

## **Tourism for Economic Prosperity in Gandaki Province of Nepal**

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### **ABSTRACT**

*Tourism is a multidimensional mega industry interconnected with hospitality services and facilities. It generates assorted business connectivity with transportation, accommodation, food and beverage, entertainment, nature, culture and adventure business and facilities. Obviously, tourism has some significant implications over the local economy at community as well as destination level. However, the variance of tourism impacts on various districts and provinces of Nepal mainly depends on the availability and abundance of tourism products, activities and the level of hospitality practices of the destinations. This study, therefore, is an attempt to analyze the potentiality of tourism as an opportunity for economic prosperity in Gandaki Province of Nepal based on the economic contributions of major tourism components of the province. The trend of visitors' flow, people's involvement in tourism as entrepreneurs, volume of revenue generation and the number of employment creation are major variants of analysis for this paper. The paper is based on qual-quan method of analysis with partial use of secondary data published from tourism related authorities and organizations whereas a focus group discussion of the leaders of tourism entrepreneurs' associations and the representations of concerned authorities is the major source of primary information. The study has come up with the finding that there is a huge potentiality of tourism development and an ample opportunity for economic prosperity via tourism in Gandaki province and hence suggested to incorporate tourism in the plans and policies of the province as a crux of development mainly*

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*through the involvement of local community, enhancement of village tourism and promotion of adventure tourism activities and products in the province.*

**Keywords:** *Tourism components, length of stay, hospitality, prosperity, entrepreneurship.*

## INTRODUCTION

Tourism is a multidimensional mega industry allied with various business domains ranging from hospitality operations to the agriculture. It generates expanded business connectivity with transportation, accommodation, food and beverage, entertainment, nature, culture and adventurous activities and business facilities. It is not only a business rather social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business and professional purposes and generates the various business activities related with transportation, accommodation, entertainment, food and beverage facilities. Hence, tourism has a significant impact on the society, culture, environment and the economy in the destination area (Archer & Cooper, 2001; Sharma, 2007; Kunwar, 2010). Being a multi-dimensional industry having a huge connectivity, tourism contributes significantly to the global, national and local economy of the host and guest country. Goeldner and Ritchie (2012) opines tourism as the science, arts and business with a composite activity, services and industries that deliver a travel experience by transportation, accommodation, eating and drinking establishments, shops, entertainment activity facilities and other hospitality services available for individual or groups that are travelling away from home.

Tourism, which is sometime called a smokeless industry, is primarily based on the hospitality of local people in a host community and hence, it is more labor intensive sector. Tourism activities have been started since the beginning of human civilization. But the development trend of modern tourism started right after the Second World War and it is the fastest growing industry in the world which has been growing at the rate of almost four percent continuously in an average annually (Kunwar, 2010). The trend of tourism activities has been geared up professionally right after the Second World War. There are more than 1.4 billion visitors annually visiting different tourist destinations, however most of their destinations are within Europe. The trend of tourist activities has been increasing significantly in the World tourism scenario, which contributes almost 10 percent of global economy (UNWTO, 2019).

The tourism industry is one of the major sources of income for the people of the countryside in most of the developing countries. Besides, tourism development can influence

various sectors such as increasing employment and generating foreign exchange by extending tourist related business and services. It may also help to improve the balance of payment of the country (Sharma, 2011). Moreover, Meyer and Meyer (2015) indicate that in developing countries, tourism is specifically seen as a tool to promote economic development and alleviate poverty as an alternative to other traditional economic sectors such as industrialization. Tourism as a low skilled, labor-intensive industry has many benefits for local regions including poverty alleviation and a key sector for local economic development (LED). Besides that, Mountain Tourism seems significant to improve the living standard of local community (Gurung, 1980) and improve the livelihood to reduce rural poverty (Sharma, 2007) in the context of Nepal.

In pre-covid situation, travel and tourism was unquestionably the biggest global industry of 21<sup>st</sup> century. Its contribution was 10.4 percent GDP in 2019 that accounted for US\$ 9.17 trillion and 334 million (10%) jobs globally. After the covid-19 pandemic, the GDP contribution of global tourism industry plummeted to 5.5 percent with a loss of almost US\$ 4.5 trillion revenues and 61.6 million jobs around the globe (WTTC, 2021). Nepal received 11,97,191 tourists in 2019 that contributed NPR 247.5 billion (6.7%) for national economy by generating more than one million jobs that accounts for 6.9% of total national employment. Hence, the contribution of tourism to the overall national economic development has been quite significant. In this context, this paper has tried to analyze the contribution of tourism for economic prosperity based on available tourism products and services, trend of visitors, investment and returns from tourism in national and provincial context of Gandaki.

## DATA AND METHODS

This study area for this paper is Gandaki Province which is situated almost at the center of Nepal covering an area of 22,587 sq km that happens to be 15.3 percent of the country's total area (Khatiwada et.al, 2018). The province has access to the international boarder of Tibet of China in the north and Uttar Pradesh of India in the South. The province has divided into 11 administrative districts that covers all three geographic zones of the country from Terai to Mountains with five different climatic characteristics. Manang and Mustang districts are in the high mountain region in the northern part whereas Nawalpur, the southern district of the province, represents the inner Terai. Other eight districts of the province have mixed geo-structure of mountains and hills. Some settlements in northern part of Myagdi, Baglung, Kaski, Lamjung and Gorkha are also in high mountain region. Pokhara, the capital city of Gandaki province also declared the tourism capital of Nepal is one of the most popular tourist

destinations of the country. Pokhara is a picturesque city located at an elevation of 827m from sea level receives almost 39 percent tourists annually out of the total visitors in Nepal (Khatiwada et.al, 2021). It shows the sufficient base for tourism development in Gandaki province. At the same time, the provincial government of Gandaki has also declared tourism as the potential sector of economic prosperity of provincial economy.

This study is mainly based on the secondary data collected from UNWTO, WTTC, Ministry of culture, tourism and aviation (MOCTCA), Provincial Government of Gandaki, Nepal Rastra Bank, Nepal Tourism Board, Pokhara Tourism Council, Annapurna Conservation Area Project and other related organizations published and unpublished reports and documents. The qualitative data of this study were collected from the primary sources from the key informants and a focus group discussion among the tourism stakeholders of Pokhara in the month of July 2023. There were 16 participants of the focus group discussion and four key informants as the leaders of tourism entrepreneurs' associations, the tourism experts and the local media persons of Pokhara. The paper has applied mostly the qualitative aspect with constructive research approach however the quantitative approach also applied on the base of secondary data. The core value of this research was to discuss the potentiality of tourism for the economic prosperity of Gandaki province. Accordingly, this paper has tried to justify the statement with the availability of tourism products, resources and facilities, trend of tourist arrivals, investment and returns in the province comparison with the national figure of the country.

## **RESULTS AND DISCUSSION**

Nepal has almost all the climatic touch within a very short geographical distance. The diverse ecological zones with rich bio-diversity and the ethnic rural settlements with unique socio-cultural identity have termed Nepal alone of the most fascinating tourist destination of the world (Sharma, 2011). The mountainous landscapes with hospitable indigenous community of Nepal provide significant potential to use nature and culture-based tourism as a low cost, eco-friendly alternative to support socio-economic growth and fight poverty (Upadhyay, 2006; Sharma, 2007). Nepal has immense potential for tourism development as it is full of places that attract tourist from all over the globe with its natural beauty like Mount Everest with others Snow Peak Mountains, several lakes and rivers for the nature lovers and pleasures seekers (Gurung, 1980). Likewise, the country is enriched with the unique cultural heritages of ethnic community with their traditional practices and the ancient temples and monasteries related

with Hindu and Buddha religion. Nepal has a number of popular destinations for adventurous events and exiting activities like trekking, boating, hunting, mountain flight, paragliding, rafting, and the friendly people with their innocent smile and rural ethnic settlements are other major interest of tourist visiting in Nepal (Sharma, 2011).

Tourism has started since 1950 in Nepal and is mainly concentrated in Kathmandu, Pokhara, and Chitwan at the beginning. Likewise, the Annapurna region of Gandaki province, Langtang and Khumbu of the Everest region have been famed as popular trekking destinations. Nepal is popularly known as idyllic mountain tourism destination because it offers a variety of tourism activities such as hiking, trekking, mountaineering, sightseeing, bird watching, homestay, eco-trek/lodge, high-altitude sports and adventures etc. as pointed by the local tourism stakeholders of Pokhara. Among the various prime tourist locations of Nepal, Gandaki Province is centrally located in the country, cosmically blessed and naturally gifted area with beautiful resources for tourism (Chauhan, 2004; Upadhyaya & Khaitwada, 2012).

In the national tourism spectrum of Nepal, Gandaki Province remains as the crux since it is centrally located and blessed with immense potential for tourism development and promotion. The diverse topography, unique combination of bio-diversities, typical cultural richness and mesmerizing natural beauties are some of the tourism assets of this province as opined by the stakeholders. The tourism activities of Gandaki province started in 1950 with a mountaineering expedition and from the 1960 the adventure pleasure seekers visit the rural settlements while trekking in the base areas of high Mountains. Gandaki Province as they came to know about this segment of the Great Himalaya through the book 'The Annapurna' written by a French Expedition Team Leader Maurice Herzog, the first climber of Annapurna peak on 3<sup>rd</sup> June 1950 (Gurung, 1980; Mierow, 1997). Some settlements in Gandaki Province are in the lap of mountains exhibiting the beauty of nature. The ethnic settlements with their traditional lifestyle, religious activities, cultural practices, unique heritages all show the examples of exquisite craftsmanship of the beauty and the richness of nature's endowments that make this province specifically and Nepal at large a tourist's paradise (Gurung, 1980; Sharma, 2011).

Gandaki province is famous for mountaineering, trekking, rafting and others adventure activities and excellent natural beauty of three highest mountains over 8000 m like Dhaulagiri (8167 m), Manaslu (8163 m) and Annapurna (8091 m) in proximity (Gurung, 1980). In the eyes of tourism stakeholders of Pokhara as expressed by them, the beauty of Gandaki Province as a tourism destination lies in river corridors, basins, valleys and hills full of scenic beauties, hot springs, waterfalls, lakes, caves, unspoiled biodiversity and tranquil atmosphere. Further, they

added that ethnic rural settlements that can represent the traditional culture of the province have been developed as home-stay tourism destinations also have enormous natural and cultural attractions for tourists. The strategic location of homestays from the city center is another strong point to boost rural tourism in the days to come. The community based homestays has played important role to distribute income from tourism equally on pro-rata basis among rural households. Hence, not only easily accessible destinations but also the remote rural parts of Gandaki Province have gradually become the center of attractions for visitors mostly due to their diverse landscape, unique bio-diversities and culturally rich hospitality blended with traditional value as concluded in the focus group discussion.

The table 1 below shows the national trend of visitors increase or decrease in an average of 40 percent tourist visiting the country annually visit Pokhara and Annapurna region of Gandaki Province. Likewise, among the visitors in Pokhara almost 40 percent of them prefer to go for trekking or hiking in the villages or rural settlements of Gandaki province but the findings of similar types of previous research shows 65 percent in adventure trekking and hiking (Khatiwada, 2011 & Upadhyaya, 2011). It shows the decreasing trend of visitors in adventure trekking and hiking points in the province due to lack of the preservation of the culturally and naturally beautiful traditional trails.

**Table 1**

*Tourist arrivals in Nepal, Pokhara and conservation areas in Gandaki*

Year	Nepal	Growth (%)	*Pokhara	ACA & MCA	Visitors in CA (%)
2012	803,092	9.08	309190	109818	35.52
2013	797,616	-0.68	307082	120559	39.26
2014	790,118	-0.94	304195	133388	43.85
2015	538,970	-31.79	207503	120076	57.88
2016	753,002	39.71	289906	85706	29.56
2017	940,218	24.86	361984	150154	41.48
2018	1,173,072	24.77	451633	179920	39.84
2019	1,197,191	2.06	460919	189401	41.09
2020	230,085	-80.78	88583	109170	123.24
2021	150962	-34.3	58120	5122	08.81
2022	614869	307.3	236725	7094	08.00
2023	1014882	65.05	390730	116293	29.76

Sources: MoCTCA,2024; Tourism office, Pokhara, 2015 & ACAP Pokhara, 2024.

\* Calculation based on past three-years actual data (2008-10) average percentage (38.5%).

A prominent geologist Tony Hagen noted about the natural beauty of Pokhara and its surrounding like as “Pokhara area shows the greatest contrasts in landscape...Pokhara is certainly one of the most extraordinary and most beautiful places in the whole world” (Gurung, 2006). This might be the reason that Pokhara and its surrounding is popularly known for its natural beauty and adventure activities among the international visitors.

It is estimated from the previous findings that about 10 lakhs tourists visited Pokhara in 2019, international tourists represent almost 40 percent of total (more than 4 lakhs) whereas the share of domestic visitors is also significant with around 60 percent (around 6 lakhs) (Khatiwada et.al, 2021). Among them around 40 percent (five-year 2015-19 average) go to Annapurna Area mostly for trekking and hiking. Tourism has become a part and parcel of the people living in Annapurna Conservation Area. The locals of the area have been involved in conservation and community development with ecotourism practice. The stakeholders in the focus group discussion had positively expressed their views as contribution of tourism for their socio-economic transformation even in the rural village and conservation area as well. It has also proved that Pokhara is the second most visited place by tourist after the capital city Katmandu of Nepal, accordingly tourism could contribute for economic prosperity of Gandaki province.

### **Tourism Business, Activities and Contribution in Gandaki Province and Nepal**

Even the National Strategic Plan of tourism (2016-2025) highlighted for the Total Quality Management at destination with best hospitality & infrastructure to achieve inclusive economic growth for prosperity and Gandaki province has stood in strong position with the national context in Nepal (Table-2). However, the benefit (21.2%) and length of stay (26.8%) in comparison with national figure which are quite less as compared to the share of visitors and the occupancy capacity with more than 38 percent. Likewise, the average occupancy of Gandaki region is less by 13 percent in compared to the national context and the employment opportunity also quite less (17.5%) whereas the investment share is more than 31 percent. Hence, to promote tourism in the Gandaki province towards prosperity needs to increase the length of stay, tourist expenditure and occupancy rate by providing more diversified products and facilities as concluded by the participants of focus group discussion.



**Table 2***Comparison of Tourism Activities Pokhara with National Scenario (base year 2019)*

Activities & outcome	Nepal	Pokhara	Share of Pokhara in (%)
Intl. Tourist Arrivals	1,197,191	460918	38.5
Income from Tourism	About NRs 120 billion per annum	NRs 25.47 billion per annum	21.2
Direct Employment	250,000	75,000	17.5
Length of Stay	12 days	3.2 days	26.8
Per day Tourist Expenditure	\$65	\$48	87.3
Investment in Tourism	NRs 1.6 trillion	NRs 500 billion	31.3
Accommodation capacity	40856	15642	38.3
Average Occupancy	65%	52%	-
<u>Major Tourism Business</u>			
Tourist standard Hotel	1254	550	43.8
Travel Agency	3508	181	5.2
Trekking Agency	2649	159	6.1
Restaurant & Bar	NA	100	-
Registered Homestay Village	324	32	9.9

*Source: MoCTCA, 2020; NTB, 2020; MoITFE, 2077 & \* C/F Table:1*

Gandaki province has offered a significant share (38.3%) of accommodation capacity by 550 tourist standard hotels which is 43.8% of national figure. The number of travel and trekking related business seems quite less, only five to six percent in Gandaki Province as comparison with national context. It could be the reason that most of the Kathmandu based agencies are operating the tourism business in Gandaki and even the hotels and lodges also providing additional services for trekking and travelling facilities for their guests. Gandaki province is the pioneer to operate community base homestay or village tourism in the country in 1997 from the unique Gurung village in Syangja Sirubari (Sharma, 2011). The recent trend to establishing community-based homestay tourism is in mushrooming due to the favorable rules and regulation introduced by the provincial government however it was only about ten percent till 2019. There are several enterprises which entirely depend and thrive on tourism – be it domestic or international in Pokhara. Some major sectors which comprise the entire tourism industry of the region are hotel, restaurant & bar, travel & trekking agencies, paragliding, ultra-light, rafting, trekking equipment, tourist vehicles, money changers, book shops, boutique



and curio shops, boat service, embroidery etc. All the above-mentioned attractive products, services and facilities are well evidences to state that Gandaki province is highly potential for tourism promotion and to receive economic benefits in Nepal as opined by the participants of the focus group discussion.

### **Opportunities and Challenges for Tourism Development in Gandaki**

As per the facts and figures about the Gandaki Province discussed above and the documents produced and released like Nepal Development Vision 2030 (ADB, 2030), Nepal Tourism Development Strategies 2016-025 (NPC, 2016) and the periodic plans have focused to develop and promote the tourism in the country. They have highlighted to develop tourism in natural and cultural heritage sites in the hill stations by improving the health, safety and quality towards smart tourism. Hence, the stakeholders as participated in the focus group discussion concluded that by considering and well addressing the following notable opportunities and mitigating the challenges will support for the sustainable development of tourism in the Gandaki province.

- Need to preserve the extraordinary tourism products blended as nature and culture like the Round Annapurna Trail, Annapurna, Dhaulagiri & Manaslu Base Camp, and the great Himalayan Trail segment that falls in Gandaki province.
- Pokhara – Mustang – Core-la pass - Mansarobar route needs to open with understanding and strong diplomatic strategy with China.
- Sufficient tourist standard bed capacity over 16 thousand but less occupancy rate only 52 percent, so need to promote MICE tourism.
- Mountain valley in Manang, Mustang & Gorkha with traditional unique culture need to blend with high altitude sports & musical festivals.
- The only Trophy hunting destination of Nepal Dhorpatan is waiting for effective promotion and ecotourism management.
- Possibility to develop tourism products & facilities by constructing the Theme Park, botanical garden, biodiversity park in appropriate place of the province.
- Appropriate zone for high altitude trekking, Rock climbing & Mountaineering training centre like Dhorpatan valley, Lete Mustang, Humde Manang Tchum valley of Gorkha.
- Appropriate places for heritage tourism like Gorkha, Bandipur, Rajasthal, Bhirkot, Galkot, Rainaskot, Ligligkot, Tanahusur need to promote.
- Need to formulate strategic program and activities at provincial level as per the visionary documents to promote tourism in international tourism market.

- The plan, policies & programs as formulated by with different levels of government should be on data based and ground reality.
- Need to make strong economic diplomacy with sincere efforts by any provincial government mechanism as well as foreign embassies of Nepal for travel notice and tourism promotion activities.
- Need to prioritize and zoning the potential tourism area to conserve & manage for sustainable development.
- International flights should be started from Pokhara at least to the nearby cities of neighboring countries.
- Need new promotional strategies as demanded by the products & accommodation capacity, still words of mouth shared more than 54 percent of the visitors.

## **CONCLUSION**

From the above discussion, it has obviously concluded that Gandaki province has potential region for tourism development in Nepal and that could be the reliable means for the socio-economic transformation and to achieve economic prosperity. However, the institutional mechanism within provincial government is necessary to administer, manage and promote tourism in Gandaki. The existing plan and policies need review with knowledge base platform and reframe as per the ground reality of Gandaki province. The necessary diplomatic action should be taken for the arrangement and operation of the Pokhara International airport in full capacity. The appropriate guidelines, benchmark, procedure, awareness and capacity building to promote community-based homestay tourism is necessary. Tourism and environmental friendly infrastructure need to be in priority with integrated development plan even at local level. Preservation of the beauty of nature, history and spirituality of heritage sites as glories of Gandaki with beautification is necessary for the expansion and diversification of tourism products. Government should start the provision of Paid Leave Concession (PLC) program to promote domestic tourism and need to improve economic diplomacy from the foreign embassies of Nepal to increase visitors and destination image.

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