facilities in Pokhara and around. During the plan period the number of airports increased to 44. Many facilities were developed in Airlines sector. A policy was adopted to ensure emergency airlift of people including tourists during emergency situations.

During the plan period, Nepal Airlines Corporation had been operating to 11 places of 9 countries under its service expansion policy. Among the international airlines, those of Singapore, Thailand, Qatar, Pakistan, India, Bangladesh, China, Bhutan, Russian Federations etc are operating services.

92.5% target of visitors was achieved during the plan period. Nearly the equal amount of target revenue was earned during the plan period. 8th plan made many achievements in the areas of air transportations, administrative reforms, and infrastructure improvement in Pokhara and around. However there remained many problems in tourism sector during the eighth plan.

**Challenges**

There were limited international seats available and facilities in the domestic airports were very limited. The process for the construction of second international airport was not started. Tourism infrastructures were available only to a few geographical areas. This has been the serious issue from the last many years. There was no study of effects of international marketing. The tourism sector had very poor forward and back linkage with other economic sectors. No effective land use plan and pollution control measures were taken to maintain the attractions features of destinations. There was no effort to participate local communities for tourism development in remote areas.

**5.2.2.9 Ninth Five-Year Plan (1997-2002)**

As many people in Nepal are living in poverty, the ninth plan stated its main objective as poverty alleviation. Tourism is believed to have comparative advantage in Nepal. It has huge potentials. The tourism section of the plan stated that it is likely to contribute to the improvement of historic
and religious places and environment conservation. However, expansion of tourism was challenged by unmanaged urbanization, environmental degradation and pollution. Similarly service quality improvement needs to be addressed immediately. Considering the potentialities of tourism, objectives and strategies were adopted for long-term tourism development.

Long-term Objectives:
- To develop tourism sector as an important part of the overall economic development.
- To establish tourism as a premium destination on the world tourism map.
- To expand the benefits of tourism down to the village level.

Long-term Strategy
Strong and efficient civil aviation, arranging overland transport, physical development, value-based and endemic tourism activities, community participation etc. were the long-term strategies. Another feature of the plan was that it made 20-year targets based on the above long-term objectives and strategies. The plan estimated that in 1997, it was providing 257000 of total employment and it made target to provide 685000 employments in 2015 (see Table 34).

Table 34: Targets for 2015

<table>
<thead>
<tr>
<th>Particulars</th>
<th>1997</th>
<th>2002</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourists arrivals</td>
<td>4,20,000</td>
<td>6,76,414</td>
<td>12,47,000</td>
</tr>
<tr>
<td>Duration of Stay</td>
<td>11.27</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Per Tourist Expenditure US $ per Day</td>
<td>45</td>
<td>60</td>
<td>133.3</td>
</tr>
<tr>
<td>Foreign currency earning US $ Million</td>
<td>213</td>
<td>527.6</td>
<td>1663.6</td>
</tr>
<tr>
<td>Employment (direct)</td>
<td>75000</td>
<td>111329</td>
<td>205227</td>
</tr>
<tr>
<td>Employment (partial)</td>
<td>107700</td>
<td>162029</td>
<td>298688</td>
</tr>
<tr>
<td>Employment (direct + Indirect)</td>
<td>2,57,000</td>
<td>3,71,598</td>
<td>6,85,013</td>
</tr>
</tbody>
</table>


The tourism section of the plan stated that tourism industry could be developed as an important sector of the national economy on account of its comparative advantage. The plan intended that tourism activities based on social, natural, religious, and cultural environment of the nation would be developed and diversified during the ninth plan.

Objectives of the plan of the tourism sector
- To develop tourism as an important sector for overall development of economy.
- To establish Nepal as a premium destination in the world tourism market through effective publicity and promotion.
To enhance employment opportunities, income generation and foreign currency earning from the tourism sector and to extend these benefits down to the village level.

The plan also mentioned its policy and implementation strategy for tourism. It stated to develop new tourism sites, conserve historical and cultural sites, temple and monasteries, open new trekking routes and mountain peaks. Local bodies in each development region would be encouraged to develop a model development region.

For tourism infrastructure development, the plan stated to encourage local participation to develop infrastructure facilities. It also stated to improve communication system, improve infrastructure quality, to upgrade trails and roads. Some of the highways will be developed as sightseeing highway. It intended to mobilize local government bodies for preparation land use planning.

The plan had strategy to expand and diversify tourist attractions, to promote activities like hot air ballooning, hot spring, honey hunting, butterfly/bird watching etc. will be encouraged and to develop Eco-tourism, medical tourism, conference tourism, cultural tourism, festival tourism, village tourism, sport tourism etc.

For the marketing of tourism, the plan stated that market would be divided into segments. Indian and domestic tourists would be attracted to render tourism industry all year round. Nepal would be more effectively promoted in traditional markets of Western Europe and North America. The newly emerging markets of Asia-Pacific would be given special considerations in marketing. Royal Nepalese Embassies, Honorary Consul Generals, friendship associations, airlines, travel/tour agents, and Nepalese association abroad would be activated. Internet marketing, distribution of promotional materials, and arrangement of visit of journalists, travel writers, TV producers would be planned for marketing purpose.

**Environment Protections**

For environment protections following strategies were mentioned:

- Local government body and private entrepreneurs will be mobilized to maintain environment quality needed for tourism.
- Coordination among central government, local government, social organizations and private sector will be developed for the conservation of environment in sensitive areas.
- An environmental code of conduct will be formulated and private sector will be required to adopt it.
- Pollution control measures will be developed and specially monitored in eco-sensitive activities such as trekking and mountaineering etc.
Mobilization of Private Sectors

Following strategies were mentioned to mobilize private sectors:
- Additional facilities, incentives and concessions will be provided to private sector investments in tourism industry.
- Incentive holidays and facilities will be tried to promote domestic tourism.
- Guidelines and performance standards will be prepared to enhance the quality and efficiencies of hotel industry.
- Loan facilities will be extended to new areas for expansion of tourism activities.
- The tourism industry will be recognized as a priority sector and investments will be mobilized accordingly.

Some new features of the plan were
- To encourage private sector to operate domestic and private sector.
- To launch Visit Nepal 98 campaign to promote Nepal.
- To give high focus in protecting environment.
- Incentive holidays and facilities will be tried to promote domestic tourism.
- Nepal Tourism Board will involve actively promoting Nepal and information on Internet will be updated.
- Model village tourism will be developed in appropriate areas of Nepal.
- Biratnagar, Bhairahawa, and Nepaljung airport will be upgraded for operation of short haul services to various Indian cities.
- Helipads will be built in remote areas deprived from roads and airports.
- Concept of tourism development fund to support the local efforts in managing tourism development at local levels.

Achievements

Nepal Tourism Board was formed with most of the representation from private sector to promote Nepal in an organized way. Civil Aviation Authority came into implementation from the beginning of 1999. The permission was given to private airlines to operate flight abroad. Ministry of Tourism was renamed as Ministry of Culture, Tourism and Civil Aviation. The government introduced Build, Operate and Transfer (BOT) Policy 2000 to speed up the development of infrastructure like airports, roads, drinking water etc. Visit Nepal 1998 was successfully implemented as a national campaign for the first time. It played a great crucial role in generating awareness about tourism of Nepal nationally and locally. The World Buddhist Conference was convened in Lumbini. Lumbini area was enlisted in the lists of World Heritage
Sites. In the area of air transports various infrastructure were added in the hilly and busiest airports. Similarly, many improvements were done in Tribhuvan International Airport.

Against the target of 10% average annual growth in tourist arrivals, only about 85% of the target was met. Against the target of 20% annual growth in foreign currency earning during the plan period, it increased by less than annual 5% average growth. The plan also could not meet the length of stay. Likewise, per day income from a tourist was expected US $ 60, however only US $ 39.6 was received. Similarly the direct employment was available for only 80 thousands in 2001 (less than target). The contribution of tourism sector in foreign currency earning remained 12%.

Problems and Challenges as described by the Tenth Plan

1. Following major incidents affected the growth of tourism in Nepal.
   - An Indian airlines flight was hijacked from Tribhuvan International Airport.
   - The 11 September 2001 attack in America and Afghanistan War.
   - A number of strikes announced by political parties and imposition of emergency in Nepal.
2. Limited tourist spots developed.
3. Lack of coordination between private sectors and government and among government sectors.
4. Lack of data regarding revenue leakage from economy, employment generations, etc.
5. Terminations of flight services by different airlines including Royal Nepal Airlines.
6. Availability of air seats in Europe sectors.
7. Inadequate finance for conservation of cultural and natural assets so that danger of de-listed from World Heritage sites.
8. Little work toward local communities’ involvement.

5.2.2.10 Tenth Five-Year Plan (2002-2007)

The tenth plan was started in a critical political situation of Nepal. Maoist insurgencies were in peak time in Nepal. Most of the remote part had been Maoist ground. It became very difficult to continue development activities in remote areas of Nepal. On the other hand, the Maoist destroyed infrastructure in rural Nepal in order to create obstacle for the government. As poverty was so serious in Nepal, tenth plan mentioned that its sole objective was to alleviate poverty in Nepal. The performance of tourism during last year of the ninth plan was so weak. In this situation, the tenth plan mentioned its long-term vision for tourism as following:
1. Developing tourism sector as an important part of economy and re-establishing the country globally as a prime destination.
2. Expansion of earning from the tourism sector to rural areas through qualitative improvement of tourism related services.
3. Emphasis on cultural tourism by conservation and proper management of living heritage, world heritage sites and monuments of national importance.
4. Making international and domestic air services simple, efficient, safe, and reliable and developing convenient road networks in tourism areas.

Similarly, long-term targets were also stated for the year 2015 (Table 35). It corrected previous estimation made by the Ninth Plan.

For the development of tourism sector, the tenth plan has set following objectives:

- Sustainable development and qualitative improvement of the tourism sector.
- Conservation and preservation of historical, cultural, religious and archaeological heritages and enhancing their practical utilization.
- To render air transportation services easily accessible, secure, standard, and reliable.

The plan targeted to receive 516000 tourists in 2006 and to increase the average length of stay to 13 days. Similarly, the plan again targeted to increase the tourists’ expenditure from about 40 US $ in 2001 to 60 US $ in 2006.

Table 35: New Projection for 2015

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourists Arrivals</td>
<td>1219000</td>
</tr>
<tr>
<td>Earning of Foreign Currency</td>
<td>635 million US $</td>
</tr>
<tr>
<td>Contribution to GDP</td>
<td>4.1 %</td>
</tr>
<tr>
<td>Employment Generation:</td>
<td></td>
</tr>
<tr>
<td>• Direct in thousands</td>
<td>150</td>
</tr>
<tr>
<td>• Indirect in thousands</td>
<td>200</td>
</tr>
<tr>
<td>Number of International operating services to Nepal</td>
<td>22</td>
</tr>
</tbody>
</table>

Sources: Tenth Plan Document (2002-2007)

**Strategy**

The strategy was selected based on the three objective of the plan.

- Strategy Related to Objective One
  - Besides the established markets, tourism will be promoted in neighbouring countries also.
  - Locally produced goods will be encouraged to use by tourists and tourism industries. Women and backward communities will be encouraged to produce such goods.
- Previously banned areas will be opened and other potential areas will be encouraged through infrastructure development. Domestic Tourism will also be given importance.
- Nepal will be promoted as one of the major destinations for eco tourism.
- Non-government and private sectors’ competitive capacity will be enhanced.

Strategy Related to Objective two
Objective two was concerned to conserve natural and cultural assets. In this context plan focused to participate non-government sector in management and preservation of such assets.

Strategy Related to Objective Three
The strategy gave importance to develop necessary infrastructure in airports and airlines services and to involve private sector to construct, operate airports and operate long-distance airlines services.

Policy and Action Plan
The plan descried policy and actions for all the strategies.
For promoting tourism in neighbouring countries, the plan stated following policy and actions:

- Implementation of sub-regional plan and program in co-operation with the South Asian Countries.
- Priority to neighbouring countries in promotion activities.
- Foreign diplomatic services, any agencies representing Nepal Government, and individual and organization with business relationship will be mobilized in promotion and publicity activities.

For retention of maximum amount of money spent by tourists in local areas, the plan mentioned following policies:

- Increasing employment opportunities through protection of local skills
- Emphasis on the use of locally produced goods and services.
- Offer clean environment, qualitative service and courteous services etc.

For establishing domestic tourism as an economic alternative, following policy and actions were mentioned in the plan:

- Improving security systems for domestic and international tourists, developing infrastructure in cooperation with other ministry and agencies, and establishing of regional tourism centres.
• Expansion of mountaineering, trekking, and other adventure tourism in new areas through the participation of local bodies.
• Opening new mountains and reducing royalties for climbing these mountains.
• Exploration of other tourism areas like incentive, convention, village tourism.

For promotion of eco-tourism, following policy and actions were mentioned in the plan:
• Environmental protection, garbage management, alternative energy and awareness raising activities will be conducted.
• Monitoring will be done to check pollution control.

For institutional improvement, following policies and actions were mentioned:
• Destination Nepal 2002-2003 Campaign will be implemented.
• Institutional reforms of Nepal Tourism Board and Civil Aviation Authority of Nepal.
• Privatisation of Royal Nepal Airlines Corporation.

For protection of cultural and natural resources, the plan stated following policies and actions:
• Facilitating to change attitude of people toward cultural tourism.
• Importance for survey and exploration of archaeological sites.
• Protection and conservation of cultural uniqueness and religious traditions that support tourism sector.
• Mandatory implementation of guidelines for the protection of the areas under World Heritage sites.
• Enhancing local, non-governmental and private organization in protection and promotion of heritage sites.

For study, protection and promotion of literature, arts and culture, the plan stated to:
• Encourage legal protection and recognition of works of various literatures, writers, musicians and artists.

For creation of necessary infrastructure for the domestic and international travel, following policy and actions were mentioned:
• A satellite based communication system will be established, developed, and expanded.
• Construction and expansion of existing facilities in the international and domestic airports and coordinating skilled manpower.
• Existing airports will be upgraded and new airports will be constructed.
• Renewal of international air agreements and encouragement to new agreements.
• Creation of necessary infrastructure and service in the domestic airports to operate flight to neighbouring countries.

For participation of the private sector in construction, operation and management of long distance air service, following policy and actions were mentioned:

• Beginning of well-facilitated international airport in the Teri area.
• Encouragement promotion of regular or charted international flights.
• Maximum use and enforcement of air routes in the Nepali Sky.

**Program and Implementation Mechanism**
The Tenth plan has also stated for the implementation mechanism of the plan. Nepal Tourism Board (NTB) has been given more responsibilities. Responsibilities are like creating public awareness of tourism, product development, promotion and publicity. Similarly NTB will set up Tourism Centre (hub). To provide health and communication services in rural areas, concerned bodies will coordinate. NTB will also monitor the services provided by different parties and will enforce reward and punishment system on the basis of services delivered. Organizations or individuals will be appointed as representatives of Nepal in foreign countries with the help of embassies and consulates for tourism promotion activities. Royal Nepal Airlines Corporation (RNAC) will expand its services through commercial agreement with other prestigious organizations.

**Policy Level, Legal and Institutional Reforms**
According to decentralization policy, local bodies and private sector will be involved in the conservation of natural resources. Necessary technological and other assistance will be provided. Timely reforms will be done in the policy, laws, regulations etc. Cultural policy will be introduced. Necessary amendments will be made in existing policies laws and implementation process to make the arrival and departure of international airlines easy. A 20-year master plan will be made.

**Programs for Implementation and their Priority**
During the tenth plan period, 13 programs on tourism, 12 on culture, and 9 on civil aviation will be implemented. The programs are divided into three categories of programs that are named as Priority A, Priority B and Priority C. It was assured that priority A group Projects would get first priority in funding.
Role of Government
The plan stated that government’s role would be limited in infrastructure development and efficient regulator. Flight safety, bilateral and multilateral air relations, and formulation and amendments of rules are given to the government. The present practice of covering all the expenses of NTB will be maintained.

Achievements
The tenth plan is in the final year of implementation. Until now the plan has not achieved its target in terms of number of tourism and revenue from tourism. During past four years number of tourists did not cross 400000 in numbers. Implementation of Destination Nepal Campaign 2002-2003 was not effective and it could not produce any results. Similarly the BOT policy could not attract private sectors to build infrastructures like roads, airports that can help tourism development. But in areas of civil aviations many agreements have been done. Due to liberal policy, two private airlines from Nepal have started international services. New airlines have also operated services in domestic markets. Private colleges for tourism and hotel management were opened. The government has been making second master plan for Nepal. Preparation of new policies for tourism and civil aviation are in the last stage. New regulations for trekking, rafting were introduced.

Tourism for Rural Poverty Alleviation Program (TRPAP) has developed new tourism products in 6 districts of Nepal and promoted in local, national, and international market. Nepal Tourism Board has lunched a new tourism brand for marketing Nepal in the international markets. The new brand is known, as “Naturally Nepal-Once is not enough”. TRPAP is a model program to develop new products, to involve local poor people for managing the products in sustainable way.

The situation of insecurity due to 10 years old Maoist insurgencies came to an end in 2006. Previously, it was believed that Maoist insurgencies had affected tourism sharply.

5.2.3 Tourism Policy 1995

Nepal has not brought formal tourism policy until 1995. Successive national development plans and other relevant public policy have placed great emphasis on the development of the tourism in Nepal. The government of Nepal introduced first tourism policy of Nepal in 1995.

Objectives
Following were the objectives of policy
1. To develop tourism as an important sector of the national economy by developing linkages between tourism and other sectors.
2. To diversify tourism down to rural areas so as to improve employment opportunities, foreign currency earnings, growth of national income and regional imbalances.
3. To improve natural, cultural and human environments of the nation in order to develop and expand the tourism industry.
4. To maintain a good image of the nation in the international community by providing quality service and a sense of security.
5. To develop and promote Nepal as an attractive tourism destination.

Policy

1. The participation of the private sector will be sought to the maximum extent for development and diversification of tourism products. The involvement of government will be primarily directed towards infrastructure development. Apart from this, HMG will maintain its role as coordinator and motivate for the growth of the travel and tourism industries.
2. Participation of the Nepalese people in the integrated manner will be carried out for environmental conservation programmes which contribute to sustainable tourism development.
3. Existing tourism infrastructure and facilities will be upgraded. Priority will be given to developing new tourist destinations, particularly in rural areas.
4. Popular religious tourism sites will be improved and promoted in order to develop religious tourism.
5. Nepal will be developed as a center for adventure tourism.
6. Tourist service and facilities in the kingdom will be encouraged to upgrade in quality. Special efforts will be made to make Nepal a secure place for tourists.
7. Due attention will be paid to improving regional imbalances while developing tourism.
8. Competitive tourism promotion and marketing will be launched in tourist originating markets to establish Nepal as a major tourist destination.
9. Linkages will be established between tourism and agro-based as well as cottage industries. Emphasis will be placed on developing these related sectors simultaneously.
10. Local investment will be encouraged in service-oriented, travel and trekking agency businesses in which local investors have proven capability. Foreign investment, including joint ventures, will be promoted in areas, which transfers skills and technology, or in capital-intensive industries like hotels and resorts.
11. The National Civil Aviation Policy will be implemented as an integral part of Tourism Policy.
Intuitional Arrangement in the Policy

Tourism Council
This is a high level organization, which brings coordination among various tourism related bodies to develop tourism as main economic activities. Prim minister will head the Council and it will guide policy related matter and review plans related to tourism.

Minister for Culture Tourism and Civil Aviation
The ministry is responsible for policy, planning, licensing, regulations and overall monitoring of tourism activities in Nepal.

Nepal Tourism Board
Nepal Tourism Board undertakes planning and product development, international and domestic promotions and tourism research and advisory functions for Ministry of Culture, Tourism and Civil Aviation. The policy focused on developing pilgrimage tourism, adventure tourism, creating regional balance, rural tourism, wild life tourism, linking tourism and other sectors etc. The working policy states that Trekking areas will be classified into three categories as follows:

• General Trekking Area
Areas with a network of good trails and which offer basic services and facilities to tourists will be categorized as general trekking areas.

• Guided Trekking Area:
Area already open for trekking but not meeting minimum infrastructure requirements such as trails, and basic services and facilities such as hotels and lodges, will be categorized as guided trekking areas. Only group trekkers handled by trekking agencies will be allowed to visit such areas under fixed annual quotas.

• Controlled Trekking Area
Areas in the high-Himalayan region, which are out of modern civilization and have very sensitive natural environments, and ancient indigenous cultures will be categorised as controlled trekking areas. Only group trekkers handled by trekking agencies and accompanied by a government deputed liaison officer will be permitted to visit such areas.

5.2.4 Rules, Regulations and Other Policies Relating to Tourism in Nepal

The government of Nepal has made rules and regulations to administer the tourism activities in Nepal. Similarly it has made policies that are believed to support tourism development in Nepal. A brief introduction to them is provided. (Note: Some dates are according to Nepali calendar)
5.2.4.1 Tourism Act 2050

The act was brought for the health, facilities and goodness of both international and domestic tourism. This is the main base for the administration of tourism in Nepal. It mentioned about establishment process and requirements for travel and trekking agencies, hotel, lodge, restaurant and resort, mountaineering, guides, and other tourism related activities like rafting, gliding, bird watching etc.

The act is concerned about the service quality of lodge, hotel, restaurants and bars. It stated that they must get registered to be a tourist class. The act has provision that under this act government can bring new rules.

5.2.4.2 Immigration Act 2049

The act was brought to regulate, manage and control the entry, presence and exit of international visitors and also for the entry and exit of Nepali. According to the act every foreigner must have a valid passport and visa to enter and stay in Nepal. The department of Immigration is the main body to implement this act. The department provides trekking permit to tourists. Under this act the government can bring necessary rules and regulations.

5.2.4.3 Hotel/Resort/Restaurant and Bar Rules 2038 (1981)

The regulation is a very important to manage services quality. It has mentioned about the facilities and service quality required in Hotel, Lodges, Restaurant and Bars etc. It also mentioned about qualification required to be a tourist guide.

5.2.4.4 Immigration Regulation 2051

Using the right of Immigration Act 2049, this regulation was made. This regulation defines tourist as foreigner who stay one night or 24 hours in Nepal. The visa is broadly categorized as Diplomatic, Official, Tourist, Student, Business, Transit, and Residential visa. However, Indian nationals can entry in Nepal without Visa. Free of charge visa is provided to China, and nationals of SAARC countries. On the basis of facilitation, visa is made free of charge to all nationals visiting Nepal for three nights and foreign national below 10 years of age (Shrestha, 2005). Visa fee for sixty days costs US $ 30. Multiple visas can be obtained at the fee of US $ 50. Visa can be obtained either from the Nepalese missions abroad or Honorary Nepalese consulates or immigration office at entry points. But for Chinese nationals, there is no provision of arrival visa.
5.2.4.5 Foreign Investment and One Window Policy 1992

To invite foreign capital, government of Nepal has brought Foreign Investment and One Window Policy 1992. The policy refused to grant permission for foreign investment in travel and tour agencies, rafting agencies, tourist lodging and other personnel services. The policy was toward supporting national investors. More fundamentally, foreign investment has been marginalized in the government's strategic thinking for development of this sector.

5.2.4.6 Industrial Policy 1992

Nepal government issued industrial policy 1992 to create an environment necessary to enable the private sector to play a principle role in the industrialization of the country. The policy focused to privatise public sector industries and stated that no private sector industries will be nationalized. The policy has given hotel and resort as national priority industry with a provision of exemption of income tax for a period of seven years. Tourism industries can also get 5 years income tax exemption on the basis of recommendation of the industrial promotion board. Tourism industries established in remote, undeveloped and under developed districts, will get 25%, 15% and 10% rebate of excise duty. The tourism industries of Nepal have been recognized as industries by Industrial Enterprise Act 1992. New income tax act 2058 stated that industry recognized by Industrial Enterprise act (except alcohol and tobacco) would be charged only 20 % tax on taxable income.

5.2.4.7 Build Operate and Transfer Policy 2000

Public sector infrastructure is the key to achieve economic growth and its sustainability. Public infrastructure includes roads, bridges, airports, modern communication network, electricity, water supply, irrigation etc. The development of such infrastructure and their operation and maintenance is costly and very much technical in nature. To meet the growing need of this public infrastructure government finance is not enough. In this perspective government has brought BOT policy to attract private sectors and foreign investors. The policy states to provide incentives in income tax, import duties, depreciation charges etc.

5.2.4.8 Aviation Policy 2006

Air transport is a vitally important part of the total travel and tourism industry, and air services have played a major role in the growth of tourism in many parts of the world. The tourism
industries of many countries have benefited by liberalizing aviation sector (WTO, 1994). The government of Nepal has also been following liberal air policy to attract private sectors and foreign investment in domestic and international air transportation. In 2006, it introduced new aviation policy to further liberalise aviation sector. It aims to increase aviation security, to attract more foreign investment in the aviation sector and to simplify procedure for operating charter service. The policy also intends to involve domestic and foreign investors for the construction of another international airport.

5.2.5 Prospects and Problems of Tourism in Nepal

Based on interview with selected people related to tourism industry, related area experts and tourism managers (see Appendix F for the list of people), main tourism attractions of Nepal are natural attractions like mountaineering, trekking and wildlife and cultural attractions. They agree that the future of tourism in Nepal is bright. They believe that if number of tourists visiting Nepal increased, probable degradation in natural and cultural attractions can be managed. However, they identified following problems related to tourism in Nepal:

1. Problems of security still exits in Nepal. Though Maoist and government have done peace agreement, there is still fear in free movement of people in trekking areas.
2. Access problems due to the limited capacity international airports, poor service and weak performance of national carrier.
3. Lack of proper marketing and insufficient budget to promote.
4. Insufficient infrastructure like roads, electricity, water and sanitation etc.
5. Tourism developed in only limited areas.
6. Lacking quality services in immigrations, international transportations, tourist information centres etc.
7. Quick promotions of news of negative events of Nepal in international markets.
8. Insufficiency in preservations of Natural/cultural assets.
9. Leakage of income earned from tourism due to more imported goods.
10. Reduced motivation of investors to invest in tourism industry due to pressure and strike from labour union especially in hotel industries.

5.3 Strength Weakness Opportunity Threat Analysis for Tourism in Nepal

Strength is the asset or skill that provides sustainable competitive advantages such as an ability to develop a strong promotional program. Conversely, the absence of an asset or skill can represent a weakness (Aaker, 1995). An opportunity is a trend or event that could lead to
significant upward changes if appropriate strategic responses are given. A threat is a trend or
event that will result a significant downward departure from current sales and profit patterns in
the absence of a strategic responses. Here Nepal’s strengths, opportunities, weakness and threats
are presented.

5.3.1 Strength and Opportunity

Strength and opportunity are explained under following headings.

Attraction of Mount Everest and Important Himalayan Range
Himalayas is extended 3000 km east to west. And Nepalese Himalayas is the largest and highest
occupying nearly a third or 800km (Mecca, 2006). Nepal has 8 peaks above 8000 meters
including the tallest mountain of the world. Similarly, Nepal has 22 peaks above 6700 meters out
of 32 in the world (Chatter and Rayamaji, 2061). This is the number one strength of Nepal. This
can’t be copied and built in other world.

Attraction as a Birth Place of Lord Buddha
Indian Emperor Ashoka erected a large stone pillar where he wrote and validates that Lumbini is
the birthplace of Buddha (TRPAP, 2006). Until 2000, there were 360 million Buddhist in the
world. Buddhist countries are also rich in general. Per Capita income of Buddhist countries like
Japan, South Korea, Thailand etc are higher. This can give Nepal a strategic strength.

Hindu Temple Pashupati Nath
Pashupatinath is one of the holiest pilgrimage sites for all Hindus of the world. And it is the main
attractions of Nepal for Hindus all over the world. Hindus of India are the large market for
religious tourism in Nepal. There are about 800 million Hindus in the world. This is one of the
strength of Nepal and can have huge possibility to develop religious tourism. Similarly, there are
many medieval Hindu temples, which can specially attract Hindu people all over the world.

Friendly People
Nepal Tourism Board’s survey has also shown that people of Nepal are ranked higher in
friendliness (NTB, 2001). There is people diversity in Nepal also. According to 2001 national
census, there are 100 castes/ethnicities in Nepal (CBS, 2003). The total population of some caste
group is less than 1000. This variety has large effects in culture and living style. A tourist who
visits Nepal will feel this diversity.
Attraction of World Heritage Sites
Nepal has ten World Heritage sites. Two of them are natural and other eight are cultural heritage sites. The whole Kathmandu valley is recognized as World Heritage site (UNESCO, 2006). The cultural heritage of the Kathmandu Valley is illustrated by seven groups of monuments and buildings, which display the full range of historic and artistic achievements for which the Kathmandu Valley is world famous. The seven include the Durbar Squares of Hanuman Dhoka (Kathmandu), Patan and Bhaktapur, the Buddhist Stupas of Swayambhu and Baudhanath, and the Hindu temples of Pashupati and Changu Narayan. Lumbini is another cultural heritage sites. As the birthplace of the Lord Buddha, the sacred area of Lumbini, is one of the holiest places of one of the world's great religion, and its remain contains important evidence about the nature of Buddhist pilgrimage centres from a very early period. Chitawan National Park and Sagarmatha National Park are the natural heritage sites of Nepal. Nepal is also trying to include other national parks and wildlife reserves in the list of World Heritages sites.

Total Protected Areas and their Tourism Possibilities
Protected areas management in Nepal received a real thrust in the 1970s. After bringing National parks and conservation act in 1973, Nepal established Chitwan National Park. Since then Nepal has been adding national parks and conservation areas. Now there are 9 national parks, 3 wildlife reserves, one hunting reserves and three conservation areas. 5 protected areas are in Terai belt of Nepal and other 11 are in mountain and Himalayan region. Including buffer zones, the conservation areas cover 28,998.67 sq km that is 19.70 % of total area of the country. This has created huge possibilities of nature-based tourism in Nepal. Nepal has many endangered wild animals, which makes Nepal most viable place for tourism. Nepal is the second largest habitat for one-horned rhinos and Bengal Tiger after India (Shakya, 2006). Shakya also mentions that Nepal is in the second position of wildlife Safari after South Africa. Nepal has the best habitat for snow leopard. The other endangered animals like wild buffalo, Himalayan beer, Red panda, musk deer, wild yak are in Nepal.

Nepal is also home to endangered wildlife species such as the wild Asian elephant, Greater Gangetic dolphin, Swamp deer, Gharial crocodile, Hispid hare, Bengal florican, Greater hornbill, and the Sarus crane. Kanchanjunga Conservation Area has been selected as one of the 200 Global eco regions recognized by World Wildlife Fund. 32 species of Rhododendron are found in Nepal. This has created a huge possibility of nature-based tourism in Nepal.

From the lower land Terai to the highest land, many different types of flower ands plants are available. With its Natural characteristics, Nepal has viability of becoming one of the centres of Eco-tourism.
Rivers, Glaciers and Lakes
Nepal has about 6000 rivers, and many glaciers and lakes. Though Nepal is a landlocked country, these lakes provide an opportunity for a calm boating. Similarly the river of Nepal provides unique opportunity for rafting. This is one of the strength of Nepal and it can attract large number of tourists if these assets can be marketed efficiently.

Mild Climate and Less Seasonality
Another important strength of Nepal is its climate. August to December and March, April and May are months with suitable climate for tourism. Climate of remaining months are also not so bad. Seasonal variation is not so high in Nepal. The percentage of total tourists in six peak months is about 62% in 2005. The remaining six months have about 38% of total tourists. So, there is chance to develop all season tourism.

Strategic Geographic Locations
The location of Nepal in the world map is both a strength and opportunity to develop tourism in Nepal. The southern neighbour India and the northern neighbour China altogether have one third of world population. The economic growth of both countries is running at a rate of 10 % and expected to continue in coming years (BBC online, 2007a). Many people of both countries have now income to afford travel to another country. Already about 25 % of total tourists in Nepal are from India. China, which has a growing middle class of some 250 million and is experiencing a rapid expansion in domestic and outbound tourism, is also most important developing market for Nepal (Travers, 2006).

Nepal is also in a way to be transit point between India and China for trade and investment. This can help to attract infrastructure development and tourism growth.

Image of Nepal as a Mountainous and Trekking Destination
When Admon Hillari and Tenzing Sherpa climbed Mt. Everest in 1953 and many other courageous people climbed other mountains of Nepal, Nepal has got popularity in the world as country of Mt. Everest, The Roof of The World, The Country of Himalayas. As a mountainous country the best way for one to experience Nepal is by trekking. Basically, we can say that trekking is one of the authentic products of Nepal (Singh, 2003). Trekking tourism has tremendous potential in Nepal (Gurung, 1982).

Unique Range of Cultural Attractions and Cultural Linkages
Nepal has much diversity of people and many different languages are spoken in Nepal. Due to this diversity, there is practice of different dances, music, paintings, festivals and religious practices. This is one strong strength and also opportunity to make attractive tourist product
based on this strength. Mckercher and du Cros (2002) mention about many ways to add value of these cultural products. There are many ways to combine the distinct cultural products to make one product, which has more value.

Cultural links between origin countries and destination countries also promote tourism. Culture, language, and religions are also powerful ‘pull’ factors in some type of tourism (Burton, 1995). Nepal has close cultural relations with India this will help to attract more Indian tourists to Nepal.

**Increasing Strength of Associations of Tourism Industries**

Tourism industry associations of Nepal are very strong and working for product development, environment management, joint marketing, and quality improvement of Nepal etc. Nepal Mountaineering Association (NMA) has built mountain museum as an important product. Similarly government of Nepal has given permission to NMA to collect royalty also. Similarly Trekking Agent Association of Nepal (TAAN) is also developing new tourism trails as an effort to add product in trekking areas. Hotel Association of Nepal (HAN), Nepal association of Tour and Travel Agents both are also developed well.

**Possibility of Traditional Ayurvedic (Natural) based Health Tourism**

Many countries are moving toward attracting health tourists. India is getting growing number of health tourists (BBC online, 2006). Nepal’s Himalayas is known for herbal plants since ancient time. Nepal has many Ayurvedic doctors who are treating people on Ayurvedic formula also. Their skills can be used to develop and promote health tourism as a niche market.

**Price Advantage**

The minimum salary for one month in Nepal is just 3300 Nepalese Rupees (Less than US $ 50) per month (Kantipur online news, 2006a). The lower per capita income, lower salary of staff, lower cost of capital can generate opportunity for Nepal to take cost advantage. In terms of price Nepal has competitive advantage against other nations where cost of salary, cost of capital and per capita income are higher.

**Increasing Government Focus and High Optimistic about Future of Tourism**

The government of Nepal has given prime importance to tourism sector, which can be seen in tenth five year plan of Nepal (Tenth Five Year Plan, 2002-2007). The priority can be seen in emphasis to conservation of nature, conservation of World Heritage sites, and development of cultural products.
Nepali tourism entrepreneurs, tourism managers and experts believe that future of tourism in Nepal is so bright. This will help to bring more investment from the private sector in one hand and more efforts from government sector as well.

**Growing Market of Eco-Tourism**
World Tourism Organization (WTO) has said that eco-tourism is growing speedily. This gives Nepal an opportunity to increase eco-tourists in Nepal. Since Nepal’s most of the hilly and mountainous areas offer eco-tourism.

**Possibility of Included in the list of Destinations for Indian Public Service Employees**
India has said it might include Nepal in the list of its state-sponsored Leave Travel Concession (LTC). If the country is included in the list, it will place Nepal as a travel destination for two million Indian civil servants and their spouses. Currently, India offers the facility for domestic travel only (Kantipur Online News, 2006b).

**Opportunity of Foreign Investment in Tourism Sector**
The attractions of Nepal have not been used properly. Nepal has already been a member of World Trade Organization. The current economic policy of Nepal is liberal and also helpful to attract foreign direct investment. However due to political situation, difficult bureaucracy and tax related issues it could not attract foreign investments. From 2010 Nepal has to open all the sectors for foreign investment. That will help Nepal to receive more capital to invest in tourism sectors of Nepal.

**City Tourism and Adventure Tourism Development Opportunity**
Nepal’s cities offer the traditional types of house with a separate architecture. Such types of houses are not found in other competitive destinations. These can give the advantage of unique product. A number of museums are also the attractions in cities. Similarly Nepal offers world class adventures in Bungi jumping and Paragliding (Shakya, 2006)

**Development of Community Based Tourism**
Nepal is a small country with more rural people. So rural tourism can help in poverty alleviation objective of government and can reduce regional imbalance. TRPAP is implementing program to develop community-based tourism in six districts of Nepal (Bista, 2006). The success stories of the program are encouraging. This will create new opportunity.
Special Skill of people of Nepal
Especially in areas of Mountaineering and trekking, trekking and mountaineering organizations of Nepal have specific skills in handling mountaineering and trekking (Shakya, 2006). The whole Sherpa family of Nepal is engaged in mountaineering. Similarly Shakya says that we have the best trekking company of the world. So these assets support Nepal to give special focus in trekking and mountaineering.

Nepal a Paradise for Bird Watchers
The latest report has stated that the number of bird spices found in Nepal totalled 862 (Kantipur Online News, 2007). Koshi Tappu Wild life Reserve is the main attraction for bird lovers. Around 441 species of birds are found there. The Koshi Barrage is an extremely important resting place for many migratory birds, containing 87 winter migratory species.

The Regional and South Asian Tourism
By looking at the trend of tourism development in Nepal the same region tourism is sharply growing in Nepal. In 1962, 60% tourists are from North America and 32% from Western Europe. However, the situation has changed. In 2005, 61.3% tourists came from Asia only and 2.2% from Australia and Pacific. The seven countries of South Asia known as SAARC (South Asian Association of Regional Cooperation) countries are moving toward developing inter-SAARC tourism and joint promotion of tourism in the international market (SAARC, 2007). Vision 2020 has estimated that China alone will create 100 million tourists in 2020. As a close neighbour, Nepal can attract many Chinese tourists.

Growing Use of Information Technology
Use of Internet is growing worldwide. The number of Internet users continues to grow worldwide; as a result, the Internet’s potential as a marketing medium has expanded greatly and continues to expand (Fesenmaier and Gretzed, 2004). The new IT tools enable even smaller and peripheral players to compete on equal footage with larger and more central ones and therefore provide an unprecedented opportunity to enhance their competitions (Buhalis, 2000). This has provided destination an opportunity to reach to a large group of probable tourists which otherwise will not be possible with limited marketing budget of developing countries like Nepal.
5.3.2 Weakness and Threats

Weakness and threats are explained under following headings.

Growing Threat in Conservation
Nepal’s wildlife has been facing real challenge due to decreasing number of endangered animals. The recent results released by World Wildlife Fund-Nepal revealed an alarming decline in tiger and rhino population (The Himalayan Time, 2006). World Wildlife Fund-Nepal released that Bardia National Park has suffered an alarming decline in tiger and rhino populations, indicating widespread poaching. Since 1986, 70 rhinos were taken to Bardia National Park, but only three were found in the Babai Valley. Thirteen tigers were reported in the area during 1998-2001 but the WWF team found the evidence of just three. This significant decline is due to poachers and the absence of anti poaching patrols in this critical rhino and tiger habitat.

The case of Chitwan National Park is also the same. In every month news is coming about the death of endangered one-horn rhinos. In 1994 census, there were 466 rhinos, which increased to 544 in 2000 but sharply declined to 372 in March 2005 census (Wildlife Nepal, 2005a). But after that poachers killed 35 while 10 died natural deaths (The Kathmandu Post, 2006). This situation might lead the tourism of Nepal into further crisis.

In this way, until the 20th November 2006 the number remained only 327 in Chitawan National Parks. The reason for killing the rhinos is for their valuable horns, which are very expensive in illegal market. It is believed that these rhino killer has linked with political people in Nepal. Even the diplomatic persons based in Nepal are supposed to be involved in trading of rhino’s horn (BBC, 2007b).

Similarly, the case of other endangered animals is same. In 2006 of March villagers killed seven red panda to celebrate in holiday without knowing that it is an endangered animal (Wildlife Nepal, 2005b). This shows that preservation of these valuable assets has become very challenging. And the situation will sharply affect tourism future of Nepal.

Wild animals are also damaging the property and life of people. For example in 18th December 2005 a wild elephant killed three people. On 7th January of 2006 a man was killed in rhino attack. On 26 January a leopard killed a girl in Nuwakot of Nepal. On 12th February a tiger killed a local in Chitwan of Nepal (Wildlife Nepal, 2006). This situation is unfavourable for the preservation of wildlife.

In areas of World Heritage sites, preservation activities are not sufficient if such situations do not improve UNESCO may take out the names of our heritages from the list of world heritage sites (The Tenth Plan Document, 2002-2007).
Reduced Image as a Holiday Destination
Nepal is continually losing tourists who come for holiday purposes. In 1986, tourists for holidays were 163958 out of total 223331 tourists. The number of tourists for holiday purpose in 2005 is 160,259 out of total 375389 tourists (MCTCA, 2006). This shows that the image of Nepal as a holiday destination is reducing.

Uncontrolled Urban Development
The exceptional architectural design of Kathmandu, Patan and Bhaktapur is gradually disappearing due to uncontrolled urban development (UNESCO, 2006). The cities are facing over traffic than the road capacity in Kathmandu valley. There are huge problem of water in Kathmandu Valley.

Lacking Access to Most Parts of Nepal
Out of total 75 districts of Nepal 17 districts have not been linked with roads (Dahal, 2060). Nepal could not develop rail transportation systems except 53 km rail transportation some 80 years before. Only horse trails and foot trails are available in these remote parts of Nepal. Excessive rise of number of vehicles in comparison to road available, lack of necessary budget, lack of bus stop and parking facilities in urban areas are some serious problems in Nepal (Tenth Plan Document, 2002-2007).

Many national parks and conservation areas could not be reached easily due to lack of transportation facilities. Roads are not linked from Kathmandu with many tourism destinations of Nepal. This has affected the arrival of tourists. Tourists who have short holidays cannot go to trek in attractive trekking areas. Besides, most of the domestic airports lack sufficient airport facilities to operate services.

Uneven Distribution of Hotel Facilities
One major weakness of Nepal is that more than 60 % of accommodation facilities are available only in Kathmandu city. So the tourism in Nepal has been Kathmandu- cantered. This has affected to grow tourism in other parts of Nepal, as the policy of Nepal government is to develop tourism in other parts of the country.

Landlocked and Mountainous Country
Nepal is a landlocked mountainous country. The country shares a long border with India in the southern, eastern and western part of Nepal. Nepal does not have sea tourism in one hand and due to this also lacks sea-based transportation. The construction of road is difficult and costly. This will add transportation cost to international tourists as about 80% international tourists are coming to Nepal from air services (MCTCA, 2006).
Lack of Co-ordination between Public and private sectors
There is Lack of co-ordination in programs and actions between private sector and government sectors and within the private sector despite the establishment of Nepal Tourism Board (Tenth Plan Document of Nepal, 2002-2007). There needs close cooperation between various private sector organizations in areas of destination marketing, destination services qualities etc.

Lack of Easy International Access
Nepal has direct international air links with south Asian countries and the countries of Middle East. The American and European countries do not have easy air links. They have to spend longer time and more money while coming to Nepal. That’s why the percentage of tourists who visited Nepal from these continents is decreasing. Similarly, Chinese tourists do not prefer to visit Nepal because of higher cost and lack of accessibility (Khanna, 2005).

Political Instability
Political instability is endemic in much of the third world (Harrison, 1995). Nepal as a third world country has been facing the same political instability for a long time. Political instability has been the characteristic of Nepal. The situation became more serious when so called Maoist in Nepal raised arms against government of Nepal in 1996. The 10 year conflicts started by the communist party of Nepal (Maoist) in 1996 killed more than 11,000 people, displaced 400,000 refugees, caused billions of dollars in property damage and seriously affected tourism (Perry, 2007). During this 10 years period Nepal became a war field. Fortunately, Maoist made an agreement with government and they ended the war. But there are still some other group raising arms and killing people especially in southern part of Nepal. This situation will affect the tourism possibility of Nepal.

Increased Adverse Publicity
Especially from 1999, news about Nepal has been coming in the international headlines. The series of events that happened has erased the image of Nepal as a peaceful country. The hijacking of Indian Airlines from Nepal’s International Airport, the events of Royal Massacre in 2001, the continuous bomb explosion in Nepal since 1996 etc. have got much international publicity and damaged the image of a peaceful and nice country.

Lack of Basic Infrastructures
It is common in all cities of Nepal to have limited infrastructure. The Capital city (Kathmandu) lacks water both for drinking and other uses, sewage, and solid waste management. The city faces long traffic jams every day (ICIMOD, 2007). The facilities of city buses and city taxies are not of required quality. During the winter the capital city faces every day load shedding. Other
cities face these situations in the same way. The rural parts of Nepal lack electricity, communication facilities, health facilities, basic services like accommodations, eating-places, financial services, tourist information centres.

**Less Educated and Unskilled Workforce**
Ritchie and Crouch (2003) stated that quantity, quality and cost of human resources available to the tourism industries would shape a destination’s competitiveness. Nepal lacks educated and skilled workforce. Only about 54% people can read and write (CBS, 2003). During the 32 years, Nepal Academy of Tourism and Hotel Management trained and educated only 21541 people. Recently, private sectors have started various academic courses in tourism and travel services. Tourism as a growth sector, Nepal’s present work force needs training and education.

**Global and Regional Competition**
Tourism is said to be the passport of development. It has become a growth industry worldwide. So every country has given increased attention to promote tourism. Many new countries are marketing nature and adventure product in the market. India, which provides same type of cultural, pilgrimage and wildlife tourism as Nepal has more international access, growing infrastructure, increasing focus on tourism and a raising image as a growth economy. Similarly countries like Bolivia, Peru, New Zealand are developing and promoting mountaineering and trekking tourism also. These countries have better tourism infrastructures and access in international markets.

**Less Financial Resources:**
Nepal has limited budget for development. The development budget is mostly financed by donor agencies. On one hand donors have their own rule, regulations and priority on the other hand it takes more time to negotiate for the money. So, limited financial resource is one of the main weaknesses to develop tourism.

**Lack of Sufficient Data**
Nepal has given importance to collect tourism related market data from 1960s. However we have very regular data like number of tourists, general-purpose visits, male and female, country of origin. We don’t have research-based data in areas of tourists’ satisfactions, specific country wise data, impact analysis of marketing and promotion activities etc. Due to lack of data our planning and marketing activities will not be sound and we cannot meet the changing demand of international visitors.
Weak Management of National Carrier
The Royal Nepal Airlines Corporation (RNAC) is the national carrier of Nepal and is in operation under full government ownership. The organization has not progressed a lot in its more than 55 years history. 12 years before the organization has 16 airplanes but now in 2006 it has only 9. The worsening situation of national carrier will threat progress of tourism in Nepal.

Unhealthy Relation between Management and labour Union
The long felt problems of Nepal are the disputes between labour and management. Especially in tourism organizations, the dispute between labour and management is higher in Nepal. There are many trade unions affiliated to different political parties and some times work under the direct guidance of these parties. This has also created complication. Trade unions are very strong in Nepal that’s why tourism entrepreneurs are not motivated to invest in tourism industries. And lack of hire and fire policy is another problem for tourism industries. On the other hand, lack of professional human resource management practices in Nepalese tourism industries also helps to increase such disputes.

Nepal not a Clean Destination
The main tourism centre Kathmandu valley is not neat and clean. Cities are facing many problems. In the cultural hub capital city, the pollution is so serious (ICIMOD, 2007). There is practice of throwing used things in the corner of the roads and it used to be removed slowly. The rivers have become so polluted that they will affect the tourism in Kathmandu Valley sharply. The sewage and sanitation problems are also serious. Growing advertisement board damages the beauty of city. While conducting survey about the destination service quality of Nepal in Tribhuvan International Airport, one of the tourists from the country of Asia Pacific mentioned the situation of Nepal:

ITS VERY VERY DIRTY. LITTER IS EVERYWHERE. IT WOULD SEEM THAT PEOPLE “DO NOT CARE”. THIS GIVES AN UNEASY FEELING OF INSECURITY TO TOURISTS. IF PEOPLE HERE DO NOT CARE, IF THEY LIVE LIKE “NOT CLEAN” THEN HOW CAN THE PEOPLE SHOW RESPECTS TO TRAVELLERS AND TOURIST.

Mass Corruption
Corruption is deeply rooted in Nepalese administration and political sector. Chettri and Rayamaji (2061) mention that the development of Nepal is affected by corruption, lack of discipline, and favouritism.
Lack of Quality Services
Nepal lacks quality services in many areas. The immigration service in only international airport of Nepal lacks quick services. International visitors have to wait for a long time. Similarly tourists are not getting information about Nepal after they are in Nepal as limited offices provide information. The shopping facilities for tourists are also practising unfair price.

Limited Outlet of Visa Issuing Authority
Due to limited number of Nepalese missions and Honorary consulates abroad, potential visitors to Nepal are not in position to obtain visa easily at their desired place (Shrestha, 2005).

Limited Budget and Unprofessional Marketing
After the establishment of Nepal Tourism Board, marketing is somehow managed but still it is not research based and heavily focused on participating in exhibitions (TRPAP, 2004). Decreasing budget for marketing is also seen as a problem, the report mentioned. Many attractions of Nepal have only little publicity.

Lack of New Products
New products are lifeblood of any business for growth and prosperity. Nepal is offering the same product for tourists from the decades with decreasing quality.

The strength, weakness, opportunity and threats are presented in Table 36 in next page.
### Table 36: Strength, Weakness, Opportunity and Threat of Tourism in Nepal

<table>
<thead>
<tr>
<th>Strength/Oppportunity</th>
<th>Weakness/Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Attraction of Mount Everest and Important Himalayan Range</td>
<td>1. Growing Threat in Conservation</td>
</tr>
<tr>
<td>2. Attraction as a Birth Place of Lord Buddha</td>
<td>2. Reduced Image as a Holiday Destination</td>
</tr>
<tr>
<td>3. Hindu Temple Pashupati Nath</td>
<td>3. Uncontrolled Urban Development</td>
</tr>
<tr>
<td>5. Attraction of World Heritage Sites</td>
<td>5. Uneven Distribution of Hotel Facilities</td>
</tr>
<tr>
<td>6. Total Protected Areas and their tourism possibilities</td>
<td>6. Landlocked and Mountainous Country</td>
</tr>
<tr>
<td>7. Rivers, Glaciers and Lakes</td>
<td>7. Lack of Co-ordination between Public and private sectors</td>
</tr>
<tr>
<td>10. Image of Nepal as a mountainous and trekking Destination</td>
<td>10. Increased Adverse Publicity</td>
</tr>
<tr>
<td>11. Unique range of cultural attractions and Cultural Linkages</td>
<td>11. Lack of basic infrastructures</td>
</tr>
<tr>
<td>12. Increasing strength of Associations Tourism Industries</td>
<td>12. Less Educated and Unskilled Workforce</td>
</tr>
<tr>
<td>13. Possibility of Traditional Ayurvedic (Natural) based Health Tourism</td>
<td>13. Weak Management of National Carrier</td>
</tr>
<tr>
<td>15. Increasing Government Focus and high Optimistic about Future of Tourism</td>
<td>15. Less Financial Resources</td>
</tr>
<tr>
<td>17. Possibility of included in the list of destinations for Indian Public Service Employees</td>
<td>17. Unhealthy Relation between management and labour Union</td>
</tr>
<tr>
<td>19. City Tourism and Adventure tourism Development opportunity</td>
<td>19. Lack of quality services</td>
</tr>
<tr>
<td>22. Nepal a Paradise for bird Watchers</td>
<td>22. Limited Budget and unprofessional Marketing</td>
</tr>
<tr>
<td>23. The Regional and South Asian Tourism</td>
<td>23. Lack of New products</td>
</tr>
<tr>
<td>24. Growing Use of Information Technology</td>
<td></td>
</tr>
</tbody>
</table>
Chapter 6: Analysis and Presentation of Empirical Part

6.1 Result of Exploratory and Confirmatory Factor Analysis of Tourists’ Survey (2006)

6.1.1 Demographic Profiles

Table 37 provides the demographic profile of the survey of 2006. For the first survey, 244 survey questionnaires in total were used in the analysis. The demographic summary is provided in table below. Tourists from 29 countries took part in the first sample survey (see Appendix G). Tourists

<table>
<thead>
<tr>
<th>Demographic Characteristics</th>
<th>First Survey (2006, n = 244)</th>
<th>Second Survey (2007, n = 317)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>44.3%</td>
<td>53%</td>
</tr>
<tr>
<td>Male</td>
<td>55.7%</td>
<td>47%</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>51.2%</td>
<td>46.4%</td>
</tr>
<tr>
<td>Single</td>
<td>48.8%</td>
<td>53.6%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 20</td>
<td>2%</td>
<td>4.1%</td>
</tr>
<tr>
<td>From 20-29</td>
<td>25%</td>
<td>24.6%</td>
</tr>
<tr>
<td>From 30-39</td>
<td>25.8%</td>
<td>19.2%</td>
</tr>
<tr>
<td>From 40-49</td>
<td>20.1%</td>
<td>17.7%</td>
</tr>
<tr>
<td>From 50 and above</td>
<td>27%</td>
<td>34.4%</td>
</tr>
<tr>
<td>Purpose of Travel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leisure and Entertainment</td>
<td>39.8%</td>
<td>48.6%</td>
</tr>
<tr>
<td>Mountaineering/Trekking</td>
<td>36.9%</td>
<td>35.6%</td>
</tr>
<tr>
<td>Business</td>
<td>11.1%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Others</td>
<td>12.3%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Profession of Visitor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>8.2%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Job Holder</td>
<td>52%</td>
<td>53.3%</td>
</tr>
<tr>
<td>Retired</td>
<td>7.8%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Business Personal</td>
<td>20.1%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Others</td>
<td>11.9%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Nights Spent in Nepal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Nights</td>
<td>2%</td>
<td>0.6%</td>
</tr>
<tr>
<td>2 Nights</td>
<td>5.3%</td>
<td>10.1%</td>
</tr>
<tr>
<td>3 Nights</td>
<td>14.3%</td>
<td>9.8%</td>
</tr>
<tr>
<td>4-7 nights</td>
<td>25.8%</td>
<td>32.2%</td>
</tr>
<tr>
<td>8-15 nights</td>
<td>28.8%</td>
<td>21.8%</td>
</tr>
<tr>
<td>16 nights or more</td>
<td>26.6%</td>
<td>25.6%</td>
</tr>
<tr>
<td>Times Visited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Time Tourists</td>
<td>52.0%</td>
<td>70.7%</td>
</tr>
<tr>
<td>Repeat Visitor Tourists</td>
<td>48.0%</td>
<td>29.3%</td>
</tr>
</tbody>
</table>
from 4 countries represent nearly 49% of the total sample. These countries were USA (18%), Australia (14.3%), India (12.3%), UK (12.3%). In total, there were 44.3% female and 55.4% were male. 51.2% of the sample respondents were married and remaining were single.

The largest category of the tourists was from age group of fifty and above (27%) while the smallest category was from below twenty ages group (2%). The next largest category comprised of tourists from age group of 30 to 39 (25.8%). The main purposes of visiting Nepal were leisure (39.8%) and trekking and mountaineering (36.9%). Most of the tourists were job holder (52%). The largest number of tourists (28.8%) spent 8-15 nights while the lowest number of (2%) tourists spent 1 night only.

6.1.2 Result of Exploratory Factor Analysis for the 2006 Survey

Exploratory factor Analysis was employed to identify the dimensions of the perceived service quality in destination. A principle component factor analysis with Varimax rotation was performed and the factors with eigenvalue over one were retained. The Varimax criterion centres on simplifying the columns of the factor matrix. The Varimax rotation approach maximizes the sum of variances of required loadings of the factor matrix. Law factor loading, high factor loadings on more than one factor and communality below .5 criteria were used to delete an item from the further analysis (Hair et al, 2006).

Table 38: EFA Results, Mean and Standard Deviation

<table>
<thead>
<tr>
<th>Dimensions/Items</th>
<th>Factor Loadings</th>
<th>Variance Explained (%)</th>
<th>Cronbach’s Alpha (n = 244)</th>
<th>Mean and s.d.*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitality</td>
<td></td>
<td>21.215</td>
<td>.837</td>
<td></td>
</tr>
<tr>
<td>Friendly People</td>
<td>.828</td>
<td></td>
<td></td>
<td>6.21 (1.007)</td>
</tr>
<tr>
<td>Warm Welcome and Hospitality</td>
<td>.820</td>
<td></td>
<td></td>
<td>5.73 (1.223)</td>
</tr>
<tr>
<td>Politeness of Employees</td>
<td>.805</td>
<td></td>
<td></td>
<td>5.79 (1.180)</td>
</tr>
<tr>
<td>Sincere Interest</td>
<td>.696</td>
<td></td>
<td></td>
<td>5.27 (1.292)</td>
</tr>
<tr>
<td>Security</td>
<td>.566</td>
<td></td>
<td></td>
<td>5.13 (1.390)</td>
</tr>
<tr>
<td>Tangible</td>
<td></td>
<td>11.936</td>
<td>.619</td>
<td></td>
</tr>
<tr>
<td>Neat and Clean</td>
<td>.758</td>
<td></td>
<td></td>
<td>2.92 (1.425)</td>
</tr>
<tr>
<td>Signposts</td>
<td>.708</td>
<td></td>
<td></td>
<td>3.36 (1.420)</td>
</tr>
<tr>
<td>Tourist Information Centres</td>
<td>.703</td>
<td></td>
<td></td>
<td>3.82 (1.421)</td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
<td>11.745</td>
<td>.254</td>
<td></td>
</tr>
<tr>
<td>Night Life and Entertainment</td>
<td>.732</td>
<td></td>
<td></td>
<td>4.43 (1.512)</td>
</tr>
<tr>
<td>Food Variety/Quality</td>
<td>.678</td>
<td></td>
<td></td>
<td>5.07 (1.415)</td>
</tr>
<tr>
<td>Souvenirs Shopping</td>
<td>.600</td>
<td></td>
<td></td>
<td>5.65 (1.330)</td>
</tr>
<tr>
<td>Attractions</td>
<td></td>
<td>10.825</td>
<td>.677</td>
<td></td>
</tr>
<tr>
<td>Cultural</td>
<td>.845</td>
<td></td>
<td></td>
<td>5.61 (1.305)</td>
</tr>
<tr>
<td>Historical</td>
<td>.756</td>
<td></td>
<td></td>
<td>5.69 (1.296)</td>
</tr>
<tr>
<td>Hassle Free</td>
<td></td>
<td>9.960</td>
<td>.525</td>
<td></td>
</tr>
<tr>
<td>Fraud Less Transactions</td>
<td>.800</td>
<td></td>
<td></td>
<td>4.20 (1.507)</td>
</tr>
<tr>
<td>No Language Problems</td>
<td>.717</td>
<td></td>
<td></td>
<td>4.58 (1.507)</td>
</tr>
</tbody>
</table>

*Note: Standard Deviations (s.d.) are shown in Parentheses. Mean represents the rating of destination service attributes (items) by international tourists on a 7 point scale, 7 as “strongly agree” and 1 as “strongly disagree” with the statement.
As a result of factor analysis, five dimensions of destination service quality were identified from the first sample survey of 2006. Similarly, 15 items were retained. The five factors were named as Hospitality, Tangible, Entertainment, Attractions, and Hassle Free. Total variance explained by five factors is 65.68%. The Cronbach’s Alpha for each of these 5 dimensions seems poor from .254 to .837 (Table 38). The combined reliability of 15 items is 0.814.

6.1.3 Result of Confirmatory Factor Analysis for the 2006 Survey

After Exploratory Factor Analysis (to be shortly at next as EFA), a Confirmatory Factor Analysis (to be shortly at next as CFA) was conducted. The EFA operates as a single generator of hypothesis of factorial structures (Albacete-Saez, et al. 2007). It allows examination of the relations of a large number of variables and determination of whether the information can be summarized in a lower numbers of factors or components. The latter allows contrast of the hypothesis of these structures.

Table 39: Result of Confirmatory Factor Analysis

<table>
<thead>
<tr>
<th>Dimensions/Items</th>
<th>Factor Loadings</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friendly People</td>
<td>.803</td>
<td>.645</td>
</tr>
<tr>
<td>Warm Welcome and Hospitality</td>
<td>.785</td>
<td>.617</td>
</tr>
<tr>
<td>Politeness of Employees</td>
<td>.820</td>
<td>.673</td>
</tr>
<tr>
<td>Sincere Interest</td>
<td>.733</td>
<td>.537</td>
</tr>
<tr>
<td>Security</td>
<td>.511</td>
<td>.261</td>
</tr>
<tr>
<td>Tangible</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neat and Clean</td>
<td>.489</td>
<td>.239</td>
</tr>
<tr>
<td>Signposts</td>
<td>.721</td>
<td>.520</td>
</tr>
<tr>
<td>Tourist Information Centres</td>
<td>.575</td>
<td>.330</td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Night Life and Entertainment</td>
<td>.377</td>
<td>.142</td>
</tr>
<tr>
<td>Food Variety/Quality</td>
<td>.658</td>
<td>.433</td>
</tr>
<tr>
<td>Souvenirs Shopping</td>
<td>.659</td>
<td>.433</td>
</tr>
<tr>
<td>Attractions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural</td>
<td>.598</td>
<td>.358</td>
</tr>
<tr>
<td>Historical</td>
<td>.856</td>
<td>.732</td>
</tr>
<tr>
<td>Hassle Free</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraud Less Transactions</td>
<td>.517</td>
<td>.268</td>
</tr>
<tr>
<td>No Language Problems</td>
<td>.689</td>
<td>.475</td>
</tr>
</tbody>
</table>

Fit Statistics

| Degree of Freedom (DF) | 80 |
| Chi Square             | 200 |
| Goodness of Fit Index (GFI) | .906 |
| Adjusted Goodness of Fit Index (AGFI) | .858 |
| Root Mean Square Error of Approximation (RMSEA) | .079 |
| Comparative Fit Index (CFI) | .852 |
| Trucker-Lewis Index (TLI) | .887 |
Following the result of Exploratory Factor structure, a CFA analysis was conducted with AMOS 7. The value of factor loadings and $R^2$ are shown in Table 39. The result shows the Chi Square value of 200 with $d.f.$ of 80 (see details of model fit statistics in Table 39). From the fit statistics, the Confirmatory Factor Model of the first survey, which was produced following EFA, has fitted poor as fit index shows the result of GFI .906, AGFI .858, and RMSEA .079 (Schumacker and Lomax 2004).

6.2 Result of Exploratory and Confirmatory Factor Analysis for the Survey (2007)

6.2.1 Demographic Profiles

Table 37 provides the demographic profile of the survey conducted in 2007. For the second survey, only 317 survey questionnaires in total were used in the analysis. Tourists from 47 countries took part in the survey (see Appendix H). Tourists from 8 countries represent nearly 62.5% of the total sample. These countries were Australia (13.6%), USA (12.9%), UK (10.7%), Israel (6.9%), Netherlands 6.3%, Japan 5.4%, Switzerland 3.5% and Germany 3.2%. In total, there were 53% female and 47% were male. 46.4% of the sample respondents were married and remaining was single.

The largest category of the tourists was from age group of fifty and above (34.4%) while the smallest category was from below twenty ages group (4.1%). The next largest category comprised of tourists from age group of 20 to 29 (24.6%). The main purpose of visiting Nepal was leisure (48.6%) and trekking and mountaineering (35.6%). Most of the tourists are job holder (53.3%). The largest number of tourists (32.2%) spent 4-7 nights while the lowest number of (.06%) tourists spent 1 night only.

6.2.2 Result of Exploratory Factor Analysis for the 2007 Survey

Exploratory Factor Analysis was employed again to identify the dimensions of the perceived service quality in destination. A principle component factor analysis with Varimax rotation was performed and the factors with eigenvalue over one were retained.

As a result of factor analysis, four dimensions of destination service quality were identified from the second sample survey 2007. Similarly, 14 items were retained. Total variance explained by four factors is 60.5%. The Cronbach’s Alpha for each of these 5 dimensions is from .687 to .747 (see Table 40). The combined reliability of 14 items is 0.841.
### Table 40: EFA Results, Mean and Standard Deviation

<table>
<thead>
<tr>
<th>Dimensions/Items</th>
<th>Factor Loadings</th>
<th>Variance Explained (%)</th>
<th>Cronbach’s Alpha</th>
<th>Mean and s.d.* (n = 317)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangible</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signposts</td>
<td>.776</td>
<td>16.98</td>
<td>.747</td>
<td>3.14 (1.401)</td>
</tr>
<tr>
<td>Tourist Information Centres</td>
<td>.706</td>
<td></td>
<td></td>
<td>3.84 (1.493)</td>
</tr>
<tr>
<td>Night Life and Entertainment</td>
<td>.679</td>
<td></td>
<td></td>
<td>4.38 (1.453)</td>
</tr>
<tr>
<td>Easy Access/Transportation</td>
<td>.662</td>
<td></td>
<td></td>
<td>3.75 (1.516)</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraud Less Transactions</td>
<td>.763</td>
<td>14.55</td>
<td>.687</td>
<td>4.26 (1.494)</td>
</tr>
<tr>
<td>Environment Friendly Products</td>
<td>.684</td>
<td></td>
<td></td>
<td>3.81 (1.614)</td>
</tr>
<tr>
<td>Meeting Specific Needs</td>
<td>.617</td>
<td></td>
<td></td>
<td>4.14 (1.462)</td>
</tr>
<tr>
<td>Security</td>
<td>.604</td>
<td></td>
<td></td>
<td>5.18 (1.437)</td>
</tr>
<tr>
<td><strong>Destination Facilities</strong></td>
<td></td>
<td>14.51</td>
<td>.735</td>
<td></td>
</tr>
<tr>
<td>Accommodations</td>
<td>.758</td>
<td></td>
<td></td>
<td>4.91 (1.332)</td>
</tr>
<tr>
<td>Food Variety/Quality</td>
<td>.738</td>
<td></td>
<td></td>
<td>5.28 (1.398)</td>
</tr>
<tr>
<td>Souvenir Shopping</td>
<td>.721</td>
<td></td>
<td></td>
<td>5.92 (1.165)</td>
</tr>
<tr>
<td><strong>Attractions</strong></td>
<td></td>
<td>14.46</td>
<td>.719</td>
<td></td>
</tr>
<tr>
<td>Friendly People</td>
<td>.824</td>
<td></td>
<td></td>
<td>6.32 (.817)</td>
</tr>
<tr>
<td>Warm Welcome and Hospitality</td>
<td>.793</td>
<td></td>
<td></td>
<td>5.93 (1.021)</td>
</tr>
<tr>
<td>Unique Lifestyle of People</td>
<td>.718</td>
<td></td>
<td></td>
<td>5.92 (1.135)</td>
</tr>
</tbody>
</table>

*Note: Standard Deviations (s.d.) are shown in Parentheses. Mean represents the rating of destination service attributes (items) by international tourists on a 7 point scale, 7 as “strongly agree” and 1 as “strongly disagree” with the statement.

### 6.2.3 Results of Confirmatory Factor Analysis for the 2007 Survey

Following the result of Explorative Factor structure, a CFA analysis was conducted with AMOS 7. The value of factor loadings and $R^2$ are shown in Table 41. The result shows the Chi Square value of 114.45; with $d.f.$ of 71 (see details model fit statistics Table 41). From the fit statistics, the Confirmatory Factor Model of the second survey which was produced following EFA has fitted better as fit index shows the result of GFI .952, AGFI .929, and RMSEA .044 (Schumacker and Lomax, 2004).
Table 41: Result of Confirmatory Factor Analysis

<table>
<thead>
<tr>
<th>Dimensions/Items</th>
<th>Factor Loadings</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangible</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signposts</td>
<td>.568</td>
<td>.322</td>
</tr>
<tr>
<td>Tourist Information Centres</td>
<td>.715</td>
<td>.512</td>
</tr>
<tr>
<td>Night Life and Entertainment</td>
<td>.647</td>
<td>.418</td>
</tr>
<tr>
<td>Easy Assess/Transportation</td>
<td>.676</td>
<td>.457</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fraud Less Transactions</td>
<td>.576</td>
<td>.331</td>
</tr>
<tr>
<td>Environment Friendly Products</td>
<td>.513</td>
<td>.264</td>
</tr>
<tr>
<td>Meeting Specific Needs</td>
<td>.616</td>
<td>.379</td>
</tr>
<tr>
<td>Security</td>
<td>.666</td>
<td>.444</td>
</tr>
<tr>
<td><strong>Destination Facilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodations</td>
<td>.770</td>
<td>.593</td>
</tr>
<tr>
<td>Food Variety/Quality</td>
<td>.773</td>
<td>.598</td>
</tr>
<tr>
<td>Souvenir Shopping</td>
<td>.547</td>
<td>.299</td>
</tr>
<tr>
<td><strong>Attractions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friendly People</td>
<td>.831</td>
<td>.691</td>
</tr>
<tr>
<td>Warm Welcome and Hospitality</td>
<td>.799</td>
<td>.639</td>
</tr>
<tr>
<td>Unique Lifestyle of People</td>
<td>.492</td>
<td>.242</td>
</tr>
</tbody>
</table>

Fit Statistics

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of Freedom (DF)</td>
<td>114.45</td>
<td></td>
</tr>
<tr>
<td>Chi Square</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Goodness of Fit Index (GFI)</td>
<td>.952</td>
<td></td>
</tr>
<tr>
<td>Adjusted Goodness of Fit Index (AGFI)</td>
<td>.929</td>
<td></td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>.044</td>
<td></td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>.955</td>
<td></td>
</tr>
<tr>
<td>Trucker-Lewis Index (TLI)</td>
<td>.965</td>
<td></td>
</tr>
</tbody>
</table>

6.3 Comparison of Fit Indexes

Comparing GFI, AGFI, and RMSEA, CFI, TLI of two models of international tourist survey 2006 and 2007, the model generated by the survey of 2007 produced better result (see Table 42). This result shows that the scale produced by survey of 2007 is better than survey of 2006. Therefore, scale produced by survey of 2007 can be used to measure the service quality in a tourism destination. Because fit indexes produced by CFA show good fit as GFI, CFI, and TLI is above .95 and RMSEA is below .05 (Schumacker and Lomax, 2004).

Table 42: Comparison of Fit Indexes of Tourists Survey 2006 and 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Chi square</th>
<th>DF</th>
<th>GFI</th>
<th>AGFI</th>
<th>RMSEA</th>
<th>CFI</th>
<th>TLI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>200</td>
<td>80</td>
<td>.906</td>
<td>.858</td>
<td>.079</td>
<td>.852</td>
<td>.887</td>
</tr>
<tr>
<td>2007</td>
<td>114.45</td>
<td>71</td>
<td>.952</td>
<td>.929</td>
<td>.044</td>
<td>.955</td>
<td>.965</td>
</tr>
</tbody>
</table>

This scale produced by survey of 2007 has 4 dimensions (Factors), which supports that destination service quality is a multidimensional scale as generally reported in the literature. First
Factor is named as Tangible (same as Parasuraman et al., 1988) that has four variables—signposts, tourist information centre, transportation, night life. Second factor (Security) includes 4 variables—fraudless transactions, environment friendly products, and specific needs, safe and secure place. Third factor (Facilities) includes accommodation, food, shopping. The forth factor (Attractions) includes 3 variables—people, unique life, and hospitality.

6.4 Destination Service Quality Perceptions of Tourists to Nepal

Based on the destination service quality perception of 317 international tourists (Second Survey) to Nepal, it was found that tangible dimension has poor quality in Nepal. Security dimension also has poor quality perception. Destination facility dimension has been rated fairly. The attraction dimension has rated to be highest quality dimension in Nepal.

Tourists perceived Nepali people to be very friendly (6.32). They rated that Nepal provides warm welcome and hospitality (5.93) to tourists and it has people with unique lifestyle (5.92). Likewise, they rated that souvenir shopping facilities (5.92) are better in Nepal. They rated good service quality also in areas of food quality (5.28) and general security situation (5.18) of Nepal (see Table 40 above).

However, the international tourists to Nepal have rated facility of transportation (3.75) and tourist information centres (3.84), signposts (3.14), and availability of environment friendly products (3.15) poor. Similarly, international tourists could not rate higher that there is fraudless transaction (4.26). They rated the service quality on meeting tourists’ specific needs and needs of disable tourists (4.14). Besides, tourists felt poor night life and entertainment facilities (4.38) in Nepal. Another area, which is not highly rated, is the accommodation service (4.91) in Nepal.

In overall, they were satisfied with overall service quality, overall satisfaction and they are positive to revisit Nepal again (see Table 43). About 69% tourists out of 317 stated that they would revisit Nepal in future. About 22% replied that might be they will return. Only about 9% replied that they would not return.

Table 43: Overall Service Quality, Overall Satisfaction and Intention to Revisit to Nepal

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Mean (n = 317)</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Service Quality</td>
<td>5.13</td>
<td>1.113</td>
</tr>
<tr>
<td>Overall Satisfaction</td>
<td>5.27</td>
<td>1.089</td>
</tr>
<tr>
<td>Intention to Revisit</td>
<td>5.29</td>
<td>1.457</td>
</tr>
</tbody>
</table>

Note: Mean represents the rating of destination service attributes by international tourists on a 7 point scale, 7 as “strongly agree” and 1 as “strongly disagree” with the statement.
6.5 Test of Hypothesis

The study has tested following three groups of hypotheses.

Hypothesis 1
Hypothesis 1 purposed that destination service quality is a multidimensional construct. The study found four dimensions of destination service quality. So the first hypothesis is accepted.

Hypothesis 2
Second group of hypotheses is related to tourists’ perceived overall service quality, overall satisfaction and revisit intention. H2A purposed that there is no difference in level of perceived overall service quality among tourists based on purposes of visit to Nepal. H2B purposed that there is no significant difference among perceived overall satisfaction based on purposes of visit to Nepal. H2C purposed that there is no difference in intentions to revisit Nepal among tourists based on purposes of visit to Nepal. Based on purposes of visit, when the four group tourists were compared, one way ANOVA and Scheffe test showed no significance difference among tourists in perceived overall service quality and overall satisfaction and their revisit intentions (see Table 44). So H2A, H2B, and H2C were accepted.

Though there is no significant difference, tourist who visited Nepal for leisure purposes perceived higher level of overall service quality and tourists who visited Nepal for mountaineering and trekking purposes showed higher level of revisit intentions than tourists who visited for leisure purposes.

Table 44: Tourists’ Perception on Overall Service Quality and Overall Satisfaction of Nepal and their Intention to Revisit based on Purposes of Visit

<table>
<thead>
<tr>
<th>Perception</th>
<th>Whole Sample (n = 317)</th>
<th>Leisure purposes (n = 154)</th>
<th>Mountaineering/Trekking Purposes (n = 113)</th>
<th>Business purposes (n = 24)</th>
<th>Other purposes (n = 26)</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality*</td>
<td>Mean (s.d.) 5.13 (1.113)</td>
<td>Mean (s.d.) 5.21 (1.077)</td>
<td>Mean (s.d.) 5.16 (1.005)</td>
<td>Mean (s.d.) 4.67 (1.373)</td>
<td>Mean (s.d.) 4.96 (1.425)</td>
<td>1.876</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>5.27 (1.089)</td>
<td>5.39 (0.979)</td>
<td>5.18 (1.063)</td>
<td>5.87 (1.250)</td>
<td>5.27 (1.485)</td>
<td>1.558</td>
</tr>
<tr>
<td>I. to Revisit</td>
<td>5.29 (1.457)</td>
<td>5.03 (1.538)</td>
<td>5.41 (1.229)</td>
<td>5.85 (1.759)</td>
<td>5.85 (1.759)</td>
<td>4.268</td>
</tr>
</tbody>
</table>

Note: Mean represents the rating of impression by international tourists on a 7 point scale, 7 as “strongly agree” and 1 as “strongly disagree” with the statement for overall service quality and overall satisfaction and 7 as “absolutely return” and 1 as “absolutely do not return” with the statement for intention to revisit.

*Note: Overall Service Quality, Overall Satisfaction, and Intention to Revisit.

Hypothesis 3
Third group of hypotheses is related to tourists’ perceived overall service quality, overall satisfaction and revisit intention based on regions. Tourist from different regions might have different service quality, satisfaction perceptions, and future revisit intentions to Nepal. H3A
purposed that there is no difference in level of perceived overall service quality among tourists from different regions. H3B purposed that there is no difference in level of perceived overall satisfaction among tourists from different regions. H3C purposed that there is no difference in intentions to revisit Nepal among tourists from different regions.

When the tourists from five regions were compared, significant difference were identified in tourists’ perceived overall service quality and overall satisfaction (see Table 45). So H3A and H3B were rejected. Difference between regions were identified by Scheffe test and reported in Table 46. The perception of overall service quality in Nepal was rated lower by Asian tourists than tourists from other regions. Similarly, the Asian tourists rated lower overall satisfaction than tourists from other regions. However it was found that there is no significance difference among tourists from different regions in their revisit intentions. So H3C is accepted. Tourists from Central America showed a higher propensity to return to Nepal than the other groups. Tourists from Australia and Pacific also showed higher propensity to revisit Nepal than tourists from North America, Europe and Asia.

Table 45: Tourists’ Perception on Service quality and Overall Satisfaction of Nepal and their Intention to Revisit Based on Regions

<table>
<thead>
<tr>
<th>Perception</th>
<th>Whole Sample (n = 317)</th>
<th>North America (n = 50)</th>
<th>Europe (n = 160)</th>
<th>Asia (n = 51)</th>
<th>Australia Pacific (n = 51)</th>
<th>Central America (n = 5)</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality**</td>
<td>Mean (s.d.)</td>
<td>Mean (s.d.)</td>
<td>Mean (s.d.)</td>
<td>Mean (s.d.)</td>
<td>Mean (s.d.)</td>
<td>Mean (s.d.)</td>
<td></td>
</tr>
<tr>
<td>5.13 (1.113)</td>
<td>5.26 (1.046)</td>
<td>5.19 (1.361)</td>
<td>4.45 (1.361)</td>
<td>5.39 (.896)</td>
<td>6.00 (0.000)</td>
<td>7.010*</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>5.27 (1.089)</td>
<td>5.46 (1.110)</td>
<td>5.33 (.975)</td>
<td>5.49 (1.046)</td>
<td>5.60 (0.548)</td>
<td>5.308*</td>
<td></td>
</tr>
<tr>
<td>5.29 (1.457)</td>
<td>5.20 (1.525)</td>
<td>5.12 (1.596)</td>
<td>5.12 (1.596)</td>
<td>5.49 (1.332)</td>
<td>6.00 (1.225)</td>
<td>.672</td>
<td></td>
</tr>
</tbody>
</table>

Note: Mean represents the rating of impression by international tourists on a 7 point scale, 7 as “strongly agree” and 1 as “strongly disagree” with the statement for overall service quality and overall satisfaction and 7 as “absolutely return” and 1 as “absolutely do not return” with the statement for intention to revisit.

*Note: p < .05

**Note: Overall Service Quality, Overall Satisfaction, and Intention to Revisit.

Table 46: Scheffe Test of Regional Difference in Tourists’ Perception of Overall Service Quality and Overall Satisfaction

<table>
<thead>
<tr>
<th>Perceptions</th>
<th>Regional Differences</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Service Quality</td>
<td>North America vs. Asia</td>
<td>.007</td>
</tr>
<tr>
<td></td>
<td>Europe vs. Asia</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>Australia and Pacific vs. Asia</td>
<td>.001</td>
</tr>
<tr>
<td>Overall Satisfaction</td>
<td>North vs. Asia</td>
<td>.008</td>
</tr>
<tr>
<td></td>
<td>Europe vs. Asia</td>
<td>.006</td>
</tr>
<tr>
<td></td>
<td>Australia and Pacific vs. Asia</td>
<td>.005</td>
</tr>
</tbody>
</table>
Hypothesis 4
Forth group of hypotheses is related to compare difference between first time tourists and tourists who revisited Nepal on their perception of overall service quality, overall satisfaction and revisit intention. H4A purposed that there is no significant difference in level of perceived overall service quality between first time tourists and repeat visitor tourists. H4B purposed that there is no significant difference between first time tourists and repeat visitor tourists in their perception of overall satisfaction. H4C purposed that there is no significant difference in intentions to revisit Nepal between two groups. Based on the result of independent samples t test, H4A was rejected. The result shows that overall service quality perception of first time tourists is higher than repeat visitor tourists (see Table 47). On the other hand, H4B and H4C were accepted as the result shows that there is no significant difference between the two groups in their perception of overall satisfaction and revisit intentions.

Table 47: First Time and Repeat Visitor Tourists’ Perception on Service quality and Overall Satisfaction and their Intention to Revisit

<table>
<thead>
<tr>
<th>Perception</th>
<th>First Time Tourists (n = 224)</th>
<th>Repeat Visitor Tourists (n = 93)</th>
<th>P-Value*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Service Quality</td>
<td>Mean (s.d.)**</td>
<td>Mean (s.d.)</td>
<td>.046</td>
</tr>
<tr>
<td></td>
<td>5.21 (1.082)</td>
<td>4.94 (1.168)</td>
<td></td>
</tr>
<tr>
<td>Overall Satisfaction</td>
<td>5.34 (1.055)</td>
<td>5.11 (1.156)</td>
<td>.084</td>
</tr>
<tr>
<td>Revisit Intentions</td>
<td>5.23 (1.442)</td>
<td>5.43 (1.492)</td>
<td>.261</td>
</tr>
</tbody>
</table>

Note: Mean represents the rating of impression by international tourists on a 7 point scale, 7 as “strongly agree” and 1 as “strongly disagree” with the statement for overall service quality and overall satisfaction and 7 as “absolutely return” and 1 as “absolutely do not return” with the statement for intention to revisit.
*Note: p < .05
** s.d. represents standard deviation which is shown in parenthesis.
Chapter 7: Finding and Recommendations

The final chapter provides a discussion of the key findings of the study. It proposed strategic recommendations to develop tourism in Nepal and provided suggestion to improve quality of service. Conclusion, implications and tourism prospects have also been discussed.

7.1 Key Findings about Tourism in Nepal

Tourism started in Nepal in the mid of 20th century. In 1953, Tenjing Sherpa and Admond Hillari successfully climbed the Mount Everest, which had helped Nepal to get its popularity. Growing number of tourists started to visit and the number of arrivals reached 6179 tourists in 1962. Tourist arrivals increased to about half million in 1999. But after 1999 number of tourists and foreign exchange earning both had decreased. The contribution of tourism to GDP has not increased. Though number of tourists decreased after 1999, tourists who visited Nepal for pilgrimage purpose has increased significantly. Tourists from Sri Lanka increased by around 50% in six years time. It was found that tourists from Sri Lanka visited Nepal mainly for pilgrimage purpose (about 93% in 2005).

Source of tourist markets has been changing. In the beginning, most of the tourists are from North America and Western Europe. Now in 2005 about 61% tourists were from Asia. India’s share was the highest (more than 25%). But its share is in decreasing trend. No other country’s share was found to be more than 10%. Nepal’s tourism seems less risky as it does not depend heavily on one source market and it has less seasonal variation.

The Himalayas and the tallest mountains of the world, the national parks, wildlife and conservation areas with rare animals and plants, the snow rivers, and other rivers that can provide excellent experience of rifting, and many hill sides with unique features are the natural bases of Nepalese tourism. On the other hand, Nepal as a birthplace of Buddha, the Pashupatinath temple, a main attraction of Nepal for 800 Hindus of the world, renown world heritage sites, the friendly people of Nepal are the cultural bases that provide comparative advantage to develop tourism in Nepal.

With all these attractions, the study found that the performance of Nepal is weak. Compared with that of other LDCs (Lower Developed Countries), the performance is somewhat disappointing. Nepal remained among the top five LDCs in relation to visitor numbers (UNCTD, 2003). Nepal's performance with that of two other LDC tourism leaders – the United Republic of Tanzania and Cambodia is weaker both in terms of growth and revenue is too.

To realize the development of tourism, Nepal has given tourism as an important sector of economy. Nepal adopted planned approach to development. From the first plan (1956-1961),
tourism was included in the plan document. The economic objectives of tourism policy were to achieve more foreign currencies, to improve balance of payment, to increase employment through local skill development and buying power of many people, to develop infrastructure especially in airlines and accommodation sectors. From the first to tenth plan (2002-2007), it was stated that tourism would be developed in other parts of Nepal or regional development through tourism was searched.

The social objectives sought from tourism were to encourage public participation in tourism business, to use tourism as a means to decrease poverty and improve economic level of backward society. Considering growing awareness of environment after 1980, sustainable development of tourism has been given importance. Environmental objectives like conserving flora and fauna, promoting integrated environmental principal, controlling pollution are given importance. Besides, cultural objectives of Nepalese tourism policy are to develop and maintain cultural attractions, monuments, historic sites, museums, arts and handicrafts.

Though plans stated that high priority would be given for tourism development, tourism has been allocated little budget in every development plans. In the first plan period 1 million Nepalese rupees was allocated for commerce and tourism sector out of the total allocation of 330 million Nepalese Rupees for the plan period. This is about 0.3% of total outlay. The percentage of budget allocations for tourism were 0.2%, 1.4%, 0.3%, 0.3% and 0.96% for forth, fifth, sixth, seventh and eighth plan respectively. Due to limited investment, tourism could not be developed in required manner.

To develop tourism sector in Nepal a ten year Tourism Master Plan was introduced in 1972. But after that no master plan was brought to develop tourism in a planned way. Road transportation and tourism were not linked. Railway transportation was not developed. Tourism infrastructure was slowly addressed with assistance from the donors (UNCTD, 2003). Many National parks and conservation areas of Nepal lack basic infrastructure required for tourism.

Expansion of tourism in different areas has been one of the main objectives of the plans, but little efforts were made to achieve this objective. Another important policy of the plans was to increase length of stay of tourists to increase the economic contribution of the tourism. Although number of tourists increased, the revenue generated from tourism did not increase significantly. To correct these problems, from the seventh five year plan, the policy was to attract high-class tourists. But no special strategy is seen in the plans to attract high-class tourists.

In the beginning of the first plan, there was scarcity of accommodations and travel agency facilities. Government established Nepal Industrial Development Bank to provide loan to private sectors to construct hotels. The bank provided loan to construct hotel and lodges. Due to government support, hotel facilities increased significantly. However, About 90% of Loan was distributed in Kathmandu. As a result, more than 60% accommodation facilities are limited in
Kathmandu valley. Accommodation facilities are also available in and Pokhara, Chitawan National Park and Everest National Park. And due to high competition here in Kathmandu, hotel beds are sold at lower price. First, tourism could not be expanded in other parts of country, second, loss of income from low price of hotel beds in Kathmandu.

Government established Tourism Development Board, which latter was converted into Department of Tourism. In 1977, Ministry of Tourism was established and the Department of Tourism was kept inside it. Tourism related act, rules and regulations were brought to administer and manage tourism industries. Ministry of Tourism was renamed Ministry of Culture, Tourism and Civil Aviation. Nepal Tourism Board was established to promote Nepal in professional manner and develop tourism products. Department of Civil Aviation was converted into Civil Aviation Authority. Air transportation was strongly linked with tourism. After 1990 the liberal economic policy was followed. Liberal policy in civil aviation has created many opportunities to private sectors. Domestic air transportations improved significantly. However the public sector Royal Nepal Airlines Corporation lost market share and its situation is worsening continually. It stopped services in European sectors, which reduced number of tourists from European sectors sharply.

To meet the needs of international as well as internal access, efforts were made to develop international as well as domestic airports. Various modern facilities were installed in Tribhuvan International Airport. New domestic airports have been built and facilities were added.

Promotion was given priority from the first plan. Nepal Tourism Board was established and it has been working to promote Nepal. The plans stated that Royal Nepalese Embassies, Honorary Consul Generals, friendship associations, airlines, travel/tour agents, and Nepalese association abroad would be activated. Promotional materials were developed and distributed specially in America and Europe. Latter new markets like India, China, and Thailand were also focused. But research based professional marketing seems lacking.

From the 1970, mountaineering and trekking tourism started to grow in Nepal. Government of Nepal and Mountaineering and Trekking Agents association of Nepal continually worked for the development of trekking and mountaineering. Nepal, with its number one strength in mountaineering, has become a known place. Nepal has opened 327 mountain peaks. Government’s policy was to extend mountaineering activities in underdeveloped areas of nepal and to help poverty alleviation of these areas. However, about 70% of mountaineering or peak climbing activities are limited in Everest (Khumbu) region only. Similarly, tourists who come for mountaineering are mainly from G-7 nations (about 70). So it is evident that neither Nepal could rationalise mountaineering activities nor attract mountaineers from Asia. Pointing the situation of mountain tourism in Nepal Maclellan, Deike, and Thapa (2000) state that the mountain tourism in Nepal lacks enough planning. Similarly there lacks priority setting in developing

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mountaineering tourism in Nepal, it is moving haphazardly. Gurung and Decoursey (2000) also pointed the lack of planning of tourism in mountaineering areas.

To achieve growth Nepal tried to promote Nepal as a pilgrimage destination also. The number of tourists for pilgrimage is growing continually despite instable political situations. But tourists who visited Nepal for holiday purpose declined sharply. Percentage of total tourists who visited Nepal for holiday was about 73 in 1986 but it was only 42 percent in 2005. Nepal Tourism Board could not market Nepal in a professional manner.

To preserve natural and cultural environment, controlled development was followed. Systematically, government is opening new mountains for climbing. Various trekking permission regulations were introduced. Some trekking locations are permitted only for small group trekkers. But trekking should be organized by trekking agency. Not all the rivers were opened for rafting. The government has the policy to open new rivers for rafting systematically. Trekking, rafting, and mountaineering regulations mention about the administration process. Now government has given high importance for environmental conservation understanding the importance of environment of tourism. After the global trend toward sustainable development, Government of Nepal has also stated that its long-term objective is to achieve sustainable tourism development. High importance was given for conservation and preservation of historical, cultural, religious and archaeological heritages and enhancing their practical utilization. Participation of local people was the main policy of government for conservation of nature. Certain percentage of income from national parks is given to these local community organizations. The use of wood in the campsites is not allowed. After using campsites, it must be cleaned. Local people, community organizations, and local administrations are motivated to protect nature. Due to nature and culture friendly policy many positive changes are seen. But growing death and poaching of rare one-horn rhinos and other endangered animals could not be stopped. The quality of World Heritage sites of Kathmandu Valley is degrading. The more serious problem is the haphazard urbanization.

From the beginning of the first plan, it stated to expand tourism in other parts of country. After the eighth plan, poverty alleviation was given high priority. The tenth five year plan stated that its only objective is to alleviate poverty. The tenth plan stated tourism sector as an important part of economy and to expand earning from the tourism sector to rural areas. Neither tourism can be expanded in other parts of Nepal, nor the tourism could earn target revenue after 1975 continually. The income is less if we consider inflation rate.

To meet the needs of manpower for tourism sector, government responded by establishing Hotel and Tourism Training Centre. The organization has already provided training and education for more than 21000 people in areas of hotel, travel and tour, trekking, academic bachelor course etc. Policy was liberalized to establish university and colleges and training centres from private sectors. The result was that many private institutions are providing
education and training in travel and tourism related areas now. But training in rural areas is lacking.

Domestic tourism gets little importance in the planning history of Nepal. Little importance was given in ninth and tenth plan for domestic tourism. But no thing was heard about it. Nepal does not have data about domestic tourism. Tourism development in Nepal remained simply to attract foreigners.

Nepal’s policy is to receive more tourists with high spending capacity. The tenth plan’s long-term objective is to receive more than 12, 00,000 tourists in 2015. This shows that Nepal prefers high quality mass tourists. But organizational, marketing strategy, and product development strategy does not support this.

Tourism development needs other infrastructure and services like drinking water, electricity, medical, sewage and garbage collections, and postal services. Only infrastructure related to air transportation has been addressed. Both in cities and rural areas these infrastructure and services are sharply lacking or not sufficient. Different institutions provide these services in Nepal. There lacks cooperation between these agencies to provide these facilities in tourism possibility areas.

To invite foreign capital government of Nepal has brought Foreign Investment and One Window Policy 1992. The policy refused to grant permission for foreign investment in travel and tour agencies, rafting agencies, tourist lodging and other personnel services. The policy was toward supporting national investors. Local participation in tourism development was taken as a strategy and foreign investment has been marginalized in this sector (UNCTD, 2003). The strategy could not help to grow tourism industries. The studies have shown that foreign investment in other areas has brought many positive results in Nepal.

Linking policy and programs are required to achieve objectives. But policy and programs have not supported a lot to achieve objectives. Shrestha (2006) concluded that policy, programs and objectives of the plan are not strongly linked.

Nepal is offering same tourism products in the international markets from the last 30 years. It lacks product diversifications, or product expansions. Recently, with Tourism for Rural Poverty Alleviation Program, some new products were developed participating local community. The program was an example to participate community to develop and manage tourism in rural areas (Bista, 2006).

From the Forth Five Year Plan, integration of tourism with other sectors of economy has been the objective. A significant part of the earnings from tourism leaks from the economy of Nepal. Analysis of the demand generated by tourism showed 64% of the value of goods and services employed in the tourist sector was from within Nepal while 30% were imported (Burger, 1978). Bhattarai et al. (2005) show the example that a high portion of tourism consumptions is imported.
Here the level of tourism development of Nepal has been categorized into three categories (see Table 48). This categorization does not mean that the tourism development in the progressing stage is in excellent level; these also need lot of efforts. Actually, categorized under the insufficient stage of development are in very critical stage and needs serious efforts. Otherwise it will sharply affect the development of tourism in Nepal.

Table 48: Categorization of Tourism Development in Nepal

<table>
<thead>
<tr>
<th>Progressing Stage of Development</th>
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<tbody>
<tr>
<td>1. Mountaineering Tourism</td>
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<tr>
<td>2. Trekking sites</td>
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<tr>
<td>3. National Parks, Wildlife reserves and Conservation areas</td>
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<tr>
<td>4. Accommodation facilities in main tourism location.</td>
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<tr>
<td>5. Wildlife tourism</td>
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<td>6. Restaurants in main tourism location.</td>
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<td>7. Adventure tourism like rafting, bungee-jumping, paragliding, hot air ballooning, and mountain flight.</td>
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<td>8. Domestic air service</td>
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<td>10. Travel agents and tour organizations.</td>
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<td>11. Tourism Entrepreneurs’ Associations</td>
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<tr>
<th>Middle Stage of Development</th>
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<tbody>
<tr>
<td>1. New products and tourism expansion in different locations.</td>
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<td>2. Manpower for tourism</td>
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<td>3. International air service</td>
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<td>4. Facilities for seminar and conference</td>
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<tr>
<td>5. Conservation of traditional arts and cultures</td>
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<td>6. Tourist police and tourist information centre.</td>
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<td>7. Souvenir shopping/market facilities</td>
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<td>8. Entertainment facilities</td>
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<td>9. Different types of museums</td>
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<td>10. Communication facilities</td>
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<td>11. Banking Services</td>
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<tr>
<td>12. Public Sector Tourism Organizations</td>
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<tr>
<td>13. Package holiday</td>
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<td>14. Survey and exploration of archaeological sites.</td>
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<tr>
<th>Insufficient Stage of Development</th>
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<tbody>
<tr>
<td>1. Conservation of religious and pilgrimage places.</td>
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<tr>
<td>2. Conservation of historical places</td>
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<tr>
<td>3. Parks and resting places</td>
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<tr>
<td>4. Preservation of rare animals like one horn rhino, Asian tigers etc.</td>
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<tr>
<td>5. Sport tourism</td>
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<tr>
<td>6. Transportation services within cities and between cities.</td>
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<td>7. Access roads in cities and in local destinations.</td>
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<td>8. Electricity facilities</td>
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<td>9. Water supply</td>
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<tr>
<td>11. Medical facilities in rural destinations.</td>
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<tr>
<td>12. Sewage disposal and management of solid waste.</td>
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<tr>
<td>13. Neat and clean cities</td>
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<tr>
<td>14. Organized development of cities</td>
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<td>15. Environment friendly product</td>
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<tr>
<td>16. Development of domestic tourism</td>
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<tr>
<td>17. Pollution controls in river</td>
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<tr>
<td>18. Accommodations, restaurants and eating facilities in national parks, wildlife reserves, conservation, and trekking areas.</td>
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</tbody>
</table>
Destination service quality has growing importance for the success of a tourism destination. In one hand, tourists are demanding quality services in a destination, as they are not in dependent position (Fache, 2000). They have lot of choices as a number of destinations are trying to attract tourists. In another hand every country has understood the importance of tourism for economic development of the country (Go and Govers, 2000).

There are gaps between quality perceived by management and customers (PZB, 1985). Thus, measurement of customer’s perception of service quality is important for the management to improve the quality of the services. In the case of destinations, understanding tourists’ perception of service quality is important to improve the service of the destination.

This research study has successfully developed a measurement scale that can be used to measure the service quality in a destination. Initial 31 variables were developed conducting qualitative survey. Out of the two sets of samples, two measurement scales were developed. The first sample consists of 244 respondents and the second sample consists of 317 respondents. An initial five dimensions with 15 items were developed from first sample using EFA. Similarly initial four dimensions of scale with 14 items were achieved through EFA from second sample. Both results have been contrasted using a CFA (Albacete-Sáez, 2007). CFA validated four dimensions with 14 items developed from the second sample of 317 respondents on the basis acceptable fit indexes (Chi square = 114.45, DF = 71, GFI = .952, AGFI = .929, RMSEA = .044, CFI= .955, TLI = .965). One of the dimensions has been named Tangible as in PZB (1988) that has signposts, tourist information centres, nightlife and entertainment facilities, and transportation facilities as items. Other three dimensions are named as security, facilities and attractions.

Based on the destination service quality perception of 317 international tourists to Nepal, it was found that tangible dimension has poor quality in Nepal. Security dimension also has poor quality perception. Destination facility dimension has been rated fairly. The attraction dimension has rated to be highest quality dimension in Nepal.

Tourists perceived Nepali people to be very friendly. They perceived that Nepal provides warm welcome and hospitality to tourists and it has people with unique life style. Similarly, they rated better for souvenirs shopping facilities in Nepal. They rated good service quality also in areas of food quality and general security situation of Nepal.

It was found that services of transportation, tourist information centre, availability signposts, and promotion of environment friendly products are rated poor. Similarly, it was found that Nepal is not free from fraud less transaction. Services in area of meeting tourists’ specific needs and needs of disable tourists are also poor. Besides, tourists felt poor night life and entertainment facilities in Nepal. Another area, which needs service improvement, is the accommodation service. Though it is rated fairly well, tourists still feel that service is needed to improve.
In overall, they were satisfied with overall service quality and overall satisfaction and they are positive in average to revisit Nepal again. Most of the tourists show their intention to revisit Nepal again.

One way ANOVA and Scheffe test showed that there is no significant difference in tourists’ perceived overall service quality, overall satisfaction, and intentions to revisit Nepal among tourists grouped on purposes of visit.

When the tourists from five regions were compared, significant difference were identified in tourists’ perceived overall service quality and overall satisfaction. The perception of overall service quality in Nepal was rated lower by Asian tourists than tourists from other regions. Furthermore, the Asian tourists rated lower overall satisfaction than tourists from other regions. However, it was found that there is no significance difference among tourists from different regions in their revisit intentions. When first time tourists and repeat visitor tourists were compared, overall service quality perception of the former was found higher than the latter.

**7.2 Proposals**

Following proposals are recommended for the progress of tourism.

**1. Accommodations**

Until sixth five year plan, the policy was to encourage private sectors to develop accommodation facilities in Nepal. Already there is three times more hotel bed supply than the demand. But accommodation facilities are limited in Kathmandu valley and Pokhara. Similarly accommodation facilities are available in Chitawan National Park and Everest National Park. More than 60 percent accommodation facilities are only in Kathmandu and due to high competition hotel beds are sold at lower price. 7 five star hotels are in Kathmandu and only one is in Pokhara. The entire four-star hotels are in Kathmandu. Industrial Policy 1992 has given hotel and resort as national priority industry with a provision of exemption of income tax for a period of seven years. Besides, tourism industries can also get 5 years income tax exemption on the basis of recommendation of the industrial promotion board. Nepal Industrial Development Bank was also established in Kathmandu that provided loan for the construction of hotels. But in other areas of Nepal few hotels and resorts are available.

So following changes in Industrial Policy are required.

1. The incentives provided by the Industrial Policy for accommodation sectors should not be continued in Kathmandu.
2. More incentive in income tax, import tax etc. should be directed toward undeveloped and underdeveloped areas
3. Loan with low interest rate should be provided to accommodation industry in undeveloped and remote areas.

4. Government can even stop to allow further hotel construction in core part of the city of Kathmandu.

As there are many national park and conservation attractions without or lacking accommodation services, government should come with phase wise plan to develop these areas with zoning places for tourism facilities. Local or foreign capital can be invited to build accommodation facilities there. The necessary change should be made in the tourism policy of Nepal to address the insufficiency of accommodation facilities in these areas.

Examples of other countries can be taken. For example, Greece invested lot of public fund to develop hotel facilities in different regions for the regional balance of tourism in Greece (Konsolas and Zacharatos, 2000). Foreign investment friendly environment should be made for hotel accommodation industries. But local architecture and local materials should be encouraged to use. Environmental requirements should be met to develop in a sustainable way.

For the existing accommodations, service quality improvement should be given importance. The existing hotel facilities need to be revitalized to meet the changing demand and decorated with traditional arts and crafts.

The home stay facilities have already been developed in some tourist spots of Nepal. The same concept can be developed in Lower and Upper Dolpa participating community people. Cooperative accommodation model can also be developed in village level tourism and in trekking trails where there are no facilities of accommodation. As cooperative typed organizations are grooming in Nepal, the same can be practiced in accommodation service business for tourism. In addition, campgrounds should be developed in various trekking trails.

2. Tourist Facilities and Services and Infrastructures

Basic tourism facilities are clearly lacking in national parks and wildlife areas, trekking areas, hill stations and pilgrimage sites areas like Lumbini, Janakpur etc. Without these facilities tourists cannot be attracted. The past plans have not given proper concentration in tourist facilities. Various government departments provide these services in Nepal. Health ministry provides medical facility. Tourist Police provides basic security for tourists but limited only in Kathmandu. Similarly postal services, money exchange services are provided by other sides.

The infrastructures like water supply, electric power, telecommunications, sewage disposal, solid waste disposal are not available or lacking in areas where attractions are located. Basically water supply, sewage disposal, solid waste management, city transportations, city roads, parking, and traffic lights are in very critical conditions in city. Himalayan Rescue Association only provides seasonal health facility in Annapurna and Everest region. Clearly there is lack of coordination in all plans to develop basic infrastructures and services. Similarly,
more tourist information centres should be opened and signposts should be built specially in trekking regions to guide tourists. Service of tourist police should be expanded to make Nepal more secured.

To meet the objective of increasing number of tourists, expanding tourist activities in rural level and helping in poverty alleviation, necessary facilities and basic infrastructures must be provided with priority. Building strong linkage is necessary among various government organizations. The facilities of cities should be improved to meet the growing needs of tourists. Now there is lack of organizational efforts in Nepal to improve service quality of facilities.

To invite foreign capital government of Nepal has brought Foreign Investment and One Window Policy 1992. The policy refused to grant permission for foreign investment in travel and tour agencies, rafting agencies, tourist lodging and other personnel services. The policy was toward supporting national investors. Local participation in tourism development was taken as a strategy and foreign investment has been marginalized in this sector (UNCTD, 2003). The strategy could not help to grow tourism industries. Aaker (1995) states that it is normally easier to retain market share than to gain it. But Nepal could not retain market share in recent years. UNCTD (2003) has shown that foreign direct investment (FDI) in other areas has brought many positive results in Nepal. So foreign investment should be allowed in travel and tour agencies as well as other tourism related services that will help to grow tourism industries and also help to transfer technology.

3. Internal and External Access
The major hurdle is the road transportation for internal access in Nepal. Therefore, road construction and maintenance also need to be linked properly with tourism objectives. Works of Department of Roads, Municipalities, and objective of tourism should be coordinated and necessary priority in budget is to be guaranteed. City roads need to be re-planed to meet road need of the growing number of vehicles and to soften traffic jam problems. From the first to four plans, transportation, communication and power sectors were given more priority and larger portion of budgets allocated. But country’s trade needs and transportation needs of people were focused. Rail transportation was not considered as a viable alternative of transportation during the period of half century. Department of civil aviation was put under ministry of tourism. Air services and tourism planed and linked to help tourism and it is helping to grow tourism sector.

Easy and economic access to North America and European countries needs to be built. China where more than one billion people live and is another close neighbour of Nepal but international air links with China is found insufficient. The process should be started to provide easy and economic links to China also. Nepal Airlines Corporation (NAC) is continually under performing. It lost market share and the situation is worsening. It stopped services in European
sectors, which reduced number of tourists from European sectors sharply. Hiring excellent managing director should be assured for NAC. Previously managing directors were appointed to political persons who lack simple management knowledge.

For a developing country like Nepal, it shows that the value of public sector airlines is important to promote national tourism industry, as private sector airlines are more profit motive and operates in profitable areas. The public sector airlines can work to promote national tourism. So government should invest in Nepal Airlines Corporation and improve its management.

From the eighth five year plan, government introduced liberal economic policy and many sectors have been opened for private sectors as well as for foreign capital. Banking and finance sectors, private hospitals and nursing homes, airlines sectors have brought big changes. Government also brought BOT policy for infrastructure development, which means Build, Operate and Transfer. The policy encouraged private sectors to build infrastructures like airports, roads, railroads etc. However, the policy could not bring much result. The small private sectors of Nepal could not be attracted. Waiting response from private sectors, Nepal has lost opportunity of developing infrastructure from government sector. Infrastructures like roads, airports remained major hurdles for tourism development.

Therefore, government of Nepal must develop feasible projects for roads, railways and airports and invest to meet the domestic as well as international tourism needs. Active involvement of Government in tourism is necessary in Nepal.

The only international airport of Nepal does not have capacity for large body aircraft. Similarly regional level airports are also required. In this context, government should make master plan for to meet the infrastructure requirements of air sectors. To provide Chinese an alternative and economic mode of transportation, a modern rail links needs to be built between China and Nepal.

4. Cultural Tourism Attraction
No destinations can succeed without a suitable breadth and depth of attractions first to draw the tourists and second to retain them in the region for long period (Mckercher and du Cross, 2002). Citing World Tourism Organization, the authors say that Cultural tourism accounts for 37 % of all tourist trips. They stated that this also includes tourists who come for business conferences. In this growing importance of cultural tourism, following policy and strategy need to be followed for the cultural tourism attractions of Nepal.

- Facilitating to change attitude of people toward cultural tourism.
- Importance for survey and exploration of archaeological sites.
- Protection and conservation of cultural uniqueness and religious traditions that support tourism sector.
• Mandatory implementation of guidelines for the protection of the areas under World Heritage sites.
• Improving quality of arts, painting, handicrafts, and other products.
• Packaging culture products together to make a single valuable product like performing various dances in a single program.
• Developing heritage networks for providing increased value for tourists.
• Developing museums in each tourist spot to show culture and tradition of that spot.
• Using cultural events/festivals that value both domestic and international tourists.
• Processing for listing of other cultural attractions in the list of World Heritage sites.
• To work for developing theme parks

With limited budget government should develop common attractions, which are suitable for all segments of tourist in general. High priority is needed in providing budget for cultural preservation and development.

5. Natural Attractions
Following policy actions need to be continued for natural attractions.
• Improving trails and developing signposts for trekking.
• Preserving mountain from being polluted.
• Formulating plans for developing tourism in mountain areas.
• Participating local communities for preservation of nature and wildlife.
• Developing hard rules against poaching.
• Developing coordination between Ministry of Tourism and Department of Wildlife and National Parks.
• Easing process for mountaineering and trekking and rafting activities.
• Preserving river from pollutions.

6. Adding other Attraction/New Products
Product development is a prerequisite for satisfying tourists' changing demands and insuring the long-term profitability of the industry (Smith, 1994). Many innovative products can be developed to satisfy changing needs and demands of tourists. The events like Elephant race, Mountain bike competitions, Yak race, Horse race can be organized; sports like cricket can be developed. Health tourism in areas where Nepal has specialization can be developed. Scenic highway, cable car, entertainment parks can be developed.
6. Marketing Policy and Strategy
1. Target raising markets like China, South Korea, Thailand, India, Russia, Brazil and promote heavily in these markets with sufficient budgets
2. Promoting in neighbouring countries.
3. Conducting market research for present and future significant market. Nepal should make suitable brand. Marketing should be research base.
4. Promoting Pilgrimage tourism.
   • To attract Buddhist tourists, focus strategy as stated by Aaker (1995) should be selected for marketing tourism and developing valuable products to meet the their needs
   • Important Buddhists’ pilgrimage sites are located in India, Nepal, Bhutan, Sri Lanka etc. Necessary cooperation should be developed to make Buddhist Circuit and to add values of products by combining products in a package.
   • As 90 % Hindus live in India, Hindu pilgrimages sites of Nepal should be promoted in India.
   • A viable size of rich Indian Hindu people live in America and UK, they can be focused while marketing tourism.

   The Mt. Everest and other mountains are advertised mostly for climbers. It should be marketed as an attraction for sight seeing and taking photograph of Mount Everest and other peaks. Similarly, possibility and promotion of health tourism should be studied.
As the number of Internet users is growing world wide, online website of Nepal Tourism Board should be improved to make it user friendly, informative, and attractive.

7. Developing Efficient Organizations for Managing Tourism
Government of Nepal was involved in developing tourism by establishing Ministry of Tourism. Nepal Tourism Board was established in 1998 to promote destination Nepal in a more effective way and department of tourism under Ministry of Tourism was collapsed. The organization was established in the form of public private partnership. The organization was also given budgetary support. But changes in number of tourists or in revenue earned from tourism are not seen with the establishment of Nepal Tourism Board.

   However it is very difficult to evaluate the performance of Nepal Tourism Board since the political situation of Nepal remained most unstable since Maoist of Nepal launched war against government in a way to establish communist republic in Nepal in 1996. During the 10 years period more than 12000 people have been dead until 2006 April and more than 100000 people were displaced from places they live in. But after 2006 April Maoist stopped their war and did an agreement with government to inter in to the multi party politics. During 50 years planning history, market research was given little importance. NTB’s marketing activities are
also haphazard in nature. So professional marketing should be practiced. Necessary training should be organized to develop knowledge of employees in research works. Continue research should be done for every market segment.

NTB was also given product development works. But tourism products development needs cooperation from different sectors. Government policy is to expand tourism in rural and village to contribute rural economy. So, participation of local authorities will be helpful to develop and promote tourism in local areas. Product development also needs to be directed to meet policy objectives of government.

9. High Priority for Tourism Development
Tourism has been allocated little budgets in every development plans. Though government has given national priority for tourism development, the funding support is not enough. Tourism is a growing industry in the world and producing about 10% of world GDP. To preserve market share of Nepal in the world tourism market, government should invest sufficient amount to develop necessary infrastructure in most possible areas, to develop new products in area of common attractions, as well as products for specific areas like trekking, pilgrimage tourism.

From the first plan Nepal gave importance to tourism as a means of earning foreign currencies. However percentage of total currencies earning from tourism is decreasing in average. In 1980/81 tourism earned about 29% of total foreign exchange earnings while in 1999/2000 it earned only 8.8%. The GDP contribution of tourism is about 3% in average and tourism sector has created 257000 direct and indirect employments in the year 1997. The contribution of tourism and travel industries to world GDP is about 10%. Nepal, which has comparative advantage in tourism, there, seems a growth opportunity.

10. Incentive Programs
Government can use incentives for three main purposes (Ward, 1989). Investment incentives can be used to accelerate the realization of development. Second incentives can be used to remove or overcome the obstacles, which prevent a private sector developer satisfying profit motive. Third, incentives can be used to discriminate positively in favor of certain types of development. Nepal government can provide various incentives to private sectors for example, incentives to build attractions like fun land, recreation parks, and athletic club in Nepal. Public land can be provided on lease basis at non-commercial rate also.

11. Linking Plan Program and Policy
All the plans stated to focus on developing tourism in other parts of Nepal. But the policy and programs have not supported a lot to achieve objectives. Shrestha (2006) concluded that policy, programs and objectives of the plan are not strongly linked. The social part of the tourism
industry is also weak, as only few traditional ruling families own most of the share of hotel industries (Bhattrai, 2003). So there should be proper link between policy, and programs. Necessary cooperation among Department of Road, Urban Development, Ministry of Environment, Related Municipalities, Department of National Parks and Wildlife, Local community should be guaranteed.

12. Developing Manpower for Tourism Industries
Quality manpower is the key success factors of any management. They can develop idea, opinion, and imagination, and give life to the organizations. Tourism as a labor intensive industry is under sharp competition. Study should be made to forecast the manpower requirement of various knowledge and skill, and to analyze present availability of manpower, so that necessary plan can be made for the required manpower in future. To fill the service gap necessary training should be provided. This will help to improve the service quality expected by tourists.

One of the characteristics of most tourism destinations is the predominance of small and medium tourism enterprises (Woods and Deegan, 2003). The same situation exists in some trekking destinations of Nepal. These organizations are owned and managed by families. Developing entrepreneurial skill of these organizations helps in many ways. By utilizing an entrepreneurial approach to tourism education, a developing country can build the human resources it needs to ensure well-qualified, indigenous entrepreneurs. Plans should be made to provide training to enhance knowledge of managers/owners of such organizations.

And when local residents control tourism enterprises, tourism is more likely to produce direct economic benefits and less likely to produce severe negative social and cultural impacts (Echtner, 1995).

13. Balancing Tourism Development and Conservation
To preserve indigenous culture and sensitive natural environment, Government has controlled some high Himalayan areas and permitted only for controlled tourism. Only group trekkers handled by trekking agencies and accompanied by a government deputed liaison officer have been permitted to visit such areas. 2714 trekker tourists visited these controlled areas in 2005 out of the total 61488 trekkers. Only with this controlled tourism in remote areas, Nepal could not generate much economic advantages to local people, as it is costly for trekkers to visit these places. Pobocik and Butalla (1998) have shown that group tourism handled by trekking agencies has less contribution to local economy than independent tourism. As debated by Burns (2003) economic needs of people should be considered and viability of controlled areas should be cashed by allowing more tourists without being too much naturalist.
14. Promoting Domestic Tourism

Domestic tourism has played a very important role in world travel and tourism. Globally, domestic tourism receipts amount about five and a half times international tourism receipts (Ritchie and Crouch, 2003). In economic terms, domestic tourism brings about a geographical redistribution of money within the boundaries of the state. It creates a market for local products and promotes local forms of accommodations and helps to reduce poverty alleviation. Archer (1978) states that domestic tourism brings movement of people from diverse social and cultural backgrounds. Domestic tourism promotes social integration and harmony. Domestic tourism also develops bases for tourism and there is less risk in domestic tourism also because it will not be affected by international situations.

Domestic tourism market is typically more stable and less risky than international markets. It is the domestic tourism that drives the nature and structure of a nation’s tourism industry. Solid domestic demand provides a healthy competitive environment and critical mass of demand necessary to support a thriving tourism and hospitality sector (Ritchie and Crouch, 2003).

The neighbouring India has been a leading country to promote domestic tourism with more than 210 million domestic tourists. Even the private sector tourism industries are not interested or unaware in the importance of domestic tourism. 80% of the total lodging demand in the leading country Mexico is from domestic tourism (Casado, 1997).

Domestic tourism gets little importance in the planning history of Nepal. Tourism policy 1995 overlooked the issue. Little importance was given in ninth and tenth plan for domestic tourism. But no thing was heard about it. Nepal does not have data about domestic tourism. Tourism development in Nepal remained simply to attract foreigners.

To achieve the goal of poverty alleviation, Nepal should not neglect to develop domestic tourism. Correction in the present tourism policy of Nepal is necessary. Collecting data about domestic tourism should be started. Publicity and awareness programs can be conducted for promoting domestic tourism. Furthermore, government should start to provide incentive holidays for public sector employees for travel. Travel fair can be arranged to promote domestic tourism. Tourism suppliers in Nepal should be encouraged to promote domestic tourism by offering off-seasonal prices offer, packing holidays for residents etc.

15. Decentralization of Tourism Development

Participation of local government in preservation of natural and cultural assets is necessary. Planning and developing infrastructures for tourism should be given importance. Regional organizations, Municipalities, Districts Development Committees should also be involved for developing tourism in their areas. As tourism has many negative impacts also, their involvement in planning and management is important and should be promoted. Government should further
encourage the involvement of local community by providing training; financial help and other needed supports.

16. Wildlife and Conservation Areas Development
Eagles and McCool (2002) mention that park and protected area tourism is a large and growing part of the economy of many countries. Kenya, Tanzania, and Botswana, for example all have park tourism as their most important export industry. They further state that eco-tourism is considered to be the fastest growing of all tourism sub markets with tremendous potentials for increasing visitation in parks and protected natural landscapes.

Fewer attentions have been given to the possibility of wildlife and park tourism in Nepal. Number of endangered animals is decreasing everyday. Infrastructure and tourism facilities development have not been considered for national park and protected areas’ tourism. In 2005, no visitors visited in Khaptad National Park, and Dhorpatan Hunting Reserve. Similarly, no international visitors were recorded in Parsa Wildlife Reserve.

As national parks and protected areas cover about 20% areas of Nepal, an integrated and long-term plan should be made to develop park-based tourism in Nepal. Changing punishment level is required against poachers who are engaged in killing valuable animals. There needs a strong link between tourism and national parks and conservation management.

As wildlife are damaging life and property of people in Nepal, steps should be taken to reduce such incidents and compensation system for injury or death or for damage of property caused by wildlife to any person should be introduced.

17. Solving Labour Related Problems
To develop healthy relations between management and labour is essential especially in hotel sector. There is lack of culture to treat labour fairly in Nepal. Employees need to be treated fairly from hiring to retirement. A fair pay and promotion system need to be developed. Labour rules should be changed to create a healthy working environment.

18. Managing Urban Development and Pollution
Uncontrolled urban development and pollution in cities may be the serious problem for sustainable development of tourism in Nepal. Every city should be planned in a controlled and organized way. Vision for the city development is to be formulated. Necessary plans and policy must be developed to improve the city environment.

19. Reducing Leakage of Income from Tourism
One of the problems of Nepalese tourism industries is leakage of a high portion income earned from tourism. At present, Nepal is focusing more on increasing GDP contribution of Tourism. It
should effort to reduce leakage by promoting uses of local made products. First of all, study should be made about the situation of leakage of income from tourism. Right now there is no study available. Based on study necessary actions and strategy should be made to retain most part of income from tourism.

20. Easing Visa Process
Visa providing Nepalese authority is limited in few cities. So cyber technology can be adopted for application and approval of visa (Shrestha, 2005). On arrival visa at the airport of Nepal is blamed to be slow. Service should be improved at the airport of Nepal to provide visa quickly.

21. Improving Tourist Service Quality
Nepal’s policy is to receive more tourists with high spending capacity. The tenth plan’s long-term objective is to receive more than 12, 00,000 tourists in 2015. This shows that Nepal prefers high quality mass tourists. One of the main objectives of plan was to increase the length of stay of tourists also. But Nepal’s marketing and product development policy doesn’t support this policy. If length of stay increases, tourists will also visit secondary attractions (Oppermann, 1994). Second, marketing was not directed to ward high-income probable tourists who can spend higher amount. And length of stay is also determined by personal and family characteristics like family status, tourist’s age, number of children, level of education and profession (Alegre and Pou, 2006). These factors need to be considered while making efforts to attract high spending tourists.

Quality Guru Crosby states that if customers are not satisfied with final products, there are problems with quality (Crosby, 1984). To satisfy tourists, quality of services should be improved. This involves services improvement in every step where tourists will take services that are visa process to departure from the country. Higher service quality leads to higher profit and vice verse. When the customers perceived service quality to be higher, it increases their satisfaction and loyalty, which ultimately increase transactions and revenue. In case of tourism, if tourists are satisfied with destination service quality, it can create repeat visit and words of mouth advertisement. Since research has shown that words of mouth advertisement is the main factor for making decision before visit.

Based on the tourists’ evaluation, attentions should be paid to services of transportation, tourist information centre, availability of signposts, and promotion of environment friendly products. Similarly, Nepal should promote fraud less transaction. Services in area of meeting tourists’ specific needs and needs of disable should be improved. Besides, night life and entertainment facilities should be increased in Nepal. Another area, which needs service improvement, is the accommodation service. Though it is rated fairly well, tourists still feel that service is needed to improve.
Tourists are just satisfied with the service quality in Nepal. So there are lots of rooms to improve service quality. The perception of overall service quality in Nepal was rated lower by Asian tourists than tourists from other regions. Likewise, the Asian tourists rated lower overall satisfaction than tourists from other regions. Most of the tourists in Nepal are from Asia. High importance should be given to meet the quality and satisfaction needs of Asian tourists.

NTB and private tourism associations can join hands to set a unit to design and manage services quality in each separate region. Understanding visitors’ needs, setting quality standards for each type of services, providing training, monitoring and controlling quality process can be designed.

It is the practice that cooperation among service providers can be built as a strategy to improve service quality in destination in micro level. For other regional level destinations following process can be done:

- Establishing organization responsible for improving service quality in destination.
- Providing training to different organization about service quality.
- Using service quality measurement instruments for different service providers.
- Regularly measuring service quality and visitors satisfaction.
- Encouraging service providers to improve service quality.

7.3 Conclusion and Implications

The study has analysed positive and negative factors of tourism in Nepal. It reviewed government’s efforts since 1956. It categorized the development of tourism in Nepal into three stages- progressing stage of development, middle stage of development and insufficient stage of development. The study made theoretical contribution by developing measurement scale to measure the service quality in a destination. It also provided service quality perceptions experienced by international tourists to Nepal.

It found that tourism is an area of comparative advantage in Nepal. It has geographic uniqueness, rivers and lakes, rare wild life and biodiversity, friendly people, unique lifestyle of people and their culture. The Himalayan range of Nepal has 8 tallest mountains out of the 14 tallest mountains of the world. About 20 % of land has been protected in the names of natural parks and conservations areas. As a birthplace of Lord Buddha, it has possibility to attract more than 400 million Buddhists of the world. Pashupatinath temple of Nepal is one of the important attractions for about 800 million Hindus of the world. Everest Base Camp and Annapurna regions are ranked as one of the best places of the world. The diversity of culture, dresses, ornaments, languages, and faces is found from lower land Terai to higher land Himal. It can be said that Nepal offers unique and interesting attractions.
Nepal was opened for tourism only after 1950. Tourism planning was started to meet the accommodation need of tourists in the beginning. The tourism policy and plans of Nepal have objectives to receive foreign currencies, to improve balance of payment, to provide employment and to improve regional balances from tourism sector. In the recent days, the priority of plans and policy are changed toward developing tourism in a sustainable way. The preservation of natural and cultural assets is prioritised. The participation of community to develop tourism has been taken as one strategy. The past rules and regulations were changed to create harmony between tourism and nature.

Tourism in Nepal has become an important sector of economy with 3% contribution for GDP. More than 200,000 people have been getting bread directly and indirectly from tourism. People of remote villages are also benefiting from tourism. Old places, temples, pilgrimage sites, national parks and conservation areas are getting increased attention which otherwise will not be prioritised. Civil aviation, culture and tourism are kept in one ministry. Air transportation increased significantly as a safe and reliable means of transportation. After the open sky policy of government of Nepal, domestic air transportation progressed a lot.

However, the study found that tourism objectives could not be achieved. Tourism is limited mainly in Kathmandu valley and Pokhara. The contribution of tourism to the economy was not growing as intended. Due to liberalized economic policy, most of the products are imported. Efforts to control leak from tourism income was not focused except in words. In 50 years plan history railway transportation has not been developed. The highway, feeder roads and city roads were built but sharply less than demand. Only international airport, lack of regional level airports and law facilities in airports are serious constraints. Basic tourism infrastructures are far less than required in possible tourism spots. The number of most valuable wild animals like one-horned rhino and Bengal tigers are decreasing alarmingly. Uncontrolled urbanization, increasing pollution and lack of basic facilities even in Kathmandu are seen as major threats for sustainable development of tourism. Number of vehicles has increased by 350% from 1996 to 2005 in Kathmandu valley. Often it takes more than one hour for a 5 km distant by a car or taxi in centre of city. The two rivers, which move through Kathmandu Valley, became most polluted due to throwing sewage. The garbage problem in cities is also serious. Kathmandu Valley where 210 millions litter water is needed per day but only half is available. Seven cultural attractions of Kathmandu valley are listed as World Heritage sites but due to lack of necessary conservation they are under threat. Domestic tourism was considered in ninth and tenth five years plan only in words. The gap between planning and implementation, distributing limited budget in many projects, corruption in projects are the common problems Nepal is facing.

The study also found that destination service quality is a multi dimensional construct and it has four basic dimensions. One of the dimensions has been named Tangible as in PZB (1988) that has signposts, tourist information centres, nightlife and entertainment facilities, and

Doctoral Thesis Bista Raghu
transportation facilities as items. Other three dimensions are named as security, facilities and attractions. These four dimensions have 14 variables.

The study found that tourists perceived Nepali people to be very friendly. They perceived that Nepal provides warm welcome and hospitality to tourists and it has people with unique lifestyle. Similarly they rated Nepal better for souvenirs shopping facilities in Nepal. They rated good service quality also in areas of food quality and general security situation of Nepal.

However, for to provide quality experience to the international tourists to Nepal, facility of transportation and improvement in the service of tourist information centre, development of signposts, and promotion of environment friendly products are required. Similarly, Tourism management of Nepal should try to regulate the tourism service providers to promote fraudless transaction. Similarly service provider should try hard to improve services on tourists’ specific needs and needs of disable tourists. Besides, tourists felt poor night life and entertainment facilities in Nepal so tourism managers should consider this variable and should try to improve service in this area. It is also needed to improve accommodation service. In overall they were satisfied with overall service quality, overall satisfaction and they are positive in average to revisit Nepal again. Comparing other regions, Asian tourists’ perception of overall service quality and overall satisfaction were found significantly lower. Furthermore, first time tourists’ rating of overall service quality is higher than the repeat visitor tourists.

As tourism is most competitive industries, Nepal should address problems and constraints related to tourism in Nepal by adopting suitable policy and strategy. It should work to improve the destination service quality of Nepal. Problem related to international access is very urgent to manage. Further liberalization of international air sector and improvement of national carrier is necessary. Due to only one limited capacity international airport, a landlocked country like Nepal cannot continually increase tourists. So there is no alternative to expand existing capacity and build new infrastructures. Likewise, there are no roads links to many parts of Nepal. These problems should be removed by expansions of roads and internal airports. Transportation problems within cities and within destinations need to be removed. More tourist information centres should be opened and signposts should be made. The infrastructures like water supply, electric power, telecommunications, sewage disposal, solid waste disposal are not available or lacking in areas where attractions are located. Basically water supply, sewage disposal, solid waste management, city transportations, city roads, parking, and traffic lights are in very critical conditions in city. Management of garbage in city areas should be managed properly. Active encouragement of new investments in accommodation facilities except Kathmandu is necessary. Government should encourage domestic tourism through the development of appropriate facilities and encouraging private sector also to promote domestic tourism. Incentives should be provided to develop entertainment related facilities by the private sector. Development of new products is necessary to meet the needs of different market segments, to lengthen the stay of
tourists and to promote revisit Nepal again. Stopping killing valuable wild animals like rhinos and tigers must be done. Sustainable management of natural attractions is necessary. World heritage sites of Nepal are under threat. Policy and strategy should be made to manage and preserve them in sustainable way.

Development of manpower and promotion of healthy relations between management and labour is essential. Nepal’s image as holiday destination should also be promoted. Improving destination service quality continually is also very important. Making efficient tourism organizations, conducting continue researches and marketing destination professionally are also necessary activities.

The finding of the study has important implications for tourism planners, managers, and entrepreneurs as well as for tourism researchers. First, the study has analysed the constraints of tourism development in Nepal, which are very important for managers, administrators of Nepal. The study has categorized the level of tourism development in Nepal into three levels. This categorization will help managers/ administrators of Nepal to understand in which areas they should give more attentions to manage and develop tourism in Nepal. Similarly, the study has provided important proposals for the development of tourism in Nepal that are useful for tourism planners, managers and entrepreneurs.

Second, the finding of the study has implication for the destination managers of a country, region to understand how tourists access the service quality in the destination. The study found that destination service quality has four basic dimensions with 14 variables. Tourism managers, administers of destinations like city, region, rural destinations can focus their attentions to improve their service in these basic areas.

Third the study has found tourists’ perceived level of service quality and overall satisfaction and revisit intentions of international tourists to Nepal. Thus, the results are valuable for service improvements in Nepal.

A few limitation of the research should be addressed. There was lack of recent study in Nepal, which addresses leakage of tourism income from economy. Similarly data about tourists’ income level has not been collected in Nepal. In the empirical part, first, the sample was drawn from the tourists who departed from the international airport of Nepal and only English speaking tourists could take part in the study. Second, tourists from a large number of countries have taken part in the research; the culture difference might have affected to generate particular service quality dimensions in a destination.

As Nepal is becoming a labour exporter and product importer, it is important to know how much leakage from tourism income exists in Nepal. Future research can address this issue that will help planners and managers to make economy friendly tourism planning. Similarly, future research can address the current image of Nepal perceived by tourists of different
countries. Likewise, future research can further investigate the basic destination quality dimension using the basic quality variables in other destinations.

7.4 Prospects

The number of international arrivals in the world shows an evolution from a mere 25 million international arrivals in 1950 to 766 million in 2004, corresponding to an average annual growth of 6.5 percent. Tourism Vision 2020 forecasts that international arrivals are expected to reach over 1.56 billion by the year 2020. Domestic tourism is much larger. The arrival of Asia is growing more speedily. It is estimated that from 1995-2020, we can read that average annual growth rate of East Asia and Pacific will grow at 6.5%. International tourism receipt is also growing more rapidly. Goeldner and Ritchie (2003) mentioned that since 1950 international receipt has been increasing at an average rate of 12.2 % until 1998. Similarly, forecasted average annual growth rate of South Asia will be 6.2%. The market share of Asia and Pacific will be 25.4% in 2020, the second largest in the world. In 1995, the market share of South Asia was only 0.7%, while the forecast for 2020 is 1.2%.

Developing countries are becoming production location using the latest technology combined with less costly labour. China, India, Brazil, Indonesia, Russia are emerging as a new economic power ‘tiger’. It is expected that China alone can produce 100 million out bound tourists in 2020. Nepal seems to benefit a lot from the Chinese tourists.

The world is moving toward market economy. Many regions are moving toward borderless world. Borderless Europe is one perfect example and European Union is further widening. SAARC countries of South Asia are also considering supporting visa free movement within SAARC region.

The development of new scientific and technological breakthroughs may support the continued expansion of tourism (Middleton and Clarke, 2001). New technology especially Information and Communication Technology (ICT) has brought many opportunities. Tourism is primarily an information industry in which ICT manipulates multimedia information in every stage of consumer decision.

Information drives the transaction and booking process, the ticketing process, the paying process, and the check-in process for transportation and accommodation. Internet is practically relevant to tourism as it facilitates activity between the enterprise and the external world however distant (Buhalis, 2000). There is possibility of online visa application and providing system also. The development of super train, development of highway and increasing use of car will all help to grow tourism. The service expansion of budget airline will offer travel for mass middle income.
Tourism, and especially international tourism, has grown rapidly because air travel has continued to get much cheaper due to airline liberalization and technological progress (Forsyth, 2006). Liberalization has meant that airlines markets are more competitive, resulting in airlines being forced to keep their fare low and to keep costs down. Liberalization has also meant that a wider range of airlines is able to serve a given market.

One of the phases of liberalization is the boom in the low-cost carriers (LCCS). These low-cost carriers are the new boom segment in air transport and they are having a major impact on tourism. The most obvious impact is on the overall size of the market - lower fares mean more travel (though some of this is at the expense of surface modes). The ready availability of low, and in some cases very low, fares makes trips of short duration possible (Forsyth, 2006). Change in aviation technology will help the development of longer-haul travel aircraft. The range of aircraft is increasing which means that they need to make fewer stops for refuelling, and can make long direct flight. This can help countries like Nepal to be competitive though they are far from source markets.

People with less time for leisure are likely to take more frequent but shorter trips creating opportunity for tourism in neighbouring countries. The experienced traveller wants authentic vacations in remote and less well-known places as against luxurious five-star vacations, leading to an interest in rural and ethnic tourism. The elderly population in key tourism generating markets has shown a preference for cultural tourism against sun-and-sand vacations. The demand for eco-tourism is growing. Trend toward small family size, gender equity, working culture of women will create more people ready for travel. Greater disposal income, reducing working time will further help to grow tourism.

Middleton and Clarke (2001) state that the major issues of next decade and beyond will be to balance the often-competing needs of economy, ecology and equity globally. Economy in this context means a sustainable livelihood and long-term viability of the residents of visited destination. Ecology means the balance involved in sustaining the natural environment. Equity means a fairer distribution of the use of the Earth’s resource between developed and developing nations. It also considers the needs of future generations.

Tourism is believed to have a positive effect on world peace. As people travel from place to place with a sincere desire to learn more about their global neighbours, knowledge and understanding increases.

The tourism policy and plan of Nepal have shown environmental issues and have given high importance for managing environment. Nepal has unique strength in natural and cultural strength. Present study has shown that tourists perceived Nepali people to be very friendly. They perceived that Nepal provides warm welcome and hospitality to tourists and it has people with unique life style. As the study has shown that these variables are important for them to evaluate service, it has bright future of tourism development. As the world trend of tourism is toward
authentic vacations, interest on nature and culture, this will support to grow tourism in Nepal. Similarly, Nepal is between India and China which together have about two third of world population and whose economies are growing continually at higher rate. So tourism development has better future prospects in Nepal. The sustainable development is the goal of Nepal. However mass poverty, growing population, pollution problems and uncontrolled urbanization are seen major issues to be managed.
Appendix

Appendix A: Questionnaire for Destination Quality Variable Survey

Dear Sir/Madam
This research effort is for to find common destination quality variables of a country, which are basic factors to measure a country’s tourism service quality. We request you to kindly help and cooperate us by replying questionnaire below. Your help and cooperation will be highly appreciated. Thank you

(Q1.) Based on your experiences, could you please state the basic variables of a destination country, which provide must satisfying vacation experiences for tourists? Or in other words, could you State the basic variables, which make any country a quality destination for tourists?

1. ……………………………
2. ……………………………
3. ……………………………
4. ……………………………
5. ……………………………
6. ……………………………
7. ……………………………
8. ……………………………
9. ……………………………
10. …………………………
11. …………………………
12. …………………………
13. …………………………
14. …………………………
15. ……………………………
Etc.

Thank you again

Please mention the following.
Name (Option): ……………………………
Position: …………………
Organization: ……………………………

PHD candidate and researcher of this study: Bista Raghu,
Email: rbista@uom.gr
Appendix B: Destination Quality Measurement Questionnaire

Dr. Zoe Georganta, Professor
Dr. Lazos Baios, Professor
Raghu Bista, MBA, Doctoral Candidate
University of Macedonia, Thessaloniki, Greece
For Contact
Tel. 00 30 231 0 891582, Fax: 00 30 2310891544 και 00 30 2310891101. E-mail: lazos@uom.gr και rbista@uom.gr

Date: ................................

Research Questionnaire

Dear honorable Visitors,

We very kindly request you to fill the research questionnaire attached in this letter. The questionnaire has two parts - Perceptions Section, and Demographic section. Perception section is about service performance of Nepal for tourists. The research project is an effort to measure the Tourists Service Quality in Nepal. Raghu Bista, a citizen of Nepal is conducting the research for his Doctoral Thesis Writing.

Thank you.
**Perception Section**

The following set of statements relates to your feeling about Nepal’s service for tourists. Please circle “7” if you **strongly agree**, and circle “1” if you **strongly disagree** with the statements. You may circle any of the middle numbers, if you neither strongly agree nor strongly disagree. There are no right and wrong answers. Please just indicate your feeling of services, based on your visit to Nepal.

1. Nepal has eye catching natural and scenic view  
   **Strongly agree**
   | 7 | 6 | 5 | 4 | 3 | 2 |
   **Strongly disagree**
   1

2. Nepal has modern looking equipment and facilities/services  
   **Strongly agree**
   | 7 | 6 | 5 | 4 | 3 | 2 |
   **Strongly disagree**
   1

3. Nepal has attractive historical sites, museums and cultural sites  
   **Strongly agree**
   | 7 | 6 | 5 | 4 | 3 | 2 |
   **Strongly disagree**
   1

4. Nepal has easy access and convenient transportation link.  
   **Strongly agree**
   | 7 | 6 | 5 | 4 | 3 | 2 |
   **Strongly disagree**
   1

5. Nepal has arranged tourist information centers  
   **Strongly agree**
   | 7 | 6 | 5 | 4 | 3 | 2 |
   **Strongly disagree**
   1

6. Nepal gives value for money experiences  
   **Strongly agree**
   | 7 | 6 | 5 | 4 | 3 | 2 |
   **Strongly disagree**
   1

7. Nepal has high value cultural events and colourful festivals.  
   **Strongly agree**
   | 7 | 6 | 5 | 4 | 3 | 2 |
   **Strongly disagree**
   1

8. People of Nepal are friendly.  
   **Strongly agree**
   | 7 | 6 | 5 | 4 | 3 | 2 |
   **Strongly disagree**
   1

9. People of Nepal have unique life style.  
   **Strongly agree**
   | 7 | 6 | 5 | 4 | 3 | 2 |
   **Strongly disagree**
   1
10. Nepal is safe and secure place for visitors

| Strongly agree | 7 | 6 | 5 | 4 | 3 | 2 |
| Strongly disagree | 1 |

11. Nepal is neat and clean.

| Strongly agree | 7 | 6 | 5 | 4 | 3 | 2 |
| Strongly disagree | 1 |

12. Nepal shows warm welcome and hospitality to visitors.

| Strongly agree | 7 | 6 | 5 | 4 | 3 | 2 |
| Strongly disagree | 1 |

13. Nepalese restaurants provide variety of foods and drinks with excellent service

| Strongly agree | 7 | 6 | 5 | 4 | 3 | 2 |
| Strongly disagree | 1 |

14. Nepal has variety of accommodations facilities with excellent services

| Strongly agree | 7 | 6 | 5 | 4 | 3 | 2 |
| Strongly disagree | 1 |

15. Nepal has souvenirs shopping/market facilities.

| Strongly agree | 7 | 6 | 5 | 4 | 3 | 2 |
| Strongly disagree | 1 |

16. Nepal has sufficient signposts.

| Strongly agree | 7 | 6 | 5 | 4 | 3 | 2 |
| Strongly disagree | 1 |

17. Nepal is quiet and peaceful place.

| Strongly agree | 7 | 6 | 5 | 4 | 3 | 2 |
| Strongly disagree | 1 |


| Strongly agree | 7 | 6 | 5 | 4 | 3 | 2 |
| Strongly disagree | 1 |

19. Nepal shows sincere interest to answer visitors’ questions
20. Visitors will get prompt service in Nepal
   Strongly agree
   disagree 7 6 5 4 3 2

   Strongly agree
   disagree 7 6 5 4 3 2

22. There are nightlife and entertainment facilities in Nepal.
   Strongly agree
   disagree 7 6 5 4 3 2

23. There is knowledge and respect to different cultures in Nepal.
   Strongly agree
   disagree 7 6 5 4 3 2

24. Nepal understands visitors’ specific needs and needs of disable people
   Strongly agree
   disagree 7 6 5 4 3 2

25. Nepal has wide range of activities and attractions (Many things to see)
   Strongly agree
   disagree 7 6 5 4 3 2

26. Employees in Nepal have knowledge and skills to solve visitors’ problems.
   Strongly agree
   disagree 7 6 5 4 3 2

27. Employees in Nepal show politeness to visitors.
   Strongly agree
   disagree 7 6 5 4 3 2

28. Nepal provides environment friendly products and services
29. Nepal has well behaving and friendly taxi driver.
   Strongly agree
   disagree

30. Visitors will have no language problems in Nepal.
   Strongly agree
   disagree

31. There will be no fraud in transactions in Nepal.
   Strongly agree
   disagree

(C) Please indicate overall tourism service quality in Nepal.
   Excellent
   poor

(D) How many times have you visited Nepal (please point out)?

(E) Please indicate your overall satisfaction from service quality in Nepal.
   Absolutely satisfied
   Absolutely Unsatisfied

(F) Please indicate if you would plan to visit Nepal as an alternative tourism destination for qualitative vacation in the future.
   Yes, absolutely
   may be
   absolutely, No

Demographic Data: Please indicate your demographic data.

1. Country: ......................
2. Please indicate your gender.
   a. Male    b. Female
3. Please indicate your age category.
   a. Under 20 years
   b. 20 – 29
   c. 30 – 39
   d. 40 – 49
   e. 50 – above
4. Please indicate your marital status.
   a. Single   b. Married

5. Please indicate your purpose of travel.
   a. Leisure/entertainment
   b. Mountaineering/Trekking
   c. Business
   d. If other please mention. ..........................................

6. Please indicate that you are a
   a. Student
   b. Job holder
   c. Retired
   d. Business personal
   e. If other please mention. ..........................................

7. Please nights spent in Nepal
   a. One night
   b. Two nights
   c. Three nights
   d. 4 – 7 nights
   e. 8 – 15 nights
   f. 16 nights and more

Thank You Very Much and have a nice journey!!
## Appendix C: International Air Services in Nepal

<table>
<thead>
<tr>
<th>Airlines</th>
<th>Point of Origin</th>
<th>Aircraft Type</th>
<th>Weekly Flight</th>
<th>Air Seat Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Sahara</td>
<td>Delhi</td>
<td>B737-700</td>
<td>7</td>
<td>122</td>
</tr>
<tr>
<td>Austrian</td>
<td>Vienna</td>
<td>B767/A330/A340</td>
<td>2</td>
<td>85</td>
</tr>
<tr>
<td>Biman Bangladesh</td>
<td>Dhaka</td>
<td>F-28</td>
<td>9</td>
<td>85</td>
</tr>
<tr>
<td>Cosmic Air</td>
<td>Kathmandu</td>
<td>F-100</td>
<td>28</td>
<td>195</td>
</tr>
<tr>
<td>Gulf Air</td>
<td>Bahrain</td>
<td>B-767</td>
<td>9</td>
<td>145</td>
</tr>
<tr>
<td>Indian Airlines</td>
<td>Delhi</td>
<td>A320</td>
<td>7</td>
<td>145</td>
</tr>
<tr>
<td>Indian Airlines</td>
<td>Calcutta</td>
<td>A320</td>
<td>3</td>
<td>145</td>
</tr>
<tr>
<td>Jet Airways</td>
<td>Delhi</td>
<td>B737-800</td>
<td>7</td>
<td>154</td>
</tr>
<tr>
<td>Martin Air</td>
<td>No Flight for winter 2005/2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakistan Intl' Airline</td>
<td>Karachi</td>
<td>A310</td>
<td>2</td>
<td>190</td>
</tr>
<tr>
<td>Qatar Airways</td>
<td>Doha</td>
<td>A300/A320</td>
<td>11</td>
<td>252</td>
</tr>
<tr>
<td>Royal Bhutan Airlines</td>
<td>Paro</td>
<td>Bae-146/AB319</td>
<td>6</td>
<td>72/114</td>
</tr>
<tr>
<td>Royal Nepal Airlines</td>
<td>Kathmandu</td>
<td>B-757</td>
<td>24</td>
<td>190</td>
</tr>
<tr>
<td>Thai Airways</td>
<td>Bangkok</td>
<td>B-777</td>
<td>7</td>
<td>360</td>
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<tr>
<td>Air Nepal International</td>
<td>Bangkok</td>
<td>B-767</td>
<td>6</td>
<td>245</td>
</tr>
<tr>
<td>Air China</td>
<td>No Flight for winter 2005/2006</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Civil Aviation Authority of Nepal (2006)

Note:
1. Royal Nepal Airlines operates flights to Mumbai, Delhi, Kuala Lumpur, Bangkok, Hong Kong, Dubai, Singapore, Shanghai and Osaka.
2. Comic Air operates flights to Delhi, Kolkata, Varanasi and Dhaka.
4. Royal Bhutan Airlines operates Bae-146 (seat 72) and AB-319 (seat 114).
Appendix D: Man Power so far Produced by NATHM from the Fiscal year 2029/30 to 2062/63 (1972-73 to 2005-2006)
His Majesty Government
Ministry of Culture, Tourism and Civil Aviation
Nepal Academy of Tourism and Hotel Management (NATHM)

<table>
<thead>
<tr>
<th>Types of Course</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>%</th>
<th>Male %</th>
<th>Female %</th>
<th>Total Percentage</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHM* Course</td>
<td>169</td>
<td>119</td>
<td>288</td>
<td>1.32</td>
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Source: Nepal Academy of Tourism and Hotel Management (NATHM)
*Note: BHM: Bachelor in Hotel Management
       BTTM: Bachelor in Travel and Tourism Management
Appendix E: Organisations under Ministry of Culture, Tourism and Civil Aviation

1. Special organisations:
   - Civil Aviation Authority of Nepal
   - Nepal Tourism Board
   - Nepal Tourism and Hotel management Academy
   - Lumbini Development Trust
   - Pashupati Area Development Trust
   - Janakpur Area Development Parisad
   - Royal Nepal Academy

2. Corporations/Enterprises under Ministry:
   - Royal Nepal Airlines Corporation
   - Sanskritik Sansthan (Cultural Corporation)

Development committee established under Development Committee in Nepal
   - Taragoan Development Committee
   - Devghat Development Committee
   - Bhudanilkantha Area Development Committee
     - Manakamana Area Development Committee
     - Baudhnath Development Committee
     - Halesi Mahadev Area Development Committee
     - Pathivara Area Development Committee
   - Mountain Training Development Committee
   - Patan Museum Development Committee
   - Bhanu Birth Place Development Committee
Appendix F: List of People Participated for Interview in 2006, Kathmandu

1. Bhumi Lal Lama, II Vice President, Nepal Mountaineering Association, Kathmandu, Nepal
2. Haaridev Pathak, General Secretary, Nepal Association of Rafting Agents, Kathmandu, Nepal
4. Hari Sarmah, Chief Executive Officer, Nepal Association for Tour and Travel Agents, Kathmandu, Nepal
5. Gulsan Man Singh, Chief Executive Officer, Thamel Tourism Development Board, Kathmandu, Nepal
6. Karna Shakya, Tourism Expert and Entrepreneur, Kathmandu, Nepal
7. Krishna Ram Khadka, Tourism Expert, Senior Director of Studies, Nepal Administrative Staff College, Lalitpur, Nepal
8. Shikhar Persai, President, Pacific Asia Travel Association (PATA) Nepal Chapter, Kathmandu, Nepal.
Appendix G: Country of Visitors of First Sample

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