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# Assessing the Economic Impact of Tourism in Post-Earthquake Nepal

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## Abstract

The 2015 Gorkha earthquake significantly disrupted Nepal's socio-economic fabric, particularly affecting its tourism sector, a vital pillar of the national economy. This paper explores the trajectory of Nepal's tourism industry following the disaster, evaluating both short-term setbacks and long-term recovery strategies. By analyzing statistical trends, government initiatives, and the response of international tourism, the study seeks to understand the resilience and adaptive capacity of Nepal's tourism infrastructure. Additionally, the paper examines how tourism has contributed to broader economic recovery, employment generation, and community resilience. The findings indicate that while the earthquake initially devastated key heritage sites and diminished tourist arrivals, concerted efforts in rebuilding and promotional campaigns like "Visit Nepal Year" have gradually revitalized the sector, offering lessons for disaster-stricken economies globally.

**Keywords:** Nepal earthquake 2015, tourism economy, disaster recovery, heritage restoration, sustainable tourism, economic resilience.

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## **I. Introduction**

Tourism has long been a cornerstone of Nepal's economy, contributing significantly to GDP, employment, and foreign exchange earnings. With its rich tapestry of cultural heritage, breathtaking Himalayan landscapes, and vibrant religious traditions, Nepal attracts millions of international tourists annually [1]. However, the magnitude 7.8 earthquake that struck the nation on April 25, 2015, severely impacted this crucial sector. Thousands of lives were lost, and infrastructural damage—including that of UNESCO World Heritage Sites—shook global perceptions of Nepal's safety and accessibility. This disaster not only triggered a humanitarian crisis but also sent economic shockwaves across multiple sectors, especially tourism [2].

This paper delves into the aftermath of the earthquake, focusing specifically on the tourism sector's economic journey from devastation to revival. The study evaluates the immediate losses, government and private responses, donor interventions, and the sector's role in driving post-disaster economic recovery. Emphasizing both challenges and opportunities, it aims to provide a comprehensive assessment of how tourism can serve as both a casualty and a catalyst in post-crisis economic development [3].

Nepal, a landlocked country nestled in the Himalayas, has long relied on tourism as a central component of its economy. Prior to the 2015 earthquake, tourism contributed nearly 8% to the country's GDP and was a key source of employment, particularly in rural and mountainous regions. The country's unique blend of natural beauty, adventure tourism, and cultural heritage made it a sought-after destination for trekkers, pilgrims, and cultural enthusiasts alike [4]. However, the catastrophic earthquake that struck in April 2015 disrupted this trajectory, causing widespread infrastructural damage and significant human loss. The disaster affected major tourist hubs, including Kathmandu, Pokhara, and trekking areas like Langtang and Everest Base Camp. As a result, the tourism industry experienced an unprecedented downturn. Understanding this context is crucial for analyzing the sector's recovery efforts and the broader economic implications of disaster-induced shocks in tourism-dependent economies like Nepal [5].

## **II. Immediate Economic Impact on Tourism Sector**

The 2015 earthquake resulted in an abrupt and steep decline in tourist arrivals. Within weeks of the disaster, international travel advisories and widespread media coverage dissuaded tourists from visiting Nepal, fearing safety concerns and inadequate infrastructure. According to the Nepal Tourism Board (NTB), international arrivals dropped by over 50% in the months following the quake, affecting local businesses ranging from hotels and restaurants to trekking companies and cultural sites.

The most economically damaging aspect was the destruction of heritage tourism, a key attraction for many travelers. Iconic structures such as the Dharahara Tower, parts of Kathmandu Durbar Square, and several temples in Bhaktapur and Patan crumbled, dealing a blow to Nepal's cultural identity and its tourism branding. Many guides, porters, and service workers lost employment, pushing already vulnerable populations into deeper economic insecurity. Small and medium tourism enterprises, particularly in rural trekking areas like Langtang and Manaslu, faced business closures and financial ruin [6].

Furthermore, the earthquake disrupted logistical infrastructure—roads, airports, and communication systems—thereby raising operational costs and complicating the logistics of travel. This initial blow reverberated across supply chains linked to tourism, revealing the sector's fragility in the face of natural calamities [7].

### **III. Government and International Response Initiatives**

In response to the economic crisis in tourism, the Government of Nepal, along with international development partners, initiated several short- and long-term measures to revive the sector. The National Reconstruction Authority (NRA) was established to oversee rebuilding efforts, with a special focus on heritage sites and tourism infrastructure. Multilateral agencies like the World Bank and UNESCO provided technical and financial assistance to reconstruct damaged monuments, aiming to preserve authenticity while ensuring

earthquake

resilience.

Government and International Response Initiatives for Tourism Recovery in Nepal

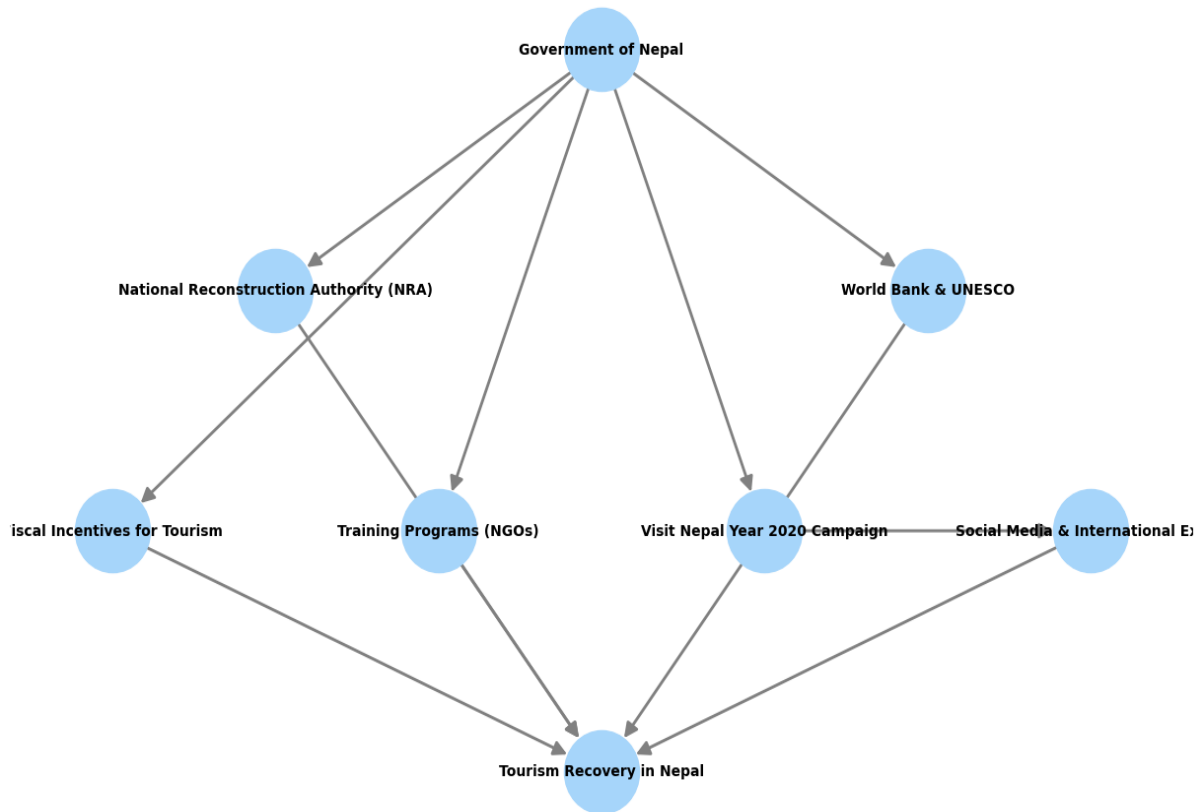


Figure 1: Government and International Response Initiatives for Tourism Recovery in Nepal

The government also introduced fiscal incentives for tourism businesses, including tax relief, low-interest loans, and subsidies for rebuilding hotels and guesthouses. Moreover, partnerships with international NGOs facilitated the training of local guides and service staff, incorporating disaster preparedness and sustainable tourism practices. "Visit Nepal Year 2020" was conceptualized as a major promotional campaign to rebrand the country as a safe and attractive destination. Though it was later disrupted by the COVID-19 pandemic, its planning phase had already fostered optimism within the industry. Social media marketing, influencer tourism, and participation in international travel expos were deployed to reshape Nepal's global image [8].

These coordinated efforts highlighted the role of strong governance, international solidarity, and community engagement in tourism recovery. Importantly, they also sparked conversations around integrating disaster risk reduction (DRR) into tourism planning, an area previously overlooked.

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## IV. Role of Domestic and Diaspora Tourism

While international tourism plummeted post-earthquake, domestic tourism emerged as a critical buffer. Many Nepalis began visiting local pilgrimage and trekking destinations, partly as a gesture of solidarity and partly driven by patriotic sentiment. This surge helped sustain some tourism enterprises and preserved livelihoods, albeit at a smaller scale than international tourism. Diaspora Nepalis also contributed significantly by organizing charity treks and heritage tours to support local economies. These community-led initiatives often blended philanthropy with tourism, directing funds to rebuild schools, lodges, and trails. Such efforts helped rebuild trust and connectivity between affected communities and the global Nepali diaspora. Moreover, the earthquake instilled a deeper sense of cultural and ecological awareness among local travelers, prompting a rise in eco-tourism and community-based tourism models. These models, by redistributing tourism income to grassroots levels, played a pivotal role in reviving rural economies and ensuring inclusive recovery [9].

Domestic tourism in Nepal, often underemphasized before the disaster, witnessed a noticeable uptick after the quake. As international travelers stayed away, many Nepali citizens chose to explore their own country, often as acts of solidarity and national pride. From pilgrimage visits to Pashupatinath and Lumbini, to trekking in safer regions like Ghorepani and Bandipur, locals began rediscovering Nepal's attractions. This influx of domestic travelers helped keep hotels, restaurants, and transportation services afloat, particularly in the Kathmandu Valley and central hill regions. Moreover, it stimulated internal travel habits that had been previously constrained by socio-economic and infrastructural limitations. The Nepali diaspora also played an instrumental role in tourism-led recovery. Community leaders and expatriate organizations in the United States, United Kingdom, Australia, and other countries organized fundraising treks, heritage walks, and volunteer tourism (also known as "voluntourism") campaigns. These visits were not purely for leisure—they were purpose-driven, aiming to directly support earthquake victims, rebuild schools and homes, and raise awareness about Nepal's needs. By bringing foreign nationals and resources into the country, these diaspora efforts created a hybrid form of economic engagement that blended tourism with philanthropy and development work [10].

Additionally, diaspora-led marketing and word-of-mouth promotion helped counter the prevailing negative image of Nepal abroad. Many Nepali expatriates used social media

platforms to share updated travel information, safety improvements, and photographs of reopened sites, helping to rebuild trust in the tourism experience. Their advocacy reassured prospective international tourists and encouraged early returns to the country, thereby accelerating the overall recovery of the sector [11]. Importantly, both domestic and diaspora tourism also helped decentralize the tourism economy. By promoting lesser-known areas and engaging in community-based tourism projects, they redirected attention and income away from the overly burdened Kathmandu Valley to emerging regions like Ramechhap, Dolakha, and Gorkha. This helped distribute economic benefits more evenly and supported grassroots recovery initiatives.

## **V. Tourism as a Vehicle for Long-Term Economic Recovery**

Despite its initial fragility, tourism proved to be an effective driver of long-term economic recovery. As reconstruction progressed and tourism facilities were restored, the sector began generating employment, revitalizing ancillary industries, and restoring confidence in Nepal's global brand. By 2018, tourist numbers had not only recovered but surpassed pre-earthquake levels, signaling a robust comeback.

By 2016 and 2017, tourism began to regain momentum, buoyed by heritage site restoration, improved safety perceptions, and renewed marketing efforts. The revival was not simply about increasing tourist arrivals; it was also about enhancing the quality, inclusivity, and resilience of the industry. For instance, the restoration of Kathmandu Durbar Square and other UNESCO World Heritage Sites employed thousands of workers, many of whom had lost their homes or jobs in the disaster. These efforts created short-term employment while preserving long-term cultural assets—showcasing how tourism-related reconstruction can align economic and conservation goals. Tourism also helped revitalize Nepal's vast informal economy. Small guesthouses, tea shops, trekking lodges, transport operators, artisans, and street vendors benefited as visitor numbers began climbing again. These micro-enterprises, which often lie outside the formal financial system, are critical sources of income for rural communities and women-led households. In many cases, tourism income was reinvested in housing, education, and healthcare, leading to a multiplier effect in local economies. As such, tourism not only stimulated direct revenue but also fostered socio-economic stability in earthquake-affected regions.

Another significant dimension of tourism-led recovery was the development of alternative and community-based tourism models. Recognizing the risks of over-dependence on traditional hotspots like the Everest and Annapurna regions, both the government and NGOs promoted lesser-known destinations such as Rasuwa, Gorkha, and Dhading. These areas began attracting visitors interested in authentic, off-the-beaten-path experiences, including cultural immersion, agro-tourism, and spiritual retreats. Community-based tourism models ensured that local populations were not mere spectators of economic activity but active stakeholders. The profits were reinvested locally, strengthening communal infrastructure and governance. Additionally, tourism played a psychological and symbolic role in the nation's recovery. The return of tourists, particularly those involved in volunteering and reconstruction, helped uplift national morale and restore a sense of normalcy. International support and media coverage of resilient communities working to welcome visitors again shifted the global narrative from tragedy to triumph. Furthermore, the sector's revival encouraged the government to invest in critical infrastructure—such as airports, highways, and sanitation—which had long-term benefits beyond tourism [12].

This rebound was accompanied by structural reforms aimed at improving tourism quality, sustainability, and resilience. Investment in digital platforms, smart ticketing for heritage sites, and improved air connectivity enhanced the overall visitor experience. New trekking routes and homestay programs attracted niche travelers, such as adventure seekers, spiritual tourists, and cultural enthusiasts. Tourism also played a psychological role in healing. The presence of visitors—particularly those participating in volunteer tourism—reinforced global solidarity and brought hope to traumatized communities. In this way, tourism not only supported economic stabilization but also contributed to social cohesion and cultural revitalization.

## **VI. Challenges and Recommendations for Sustainable Tourism Post-Crisis**

While tourism in Nepal has largely recovered, several challenges remain. Infrastructure in remote areas is still vulnerable, and many heritage sites are yet to be fully restored. Climate change poses new risks, such as glacial lake outburst floods and erratic weather, which may threaten tourism routes and accessibility. Additionally, over-tourism in some areas like Annapurna and Everest has raised concerns about environmental degradation. To sustain

tourism as a resilient economic sector, Nepal must adopt a multi-pronged strategy. First, integrating disaster risk management into tourism planning is essential. This includes early warning systems, resilient construction, and staff training in crisis response. Second, diversification of tourism products—beyond trekking and heritage—can help reduce regional disparities and attract a wider range of visitors.

Community engagement should be at the core of tourism policies. Supporting local entrepreneurship, especially among women and youth, can deepen the economic benefits of tourism and promote inclusive growth. Lastly, leveraging digital marketing and global partnerships can keep Nepal competitive in an evolving global tourism landscape.

## VII. Conclusion

The 2015 earthquake tested the resilience of Nepal's tourism sector but also highlighted its capacity for renewal and growth. Despite initial setbacks, tourism emerged as a critical pillar of economic recovery, revitalizing heritage, generating employment, and fostering community resilience. With continued investment in infrastructure, policy reforms, and sustainable practices, Nepal's tourism industry holds immense potential not only as a driver of economic growth but also as a model for disaster-affected regions worldwide. The lessons drawn from Nepal's experience underscore the importance of preparedness, inclusivity, and innovation in building back better.

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