Article DOI Link: https://doi.org/10.3126/shss.v1i2.87652

## Spectrum of Humanities and Social Sciences (SHSS)A

Multidisciplinary Bilingual Journal



ISSN 3059-9849; Volume 1, Issue 2, December 2025, pp. 113-127 Indexed in Nepal Journals Online (NepJOL)

Research Article

# **Analyzing the Economic Impact of Tourism on the Nepalese Economy**

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### **Abstract**

Tourism has emerged as an essential driver of economic growth in Nepal. This study aims to analyze the economic effect of tourism on Nepalese economy focusing on its impact on foreign exchange earnings and GDP contribution. It examines the trends in total number of tourist arrivals and the average duration of their stay from 2000 to 2022. For this, Correlation analysis is used to check the association among the variables such as the total number of tourist arrivals, the average duration of their stay, foreign exchange earnings, and contribution to GDP. Linear regression has been applied to assess the economic effect of tourism on Nepalese economy. The result reveals that the total number of tourist arrivals and average duration of their stay are positively associated with foreign exchange earnings and contribution to GDP in Nepalese economy. This indicates that the tourism sector has a significant impact on the Nepalese economy. Based on these findings, the study suggests that policymakers should prioritize the tourism industry to maximize its economic potential and foster sustainable growth in Nepal.

### Article Info.

### **Article History**

Received: 5 August 2025 Revised: 5 October 2025 Accepted: 20 November 2025

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### Publisher

Graduate School of Humanities and Social Sciences
Mid-West University
Birendranagar, Surkhet
https://muodgshss.edu.np

**Keywords:** Tourism, Economic growth, Nepalese economy, Economic impact, Foreign exchange earnings

### Introduction

Tourism is the act of traveling outside one's usual environment for leisure, trade, or other reasons, lasting more than a day but less than a year. Tourism includes activities undertaken by people during trips to destinations outside their usual places of residence for a period not exceeding one consecutive year (UNWTO, 2023). This definition underlines tourism's multidimensional nature, as it can encompass recreational, cultural, and professional aspects of travel. Tourism's economic, cultural,

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and environmental impacts have made it a focal area for both research and policy development (Smith & Robinson, 2021).

Tourism can be classified into several categories, each catering to distinct needs and interests. Among the primary forms are leisure tourism, business tourism, and eco-tourism. Leisure tourism is the most popular form, driven by the pursuit of relaxation, recreation, and cultural enrichment (Hall & Page, 2019). Destinations like beaches, heritage sites, and cities with rich cultural histories are frequented by leisure tourists who seek an escape from their daily routines.

Business tourism, on the other hand, encompasses travel for professional purposes, including conferences, trade fairs, and corporate meetings. Business tourism is pivotal in facilitating global economic exchanges and fostering international collaboration, making it a critical segment of the tourism industry (Davidson & Cope, 2020). As technology advances, the rise of "bleisure" travel—a blend of business and leisure—highlights a growing trend where business travelers extend their stay to enjoy the destination, bridging professional obligations with relaxation and exploration (McCabe, 2022).

Eco-tourism, or ecological tourism, has gained attention as a sustainable alternative, emphasizing responsible visits to natural locations that protect the environment and benefit local people. This form of tourism appeals to environmentally-conscious travelers who seek to minimize their footprint while experiencing biodiversity and cultural heritage. Eco-tourism promotes sustainability by encouraging conservation efforts, which are beneficial for both host communities and the environment (Honey, 2018).

Tourism offers numerous economic, cultural, and social benefits. Economically, it generates employment, attracts foreign investment, and bolsters local economies. For instance, in developing countries, tourism often plays a critical role in providing income and job opportunities, fostering economic growth (UNWTO, 2023). Culturally, tourism facilitates cross-cultural exchanges, allowing individuals to experience diverse traditions, foods, and customs, which promotes mutual understanding and appreciation. Socially, tourism can strengthen community pride and identity as locals showcase their heritage to visitors. Moreover, infrastructure improvements driven by tourism, such as transportation, communication, and healthcare, can have lasting positive effects on host communities (Fletcher et al., 2021).

Despite its benefits, tourism also poses challenges, particularly regarding environmental degradation, cultural commodification, and economic dependency. Mass tourism can lead to overcrowding, which strains local resources and can damage natural environments, as seen in coastal areas and heritage sites overwhelmed by visitors (Hall, 2021). Cultural commodification occurs when traditions and practices are altered to cater to tourists' expectations, potentially leading to a loss of cultural authenticity (Cohen & Cohen, 2019). Economically, heavy reliance on tourism can leave communities vulnerable to external shocks, such as global recessions or pandemics, which can drastically reduce visitor numbers and disrupt local livelihoods (Gössling et al., 2005).

The future of tourism lies in sustainable and responsible methods that harmonize economic growth with the protection of environmental and cultural heritage. Integrating advanced technologies, such as digital platforms for efficient visitor management, can help reduce overcrowding and improve visitor experiences. Additionally, growing interest in niche markets like eco-tourism, cultural tourism, and health tourism suggests a shift toward more mindful travel choices (UNWTO, 2023). Governments and stakeholders can foster resilient tourism by investing in infrastructure, promoting local entrepreneurship, and enforcing regulations to protect vulnerable environments and cultures.

Embracing these strategies can ensure that tourism remains a viable and sustainable industry, benefiting both travelers and host communities alike (Fletcher et al., 2021).

Tourism is a diverse and intricate field with profound implications for economic development, cultural exchange, and environmental sustainability. While it provides numerous benefits, it also introduces challenges that must be addressed through responsible practices. By prioritizing sustainable tourism, stakeholders can mitigate negative impacts and harness tourism's potential to foster global connectivity, cultural understanding, and economic resilience.

The tourism industry plays crucial role in the economic growth of developing nations as it significantly contributes to income generation, employment opportunities, and foreign exchange earnings. Its impact varies across nations due to specific country characteristics. The complexity of tourism consumption means its economic influence extends to various production sectors, aligning with the goals of accelerated development. Defining the boundaries of the tourism sector is challenging, particularly in determining the investment costs attributed to its development. Despite not being treated as a distinct "sector" in national accounting, tourism involves goods and services specifically for visitors, influencing other sectors. The interdependence of tourism with the broader economy makes analysis and planning complex. The lack of reliable statistical data further complicates understanding how tourism stimulates growth and development potential. However, where analysis and research precede planning, tourism's significance in competing for investment funds has been recognized, leading to the establishment of long-term development programs. In cases like nature and heritage tourism, distinct from traditional tourist hotel development, investment needs may focus on improving access, preserving sensitive habitats, and respecting historic areas (Wakimin et al., 2018).

Tourism stands as a productive sector aimed at producing goods and services, catering to customers, primarily foreigners, and concurrently creating employment and income for the province populace. In addition to tourism enterprises generating revenue, those directly or indirectly associated with such businesses also earn an income. This economic activity, tourism, has diverse direct, indirect, and induced impacts on the economy, contributing to increased foreign currency earnings, job opportunities, and overall income. The resulting revenue circulates within the economy, stimulating various economic activities and generating multiple rounds of income. Consequently, the role of tourism becomes distinctive and pivotal in the economic growth and development of a country (Peeters & Duobis, 2010)

### **Objectives**

This study aims to analyze the economic impact of tourism on the economy of Nepal. The specific objectives are:

- To assess the contribution of tourism to GDP in Nepal.
- To analyse the impact of tourism on foreign exchange earnings in Nepal.
- To examine the relationship between tourism development and economic growth in Nepal.

### Literature Review

Bouzahzah and El Menyari (2013) conducted a study on international tourism and economic growth in the case of Morocco and Tunisia. This study used actual tourism receipts, economic growth, and the actual rate of exchange as independent variables. They showed that the tourism-led growth hypothesis (TLGH) was true in the near term for both countries. The study found a tough unidirectional causal relationship between economic growth and foreign tourism receipts in the long run. The study concluded that economic growth significantly influences tourism receipts in the long run. The study recommended further exploration of long-term strategies to enhance tourism's contribution to economic growth.

Kalantzi et al. (2023) used tourism exchange, Balance of Payments and Invisible Revenues, as independent variables in their study. The data were collected using empirical records of Greece's Balance of Payments from 2000 to 2012. They found that tourism is a resilient sector within the Greek economy, though it has not yet fully leveraged its endogenous tourism potential. The study concluded that tourism represents a promising "low risk" investment for Greece's economic growth and recovery from economic crises. They recommended that Greece implement a more effective developmental plan to fully exploit the country's tourism potential for sustainable economic growth.

Kamal and Naqvi (2018) analysed that tourism has become the world dynamic sector with its multidimensional effects on the economies especially for developing countries. This study focused on four South Asian countries, namely Nepal, India, Sri Lanka, and Pakistan, with high tourist potential due to different cultures, traditions, and geographies. A time series data set for 1985 to 2015 was used for analysis. They disclosed that India receives more foreign tourists than the rest of the countries. The results of long-term co-integration showed that the number of tourist arrivals has a substantial impact on the GDP of all nations.

Gautam (2008) used ordinary least squares (OLS) estimation and the Cochrane-Orcutt procedure to manage autocorrelation in his study. Independent variables included tourism financing by the government, banks, and international institutions. Data were gathered using field surveys and secondary data from 1974/75 to 2004/05. Regression models and other analysis techniques were applied to analyze the influence on GDP and its components. He found that tourism financing positively impacted GDP, especially financing from the government, banks, and development corporations. He concluded that tourism financing significantly contributes to Nepal's economic growth.

K.C. et al. (2021) analysed how the Sustainable Development Goals (SDGs) bring together academics, policymakers, practicians, and all other pertinent tourism stakeholders, as well as providing policy and planned engagement guidance that seek to eradicate poverty, preserve the environment, and get affluence for all. They explored how the Nepalese tourism sector contributes to the SDGs from the viewpoints of several tourism stakeholders, i.e. government, academics, private sector, and public-private partnerships. They suggested that the SDGs are applicable and achievable at different levels in Nepal.

None of the above reviewed studies have analysed the economic impact of tourism on GDP and foreign exchange earnings taking the total number of tourist arrivals and average duration of stay as independent variables in the Nepalese context. Therefore, this study aims to fill the gap by analyzing the economic impact of tourism on the economy of Nepal, focusing on the foreign exchange earnings and GDP contribution as dependent variables and total number of tourist arrivals and average duration of stay as independent variables.

### Methodology

This study employed the descriptive research design with quantitative research method to analyze the economic impact on Nepal's economy. The study was entirely depended on the collection and analyses of secondary data sources, which are collected from Economic Survey and Central Bureau of Statistics from 2000 to 2022. The primary variables for analysis include foreign exchange earnings and GDP contribution, which are used to assess the economic effects of tourism. For the data analysis, correlation was used to determine the strength and direction of associations. Similarly, linear regression was also applied to assess the economic effect of tourism on Nepalese economy. In this study, it is assumed that total number of tourist arrivals and average duration of stay are independent variables, whereas foreign exchange earnings and GDP contribution are dependent variables. The results are presented using tables and line graphs to effectively illustrate the trends and relationships among the variables.

### Results

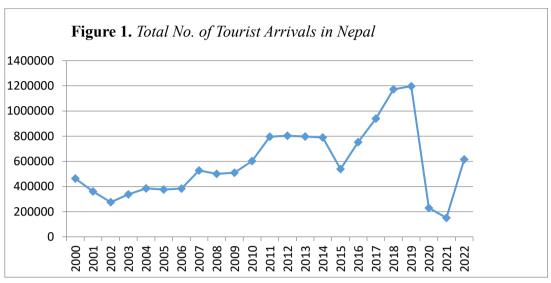
In this section, the result from secondary sources is presented discussing with previous studies related to the objectives of the study.

### **Number of Tourist Arrivals in Nepal**

The number of tourist arrivals fluctuates from year to year because of shifts in the tourism landscape. The total number of tourist arrivals in Nepal has been represented in Table 1 and Figure 1. **Table 1:** *Total Number of Tourist Arrivals, Average Duration of Stay, Foreign Exchange Earnings and GDP Contribution from 2000 to 2022.* 

		Average Duration of	Foreign Exchange	GDP
	Total No. of	Stay per Tourist (in	Earnings (US\$ in	Contribution (in
Year	Tourist Arrivals	Days)	Millions)	%)
2000	463646	11.88	158.7	2.7
2001	361237	11.93	112.6	1.9
2002	275466	7.92	151	2.4
2003	338132	9.6	245.9	3.4
2004	385297	13.51	145.2	1.8
2005	375398	9.09	132.1	1.5
2006	383926	10.2	143.6	1.4
2007	526705	11.96	286.9	2.3
2008	500277	11.78	363.7	2.8
2009	509752	11.32	377.5	2.4
2010	602867	12.67	340.5	1.6
2011	796215	13.12	379	1.7
2012	803092	12.16	389	1.8
2013	797616	12.6	472	2.1
2014	790118	12.44	537	2.2
2015	538970	13.16	392.7	1.6
2016	753002	13.4	551	1.9
2017	940218	12.6	656.5	2
2018	1173072	12.4	667.7	2
2019	1197191	12.7	523.5	1.6
2020	230085	15.1	61.6	0.2
2021	150962	15.5	268.5	0.7
2022	614869	13.1	470.6	1.1

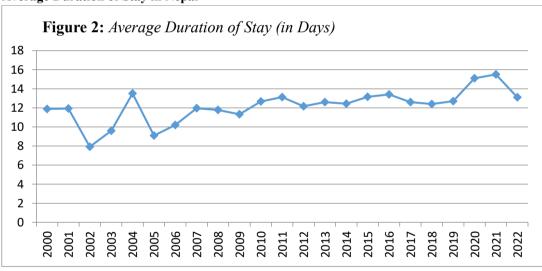
Source: Economic Survey 2023/24, Ministry of Finance, Government of Nepal.



Source: Same as Table 1.

Figure 1 illustrates that the greatest number of international tourists, i.e., 1,197,191, came in 2019, while the fewest number, i.e., 150,962, came in 2021 in Nepal from 2000 to 2022.

### Average Duration of Stay in Nepal

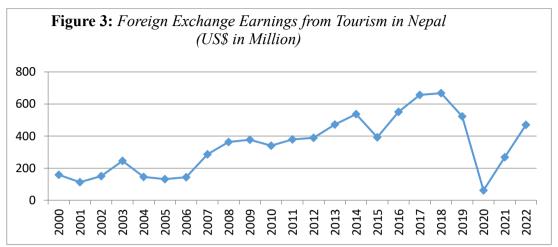


Source: Same as Table 1.

**Figure 2:** illustrates that the average duration of stay was at its peak, 15.5 days in 2021 and at its lowest, 7.92 days in 2002 in Nepal from 2000 to 2022.

### Foreign Exchange Earnings from Tourism in Nepal

Tourism generates foreign exchange from foreign visitors who spend money on food, accommodation, transportation, attractions and activities, shopping, and other services.



Source: Same as Table 1.

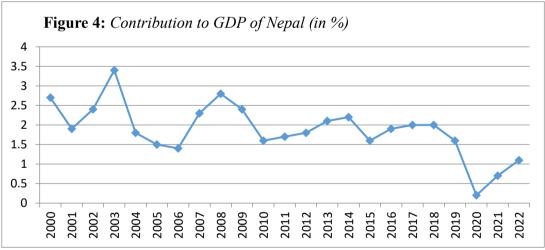
Figure 3 illustrates that tourism-related foreign exchange gains peaked at US\$ 667.7 million in 2018 and was lowest, at US\$ 61.6 million in 2020, in Nepal from 2000 to 2022.

### Contribution of Tourism to Nepal's GDP

Tourism's contribution to GDP can be measured by two ways:

**Direct Contribution:** It includes revenue generated by tourism-related industries like hotels, restaurants, travel agencies, trekking agencies, and tour operators.

**Total Contribution:** It includes direct, indirect (e.g., supply chains), and induced (e.g., spending by tourism employees) impacts.



Source: Same as Table 1.

Figure 4 displays the contribution to GDP, with the maximum at 3.4 percent in 2003 and the lowest at 0.2 percent in 2020 from 2000 to 2022.

### **Economic Effect of Tourism**

Foreign exchange earnings and GDP contribution are used to assess the economic effect of tourism on the Nepalese economy. Correlation has been used to check the association among the variables, and linear regression has been applied to assess the economic effect of tourism on Nepalese

economy. It is assumed that total number of tourist arrivals and average duration of stay are independent variables, whereas foreign exchange earnings and GDP contribution are dependent variables.

**Table 2:** Correlations of Total No. of Tourist Arrivals, Foreign Exchange Earnings and GDP Contribution of Nepal

	Total No. of	Foreign Exchange	GDP
	Tourist Arrivals	Earnings	Contribution
Total No. of Tourist Arrivals	1		·
Foreign Exchange Earnings	.858**	1	
GDP Contribution	.120	.134	1

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (Two-tailed).

Source: Computed by authors using data from Table 1.

Table 2 reveals that the correlation coefficient (r) between the total number of tourist arrivals and foreign exchange earnings is 0.858, showing a strong positive relationship between these two variables. The P-value is less than 0.01, showing the statistically significant relationship. Therefore, it can be concluded that a rise in total number of tourist arrivals is likely to rise foreign exchange earnings. Similarly, it has a negligible positive association between the total number of tourist arrivals and GDP contribution. The correlation is statistically insignificant since the P-value is greater than 0.05.

**Table 3:** Correlations of Average Duration of Stay of Tourists, Foreign Exchange Earnings and GDP Contribution of Nepal

	Average Duration of Stay	Foreign Exchange Earnings	GDP Contribution
Average Duration of Stay	1		<u>,                                      </u>
Foreign Exchange Earnings	.253	1	
GDP Contribution	589**	.134	1

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (Two-tailed).

Source: Computed by authors using data from Table 1.

Table 3 reveals that the correlation coefficient (r) between the average duration of stay and foreign exchange earnings is 0.253, showing a very weak positive relationship between these two variables. The P-value is greater than 0.01, showing the statistically insignificant correlation. Similarly, there is a moderate negative association between average duration of stay and GDP contribution. The correlation is statistically significant since the P-value is less than 0.01.

Table 4: Regression Analysis of Total Number of Tourist Arrivals and Foreign Exchange Earnings in

			I	Model Summar	y	
				A	djusted R	Std. Error of the
Model	R	R	Squar	e	Square	Estimate
1	.858	a	.736		.723	93.9697
a. Pr	edictors: (C	Constant), Total	No. of	Tourists Arriva	ls	
				ANOVAb		
		Sum of			· · · · · · · · · · · · · · · · · · ·	
Mod	del	Squares	df	Mean Square	F	Sig.
1 Re	gression	516608.261	1	516608.261	58.504	.000ª
Re	sidual	185436.449	21	8830.307		
	Total	702044.710	22	•		
n. Predictors:	(Constant),	Total No. of To	ourists	Arrivals		
. Dependent	Variable: F	oreign Exchang	ge Earr	nings		
			Co	efficients <sup>a</sup>		

			Coefficients			
			ndardized fficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	19.731	46.265		.426	.674
	Total No. of Tourists Arrivals	.001	.000	.858	7.649	.000

a. Dependent Variable: Foreign Exchange Earnings

Source: Computed by authors using data from Table 1.

In Table 4, Model summary results show that the R-square value is 0.736, indicating that 73.6% variation on foreign exchange earnings in explained by the total number of tourist arrivals. ANOVA results indicate that the P-value is less than 0.05, showing the statistically significant relationship. Coefficients results show that the beta value is 0.858, indicating that a one-unit change in the total number of tourist arrivals results in a change in foreign exchange earnings by 0.858 units.

Table 5: Regression Analysis of Total Number of Tourist Arrivals and GDP Contribution of Nepal

	Ι	Model Sum	ımary		
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate
1	.120ª	.014	032		.6920
a. Predictor	s: (Constant), Total N	umber of T	ourist Arrivals		
		AN	OVA <sup>b</sup>		
Model	Sum of Squares	Df	Mean Square	F	Sig.

	Model Summary								
Model	R		R Square	Adjusted R Square		Std. Error of the Estimate			
1	.120ª		.014	032		.6920			
1 Regression	<u>,                                      </u>	.148	1	.148	.308	.585ª			
Residual	1	0.057	21	.479					
Total	1	0.204	22			•			

a. Predictors: (Constant), Total No. of Tourist Arrivals

b. Dependent Variable: GDP

Contribution

	Coefficients <sup>a</sup>						
		0 110 1411	dardized ficients	Standardized Coefficients			
Model		В	Std. Error	Beta	t	Sig.	
1	(Constant)	1.703	.341		4.997	.000	
	Total No. of Tourists Arrivals	0.000	.000	.120	.555	.585	

a. Dependent Variable: GDP Contribution

Source: Computed by authors using data from Table 1.

In Table 5, Model summary results show that the R-square value is 0.014, indicating that the 1.4% variation on GDP contribution of Nepal is explained by total number of tourist arrivals. ANOVA results indicate that the P-value is greater than 0.05, showing the statistically insignificant relationship. Coefficients results show that the beta value is 0.120, indicating that a one-unit change in the total number of tourist arrivals results in a change in GDP contribution by 0.120 units.

 Table 6: Regression Analysis of Average Duration of Stay and Foreign Exchange Earnings in Nepal

			Me	odel Summary		
Model	R	R Square		Adjusted R Square	;	Std. Error of the Estimate
1	.253ª	.064		.020		176.87068
a. Predi	ctors: (Consta	ant), Average D	uration	of Stay	•	
				ANOVA <sup>b</sup>		
		Sum of				
N	Model	Squares	df	Mean Square	F	Sig.
1	Regression	45096.731	1	45096.731	1.442	.243ª
	Residual	656947.978	21	31283.237		
	Total	702044.710	22			

a. Predictors: (Constant), Average Duration of Stay

	Model Summary								
•		· · · · · · · · · · · · · · · · · · ·		Std. Error of the					
Model	R	R Square	Adjusted R Square	Estimate					
1	.253ª	.064	.020	176.87068					
b. Depend	ent Variable	: Foreign Exchange	e Earnings						

			Coeffici	ents <sup>a</sup>		
			standardized Coefficients	Standardized Coefficients		
	Model	В	Std. Error	Beta	T	Sig.
1	(Constant)	21.550	268.027		.080	.937
	Average Duration of Stay	26.170	21.796	.253	1.201	.243

a. Dependent Variable: Foreign Exchange Earnings

Source: Computed by authors using data from Table 1.

In Table 6, Model summary results show that the R-square value is 0.064, indicating that the 6.4% variation in foreign exchange is explained by average duration of stay. ANOVA results indicate that the P-value is greater than 0.05, showing the statistically insignificant relationship. Coefficients results show that the beta value is 0.253, indicating that a one-unit change in the average duration of stay results in a change in foreign exchange earnings by 0.253 units.

Table 7. Regression Analysis of Average Duration of Stay and CDP Contribution of Negal

		Mo	del Sun	nmary			
Model	R	R Squ	are	Adjusted R Sq		Std. Erro Estin	
1	.589	a .347	7	.316		.563	37
a. Predi	ictors: (Constant)	, Average Duration o	of Stay	·	•		
			ANOV	A <sup>b</sup>			
	Model	Sum of Squares	df	Mean Square	F		Sig.
1	Regression	3.539	1	3.539	11.15	1	.003ª
	Residual	6.665	21	.317			
	Total	10.204	22	·		•	

a. Predictors: (Constant), Average Duration of Stay

b. Dependent Variable: GDP Contribution

Coefficients <sup>a</sup>										
			Unstandardized Coefficients							
Model		В	Std. Error	Beta	T	Sig.				
1	(Constant)	4.698	.854		5.502	.000				

Model Summary										
			•	_	Std. Error of the					
Model	R	R Square	Ad	justed R Square	Estimate					
1	.589ª	.347	•	.316	.56337					
Av	verage Duration of Stay	232	.069	589	-3.339	.003				

a. Dependent Variable: GDP Contribution

Source: Computed by authors using data from Table 1.

In Table 7, Model summary results show that the R-square value is 0.347, indicating that the 34.7 percent variation in GDP contribution is explained by average duration of stay. ANOVA results indicate that the P-value is less than 0.05, showing the statistically significant relationship. Coefficients results show that the beta value is -0.589, indicating that a one-unit change in the average duration of stay results in a change in GDP contribution by -0.589 units.

### **Discussion**

The results of the study showed a strong and statistically significant positive relationship between the total number of tourist arrivals and foreign exchange earnings in Nepal. This indicates that an increase in the number of tourist arrivals directly increases foreign exchange earnings. This finding is consistent with Bouzahzah and El Menyari (2013), who also discovered a significant causal relationship between tourism receipts and economic growth in Morocco and Tunisia, maintaining the tourism-led growth hypothesis (TLGH) in the short-term. Similarly, Kamal and Naqvi (2018) discovered that tourist arrivals have a significant long-term effect on the GDP of South Asian countries, supporting the idea that enlarging tourism can be a dominant catalyst for economic development in developing countries like Nepal. These consistent results emphasize the important role of tourism in increasing external earnings of Nepal and maintaining its balance of payments.

Although the current study discovered a strong relationship between tourist arrivals and foreign exchange earnings, the relationship between tourist arrivals and GDP contribution was weak and statistically insignificant. This is partly consistent with Gautam (2008), who discovered that tourism financing has a positive impact on Nepal's GDP, but opposite to the present findings, which suggest that number of tourists alone may not be sufficient to increase GDP. This difference could be due to the limited diversification of Nepal's tourism offerings, low average tourist spending and insufficient linkages between tourism and other economic sectors. Similarly, Kalantzi et al. (2023) highlighted that despite the resilience of tourism, Greece had not fully employed its tourism potential for sustainable development - an observation that also applies to Nepal, where tourism's GDP contribution remains under potential due to structural and policy limitations.

Moreover, the analysis confirmed that the average duration of stay had a weak positive relationship with foreign exchange earnings but a statistically significant negative relationship with GDP contribution. What this suggests is that longer stays may lead to a small increase in earnings; they do not lead to a high increase in GDP contribution – possibly due to lower spending patterns or economic leakages. In contrast, K.C. et al. (2021) argued that tourism contributes to Nepal's sustainable development goals (SDGs) by supporting inclusive growth, environmental protection and poverty reduction. The present findings indicate that getting these benefits needs not only increasing tourist arrivals and duration of stay but also improving the quality of tourism services, promoting domestic relations and promoting sustainable tourism investments to maximize economic effect.

### Conclusion

The study's findings show that tourism has the beneficial effect on the Nepalese economy. The economic effect of tourism on Nepalese economy is assessed by looking at foreign exchange earnings and GDP contribution. Tourism plays a vital role in promoting economic growth and generating foreign exchange earnings. There are different tourism destinations like mountains, green hills, national parks, springs, lakes, cultural heritage, religious and historical places, etc. in Nepal. However, Nepal faces the several challenges and problems like inadequate infrastructure, environmental degradation, cultural commodification, over-dependence on seasonal tourism, pandemics, political instability, etc.

### Implication and Future Prospect of the Study

The findings of this study present important insights for tourism planners, policymakers and development stakeholders in Nepal. Representing a strong association between the total number of tourist arrivals and foreign exchange earnings, the study emphasizes the need for policies that promote the economic effect of tourism. Improving tourism infrastructure, diversifying tourism products and encouraging sustainable practices can significantly increase the economic and social benefits of the sector. In addition, this study provides the base for future research to discover the regional economic impacts of tourism, especially in emerging regions like Karnali Province.

### Acknowledgements

This article is based on a paper presented to an International Conference on Emerging Trends in Management and Social Sciences: 'Catalyzing Change and Innovation', organized by Surkhet Model College, Birendranagar, Surkhet, held on 21-22 March 2025.

### **Disclosure Statements**

No potential conflict of interest was reported by the author(s). Author(s) read and reviewed the final version and agreed consent for publication. All authors listed have made a substantial, direct, and intellectual contribution to the work and approved it for publication.

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**Asheref Illiyan** is a professor and former head of Department of Economics, Jamia Millia Islamia, New Delhi, India. His PhD research focuses on the economic analysis of performance of engineering goods industry in India.

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