

## IMPACT OF COVID-19 ON TOURISM SECTOR IN NEPAL.

## IMPACTO DEL COVID-19 EN EL SECTOR TURÍSTICO DE NEPAL.

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### ABSTRACT

Tourism is an important source of foreign exchange earnings for the government and contributes to the livelihood of millions in developing countries. The purpose of this paper is to explore and illuminate the preliminary impacts of COVID-19 in tourism sector in Nepal and further the paper puts forward policy recommendations for government to avert the worst effects and facilitate recovery. In Nepal, the travel and tourism sector contributes to 8 percent of GDP, 6.7 percent of total employment, and it generates 6 percent of the total foreign exchange earnings. Nepal Tourism Board estimates that loss of 85.2 billion USD monthly from tourism sector only and three in five employees lost their jobs due to COVID-19 in Nepal. The "Visit Nepal 2020" campaign had cancelled which aimed to attract 2 million tourists in the country this year. Tourism sector has already suffered a huge loss, and it is going to take quite to restore. The government should form special task force to create economic response package that will support Nepalese, their job, their businesses from the global impact of COVID-19, and to ready the economy to recover.

Keywords: Covid-19, Tourism, Economy, Nepal

### RESUMEN

El turismo es una fuente importante de ingresos en divisas para el gobierno y contribuye al sustento de millones de personas en los países en desarrollo. El propósito de este documento es explorar e iluminar los impactos preliminares del COVID-19 en el sector turístico en Nepal y además, el documento presenta recomendaciones de políticas para que el gobierno evite los peores efectos y facilite la recuperación. En Nepal, el sector de viajes y turismo contribuye con el 8 por

ciento del PIB, el 6,7 por ciento del empleo total y genera el 6 por ciento de los ingresos totales en divisas. La Junta de Turismo de Nepal estima que la pérdida de 85.200 millones de dólares mensuales del sector turístico solo y tres de cada cinco empleados perdieron sus trabajos debido al COVID-19 en Nepal. Se canceló la campaña "Visit Nepal 2020" que tenía como objetivo atraer a 2 millones de turistas en el país este año. El sector del turismo ya ha sufrido una gran pérdida y se va a necesitar bastante para recuperarse. El gobierno debería formar un grupo de trabajo especial para crear un paquete de respuesta económica que apoye a los nepaleses, su trabajo, sus negocios del impacto global de COVID-19, y preparar la economía para recuperarse.

Palabras clave: Covid-19, Turismo, Economía, Nepal

## INTRODUCTION

The COVID-19 pandemic, the greatest global challenge faced since world war II, has spread across 213 economies (UNDP, 2020), infecting over 36 million people with more than one million deaths (WHO, 2020). On 31 December 2019, WHO was informed of cases pneumonia of unknown cause in Wuhan city, China. A novel coronavirus was identified as the cause by Chinese authorities on 7 January 2020 and was temporarily named "2019-nCoV" (WHO, 2020). Coronavirus disease (Covid-19) is a infectious disease caused by a newly discovered coronavirus (WHO, 2020). Coronavirus are a type of virus. There are many different kinds, and some caused disease. Covid-19 was first identified as a severe disease causing atypical pneumonia, accompanied by fever, cough and sometimes a range of other symptoms. The clinical features of the 41 patients infected with 2019 novel coronavirus in Wuhan included pneumonia with abnormal findings on chest CT and The agent was identified as SARS-CoV-2. (Spencer et al, 2020). A newly identified coronavirus, SARS-CoV-2, has caused a worldwide pandemic of respiratory illness, called Covid-19 (Sauer, 2020). The new virus was subsequently named the "COVID-19 virus" and WHO announced COVID-19 outbreak as a pandemic on 11 March 2020 (WHO, 2020).

Covid-19 appeared in Wuhan, a city in China, in December 2019. Although health officials are still tracing the exact source of this new coronavirus, early hypotheses thought it may be linked to a seafood market in Wuhan, China. Some people who visited the market developed viral pneumonia caused by the new coronavirus. A study that came out on Jan. 25, 2020, notes that the individual with the first reported case became ill on Dec. 1, 2019, and had no link to the seafood market. Investigations are on going as to how this virus originated and spread

(Sauer, 2020). Covid-19 has spread to 213 countries and territories around the world and infected more than 36,361,054 people with 1,056,186 deaths till 9 October, 2020 (wordometes.info).

Globally, as of 9 October 2020, there have been 36,361,054 confirmed cases (Fig.1.1) of COVID-19 individually 1,056,186 (Fig.1.2) deaths (World Health Organization, 2020). The virus continue to affect every region of the World, but some countries are experiencing high rates of infection, while others appear to have mostly controlled the virus.

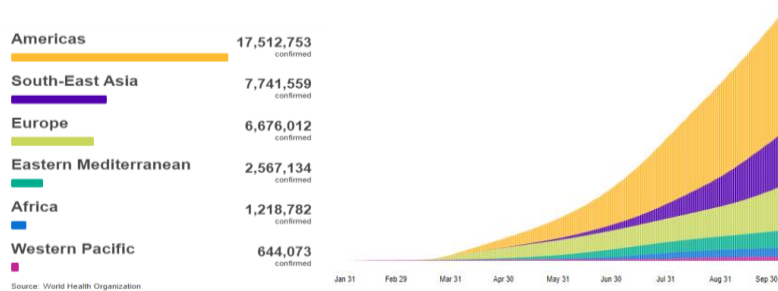


Figure.1.1 Global situation of confirmed cases (WHO, 2020).

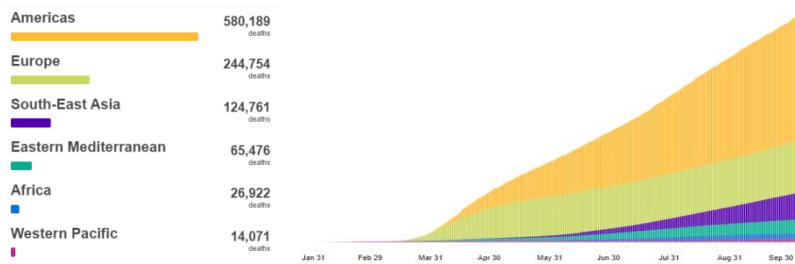


Figure.1.2 Global situation of death cases (WHO, 2020).

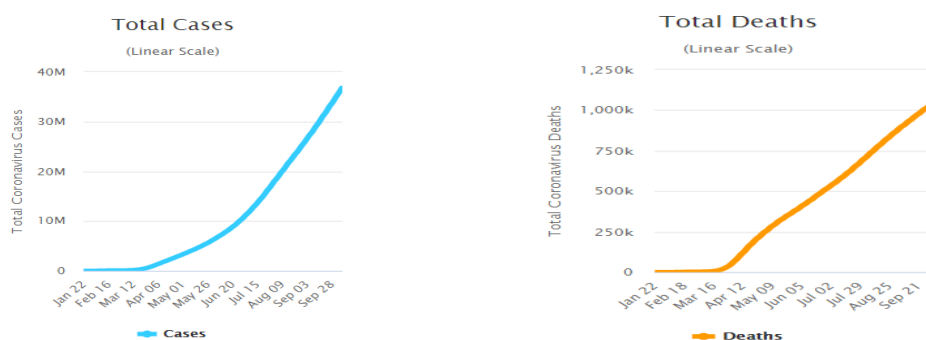


Figure.1.3, Source: www.worldometers.info, 9 Oct. 2020

Figure.1.3, shows that total confirmed cases and death cases are rising linearly. The US has recorded more than 210,000 deaths from Coronavirus -the world highest official death toll. It has also recorded 7.6 million cases. India has driven the increase in number in Asia, with the official total of confirmed infections in the country passing 6.5 million, the second-highest in the world

after the US. Several European countries, including the UK, France and Spain have seen record daily numbers of new cases in recent days. Germany has also seen its highest number of daily cases since April.

On 24 January, Nepal officially announced its first confirmed COVID-19 in a 32 years old male patient, who had returned from Wuhan city, China. Since then, coronavirus has been detected in all provinces of Nepal (Pun et al, 2020). In Nepal, coronavirus were imported from China, Europe, the middle east and India. After the first local transmission, and the increase in the testing facilities within the country. Nepal has seen a rapid increase in the number of cases (Panthee et al, 2020).

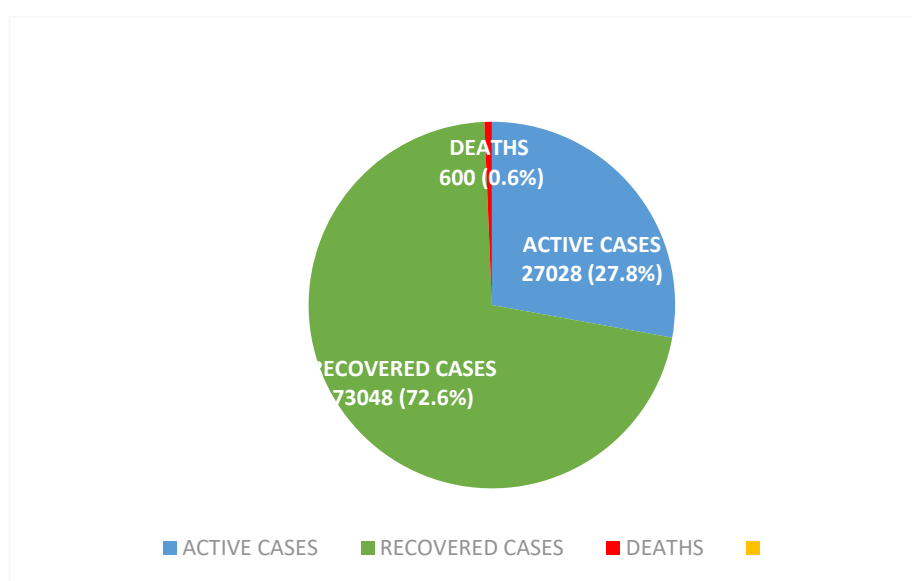


Figure 1.4 COVID-19 cases in Nepal till 09 October. (Ministry of Health and Population, Nepal, 2020).

Figure. 1.4, The number of total active cases in the country as of 09 October is 27028. The total tally in Nepal rose to over 100,676 with 600 deaths. However, recovery rate is 72.6 percentage.

The main purpose of this paper is to analyse the preliminary impact of COVID-19 in tourism sectors in Nepal. The paper focuses on the COVID 19 issues in Nepal and its impact on the economy and livelihood. The study is based on secondary data and personal interviews. The data are extracted from published journals, articles and emerging media coverages. I have also collected data from personal interviews from tourism entrepreneurs via telephone.

#### IMPORTANCE OF TOURISM IN NEPAL

Tourism industry is rapidly growing worldwide and its role is significant in the socio-economic sector of all countries. Tourism is an important source of foreign exchange earning, provides employment opportunities and helps in economic growth of the country and livelihood of the people. Tourism is one of the fastest growing sectors in 2019, accounting for one in four new jobs created worldwide over the last five years, the slowdown of travel and tourism will have devastating ripple effects beyond the sector itself (WTTC, 2020). According to the World Travel & Tourism Council (WTTC), the travel and tourism sectors accounted for 10.3 % of GDP and 330 million jobs in 2019. In South Asia, WTTC estimates that the sector contributed \$ 234 billion, or 6.6 % of the region's GDP in 2019 (WTTC, 2020).

After the advent of democracy in 1950, Nepal started to develop the different aspects of her social, economic and political life. Sir Edmund Hillary and Tensing Sherpa first climbed the Mount Everest in 1953. The modern tourism history of Nepal was started since then ([www.ukessays.com](http://www.ukessays.com)) Since that time, the door of Nepal has remained open to foreigners with the desire to visit Nepal in order to develop the tourist industry in the country. The role of mountain tourism is significant in the overall tourism sector. In fact, tourism in Nepal began with mountain tourism (Shrestha, & Shrestha, 2012). Nepal is uniquely endowed with rich, diverse natural and cultural attractions due to its geographical location in the Himalayas. Nepal is renowned for adventure tourism due to its prominent peaks (NTB, 2018). It is an important economic source for developing countries like Nepal. The travel and tourism sectors contribute 8 percent to Nepal's GDP, 6.7 percent to the country's total employment and It generates 6 percent of the total foreign exchange earnings (UNDP, 2020). Tourism is an important source of government revenue and it has earnings for 2019 stood at NPR 811,157,46 thousand (around 724,337 thousand US\$). This is almost 16 percent higher than previous year in USD. Per day expenditure slightly increased which is 48 USD/tourist/day. (WTB,2020).

A report published by UNDP (2020) revealed that the importance of remittances and micro and small to the Nepalese economy. Remittances have become the lifeblood of the country's economy during last decades, the study shows that every second household in the country receives remittances from abroad. Remittances that account for more than 25 percent of GDP are the main source of the country's foreign exchange reserves, while earnings from other source (such as export) are dismally low.

Tourism sectors help to exchange art and culture between Nepal and the rest of the world. Nepal is also known as a country of an ancient art and culture. Nepalese arts , artefacts, paintings, sculptors and architecture are quite rich and famous (Pant, & Bisht, 2018). Nepal is divided in to the Himalayan, Hill and Terai regions. All

these regions have different climates. There are four UNESCO World Heritage sites in Nepal (UNESCO, NP). World cultural heritage sites of Nepal are Lumbini, the birthplace of Lord Buddha and seven monuments of Kathmandu valleys. World natural heritage sites are Chitwan and Sagarmatha national parks.

According to World Bank's report, 2018, Tourism is an important contributor to Nepal's economy. The direct contribution of Travel and Tourism to Nepal's GDP in 2016 was US\$ 0.8 bn, representing 3.6 percent of GDP, while the total contribution of this sector was US\$ 1.6 bn, representing 7.5 percent of GDP. Tourism also benefits Nepal in terms of poverty reduction, employment generation, and income redistribution (World Bank, 2018). World Bank revealed that over the past decade, Nepal's economy has performed reasonably well. Growth averaged 4.3 percent (as market price) over 2005-2015, fell to 0.6 percent in 2016. As a result of the devastating earthquake in 2015, but rebounded slowly in 2017 reaching 7.9 percent. The tourism industry provides an important market for a host of agricultural products as Hotels and restaurants demand diverse agricultural inputs, and tourists demand agri-tourism experience and destination branded speciality crops as souvenirs. As such tourism generates, employment in rural areas and for women, contributing to inclusiveness (WTTC, 2018).

#### IMPACT OF TOURISM

The world is facing an unprecedented global health, social and economic emergency with the COVID-19 pandemic. Travel and tourism is among the most affected sectors with airplanes on the ground, hotels closed and travel restrictions put in the place in virtually all countries around the world.

According to UNWTO's Report on COVID-19 related travel restrictions, as of 20 April, 100 % of all worldwide destinations have introduced travel restrictions in response to the pandemic. This represents a loss of 67 million international arrivals and 80 US\$ billion lost in exports in the first quarter of 2020 compared to the same period of last year. By regions, Asia and the Pacific, the first region to suffer the impact of COVID-19, saw a 35% decrease in arrivals in Q1 2020. The second-hardest hit was Europe with a 19% decline, followed by the Americas (-15%), Africa (-12%) and the Middle East (-11%). International tourist arrivals declined 65 % in the first half of 2020 over the same period last year, with arrivals in June down 93%. Current trends suggest a decline in International arrivals closed to 70% for 2020.

## International tourist arrivals by region in Q1 2020

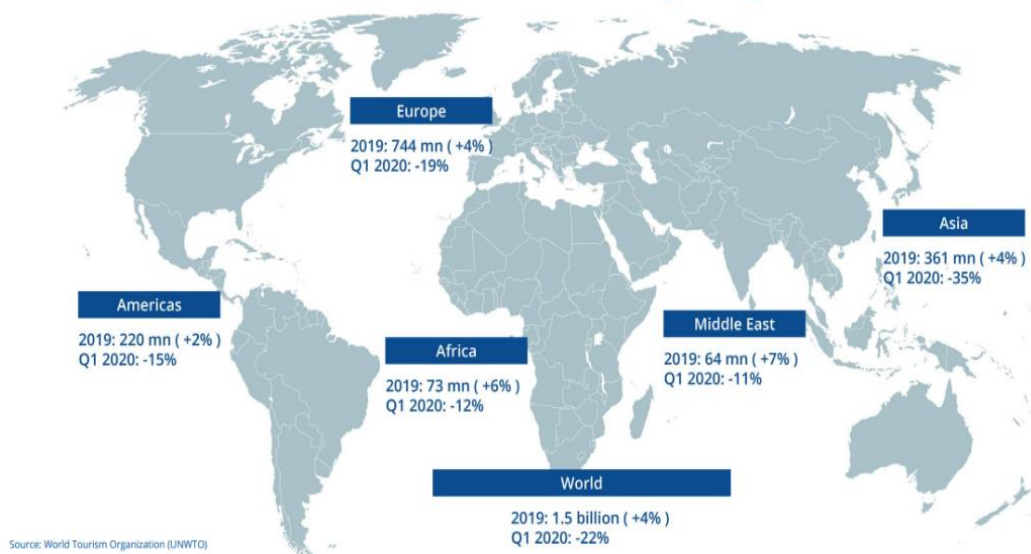


Figure: International tourist arrivals by region in first quarter 2020 (Source: www.unwto.org).

To stop the spread of the virus, the government of Nepal took decisive steps on 24 March, suspending flights, closing schools and offices, sealing boarder, and halting ground transport. The economic impact of this lockdown has been immediate. Domestic and international trade has substantially slowed, supply of goods and services has plunged. The ADB estimates that the economic loss in industry ranges from NPR 1.7 billion to NPR 4.2, while for the service sector the economic loss ranges from NPR 5.7 billion to NRP 9.98 billion. Estimated economy wide loss ranges from NPR 8.5 from 8.5 billion to NPR 16.9 billion. The world bank estimates growth to decelerate by between 1.5 percent and 2.8 percent in 2020, and by between 1.2 percent and 2.9 percent in 2021, citing the effect of COVID-19 on lower remittance inflows and slowing trade and tourism, with a further deceleration or contraction in services and industrial production in the event of a prolonged outbreak (UNDP, 2020)

Rudra Khadka published an article on Myrepublica.com (March, 2020) that the most visible and immediate impacts of the ongoing COVID-19 pandemic on Nepal are likely to be felt in two key areas - a decline in remittances to Nepal, and a return of Nepali migrant workers from key destination countries. As early as 7 march 2020, two weeks before Nepal imposed a lockdown, Nepal witnessed a fall in outgoing migrant workers by almost 75 percent, lower than the decline the country witnessed immediately after the 2015 earthquake. Economists have warned of serious economic crisis if the migrant workers continued to refuse to go to labour

destinations or the receiving countries continue to stop receiving the migrant workers from Nepal.

According to Nepal Preparedness and Response Plan (NPRP), 2020. The socioeconomic impact of COVID-19, considering the increasing restriction of people and goods globally and locally. More so in light of Nepal's economic reliance on tourism revenues tourists and migrant worker remittances. Early indicators suggest that vulnerabilities may increase disproportionately for migrant workers, informal labour, small businesses, rural communities due to potential loss of employment, travel restrictions, inflation, food and fuel shortages etc (WTO, 2020).

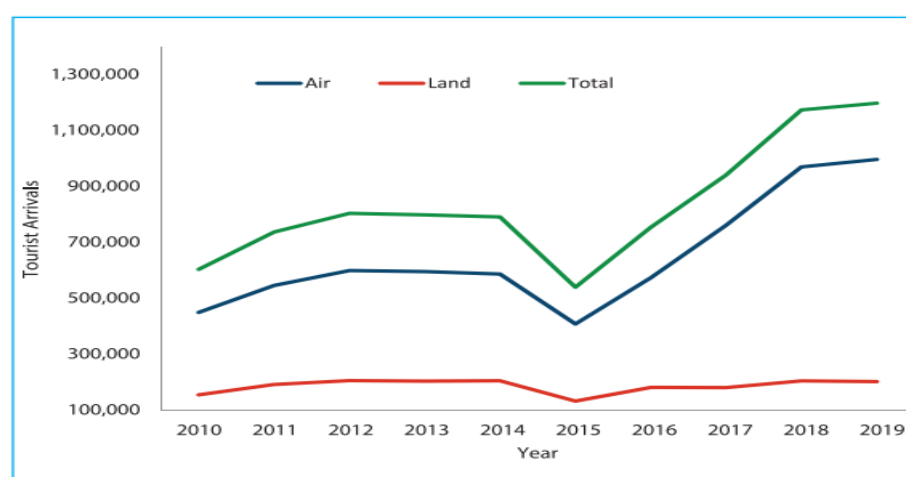
### TOURIST ARRIVAL AND REVENUE

According to NTB, 2020, in 2019, 1.2 million international tourists visited Nepal, which represented a 2 percent increase in the number compared to 2018. From 1.2 million, 83 percent of international travellers journeyed by air and 17 percent by land. Compared to 2017, there was a remarkable improvement in tourist arrivals in 2018. Tourist arrivals increased by 25 percent in 2018 compared to 2017, which was a noteworthy improvement in tourist arrival (Table 3.1).

Table: 3.1, Tourists arrivals:

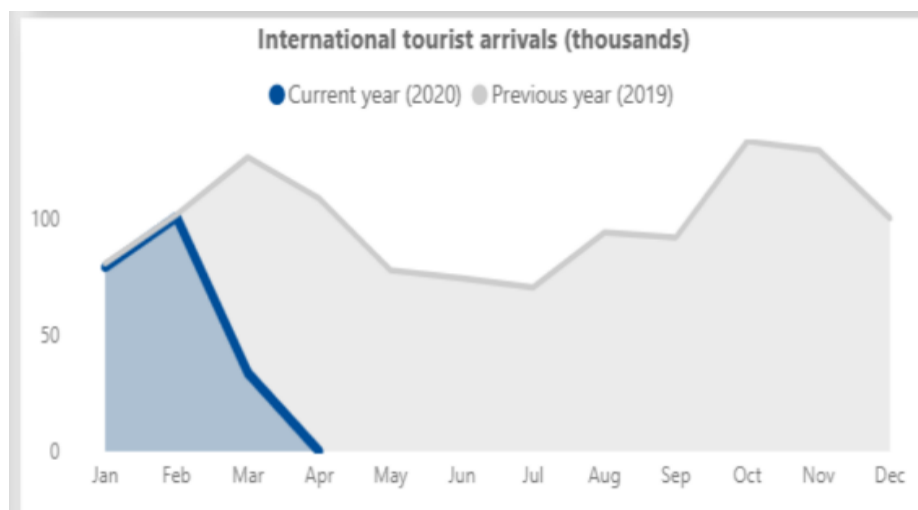
Indicators	Year- 2017	Year- 2018	Year- 2019
Air	760577	969287	995884
Land	179641	203785	201307
Total	940218	1173072	1197191

Source: Nepal Tourism Board, 2020





Figure, 3.1: Tourist Arrival in Nepal 2010 -2019 (Source: Ministry of Culture, Tourism & Civil Aviation).



Figure, 3.2, International Tourist Arrival in 2020 (Source: UNWTO, 2020).

The travel and tourism sector contributes 8 percent to Nepal's GDP, 6.7 percent to the country's total employment, and it generates 6 percent of the total foreign exchange earnings. Reduction in tourist arrivals will have bad effects on the tourism sector. The slowing down of the economy will further deteriorate the employment rate, which is already as high as 11.4 percent (UNDP, 2020). Mt. Everest contributes a large portion to the expedition revenue collection. In 2019 alone, the government had collected around NPR. 450 million in expedition royalty from climbers. Tourism sector earnings for 2019 stood at NPR. 811,157,46 thousand, (around 724,337 thousand US\$). This is almost 16 percent higher than the previous year 2018 in USD. According to tourism minister Yogesh Bhattarai (Ratopati, 2020) and Nepal Tourism Board (2020) has estimated the loss of 85.2 billion US\$ which is 10 billion (NRP) monthly from tourism sectors only.

Khadka et al, 2020, revealed that the tourist flow was increasing steadily. In previous year (2019), the tourists number was increasing from January till March, while in the current year declared as 'Visit Nepal 2020' the number abruptly declined since March though it was fairly good in the beginning of the year. When compared to the previous numbers, the declining rate of the tourists was 1.96% in January, 1.00% in February and 73.26% in March. Nepal has been a popular destination for tourists specially from the countries like China, India and the USA with an annual flow of tourists more than a million.

## TOURISM AND HOTEL INDUSTRY

The hotel industry is one of the important sectors in Nepal. There has been an expansion in the hotel business every year. There are 139 star and 1151 tourism standard hotels registered in Nepal and 13200 and 30799 beds, respectively (NTB, 2019). There was a rapid growth in hotel development in Nepal, and the number of beds and rooms were likely to increase as the new hotels start their operations. In Nepal, star hotels, boutique hotels, and resorts are the main properties that accommodate high and foreign and domestic tourists (Care Rating Nepal, 2020). Perhaps the most visible and immediate impact of Covid-19 is seen in the hotels and tourism sector in all its geographical segments. Hotels have been shut down due to lockdown, although few hotels are serving as quarantine places for the time being.

According to Sunil Shakya, former president, Pacific Asia Travel Association Nepal Chapter (The Himalayan Times, 2020) said that hoteliers are finding it difficult to pay their employees, Employees are forced to take unpaid leave. The hotel industry has investment worth billions. They have taken large amounts of loans and paying huge interest rates to banks. However, as the business is completely down hoteliers are facing trouble in clearing loans. According to Shreejana Rana, president of the Hotel Association of Nepal, 2020 said that in such a crisis, the government should make payments of loans to banks flexible. She expected great support from the government in the coming days. As government has also expressed its commitment to support and facilitate the private sector in this crucial phase. The government allows Hotels to resume from 17 September. But they must abide by the health safety guidelines unveiled by the government Nepal. Hotels sector was hit hard due to prolonged closure since March (Myrepublica, 16 September, 2020).

## TOURISM AND RESTAURANT

The coronavirus has dealt a heavy blow to restaurateurs around the world (World Economic Forum, 2020). Nepal's restaurant industry is one of the worst-hit by the pandemic, and it may become one of the last ones to recover. The lockdown forced thousands of restaurants to close overnight. According to Araniko Rajbhandari, president of the restaurant and bar association of Nepal, There are 3,300 registered restaurants in the country, and The industry employs more than 80,000 people, the majority of whom have been rendered jobs by the lockdown (Tserinng, 2020). He further said (Business 360°, 2020) that around

45% of the revenue that is generated by the restaurant industry supports the national produce market, But because of the pandemic, 120 million that was being spent here has dropped to zero. While the restaurants have had zero revenue since the lockdown started, they still continued to have operational cost, and many restaurants are still continuing to pay their staff.

Since dine-in services was closed due to COVID-19, The restaurant and bar association of Nepal has lunched an online platform for customers in June for take away and delivery services were allowed under the new guidelines in the Kathmandu valley and a few other places. It was pressure to reopen the restaurants to earn money to pay the rent, electricity bills, employee's salaries, and government taxes (The Kathmandu Post, 15 June, 2020). In the beginning of September, Chief district officers of Kathmandu valley have given strict measures, Such as the restaurateurs and their staffs allowed to work between 1 pm and 7 Pm only. Likewise, those travelling on the streets to deliver food should have a PCR test report that provides they are not infected with the Coronavirus (Onlinekhabar, 03 September, 2020).

The government allows the restaurants to resume their full operations from 17 September. But they must abide by the health safety guidelines unveiled by the government to cater their services to visiting customers. The decision to allow restaurants amid concerns that the livelihoods of tens of thousands of people employed in the sector was hit hard due to prolonged closure since March (Myrepublica, 16 September, 2020).

Even with recently relaxed curbs, Customers are still reluctant to eat out. On Saturday, 26 of September, I went with a friend for lunch in Nanglo restaurant at Kathmandu. Which is one of the famous and busiest restaurant in Kathmandu. At the weekend, it used to be full but now only few customers were there. Duty manager Mrs. Samjhana said that customers afraid of eating out during the pandemic, and we used to serve for 200 to 300 customers daily but now we have 70 to 80 customers only. Leslie Wu published her article (Forbes, 2020) that fear of eating out is a anxiety in restaurant dining during pandemic in the USA. Although sanitization protocols were already part of a restaurant's make up and they are now paying attention to sanitization efforts and safety measures more than ever before. I have found the same impact in restaurant business in Nepal.

## TOURISM AND TRANSPORTATION

Transportation plays an important role in tourism. Tourists use transportation to travel from one place to another. Due to the COVID-19

pandemic, all the regular domestic and international flights had been suspended from March 22. Now limited international commercial flights services have resumed from September 1. Domestic airlines and long distance transport services have been allowed to resume from September 21, but they should follow health and safety protocols in order to prevent the spread of the coronavirus. No foreigners are permitted entry to Nepal at this time. The government of Nepal has approved exceptions for diplomatic, international organization, and some international non-governmental organization personnel. Country's boarder remain closed But there are a limited number of border points through which returning Nepali citizen are allowed entry. The government has decided to close Nepal's international border with India until November 15 in view of the growing threat of the spread of COVID-19. But the border points that remained opened so far for criss-border movement of cargo vehicle and Nepali nationals requiring to return home for some urgent purpose included many ports (myrepublica, 2020).

COVID-19 pandemic has hit the transport sectors very hard. According to Ganesh Ghimire (15 August 2020,) who is the owner of Tourist Vehicle Services at Kathmandu, The COVID-19 has hit his business very badly. He is not able to pay the rent of his office and employees for months. No interest has been paid to the banks. Now he has hope from the government to restart his business with the subsidy. He said that the new monetary policy 2020 has addressed tourism entrepreneurs, but implementation needs to be seen.

#### TOURISM AND EMPLOYMENT

Tourism is also an important contributor to generating employment in Nepal. According to the Economic impact report of the world travel and tourism council (WTTC,2019), tourism sector contributed to one-tenth of global GDP and it accounts 330 million jobs in the world, which is 1 in 10 jobs. A UN development program revealed that COVID-19 pandemic has disrupted supply chains, shut or threatened the survival of small and informal enterprises and made people highly vulnerable to falling back in to poverty through widespread loss of income and jobs. Three in five employees lost their jobs due to Covid-19 in Nepal (UNDP, 2020).The livelihoods of the large number of people who are employed in these sectors are directly at risk.

There are no estimates of loss of employment in the affected sectors in due to lack of data at regular intervals about job creation and loss in Nepal, difficulty for employers in Nepal to get ride of their workers due to, for example, labour laws and strong presence of labour unions, and lack of provision of unemployment benefits (UNDP, 2020). Now, with the global halt of tourism due

to the further spread of COVID-19 and to the resources that the government has taken in response. There is a little doubt that the impact will be much larger and more lasting. Millions of workers with previously stable incomes are hence at risk of sliding in to poverty (ILO , 2020 ), which is why the situation requires urgent attention. For 14 countries of available data, ILO, 2020 estimates that the jobs and livelihoods of at least 15.3 million workers in the tourism sector are at risk as result of the COVID-19 pandemic. Staffs of airlines, hotels, travel agencies and transport companies across the region are being asked to take unpaid leave, accept reduces wages, or worse, are simply let go.

### TOURISM AND TREKKING

Shilpa Manandhar , 2020, published her analytical report that Mt. Everest is empty as virus shuts down global tourism industry. The lack of tourists has virtually erased Nepal's spring trekking season, which typically runs from March until May. The "Visit Nepal 2020" campaign had aimed to attract 2 million tourists in the country this year. The government has formally cancelled (on March 22) the Visit Nepal 2020 campaign, a month after its major promotional activities in the overseas markets were halted, in the wake of the COVID-19 global pandemic (Kathmandu post, 2020).

Tourism minister Yogesh Bhattarai has assured that the issues of the mountaineering sector will be addressed through the new tourism act, which is currently in the discussion phase. He further said that the government is mulling over establishing a Climber's Welfare Fund, which will be mobilized to ensure the safety of those employed in the sector, such as porters and guides.

Nepalese government has decided that Nepalis and foreigners will be allowed to go for trekking and mountaineering from October 17 which are, at the moment, suspended owing to the fear of further spread of the steadily increasing coronavirus infections in the country (THT, Sept, 15, 2020). The government has again made new revision in the guidelines and allows foreign tourists carrying a negative PCR test report for coronavirus 72 hours before departing their home country to visit Nepal without staying at hotel quarantine. However, arriving tourists should stand for the antigen test of instant PCR test for reconfirmation immediately upon arriving at Kathmandu airport and travellers must assure that their medical costs would covered by themselves or handling agencies while staying in the country (THT, October 09, 2020). According to World bank and UNDP (2020), 1,500 trekking guides /professional guides and 300 tourist bus drives are unemployed and 2,600 trekking agencies closed in Nepal due to COVID-19 pandemic.

Nepal is the unique destination for trekking and mountaineering. It possesses eight out of ten highest mountains in the world. Mt. Sagarmatha (Mount Everest) is the world's highest mountain which rises to 8848 meters above the sea level. Tenzing Norgay Sherpa of Nepal and Sir Edmund Hillary from New Zealand became the first people to stand on the top of the world on May 29, 1953. Total 5864 climbers summited Mt. Everest till 2018. Kanchanjunga (8586m) is a world's third highest peak where 390 people summited till 2018. Nepal Mountaineering Association had permit for 6037 persons which gives royalty of 1,041,985.00 US\$ in the year 2019 (Ministry of CTCA, Nepal).

#### TOURISM AND AGRICULTURE

Agro-tourism defined as travel which combines agriculture with a touristic experience, allowing guests to have a flavour of farm life during their rural retreat. It is becoming an increasingly important part of both the tourism and agriculture industry worldwide, as it brings in additional revenue for farmers but also helps to increase knowledge about agriculture (Foote, 2020). Agro-tourism is a type of vacation in which hospitality is offered to firms which may include the opportunity to assist with farming tasks during visits, where tourists have an opportunity to pick fruits and vegetables, ride horses, taste honey, shop in gift-shops and farm-stands for local and regional produce or hand-crafted gifts. Each farm generally offers a unique and memorable experiences. People are more interested in how their food is produced and want to meet the producers and talk to them about what goes into their foods (Reza, 2017).

Nepal is an agricultural country, and The statistics show that more than 66 percent of its population involve in agriculture. In Nepal, tourism and agriculture are the two major elements of its socio-economic development, acting as revenue-generating industries with multiplier effects on the economy and contributing heavily to GDP with significant employment and rural income generation (Pandey and Pandey, 2013). Agro-tourism is one of the most crucial parameters to improve the nation's economy of a country like Nepal where major occupation is farming and having lots of potential tourist destination hubs, and Rural areas where agro-tourism will be exercised and will become the places where all elements of local, sustainable development will be collected (Khanal and Shresha, 2019).

Japanese national Shinzo Tanabe shares (Kathmandu post, 2018) his experiences that It's time for Nepal to adapt to organic farming to attract many tourists like Japanese. He has been working in organic farming for 24 years in Nepal. The Japanese are fond of healthy food. Japan has the capability to bring in a large

number of tourists every year, flourishing its organic farming techniques. According to what I have seen, many tourists who come to Japan from different countries prefer organically grown vegetables and crops over others. If they see some restaurants selling organic food, they choose them.

Central bank of Nepal on 17 July unveiled, rescue package through its annual monetary policy to mitigate the economic effects of COVID-19, promising to help support businesses get back on their feet. As per the policy, commercial banks need to lend at least 15 percent to the agricultural sector by mid-July 2030.

### 3.8 TOURISM AND SMALL BUSINESS

Small tourism business plays a crucial role in providing tourism services to facilitate tourism development in rural areas. Such small-scale tourism services can provide opportunities for local people to generate economic benefits to sustain their livelihoods in tourism destinations. An increasing number of small tourism-related businesses are being operated by both local and non-local residents, aiming to earn a living from the increasing number of visitors (Liu et al., 2017). A growing number of small tourism businesses in Nepal are turning more professional and organized (ILO, 2017, Youtube video).

The small tourism business has been hit the hardest by COVID-19. The Nepalese government has set up a Rs. 50 billion funds for the COVID-19 affected industries and small and medium industries. Finance Minister Yuvaraj Khatiwada said that the fund would be provided loans at the five percent of the interest rate for operating trade and paying salaries to workers and employees of the tourism sector and small business sectors. As per the new monetary policy of Nepal Central Bank 2020, commercial banks need to lend at least 15 percent to micro, small and medium enterprises.

### TOURISM AND LOSS OF JOBS

According to the world bank report, 2020, the impact of the pandemic will hit low-income people hard; the sudden and large scale loss of low-paid work has driven a mass exodus of migrant workers from cities to the rural area, spiking fear that many of them will fall back into poverty. According to UNWTO (2020), 100 to 120 million jobs are at risk due to COVID-19 pandemic. Travel and Tourism, a labour intensive sector, is one of the most affected with jobs at risk through the while of the value chain. This will particularly affect the most vulnerable groups of the population such as women, youth and rural communities. Tourism is major job creator and a lifeline for many economies at all development stages.

Three in five employees lost their jobs due to COVID-19 in Nepal (UNDP, 2020). ILO (2020), estimates that between 1.6 and 2.0 million jobs are likely to be disrupted in Nepal in the current crisis.

### CONCLUSION AND POLICY RECOMMENDATION

It is not yet clear when a full return to tourism activities will be possible. Although, The government has decided to resume of trekking and mountaineering for foreign tourists from October 17. Since, renewed periodical lockdowns are happening in the country and the rest of the world. It is a big challenge. Countries are in different phases of the COVID-19 crisis management, and while some countries are adjusting policies to address the gaps tourism businesses, needs, others are mindful of the need to start preparing comprehensive tourism recovery plans (OCED, 2002). Beyond the immediate responses needed, policy makers will need to learn from the lessons of the COVID-19 crisis. Tourism entrepreneurs have high hopes from the government but so far been disappointed at the lack of a plan for tourism sectors. According to Rajendra Man Dangol, the tourism entrepreneur, We had expected that the Budget would focus on the recovery of the tourism industry, but it was not in priority. The Nepalese government has no plans for the tourism sector to recover quickly after the pandemics. Despite the government's promise that 'no one will stay hunger or die from hunger', the issue of people struggling with every day means has still remained sensitive. Entrepreneurs are not in a position to continue their business if this situation continues.

Minister of Tourism, Yogesh Bhattarai has assured that the issues of the mountaineering sectors will be addressed through the new tourism act, which is currently in the discussion phase and after the COVID-19 situation settles, the country's mountaineering sector will be more regulated and secured. From above study on tourism, I found that the tourism sector has already suffered a huge loss, and it is going to take quite a while to restore the industry in Nepal. It is necessary to manage the stimulus plans to promote tourism before time is normal for foreign visitors to come (The rising Nepal, 2020).

Tourism minister, Yogesh Bhattarai is proposing a two days holidays a week plan for the promotion of domestic tourism in the country (Myrepublica, 2020) as currently, the government holiday of the weekend is only Saturday. So that, People can go on holidays at the weekends but they should get offer or discount in tourist attractions, in order to make sure that everybody can afford holidays in Nepal. The government of Nepal should issue the travel vouchers like Belgium, Italy, Czech Republic, Poland, South Korea etc. for domestic tourists to pay for tourism services



and products in the country (OECD, ISTO, 2020). Suspension of interest and loan payments for small entrepreneurs in the tourist industry for one year and a waiver of value added tax would encourage as a tool to boost the local economy.

The government should form special task force to create economic response package that will support Nepalese, their job, their businesses from the global impact of COVID-19, and to ready the economy to recover.

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