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Pilgrimage Tourism Networks in Nepal: Prospects, Challenges, and Implications for Site-Based Economic Contribution Studies

Shankar Datt Bhatt

Assistant Professor, (RMS ID: 23PHD0021)

Department of Management,

Far Western University, Nepal

Dr. Ruchi Dwivedi

Assistant Professor,

Department of Regional Economics,

MJP Rohilkhand University

Abstract

Pilgrimage tourism shows one of the most consistent sources of travel demand of tourism. It is also crucial source of livelihood among rare heritage destinations in Nepal. As per the government tourism statistics throughout the post COVID recovery indicate that the proportion of visitors travelling for religious purposes raised in 2024 than 2023. Emphasizing the importance of religious travel in the Nepalese tourism economy. There has been limited research attention paid to understanding the linkages between pilgrimage tourism networks and their economic outcomes in major sacred sites. This study inspects the structure and economic impacts of pilgrimage tourism networks in Nepal using the Pashupatinath Sacred Site as a case study. Qualitative research approach that was based on secondary data. A conceptual economic contribution approach was used in analyzing the economic activities associated with pilgrimage sites. The significant economic benefits offered by pilgrimage tourism through ritual consumption (offerings and puja services), accommodation, food services, transportation, retail trade, informal employment, and site-area services. The expenditures and small-scale service activities were identified as the most consistent sources of local income. Further, research provides a site-based measurement framework that can be used in future research with visitor expenditure surveys, vendor profiling, and multiplier analysis to estimate the total economic contribution of pilgrimage tourism.

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The study points out major policy implications, including improved visitor management and service quality, improved local value capture through local procurement, support for smaller enterprises through transparent licensing and zoning systems, also institutionalization of destination data systems for planning and monitoring.

Keywords: Nepal, Economic offerings, Pilgrimage tourism, Pilgrimage networks, Pashupatinath, Post-COVID recovery,

Introduction

Nepal's tourism economy is influenced by a mix of unique geographical features characterized by mountainous terrains, a rich cultural heritage and spiritual traditions. Even though, adventure tourism has helped Nepal prominently in the global tourism market, pilgrimage travel has been one of the most stable and enduring components of tourism demand. This is due to the fact that pilgrimage travel is often associated with spiritual practices, family traditions, and repeat behavior; thus, it is relatively less sensitive to economic and political conditions compared to other forms of travel. Besides spiritual practices, pilgrimage tourism is important in the preservation of intangible cultural heritage such as belief systems, rituals, and sacred stories while at the same time preserving tangible cultural heritage such as temples, ghats, monasteries, sacred landscapes, etc., through such interactions (Awasthi, 2022; Ghimire, 2021).

Pashupatinath is one of the most important Hindu pilgrimage centers and is part of the UNESCO World Heritage-listed Kathmandu Valley. The site is visited by both domestic and international pilgrims throughout the year, and there is a constant flow of pilgrims throughout the days, with peak seasons during major religious events. Pilgrim expenditures includes, flowers, garlands, incense, oil lamps, prasad, religious artifacts, and puja-related service fees. These expenditures sustain a network of micro and small enterprises and provide employment opportunities for vendors, ritual assistants, cleaners, guides, and transport workers. As a result, pilgrimage tourism at Pashupatinath functions not only as a religious activity but also as a complex local economic ecosystem that combines formal tourism services with extensive informal economic activities (Datta, 2024).

The COVID-19 pandemic has caused a significant loss in tourism-related revenues and employment. However, recovery patterns across have been uneven. Religious travel has increased the rate of recovery in many countries because it is linked to fixed religious calendars and deferred pilgrimage obligations. According

to official tourism statistics, the percentage of visitors travelling for religious tourism has increased from 13.1 percent in 2023 to 15.3 percent in 2024, and it appears that pilgrimage tourism is becoming an increasingly important sector of tourism in Nepal (MoCTCA, 2024)..

The systematic site-based research remains limited in fully understanding the flow economic outcomes such as income generation, employment creation, supply-chain linkages, and fiscal contributions. This is due to the fact that the current set of tourism indicators provides a partial estimate of the economic value generated around sacred sites due to a focus on the formal tourism sectors such as hotels. Hence, the economic significance of pilgrimage tourism is often underestimated (Awasthi, 2022, Datta, 2024).

The need for site-based economic measurement has become more important in the post-COVID recovery period, as national tourism statistics alone cannot adequately explain destination-level recovery patterns. Without systematic mapping of visitor expenditures and local economic linkages, tourism planning may overlook the livelihood contributions of micro-enterprises and informal service providers (MoCTCA, 2022; MoCTCA, 2024).

Against this background, the present study examines how pilgrimage tourism at the Pashupatinath Sacred Site contributes to local income generation and employment and how these economic contributions can be systematically measured. The study identifies major categories of pilgrimage-related expenditures and analyzes local economic networks linked to pilgrimage activities. It also develops a site-based economic-contribution framework capable of estimating direct, indirect, and induced economic effects using visitor expenditure surveys and multiplier analysis.

By linking pilgrimage flows with measurable economic pathways, the study contributes to evidence-based planning for pilgrimage destinations in Nepal. The findings provide useful insights for site managers, local governments, and policymakers seeking to strengthen local value capture and support micro-enterprises while improving pilgrimage tourism management. In this regard, the paper tries to seek the answer of the following pertinent research questions:

- How does pilgrimage tourism at Pashupatinath generate income and employment in the surrounding area?

- What does the post-COVID purpose-of-visit pattern indicate about the importance of religious and pilgrimage tourism in Nepal?
- What methodology can be used to estimate the overall economic value of pilgrimage tourism in a site-based study?
- What policy measures can improve local value capture, visitor services, and sustainable pilgrimage tourism management?

Knowledge on Pilgrimage Tourism

The economic contribution of tourism is described in terms of direct, indirect, and induced effects. Direct effects come from the money visitors spend on goods and services such as accommodation, food, transportation, guiding services, entrance fees, and religious services. Indirect effects occur when tourism-related businesses buy supplies and services from other local businesses. Induced effects arise when people who earn income from tourism spend that money within the local economy (UNWTO, 2018).

In pilgrimage destinations, direct spending includes offerings, puja services, donations, and religious items. If these categories are excluded from visitor expenditure surveys, the economic contribution of pilgrimage tourism may be underestimated. Moreover, the extent to which direct spending translates into local income depends on local sourcing and leakage. High dependence on imported goods or external suppliers reduces local value added, while strong local supply chains enhance indirect and induced effects (Vellas & Bécherel, 1999).

International systems such as the Tourism Satellite Account (TSA) and the International Recommendations for Tourism Statistics provide ways for measuring tourism's direct contribution at national level. However, pilgrimage tourism often requires destination-level analysis that finds informal activities, small businesses, etc. Destination-specific methods, therefore, focus on typologies of visitors, expenditure patterns, local purchases, and employment relationships to more accurately estimate indirect and induced components at religious destinations.

The Post-COVID Recovery and Religious Travel in Nepal

The COVID-19 pandemic has brought unprecedented disruptions to the tourism sector globally, impacting tourism destinations, especially those focused on pilgrimages, large gatherings, and festivities. In Nepal, the tourism sector related to religion has been recognized as one of the more resilient forms of tourism, especially considering the strong cultural foundation, domestic tourism,

and diaspora links. Religious tourism has also recovered faster compared to other forms of tourism, which is good news for the livelihoods of the population around sacred sites (MoCTCA, 2022).

Official tourism statistics play a crucial role in monitoring post-COVID recovery patterns. Nepal Tourism Statistics indicate that the share of visitors travelling for religious purposes increased in 2024 compared to 2023, highlighting the sustained importance of faith-based travel in the national recovery trajectory (MoCTCA, 2024). However, national-level statistics have limitations, as they do not reveal site-specific dynamics such as day versus overnight visitation, expenditure patterns, or local economic retention.

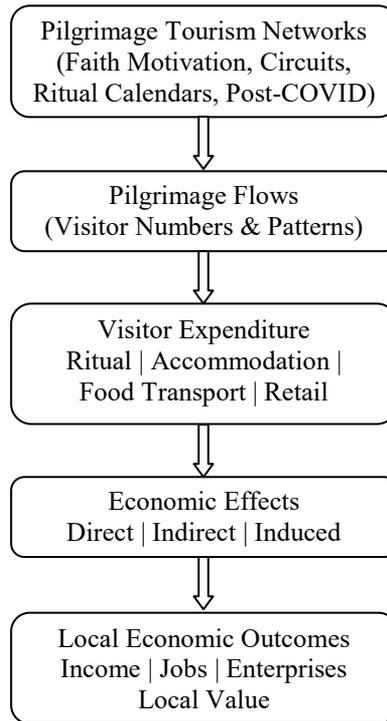
Thus, the literature points to the fact that, apart from national-level data collection for monitoring post-COVID-19 tourism recovery, there is also a need for data collection at the site level, which would help in understanding whether the increase in religious tourism is also reflected in the economic benefits for the local population.

Pashupatinath Governance Context

Pashupatinath is a living sacred heritage landscape that has been designated as a UNESCO World Heritage Site. Therefore, it requires appropriate governance that balances conservation with religious activities, service provision for tourists, and livelihood provision for the local communities. The Pashupati Area Development Trust (PADT), under the Pashupati Area Development Trust Act of 1987, is responsible for the management of religious activities in the Pashupati area. Governance in the Pashupati area is a critical determinant of the economic benefits derived from pilgrimage tourism activities. Therefore, the management of religious activities in the Pashupatinath heritage site can be used as a case study to understand the economic benefits of pilgrimage tourism in the post-COVID recovery period. Commercialization activities in the Pashupatinath heritage site can affect the spiritual authenticity of the heritage site as well as the heritage conservation activities in the site. Therefore, the economic benefits of pilgrimage tourism activities in the Pashupatinath heritage site can be improved by appropriate management of religious activities in the site.

Figure 1

Conceptual Framework of Economic Contribution of Pilgrimage Tourism



Source: Adapted from UNWTO (2018); Timothy & Olsen (2006); Ministry of Culture, Tourism and Civil Aviation (2024); PADT (2023).

Methodology

The Pashupatinath Sacred Site was selected as a case study because it represents one of the most economically active pilgrimage destinations in Nepal and provides context for understanding the economic structure of pilgrimage tourism networks. This study provides a descriptive and analytical research design to find the structure and economic contribution of pilgrimage tourism at the Pashupatinath. The descriptive part focuses on economic activities done by pilgrimage flows and explaining how pilgrimage tourism supports local livelihood opportunities in the surrounding area. The analytical part examines how pilgrimage expenditures flow through the local economy and contribute to rise in income and create employment.

The study depends mainly on secondary data sources. Official tourism statistics published by the Government of Nepal were used to analyze recent tourism patterns, mainly the changes observed during the post-COVID recovery period and the increasing importance of religious and pilgrimage travel. Academic

publications, policy documents, and previous studies on pilgrimage tourism and sacred heritage management were reviewed to understand the economic structure of pilgrimage destinations and the linkages between pilgrimage activities and local economic systems. These sources provided the categories of pilgrimage expenditures and the economic networks around the Pashupatinath Sacred Site.

This study depends on documentary analysis to investigate pilgrimage tourism and its economic contribution. Pilgrimage-related expenditure has been broadly categorized under major expenditure categories such as ritual activity expenditure, accommodation expenditure, food services expenditure, transportation expenditure, and retail services expenditure. This analysis defines economic contribution in terms of direct effects, indirect effects, and induced effects. Direct effects refer to the expenditure incurred by the pilgrims at the destination site, indirect effects refer to the business relationships developed in the local economy, while induced effects refer to the income generated through pilgrimage activity expenditure.

This study has also proposed a simple methodology for further research on pilgrimage tourism's economic contribution to the local economy in Nepal through visitor expenditure surveys, vendor information, and multipliers.

Results and Discussion

Post-COVID Demand Context and Relevance of the Pilgrimage Segment

National tourism statistics shows the increase in importance during the COVID recovery period. This supports the view that pilgrimage tourism is influenced by fixed religious calendars, life-cycle rituals, repeat visitation, and diaspora movements (MoCTCA, 2024).

Table 1

Religious and Pilgrimage Purpose of Visit in Nepal (Post-COVID Period)

Year	Religious / Pilgrimage Share (%)	Interpretation
2023	13.1	Religious travel formed a significant part of recovery
2024	15.3	Increased share shows growing resilience of pilgrimage tourism

Source: Ministry of Culture, Tourism & Civil Aviation (MoCTCA). (2024). Nepal Tourism Statistics 2024. Government of Nepal.

Although the national shares are useful, they do not capture site-specific phenomena such as day/overnight patterns, festival peaks, or the intensity of ritualistic spending. Hence, site-based measurement is required to translate the pilgrimage flows into local economic outcomes at Pashupatinath.

Pashupatinath as a High-Intensity Pilgrimage Node

Secondary reporting has suggested that Pashupatinath temple is experiencing "very high peak loads" during important religious festivals. This has suggested that the economic contribution is seasonal and sensitive to visitor management, sanitation, and service organization.

Table 2

Evidence of Peak Pilgrimage Intensity at Pashupatinath

Indicator	Evidence	Economic Meaning
Shivaratri festival visitors	More than 400,000 pilgrims in one day	High short-term demand for ritual goods, food, transport, and services
Festival concentration	Large crowd within limited time	Seasonal surge in income and informal employment

Source: Dhakal, A. (2025, February 27). Colourful Shivaratri celebration on jampacked Pashupati premises. The Kathmandu Post.

Direct Economic Contributions at Pashupatinath

Direct economic contributions arise from immediate pilgrim expenditures in and around the destination. At Pashupatinath, spending occurs through a distinctive ritual economy as well as conventional tourism services.

Table 3

Major Categories of Direct Pilgrim Expenditure

Spending Category	Examples
Ritual economy	Offerings, puja fees, prasada, religious items
Food & beverages	Restaurants, cafés, street food, tea stalls
Transport	Taxi, local buses, parking
Accommodation	Hotels, guesthouses, dharmashalas
Retail	Souvenirs, small shopping

Day pilgrims and festival visitors have higher ritual spending, while overnight pilgrims spend more on accommodation and food services. Segment-wise measurement is therefore required for accurate estimation.

Indirect Economic Contributions Through Local Supply Chains

At Pashupatinath, indirect effects are linked to ritual item supply chains, food sourcing, and site operations.

Table 4

Indirect Economic Linkages in the Pilgrimage Economy

Tourism Activity	Supporting Supply Chain	Impact
Ritual vending	Flower growers, incense suppliers	Supports agricultural and wholesale activities
Food services	Local food suppliers, fuel, utilities	Stimulates local production and trade
Site operations	Cleaning, maintenance, waste services	Generates service-sector employment

Induced Contributions and Household Spending Effects

Induced effects arise when incomes earned from pilgrimage activities are re-spent by households within the local economy. This creates additional demand.

Table 5

Indirect Economic Linkages in the Pilgrimage Economy

Income Recipient	Typical Household Spending
Vendors	Food, rent, education
Service workers	Transport, health care, utilities
Small business owners	Local goods and services

Employment and Livelihood Dimensions

Pilgrimage tourism supports both formal and informal livelihoods in ritual vending, food services, transport, accommodation, retail. Employment tend to expand during peak festivals.

Table 6

Employment Generated by Pilgrimage Tourism

Sector	Type of Employment
Ritual services	Priests, helpers, vendors
Food services	Restaurants, street vendors
Transport	Taxi drivers, porters
Maintenance	Cleaners, waste handlers

Secondary-Data Economic Contribution Framework

Because the present study relies on secondary sources, it proposes a site-based economic contribution framework that can be populated using visitor counts and future expenditure surveys.

Table 7

Framework for Estimating Economic Contribution

Component	Measurement Approach
Direct effects	Visitor count × average spending
Indirect effects	Supplier linkages and local sourcing
Induced effects	Household re-spending patterns

Conclusion

This study examined the structure and economic contribution of pilgrimage tourism networks in Nepal using the Pashupatinath Sacred Site as a representative case. The findings show that pilgrimage tourism generates significant local economic activity through direct visitor expenditures on ritual goods and services such as offerings, puja. services, prasad, and religious merchandise, as well as spending on food and beverages, transportation, accommodation, and retail services. These direct expenditures also create indirect economic effects through supply-chain linkages and induced effects through household spending within the local economy. The study also confirms the growing relevance of pilgrimage tourism in Nepal's post COVID tourism recovery. The increase in the national share of visitors travelling for religious and pilgrimage purposes indicates that faith-based travel remains a stable and resilient component of tourism demand (MoCTCA, 2024). Conventional tourism indicators may not adequately reflect the full economic contribution of the sacred destinations because the major economic activities associated with pilgrimage are in the informal economy and are seasonal in nature during the major religious festivals. The study results underscore the need to develop systematic site-based approaches for measuring pilgrimage tourism's economic contribution.

Implications

The implications of the results of the study for research, policy, and destination management. Site economic contribution studies should embrace a network-oriented approach methodologically to account for the full economic impacts of pilgrimage tourism. This requires the use of standardized techniques in the counting of visitors, expenditure studies, as well as analytical techniques that

can accommodate both formal and informal economic activities. More effective visitor flow management, quality service provision, as well as strengthening the economic integration of pilgrimage sites, can be emphasized as important policy considerations. Policies that can foster local procurement as well as support small businesses can be used to boost the economic benefits that can be derived from pilgrimage tourism. Similarly, policies that can improve the continuous formalization of the informal economic sector can be used at the same time while preserving the cultural and spiritual nature of pilgrimage sites.

Challenges

The structural and institutional issues affecting pilgrimage tourism networks in Nepal include infrastructure constraints during major religious festivals that result in congestion and put pressure on sanitation and service delivery systems. The fragmented institutional mandates of tourism authorities and local governments are another challenge in ensuring effective coordination in tourism management and planning.

The high degree of informality and unrecorded economic transactions is a major challenge in conducting economic analysis of pilgrimage tourism sites. The high degree of informality in pilgrimage tourism is a major challenge in obtaining economic information. Finally, pilgrimage tourism sites face the challenge of balancing conservation of heritage sites with increasing commercialization of tourism activities.

Summary of Discussion and Implications for Policy

The increasing share of religious/pilgrimage tourism in national recovery and high peak intensity of pilgrims visiting Pashupatinath suggest that pilgrimage tourism has potential in stabilizing incomes, fostering micro-enterprises, and enhancing inclusive employment.

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