

Impact of Tourism in the Local Economy of Bhaktapur¹

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This paper outlines the major aspects of tourism in Bhaktapur. The focus is to describe how tourism influences the economy of Bhaktapur.

Bhaktapur is one of the famous tourist destinations in Nepal. As it is just 11.2 km away from Kathmandu, it is recognized by travels and tours operators as a half-day sightseeing package. Many tourists also prefer staying in Bhaktapur as it is comparatively cleaner and more peaceful than Kathmandu. The fact that Bhaktapur lies on the way to various other famous tourist hot-spots such as Nagarkot and Dhulikhel has also helped to increase tourism in Bhaktapur. Major attractions of Bhaktapur famous among tourists include Taumadhi Square, Durbar Square, Pottery Square, and Dattatreya Square. Besides, there are various other places which, if promoted, can become famous among tourists.

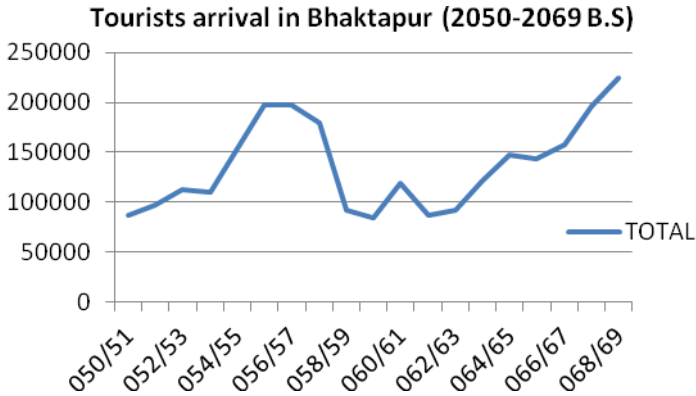
Accommodation Establishments

Majority of the accommodation establishments (69%) in Bhaktapur are small, having less than 15 rooms. There exists a positive relationship between bigger establishments and long years of establishment. This reflects that experience allows one to take higher investment risks.

Majority of bigger establishments (60%) are resistant to seasonality. They have over 75% occupancy rate even during

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slack seasons. They have good link with tours and travels operating in Kathmandu. Thus even during slack season flow of tourists is maintained. The availability of extra facilities provided by the establishments also affects the occupancy rate. Bigger establishments provide guests with all kinds of services ranging from Internet, transportation to reading materials and cultural shows among others, whereas the smaller only provide limited facilities.



Most of the establishments (81%) reduce their tariff during slack season in order to attract more tourists. Generally, the establishments which do not decrease their tariff during slack seasons are the small scale family-run businesses. As they are run by families, their variable cost is low as they do not hire people during peak seasons. Accordingly, since costs remain more or same in slack season, they don't reduce their tariff.

The average length of stay of tourist in Bhaktapur is 1.63 days. Tourists staying in smaller accommodations stay more days (1.73) than those staying in bigger establishments (1.40). But despite the longer duration of stay, the amount of money spent by tourists during their stay was more in case of bigger establishments.

Bed and Breakfast (B & B) bookings are higher in bigger establishments than in the smaller ones. Small establishments generally deal with F. I. T guests. Such visitors have a choice to eat wherever they please and minimize their expenses during their stay. Most of the extra expenses of tourists are on beverages, soft drinks and snacks during their stay in Bhaktapur. Each individual tourist spends NRs 1546 per visit extra, apart from lodging and regular meals.

The accommodations of Bhaktapur have been providing employment to more males than females. Average salary per month of male staffs is NRs 8500, which is higher than that of female staff (NRs 6678/month). This variance is reported to be due to difference in their nature of work. Very few establishments hire extra staff during peak season. Those hired during peak season are paid less than the permanent staffs although the nature of their work may be same. Majority of staffs (63%) working in the accommodations are locals of Bhaktapur. But most of them work at non-technical positions like waiters, dish cleaners, helpers etc. In this manner, annually NRs 3,51,097 per establishment is retained in Bhaktapur as local staff wages.

Accommodations buy cereals worth NRs 89,850 which is 68% of the total expenses, meat items worth NRs 3,47,119 which is 72% of total, vegetables and daal worth NRs 2,64,394 which is 69% of total and ilms and spices worth NRs 1,19,190 which is 82% of the total. Few bigger hotels transport certain food items from Kathmandu. Some 53% of total amount spent on food items by smaller establishments is retained in Bhaktapur, whereas in case of bigger establishments, it counts only 31% of total amount. Similarly, the maximum share (43%) of total food expenses of establishments is spent on soft drinks and beverages. On an average an accommodation buys beverages and soft drinks worth NRs 10, 31,601 annually. And from that huge share NRs 8, 91,698 is used to buy beverages and soft drinks from Kathmandu. Furthermore, annually on an average a single establishment spends NRs 9,72,156 on buying food items

from Bhaktapur alone, whereas NRs 14, 55,666 goes to buying food items from Kathmandu or outside.

Majority (66%) of expense on non-food items remains in Bhaktapur, whereas (33%) of expenses goes to Kathmandu Valley and only (1%) to rest of Nepal. The major share (49%) of total expenses of the establishments of the Bhaktapur Durbar Square goes to Kathmandu, whereas Bhaktapur receives (47%) of the expenses. Food expenses are major contributors to the local economy. In the same way, the establishments contribute with a total of NRs 15, 63,766 per accommodation to the local economy of Bhaktapur. Major share (63%) of that amount is generated through purchase of food items, whereas 22% comes from wages of local staffs. Only 15% is contributed by the purchase of non food items.

Ashwin, Kartik, Mangshir (September to November), Chaitra and Baisakh (April-May) see high arrival of tourists. An overwhelming majority (88%) of establishment owners believe that the number of tourists rose in 2012 compared to the past years. Improved political situation of the country compared to the last decade, rise in Chinese and SAARC tourists, more publicity and advertisements were cited as the main reasons for the rise of tourism in Bhaktapur area.

Restaurants

Majority of restaurants (62%) are big, which means they contain more than 10 tables. In average, tourists spend less (NRs 210) per visit on smaller restaurants, whereas the average expense in the bigger restaurants amounts to NRs 400 per visit. Drinks and snacks are the most popular food items in the restaurants. Tourists spend (NRs 517) per visit in average on drinks and snacks. During the peak season, smaller restaurants do the business of NRs 8040 per day, whereas bigger restaurants collect NRs 23875. Similarly, during slack season, the business of smaller restaurants decreases to NRs 3060 per day. In case of bigger restaurants it is NRs 7875.

Smaller restaurants don't hire any extra staff during the peak season. The bigger hotels hire up to 4 extra staffs in average. Restaurants only prefer to hire male staffs during peak season. The average staff salary in smaller restaurants is more than in bigger restaurants. Also, male staffs are paid more than female staffs in the smaller restaurants, while in bigger hotels the average salary of females goes higher than that of males. Majority of the restaurant staffs (57%) are from Bhaktapur itself. Similarly, 12% of the staff are from Kathmandu valley and the remaining 31% are from other parts of Nepal.

Restaurants buy most of the food items from Bhaktapur except beverages and soft drinks. Smaller restaurants purchase food items worth NRs 5,39,678 per restaurant, which is 55% of their total food expenditure. Bigger restaurants purchase food items worth NRs 13,17,593 per restaurant, which is 39% of their total food purchase. On an average one restaurant spends NRs. 10,36,864 annually on buying soft drinks and beverages. Of this, the Kathmandu market shares the amount of NRs. 8,91,698.

A single restaurant annually spends NRs 2,67,177 on non-food items. Of this amount, 82% stays in Bhaktapur, 14% is drawn to Kathmandu, and 4% to rest of Nepal. The local share of non-food items is 91% in smaller restaurants, and in case of the bigger it is 84%. Restaurants contribute NRs 15,70,174 (per restaurant) to the local economy. The major share (65%) of that amount is generated through purchase of food items, whereas 21% of the amount comes as the wages of local staffs. Only 14% is contributed by the purchase of non-food items.

Outlets

Majority (38%) outlets are only 1 to 5 years old and have opened up in Bhaktapur Durbar square only after the initiation of peace process in 2007. Only 39% of the outlets are family businesses. The outlets have been generating full time employment for 221 people, of which 141 are males and 80 females. In case of temporary employment generation, this trend is exactly reversed. Outlets provide temporary

employment to 151 people and of them the majority (129) are females.

Remarks

Tourism is playing an important role in the economy of Bhaktapur. It is generating sizeable amount of revenue and local employment. But still the full tourism potential of Bhaktapur has not been utilized properly. The average number of days spent by tourists is very low. This can be extended by introducing new activities such as village walk, bird watching, camping etc. Each Village Development Committee of Bhaktapur has tremendous tourism potential. Places beside the main Durbar Square should be explored and publicized through proper modes of promotion. Introduction of new places in Bhaktapur as well as neighboring districts can contribute in increasing the length of tourist stay.

The major share of money is being drained out of the local economy through beverages and soft drink items. Complete replacement of the beverages and soft drinks item isn't possible, but accommodation establishments and restaurants can still reduce beverage consumption by promoting local alternative products like Ju Ju Dhau (Curd), Local aila/Jaad (alcohol), fruit juices etc.

Some of the bigger accommodation establishments and restaurants import certain food items from Kathmandu though they are locally available. Bigger restaurants must promote local products. It will help in reducing the amount of money diverted away from Bhaktapur. Through the use of local food, the agriculture sector can grow to the extent of creating jobs and contributing in the rise of total revenue.

Employment of women is low compared to men, both in accommodation establishments and restaurants. The jobs performed by females are also limited to certain categories. Thus imparting technical skills to women of Bhaktapur can increase the rate of their employment.

Domestic tourism can also be promoted in Bhaktapur area during slack season. It may not bring valuable foreign currency, but certainly will create more employment opportunities leading to the increase in tax revenue from economic activity.

Tourism in Bhaktapur has opened up various opportunities for the locals ranging from creation of market for local traditional crafts to part-time jobs for students. Tourism has generated a lot of direct and secondary employments, and stimulated the local economy through income and employment multiplier effect. But, a lot can be done to magnify the current level of economic impact being generated by tourism in Bhaktapur.

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