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**DEVELOPING RURAL TOURISM BUSINESS IN NEPAL**

**Case study of Mustang district, Nepal**

**Thesis**

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## ABSTRACT

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<p>Nepal, the land of mesmerizing cultural diversity and full of natural beauty is still in developing phase. The main aim of this thesis was to identify the major problems of the rural tourism of Nepal and demonstrate the more possible industries that are still being highly backward due to the lack of infrastructures of development. The thesis also focused on the present situation of the rural tourism, the possibility of rural tourism and the operation taken by the government, any individual organization or company or society living in those areas for the development of tourism activities. Beside this, the thesis will base on the impact of tourism as well as the long-term development vision and the basic factor of implementation to conserve natural resources and tourism factors. The tourism industry of Nepal is one of the main resources of generating income. It has created so many business and employment opportunities in the big city and developed tourism area. Mustang, the district of massive tourism probability is taken as the source of rural tourism business industry, which is also explained in the case study. Moreover, this thesis highlighted the positive and negative impact of tourism along with international business challenges.</p> <p>The thesis included quantitative research method. Sets of questionnaire were prepared and distributed among the visitors and entrepreneurs of Mustang, district. The collected data were later analyzed and interpreted through Microsoft Excel. As per the inquiry of 32 respondents, it was found that Nepal is the country with diversified and beautiful natural resources possessing strength of supporting a lot of tourism oriented business. This survey revealed that there is a great need of infrastructural development including government participation, marketing strategies and promotional activities and participation of local entrepreneurs for the development of rural tourism in Nepal. Although this country has massive potentiality factors to raise the living standard of Nepalese society and develop the country's scenario, there are no any effective plans and procedures for the mobilization of resources.</p>		
<b>Key words</b> Challenges, impact, Mustang (Nepal), rural tourism, sustainable development		

## **ABBREVIATIONS**

<b>VDC</b>	<b>VILLAGE DEVELOPMENT COMMITTEE</b>
<b>DDC</b>	<b>DISTRICT DEVELOPMENT COMMITTEE</b>
<b>NTC</b>	<b>NEPAL TELECOM</b>
<b>UNESCO</b>	<b>UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION</b>
<b>GDP</b>	<b>GROSS DOMESTIC PRODUCT</b>
<b>NPR</b>	<b>NEPALESE RUPEE (1\$ = 102.74 NPR) ACCORDING TO NEPAL RASTRA BANK 12 MAY 2017</b>
<b>BN</b>	<b>BILLIONS</b>

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## 1 INTRODUCTION

Nepal, one of the most scenic and culturally rich countries is a land of discovery and unique experiences. Nepal is number one tourism industry in the world. The possibilities of tourism industry are further suitable in the various parts of the country. It contains the title of generating revenue from these sources since the ancient history. Tourism industry is the key success of Nepal; it is very relevant in uplifting the economy and generating the employment opportunity.

The main purpose of this thesis is to identify the major problems of the rural tourism of Nepal and demonstrate the more possible industries that are still being highly backward due to the lack of infrastructures of development. This thesis will also focus on the present situation of the rural tourism, possibility of rural tourism and the operation taken by the government, any individual organization or company or from a society living in those areas for the development of tourism activities. Beside this, the thesis will base on the impact of tourism as well as the long-term development vision and the basic factor of implementation to conserve natural resources and tourism factors.

The investigation not only covers the development of tourism sectors but also links up with the living standard of the Nepali people and the tourist visiting here. To some extent, the government of Nepal is successful to attract the tourists in some of the developed tourism place or region, but there are many other hidden and unindustrialized tourism attractions, which can be loved by the tourists. This subject will be major focused on that region because it has great importance to show the whole world about the current situation and the future condition of developed Nepal.

Not only this, this thesis will interconnect with the factor tourism and international business. However, this will be the new and relevant subject but it will sure add some taste in the tourism industry. This subject is important to establish the relation between domestic tourism with international trade and tourism. International trade rarely happens in Nepal due to the geographical territory and many other economic factors hence, I will focus on the challenges for the development of tourism in the international market.

Mustang, one of the rural tourism destinations, a part of Dhaulagiri zone of Nepal is situate in the western development region of Nepal. It covers the area of 3,573km<sup>2</sup> and the population of this district is about 13,452 (Nepal census, 2011). Mustang is remote sub-kingdom of Nepal where most of the people are

ethnically Tibetan. Almost all of the people live in the bank of Kali Gandaki River. The whole place covered with the beautiful mountain range and snowy mountains. The purpose of this research is to examine the difficulties and visions of rural tourism in the Mustang district. Although, this is interrelated with the rural tourism, the aim is to highlight the potentiality of tourism's possibility, the development of local society and changes in their living standard. The research will base on the quantitative methodology where the questionnaire-based survey conducted among the tourists and the local entrepreneur. The structure questionnaire was sent to Prashidda Kharel (brother) who conducted the survey on the proposed site. Lastly, the author describes the current activities of rural tourism of this district and the further process that can be possible to develop the rural tourism.

## 2 TOURISM IN NEPAL

Nepal is the country with ancient cultural heritages and granted with the beautiful scenery around every part of the country. Nepal is the idyllic destination where people gain lots of new experiences and make them realistic and memorizing. It is true that Nepal is the only and unique destination where the snow covered icy peaks of the world's tallest mountains along with several other renowned mountains, greenery jungles with waterfalls, lakes and rivers are offered by nature. (Tourism in Nepal 2015.)

Nepal is one of the world's youngest republics where the tourism activities i.e. trekking, mountaineering and rafting are highly popular. Nepal is that journey where your dream can convert into reality. Along with 15 National and Wildlife Parks (two are UNESCO Heritage sites) Nepal is able to gain the reputation of maintaining the single place on earth where Asiatic rhinoceros and the Royal Bengal Tiger are found. National as well as international tourists can experience with the wilderness tourism, religious sites, culture and heritage sites along with bird watching, bungee jumping, paragliding, ultralight aircraft, mountain flight, rock climbing etc. (Tourism in Nepal 2015.)

Although, Nepal has full of this kind of resources and tourism factors but it is that country where tourists get attracted by people. The population of Nepal formed from 40 different races and tribes. The traditional values and norms followed by this different groups, their cultures are the major parts which make Nepal so special. Nepalese people are so kind hearted and always welcoming either they are from the city areas, village, or the rural area of Nepal. There are many festivals from different groups all along the year, where every person can participate and enjoy along with them with the verities of Nepalese food. (Tourism in Nepal 2015.)

Tourism is one of the essential parts of Nepalese economy. It is the major source of revenues as well as the main source of creating job opportunities. There are two main religions: Hinduism and Buddhism. The different cultural identity along with the favorable yearly weather are also the main attractions of Nepal. The highest mountain peak in the world, Mount Everest, the birthplace of Gautama Buddha – Lumbini, the most popular tourism place Pokhara, rural tourism center and one of the examples of beautiful attractions Mustang are some of the important attractions for visitors. (Tourism in Nepal 2015.)



## 2.1 Cultural diversity and geographical phenomenon

Cultural diversity means the social conditions including any groups-ethnic, racial and religious with distinct heritages, values, languages and lifestyles. The concepts of cultural diversity reflect the social reality determined by languages, religions, ethnic memberships, and cultural traditions. Furthermore, it defines the control of institutions by the members of the fundamental groups. Cultural diversity maintains their independent traditions, practices and attitudes as a form of society or state through ethnic or cultural groups. (Bhattarai 2004, 293-295.)

Nepal is enrich with multi-cultural, multi-linguistic, multi-racial, and multi-ethnic groups. All the people from different origins and different beliefs are living under the shadow of Nepalese sopiness. In terms of origin, religion, language and culture, Nepal is the home of differentiated settlements. In the time of Shah Dynasty, Prithvi Narayan Shah conquered all the small broken states into unified Nepal. Then after the concept of unity in diversity was, finally accomplished and thus put in the divine sermon, “Nepal as a state of 4 castes and 36 sub castes”. The concept of modernization is developing with the advancement of modern society, equal opportunities are privileging after the new interim constitution. The reflection of the Nepalese society as a peaceful, harmonious and tolerant in every aspect of religion and culture is still one positive example of unity in diversity. People of different race and religion practice their own culture and customs. Among those 80.62% follow Hinduism, 10.74% are Buddhists, Muslims 4.2%, Kirati 3.6% Christians 0.45% and 0.39% others. Currently 102 ethnic groups live harmoniously with 100 different languages. Nepali is the national language. (Unity in Diversity.)

Nepal officially the Federal Democratic Republic of Nepal, is a landlocked country in south Asia. It is enclosed by the People’s Republic of China in the north and Republic of India in the south, east, and west. Nepal has the area of 1, 47, 181 square kilometers. (A complete tourism information 2006.)

Nepal is unique for its topographical position and altitudinal difference. It only occupies 0.1% of the total earth surface. In context of topographic, Nepal is divided into three regions i.e. Himalaya to the north that occupies 16% of the total land area, likewise the hilly involving Mahabharata range as well as Churia hills in the middle represent 65% and the Terai to the south covers 17% . The altitude of the country ranges from less than 100 meters from sea level in the Terai and up to 8,848 meters the peak of Mt. Everest (known as Sagarmatha). Due to this stimulating and exhilarating bio-diversity, Nepal has an extraordinary geographical position and altitudinal variation. Nepal is the only country in the world that can provide the opportunity of having experiences and travelling from 60m base to the highest

mountains in the world, sub-tropical lowlands to alpine glaciers, temperatures from positive 40 degrees to negative 40 degrees and climate reaching from rainy season to dry rain shadow and freezing zone in very short period. (Nepal field trip 2004.)

## **2.2 Sustainable development and tourism**

Sustainable tourism applies with the concept of sustainable development within the tourism industry and strives concerning tourism that has the lower impact on host communities and environment, while maintaining economic capability. (Smith, Macleod and Robertson 2010, 169.) Sustainable tourism arises from the broad concept of sustainable development, which demonstrates the increasing concern about human control on the environment. Sustainability as a concept has two opposite viewpoints. The anthropocentric viewpoint shows the human beings as the leading force on earth where natural resources are destroyed for their permanent gains. Conversely, the eco centric viewpoint sees the success of human targets is less important than the quality of natural environment. (Smith et al. 2010, 170 [Turner, Pearce and Bateman, 1994.])

Sustainable tourism is tourism that operates within the natural capability for the (1) 'renewal and future productivity of natural resources', (2) 'contribution to the conservation', (3) 'environmental protection', (4) 'identification and promotion the identity, culture and thoughts of various local peoples', (5) 'respect and follow-up agreements made on the tourism industry'. (Douglas, Douglas and Derrett 2001, 34.) Sustainable tourism development can only be possible with the teamwork of all affected parties. National government and administrative bodies (tourism ministry and national tourism organizations), the non-government organization (NGOs), visitors, local hosting people or community all have to take part in bringing about sustainable development.

Government is highly responsible in order to combine the basic principles of sustainable development into the general planning process. Government should also cooperate with the civil sphere, tourism representatives and host community in order to motivate them as well as to make them involve in every stage of tourism development process. Government supports the assessment of each impact of tourism, since the positive factors can be encouraged and the negative factors may be diminished or prevented. Non-government organizations represent the concentration of local community or society and their cultural resources beyond the circumstances of tourism. These organizations civilize and motivate the local people in the development of sustainable tourism. Moreover, the organizations and government

roles are not enough to make the development reality; hence, it is necessary to make the involvement of staffs, customers, and host communities in tourism planning and development. (Ratz and Puczko 2002, 293-294.)

### **2.3 Rural tourism**

Rural tourism describes the types of tourism activities that take place in the rural area or urban regions, which include local culture, traditions, natural resources and industries as well as outdoor activities and experiences decorated in attractive rural settings. The local host community plays the important role in producing the rural tourism products. The varieties of attraction included within the rural tourism are cultural heritage sites, industrial tourism, educational tourism, special events, cultural functions, festivals, ecological attractions, adventures tourism and many other non-natural resources. These various activities of rural area changed into tourism in order to gain a lot of national income. (Smith et al. 2010, 145-148.)

According to geographic and demographic definition, rural tourism connects with low population densities with small scale of settlements generally of less than 10,000 inhabitants where land is highly dominated by farming, forestry and natural areas. Rural tourism is a multi-faceted industry sector categorized by small-scale tourism that takes place in an environment outside heavily unindustrialized areas. Rural tourism development programs should be considered from the governments and regional tourism authorities. Planning, development and marketing of rural destination and their tourism products can help tourism development as well as concerned tourism authorities in the sector promotion and development of rural tourism. The rural tourism can be planned and developed in such a way to upgrade accommodation and infrastructures. (Douglas et. al 2001, 166-182.)

The rural tourism is one of the basis factors in the development of society by eliminating the poverty and connecting the inequality gap that exists within the society. The most favorable and scenic beauty of Nepalese society is still ruins untouched in the rural places. Visitors are unaware about the concepts and possible tourism areas for example home stays, agriculture tourism, photography tours, community exposure visits, hiking, etc. Most of the Nepalese people who are living in the rural areas are below the poverty line. These tourism activities can play a vital role in converting their life statistic. Young people are learning and gaining experiences in hospitality, guiding, transport and eco-friendly operations. Rural

tourism raise the broad concept of reality and benefits the visitors, villagers and the environment. (Rural tourism activities 2015.)

### 3 IMPACT OF TOURISM

Tourism impacts are likely to change over time as a destination area develops. (Mason 2008, 38[Butler, 1980]). The environment, which is made of both human and natural features, represents the tourism. The human features contains economic, social, and cultural factors and process whereas, the natural features cover plants and animals in their environment. When we explain about the impact of tourism, both of these human as well as natural environment are particularly useful and are interrelated. The human activity has been affected by and has effects on natural environment. Human activity is one of the major impacts of tourism. This type of activity is clearly visible in the tourism destination, when travelers cooperate with the local environment, economy, culture and society. We can classify the impact of tourism under the heading of socio-cultural, economic, and environmental impacts. The impact and issues of the tourism activity are generally multi-faceted, often challenging, and not as easily classified under the social, environmental and economic aspect, but tend to have several interrelated dimensions. It is very important to know that tourism planning and management is in relations to tourism impacts in destinations and possibilities. (Mason 2008, 36-38.)

The impact of tourism can be progressive or valuable, but also can be negative or disadvantageous. The value position and judgment of the observer distinguished the negative or positive impacts of tourism. Any discussion on the impact of tourism needs to follow the value positions of observer and commentators and set within the reflections of the wider context of tourism. However, it is difficult for investigators and policy makers to describe the numbers of positive and negative effects of tourism. Positive economic benefits include influences to the local economy and job creation. Natural attractions, traditional arts and handicrafts, may restore and maintain the attraction, as well as increase the revenue and attract visitors to support and protect the environment. Negative economic effects may include increases in the price of foods, house, land value around the tourist destinations, pollutions from the vehicles, disturbance to the habitat, loss of cultural identity ( if visitors are from the developed country and hosts are located at developing country). (Mason 2008, 36-38.)

### 3.1 Economic impact of tourism

The impact of tourism is historically the most researched in the tourism sector, and economic impact is the most important and highly researched impact among all types of impact. The studies of the impact of tourist development on destinations have been the largest single element of tourism research, much of this is mostly the work of economists that has concentrated on the effects of income and employment. (Pearce 1989, 2.)

The economic impact of tourism generally has two significances, positive and negative. The positive significance covers contribution to foreign exchange earnings, contribution to government income, generating employment opportunity and contribution for the development of local host community. Whereas, the negative significances describe about inflation, opportunity costs and over dependability with the tourism income. The term inflation means the increment in the prices of food, clothes and shelter that occurs because of tourism. This happens when the tourist desired some extra demands of local services on the tourism sectors. Opportunity cost makes the people invest more in the tourism activity rather than the economic one, and finally the over dependence on tourism makes the country highly dependable on the tourism revenue to the extent that any change in the demand may cause economic crisis. (Masson 2008, 45-55.)

Economic impact of tourism can be particularly marked in the developing countries like Nepal. In this early stage, tourism industry is significantly important in the economy of Nepal. Tourism contributes the foreign income earnings from many nations. In a developing country like Nepal, where there are problems such as unemployment, limited foreign exchange resources and single-product economy. The development of tourism can play important role to maintain the economy and develop the country smoothly. (Pandey, Chettri, Ghimire and Kunwar 1995, 1-6.) The total contribution of travel and tourism to employment including jobs indirectly supported by the industry is 1,059,000 jobs (7.5% of total employment) the total contribution of travel and tourism to GDP was NPR 171.6bn (8.9 % of the GDP) whereas the investment was NPR 53.7bn (3.6% of total investment) in 2014. (Turner 2015, 1-4) Due to the enrichment in the historical, religious and natural attractions, Nepal has potentiality to become one of the tourism attraction destinations. (Pandey et. al 1995, 1.)

### 3.2 Socio-cultural impact of tourism

The socio-cultural impact of tourism concerns the two terms society and culture. Sociology is the study of society and concerned with the group of peoples, their interaction, attitudes and their behavior. Culture is to examine the people interactions by observing through social interactions, relations and materials objects. (Mason 2008, 57-67.)

Tourism is cultural phenomenon that affects both society and cultures. Today, the wall between high culture of leading social groups and low cultures of inferior social and economic classes has torn down the wall by tourism due to increment of education, growth in media and high disposable income. The shape of the cultural values is also determined by the system and agenda of political and economic consequences. (Hall and Lew 2009, 141-150.)

The change is seen in the quality of life of the affected groups (inhabitants, organization and companies) after the development in the social impact. This development of tourism not only changes the quality of life of resident in the host areas, but it may also increase the participation in the tourism activities. It helps to gain many experiences or even can change the life of tourists as well. In this case, the change is less valuable for the tourists but it may be more significant valuable and for the residents of the host community. Hence, socio-cultural impact of tourism is defined as the change that occurs in the quality of life of the residents of tourist destination after generating and developing the consequences of tourist sectors, in the presence of tourists. (Ratz et. al 2002, 114-142.)

Nepal has been now growing as the best tourism destination in whole Asia. Tourism is that powerful means of development that brings desired foreign earnings and helps to boost the Nepalese economy. It helps to create job opportunity, brings investment and promotes the Nepalese cultural crafts, traditional festivals and natural resources. Although, tourism in one hand plays important role to connect the people of different cultures together, establish mutual bonding between nations, attracts tourists through Nepalese culture arts and crafts and resources. On the other hand, there are some negative cons of tourism in Nepal. Along with the development of tourism, young citizens have mostly affected by the western culture and fashion. It effects the social tradition and cultures of the Nepalese society. Some kind of tourism activities directly or indirectly affect the people behaviors, thoughts and beliefs. Thus, it is compelled to spread the rumors relating to work money and bonding. In Nepal, there is unity among the strong faith, thoughts and religion. However, tourism can destroy through new ideas and concepts. (Pandey et. al 1995, 1-30.)

### 3.3 Environmental impact of tourism

Environment, the key source of tourism is subdivided into the two parts i.e. man-made environment and natural environment. Environment contributes some of the significant attractions for visitors. Therefore, the number of visitors will decrease in case of damage to the environment. (Mason 2008, 81.)

Tourism displays the meaning of environment but at the same time, it is dangerous for the ecosystems as well. Tourism can affect the ecosystems through footpath erosion, river and marine pollutions, untidiness, traffic congestion, overcrowding etc. The creation of unsightly structures in the tourism sector is also dangerous in the case of eco systems and wild life habitats. It does not mean tourism has only negative impact on the environment. However, tourism is the key source to raise awareness in order to protect the environment and promote the establishment of various parks, wild life reserves and wild life habitats at the tourist destiny. Tourism contributes and promotes the preservation of cultural heritages sites, monuments and maintain them as well. (Mason 2008, 71-75.)

In case of Nepal, due to the lack of environmental awareness and strict rules and regulations from the government in the context of tourism, people are destroying the forests for the personal satisfaction and high income. It is the major cause which directly imbalances the environment and exaggerates social erosion. Pollution is also another big problem that is noticed in every route of tourism sites. For example, noise and air pollution from the old vehicles and inadequate management of airports and buildings are the biggest problems in context to environment. (Pandey et. al 1995, 10-15.)



#### 4 CASE STUDY OF MUSTANG DISTRICT, NEPAL

This chapter introduces and describes the importance of Mustang district for the development of rural tourism in Nepal. It also discusses the hidden tourism industry or places that are suitable for visiting in Mustang. Demography, geography, and other elements of this district are introduced in order to show the possibility of hidden tourism. The author focused on the beauty of this place, lacking possibilities of tourism and the important tools needed for the development of this district.

Mustang, also called the lost kingdom, is generally derived from the Tibetan term “Lomanthang” which means green meadowland. There is also the belief that the word Mustang has formed from the Tibetan word “Smongtang”. The word Smong refers to the place for prayer and another word Tang denotes the place. Combining both, Smongtang becomes the place for the prayer. During the visit in Mustang, tourists can notice the sound of Buddhist prayer in many parts of the district. (Baba 2012.)

Mustang district is located in the fourth state of Himalayan region at the north-central part of Nepal. Mustang has the division into two parts, Upper mustang and Lower Mustang. Upper Mustang, a region starts from south Tibetan border to Kagbeni whereas Lower Mustang covers the part of lower valley along with Kaligandaki River. Among the seventy-five districts, it is the part of Dhaulagiri Zone. Its district headquarter is Jomsom. This region lies in the altitude of 2710m from the sea level and has the area of 3573 sq. km., which is 2.42% of the total area of Nepal. The temperature varies from - 9 to 26 degrees centigrade. The district has the population of about 13,452(2011) where male population is 7093 and female is 6359. Among the whole area, 3.24% of the total land surface is forest. Due to the difference in the temperature, climate, altitude and countryside, varieties of vegetation and wildlife are found in this district. It is estimated to have 1226 varieties of plants and 474 species of birds and insects available in this district. Animal husbandry and apple farming is the main source of income. Marpha, the popular wine of Nepal is also prepared in this district. The whole district is full of historical, cultural, religious tourism sites and famous lakes. Muktinath temple, Mount Dhaulagiri, Dhumba Lake are some of the few popular examples of tourism industry. The snowy mountain peaks from every direction, wild animals, birds and the natural tourism attraction increase the potentiality of tourism industry. (Brief introduction 2017.)

#### 4.1 Tourism infrastructures

Tourism infrastructure is the most important element for tourism development and the sources of utilizing all the resources existing at the destination. It includes the large number of services needed for the satisfaction of tourists and fulfilling their demands during the visit and stay. Tourism infrastructures include health care, accommodation, transportation, communication etc. These infrastructures are important for making the tourist destination more manageable. (Jovanovic & Ilic 2016, 288-289.)

In Mustang, the development of tourism infrastructures is still insufficient. It is creating a huge problem in the development of tourism. Mustang is located from gentle low land basin to high Himalayan Mountain. Hence, there is some problem in order to make the smooth development of this district. Transportation is an important infrastructure for development in a developing country like Nepal. It makes people travel more cheaply and conveniently. Currently, Mustang district has the connection with Beni-Jomsom highway. However, the unmanaged construction and dusty road always has the risk of accident and pollution. There is only one roadway for mustang. Many parts of Mustang are still beyond these facilities. After the establishment of district headquarter in Mustang, the government raises the investment for the improvement in the services. There is one airport and tourists can reserve the helicopter from the big city to travel to this district. This is why Mustang is a very expensive destination to travel. (K.C, Poudel, Paudel, Pokharel & Koirala 2014, 78-104.)

Electricity is another important tool for the development of rural tourism industry. Electricity services are still insufficient and unreliable in all parts of the district. There are a few communities benefited by local hydroelectricity in upper and lower Mustang. The services are limited within 6/7 months in a year due to freezing of rivers. (K.C et. al 2014, 78-79.)

Communication facility is another big problem in this district. However, the majority of the community is distributed NTC mobile network and telephone facilities but small number of villages that can be part of tourism industry are still beyond the communication network. Postal services are available in all the VDCs but it is not the adequate means in this 21<sup>st</sup> century. (K.C et. al 2014, 79-80.)

Mustang has limited numbers of health facilities services. Although, there are some health care centers, health posts, sub-health posts, hospitals but people have to come to the big city in case of emergency and major treatment. These services are also limited within the districts. The problem can be noticed in

accommodation as well. There are limited numbers of hotels and teahouses. Big hotels are not available in this district. (K.C et. al 2014, 83-86.)

## **4.2 Prospective of tourism development**

Nepal has a huge potentiality in the tourism sector. Nepal is full of natural beauty: beautiful snow peak mountains, various species of flora and fauna, scenery from the adventurous greenery forests and different cultural values and norms with trustworthy and loving Nepali people. Mustang is that district of Nepal which has high possibilities in tourism industry. Mustang is a famous tourism place for trekkers, rock climbers and adventure lovers. Some given prospective of tourism in Mustang has high meaning in the tourism destination and increasing density of people in the tourism industry. (Prospects of tourism in Nepal 2014.)

### **4.2.1 Trekking tourism**

Mustang according to the area is divided into two parts i.e. upper Mustang and Lower Mustang. Upper Mustang has opened for foreigners only after 1992. Present days the government has implemented the special policy for trekkers to develop the local host community. Upper Mustang is the most suitable destination from both environmental and socio-cultural perspectives. According to the government policy, tourists trekking in this area are charged almost \$700 per trek for 10 days and additionally \$70 per extra days. The trekkers have to follow the special rules and regulations directed from the national as well as international agencies. Another, popular Annapurna circuit trekking route is located at lower Mustang. This trekking route is organized on behalf of free and independents trekkers as well as organized trekking groups. The natural beauty of Mustang, cultural heritages and specialties, beautiful snow peak mountains attract tourists on foot. Tilicho trek, Dolpa trek, Dhaulagiri base camp trek etc. are some other trekking routes available in this district. (K.C et. al 2014, 103.)

### **4.2.2 Pilgrimage tourism**

There are many pilgrimage sites along with many famous holy spots for Buddhist and Hindu people. The holy river Kaligandaki along with beautiful scenario together flowing through the middle part of this district has special attractions for tourists. Caves, Buddha gumbas related to Buddhist culture and

Mukthinath, Kagbeni and Damodar kunda, holy spots of Hindu culture are some famous sites for the tourists who come to visit this place. (K.C et. al 2014, 103-104.)

#### **4.2.3 Cultural and religious tourism**

Mustang is full of significance for cultural diversity. It has exclusive geographical structures and mesmerizing landscape portfolio. Six VDCs in upper Mustang are leading with Tibetan culture and 10 VDCS in lower Mustang; they are dominant with Thakali culture. (K.C et. al 2014, 105.) Mustang is full of several cultural festivals throughout the year. Festivals started with New Year celebration in mid-February, Sakaluka in mid-February. The great and famous festival of mustang is Teje. It occurs in May. Saka Dawa from mid-June to mid-July and the last Yatung in August. These festivals has pride value from the ancient history. All these festivals have the cultural meaning, different way of celebration, which is, actually loved by tourists. Although, these can be the part of tourism resources but due to the unmanaged environment, lack of information for the visitors, management is not able to join these resources in the tourism activity. (Heredge 2003, 24-26.)

#### **4.2.4 Natural-based tourism**

Jomsom, a part of Mustang, is located in such area that combines the Himalayan slopes and Tibetan highland. It is the main business point of Mustang district. Mustang is a famous place for its imaginary landscapes and dynamic scenario surrounded by high Himalayan snowy peaks. The deepest river canyon Kaligandaki, the scenery of massive snowcapped mountains and high-altitude pastures gradually shifted towards all the area that attracts tourists and never makes them satisfied with visualized beauty. The vertical assortment of rock formation, earth tones and spectacular panoramas and the ancient numerous caves residences carved with cliff faces have great significance in the natural based tourism industry of Mustang. Relatively favorable condition throughout the year excluding some winter month helps in the promotion of tourism industry. (The land of fascination 2013.)

## 5 TOURISM AND INTERNATIONAL BUSINESS

The term international business describes the way of practicing the foreign trade in more formal and intellectual manner. It is the way of doing business cooperating together with the international people or organization in order to exchange capital, labor and knowledge through contacts, social relations and politics of intermediation. International business contains account of management, marketing, organization, operation, governance and regulation of particular profitable units in the sense of understandings. (Coles and Hall 2008, 7-22.)

In instance of tourism, these procedures help business to stimulate good result in outcomes, raise in the tourist's expenditure, and boost of investment in tourist's related activity, supervision of tourism framework and regulating the tourism business through disciplinary environmental operations. In the similar meaning, it means to trade the service worldwide. (Coles and Hall 2008, 7-22.)

### 5.1 Challenges in International tourism business

Nepal is a small landlocked country enclosed by China in the north and India in the south, east and west. International trade route may be one of the challenges to import the goods from international market. Nepal has to depend on the primary seaport of India for the entry of goods that is also about four hundred sixty miles far from the Nepal-India border. Nepal is facing the monopoly situation in order to trade goods and services. Nepal has only one international airport. The movement of goods from the air route increases the price of the significant products. Political instability is another problem that has created the problems for the international as well as domestic investment. (export.gov 2016.)

Although the Government of Nepal is creating the possible opportunity for the international direct investment but the investors are frequently complaining about the difficult and inefficient government policies and procedures. Investors are blaming corruption as an obstacle in order to maintain and increase investment in Nepal. High customs traffics imposed in the international products increase the price in Nepal. It is difficult to establish the industry from the foreign products. The great earthquake hurt the most successful industry of Nepal – Nepal tourism industry in 2015. Nepal has been facing the natural disasters problems since then. (export.gov 2016.)

Lastly, Nepal is unable to supply the qualified workers. Lack of employment opportunity and low wages system compelled the Nepalese youth to leave the country for some opportunity and raise the living standard. Much of the leading and qualified labor of the country searched overseas jobs and left the country. (export.gov 2016.)

## **6 RESEARCH METHODOLOGY**

Research methodology is a method that systematically and scientifically solves the research problems. It refers to the method and techniques researchers use in performing the research operations. Webster's twentieth century dictionary defines "the term research as a careful, patient, systematic, diligent inquiry or examinations in some field of knowledge undertaken to establish facts and principles." There are various types of research methods but the quantitative and qualitative research methods are generally useful in tourism sectors. In this method, the creation of different groups is made to find out the solution for a given task, the researched data and the unknown aspects of the problems have to be related with each other in order to clarify the finding or result. (Kumar 2008, 5-7.)

### **6.1 Quantitative research method**

Most of the tourism activities are usually evaluated through collecting, analyzing and presenting the statistical data. The quantitative method of research deals with the analysis of statistical data. In this method, the conclusions of the research are drawn through the study evaluated from the opinion of a large number of people and used those opinions in computer as data in order to reach the conclusion. The data may be collected through questionnaire-based surveys, observation of the situations or from the secondary sources. (Veal 2006, 40.)

The writer in this thesis used the quantitative research method by preparing a set of questions related to the thesis. The questionnaires were dealt out to participant tourists (domestic or international) of Mustang district and their viewpoints were collected in different prepared topics. The collected information or statistical data was finally evaluated through Microsoft Excel. The entire questionnaire related with the barriers and the idea and perspective of people for the rural tourism development of Mustang district.

### **6.2 Validity and reliability**

The term validity is concerned with the collection of information that reflects the circumstances designed by the researcher. For this research, the experimental research is comprehensively related with the people's attitudes and behavior followed by the questionnaire based interviews and surveys. Thus, the

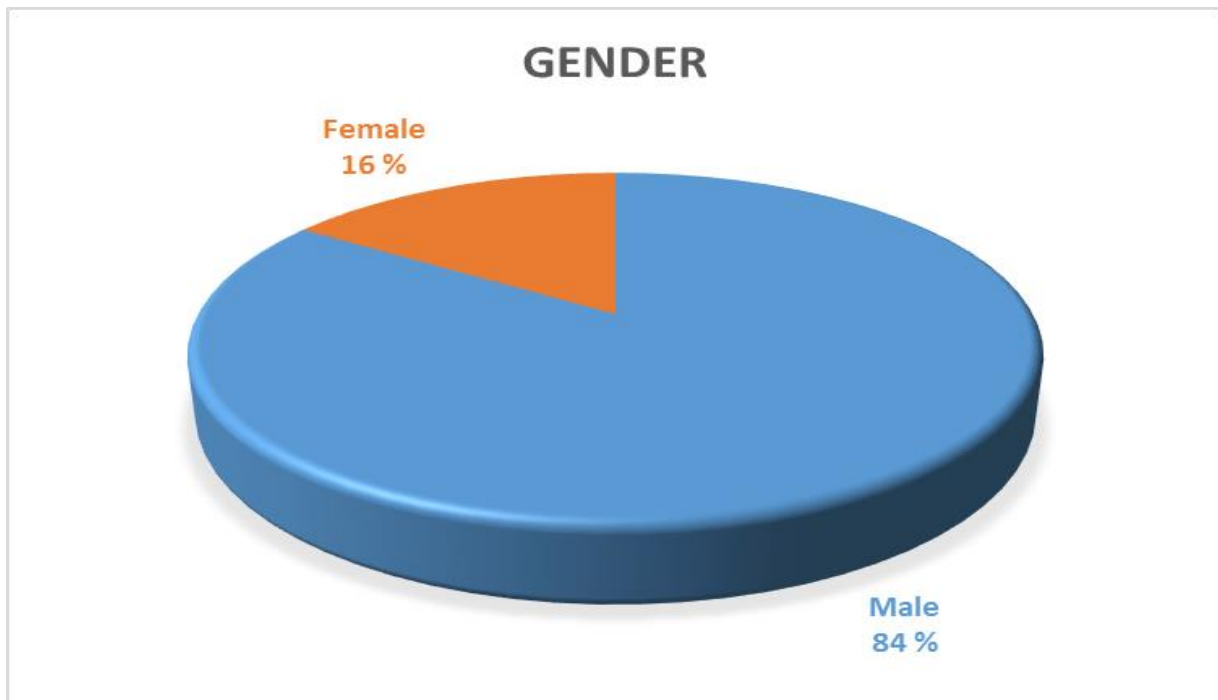
collected information may have some imperfections in comparison with the result obtained from the viewpoint of natural scientific data. (Veal 2006, 41.)

The term reliability relates to the uniformity of measurement. In this type of research, the result would occur to be the same despite the researcher's different samples or subjects after a huge gap of time. In case of reliability, the experimental condition that was carried out from the natural sciences can produce the identical result. However, in case of social science, this case may happen rarely because of contrary and ever fluctuating behaviors of human beings. (Veal 2006, 41.)

### **6.3 Processing and analyzing of data**

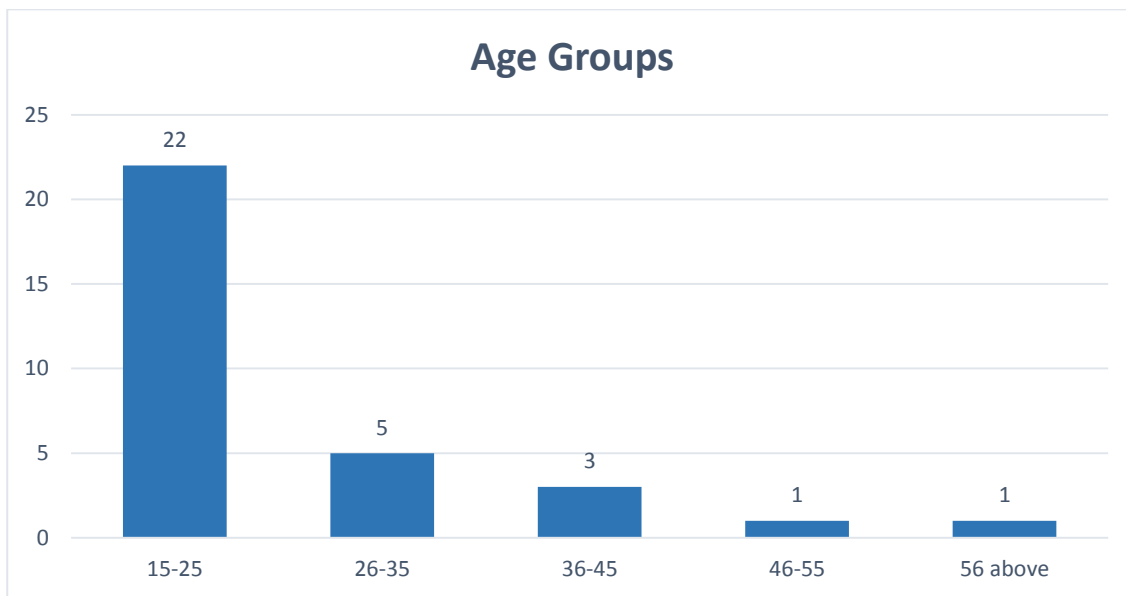
The author of this thesis has done this survey by using the quantitative research method. This research was conducted in Mustang district of Nepal. For the analysis of this survey, 32 national as well as international tourists were randomly selected and provided them to fill up with the structured questionnaire. The questionnaire was specifically based to reveal out the current development programs and flow of tourism activities and clarification of future implementation and development steps that have been carried out or planned for the sustainable tourism business in this district. Furthermore, this survey will be more fruitful to demonstrate mini and macro problems of this district. It was a great opportunity to study Mustang from business viewpoint and find out the difficulties and possibilities of tourism business activities in this area. All the answers from the survey in the form of data have been analyzed and finally interpreted through Microsoft Excel in the form of different sets of graphs.





GRAPH 1. Gender of participants

The above pie chart (GRAPH 1) illustrates the gender, the numbers of male and female respondents who actively participated in the survey. Out of 32 responses, the majority of the respondents were male with a percentage of 84% and the rest 16% were female. The chart depicts that male participants were definitely huge in percentage, which is 68% in comparison to female participants.



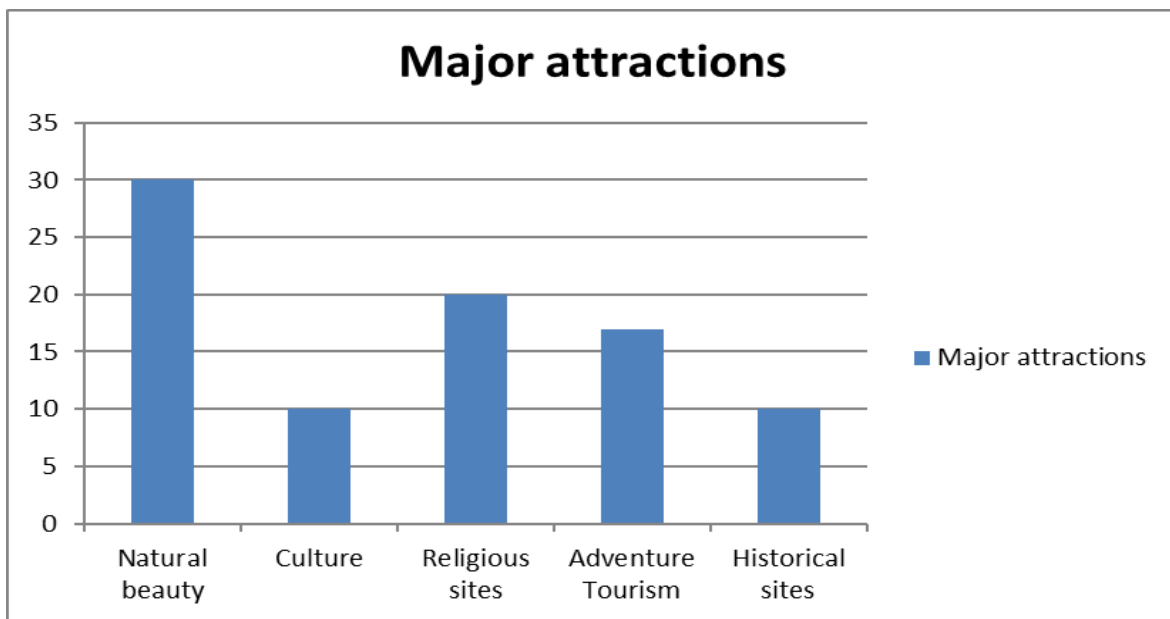
GRAPH 2. Age group of respondents

The above bar (GRAPH 2) states the information about the age group participated in the survey. As a result, in the category of 32, the majority of the participants were from the 15-25 group of age, which display 22 in number. The minority group of age was 46-55 and 56 above respectively. Likewise, the second highest category consists of 26-35 group of age and the number of participants were five. Finally, the age group of 36-45 included three participants.



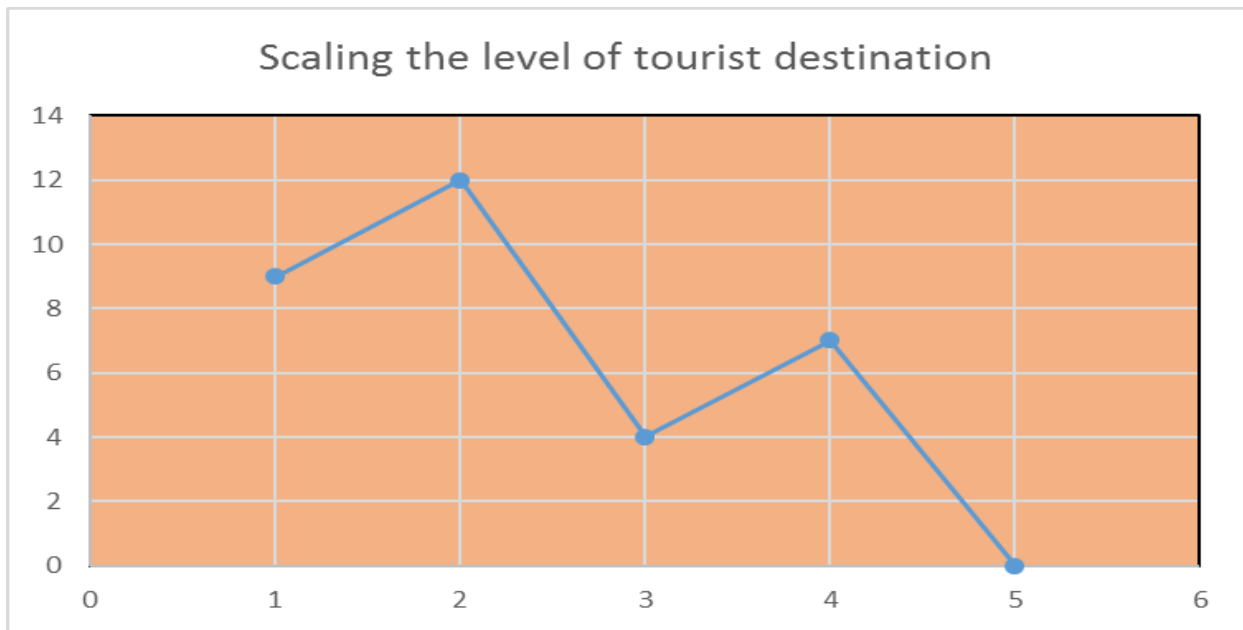
GRAPH 3. Nationalities of participants

The above chart (GRAPH 3) reveals the number of participants related to different nationality. Among the total participants, majority of them were from Nepal, which represents 26 in numbers and rest 6 participants belong to other nationality. Furthermore, the other nationality included the participants from Spain, Russia, Mexico, and Canada. Moreover, out of 26 Nepali respondents, eight of them were entrepreneurs as well.



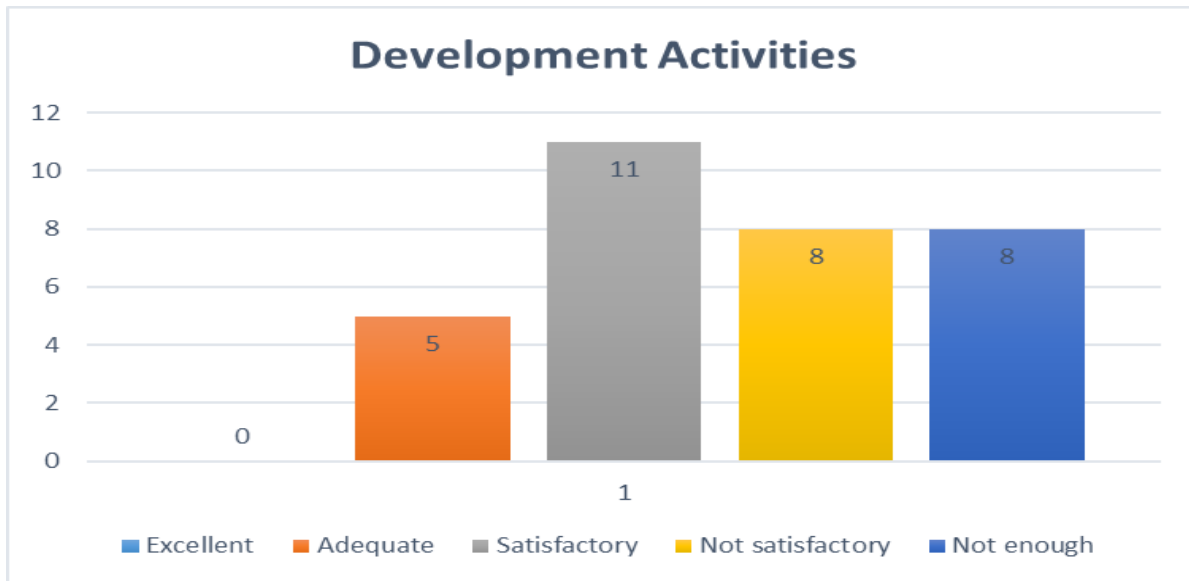
GRAPH 4. Major attractions of Mustang

In this question of the survey, participants had the option to choose more than one alternative. Most of the participants chose natural beauty as major tourist attraction. From Graph 4, it is clear that the option natural beauty is chosen 30 times, whereas the least selected options were culture and historical sites with only 10 votes each. Among other options, religious sites were elected 20 times and adventure tourism was picked 17 times. Participants had asked to specify if they were attracted to any other aspect of Mustang. Caves situated in the Upper Mustang and Yak blood drinking festival obtained as responses. One of the participants considered the environment of Mustang as peace of heaven.



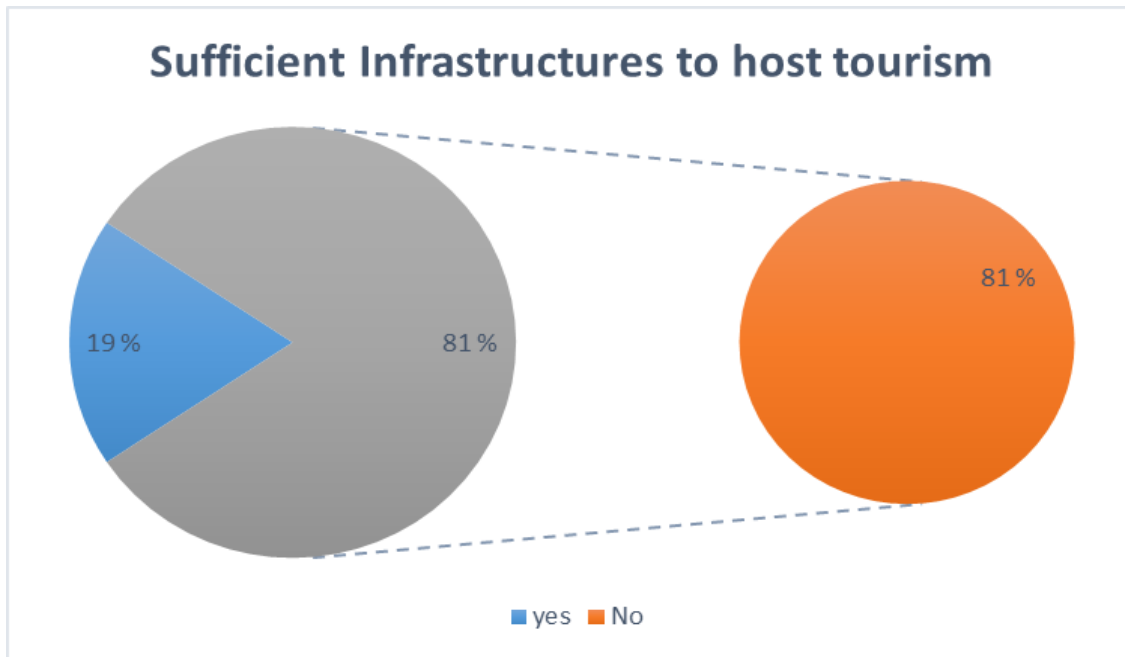
GRAPH 5. Scaling the level of tourist destination

The above line (GRAPH 5) highlights the level of tourist destination in five given choices i.e. excellent, fair, satisfactory, can be improved and not enough respectively. The attendance of survey mostly cast their vote for “Fair” which is 12 whereas, the least vote casted for “not enough” category is zero. Similarly, nine respondents selected “excellent”, four selected “satisfactory” and seven of them realized that some factors of tourist destinations could be improved.



GRAPH 6. Development activities carried out in district

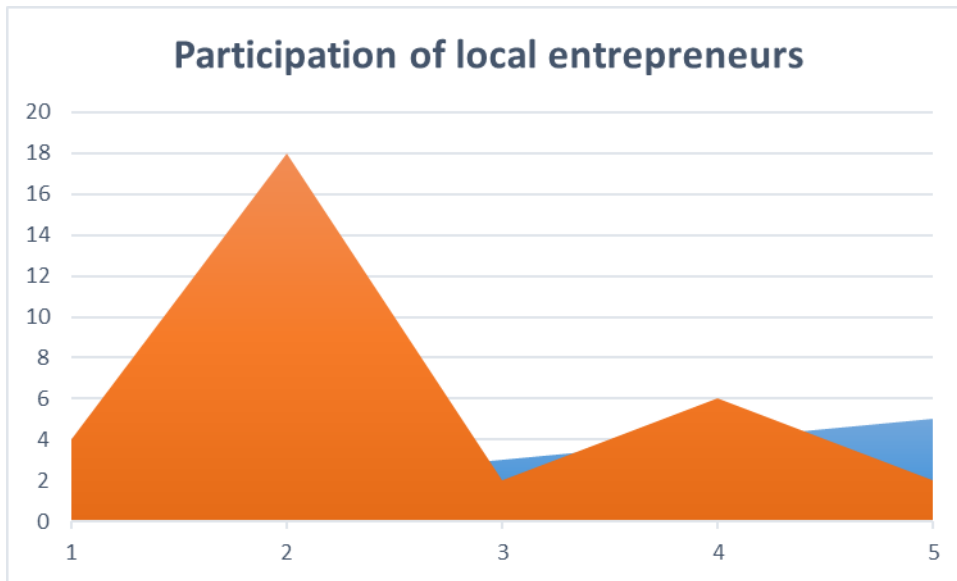
The above bar (GRAPH 6) demonstrates the participants' opinion on the development activities carried out for uplifting tourism business possibilities. Equal eight participants think the current activities are not enough and they were not satisfied with them. However, the majority of 11 participants were satisfied with the process. Similarly, five participants highlight the development program as adequate but there were no participants, who think they get excellent facilities in Mustang.



GRAPH 7. If the Infrastructure is sufficient to host tourism?

The above (GRAPH 7) reveals that among the total participants, six of them responded that Mustang had sufficient infrastructures to hold tourism. This accounts for about 19% of the total respondents, whereas 81% of the remaining participants strongly argued that the infrastructures in Mustang are not sufficient to fulfill the demand of the tourists. The number of counted people for this reason were 26.

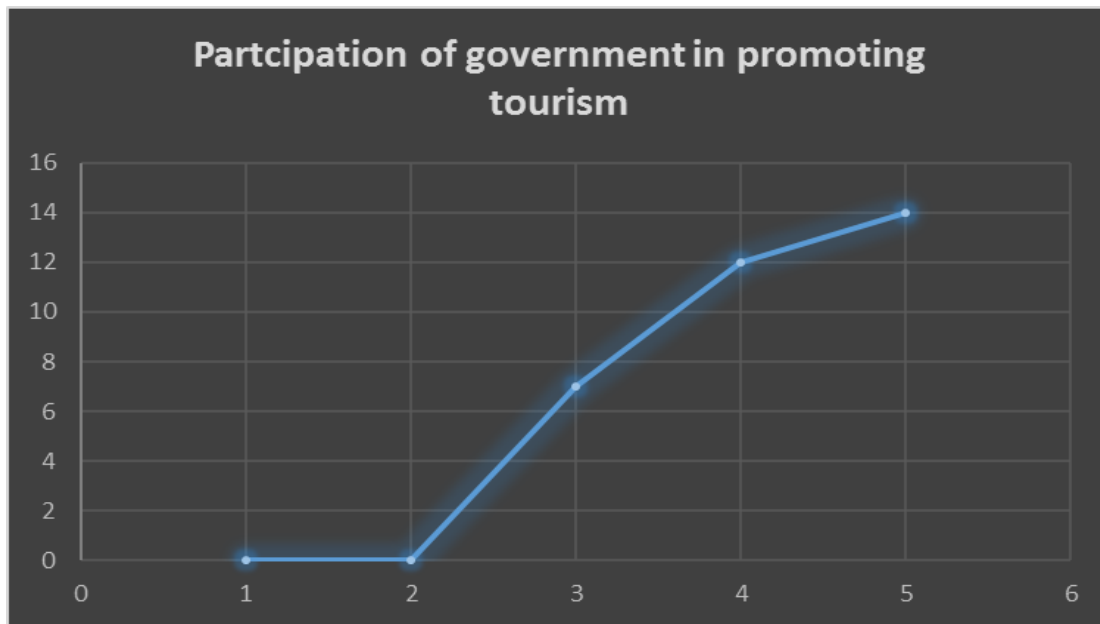
The participants who answered no as their answer were asked further about their opinion toward lacking infrastructures. The lack of quality transportation facility i.e. blacktopped roads and seasonal blockade of road during rainy season were the most sought out problems. Participants also complained about the lack of medical facilities and security as a huge problem. Lack of electricity and communication facilities were another concern. The behavior of local entrepreneurs towards domestic tourists was not as welcoming as towards international tourists, some of them complained. A major lacking infrastructure was the trekking trail to Mustang for adventure seekers.



GRAPH 8. Participation of local entrepreneurs in tourism sector

The participation of local entrepreneurs in the tourism sector of Mustang is displayed by the above area graph 8. From the survey, we can see that 18 participants think that local entrepreneurs have good participation in tourism business while, six of them still realize the improvement in their participation. Among the 32 participants, only four think that there is excellent participation whereas options like “satisfactory” and “not enough” category have only two participants each.





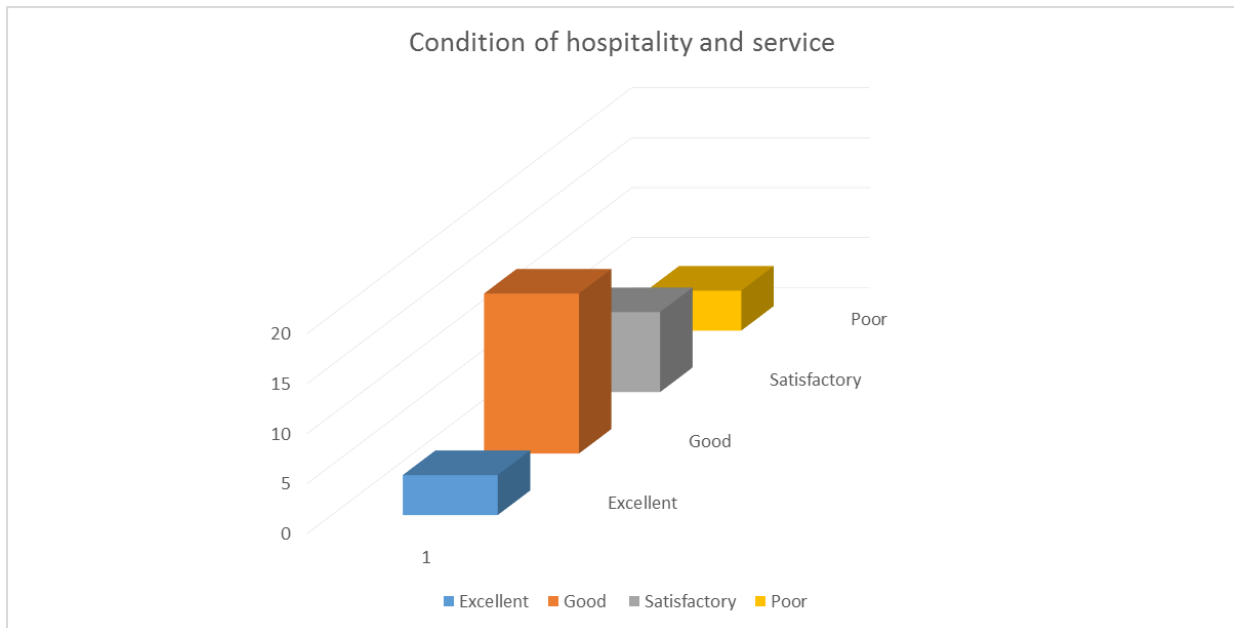
GRAPH 9. Participation of government

The above (GRAPH 9) explains the representation of government in promoting tourism to the whole world. Unfortunately, there are no respondents to consider the promotion in the category of 'excellent' and 'good'. Very few participants, which is seven people, were satisfied with the government response. Besides this, 12 people think that tourism can be improved from the government side. However, the significant number of 14 people have mentioned that the government participation is not enough to reach the development goal.



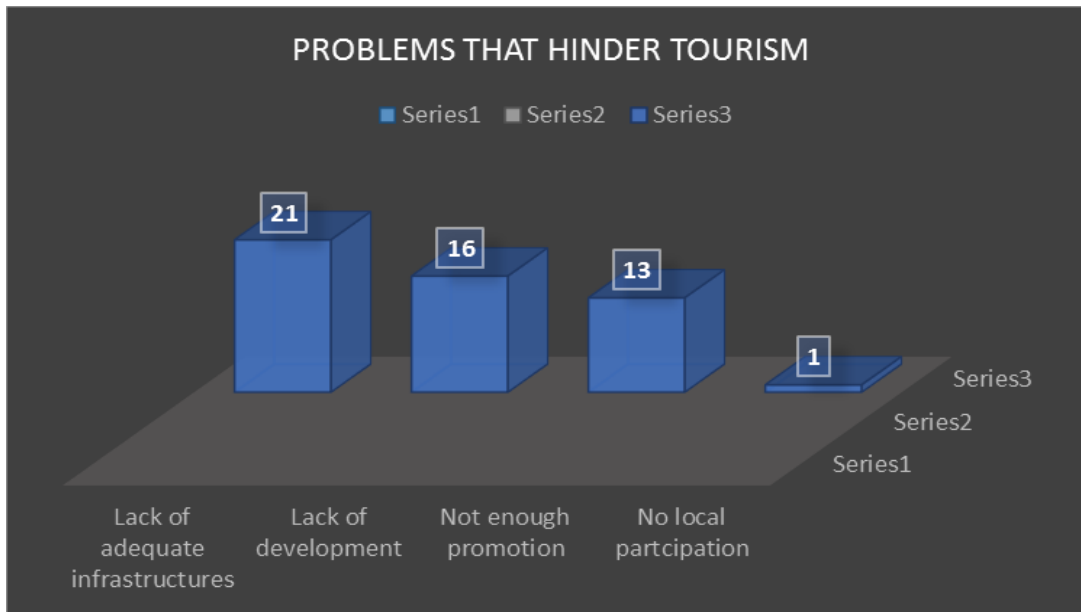
GRAPH 10. Marketing and promotional activities in Mustang

The above bar (GRAPH 10) shows the information on marketing and promotional activities carried out for the development plans and promoting the local tourism possibilities in international level. Within the survey of 32 people, 14 respondents agree with this statement. The number of participants who disagree with the statement also seems to be very near with the agreed people and the number was 12. There was a similar number of respondents for the option strongly agree, strongly deny and no response respectively and the figure of respondents was two in number.



GRAPH 11. Condition of hospitality and service in Mustang

The above bar (GRAPH 11) demonstrates the condition of hospitality and service in Mustang. Among the 32 respondents, the majority of the participants have agreed on 'good' option, which totaled 16 and similarly, eight respondents were 'satisfactory' with the hospitality and service. Additionally, four respondents were quite happy and said 'excellent' for the service but the same number of four people marked 'poor' for the service in Mustang.



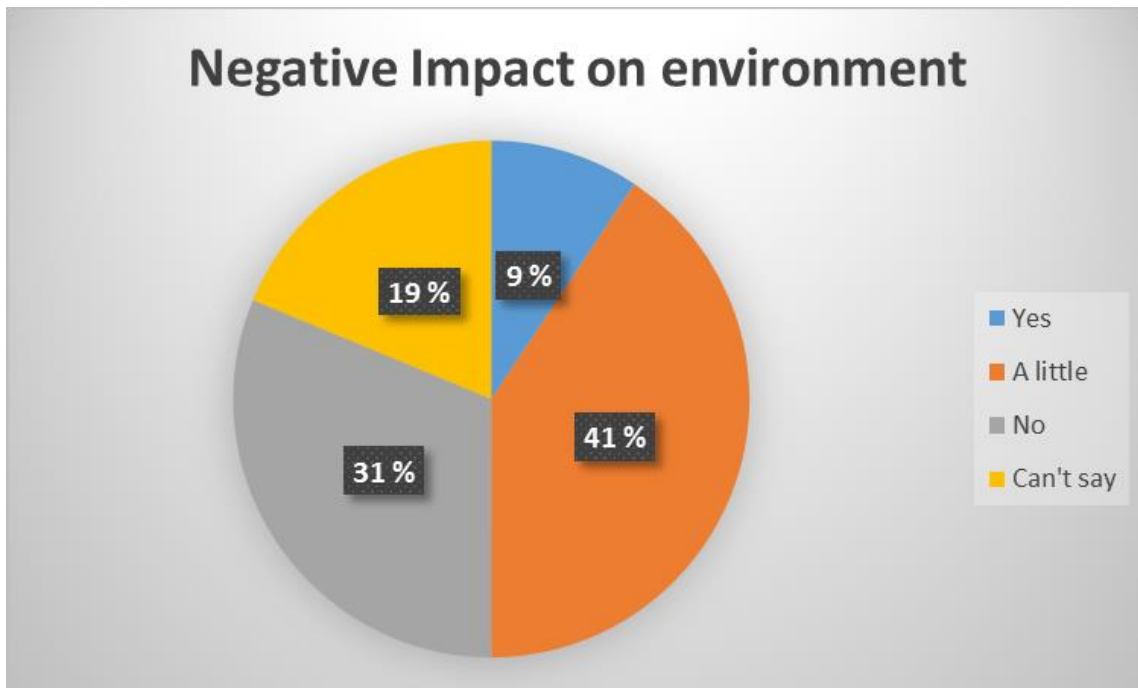
GRAPH 12. Problems that hinder tourism in mustang

In the above (GRAPH 12), participants were accepted to select more than one option. Participants pointed out the lack of adequate infrastructure to be the most common problem in this district. This option was selected 21 times along with the second common option lack of development elected 16 times by the participants. Lack of local participation was not referred to a problem by most of the participants since it has gained only one vote. Out of 32 people, 13 people selected not enough promotion as a problem.

When the participants were asked to specify if there were any other problems prevailing in the district that hinder tourism, they replied the lack of trekking route as the prominent one. In addition, there is no proper management in the entry fee (USD 500) charged from international tourists, many participants replied.

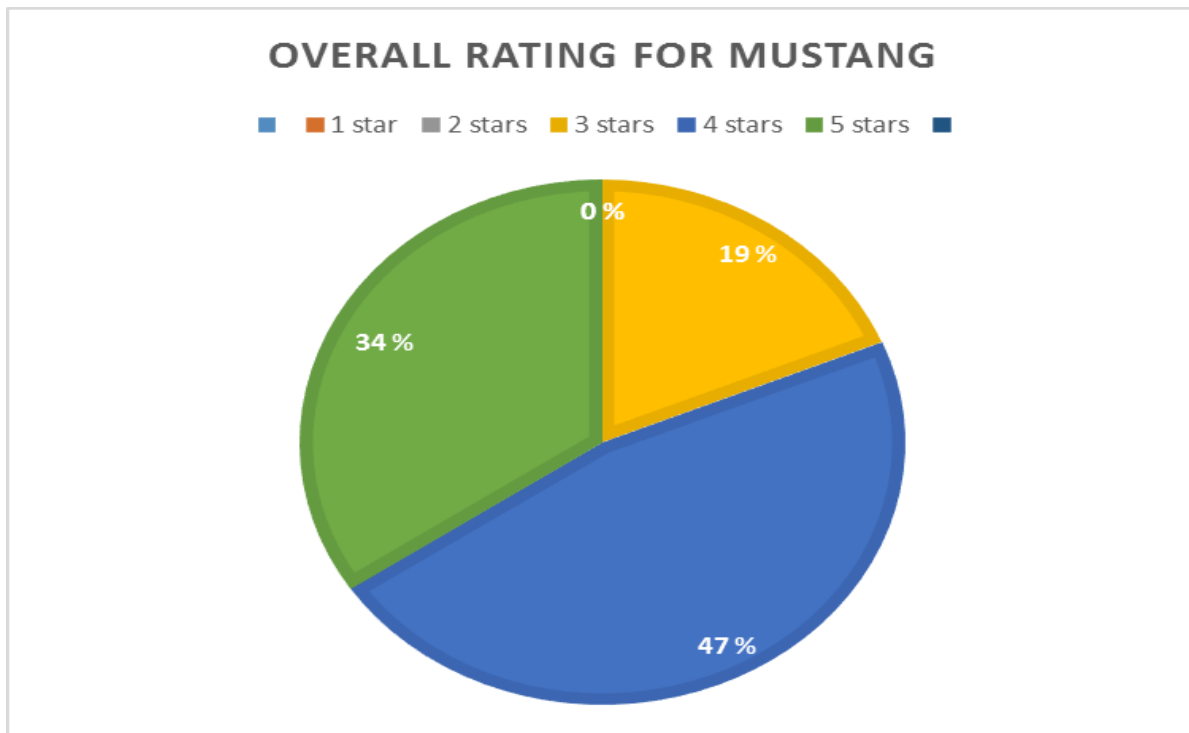
### Why should people visit Mustang?

The author of this thesis put this question in the survey and tried to grab more information on Mustang from the participants. Almost all of the participants replied that they visited mustang because of its natural beauty. Uncommon landscapes, breathtaking mountains, the one and only desert of Nepal and the apple farm were the major attractions. People also visited Mustang for religious purposes, as Muktinath temple and Kaligandaki River containing saligram, are located here. The forbidden kingdom, royal palace of local king is another attraction of mustang according to participants. People were mesmerized by local taste of food and culture.



GRAPH 13. Negative impact of tourism on environment

The above (GRAPH 13) signifies the negative impact of tourism on environment. Thirty-two people were asked about their opinion, from which 9% were positive regarding the impacts on environment. On the other hand, 19% were actually not sure about that, 41% think tourism business activities have a little impact on environment whereas 31% strongly disagree.



GRAPH 14. Overall rating of Mustang

The above (GRAPH 14) displays the overall rating of Mustang by the attended participants during this survey. This survey was collected within the 32 participants and the majority of the respondents agreed in all the facility and the service, natural beauty. It significantly accounted to 47% and the rating was four star. In contrast, the scenario of Mustang touched in the heart of 11 people, they cannot stop the rating, and give five stars, which is represented by 34% in the graph. Similarly, six people along with the 19% voted for three stars. There were no participants rating one star and two stars respectively.

#### **6.4 Finding and conclusion**

After conducting this survey, the writer of this thesis collected the information about the people's opinion towards the tourism of Mustang. In the beginning, the facts that were researched for the major attraction of Mustang were quite similar with my own findings. The majority of the participants were satisfied with the natural beauty, religious tourism and adventure site of Mustang. Being least developed also, people were more attracted towards this district. The major concern was the happiness of almost every participant in his or her choice of tourism spot. The writer of this thesis also found that people were moderate towards the development activities carried out for uplifting the tourism sector. Many people were positive but some think that the activities are not enough to satisfy their needs. Among the whole participants, almost all of them wanted to see the change in the quality of transportation, communication, medical and security facilities in the near future. The survey shows that there is good participation of local entrepreneurs in the development of tourism sector but the government participation in the development and promoting of tourism is inadequate. Additionally, the rapid development in the infrastructures, several development programs, and promotion of tourism are the important requirements of tourism in this district. Conversely, people were satisfied in overall aspects of tourism, which is noticed by excellent rating for this district.



## 7 CONCLUSION

Tourism industry is one of the mainstays of Nepalese economy. It has huge impact on the development of small destination tourism or whole Nepal. Nepal is culturally and geographically rich and has potentiality to produce big tourism market in every corner or area. Tourism in itself is the huge factor that concerns with the different aspects of development and brings effective change in the small area. Along with the proper definition of Nepalese tourism factor, three different impacts of tourism were discussed in this thesis for demonstrating the sustainable tourism factor and rural tourism: economic impact, socio-cultural impact and environmental impact of tourism. The major concern of this thesis was to evaluate the lacking factors in economy and to reveal out the possible factors for the development of rural tourism business industry. For this reason, the writer chose one of the rural tourism areas of Nepal i.e. Mustang district. It has great possibilities in tourism sector but still backwards due to the lack of development strategies. This district has basic concern because of its natural beauty, higher tourism possibilities, cultural heritages and traditional values and norms. This district has a unique geographical figure and various tourism prospects in the form of adventure, traditional, natural based and cultural.

A case study of Mustang district was included in this thesis. The collection of materials or resources for writing the thesis was the most difficult part. There have been some problems in finding related books of Mustang. The books and articles were too old and written many years before. However, the writer managed these resources from the government websites, local blogs, government report, articles etc. Apart from problems, the experience of research and finding, analyzing and interpreting was one of the best experiences. This is not only the researched and written task; it carries meaningful knowledge in every aspect of tourism in Mustang. I hope that this research will be more valuable for the readers and the seekers of good tourism place around the whole world. This thesis was done by using the quantitative research method. A set of questions was distributed among the domestic as well as international visitors and local entrepreneurs. The writer was thinking to collect more information from the international visitors but it was not possible due to off season's market. This survey has figured out the possibility of tourism business and highlighted the availability of tourism factors of Mustang. Similarly, the lack of infrastructures, marketing strategies, promotional plans from the government side seem to be the most needed improvement in the upcoming future.

In conclusion, the district Mustang is full of natural resources, beauty and has more potentiality of tourism attractions. The writer has described the tourism possibilities from every aspect of tourism. The

tourism of Mustang can change the living standard of Mustang and become the major income source of Nepal. However, different government development programs and promotional marketing strategies can be the essential part to enhance the tourism mobility of Mustang.

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## TOURISM BUSINESS SURVEY IN MUSTANG NEPAL



This survey is carried out to reveal the condition of business tourism in rural area of Nepal. We have selected Mustang as our proposed site. Locals and tourists who visited Mustang are the target group of this survey. This survey is anonymous and your identity will not reveal in any way. Thank you for your valuable time and suggestions.

## 1. Gender

☐ Male ☐ Female

## 2. Age

☐ 15-25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ 56 & above

## 3. Nationality: \_\_\_\_\_

## 4. What are the major attraction of Mustang district? ( You can select more than one option)

☐ Natural beauty ☐ Culture ☐ Religious sites ☐ Adventure tourism  
☐ Historical sites please specify if others \_\_\_\_\_

## 5. Please evaluate the general level of tourist destination in scale of 1 to 5. \_\_\_\_\_

1. Excellent 2. Fair 3. Satisfactory

4. Can Be Improved 5. Not Enough

## 6. What do you think about the development activities carried out in the district?

☐ Excellent ☐ Adequate ☐ Satisfactory  
☐ Not satisfactory ☐ Not enough

## 7. Is the infrastructure sufficient to host tourism in the district? (For example, transportation, communication, security and medical services)

☐ Yes ☐ No

8. If No, what infrastructure are lacking

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9. Rate the participation of local entrepreneurs in tourism sector on scale of 1-5. \_\_\_\_\_

1. Excellent      2. Good      3. Satisfactory      4. Can Be Improved  
5. Not enough

10. Rate the participation of government in promoting tourism in Mustang on scale of 1-5. \_\_\_\_\_

1. Excellent      2. Good      3. Satisfactory      4. Can Be Improved  
5. Not enough

11. Marketing and promotional activities carried out in district for development of tourism are satisfactory.

- ☐ Strongly Agree    ☐ Agree    ☐ Disagree    ☐ Strongly Deny  
☐ No response

12. Condition of hospitality and service sector in Mustang is:

- ☐ Excellent    ☐ Good    ☐ Satisfactory    Poor ☐

13. What are the major problems that hinder tourism in Mustang? (You can select more than one option.)

- ☐ Lack of adequate infrastructure    ☐ Lack of development  
☐ Not enough    ☐ promotion    No local participation

If other, please specify \_\_\_\_\_

14. Do tourism activities in Mustang have negative impact on environment?

- ☐ Yes    ☐ A little    ☐ No    ☐ Cannot say

15. Why should people visit Mustang?

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16. How many stars do you give to Mustang?



**THANK YOU FOR YOUR PARTICIPATION!**

