

Tourism Industry

Man does not stay permanently in one place, nor can s/he do so. He travels from place to place. He has many needs and necessities that also force him to travel. In the past, travelling was difficult. However, the man travelled in search of food and shelter. Now there are various means of comfortable travelling. So, he travels to distant places easily.



Tourism in Nepal

Tourist

Those people who travel or visit different new places for different purposes are called tourists. They travel various place for business, pleasure, adventure, spend holidays, pilgrimage etc. There are two types of tourists. They are:

Domestic or internal tourist

International tourist

Domestic or internal tourist:

The people who travel from one place to another within their own country for various purposes are called domestic or internal tourists. For example, if the students of Kathmandu are in Pokhara for their educational tour, they are called domestic tourists.

International or foreign tourist:

Those people who travel from one country to another for a certain period of time are called international or foreign tourist. International tourists need a visa to go from one country to another country.

Reasons for traveling

1. To enjoy during the holidays
2. To see and learn the lifestyle of other people
3. For pilgrimage
4. To visit famous places
5. To escape from severe climate
6. To be relief and relax



Tourism in Nepal

Tourism

Tourism is the business activity related to the services provided for tourists during their stay in a place.

Importance of Tourism in Nepal

The importance of tourism in Nepal are as follows:

1. Source of foreign currencies
2. Support cottage and handicraft industries
3. Development of physical infrastructures
4. Conservation of arts and culture
5. Increase in trade
6. Publicity of Nepal to the world

Problems

Though Nepal is culturally, naturally and geographically rich, there are some problems and challenges to promote the tourism industries. Some of the problems and challenges to promote and develop the tourism are as follows:

1. Lack of infrastructural development
2. Lack of conservation of cultural and religious sites
3. Inadequate means of entertainment
4. Lack of tourists' goods
5. Lack of proper tourism centers
6. Lack of publicity
7. Lack of facilities and safety for tourists:
8. Internal conflict

Solutions

1. The measures to solve the problems of tourism in our country are as follows:
2. The infrastructural development should be equally distributed in every tourism destinations to make the service accessible to the tourists who admire to visit there.
3. Conservation of old and ancient cultural heritages sites should be done and they should be renovated in their own original style to attract a large number of tourists.
4. The needed facilities, as well as security, should be provided in all the tourism destinations.
5. Cleanliness program should be launched in those areas which have been polluted.
6. Publicity should be increased of the tourism destinations about the beautiful places of Nepal so that there will be an increment in the number of tourists.
7. Internal conflicts should be stopped to encourage the tourists to come here.
8. The number of entertainment facilities should be increased and made available to all tourism destinations.
9. Goods required for tourists should be produced in the country using local materials.
10. Banking facilities, marketing and other tourists' center should be increased.

Trade

Trade is the act of buying and selling of goods between two parties with a view to earning profit. It makes a link between the producers and consumers. The parties or person involved in the trade is called traders.

Trade within Nepal

Traders buy goods in one part of the country and sell in other places inside Nepal. Fruits vegetables, animals, wood and some manufactured goods such as Coca-Cola and noodles move around like this. This is an internal trade.



Foreign Trade

Very few countries have everything they need. For example, many countries have no oil. So countries buy goods (import) from other countries and sell other goods (export) to other countries. It is good to sell more than you buy. This is trade surplus. If a country buys more than it sells, it has a trade deficit which means less money for investment and development. The patterns of foreign trade are very complicated, and an important part of world politics, but many LDC export one or two raw materials (such as coffee, sugar, cotton), while MDC export more expensive manufactured goods.

Importance of foreign trade

Some big countries such as India have tried a policy of being self-sufficient, that is not to trade at all with other countries, but only to use their own natural and human resources, and developing their own industries to supply all their own national needs. The importance of foreign trade are as follows: -

1. If one country concentrates on a certain product, they can develop skills and knowledge and product very high-quality goods.
2. It is sensible to use resources and tools in the place where they are found.
3. Once the trade is established and more than local needs have to be produced, employment opportunities increase.
4. The currency of the rich nations is reliable, so foreign trade enables us to earn this foreign currency, by selling our products.
5. Many countries will buy our craft items, and this help to preserve our traditional art and craft skills, encouraging young people to learn them.

Present situation of foreign trade of Nepal

Nepal's foreign trade is in deficit. The trade is India-centered, but the government has started trade diversification by keeping trade relation with other countries. Nepal exports raw materials at a low price and imports manufactured goods at the high price. The main exports of our country are ready-made dresses, carpets, agriculture and forest-related goods. But the foreign market of many of our exports has declined recently.

Problems

Nepal's foreign trade is not prospering. It has many problems, which are,

1. **Too much import and too little export:** Nepal's export mainly constitutes primary products or raw materials, which get a little price. In turn, it has to pay much more for its large imports which are mostly manufactured goods. Investors in Nepal are encouraged in trade so they trade more in foreign goods, which also helps to grow the volume of imports.
2. **Open border:** Nepal borders with India on three sides. More than one-third of our trade is with India. Large quantities of goods move across the border through several secret routes. Consumers from each country collect their daily goods outside so that they get at the cheaper price. Due to such illegal trade practice, transaction statistics taken cannot be real.
3. **Landlocked country:** Sea transport is a cheapest and most widely used system of transport for international trade. Being a landlocked country, Nepal is deprived of this cheapest system. It has to use Indian Territory to reach the sea. Transport is costly and goods become expensive. There is not an easy alternative way because our border with china in the north is geographically difficult and the sea their lies at the greater distance.
4. **Heavy import of luxury items:** Nepali consumers are fascinated a lot of foreign-made luxury goods. The government also has the policy of importing such goods so that more customs duty can be charged. When a country wealth is drained out in importing luxury items, there is the lack of capital left for development of indigenous industries.
5. **Unaware consumers and irresponsible traders:** Nepali consumers are easily moved by popular luxury goods of foreign brands. Their needs are created by others, say manufacturers and advertisers. Many traders are found smuggling goods across the border.

Solutions

1. Grow indigenous industries to supply consumer goods.
2. Export more agro-products and forest product.
3. Strict control over the border.
4. Raise awareness among consumers for their love for national products.
5. Develop trade relations with more countries other than India.
6. Limit the import of luxury goods.
7. Create a conducive environment to encourage Nepal investors to invest in industries.
8. Modernized agriculture.

Banking

The word bank is derived from the Italian word Banco which means a place for keeping, lending and exchanging money. Bank can be regarded as the wheel of the business. It is the manufacturer as well as a trader of money. It collects spare money. Providers' security invests into productive sectors and forms additional capital. It promotes industrial, agricultural as well as commercial sectors of the economy. It is the signal of economic prosperity and civilized society. It plays the role of agent, which performs all monetary transactions on behalf of its clients. It is the connecting link between business houses, which helps in settling accounts. It is a means for promoting foreign trade.

The bank is a financial institution, which deals with money. It accepts deposits from individuals and organizations and grants loans to them. It allows interest on the deposits made and charges interest on the loans granted. Since, it accepts deposits and grants loans, it is regarded as the trader of money. Further, it creates credit and supports for the formation of capital and hence it is regarded as the manufacturer.

Importance of Bank

The bank is said to be the financial wheel of an economic system. It plays an important role in the economic development of the country by performing various functions. Perhaps, nobody can imagine the present day life without performing banking activities. The main importance of the bank can be highlighted as follows: -

1. **Capital formation:** - The bank accepts deposits of spare money from its customers. The deposits are utilized for formation of capital in the productive sectors like industry, trade and service areas of the country.
2. **Granting loan:** - The bank grants loan to individual as well as an organization against the security placed. It grants loan in productive sectors like industry, trade and service areas, which enhances the economic development of the country.
3. **Encouraging saving:** - The bank provides full security for the money deposited and allows interest on such deposits. It thus, encourages people to save as much as possible which supports capital formation.
4. **Issuing notes:** - The bank issues coins and paper notes which help for exchanging goods and services. Such coins and notes make easier for measuring the value of goods and services.
5. **Exchanging foreign currencies:** - The bank exchanges foreign currency as per the direction of the central bank. It fulfills the requirement of foreign currencies, which promotes foreign trade.
6. **Promoting trade and industry:** - The bank provides different types of financial as well as technical services to the trader and manufacturer, which encourage and improve the quality of industry and trade. It supports the development and expansion of industrial and trading activities.
7. **Assisting the government:** - The bank provides necessary financial data and information to the government, which facilitate for preparing monetary, tax and fiscal policies of the country.

In Nepalese context, banks are classified into three types. They are as follows: -

1. **Central Bank:** Central bank is a supreme banking institution which involves in controlling, supervising and regulating the activities of the commercial bank and other financial institutions.
2. **Commercial Bank:** Commercial bank refers to the bank which accepts deposits of the public and organization and grants loan to them against securities and provide financial services such as agency service, transfer of money, exchanging foreign currency, issuing capital, etc.
3. **Development Bank:** The bank which facilitates the economic sectors such as industrial, agricultural, rural, etc. by providing capital and technical assistance for their development is known as a development bank.

Currency



In the past, people used to produce the essential things in their own home. They used to exchange the goods and other materials with their neighbours which are essential to them. In this way, people used to exchange the goods and services without using medium of exchange, such as money. This system is known as barter system. The barter system became ineffective with the increment of the economic activities. Then, it was started to search the universally accepted material instead of exchanging system. Animals and their skin, the carapace of the tortoise, hole in the hard material, etc. were used instead of the exchange of goods. The metals such as gold and silver were used as the means of exchange with the development. Notes have become the most popular means of exchange in present days. The shape and structure of currency had changed with the development of human civilization. Nepal Rastra Bank, in our country, issues paper notes & coins and circulates throughout the country. Few countries of Europe has brought the trend of a common currency which is called Euro. The currency of America is called Dollar.

A country cannot issue more and more notes to be rich. It should take the permission of International Currency Fund of UNO to issue the note. The fund gives the permission to issue note according to the capacity to utilize the goods and services by the citizen. The value of the currency should be according to the valuable metals, such as gold. Then only, the bank can issue notes as per the requirement. The foreign currency is essential to import goods from foreign countries. We should export goods in order to earn currency of foreign lands. Foreign currency can also be earned by working in foreign lands. Foreign currency can also be earned if the foreigners spent their money while their visit to Nepal. It can also be earned through donations and loans from foreign countries. The most reliable means to earn foreign currency is trade and tourism. But nowadays many Nepalese are going foreign land such as Saudi Arab, Malaysia, Qatar, South Korea, Japan, etc. for foreign employment. They earn foreign currency there and send it to their family and relatives in Nepal through remittance.

Status of Employment

The state of having paid to work is called employment. People get payment as their salary or wages for their work and performance. That money can be earned in a certain interval or duration that may be an hour, a day, a week or a month. Employment opportunity is given to a people of definite age group. People between the ages of 15 to 59 can be included in this group. The people of this age group are known as economically active people. Such age group differs according to the country.

Employment is the basis for the survival of people's lives. The employment status of any country depends upon the employment capacity of which the numbers of people are employed. Employment can be divided into various economic activities such as agriculture, industry, trade, construction, service etc. Similarly, employment can be explained by dividing it into internal and foreign employment. Many people are engaged in income generating activities by setting up their own business which is known as self-employment. The state in which people are not getting a job though they have education, knowledge, skills and age is called unemployment.

The status of employment of Nepal

S.N.	Description	Percentage
1.	Employed population	78.3
2.	Unemployed population	1.8
3.	Inactive population	19.9
4.	The family involved in agriculture sector	76.3
5.	The population involved in non-agricultural sector	23.7

Problems related to employment

1. There are no employment opportunities for the manpower evolving every year.
2. There is no production of human resources who have skills and knowledge according to the need of time.
3. There is no sufficient number of employment information centers.
4. Those people who go overseas for employment don't get proper information about the countries and its rules and regulations.
5. Those people, who are in a foreign land for employment, don't get proper salary or wages according to their work and working hours.