



## HAN Urges Implementation of the Budget

**H**otel Association Nepal has expressed concern over the government's decision to impose a 5 percent Value Added Tax (VAT) on electricity consumption from the upcoming fiscal year FY 2026/27. HAN warned that the move would increase operating costs and undermine competitiveness in the international market.

While acknowledging that several tourism-related programs in the new budget could have positive impacts, HAN stressed that the VAT on electricity would make it difficult for hotels to compete globally. With many hotels & resorts increasingly using electricity instead of gas for kitchen operations, the association argued that the added tax burden would be particularly challenging.

HAN noted that although hotels/resorts have been recognized as manufacturing industries in the previous budget, however, they have not enjoyed the concessional electricity tariff as the manufacturing industry. If VAT is applied as announced, the association said, the operational expenses of Nepal's hotel industry would rise sharply.

Calling for reconsideration, HAN emphasized that the measure could erode Nepal's competitive edge in the international tourism market.

At the same time, the association welcomed budgetary initiatives such as the declaration of Visit Nepal Year 2085, Wellness Year 2027, and plans to develop new destinations, hill stations, and heritage sites. Programs for the Great Himalayan Trail, regional tourism corridors, and conservation



of monasteries were also highlighted as positive steps.

HAN stated that effective implementation of these programs could increase tourist stays and spending. Currently, occupancy rates in Nepal's hotels and resorts stand at only about one-third of capacity. The association expressed optimism that initiatives such as operationalizing Bhairahawa and Pokhara international airports, restructuring Nepal Airlines under a corporate model, easing border entry for tourists, and efforts to remove Nepal from the EU aviation blacklist would help boost arrivals.

The association also praised budget announcements for developing Janakpur as a wedding destination, expanding Lumbini and other touristic destination, promoting mountain biking in Gandaki Province, and marketing Himalayan tourism. It welcomed the government's focus on economic diplomacy, collaboration with non-resident Nepalis, and the integration

**FY 2083/84 national budget, praising the government's decision to position tourism as a primary pillar of economic transformation. HAN specifically applauded the declaration of "Visit Nepal 2085," "Wellness Year 2027," and the strategic development of major tourism corridors.**

of technology, AI, and innovation in tourism promotion.

HAN further urged the government to address challenges such as the unchecked expansion of the informal hospitality sector, resume the long-stalled "Civil Servants Paid Holiday" program, and lift restrictions on hosting government conferences and events in hotels and resorts. It also called for stable bank interest rates, skilled workforce supply, good governance, and anti-corruption measures to reduce costs and strengthen the tourism industry.

# TOURISM: Economic Prosperity

Hotel Association Nepal (HAN) has expressed strong confidence that Nepal's tourism sector can rapidly lead the country toward economic prosperity if the government effectively implements its commitments outlined in the manifesto by Rastriya Swatantra Party.

HAN also noted that the previous governments had announced provisions to grant hotels the same facilities enjoyed by manufacturing industries, especially for electricity tariff and income tax. However, despite repeated commitments, such provisions have yet to be implemented in practice. HAN expressed dissatisfaction over the continued delay and urged the present government to address the issue promptly and further encourage the hospitality industry by significantly reducing operational costs.

Hotel Association Nepal further said that if hotels are legally recognized as manufacturing industry, they would be eligible for special electricity tariff discounts to create a conducive investment climate. Such incentives would enable hotels to shift kitchen operations and other energy-intensive activities toward electric equipment, reducing dependency on diesel and liquefied petroleum gas (LPG). HAN believes this transition would not only lower costs for businesses but also contribute positively to environmental sustainability and energy efficiency.

Hotel Association Nepal further highlighted the importance of attracting high-spending luxury tourists to Nepal. Also, the customs duty exemptions on luxury vehicles used specifically for premium tourism services would encourage greater investment in the hospitality and tourism sector. HAN emphasized that the luxury travelers who spend significant amounts during their visits expect high-end transportation and hospitality services, and supportive government policies could strengthen Nepal's competitiveness as a premium tourist destination.

Additionally, HAN has underlined that all future laws, policies, and regulations should be tourism-friendly, investment-supportive and tourist-centric as well. Meanwhile, in the proposed 100-point action plan and manifesto ruling Nepal's Rastriya Swatantra Party, tourism is viewed as a major engine for economic growth, regional

development, employment, and global branding of Nepal. The party presents tourism not just as sightseeing, but as a strategic national industry connected to infrastructure, digital governance, culture and sustainability.

#### Key tourism-related priorities include:

- Doubling international tourist arrivals within five years.
  - Increasing per-tourist spending and extending the average stay duration.
  - Promoting regional tourism beyond Kathmandu and Pokhara, especially in Karnali and remote mountain areas.
  - Digitizing tourism services such as permits, trekking management, and visitor systems.
  - Improving aviation safety and airport management.
  - Regulating mountain tourism more effectively, including climber safety and environmental protection.
  - Branding Nepal internationally as a destination for adventure, culture, wellness, spirituality, and eco-tourism.
  - Encouraging private-sector investment in hotels, resorts, transport, and tourism infrastructure.
  - Preserving cultural heritage, indigenous traditions, and local civilizations as tourism assets.
  - Creating tourism-linked employment opportunities for youth to reduce foreign migration.
- The manifesto also emphasizes "digital-first governance" in tourism administration, aiming to reduce bureaucracy and corruption in permits and tourism-related services.

#### According to tourism-focused analysis of the manifesto, RSP particularly stresses:

- Sustainable mountain tourism,
- Environmental conservation,
- Better management of trekking and climbing routes,
- Diversification of tourism products across all provinces,
- And using tourism to strengthen local economies.

#### Overall, the party sees tourism as:

1. A pillar of economic transformation,

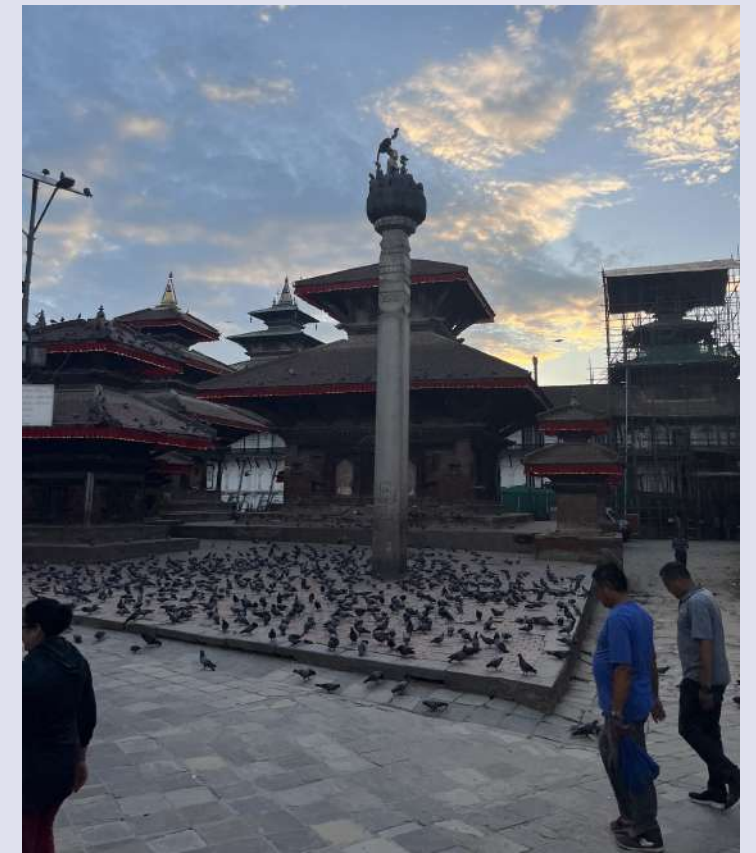


2. A source of jobs for Nepali youth,
3. A tool for balanced regional development,
4. And a way to project Nepal's identity globally.

The government's recently introduced policies and programs view tourism as a major pillar of Nepal's economic growth, employment generation, and international promotion. The policy emphasizes developing sustainable, cultural, religious, and adventure tourism while improving infrastructure and service quality.

#### Key areas highlighted in the policy include:

- Promotion of Nepal as an international tourist destination through better branding and marketing.
- Development of tourism infrastructure such as airports, roads, hotels, and tourist facilities.
- Expansion of religious and cultural tourism circuits including sites related to Hinduism and Buddhism.
- Encouragement of eco-tourism and sustainable tourism practices to protect natural heritage.
- Increase in private sector participation and investment in the tourism industry.
- Creation of employment opportunities through tourism-related businesses and services.
- Focus on attracting high-value tourists and increasing average tourist stay and spending.
- Improvement of safety, hospitality, and digital services for visitors.



Overall, the policy treats tourism as a priority sector that can contribute significantly to economic recovery, foreign exchange earnings, and regional development.

# Wellness Tourism Strategy and Nepal Visit Year 2085

## Inspire Optimism in Tourism Sector



Nepal's tourism and hospitality sector has expressed strong enthusiasm following the Government of Nepal's announcement of the National Wellness Tourism Strategy and the declaration of Nepal Visit Year 2085. Stakeholders believe the new initiatives will significantly contribute to the revival, diversification and sustainable growth of Nepal's tourism industry in the coming years.

The Government of Nepal, through the Ministry of Culture, Tourism and Civil Aviation, has prioritized wellness tourism as an emerging pillar of the national tourism economy. The strategy aims to position Nepal as a leading destination for wellness, holistic healing, Ayurveda, meditation, yoga retreats, natural therapy, and quality healthcare services combined with unique travel experiences.

Industry leaders have welcomed the government's vision, stating that Nepal possesses immense potential in the field of health tourism due to its natural beauty, peaceful environment, traditional healing systems, spiritual heritage, and growing healthcare infrastructure.

In support of the initiative, the HAN recently organized a special wellness tourism promotion program at The Plaza in Lalitpur. The event brought together tourism entrepreneurs, hospitality professionals, government

representatives, and industry stakeholders to discuss opportunities and collaborative efforts for strengthening Nepal's position in the global wellness tourism market.

During the program organized in coordination with the Ministry of Tourism, HAN President Mr. Binayak Shah delivered an opening remarks highlighting the prospects and importance of wellness tourism in Nepal. His presentation highlighted Nepal's comparative advantages in wellness travel, the need for quality hospitality standards, international promotion, investment in wellness infrastructure, and enhanced collaboration between the tourism and healthcare sectors.

Speaking at the event, Mr. Shah emphasized that wellness tourism could become a transformative sector for Nepal's economy, if promoted strategically.

A special panel discussion was conducted where DG of Department of Tourism Mr. Ram Krishna Lamichhane, HAN Executive Board Member Ms. Ashlesha Karki, NATTA General Secretary Ms Yubika Bhandari, Mr. Ramesh Poudel from Ayurveda Association Nepal and industry practitioners attended the panel discussion whereas Ms Kanchan Gurung moderated the session, representing Nepal in Business.

The program was attended as the

chief guest by Ms Indu Ghimire, Joint Secretary of Ministry of Culture, Tourism and Civil Aviation. Addressing the session Ms Ghimire inspire private sector to harness the full potential of this sector with the aim of high-end tourism by capitalizing on the wellness segment in tourism.

Mr Sajan Shakya, Secretary General of Hotel Association Nepal concluded the program with the remarks that HAN would play a key role in promoting wellness tourism in the country. He called for supportive laws and incentives to promote this business within this sector.

The program was organized in collaboration with Nepal in Business (NiB) where its lead Mr Ratish Basnyat delivered a presentation shedding light on the scope of wellness tourism and its global prominence.

HAN strongly supports the development of key destinations such as Lumbini, Pokhara, the Kathmandu Valley, and Himalayan retreat areas as core pillars of Nepal's long-term tourism vision. We also urge the government to ensure effective implementation of the National Wellness Tourism Strategy through strong infrastructure development, global marketing, improved connectivity, policy support and active public-private partnerships.

# Nepal Can Easily Welcome 5 Million Tourists within Five Years

The tourism sector in Nepal is capable of achieving remarkable growth and contributing significantly to national prosperity if the policies and plans discussed are effectively implemented. Tourism and hospitality industry believe that Nepal possesses immense potential to become one of South Asia's leading travel destinations. Tourism stakeholders argue that with coordinated efforts in infrastructure development, tourism promotion, improved connectivity, and better management of tourism resources, the country can achieve sustainable economic growth through tourism. At present, Nepal officially calculates tourist arrivals primarily through air travel statistics. However, tourism entrepreneurs point out that a large number of international visitors also enter the country through various land border points, particularly from neighboring countries.

According to industry estimates, the number of tourists entering Nepal through border crossings is nearly double the number arriving via air routes. Tourism experts say this reality reflects the need for a more comprehensive and modern tourism data management system. They emphasize that incorporating arrivals through all border entry points would provide a clearer picture of Nepal's actual tourism volume and help the government formulate more effective tourism policies and investment plans. From the perspective of HAN, the

country can comfortably attract up to five million tourists within the next five years if the government and private sector work together strategically. HAN stress that Nepal's diverse tourism products — including adventure tourism, religious tourism, cultural heritage, mountain expeditions and eco-tourism, wellness tourism, and rural tourism— offer strong opportunities to attract visitors from around the world.

HAN also highlight the importance of expanding international air connectivity, upgrading roads and border infrastructure, improving hospitality services, and increasing international promotional campaigns and believe that targeted investments in tourism infrastructure and policy reforms would not only increase visitor numbers but also generate employment opportunities and

strengthen the national economy. Tourism is one of the strongest foundations for Nepal's economic prosperity, the policies and programs are implemented effectively and tourism is prioritized as a national economic agenda, Nepal can achieve long-term prosperity through this sector.

Industry representatives further noted that the hospitality sector is prepared to support the government's tourism vision by expanding hotel capacity, improving service quality, and promoting Nepal as a safe, attractive, and diverse destination for international travelers.

With growing global interest in nature, culture, spirituality, and adventure travel, tourism experts believe Nepal stands at a crucial moment to transform its tourism industry into a major driver of national development over the coming decade.



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