



SECTORAL PROFILE

TOURISM



GOVERNMENT OF NEPAL
INVESTMENT BOARD NEPAL

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ACRONYMS

AR	Augmented Reality
CAGR	Compounded Annual Growth Rate
DoI	Department of Industry
DoT	Department of Tourism
FDI	Foreign Direct Investment
FITTA	Foreign Investment and Technology Transfer Act, 2019
GDP	Gross Domestic Product
GHT	Great Himalaya Trail
GON	Government of Nepal
IPAs	Investment Promotion Agencies
MoCTCA	Ministry of Culture, Tourism and Civil Aviation
MoICS	Ministry of Industry, Commerce and Supplies
NARA	Nepal Association of Rafting Agents
NATHM	Nepal Academy of Tourism and Hotel Management
NATO	Nepal Association of Tour Operators
NATTA	Nepal Association of Travel and Tour Agents
NPR	Nepali Rupee
NTB	Nepal Tourism Board
NTSP	National Tourism Strategy Plan
NTSRAP	Nepal Tourism Sector Resurgence Action Plan
OSSC	One-Stop Service Centre
PPP	Public-Private Partnership
SUP	Stand-Up Paddleboarding
TAAN	Trekking Agents Association of Nepal
UK	United Kingdom
UNWTO	United Nation World Tourism Organization
USA	United State of America
USD	United States Dollar
VAT	Value Added Tax
VR	Virtual Reality
WTTC	World Travel and Tourism Council



1. OVERVIEW

Nepal is home of the world's highest mountain ranges and eight of the world's 10 tallest mountains. The country has been a magnet for mountaineers, rock climbers, and trekkers, and a destination for other types of adventure seekers. Owing to the high variations in altitude within short distances, it is a hotspot for both climatic and biological diversity.

Nepal is a complete tourism package with unparalleled natural beauty, a rich cultural heritage and varied climates. It is home of the world's highest mountains, with eight of the world's 10 tallest mountains within its borders. These mountains and the high hills have continued to attract mountaineers, rock climbers, trekkers and other adventure seekers from all over the world. Nepal's cultural and natural diversity have been conserved at four UNESCO World Heritage Sites.

Nepal is situated at the crossroads of the great Indian and Tibetan civilisations and is home to several unique cultures. The architecture of Nepal's cities, including its capital, Kathmandu, and others such as Bhaktapur, Patan, Palpa, Ilam, and Janakpur and the cuisine, festivals, etc. reflect the diverse cultures. Famous cultural heritage sites including Lumbini (birthplace of Gautam Buddha), Pashupati (the holy Hindu temple), and Janakpur (birthplace of Goddess Sita) are major tourist attractions. The combination of natural beauty, adventure, culture, and spirituality makes Nepal a unique destination for tourists.

Nepal had received 1,197,191 visitors in 2019, which was disrupted by the COV-

Table 1: Tourist arrivals in 2023

Country	Number	% Share
India	319,936	31.5%
USA	100,355	9.9%
China	60,878	6.0%
UK	52,865	5.2%
Australia	38,798	3.8%
Others	442,050	43.6%
Total	1,014,882	100.0%

Source: Nepal Tourism Statistic, 2023

ID-19 pandemic that caused arrivals to decrease. However, by 2023, the country had experienced a strong rebound, and had welcomed 1,014,882 tourists, which was a 165% growth over 2022. The average stay of tourists was 13.1 days, and air travel was the preferred mode of transport to the country. The top five countries of visitor origin were India, United States of America (USA), China, United Kingdom, and Australia (Table 1).¹



Average tourist length of stay: **13.1 days**.



1.1 Contribution of tourism to GDP

In mid-March 2023, the tourism sector accounted for 21.9% of registered industries. Further, Among FDI receiving industries, 33% industries are tourism related, accounting for 22.2% of the total approved FDI.² Nepal Tourism Statistics show that earning from tourism had increased by almost 190% compared to 2022.³ The gross foreign exchange earning in 2023 was NPR 61.5 billion. In the fiscal year 2022/23, the tourism sector generated significant economic value, earning a total of USD 548 million, and the tourists had spent about USD 41 per day (Table 3).



Average expenses per visitor / day (2022): **USD 41**

¹ Nepal Tourism Statistic 2023

² Economic Survey, 2022/23

³ Nepal Tourism Statistic, 2023

Table 2: Tourism indicators of Nepal

Particulars	2011	2015	2016	2017	2018	2019	2020	2021	2022	2023
Tourist arrivals in Nepal ('000)	736	539	753	940	1,173	1,197	230	151	615	1,014
Average length of stay	13.12	13.16	13.4	12.6	12.4	12.7	15.1	15.5	13.1	13.2
By purpose of visit ('000)										
Holiday pleasure	426	386	489	658	704	778	139	101	398	634
Trekking & mountaineering	86	9	66	75	188	198	29	16	62	154
Business	18	21	24	NA	NA	NA	0	0	0	0
Pilgrimage	64	15	83	141	169	172	36	11	79	133
Official	24	21	21	NA	NA	NA	0	0	0	0
Conv/ Conf	11	9	13	NA	NA	NA	0	0	0	0
Others	37	77	56	66	112	49	26	23	76	93
Not specified	70	0	0	0	0	0	0	0	0	0

Source: Nepal Tourism Statistics, 2023

Tourism earnings constituted 1.1% of the Gross Domestic Product (GDP) and represented 33.5% of the total value of merchandise exports. Overall, tourism earnings comprised 3.4% of the total foreign exchange earnings (Figure 3).



1.2 Contribution of tourism to employment

Tourism is Nepal's fourth largest employer and provides jobs for 371,140 people, or 11.5% of people engaged in all industries. The largest share of tour-

ism personnel, about 43.6%, is found in Bagmati Province, which includes the Kathmandu Valley. There are 134,832 tourism establishments in Nepal.⁴ The government of Nepal (GON) recognises the sector's potential for growth and supports private sector participation and FDI in tourism. Investment opportunities exist in essential tourism infrastructure, including hotels and resorts, while there are also opportunities to consolidate existing travel and tourism services which are highly fragmented.

Most visitors come to Nepal for recreation and adventure. In 2023 most tour-

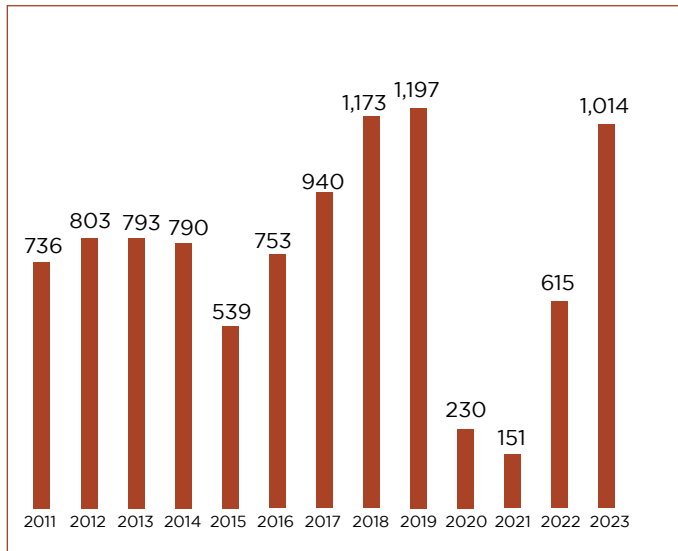
Table 3: Contribution of tourism to the economy

Earnings from Tourism	2011	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total earning (NRs. billion) *FY	24.6	53.4	41.8	58.5	68.5	75.4	60.9	7.3	32.4	61.5
Total earning (US\$ million) *FY	341	537	393	551	657	668	524	62	269	548
Average expenses per visitor	441	902	695	680	546	610	982	744	537	541
Average expenses / visitor / day	36	69	53	54	44	48	65	48	41	41
Contribution to GDP (percent) in *FY	1.6	2.2	1.6	1.9	2	2	1.6	0.2	0.7	1.1
As % of total value of merchandise exports	35.8	54.4	55.8	71.3	73.3	66.3	56.2	5.1	15.3	33.5
As % of total value of exports of goods & services	20.2	21.6	19.6	24.3	25.4	25.1	23	3.3	9.7	16.5
As % of total foreign exchange earnings	5.3	5.2	4	5	5.6	5.4	4.6	0.5	2.1	3.4

Source: Nepal Tourism Statistics, 2023

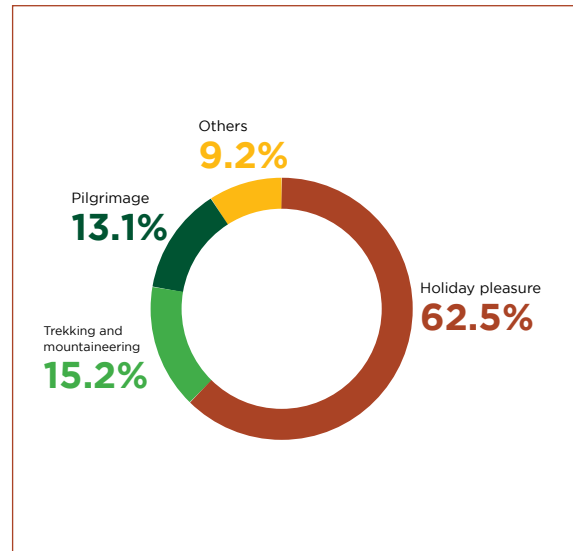
⁴ The Kathmandu Post, March 28, 2024, <https://tkpo.st/3gHAzRi>

Figure 1: Tourist arrivals in Nepal (in thousand)



Source: Nepal Tourism Statistics, 2023

Figure 2: Tourist arrivals by purpose of visit



Source: Nepal Tourism Statistics, 2023

ists (62.5%) visited Nepal for holiday and pleasure, 15.2% came for adventure including trekking & mountaineering, 13.1% for pilgrimage and remaining 9.2% for other purposes (Figure 2).



1.3 Presence of global markets

In 2023, Nepal received visitors from India (31.5%), the U.S.A (9.9%), China (6%), the U.K. (5.2%), and Australia (3.8%), and the remaining 43.6% came from other countries.⁵ Most of the tourists (90.9%) had arrived through air transport. Since 2010, Nepal has had marked increases in the arrival of Chinese tourists.

Both India and China, each with populations of over 1.4 billion, are likely to remain dominant sources for tourists. India's expanding middle class, which grew by 6.3% annually from 1995 to 2021 and now constitutes 31% of the popula-

tion, is expected to growth to 38% by 2031 and to 60% by 2047.⁶ Meanwhile, China has already seen its middle class surpass the halfway mark, reaching 707 million people.⁷ Tailoring services to these rapidly growing middle class population could further bolster Nepal's travel industry.

Most visitors to Nepal fall in the 16 to 60 years age group. Approximately 24.7% were aged between 16 to 30 years, followed by those aged 31 to 45 (31.3%), and those of the 46 to 60 years age group, which constituted 26.8% of the total.⁸

Nepal had received over a million tourists for three years from 2017, 2018 and 2019. Further, a substantial number of tourists from India who enter Nepal by road is not reflected in the tourism statistics. Besides, Nepal's own middle class has also been growing – nearly a quarter of the population – which suggests that tourism by Nepalis is also likely to grow.



Fourth largest industry in terms of employment, providing **11.5%** of the jobs

⁵ Department of Immigration, Nepal 2023, Nepal Tourism Statistic 2023
⁶ People Research on India's Consumer Economy (PRICE), 2023
⁷ China & World Economy, 2022, 30 (1), 5 - 27
⁸ Nepal Tourism Statistic, 2023



1.4 Major tourist attractions

Nepal's varied landscape, diverse cultures and biodiversity provide opportunities for various investments in developing tourism products. For example, Chitwan National Park, a World Heritage Site, lies between 100 and 800 meters above sea level and is home to more than 500 species of birds, 50 mammals and 55 amphibians and reptiles. Sagar-matha National Park, whose lowest point is approximately 2,800 meters, is home to over 100 species of birds and the highest point is 8848 meters or Mt. Everest. According to National Trust for Nature Conservation, Nepal is home to 208 mammals, 867 birds, 123 reptiles, 230 freshwater fish, 651 butterfly species and above 55 amphibians. This high species diversity is also accompanied by high endemism. Increasing steadily from low to high elevations, a total of 284 flowering plants, 160 animal species, including one mammal species, one bird species and

24 herpetofauna are endemic to Nepal.

The following paragraphs discuss the possibilities in the main tourism product categories:

1. Trekking/mountaineering and adventure tourism

Trekking/mountaineering: Trekking and mountaineering have remained as significant attractions in Nepal. The country has eight of the world's 14 highest mountains over eight thousand meters, including Mount Everest. Adventure tourism continued to thrive in 2023, when the government had issued 2253 expedition permits, which marked a 15.3% increase over the previous year. The climbers primarily hailed from U.S.A, China, France, U.K., India, Russia, Germany, and Japan. Among the most popular mountains were Mt. Everest, Mt. Ama



Nepal's biological diversity



Mammals
208



Birds
867



Reptiles
123



Amphibians
55



Freshwater fish
230



Butterfly species
651



Flowering plants
284

Dablam, Mt. Manaslu, and Mt. Lhotse. Additionally, out of 1,014,882 tourists who visited Nepal in 2023, 15.2% had gone trekking.

Adventure sports: Apart from trekking and climbing, Nepal offers a variety of adventure sports like rafting, bungee jumping, paragliding, ziplining, and mountain biking.

2. Culture, religious and spiritual tourism

Cultural and religious attractions:

Hindu, Buddhist and Prakrit (nature-based) influences in Nepal's culture are visible in countless temples, shrines, monasteries, and stupas across the country. The tourism sector thrives on this rich cultural heritage, and some sites have also been recognised by UNESCO as World Heritage Sites. These include the sites in Kathmandu Valley and the Lumbini area.

The Kathmandu Valley has seven Monument Zones that are included in World Heritage List, making it a place for cultural exploration. The



seven Monument Zones include three Durbar squares (Basantapur, Lalitpur, Bhadgaun) and four sacred sites (Pashupati, Bouddha, Swayambhu, and Changu). The Lumbini area has nine Monument Zones and historical and pilgrimage sites such as Tilaurakot, Devdaha, Ramgram, Taulihawa, Niglihawa, Sagarhawa, Kudan, Gothihawa,

and Aurorakot. Lumbini, the birthplace of Lord Buddha, had attracted 1,011,460 visitors in 2023. That year, Lumbini saw a substantial increase in visitors, with 656,218 Nepali, 266,510 Indians, and 88,732 from other nations. Similarly, Pashupatinath, an important Hindu temple in Kathmandu, attracts many tourists visiting Nepal.

Educational tourism: Nepal offers rich educational tourism experiences, particularly in Buddhism, Himalayan ecology, and Nepali culture. As a spiritual hub with strong Hindu and Buddhist traditions, Nepal hosts numerous key religious sites and provides extensive educational opportunities in these faiths. Hinduism can be studied in both academic settings and at traditional gurukuls. Buddhism has many followers and related institutions across the country, and it is taught at monasteries and universities. The Tribhuvan University and Lumbini Buddhist University offer courses in Buddhist philosophy, meditation, and Tibetan Buddhism. Notable Buddhist hubs within the Kathmandu Valley are the Swayambhu and Boudhanath areas.

Spiritual tourism: Nepal attracts many visitors interested in Himalayan meditation and yoga retreats, along with those who wish to visit sacred sites. Lumbini, the birthplace of Buddha, is a major pilgrimage destination. Addition-







ally, tourists participate in Vipassana, a form of meditation, at various locations across Nepal, including popular sites like Shivapuri. This type of tourism caters to those seeking spiritual growth and enlightenment through immersive experiences in Nepal's serene and revered pilgrimage sites.

Local experiences and hospitality:

Nepalis are recognised for their hospitality, and tourists often get the opportunity to experience local life through homestays and community tourism. Such experiences expose them to vibrant traditions of the Newar and Tharu communities and a host major festivals like Dashain and Tihar, among others.

3. Recreation and ecotourism

Nepal's tourism sector thrives on diverse attractions, with a strong emphasis on recreation and eco-tourism. In 2023, there were 634,000 tourists in Nepal who had come for "holiday-pleasure".

Ecotourism is central to Nepal's tourism strategy of promoting sustainable travel while conserving the environment. Nepal has over 20 protected areas, including 12 national parks, a wildlife reserve, six conservation areas, and four buffer zones dedicated to conserving fauna such as the Royal Bengal Tiger, one-horned rhinoceros, Asiatic elephant, and over 900 bird species.

There were 101,759 visitors in the Chitwan National Park and 7,904 in the Bardia National Park in 2023. These destinations are well-known for ecotourism activities such as jungle safaris, bird watching, and cultural tours.

Additionally, the Annapurna area (107,880 visitors) and Everest region

(52,499 visitors) are other well-known destinations for biodiversity and culture, while there also are lesser-known regions such as Rara (274 visitors) and Manaslu (8,413 visitors) that also offer serene and culturally rich experiences.⁹

4. Health, wellness and agricultural tourism

Health and wellness tourism: Nepal has potential for being a destination for health and wellness tourism by providing tranquil retreats for yoga, meditation, and Ayurvedic treatments in serene locations. The health and wellness retreats incorporate traditional therapies, including Tibetan medicine, and are enhanced by the spirituality associated with Buddhist and Hindu pilgrimage sites such as Lumbini and the Pashupatinath Temple. Eco-resorts and wellness hotels can complement these offerings with programmes that include spa treatments, organic cuisine, and nature walks for promoting health while ensuring minimum environmental impact.



Agricultural tourism: Agricultural tourism blends farming experiences with cultural immersion. Tourists can participate in daily farm activities while living in rural homestays to experience Nepal's agricultural lifestyle. Such tourism emphasises organic farming and sustainable practices, and provide educational opportunities on permaculture and conservation of traditional farming techniques.



Agro tourism not only helps to preserve indigenous knowledge but also supports rural communities economically by helping them to diversify income sources and promote local crafts. Key areas for agro tourism include Pokhara, the Kathmandu Valley, and the Terai region.

⁹ Nepal Tourism Statistics, 2023



2. INVESTMENT OPPORTUNITIES

Nepal's tourism sector has potential for market expansion by adding diverse products and by expanding to new areas for increasing visitors from traditional source countries.



2.1 Hotels and resorts

Nepal's hotel and resort management sector has seen robust growth. This sub-sector includes high-end luxury resorts to budget accommodations where FDI can assist in raising service standards. Investments can focus on Nepal's unique positioning for adventure, culture, and spiritual tourism taking advantage of both Nepal's strategic location and incentives provided to investors. There's also potential for developing heritage hotels to offer immersive experiences in Nepal's rich culture.

By March 2023, the number of five-star and deluxe hotels in Nepal had reached 182. Further, the capacity of non-star tourist-standard accommodations such as hotels, lodges, resorts, and deluxe/luxury heritage boutique hotels had reached 54,370 beds per day. The recreational sub-sector has also experienced growth, with 28 casinos and mini casinos in operation.

Hotels at historical and heritage areas

There are opportunities for establishing boutique hotels at historical sites. There are many locations where such devel-

opments are possible, which, however, will require prior exploration to select sites where such developments are permitted. Some locations where investors can contribute towards conservation of existing structures and building non-intrusive structures for boutique hotels are the Rani Mahal area which lies on the banks of the Kali Gandaki River, and the Tansen Durbar area in Palpa. There are similar historical locations such as the Simraungadh Fort in Bara District, the Nuwakot Durbar, and the Gorkha Durbar area where boutique hotels can be established, while also investing in the conservation of the heritage. Another similar location for development of a sustainable resort is Bandipur, a historical trading town in Tanahu district that has preserved the traditional architecture, including the cobbled streets.

Nature-based resorts

Nepal's diverse landscapes and rich cultural heritage offer numerous opportunities for developing nature based resorts. Potential locations for such projects are the Khaptad area, a less-explored region in Sudurpaschim Province; and the Rara Lake and its vicinity, in Mugu District, which is also the country's largest lake in the Himalayas. There are other locations such as the tea gardens of Ilam, the national park of Bardia, the wildlife reserve at Koshi Tappu, and different locations in the Annapurna Conservation Area in Mustang and Manang districts, where

investments in sustainable resorts can be considered. The Tsum Valley in the Ganesh Himal region and the Manaslu region can be developed as other getaways for tourists. Similarly, there are opportunities for exploring resorts specialising on wellness and spirituality in places such as Lumbini, the birthplace of Lord Buddha, and the rim of Kathmandu Valley, which is famous for its temples and places of worship.

Highway rest stops and cultural hubs

Nepal's picturesque highways offer great potential for highway stations that could serve as rest stops, cultural hubs, and gateways to local attractions. These strategically placed stations would cater to travellers by offering a range of amenities such as restaurants, cafes, clean restrooms, souvenir shops, information centres, open space for relaxation, fuel stations and accommodation options. The introduction of such facilities would not only make long journeys more enjoyable but can also contribute to the local economy through job creation and promotion of local businesses and handicrafts. Such stations could be developed in the following highways:

Prithvi Highway: The highway connects Kathmandu with Pokhara and has high tourist traffic. Developing such stations at scenic viewpoints or near natural and cultural sites can provide travellers options for rest, refreshment, and insights into Nepali culture.

Araniko Highway: This is a route to the Nepal-China border and is popular for those visiting Langtang National Park and heading towards Tibet. Roadside stations here could provide crucial services for national as well as international tourists and trekkers, including per-

mit processing assistance and trekking information.

Siddhartha Highway: This highway connects Pokhara with Lumbini, the birthplace of Lord Buddha. Roadside stations along this route could focus on serving pilgrims and cultural tourists.

East-West (Mahendra) Highway: Spanning the length of Nepal, stations along this route could serve as rest points for long-distance travellers and truckers, with parking areas, accommodation, and local handicraft markets.

Tribhuvan Highway: Developing tourist stations on this highway – the oldest in Nepal – can help in reviving and promoting the historical and cultural significance of small towns and villages along the route.

By developing a network of well-equipped and strategically located highway-based stations, Nepal can enhance the overall tourist experience while also contributing to developing the local economy. PPPs can leverage government land and resources; investors can bring both finances and technical assistance for these ventures.

There is a growing demand for accommodation options along the Great Himalayan Trail. This demand could be met through projects done in partnership with local governments.



2.2 Tourism training centres

Tourism Training Centres have immense potential for enhancing the tourism sector as there is a growing need for skilled professionals. By focusing on

comprehensive training programmes in hospitality management, adventure and eco-tourism, such centres can contribute towards producing the required workforce.

Nepal has educational institutions (public and private) that specialise in hospitality and tourism management, such as the Nepal Academy of Tourism and Hotel Management (NATHM), a government institution. In 2023 the number of individuals trained at NATHM had reached 59,854.¹⁰ It also offers academic courses in hospitality management such as Master of Hospitality Management and Bachelor of Hotel Management degrees. So far it has produced 383 M.A. and 2,614 B.A. graduates. The government also supports vocational training programmes in tourism and professional tourism associations collaborate with various training institutes to run specialised courses on areas such as customer service, language proficiency, and technical expertise. This structured approach ensures continuous availability of skilled workers and boosts the overall service quality.

In addition, Nepal's universities also produce graduates in different disciplines who eventually serve the tourism industry. The academic curricula cover areas such as tourism management, hospitality, travel operations, cultural heritage, and sustainable tourism practices. There are other private institutions such as the Global Academy of Tourism and Hospitality Education (GATE) and the Nepal College of Travel and Tourism Management (NCTTM) that provide undergraduate and post-graduate degrees in tourism management.



2.3 Tourism infrastructure

Nepal can advance tourism infrastructure by leveraging FDI through PPPs. This approach can drive sustainable development, generate employment, and stimulate socio-economic progress. Such investments can usher a new era of technological progress and facilitate compliance with international quality standards. There are several areas for investing in tourism infrastructure development under the PPP approach including conservation and development of cultural heritage sites through restoration of historical sites, museums, and cultural centres. Other investments can include infrastructure for adventure tourism (trekking, mountaineering, white-water rafting, bungee jumping, etc.) Similarly, the development of and operation of convention and exhibition centres to facilitate Meeting, Incentive, Conventions and Exhibitions (MICE) tourism is another possibility. Other undertakings can include recreational facilities and health and wellness centres. The recreational facilities can include theme parks and golf courses while the wellness investments could include high-altitude retreats, Ayurvedic and herbal treatment centres and yoga and meditation camps.

Recreational tourism infrastructure

There are opportunities in developing theme parks, amusement parks, and mini planetariums for diversifying tourist attractions. Such projects can help to enhance Nepal's appeal as a family-friendly destination. The following paragraphs discuss some of these opportunities:

¹⁰ Tourism Related Human Resource produced by NATHM till 2080; Annex 3: <https://nathm.gov.np/human-resource-2080>

Theme parks: Theme parks appeal to a wide range of visitors from local families and school groups to international tourists. Integrating Nepali folklore, history, and culture as themes can offer both leisure and educational experiences to visitors. Such projects can generate substantial employment, boost local economy by creating demand for services and products, and help to promote local handicrafts.

Amusement parks: Amusement parks, a term often used interchangeably with theme parks, are large outdoor entertainment venues featuring different attractions, such as rides, games, food concessions, and shows. While both amusement and theme parks offer fun and entertainment, the key difference lies in the thematic focus: theme parks are designed around specific themes or stories, whereas amusement parks may not adhere to a central theme. Amusement parks focus more on the thrill and enjoyment of the different attractions.

Mini-planetarium: A mini-planetarium in Nepal can offer immense educational value and serve as a unique tourist attraction. The attractions could include educational shows on oriental astronomy, space exploration, and the cosmos something that could be of interest of both tourists and the local youth. Nepal's clear Himalayan skies provide a perfect backdrop for stargazing, and, therefore, a planetarium can be positioned as an attraction for visitors.

Hill stations

There are certain locations in Nepal that stand out for their potential to attract investment. These hill stations can benefit from PPP investments, where government support can be leveraged for developing infrastructure and private investment for developing sustainable and tourist-friendly facilities.

Some potential locations in existing tourism areas for such development are Ghandruk in the Annapurna region, Langtang in the north of Kathmandu, and Bandipur in Lamjung district. Similar developments can also be planned and undertaken in other locations such as Tansen (Palpa), Chitlang, Ilam, Kalinchowk, Balthali, Dhampus/ Australian Camp, Sarangkot, Ghale Gaon, Daman, Kakani, Nagarkot and Dhulikhel, among others. Investments in these locations can focus on destination management, infrastructure development, upskilling the local workforce, and sustainable practices.



2.4 Wellness centres

This includes experiences centered around health and wellbeing, both physical and mental. Investors can consider developing wellness centres offering yoga retreats, meditation camps, and traditional Ayurvedic treatments. The development of such centres in serene and scenic locations can emerge as new tourist attractions. Additionally, organic farms and nutrition-based wellness programmes can also be developed.

Potential wellness products that could be developed include,

1. High-altitude wellness retreats offering programmes that combine wellness activities like yoga and meditation with high-altitude training to improve fitness and mental clarity.

2. Ayurvedic and herbal treatment centres: Leverage Nepal's rich biodiversity by developing centres specialising in Ayurvedic treatments and herbal therapies using local plants and traditional healing practices.

3. Yoga and meditation centres, including teacher training centres, can offer courses in yoga and meditation, drawing from Nepal's ancient traditions and modern wellness practices.

Such centres could provide specialised itineraries such as spiritual healing tours, including stay in monasteries, participation in traditional ceremonies, etc. and eco-therapy and nature programmes including guided nature walks and volunteering for conservation activities. Similarly, the wellness retreats could include hot spring resorts and spas, and those offering culinary retreats where wellness activities are combined with healthy, organic eating, cooking classes and nutrition workshops.



2.5 Adventure tourism

Nepal offers many areas for investing in infrastructure to support adventure sports.

Nepal is a haven for adventure seekers. The varied landscapes, from the towering Himalayan peaks to dense jungles and fast flowing rivers, offer unparalleled opportunities for expanding adventure tourism. This sub-sector has the potential for continued growth in activities such as rock climbing, canyoning, skiing, skywalk, zip-lining, paragliding, bungee jumping, and white-water rafting.

The various investment options in adventure tourism, in no order of preference, are listed below:

1. Nepal's majestic peaks hold immense potential for rock climbing and mountaineering. Invest-

ments can be considered in climbing schools with certification programmes, and vital safety infrastructure for attracting climbers from around the globe.

2. Enhancement of existing treks to well-known destinations such as the Everest Base Camp, Annapurna Circuit, and Langtang Valley by adding sustainable infrastructure such as eco-lodges, well-maintained trails, and waste management solutions.
3. Transforming Pokhara into a comprehensive adventure hub through investments in paragliding, bungee jumping, and zip-lining facilities, prioritising safety, and local instructor training programmes.
4. Enhancement of wildlife experiences in Chitwan, Bardiya, and other national parks, with investments to support the development of sustainable jungle lodges alongside responsible wildlife safari operations.
5. Investigate the possibility of establishing eco-friendly ski resorts to diversify Nepal's adventure offerings and for attracting tourists for winter sports.

Other areas for potential investment are hot air balloons for providing sunrise and sunset views of the Himalayas, establishment of accredited schools for paragliding and hand-gliding and expanding the fleet of fixed-wing aircraft and helicopters to provide mountain flights. Investments can also be explored for establishing Nepal as a hub for water sport competitions, such as rafting and kayaking with appropriate training centres, and for promoting other water sports.



Meeting, Incentives, Conventions and Exhibitions (MICE): WHY NEPAL?

Pleasant weather



Nepal adjoins the world’s most **populated** and **fastest growing** economies and can offer specialised tourism services for corporations in the neighbouring countries



Value for money

Rich history and culture



2.6 MICE tourism

Nepal’s Meetings, Incentives, Conferences, and Exhibitions (MICE) tourism sub-sector has been growing. Nepal attracted approximately 13,000 visitors in 2016 for MICE activities (Nepal Tourism Statistics 2022), and though specific data for later years were not available, one can assume that it is included in the increased tourism earnings. Strategically located between India and China, Nepal offers an easily accessible setting for MICE tourism. Nepal has

been adding tourism infrastructure (hotels) and conference centres to meet the requirements of this sector, alongside the improved access to the country by air. The Government has also been actively promoting the country as a premier destination for MICE tourism that can but grow with enhanced services and effective promotion of the offerings.

Nepal’s diverse landscapes, rich cultural heritage, and unique biodiversity present vast opportunities for FDI and Public Private Partnership (PPP) projects in tourism.



3. SUPPORT SYSTEM

There has been continued investment in essential tourism infrastructure, including hotels, resorts, and transportation networks. These developments can be further enhanced through public-private partnerships.



3.1 Policy and strategy

Tourism Decade 2023-2032

Tourism Decade 2023-2032 is Nepal's 10-year plan to revive the tourism sector, which was hit hard by the COVID-19 pandemic. The plan¹¹ aims to attract 3.5 million tourists (excluding visitors from India and overland tourists) in the next 10 years and raise spending to USD 125 per day, create 1 million direct jobs in the sector, and to increase the sector's contribution to national GDP to 10%. The plan also aims to position Nepal as a premier global destination by enhancing infrastructure, diversifying tourism products, and promoting sustainable practices. Objectives include increasing international tourist arrivals – target, two million annually – developing robust infrastructure and implementing sustainable tourism practices that benefit local communities. Strategies for achieving these goals involve fostering public-private partnerships, enhancing digital marketing efforts, and international collaborations to improve accessibility and global visibility. This plan includes significant projects like the conceptual master plan for the Greater

Lumbini Region and the Ramgram Masterplan. To promote domestic tourism, it envisages a “Visit Nepal, Know Nepal”¹² campaign including promotion of pilgrimage, culture, and festival-related destinations, and the expansion of the inter-province air services.



3.2 Laws

There are several laws that relate to the tourism industry, which are also applicable in addition to existing laws on FDI. These laws cover areas such as licensing, safety standards, environmental protection, and cultural heritage preservation. Some of the key tourism-related laws and regulations are listed below:

Tourism Act, 1978: This legislation provides the basic legal framework for the development and promotion of tourism in Nepal. It establishes the guidelines for the registration, regulation, and operation of tourism businesses. It also addresses the conservation of natural resources and cultural heritage sites.

National Parks and Wildlife Conservation Act, 1973: This act is intended for regulating tourism within national parks and wildlife reserves. It sets out rules for the preservation of flora and fauna, and human activity in protected areas to minimise environmental impacts.

The National Trust for Nature Conservation Act, 1982: This act relates to the

¹¹ Nepal Tourism Decade 2023-2032.

¹² Nepal Budget 2080-81 (2023-24)

Table 4: Major taxation provisions in Nepal

Section 4: Reduced rates, concessions for F.Y. 2080/81	Rates as percentage of applicable rate	Effective tax rate
Industries		
Tourism industry (other than a casino) starting commercial operation with capital investment of more than NPR 1 billion and employing more than 500 individuals throughout the year.	0% (for first five years of operation) & 50% (for next three years).	0% (for first five years of operation) & 10% (for next three years).
Existing tourism industries (other than a casino) increasing installed capacity by 25% and increasing the capital to NPR 2 billion, with direct employment to more than 300 people throughout the year.	0% on incremental profit (for first five years of operation) & 50% on incremental profit (for next three years thereafter).	0% on incremental profit (for first five years of operation) & 10% on incremental profit (for next three years).
Capitalisation of profit by special industry, agro-based industry, and tourism industry for capacity expansion.	Dividend tax - nil.	
Manufacturing, tourism, hydroelectricity generation, distribution and transmission entities and industry operating in technology park, biotech park, and IT park and involved in software development, statistical processing, cybercafe, digital mapping if listed in Stock Exchange	85%	Calculation by applying applicable rates.
Industry related to tourism or aviation company for international flights with capital investment of more than NPR 1 billion.	No tax for first five years and 50% of applicable rate for next three years.	Calculation by applying applicable tax rates.
Industry related to tourism or aviation company for international flights with capital investment of more than NPR 3 billion.	No tax for first 10 years and 50% of applicable rate for next five years.	Calculation by applying applicable tax rates.
Industry related to tourism or aviation company for international flights with capital investment of more than NPR 5 billion	No tax for first 15 years.	0% for first 15 years.

Source: Nepal Tax Fact 2023/24 (2080/81); Major taxation provisions including changes made by Finance Bill, 2080 (2023)

operation of an autonomous organisation dedicated to the conservation of nature and natural resources.

Ancient Monuments Preservation Act, 1956: This law provides for the preservation of Nepal's historical and cultural monuments, regulates how they can be accessed and used by the public and tourists.

Civil Aviation Authority of Nepal Act, 1996: This law governs the aviation sector.

Immigration Act, 1992: This act is important for managing the entry of

foreign tourists. It outlines visa requirements, stay durations, and other immigration procedures.

Mountaineering Expedition Regulation, 2002: This regulation governs mountaineering expeditions, including safety and sustainable practices in high-altitude environments.

Hotel, Lodge, Restaurant, and Bar Regulation, 1981: This regulation governs the operation of accommodation and eateries, sets standards for service, safety, and hygiene. It is important for

ensuring that tourists have safe and reliable places to stay and eat.

Directives for Recreational Aviation Authorized Agency, 2018: The directives set the standards and regulates the businesses based on international best practices in safety.



3.3 Incentives

Tourism sector is eligible for attractive income tax exemption. Tourism-based industry (other than casino) meeting the following criteria is offered 100% exemption in applicable income tax for five years from commercial operation, and 50% for an additional three years:

- to industries established with capital investment exceeding NPR 1 billion and providing direct employment to more than 500 individuals throughout the year
- if industry has increased capital investment to at least NPR 2 billion and provides direct employment to more than 300 individuals throughout the year along with enhancement in capacity by at least 25%
- 100% exemption on dividend tax if profit is capitalised to expand the industry



3.4 Relevant agencies

The Ministry of Culture, Tourism & Civil Aviation is the agency that makes policies and regulates the tourism industry.

The Department of Industry approves FDI projects under NPR 6 billion and the Investment Board Nepal approves investments over NPR 6 billion. The Nepal Tourism Board is responsible for tourism promotion. The major institutions related to investment in the sector are listed below:

Ministry of Culture, Tourism & Civil Aviation (MoCTCA): Develops tourism policies and facilitates FDI.

Ministry of Industry, Commerce and Supply: Responsible for promoting industrial growth, regulating trade, and ensuring the efficient distribution of goods and services.

Investment Board Nepal (IBN): Approves and manages investments exceeding NPR 6 billion, offers a fast-track service.

Department of Industry: Approves and registers FDI industries with investment up to NPR 6 billion.

Department of Tourism: Responsible for promoting tourism, managing tourist attractions, and regulating the tourism industry.

Department of National Parks and Wildlife Conservation: Responsible for the protection and management of national parks and wildlife reserves, conserving biodiversity, and promoting sustainable use of natural resources.

Nepal Tourism Board (NTB): Promotes tourism.

ANNEX 1: TOURISM HUMAN RESOURCES PRODUCED BY NATHM TILL 2080

SN	Types of Course	2028
1	Master of Hospitality Management	383
2	Bachelor of Hotel Management	2614
3	Bachelor of Travel and Tourism Management	1735
4	Food Preparation & control	2750
5	Food & Beverage Service	1796
6	Housekeeping	1279
7	Front Office/Hotel Account	1380
8	Bakery/Indian Sweets	223
9	Hotel Maintenance Training	243
10	Accommodation Operation	33
11	Barista Training	92
12	Tourist Guide	4860
13	Tourist Guide Refresher Course	76
14	Local Guide in Different Areas	1169
15	Travel Agency & Ticketing	775
16	Int'l Freight Forwarding (Cargo)	93
17	Trekking Cook & Waiter	462
18	Trekking Guide	18707
19	Trekking Porter Guide	966
20	Trek Tour Leader/Canyoning	44
21	River Guide/Adventure Tourism	1134
22	Train the Trainer/HRD	214
23	Agritourism	84
24	Hospitality Awareness/Household Management	2887
25	Tourism In-service/Liaison Officer Training	4609
26	Skill Test Program	358
27	Mobile/Lodge management/Homestay/Food Safety Training	10888
	Total	59854

Source: NATHM Website: <https://nathm.gov.np/human-resource-2080>

ANNEX 2: TOURISM PROJECTS OPEN FOR INVESTMENT

S.N.	Name of the Project	Project Location/Province
1	Dreamland Dhulikhel Project	Province 3
2	Film City in Dolakha	Province 3
3	Damauli Multipurpose Tourism Project	Gandaki Province
4	Dolakha Mountain Academy Project	Province 3
5	Shey-Phoksundo Luxury Resort	Karnali Province
6	Ski-Resort in Manang	Province 3
7	Gautam Buddha International Maternity Hospital Project	Province 5
8	Khaptad Integrated Tourism Project	Sudurpaschim Province
9	Janaki Heritage Hotel and cultural Village, project,	Province 2, Dhanusadham
10	Tal-talaiya Multipurpose Tourism Project	Province 1, Itahari

ANNEX 3: RELEVANT AGENCIES AND ORGANISATIONS

Office of the Prime Minister and Council of Ministers

Singh Durbar, Kathmandu, Nepal
Tel: +977-1- 5971000,5971001
Audio Notice Board: 618070701111
P.O. Box: 23312
Email: info@nepal.gov.np
Website www.opmcm.gov.np

Ministry of Industry

Singh durbar, Kathmandu, Nepal
Tel: +977-1-4211455
Email: info@moics.gov.np
Website: www.moics.gov.np

Ministry of Education, Science and Technology

Singh durbar, Kathmandu, Nepal
Tel: +977-1-4200453
Email: info@moest.gov.np
Website: www.moest.gov.np

Ministry of Culture, Tourism and Civil Aviation

Singha Durbar, Kathmandu, Nepal
Tel: +977-1-4211870, 4211679, 4211607
Fax: +977-1-4211758
Email: info@tourism.gov.np
Website: www.tourism.gov.np

Ministry of Forest and Environment

Singha Durbar, Kathmandu, Nepal
Tel: +977-1-4211737, 4211703,
Fax: +977-1-4211599
Email: info@mofe.gov.np
Website: https://www.mofe.gov.np/

Investment Board Nepal

Office of the Investment Board,
ICC Complex, New Baneshwor,
Kathmandu, Nepal
Tel: +977-1-4575278, 4575277, 4575276
Fax: +977-1-4575281
Email: info@ibn.gov.np
Website: www.ibn.gov.np

National Planning Commission

Singha Durbar, Kathmandu
Tel: +977-1- 4211032
Fax: +977-1- 4211700
Email: npc@npc.gov.np
Website: www.npc.gov.np

Nepal Rastra Bank

Central Office, Baluwatar
Kathmandu, Nepal
Tel: +977-1- 5719641, 5719642, 5719643
Fax: +977-1-5719601
Email: nrbtcu@nrb.org.np;
spokesperson@nrb.org.np
Website: www.nrb.org.np

Department of Industry

Tripureshwor, Kathmandu
Tel: +977-1-5356212
Email: info@doind.gov.np
Website: www.doind.gov.np

Department of Tourism

Bhrikuti Mandap, Kathmandu, Nepal
Tel: +977-1-4347037
Email: info@tourismdepartment.gov.np
Website: www.tourismdepartment.gov.np

Department of Immigration

Kalikasthan, Dillibazar, Kathmandu.
 Tel: +977-1-4529659, 4429660
 Fax: +977-1- 4433934 /4433935
 Email: info@nepalimmigration.gov.np
 Website: www.nepalimmigration.gov.np

Civil Aviation Authority of Nepal CAAN

Babar Mahal, Kathmandu, Nepal
 Tel: 01-977-015718030/31.
 Fax: 01-4262326
 Email: dgca@caanepal.gov.np
 Website: caanepal.gov.np/

Department of National Park and Wildlife Conservation

Babar Mahal, Kathmandu, Nepal
 Tel: +977-1-5320912
 Fax: +977-1-5320850
 Email: info@dnpsc.gov.np
 Website: dnpsc.gov.np

Department of Customs

Tripureshwor, Kathmandu
 Tel: +977-1-5917225, 9851353353
 Fax: +977-1-5970656
 Email: csd@customs.gov.np
 Website: www.customs.gov.np

Inland Revenue Department

Lazimpat, Kathmandu
 Tel: +977-1-5970081
 Fax: +977-1-4411788
 Email: serviceird@ird.gov.np
 Website: www.ird.gov.np

Office of the Company Registrar

Tripureshwor, Kathmandu
 Tel: +977-1- 5359961
 Fax: +977-1- 5363089
 Email: info@ocr.gov.np
 Website: www.ocr.gov.np

Nepal Tourism Board

Tourist Service Centre
 Bhrikutimandap, Kathmandu
 Tel: +977-1-4256909
 Fax: +977-1-4256910
 Email: info@ntb.org.np
 Website: www.welcomenepal.com

Federation of Nepalese Chambers of Commerce and Industry (FNCCI)

Pachali Shahid Shukra FNCCI Milan
 Marg, Teku, Kathmandu
 Tel: +977-1- 5362061 / 5362218 / 5366889
 Fax: +977-1- 5361022 / 5362007
 Email: fncci@mos.com.np
 Website: www.fncci.org

Confederation of Nepalese Industries (CNI)

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