

Demographic and Economic Facets of Tourism Trend of Nepal

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ABSTRACT

Tourism is a vital driver of Nepal's economy, contributing to GDP, employment, and rural livelihoods, yet the sector has been shaped by political instability, natural disasters, and global crises such as the COVID-19 pandemic. This study examines demographic and economic trends in Nepal's tourism sector from 2000 to 2024, with the objective of identifying long-term patterns and their implications for sustainable development, while highlighting the urgent need for responsive and forward-looking policy interventions alongside the data. A positivist research philosophy was applied, using quantitative methods and secondary data sourced from the Ministry of Culture, Tourism and Civil Aviation, Nepal Rastra Bank, Nepal Tourism Board, and World Bank. Descriptive statistics and regression analysis were employed to analyze tourist arrivals, demographic shifts, and GDP contributions. Results indicate a steady increase in international tourist arrivals from 463,684 in 2000 to a record 1.19 million in 2019, before plunging to 230,085 in 2020 due to COVID-19, with recovery reaching 1.01 million by 2023. Male tourists consistently dominated (55–60%), though the gender gap narrowed after 2010, while the majority of arrivals belonged to the 16–45 age group, underscoring Nepal's appeal to younger and middle-aged travelers. India accounted for over 20% of arrivals, followed by the USA, UK, and China, with Chinese tourists peaking at 169,543 in 2019 before collapsing during the pandemic. Economically, tourism's contribution to GDP declined from around 3.4% in 2000 to an average of 2% in the 2010s, with regression analysis ($y = -0.0587x + 120.05$; $R^2 = 0.3478$) confirming this downward trend. Overall, Nepal's tourism demonstrates resilience yet requires diversification, sustainable strategies, and urgent policy alignment to ensure long-term growth.

KEYWORDS: Nepal tourism, demographic trends, GDP contribution, TALC theory, sustainable development, policy urgency

INTRODUCTION

Tourism has emerged as one of the most powerful engines of development in the modern global economy, shaping growth trajectories and transforming communities far beyond leisure and travel. Widely defined as the temporary movement of people from their usual environment to other destinations for leisure, business, or cultural purposes, it has long been acknowledged as one of the world's largest and fastest-growing industries (UNTWO, 1991). Globally, tourism contributes substantially to economic growth, accounting for nearly 10% of world GDP while generating millions of jobs across diverse regions and socio-economic contexts (WTTC, 2022). For many developing and developed economies, the sector serves as a critical driver of infrastructure

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expansion, entrepreneurial innovation, and employment creation, reinforcing its reputation as a catalyst for sustainable growth (Sharpley, 2009). Empirical research further suggests that tourism has a strong long-term influence on economic development, particularly in emerging economies where it fosters foreign exchange earnings and strengthens macroeconomic stability (Balaguer & Cantavella-Jordá, 2002). Within South Asia, the tourism-led growth hypothesis is highly evident, as the industry bolsters international visibility, supports sustainable practices, and enhances socio-economic resilience (Banday & Ismail, 2017).

In the context of Nepal, a country endowed with the Himalayas, rich biodiversity, and cultural heritage, tourism has emerged as a central pillar of its development strategy, attracting trekkers, mountaineers, and cultural tourists from around the world (Bhandari, 2018). Beyond its economic significance, tourism in Nepal facilitates cultural exchange, enhances international goodwill, and contributes to soft power by promoting cultural diplomacy (Agarwal & Upadhyay, 2006). Grassroots innovations such as community-based tourism and homestay programs have further empowered rural communities, generating local income while fostering environmental stewardship (Acharya & Halpenny, 2013). Nonetheless, tourism's vulnerability to shocks such as political instability, natural disasters, and global crises exemplified by the 2015 earthquake and the COVID-19 pandemic has highlighted the fragility of Nepal's tourism model (Gössling, Scott, & Hall, 2020). Scholars have argued that Nepal's resilience strategies remain limited, fragmented, and unevenly implemented, leaving significant gaps in disaster preparedness and long-term planning (Espiner, Orchiston, & Higham, 2017).

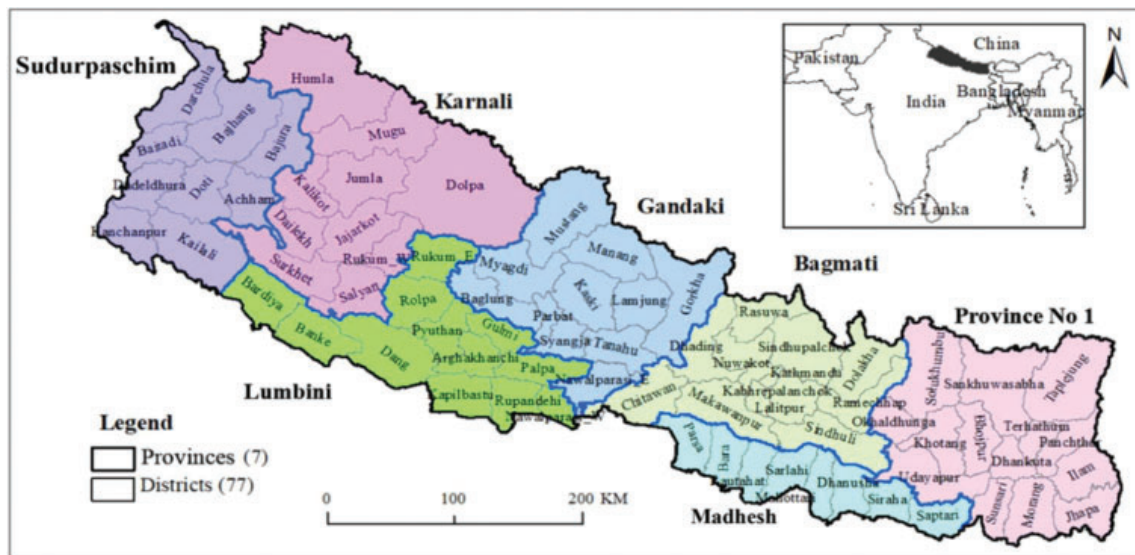
In addition, in the literature on tourism impacts the emphasis on the overall contribution of tourism frequently obfuscates the role that demographics, including the age, sex and nationality of tourists, play in the determination of the patterns of demand and policy requirements (Bastakoti, 2015). Similarly, to date there are little studies that have systematically investigated how the sector's contribution to total GDP in Nepal has changed in the two last decades although noticeable variations has been observed, driven by both domestic and international influences (Bhattarai & Karmacharya, 2021). This paper addresses these gaps in knowledge and understanding by examining the demographic and economic characteristics of tourism in Nepal between 2000 and 2024, and in so doing aims to contribute to the evidence base necessary to support inclusive, resilient and sustainable pathways to development (Acharya, 2023).

2. METHODOLOGY

Its adopted methodology, was based on a positivist paradigm that considers social reality to be objective and examines it through measures. The positivist stance supports the quantification of statistical relationships between tourism variables and GDP (Bryman 2016). It uses quantitative research designs without experimental manipulation, such examination is most suited to systematically scrutinizing demographic and economic patterns (Kothari 2004), and is particularly useful for tourism researchers who wish their work to impact tourism policy (Saunders, Lewis & Thornhill 2019). Outputs from the study are not taken from interviews with outside experts, but rely entirely on secondary data supplied in digital form by official bodies such as the Ministry of Culture, Tourism and Civil Aviation (MoCTCA), Nepal Rastra Bank

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(NRB), and Nepal Tourism Board (NTB). These sources are regarded as the most reliable for broad information research studies (MoCTCA 2023). Also, the methodology clarifies market-segment variables-such as domestic vs international tourists, purpose of visit and expenditure patterns--so as to build up an analysis. Difference in the scale of contribution thus becomes clearer.



Source: <https://www.researchgate.net/figure/Location-map-of-Nepal>

Secondary data are widely used in longitudinal tourism research as they provide comparability and reliability across time (UNWTO, 2019), with global institutions endorsing their validity for trend analysis (World Bank, 2021). Data were extracted from annual reports, policy documents, and statistical bulletins (NTB, 2022), a method consistent with established tourism studies (Veal, 2017), though issues of incompleteness and delayed publication were acknowledged (Johnston, 2014). Analytical techniques included time-series analysis to identify long-term tourism trends (Gujarati & Porter, 2009), supported by SPSS and Microsoft Excel for statistical computation (Pallant, 2020). Normality was assessed using scatter plots, and correlation and regression models were employed to measure the strength of association between tourist inflows and GDP contribution (Field, 2018), with descriptive results presented through charts and graphs for clarity (Cooper & Schindler, 2014). Tourism's direct GDP share, as reported by NRB, was the dependent variable (NRB, 2023), while independent variables included arrivals disaggregated by age, sex, and nationality (MoCTCA, 2022); intermediary factors such as purpose of visit were considered influential (Pearce, 2012), alongside external influences like disasters and policy shifts (Sharpley, 2009). Reliability was consolidated through triangulation of MoCTCA, NTB, and NRB datasets with government sources prioritized as the most consistent (World Bank, 2021). Ethical considerations were addressed using publicly available data (BERA, 2018), ensuring academic integrity through proper citation (APA, 2020) and maintaining transparency and objectivity throughout the research (Cohen, Manion, & Morrison, 2018).

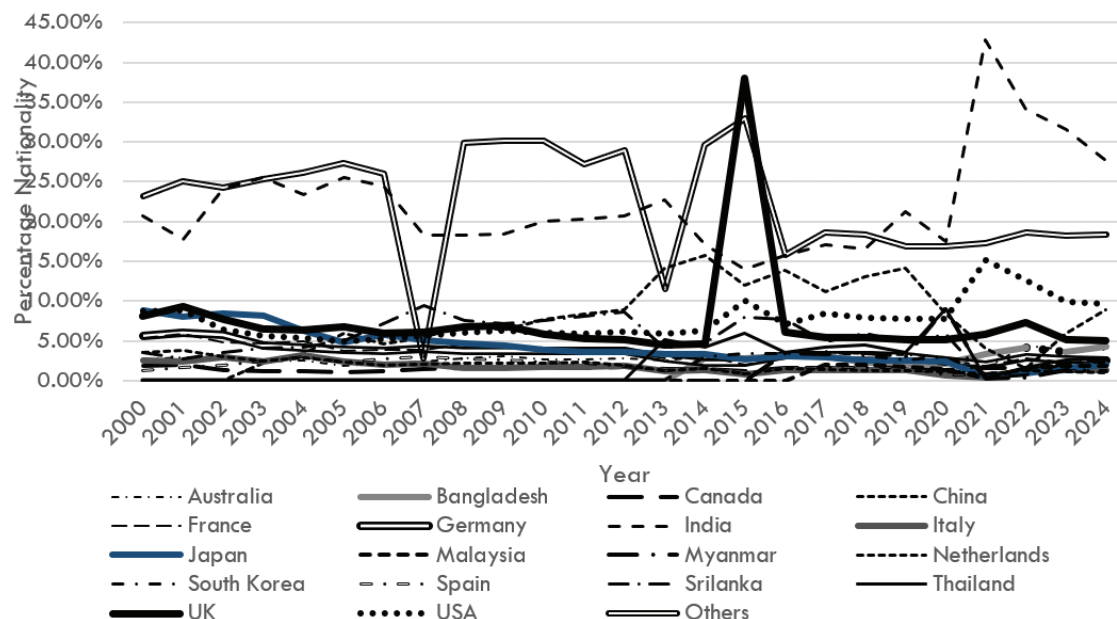
3. RESULT

The results from the analysis are presented below, showing patterns, and trends of tourism in Nepal and its effects on GDP for the period 2000 – 2024. Both time series and spatial statistics are united to present an intuitively transparent analysis of shifts in the number of visitor arrivals, visitors flows, demographic shifts, and their economic mandate.

3.1 Trend of Tourist Arrivals in Nepal (2000–2024)

Tourist arrivals in Nepal is being seen fluctuating but overall upward growth from 2000 to 2024. The lowest arrivals were recorded in 2002 (275,468 tourists) due to political instability, whereas the peak occurred in 2019 (1.19 million tourists) before the COVID-19 pandemic severely disrupted the sector. The pandemic led to an unprecedented decline in 2020, followed by a gradual recovery.

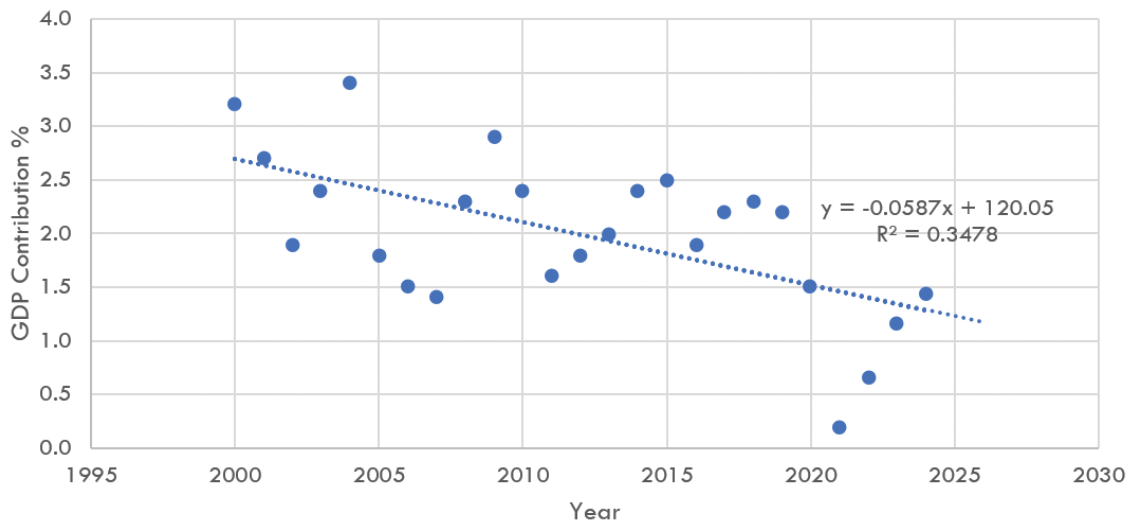
Figure 3.1: Tourist Arrivals in Nepal (2000–2024)



3.2 Contribution of Tourism to GDP

Tourism's contribution to GDP fluctuated in alignment with arrival numbers. The share was 3.2% in 2000, declined to 2.9% in 2002, and gradually rose to 4.5% in 2019, reflecting the sector's growing role in Nepal's economy. However, in 2020, it plummeted below 2% due to global travel restrictions.

Figure 3.2: Contribution of Tourism to GDP (%)



3.3 Demographic Trends of Tourists

Tourist demographics indicate Nepal attracts a diverse group:

- Nationality: Major shares from India, China, USA, and Europe.
- Age group: Predominantly 25–44 years, reflecting Nepal's popularity among adventure and trekking travelers.
- Purpose of visit: Trekking and mountaineering remain dominant, followed by leisure and business tourism.

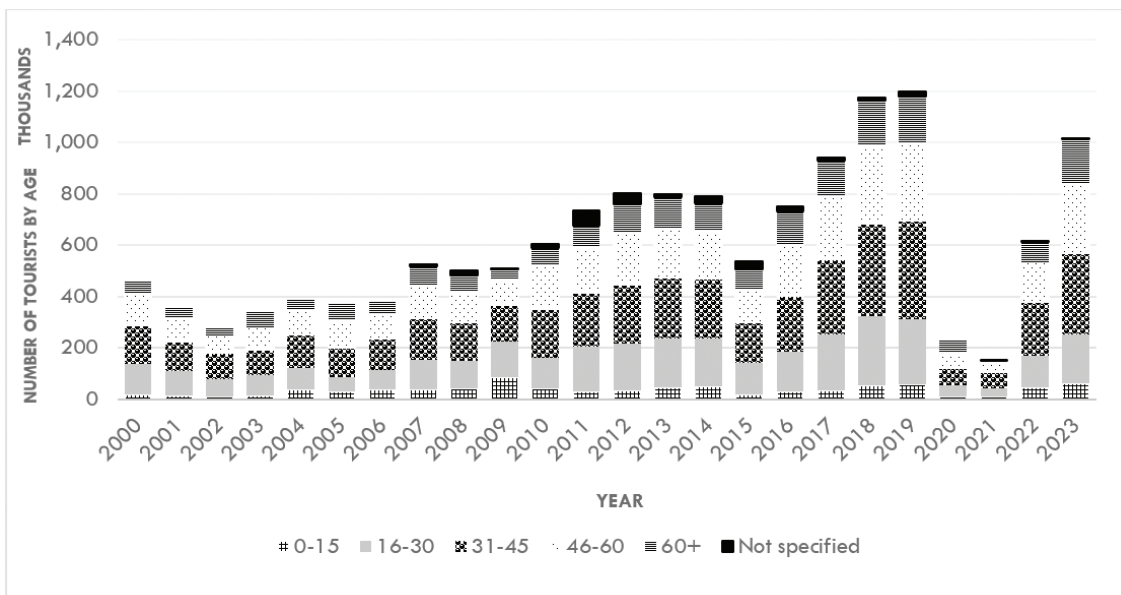


Figure 3.3: Tourist Demographics by Age & Purpose

4. DISCUSSION

The demographic trends of tourism in Nepal from 2000 to 2023 illustrate resilience, vulnerabilities, and untapped opportunities that have shaped the sector's evolution (Sharma, 2018). Male tourists consistently outnumbered female visitors, though the gender gap narrowed notably after 2010 due to improvements in infrastructure, safety, and campaigns targeting women travelers (K.C., 2019), highlighting opportunities for promoting women's adventure and solo tourism (Mishra, 2020). Age distribution reveals dominance of the 16–30 and 31–45 groups attracted by trekking, mountaineering, and cultural exploration (Nepal Tourism Board, 2022), whereas older cohorts aged 46–60 and 60+ are gradually increasing, suggesting growth potential in wellness, heritage, and spiritual tourism (Bhattarai, 2021). The limited share of tourists aged 0–15 underscores weak family-oriented packages, pointing to diversification needs (Gautam, 2017). Nationality trends confirm India as Nepal's largest source market due to cultural ties and proximity (Bhandari, 2019), complemented by stable flows from the USA, UK, and Japan (Ministry of Culture, Tourism and Civil Aviation, 2021). Chinese arrivals peaked in 2019 but collapsed during the pandemic, exposing structural vulnerabilities (Li, 2020). Growing European, Australian, and East Asian visitors reflect increasing global visibility (Timilsina, 2018), but the steep downturn in 2020–2021 highlights dependence on global stability (WTTC, 2021). Tourist motivation remains dominated by "Holiday/Pleasure" and "Trekking and Mountaineering," reinforcing Nepal's image but risking over-concentration (Lama, 2020).

Diversification into religious, ecological, wellness, and MICE tourism is therefore essential (UNWTO, 2020). Economically, while arrivals expanded, tourism's GDP share declined from 3.4% in 2000 to around 2% in the 2010s (Nepal Rastra Bank, 2022), confirmed by regression analyses showing inefficiencies like low per capita spending and short stays (Dhakal, 2019). The GDP collapse during COVID-19, followed by sluggish recovery, underscores fragility (World Bank, 2022). Collectively, these dynamics stress the need for high-value offerings, diversification, and resilience strategies for sustainable growth (Poudel, 2023). Ultimately, Nepal's tourism future must not end with a summary of past lessons but with a clear resilience vision one that embraces diversification, inclusivity, and adaptability to global shifts.

5. CONCLUSION

The analysis of Nepal's tourism trends from 2000 to 2024 illustrates a sector shaped by both opportunities and vulnerabilities. Tourist arrivals have shown steady growth, but recurring disruptions stemming from political transitions, natural disasters, and the global COVID-19 pandemic underscore the fragility of the industry. Despite these setbacks, recent years demonstrate recovery, with shifting demographic dynamics such as narrowing gender gaps, strong youth representation, and the continued predominance of regional travelers, particularly from India and China. These changing patterns also shed light on not only the continuing appeal of Nepal as a country of culture and mountains but also emerging prospects of inclusivity and diversification. On an economic level, the tourism sector to the GDP of Nepal is however, it's an unstable yet very important aspect of national growth. That these observed trends align with Tourism Area Life Cycle (TALC) Theory indicates that Nepal is passing through the processes of

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development, disruption, and rejuvenation. Meanwhile, the drivers of Sustainable Development Theory point to the need for resilience and a strategic, long-term focus on how to manage growth while safeguarding clear cultural and environmental value. Such evidence-based approach, in line with positivism orientation, would be also helpful in indicating policy making and securing sustainable development of tourism stakeholders in Nepal.

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