

Tourism, Employment Generation and Foreign Exchange Earnings in Nepal

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Abstract

An activity of travelling has remained one of the leading contributors of global economic activities, particularly, in employment generation and foreign exchange earnings. With the 56-folds growth of international tourist arrivals from 1950 to 2018 globally, Nepalese tourism industry is widening its scope for employment generation and foreign exchange earnings. The aim of this study is to analyze role of tourism on employment generation and foreign exchange earnings in Nepal. For this, a descriptive study design was employed. Analysis was done by using secondary data of the period 2010-2019. Number of tourist arrival in 2019 (1,197,191) was found nearby double compared to the 2010 (602,867), however, the status of average length of stay remained almost same within this period. Data show, on average, that most of the tourists had visited Nepal for holiday celebration (58.6%), followed by trekking and mountaineering (11.2%) and pilgrimage (11.4%). Average annual share of tourism earnings on total export earnings in 2010-2018 was 21.7% whereas share of tourism earnings on total foreign exchange

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earnings was 6.2%. It is estimated that every 6 tourists visited create 1 employment opportunity in Nepal. Despite the situation of almost double in number of tourist arrival from 2010 to 2019, this study concludes that there was no significant increase in the share of tourism in total foreign exchange earnings and total employment in Nepal.

Introduction

An activity of travelling has remained one of the leading contributors of global economic activities (Cannonier & Burke, 2018; Badal, 2019). Tourism related services, industries and activities were found to have spin-off effects over the other economic sectors, and have multiplier effect on Gross Domestic Product (GDP) (Dhakal, 2016; Saleh et al., 2015). International arrivals has increased globally 56-folds, from 25 million in 1950 to 1.4 billion in 2018 (United Nations World Tourism Organizations [UNWTO], 2019). In 2019, total international tourist arrival grew at 5 percent; and export earnings generated by such arrivals was USD 1.7 trillion. The World Travel and Tourism Council revealed the growth of travel and tourism as 3.5 percent in 2019 (World Travel and Tourism Council [WTTC], 2020b). However, the COVID-19 was found to be a hurdle to the expansion of international tourist arrivals thereby falling the numbers by 60-80 percent in 2020 (UNWTO, 2020c). The global scenario highlights the growing tourism activities, thereby reducing the unemployment rate, particularly in developing economies (Saleh et. al., 2015). Tourism is an important source of foreign exchange earnings and employment, which enlarges the consumer markets, promotes export trade and overall economic growth of a country (Badal, 2019; Basnet, 2016; Dhakal, 2016; Honey & Gilpin, 2009; Matthew et al., 2018; Pandey & Dhakal, 2019; Saleh et al., 2015; Shrestha & Shrestha, 2012; UNWTO, 2019). In 2017, travel and tourism had 3.8% contribution on total employment, which is expected to increase to 4.2 percent in 2028 (WTTC, 2017). Studies have presented Nepal with the enchanting beauty and possibilities for tourism expansion (Basnet, 2016; Dhital, 2009; Ministry of Finance [MOF], 2019; Shrestha & Shrestha, 2012; Subedi, 2018). Nepalese tourism industry has experienced positive signals in inflow of foreign tourists (Pandey & Dhakal, 2019). The scenario of 2019 highlighted 940,200 tourist arrivals, accounting for USD 629.7 million international tourism inbound receipts, and 2.9 percent share on total employment in Nepal (WTTC, 2019). Most tourist arrivals in Nepal were recorded from India, China, USA, Sri Lanka and UK in 2018 (MOF, 2019). The United Nations World Tourism Organization (UNWTO) has appreciated the double-digit growth of tourism in Nepal because of increased air connectivity, growing purchasing power, and enhanced visa facilities (UNWTO, 2019). In such context, objective of this study is to analyze the contribution of tourism on employment generation and foreign exchange earnings in Nepal. In spite of government's emphasis on tourism development, studies analyzing the contribution

of tourism on employment generation and foreign exchange earnings are either scanty or non-existent in Nepal. This study will bridge up this gap.

A number of studies, in several countries, have analyzed the relationship between tourism, and employment generation and foreign exchange earnings. Contemporary situations have been studied using many models. The gist of some literature suggests that there was a positive and significant role of tourism in employment generation and foreign exchange earnings. United Nations Conference on Trade and Development (UNCTAD) (2020) presented the gloomy scenario of the overall tourism sector because of COVID-19 pandemic. Addressing the fact that tourism is one of the major sources of employment, government revenue and foreign exchange earnings for many developed and developing countries, COVID-19 was found to have caused a dramatic rise in unemployment. Report has used a computable general equilibrium model to study the tourism situation in 65 countries. Study found the rise of unemployment by 20 percent in some developing countries, and in some other countries tourism will be wiped out if the same situation continues for a year (UNCTAD, 2020).

Aktar et al. (2014) analyzed the relationship between tourist arrival and foreign exchange earnings in Bangladesh. Study used monthly time series data from 2004 to 2010 from Bangladesh Parjatan Corporation and Bangladesh Tourism Board. Analyzing through Johansen's multivariate cointegration procedure, research indicated the existence of cointegrating relationship between these variables. Study concluded that creating more employment, generating demand for accommodation, improving transportation and branding of the whole nation can be helpful in tourist arrival and foreign exchange earnings.

UNWTO (2019) described the growing role of tourism in the global economy in its 2019 edition report. Analyzing the global trends, report revealed the rise by 5 percent in international tourist arrivals in 2018 (1.4 billion tourists). Tourism expansion not only found supporting economic growth, but also on the job creation, and remained as a catalyst for innovation and entrepreneurship. At regional level, Asia-pacific region recorded fastest-growing region in 2018 by tourist arrivals (348 million), and 7 percent share on international tourist receipts (USD 435 billion).

Matthew et al. (2018) studied on the interaction effect of tourism and foreign exchange earnings on economic growth. Study from Nigeria shows the need to develop the tourism industry because of its potentiality in job creation and also on the economic diversities. The research explained the interaction effect of the tourism and foreign exchange earnings using time series data in the period of 1980-2016, and using fully modified ordinary least squares (FMOLS) and Johansen co-integration techniques. The results have shown positive interaction effect of tourism and foreign exchange earnings on economic growth. Study suggests tourism promotion for foreign

exchange earnings through improvement of amusement parks and recreational centers in Nigeria.

Dhakal (2016) found tourism as one of the major service industry for foreign exchange earnings and employment generation in Nepal. Using the annual time series data of 1991-2014, researcher investigated international tourist arrivals and their duration of stay as a fundamental to the employment and foreign exchange earnings. Author conducted econometric analysis using Johansen test of co-integration and Granger Causality technique. Cointegration analysis shows that there was long-run relationship between foreign exchange earnings, and number of international tourists and average length of stay. The findings from Granger causality analysis revealed existence of unidirectional causality from average length of stay as well as from number of international tourists on foreign exchange earnings. Paper concluded that increased tourist arrival and length of stay increases foreign exchange earnings, which further have a multiplier effect on the economic growth of Nepal.

Shrestha and Shrestha (2012) highlighted the role of the tourism industry in socio-economic sectors; particularly, in earning foreign exchange, employment opportunities and economic growth of country. Study analyzed different aspects related to tourists, like age, gender, nationality, purpose of tourist arrivals, seasonal tourist arrival, length of stay and modes of tourist arrivals based on secondary data from 1962-2010. Article concluded with focusing on the importance of tourism in alleviating poverty with cooperation of the government and private sectors in the tourism sector.

Honey and Gilpin (2009) in their special report addressed the wider aspect of tourism industry in the global economy. Tourism remained as fourth largest industry, after fuels, chemicals, and automotive products, in the global economy generating almost \$1 trillion in global receipts in 2008. Through creating jobs, generating income and diversifying the economy, tourism has much to do with promoting peace and reducing poverty. Report urged peace and economic development as prerequisites for tourism development and vice-versa.

Methodology

This study employed descriptive design to analyze the data of last ten years from 2010 to 2019 on the tourism of Nepal. Secondary sources of data were retrieved through the rigorous search of reports, books and journal articles from national and international government and non-governmental organizations. Study materials were selected and reviewed based on the objective of this study. Analysis was made with the help of qualitative descriptions and figures, as well as tables and diagrams.

Analysis of data

Current scenario of Nepalese tourism

Nepalese tourism sector earnings in 2019 stood at around USD 724,337 thousand, which was almost 16 % higher than previous year 2018 (MOCTCA, 2020). Per day expenditure was found slightly increased (48 USD/tourist/day) in 2019. In 2017 per day spending of foreign tourist was account to be \$54, which decreased slightly to \$44 per day in 2018. These data were very unsatisfying based on the year 2003, where per day spending was \$79.1. Furthermore, 1,197,191 international tourists were found visiting in 2019 in Nepal. The situation of tourist arrival in Nepal shows increasing in numbers from 2010 (602,867) till 2012 (803,092), decreasing from 2013 to 2015 thereby again increasing till 2019 (1,197,191), as shown in table 1. The situation was determined by the political scenario at large; the decrease in number during 2015 was because of earthquake and Indian economic blockade. Likewise, the average length of stay was found to be slightly increasing in the year 2019 (12.7 days) than 2018 (12.4 days). However, the average length of stay was found almost constant from 2010 to 2019.

Table 1: Tourist arrival and average length of stay 2010-2019

Year	Tourist arrival	Average Length of Stay
2010	602,867	12.7
2011	736,215	13.1
2012	803,092	12.2
2013	797,616	12.6
2014	790,118	12.4
2015	538,970	13.7
2016	753,002	13.4
2017	940,218	12.6
2018	1,173,072	12.4
2019	1,197,191	12.7

Source: MOCTCA, 2020

Major source countries

Major source countries for Nepalese tourism industry are India, China, Sri Lanka, USA and UK. Data of last ten years (2010-2019) suggest that share of these five countries in annual tourist arrival ranged from 46.8% to 53.0%. Likewise, Germany, France, Australia and Japan are the countries having important share on total tourist

arrival in Nepal in last ten years. However, in recent year visitors from Thailand, South Korea and Myanmar has also significant visitors in Nepal. The data on share of these countries on total tourist arrival is available only for few years: South Korea (4 years), Myanmar (4 years) and Thailand (7 years) and have total share of 9% and above. In summary, Chinese tourists most significantly increased in Nepal in comparison to other countries in last ten years' period (China's share on total tourist arrival within this period increased from 7.7% to 14.2%) and Nepal has been destination for visitors from many countries from where there were insignificant visitors in the past. Table 2 shows tourist arrival by major nationality.

Table 2: Tourist arrival by major nationality (percentage) (2010-2019)

Year	India	China	Sri Lanka	USA	UK	Germany	France	Japan	Australia	Others
2010	20.1	7.7	7.6	6.0	5.8	3.7	4.1	3.9	2.7	38.4
2011	20.3	8.4	8.1	5.8	5.3	3.7	3.6	3.6	2.7	38.5
2012	20.6	8.9	8.7	6.1	5.1	3.8	3.6	3.6	2.7	36.9
2013	23.2	12.4	4.1	5.9	4.5	3.5	3.5	3.3	3.5	36.1
2014	17.1	15.7	4.8	6.3	4.7	2.3	3.0	3.3	3.1	39.7
2015	13.9	12.0	8.0	10.0	3.8	2.3	2.0	2.7	2.7	42.6
2016	15.7	13.8	7.6	7.1	6.15	3.2	2.3	3.1	3.4	37.7
2017	17.1	11.1	4.8	8.4	5.4	3.2	2.8	2.9	3.6	40.8
2018	16.6	13.1	6.0	7.8	5.41	3.2	2.7	2.5	3.3	39.5
2019	21.2	14.2	4.7	7.8	5.1	3.1	2.6	2.6	3.3	35.4
Average	18.6	11.7	6.4	7.1	5.13	3.2	3.0	3.2	3.1	38.6

Source: MOCTCA (2020)

Purposes of tourist arrival

Classification of tourists by purpose of visit is important to know their economic contribution. Based on the purpose of visit by tourists, country should make plan and develop necessary infrastructure. Obviously, it helps to know whether country is receiving high value tourists. Data of the last ten years (2010-2019) suggest that, on average, most of the tourists had visited Nepal for holiday celebration (58.6%), followed by trekking and mountaineering (11.2%) and pilgrimage (11.4%). Furthermore, 18.8% tourists were found to have visited by other purposes. However,

data on business purpose, official visit and convention/conference purpose are not available for 2017, 2018 and 2019. Holiday celebration is main purpose of travel in all regions of world except Middle East (UNWTO, 2020b). According to UNWTO, in 2018, global share of leisure was 56.0%. As most of the tourists had visited Nepal for holiday pleasure and trekking and mountaineering, this is good situation for Nepal. It is because these people spend relatively more compared to people coming for other purposes. However, for this there is the necessity of providing more tourism products to the tourists. Average daily spending by tourists in Nepal is very low (\$ 48 in 2019 and \$44 in 2018), which is one of the lowest in the world. It is very low compared to major tourist destinations of the world. For example, such expenditure in Spain (2nd tourist destination of world in 2018) in 2018 was \$167.4 whereas in USA (3rd tourist destination of world) it was \$194.4 in 2018 (UNWTO, 2020a). One reason behind such low spending by tourists might be limited tourism products.

Table 3: Tourist arrival by purpose of visit (percentage) (2010-2019)

Year	Holiday Pleasure	Trekking and mountaineering	Business	Pilgrimage	Official	Convention/Conference	Others	Not specified
2010	43.8	11.6	3.5	16.8	4.4	1.6	8.7	9.6
2011	57.8	11.7	2.4	8.7	3.3	1.5	5.1	9.6
2012	47.3	13.1	3.1	13.7	3.8	1.7	6.0	11.4
2013	54.9	12.2	3.8	5.1	5.0	2.0	7.8	9.2
2014	50.1	12.3	3.1	12.5	4.1	1.7	6.8	9.4
2015	71.6	1.7	3.9	2.8	4.0	1.7	14.4	-
2016	65.0	8.8	3.2	11.0	2.8	1.7	7.4	-
2017	70.0	8.0	NA	15.0	NA	NA	7.0	-
2018	60.0	16.0	NA	14.4	NA	NA	9.6	-
2019	65.0	16.5	NA	14.4	NA	NA	4.1	-

Source: MOCTCA (2020)

Nepal has some very attractive tourist locations for adventure tourism (for example, for rafting, trekking and mountaineering) and pilgrimage (for example, Pashupatinath, Muktinath and Lumbini). However, number of tourists visited for these purposes is not significant. Total number of visitors in Lumbini in 2019 was 374,005 (MOCTCA, 2020). Lumbini is birthplace of Lord Buddha. World Buddhist population in 2010

was 488 million (Pew Research Centre, 2010), which is major source of visitors for Lumbini. In case of Mecca (which is birthplace of Muhammad), the situation is totally different. Total number of visitors in Mecca in 2018 was 7,952,121 (Wikipedia, 2020). The major source of visitors of Mecca is Muslim population, which was 1.6 billion in 2010 (Pew Research Centre, 2010). Such situations show that there is lack of sufficient promotional activities in Nepalese tourism. Based on the importance of particular tourist location, promotional activities should be designed.

Table 4: Average daily spending by tourists in selected countries (2018)

Country	Average daily spending (\$)
Spain (2 nd tourist destination of world)	167.4
United States of America (3 rd tourist destination of world)	194.4
Italy (5 th tourist destination of world)	120.2
Thailand (9 th tourist destination of world)	163.7
Japan	144.7
Sri Lanka	173.8
Myanmar	122.0
Lao PDR	90.7
Cambodia	96.3
Nepal	44.0

Source: MOCTCA (2020); UNWTO (2020a)

Tourist arrival by month and route

From earlier section, it is clear that tourists visiting Nepal have different purposes. By nature, each purpose has its own season to visit Nepal. For example, autumn season (September, October and November) is best trekking season in Nepal (World Expeditions, 2020). In this season, atmosphere is cleared by monsoon rain of late May to mid-September so that it offers wonderful panorama of Himalayan mountain ranges. During this season, clear blue sky can be seen and warm sunshine lasts throughout the day. Clearly, depending upon intensity of monsoon, the best time for trekking generally starts around mid-September. Similarly, spring season (March, April and May) is best time for climbing mountains in Nepal. At this time, weather is warm and there is less snow deposited in the mountains.

Table 5: Tourist arrival by month (percentage) (2010-2019)

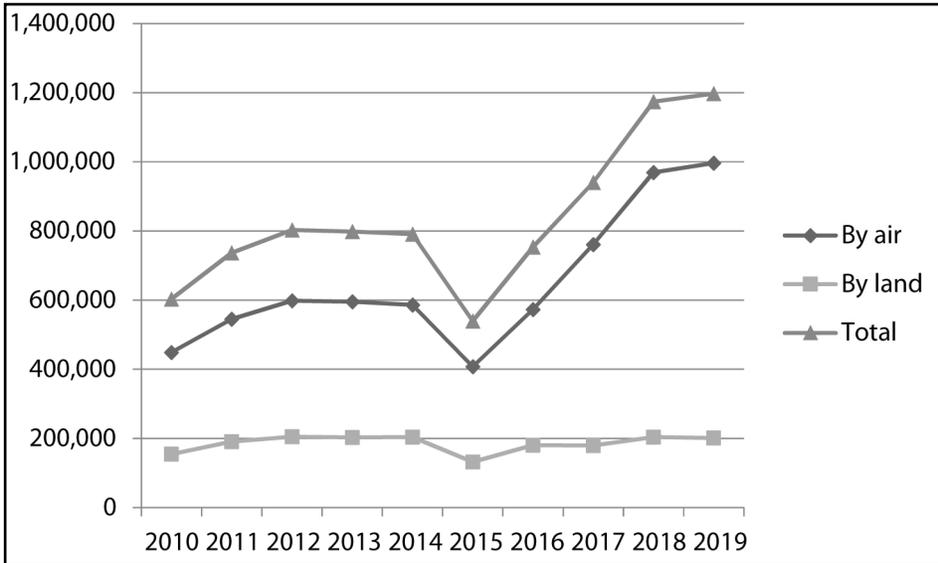
Year	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
2010	5.8	6.7	10.5	7.6	5.4	5.5	6.5	9.1	9.1	13.1	11.2	8.4
2011	5.8	7.7	9.2	8.1	6.3	6.3	5.8	9.7	8.6	13.2	11.3	8.2
2012	6.5	8.3	11.1	8.7	6.3	6.7	6.2	9.0	8.3	10.8	10.4	7.9
2013	6.0	8.4	11.1	8.2	6.6	6.9	6.8	8.6	8.4	12.5	9.5	7.2
2014	8.9	8.7	10.1	10.1	7.9	6.4	5.9	7.6	6.7	10.3	9.7	7.7
2015	7.2	10.9	14.7	12.2	3.3	3.4	4.3	7.2	7.3	10.5	10.8	8.4
2016	5.6	8.1	10.2	8.0	6.2	5.2	6.4	8.8	9.9	11.9	9.6	10.1
2017	6.7	8.9	11.3	9.4	6.7	6.0	4.5	7.9	7.3	12.0	10.6	8.8
2018	6.2	7.6	10.6	8.4	5.9	5.6	6.3	7.5	7.8	11.2	12.6	10.4
2019	6.8	8.6	10.6	9.1	6.5	6.3	5.9	7.9	7.7	11.2	10.9	8.4
Average	6.6	8.4	10.9	9.0	6.1	5.8	5.6	8.3	8.1	11.7	10.7	8.6

Source: Researchers' calculation based on MOCTCA (2020)

Analysis of last ten years' data shows that there is fluctuation in tourist arrival in Nepal in different months. On average, tourist arrival increased from January to March. It decreased from April to June. In July and August, it increased whereas in September, it decreased. Tourist arrival was highest in October, after that it decreased again in November and December. Clearly, tourist arrival was better in March, October and November. Tourist arrival was lowest in June. However, there was no significant difference in tourist arrival in three months May, June and July. Tourist arrival was highest in October. As monsoon rain occurs from late May to mid-September, there was relatively low tourist arrival in these months. After the end of monsoon rain, tourist arrival was relatively better in October, November and December. As mentioned earlier, this is best time for trekking. Some popular trekking areas of Nepal are Mustang, Lower Dolpa, Upper Dolpa, Humla, Manaslu, Kanchanjunga, Narphu, among others.

Majority of tourists visit the country by air. Data of last ten years (2010-2019) suggest that 77.0% tourists, on average, visited the country by air whereas 23% visited by land (MOCTCA, 2020). Globally, 58% tourists travelled by air in 2018 (UNWTO, 2020b). Figure 1 shows tourist arrival in Nepal by air and land during 2010-2019.

Figure 1: Tourist arrival by air and land (2010-2019)



Source: MOCTCA (2020)

Tourists visiting Nepal by land enter through both India and China. These tourists are not only Indian and Chinese but also are of other countries. In 2019, such tourists had entered from Kakadvitta, Birgunj, Rasuwagadi, Bhairahawa, Nepalgunj, Kailali and Mahendranagar. Total number of tourists entering from these entry points was 201,307. Most of them (80.2%) had entered from Bhairahawa, followed by Timure (13.3%), Kakadvitta (4.2%), Gaddachauki (1.5%), Birgunj (0.6%), Nepalgunj (0.2%) and Dhangadi (0.1%). Major reason behind entering most of the tourists from Bhairahawa is to visit Lumbini. This is supported by the fact that among 201,307; 60.7% were from Myanmar, South Korea, Sri Lank and Thailand. The visitors from all these countries mostly visit Lumbini.

Current situation of Nepalese tourism industry

Table 6 shows current situation of Nepalese tourism industry. According to MOCTCA (2020), 43,999 beds are available from 1,289 hotels in Nepal. Out of which 13,200 beds are available from 138 star hotels and remaining 30,799 beds are available from other tourist standard hotels. Average stay of tourist in Nepal was 12.7 days in 2019. This accounts that Nepalese star and other tourist standard hotels can only accommodate 1,264,538 tourists each year. Apart from beds at hotels, 1,088 beds are available from 389 registered homestay in Nepal. These can accommodate 31,269 tourists throughout the year. Thus, altogether present hotels and homestays can accommodate 1,295,807 tourists in a year.

Government of Nepal had targeted to welcome 2,000,000 tourists for proposed visit Nepal 2020 campaign which was cancelled due to pandemic caused by corona virus disease. Thus, existing beds of star and other tourist standard hotels, and homestays were insufficient to welcome 2,000,000 tourists. Nepalese government is discussing on different programs for future like organizing visit Nepal 2022 and celebrating tourism decade 2021-2030. Therefore, proper planning for the tourist facilities must be in government priority. If target is to welcome 2,000,000 tourists per year, there should be 69,589 beds if average length of stay is 12.7 days. Table 9 shows that, in Nepal 22,091 tourist guides are available that composed of 4,200 tour guides, 17,625 trekking guides and 266 river guides.

Based on the data of table 1 and 9, average occupancy rate of hotels and home stays seems to be around 92%. However, as a substantial number of unregistered hotels provide accommodation to the tourists, this high average occupancy rate might be different from reality (Hotel Association Nepal [HAN], 2017).

Homestays in rural area are helping in promoting rural tourism. Tourism is becoming popular in many rural parts of Nepal and many local people are learning, about tourism, by doing through homestay. This initiation of local people shows good potential of extending tourism industry in Nepal. This can be a tool for promotion of cultural tourism. Such homestays are very popular among the internal tourists as well.

All the tourists arrived in Nepal were served by 3,680 travel agencies, 2,764 trekking agencies, 81 rafting agencies and 82 tourist transportation agencies. Altogether there were 22,091 tourist guides in Nepal in 2019. It shows that a guide was serving many tourists. So, there is the necessity of increasing trained manpower in order to provide quality service to the tourists. Nepal has bilateral air service agreements with 40 countries only. Total no. of airline seats is 9,000,000 per year. So, Nepal should expand connectivity through more bilateral air service agreements with the nations.

Table 6: Current situation of Nepalese tourism industry

Indicators	
A. No. of hotels	
a. Star hotels	138
b. Other tourist standard hotels	1,151
Total	1,289
No. of beds	
a. Star hotels	13,200
b. Other tourist standard hotels	30,799
Total	43,999
B. No. of travel agency	3,680
C. No. of trekking agency	2,764
D. No. of rafting agency	81
E. No. of tourist transportation service	82
F. No. of guide	
a. Tour guide	4,200
b. Trekking guide	17,625
c. River guide	266
Total	22,091
G. Registered home stay	
a. Community	310
b. Private	79
Total	389
No. of rooms	
a. Community	438
b. Private	225
Total	663
No. of beds	
a. Community	742
b. Private	346
Total	1,088
H. No. of airline seats	9,000,000 per year
I. No. of countries having Nepal's bilateral air service agreements	40
J. Total tourist arrival	1,197,191

Source: MOCTCA (2020)

Table 7 summarizes growth of some indicators of tourism industry. These indicators have experienced growth over given period of time. Average growth of beds in star and other tourist standard hotels is lower than average growth of tourist arrival. Data on growth of travel agency, trekking agency, rafting agency, tourist transportation service and river guides are available for last 7 years only whereas that of tour and trekking guides are available for last 6 years only. Comparing last 7 years' period, average annual growth of tourist arrival (8.4%) is higher than average annual growth of travel, trekking and rafting agency whereas lower than growth of tourist transportation service and river guides. On the other hand, comparing last 6 years' period, average annual growth of tourist arrival (9.9%) is higher than average annual growth of tourist guides whereas lower than that of trekking guides. As growth of beds in star and other tourist standard hotels is low compared to growth of tourist arrival, there is the necessity establishing new hotels in Nepal.

Table 7: Growth of tourism industry (percentage) (2010-2019)

Year	Growth of								
	Tourist arrival	Beds in star and other tourist standard hotels	Travel agency	Trekking agency	Rafting agency	Tourist transportation service	Tour guides	Trekking guides	River guides
2010	18.2	3.0	NA	NA	NA	NA	NA	NA	NA
2011	22.1	4.9	NA	NA	NA	NA	NA	NA	NA
2012	9.1	2.9	NA	NA	NA	NA	NA	NA	NA
2013	-0.7	9.1	9.4	10.2	15.4	61.3	NA	NA	31.0
2014	-0.9	4.8	6.6	8.1	1.7	18.0	6.2	7.1	0.0
2015	-32	2.1	6.0	6.0	8.2	13.6	5.2	8.8	42.8
2016	40	3.5	24.4	17.3	9.1	7.5	6.0	14.9	10.7
2017	25	4.2	11.0	11.4	1.4	0.0	4.3	6.0	11.1
2018	25	2.6	-8.3	0.5	0.0	6.9	6.5	17.5	10.0
2019	2.1	7.7	4.9	4.3	11.0	6.5	1.8	8.5	5.1
Average	10.8	4.5	7.7	8.3	6.7	16.3	5.0	10.5	15.8

Source: MOCTCA (2020)

Contribution of tourism on foreign exchange earnings

Globally, tourism had 7% share in total export earnings whereas 29% share in earnings from service export in 2018 (UNWTO, 2020b). In Nepal, average annual share of tourism earnings on total export earnings in 2010-2018 was 21.7% whereas share of tourism earnings on total foreign exchange earnings was 6.2%. Table 8 shows share of tourism earnings on total export earnings and total foreign exchange earnings in last nine years' period.

Table 8: Share of tourism earnings on total export earnings and total foreign exchange earnings

Year	Total convertible foreign exchange earnings (NRs ten million)	Foreign currency earned from tourism (NRs ten million)	Share of tourism earnings on total export earnings (%)	Share of tourism earnings on total foreign exchange earnings (%)
2010	38,030.1	2,540.9	20.2	6.7
2011	53,691.0	3,180.1	20.0	5.9
2012	62,965.6	3,420.5	18.9	5.4
2013	77,075.1	4,611.5	20.5	6.0
2014	87,212.4	7,729.9	21.6	8.9
2015	92,686.4	4,111.5	19.6	4.4
2016	93,490.4	5,197.7	24.3	5.6
2017	108,010.1	6,566.0	25.4	6.1
2018	116,431.2	7,420.2	25.1	6.4
Average	81,065.8	4,975.4	21.7	6.2

Source: Calculations based on MOF (2019) and MOF (2020)

Table 9 shows contribution of tourism and other different sources of foreign exchange earnings of the country in different years. Remittance had highest contribution on foreign exchange earnings. Clearly, compared to remittance, foreign aid, export of goods and tourism had lower contribution on foreign exchange earnings. Service had a dominant contribution on foreign exchange earnings.

Table 9: Sources of convertible foreign exchange earnings (NRs. ten million)

Year	Foreign exchange earnings from service			Export of goods	Diplomatic missions	Foreign aid	Others
	Remittance	Tourism	Interest earning on foreign investment				
2010	22,590.9 (59.4%)	2,540.9 (6.7%)	462.5 (1.2%)	3,985.3 (10.5%)	548.1 (1.4%)	2,966.5 (7.8%)	4,935.9 (13.0%)
2011	33,336.7 (62.1%)	3,180.1 (6.0%)	325.4 (0.6%)	5,298.3 (9.9%)	936.6 (1.7%)	4,100.7 (7.6%)	6,512.8 (12.1%)
2012	39,434.9 (62.6%)	3,420.5 (5.4%)	416.7 (0.7%)	6,432.5 (10.2%)	1,839.0 (2.9%)	3,566.7 (5.7%)	7,855.3 (12.5%)
2013	49,030.3 (56.2%)	4,611.5 (6.0%)	681.8 (0.9%)	7,482.2 (9.7%)	2,634.8 (3.4%)	4,053.3 (5.3%)	8,581.3 (11.1%)
2014	54,005.3 (62.0%)	7,729.9 (8.9%)	854.6 (1.0%)	7,354.5 (8.4%)	3,248.1 (3.7%)	2,485.4 (2.9%)	11,534.5 (13.2%)
2015	59,458.8 (64.2%)	4,111.5 (4.4%)	845.6 (1.0%)	5,768.4 (6.2%)	3,997.8 (4.3%)	7,083.9 (7.6%)	11,420.2 (12.3%)
2016	60,249.7 (64.4%)	5,197.7 (5.6%)	1,098.2 (1.2%)	6,120.6 (6.5%)	2,672.8 (2.9%)	5,542.2 (5.9%)	12,609.6 (13.5%)
2017	65,400.3 (60.6%)	6,566.0 (6.1%)	1,704.5 (1.6%)	6,862.2 (6.4%)	2,096.1 (1.9%)	9,576.5 (8.9%)	15,804.5 (14.6%)
2018	75,069.0 (64.5%)	7,420.2 (6.4%)	1,712.2 (1.5%)	8,018.0 (6.9%)	2,119.9 (1.8%)	6,675.6 (5.7%)	15,416.3 (13.2%)
Average	50,952.9 (61.8%)	4,975.4 (6.2%)	900.2 (1.1%)	6,369.1 (8.3%)	2,232.6 (2.7%)	5,116.8 (6.4%)	10,519.0 (12.8%)

Source: Calculations based on MOF (2019)

Contribution of tourism on employment

Tourism creates employment directly as well as indirectly. Direct employment includes jobs in hotels, airlines, travel agencies, rafting agencies, and so on. On the other hand, indirectly employment opportunities are created in those activities which supply goods and services to hotels, construction industry where infrastructure is build up to provide facilities to the tourists, handicraft industry, and so on. MOCTCA (2014) had conducted tourism employment survey in 2014. Survey found that 138,148 jobs were created in Nepalese tourism industry in 2014. Among the employed people, 5% were self-employed whereas 95% were employees. Among the employed people, 80% were male and 20% were female. Similarly, 24% were seasonal workers. Furthermore, 32% workers had secondary job. It shows that a significant proportion of employed people work as part-time worker in this industry. Among the employed people, 18.8% were highly skilled, 28.3% skilled, 40.9% semi-skilled and 12% unskilled. Table 13 shows employment opportunity generated per industry in tourism in Nepal.

Table 10: Employment generation per industry in tourism

Indicator	Average no. of employee
Star hotel	128
Tourist standard hotel	43
Home stay	12
Trekking agency	29
Travel agency	12
Rafting agency	15
International airline	442
Domestic airline	394
Others (Paragliding and ultra-light)	20

Source: MOCTCA (2014)

Time series data are not available on the employment created by tourism industry. MOCTCA (2014) estimated that every 6 tourists visited had created 1 employment opportunity in Nepal. Based on this fact, estimation can be done on employment generated by tourism in different years. For example, as 1,197,191 tourists visited the country in 2019, it can be estimated that 199,532 jobs were created from tourism in 2019. Thus, tourism is one of the important sectors that can create a number of jobs in the economy. Central Bureau of Statistics (CBS) had conducted economic census in 2018. That census did not measure employment in tourism. However, according

to that census 346,272 people were employed in accommodation and food industry whereas 16,062 were employed in arts, entertainment and recreation (CBS, 2019).

International agencies have maintained databases of travel and tourism industry, which include the data of Nepalese travel and tourism industry also. However, these databases do not provide data on travel industry and tourism industry separately. In 2019, 330 million jobs were created in travel and tourism industry in global economy (World Travel and Tourism Council [WTTC], 2020a). WTTC had found that out of every 10 jobs created, 1 was associated with travel and tourism in 2019. In last five years, 1 in 4 net new jobs were created by travel and tourism in global economy.

Data of the last ten years suggest that direct contribution of travel and tourism industry to total employment, on average, is 3.1% whereas such contribution under total contribution to employment is 6.5%. Since 2016, number of employment in travel and tourism industry and its share on total employment is increasing under direct as well as total contribution to employment.

Table 11: Contribution of travel and tourism to employment in Nepal

Year	Direct contribution to employment			Total contribution to employment		
	No. of employment	Share of total employment	Growth of employment	No. of employment	Share of total employment	Growth of employment
2010	352,552	2.8%	-15.6%	773,232	6.1%	-14.8%
2011	434,248	3.3%	23.2%	921,054	7.0%	19.1%
2012	396,412	3.0%	-8.7%	841,508	6.3%	-8.6%
2013	419,845	3.1%	5.9%	888,274	6.5%	5.6%
2014	435,439	3.1%	3.7%	928,231	6.6%	4.5%
2015	424,942	2.9%	-2.4%	901,547	6.2%	-2.9%
2016	442,783	3.0%	4.2%	919,144	6.2%	2.0%
2017	497,652	3.2%	12.4%	1,027,110	6.6%	11.8%
2018	517,182	3.3%	3.9%	1,070,420	6.7%	4.2%
2019	531,916	3.3%	2.9%	1,102,510	6.8%	3.0%
Average	445,297	3.1%	3.0%	853,152	6.5%	2.4%

Source: The World Bank (2020)

Conclusion

The analysis of last decade (2010-2019) shows that the number of tourist arrivals in 2019 nearly doubled compared to the arrival of 2010; however, the status of average length of stay remained almost similar to that of 2010. Major 5 countries, i.e. India, China, Sri Lanka, USA and UK shared almost half of the tourist arrival in Nepal. Almost half of total tourists' purpose of such visit was holiday celebration. Autumn season was mostly enjoyed by tourist for trekking. The average annual share of tourism to total foreign exchange earnings from service was almost 6 percent. As compared to remittance, foreign aid and export of goods, tourism has lower contribution on foreign exchange earnings in Nepal. Tourism has role on employment generation directly as well as indirectly. It was estimated that every 6 tourist visited had created 1 employment opportunity in Nepal. This means 199,532 jobs were estimated to be created by 1,197,191 tourists who visited the country in 2019. In the last decade, there is improvement in tourist arrival in Nepal. Finally, this study concludes that despite the increase in number of tourist arrival, there were no significant increase in the share of tourism in foreign exchange earnings and employment in Nepal.

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