BEGNAS NATURAL WATER PARK
FINAL MASTER THESIS PROJECT
2019

TUTOR: JAIME SCOTT PEÑA

AKASH TAYAL
SEBASTIAN BERMEO
ENOCH CASTILLERO
Abstract

Begnas Natural Water Park is an eco-friendly, high-quality natural water park located in Begnas Lake, Pokhara, Nepal. Begnas Natural Water Park aims to give both the people of Nepal and the foreigners that visit the country a unique experience, based on the natural landscapes that our project site has to offer and also on the high level of service that we aim to achieve.

We aim to achieve differentiation and competitive advantage by offering only the highest level of both product quality and customer service quality, our findings have shown us that our potential competitors that currently exist in the area all offer a very low quality product and they are all artificial water parks. What we will offer is something new in the sector and it will be something never before seen, we will take advantage of the privileged and strategic location of Begnas Lake to be sure to create a memorable experience for each and every one of our customers. If we combine this with the high quality of our product we will get an important competitive advantage against existing competitors.

Key Words:

- Nepal
- Begnas Lake
- Natural Water Park
- Tourism
- High Quality
- Pokhara
Resumen

Parque Acuático Natural Begnas es un parque acuático natural de alta calidad y respetuoso con el medio ambiente ubicado en el Lago Begnas, Pokhara, Nepal. Parque Acuático Natural Begnas tiene como objetivo brindar a los habitantes de Nepal y a los extranjeros que visitan el país una experiencia única, basada en los paisajes naturales que nuestro sitio de proyecto tiene para ofrecer y también en el alto nivel de servicio que pretendemos lograr.

Nuestro objetivo es lograr la diferenciación y la ventaja competitiva al ofrecer solo el más alto nivel de calidad del producto y calidad de servicio al cliente. Nuestros hallazgos nos han demostrado que nuestros competidores potenciales que existen actualmente en el área ofrecen un producto de muy baja calidad y todos los parques son artificiales. Lo que ofreceremos es algo nuevo en el sector y será algo nunca antes visto, aprovecharemos la ubicación privilegiada y estratégica del Lago Begnas para asegurarnos de crear una experiencia memorable para todos y cada uno de nuestros clientes. Si combinamos esto con la alta calidad de nuestro producto, obtendremos una importante ventaja competitiva frente a los competidores existentes.

Palabras clave:

- Nepal
- Begnas Lake
- Natural Water Park
- Turismo
- Pokhara
- Alta Calidad
Executive Summary

Over the past few years Nepal has shown an exponential increase in the number of tourists that visit the country. In the year 2018 Nepal experienced a 20% increase in the number of foreigners that visited the country compared to the year 2017. The tourism sector has always been an important area for the Nepalese economy and it has become even more important in recent years. Tourists often visit Nepal for its magical landscapes and natural wonders, and this number of foreigners will increase even more over the next few years since it’s a priority for Nepal to invest heavily in the promotion of its tourism sector.

Based on these opportunities, we chose Nepal as the destination for the development of our project. More specifically a natural lake surrounded by green mountain ranges known as Begnas Lake; here we will develop an eco-friendly natural water park. We see Nepal as a market that offers huge opportunity for this type of business, a business model that combines nature with recreation and adventure; mainly because of the growing trend in the number of people that visit Nepal each year but also because there is nothing of the kind in the area. After doing the relevant market research and competitor analysis we came to the conclusion that all the other water parks in the area are both artificial and very low quality service. Our goal is to give the people who visit Nepal a unique product, based on a natural and privileged location offering only the highest quality of services and affordable prices in order to meet all our targeting customer’s needs.
According to the market research and financial studies we have done and implementing the skills, knowledge and tools we have acquired in the IMBA program we will analyse the viability of our project and in the end demonstrate that our project is perfectly achievable.

This company has projected to obtain a net profit of around 28% and a net contribution margin of 74% considering 90% of the expected occupation. EBITDA for sales reaches close to 50%, which means that we are not going to lose much in administrative expenses. The project will be financed with both, capital and long-term loans. This long-term loan will be paid entirely in the next four years. With this completely favourable scenario, we will have the opportunity to get an additional loan if we see the need to expand. The recovery period and equilibrium point are 1.96 years and 28% respectively. The entertainment and service sector in Nepal is at its peak and starting a project in this sector will help our business grow exponentially.

As a conclusion and taking into account all the research carried out as well as the financial projection, it is a profitable business. It is a very attractive opportunity and responds to the current demand of the tourist market of Nepal offering a completely original alternative which we expect it will be a part of every tourist bucket list visiting Nepal.

**Key Words:**

- Nepal
- Begnas Lake
- Natural Water Park
- Tourism
- Pokhara
- High Quality
Resumen Ejecutivo

En los últimos años, Nepal ha mostrado un aumento exponencial en el número de turistas que visitan el país. En el año 2018, Nepal experimentó un aumento del 20% en el número de extranjeros que visitaron el país en comparación con el año 2017. El sector de turismo siempre ha sido un área importante para la economía Nepalí y se ha vuelto aún más importante en los últimos años. Los turistas a menudo visitan Nepal por sus paisajes mágicos y maravillas naturales, y esta cantidad de extranjeros aumentará aún más en los próximos años, ya que es una prioridad para Nepal invertir fuertemente en la promoción de su sector turístico.

Basándonos en estas oportunidades, elegimos a Nepal como destino para el desarrollo de nuestro proyecto. Específicamente, un lago natural rodeado de áreas verdes, conocido como el Lago Begnas; aquí desarrollaremos un parque acuático natural ecológico. Vemos a Nepal como un mercado que ofrece una gran oportunidad para este tipo de negocio, un modelo de negocio que combina la naturaleza con la recreación y la aventura; principalmente debido a la creciente tendencia en el número de personas que visitan Nepal cada año, pero también porque no hay nada de este tipo en el área. Después de realizar la investigación de mercado relevante y el análisis de la competencia, llegamos a la conclusión de que todos los demás parques acuáticos de la zona son artificiales y de muy baja calidad. Nuestro objetivo es brindar a las personas que visitan Nepal un producto único, basado en una ubicación natural y privilegiada que ofrece sólo la más alta calidad de servicios y precios asequibles para satisfacer todas las necesidades de nuestros clientes.
De acuerdo con la investigación de mercado y los estudios financieros que hemos realizado y también implementando las habilidades, los conocimientos y las herramientas que hemos adquirido en el programa IMBA, analizaremos la viabilidad de nuestro proyecto y, al final, demostraremos que nuestro proyecto es perfectamente alcanzable.

Esta compañía ha proyectado obtener una ganancia neta de alrededor del 28% y un margen de contribución neta del 74% considerando el 90% de la ocupación esperada. El EBITDA para ventas alcanza cerca del 50%, lo que significa que no vamos a perder mucho en gastos administrativos.

El proyecto se financiará con capital de los socios y préstamos a largo plazo. Este préstamo a largo plazo se pagará en su totalidad en los próximos cuatro años. Con este escenario completamente favorable, tendremos la oportunidad de obtener un préstamo adicional si vemos la necesidad de expandirnos. El período de recuperación y el punto de equilibrio son 1,96 años y 28% respectivamente. El sector de entretenimiento y servicios en Nepal está en su punto máximo y comenzar un proyecto en este sector ayudará a que nuestro negocio crezca exponencialmente.

Como conclusión y teniendo en cuenta todas las investigaciones realizadas, así como la proyección financiera, es un negocio rentable. Es una oportunidad muy atractiva y responde a la demanda actual del mercado turístico de Nepal ofreciendo una alternativa completamente original que esperamos forme parte de cada lista de turistas que visitan Nepal.

**Palabras Clave:**

- Nepal
- Begnas Lake
- Natural Water Park
- Turismo
- Pokhara
- Alta Calidad
Table of Contents

CHAPTER 0: INTRODUCTION 10

CHAPTER 1: WORLD MARKET TRENDS 12
1.1. THE ASIAN TOURISM MARKET 12
1.2. THE U.S. TOURISM MARKET 15
1.3. THE GLOBAL AMUSEMENT PARKS MARKET 16

CHAPTER 2: THE LOCAL MARKET 21
2.1. WORKING CLASS OF NEPAL 22
2.2. CUSTOMER SPENDING 23
2.3. PESTEL ANALYSIS 25
   2.3.1. Political Landscape 25
   2.3.2. Economy of Nepal 26
   2.3.3. Sectors of the Economy 30
      2.3.3.1. Agriculture 30
      2.3.3.2. Industry 30
      2.3.3.3. Services 30
      2.3.3.4. Employment 31
   2.3.4. Social Landscape 31
      2.3.4.1. System of education 33
   2.3.5. Technological Landscape 33
   2.3.6. Legal Landscape 35
   2.3.7. Conclusion of PESTEL 36
2.4 WEATHER CONDITIONS 37

CHAPTER 3: VALUE PROPOSITION 39
3.1. BEGNAS NATURAL WATER PARK VALUE PROPOSITION 39
3.2. WHO IS OUR TARGET CUSTOMER? 42
3.3. SOME FACTS ABOUT TOURISM IN NEPAL: 42
3.4. DEMOGRAPHIC LOCATION OF BEGNAS: 44
3.5. AVERAGE HOUSEHOLD INCOME AND SPENDING: 45

CHAPTER 4: COMPANY STRUCTURE AND PROCESSES 48
4.1. MISSION STATEMENT 48
4.2. COMPANY VALUES 48
4.3. LEGAL OBLIGATIONS 48
4.4. LAWS RELATED TO EIA 49
   4.4.1. EIA Report Approval Process 50
   4.4.2. Process relating to the approval of the EIA study report is as follows: 53
4.5. ORGANIZATIONAL STRUCTURE 55
CHAPTER 5: MARKETING PLAN

5.1. EXECUTIVE SUMMARY FOR MARKETING PLAN 58
5.2. VISION 59
5.3. SWOT ANALYSIS OF BEGNAS NATURAL WATER PARK 59
5.4. OBJECTIVES AND STRATEGIES 60
  5.4.1. Increase profitability by affordability 60
  5.4.2. Increase Brand Penetration 60
  5.4.3. Promote Begnas Eco-Friendly Environment 62
  5.4.4. Increase Awareness of High Quality Service and Benefits 63
5.5. PRICE POLICY 65
5.6. PROMOTION STRATEGY 66
5.7. SERVICE DESIGN 67
5.8. POSITIONING MAP OF BEGNAS NATURAL WATER PARK 68

CHAPTER 6: FINANCIAL AND ECONOMIC ANALYSIS

6.1. SOURCES OF FUNDS 70
6.2. ANALYSIS OF THE FINANCIAL STATEMENTS AND FINANCIAL RATIOS 71
6.3 SENSITIVE ANALYSIS 74

CHAPTER 7: CONCLUSIONS

BIBLIOGRAPHY 80
Chapter 0: Introduction

The main objective of our study in this project is to study the feasibility of our natural water park project, i.e. Begnas Natural Water Park located in the Begnas Lake, Pokhara, Nepal. Our study consists of a total of seven chapters. Each of the chapters talks about the different perspective beneficial for the evolution of our project.

The first chapter talks about the world market trends and how the Asian tourism market is growing. It gives details about the leading water parks in the world as well as how competitive the Asian market is.

Thereafter in Chapter 2 we talk about the local market. We have included the studies related to the customer spending, the PESTEL analysis along with the weather conditions of Nepal and Pokhara.

In the third chapter we talk about the value proposition of the project. We studied about the targeted customers here. Also we made a detailed study regarding the tourist footfall as well as the demographic location of Begnas Lake. It also talks about the average customer spending and income of the local population of Nepal.

After analysing the targeted customers and the demographics of the area we concentrated our focus on the company structure and the working process in the fourth chapter. It gives a detailed explanation of the prerequisite and legal obligations we have to fulfil before the start of the project. Along with these details we explained our company mission, vision and values.
Marketing plan is key to start a business, thus Chapter 5 of this project states the marketing vision of the company as well as the study of the SWOT analysis. It also lays down the objectives and strategies taking into consideration for the price and promotion policies. We also made a detailed study about the competitors which we will have in this sector by analysing them in a positioning map.

Alongside marketing, a project cannot be successful without a proper financial estimation. The sixth chapter talks about the different aspects of finance such as ROI, Net present value, IRR, payback period. It also has a detailed explanation of how much initial investment will be required in the project and the financing sources.

Finally, in the last chapter we made our conclusions based on the findings and studies made in all the previous chapters. In this part we have consolidated the problems and obstacles we faced during the project along with the benefits of the project. Which is followed by the bibliography to support the study of our work.
Chapter 1: World Market Trends

1.1. The Asian Tourism Market

Asia is the second most visited region in the world after the EU with more than 300 million international visits, this value represents a quarter of the international arrivals in the world. Asia has a population of 4.4 billion which represents 60% of the world's population. With a GDP of 27.5 trillion, it represents 34% of the world economy. It is necessary to emphasize that it is the fastest growing economy in the world with a rate of 6% and currently the international expenditure through tourism in the Asian continent is more than 500 billion.

China with 19% of the population of the world, is the main responsible of this growth and tourist consumption, in 2018 more than 3 million Chinese visited the European continent surpassing the Europeans visiting China, this shows a strong growth and consumption of tourism by the Asian giant being this one of our main targets. The Chinese are currently the biggest contributors to the Asian tourism market. They are currently the most powerful source of demand in the world, but their potential is much greater, since only 9% of the Chinese population has passports. The industry expects 200 million Chinese to travel abroad in a few years. The Chinese The growth of this market and its development potential will continue to generate tremendous business opportunities for tourism destinations, local tourism providers and service providers. Nepal has a privileged
geographic location to attract this tourism potential, always related with nature, adventure and culture.

Of the total number of international visits in Asia, the region of South Asia where Nepal is located, exceeded 20 million international arrivals and has an annual growth rate of 10% which is the highest of the region. This Asian sub-region offers competitive prices and uses its natural resources to attract tourists, international tourism relates South Asia with natural resources. It is expected that the continued rise of the middle class and the increase in investment in the travel and tourism industry will stimulate growth.
The projections determine that within seven years, the population of India is expected to exceed that of China. Encouraged by its global growth rate of 7% of GDP, rising personal income levels and changes in lifestyles, the huge middle class, India is becoming one of the fastest growing countries for the international tourism offer. Each year, more than 5.4 million Indians travel abroad to do business, attend meetings, study, visit places of interest, shop, honeymoons and especially to visit friends and family.

India will also be demographically located as the youngest country in the world. The size of its middle class undergoes a very rapid expansion, practically guaranteeing the consumption success of international tourism by India for the next 20 years. Currently India's middle class exceeds 350 million people. When traveling abroad, Indian tourists are among the largest in the world. It has been estimated that its purchasing power is four times greater than that of the Chinese and the Japanese. To serve this growing market, virtually all of the world's largest airlines operate flights in and out of India.

Sri Lanka has a population of more than 20 million people and currently its economy is in a transformation stage. It has an average growth of 6.7% that has been maintained if in recent decades. The majority of Sri Lanka's population belongs to the local middle class. Forecasts predict that the middle class will be the fastest growing in the country.
1.2. The U.S. Tourism Market

One of the most important markets for global tourism spending is the U.S. market, the U.S. will be a significant target market for our project so it is crucial to know about its market trends. According to past studies and trends, the U.S. market dominated tourism to the Asia-Pacific region. According to a report made by the Pacific Asia Travel Association (PATA), U.S. travellers are the main spenders in the Asia-Pacific region, this spending accounted for around $231.6 billion in 2015, and forecasts predict that this trend will not change, as the United States will continue to be the leader for the foreseeable future.

According to a series of projections, the report states the following “U.S. travellers will spend more than $257 billion in the region by 2020, taking 28.1 percent market share. Compare that to Chinese travellers, the world’s largest outbound market, that spent about $60 billion on travel in Asia-Pacific in 2015 and will spend about $72 billion by 2020 and account for nearly eight percent market share.”

This forecast is based on analysing and studying past, present, and future tourism and international travel trends in the Asia-Pacific region and it shows how dominant and important both U.S. and Chinese travellers will be for the Asia-Pacific tourism market. Because of these projections we can safely say that U.S. travellers will be firmly in command when it comes to tourism spending in Asia-Pacific through 2020, and projections show that this trend will continue into the future.

1.3. The Global Amusement Parks Market

According to a study conducted by Grand View Research, the global amusement parks market size was valued at USD 45.2 billion in 2017 and it is expected to grow more than USD 70 billion for 2025. Historically the country that leads this market is the United States but according to the trends, the future is the Asian market. More than half of the world's population now belongs to the middle class and Asia is the continent with the largest percentage of middle class in the world with almost 90%.

This potential growth of about USD 70 Billion for 2025 will have a CAGR of about 5.8% during the forecast period, the market growth is projected to be driven and stimulated by the increasing spending capacity of consumers and also by the soaring introduction of hotels and resorts in the parks premises. These two factors make water parks, theme parks and amusements parks even more attractive for consumers. Another factor that makes amusement parks appealing to consumers and that is significantly contributing to the growth of the market is that the parks offer entertainment and enjoyment for the whole family, in other words, amusements parks are inclusive for all ages.

As mentioned before, even though the United States has been and still is the market leader when it comes to amusement and water parks; the rapid expansion and growth of the global amusement parks market in European and especially Asia Pacific markets is driving the market growth and is one of the most important and significant factors positively influencing this growth.
According to the study conducted by Grand View Research, one great example of this global expansion outside of the United States is the Disney theme parks, originally focused just in the United States, now a days Disney theme parks are established around the globe and these theme parks attract millions of visitors every year. The study states: “According to the Themed Entertainment Association, Disneyland California received 18.3 million visitors in 2017, while Tokyo Disneyland received 16.8 million visitors in 2017.”2 This data clearly shows how the global amusement parks market is expanding outside the market leader which is the United States, and growing towards Europe and Asia, which is where the future of the industry is. Some key findings from the study also show how the amusement and water park market is expected to continue growing exponentially throughout the years and what trends the market will follow, these important findings stated in the study suggest the following:

- In 2017, the water rides segment accounted for over 13.0% of the overall revenue owing to 1.2% increase in the number of visitors at water parks across the globe.
- The 19 to 35 years age segment is likely to emerge as the fastest growing segment during the forecast period owing to presence of youngsters in this age group.
- The 35 to 50 years age segment also holds sizeable share in the market. Amusement parks organize entertainment shows, ferry rides, and vintage theme-based activities in order to attract visitors from this age group.

---

• The hotels & resorts segment is expected to post the highest CAGR during the forecast period owing to increasing investments from park owners to establish theme-based hotels and resorts for visitors. Availability of hotels & resorts within premises of park leads to visitors spending more time at the park.

• North America was the leading regional market in 2017. It is anticipated to register a significant growth rate during the forecast period. The growth of the market can be attributed to domicile of prominent players in the region.

• Major market players include Walt Disney Company, Six Flags Entertainment Corporation, Merlin Entertainment, and Comcast Corporation. These companies are engaged in introducing innovative and advanced rides to gain a competitive edge in the market. “

The following chart shows how the market share is divided by country and it clearly shows how dominant the United States has been, but it also shows the expansion in Europe and Asia.

---

The swift evolution of the economic and social landscape, combined with the global demographic changes are shaping and positively contributing to the rapid growth of the global amusement park market. Amusement parks are an essential part of the global entertainment and leisure industry and the current social, economic and demographic changes happening around the globe are shaping the market for the good.
Table 1.1 Top 10 water parks in the world

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Water Park</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CHIMELONG WATER PARK</td>
<td>CHINA</td>
</tr>
<tr>
<td>2</td>
<td>TYPHOON LAGOON</td>
<td>USA</td>
</tr>
<tr>
<td>3</td>
<td>BLIZZARD BEACH</td>
<td>USA</td>
</tr>
<tr>
<td>4</td>
<td>THERMAS DOS LARANJAS</td>
<td>BRAZIL</td>
</tr>
<tr>
<td>5</td>
<td>BAHAMAS AQUAVENTURE WATER PARK</td>
<td>BAHAMAS</td>
</tr>
<tr>
<td>6</td>
<td>CARIBBEAN BAY</td>
<td>SOUTH KOREA</td>
</tr>
<tr>
<td>7</td>
<td>AQUATICA</td>
<td>USA</td>
</tr>
<tr>
<td>8</td>
<td>OCEAN WORLD</td>
<td>SOUTH KOREA</td>
</tr>
<tr>
<td>9</td>
<td>AQUAVENTURE WATER PARK</td>
<td>DUBAI</td>
</tr>
<tr>
<td>10</td>
<td>HOT PARK RIO QUENTE</td>
<td>BRAZIL</td>
</tr>
</tbody>
</table>

These companies are the leaders in the market. Mainly all the waterparks that are in the global market are artificial water parks. There is only few water parks available with the kind of activities Begnas Natural Water Park will offer.

The global distribution of the market share (in terms of assistance) of the industry is 42% North American, 18% European, 36% Asian and 4% Latin American. Year-on-year growth increases at roughly the same rate as the growth of gross domestic product in the markets of North America and Europe.
Chapter 2: The Local Market

The population of Nepal as of in late 2012 and 2013 was expected to be at 29 million. However, the population in 2019 is 29.94 million people ranking 49th in the world. The density of the number of people per square kilometre is 201, whereas the density in the capital, Kathmandu raises by 100 times landing to a figure of 20,288 people per square kilometre. The average age of the population is 21.6 years with only 4% or less are above the age of 65 years. The working age population which is from 15-65 years has been at 57.9% which is a very strong number for a developing economy as it has the potential to use the energy of the youngsters to boost the economy at a very high pace.\(^4\)\(^5\)\(^6\)

Figure 2.1 Age Distribution (https://www.indexmundi.com/nepal/age_structure.html)

---


2.1. Working Class of Nepal

According to a report by the World Bank “Moving up the Ladder” 22 percent of the total population of Nepal are in the category of middle class. Nepal is the fastest urbanizing country in South Asia. Considering the rapid pace of urbanization which is taking place over the years the consumer advantage of cities and towns has not transformed into a productive advantage for the growth of its middle class population. This means that this group of people have less than 10 percent of chance to slip back into the trap of poverty.

Even though Nepal is a fast urbanization country, the pull of the dynamic urban economy generating job opportunity does not seem to grow at the same pace, preventing creation of robust middle class, making it one of the most potential reasons for the disconnection between urbanization and development of the middle class. Nepal’s economy has been diversified away from agriculture sector where its GDP is now falling below 34 percent. Entering into the industrial phase marked the beginning of conflicts with the leftist (Maoist) party in the country. At the time when the conflicts started in the year 1996 the GDP was stated at 23% which now falls down to a mere 16%. As Agriculture sector and the timid industries were shrinking, service sector has grown prominence and account for over half of GDP today. This shows that Nepal has skipped the manufacturing phase and moved directly to the service phase during the transition phase.
However, the jobs taken by the people are generally qualified as low skill, dependent on construction, trade, retail and hospitality for their living. This is a clear indication that those who are employed in this sector are doing better than those in the agriculture sector but is not keeping them away from the vulnerable category. The report also states that 45 percent of the population today constitutes a vulnerable group that is either perilously towards close to falling back into poverty or struggling to cement their economic security.

2.2. Customer Spending

The Annual Household survey 2015/16, the fourth survey of its kind. These survey is done to get the estimation of the socio-economic factors on annual basis. According to this report the average household consumption of the people of Nepal is Nepali Rupee 322,730 annually for goods and services of which more than half (53.8%) goes to food consumption followed by rent, education, alcohol and tobacco and utilities in total amounting to 28% and the remaining goes for non-food spending like medical, social security cultural expenditure etc. the average spending in the rural area amounted to NRs 431,337.in the urban area was 1.7 times higher than in this figure. An average Nepali household is spending NRs 86 of every NRs 100 it earns on consumption, despite moderate rise in income, indicating rapid deterioration in the savings culture in the country.

Average household, on average, earns NRs 30,121 per month at present, of which NRs 25,928 is spent on consumption, show the findings of the Fifth Household Budget Survey released today by the Nepal Rastra Bank (NRB). This is an indication that the average household is saving only 13.92 per cent of the monthly income. Urban residents, on average, earn NRs 32,336 per month,
but save only 11.94 per cent of that income, shows the survey conducted in 8,028 households of 55 districts for a year beginning February 13, 2014. In contrast, average monthly income of rural households has increased by 23.78 per cent in the last nine years to NRs 27,551. But along with income, monthly expenditure of rural households has also surged by 91.35 per cent in the last nine years to NRs 22,928.⁷

![Figure 2.2 Spending of the households](source: Fifth household Budget Survey/ Nepal Rastrya Bank)

---

2.3. PESTEL Analysis

2.3.1. Political Landscape

Nepal has been facing a political instability since 1990, when multiparty democracy was established. The Royal Family massacre in 2001 led to a deeper political crisis after King Gyanendra took control of the country. He suspended the parliament in 2005 leading to mass pro democratic protests in 2006, turning down the powers of the monarchy. In April 2008 elections Maoist led unified communist party of Nepal-Maoist which emerged as the largest parliamentary party, dominating the new democratic country. This government fell down in the year 2009. After the fall of the government due to the political conflicts of the ruling parties in June 2010 there was no effective government is the country until February 2011 which again collapsed in 7 months. After several more changes and efforts to create a constitution Nepal couldn’t find a stable government until May 2017, after 20 years in this month Nepal held local election to choose the representatives of the municipal and village councils. After a two phased election finally in February 2018, KP Oli of the communist party was sworn as the Prime Minister of Nepal.

Nepal is a country established as a democracy under a constitutional monarchy in 1990. The monarch was the head of state while the Prime Minister had the executive power of the government. However, after 2006 democracy movement, the House of Representatives curtailed the powers of the monarch and declared Nepal as a secular state. Nepal was declared a federal republic in May 2008, with the President as the new head of state. Nepal has a bicameral federal
parliament which consists of the National Assembly with 59 seats and a house of representatives with 275 seats. Earlier Nepal had 744 municipalities and villages but now it has been divides into 7 provinces and 14 districts.

2.3.2. Economy of Nepal
Economic development in Nepal has been complicated and affected by the constant change in political status which has transformed from monarchy to being ruled by the Communist party in present context. An isolated, agrarian society until the mid-20th century, Nepal stepped inside the modern era in 1951 without schools, hospitals, roads, telecommunications, electric power, industry, or civil service.⁸

Figure 2.3
Distribution of Seats for the House of Representatives after the 2017 elections

Since 1990, successive governments have tried to create an investment-friendly climate in Nepal. The Industrial Promotion Board is the primary government agency responsible for foreign investments. In addition, the board also provides support to the projects in priority areas, such as fast-track roads, hydropower projects with capacity in excess of 500 MW, railways, medical colleges, tunnel roads and bridges, international and regional airports, urban solid waste management, chemical fertilizers, and petroleum refinery plants. According to the World Economic Forum, a Swiss non-profit foundation, Nepal’s expected growth of 7.50% makes it the third fastest growing economy in the world. However, instead of being a one-off surge of the economic situation, the economy can consistently grow if sustainable momentum in policy and structural reforms is achieved. Agriculture remains Nepal’s principal economic activity, employing about 65% of the population and providing 31.7% of GDP. Only about 20% of the total area is cultivable; another 40.7% is forested (i.e. covered by shrubs, pastureland & forest); most of the rest is mountainous. Fruits and vegetables (apples, pears, tomatoes, various salads, peach, nectarine, potatoes), as well as rice and wheat are the main food crops. The lowland Terai region produces an agricultural surplus, part of which supplies the food-deficient hill areas.

GDP is heavily dependent on remittances (29.1%) of foreign workers. Subsequently, economic development in social services and infrastructure in Nepal has not made dramatic progress.

Foreign aid to Nepal accounts for more than half of the development budget. Government priorities over the years have been the development of transportation and communication facilities,
agriculture, and industry. Since 1975, improved government administration and rural development efforts have been emphasized.

The Cost of Living Index in Nepal is comparatively lower than many countries but not the least. The quality of life has declined to much less desirous value in recent years. Nepal was ranked 54th worst of 81 ranked countries (those with GHI – 5.0) on the Global Hunger Index in 2011, between Cambodia and Togo. Nepal’s current score of 19.5 is better than in 2010 (20.0) and much improved than its score of 27.5 in 1990.9

The following are some of the key events in the economic history of Nepal:

- Nepal’s economic growth averaged 5.20% during 1991–97 due to favourable investment policies introduced by the government. Net foreign direct investment (FDI) in the country increased from $5.94 million in 1990 to $230.6 million in 1997.

- Economic growth averaged 3.71% in 1998–99 due to a poor monsoon period and low fertilizer consumption, which affected agricultural production and the manufacturing sector.

- The Nepalese economy grew in 2000 and 2001, expanding by 6.20% and 4.80%, respectively. However, the economy grew by only 0.12% in 2002 due to the turbulent political situation in the country. The economy recovered and grew by 3.95% in 2003.

During 2004–17, the economy recorded an average growth rate of 4.32%. Nepal Rastra Bank is the central bank of Nepal, which was established in 1956 to control and regulate the financial sector. The main objective of the central bank is to maintain macroeconomic stability through effective monetary, financial sector, and foreign exchange policies.

Figure 2.4 Evolution of GDP Growth in Nepal
2.3.3. Sectors of the Economy

2.3.3.1. Agriculture
The agricultural sector grew at an average of 6.3% during 2012–17. Nepal’s agricultural sector recorded a growth of 5.5% in 2017, compared to 4.7% in 2016. The important agricultural products of Nepal are rice, pulses, corn, sugarcane, wheat, jute, milk and buffalo meat.

2.3.3.2. Industry
The industrial sector grew at an average of 10.8% during 2012–17. Some of the key industries in the sector are carpets, textiles, small rice, jute, sugar, oil mills, cigarettes, cement and bricks. The sector had a growth rate of 20.0% in 2017 compared to 1.0% growth recorded in 2016.

2.3.3.3. Services
The services sector dominates the Nepalese economy with a contribution of 57.07% to GDP in 2017. The major industries in the services sector are tourism, financial services and insurance services. The services sector grew at an average nominal rate of 14.2% during 2012–17. In 2017, the sector grew by 21% compared to 7% in 2016.
2.3.3.4. Employment
Nepal had an unemployment rate of 2.74% in 2017, and the total number of unemployed persons was 447,137. Due to the lack of employment opportunities in the country, a large portion of the Nepalese workforce migrates to India and the Middle East for employment. The 2018-19 budget is focused on strengthening the employment portfolio of the country and the Finance Ministry aims to create 500,000 jobs in 2018-19.

2.3.4. Social Landscape
Modern education began when the first school was established in 1853. However, this school was exclusively for the royal families and their courtiers. Schools for the general public were
established after 1951, when a popular movement initiated a democratic system in the country. In the last six decades, there has been a dramatic expansion of Nepal's education sector. The first general healthcare plan in Nepal was introduced as a part of the first five-year plan in 1956. After becoming a democratic country in 1990, Nepal adopted a new health policy in 1991 under its Eighth Health Plan (1992–96). In 2003–04, the government initiated a community health insurance program in Mangalbare in Morang district, and Dumkauli in Nawalparasi district. Since 2011, the government has initiated several social welfare programs such as the child protection program, cash transfers for senior citizens, people with disabilities, and single women, and free basic health and education services. In 2017, Nepal introduced the Civil Scholarship Fund, which was organized by Non-Resident Nepali Association (NRNA), Thailand, and the International Association for the Exchange of Students for Technical Experience (IAESTE), with seed capital of NPR 3.5 million ($33,921.30). Through the fund, the government aims to provide Nepali students with stipends for higher education, with a special focus on students affected by the 2015 earthquake.

Nepal’s population was 29.30 million, as of 2017. The country had a high birth rate of 19.56 per 1,000 people, and therefore it has a young population base with a median age of 24.1 years in 2017. The gender ratio in 2017 was 94.28 males per 100 females. The population aged 14 years of age and below constituted 30.2% of the total population, while those aged 65 and above constituted only 5.17%, as of 2017. According to 2011 estimates, Hindus constitute around 81.3% of the total population, Buddhists (9.0%), Muslims (4.4%), Kirant (3.0%), Christians (1.4%), while others and unspecified account for the remaining 0.9%. The literacy rate in Nepal was around 64.66%, as of
2015. However, the literacy rate is skewed in favour of males as only 54.75% of women can read and write compared to 75.81% of males. Nepal has not been successful in limiting disparities of income and wealth and restricting poverty in the country. The United Nations Development Program’s 2018 Human Development Report ranked it 149th out of 189 countries. With a score of 0.574, Nepal is in the medium human development category.

2.3.4.1. System of education
The government provides primary education from grade one to grade five and to boost primary education enrolment rates by offering scholarship schemes, free textbooks, and midday meal schemes. The Ministry of Education overlooks the education activities in the country. Nepal's education sector is structured as school education and higher education. School education includes primary, lower secondary, and secondary levels, with education beginning at age six. The Higher Secondary Education Board supervises higher secondary schools, with many of them under private management. Higher education covers course from bachelor level to doctorates. A bachelor degree may be of three to five years' duration depending on the subject and stream. In the 2017-2018 budget, the government has increased the budget allocation for education to encompass teachers’ remuneration, increased distribution of educational materials, and provision of scholarships to students up to grade 10 by the local bodies.

2.3.5. Technological Landscape
In the field of science and technology, Nepal is still under development. Although there has been rapid development in the institutions for scientific development and technology through universities and R&D centres, the country has a very small number of registered patents. In June
2010 there were regulations passed by the government to use its IT for e-governance strengthening its intellectual property rights, internet capabilities and wireless networks.

After 1956, the government started to plan and develop science and technology infrastructure in the country and established departments of irrigation hydrology and meteorology, mines and geology and medicines under the ministry of forestry. The National Science and Technology Council was founded in 1976, while the Royal Nepal Academy of Science and Technology was founded in 1982 to regulate all the science and technology institutions and activities in the country. In 2005, the ministry of environment, science and technology formulated a national policy with a vision to boost self-sufficiency by the appropriate use of their knowledge skills and efficiency in the field of science and technology.

The centre for intellectual property established in 2005 regulates the property rights in the nation, also it carries out activities as a specialized government body with the authority over the nation to protect the industrial property.

The Ministry of Science, Technology and Environment, and the National Academy of Science and Technology are responsible for creation and promoting activities in the field of science and technology. Since 2014 they have been promoting the research nationally as well as internationally encouraging collaboration between different governments agencies and arranging fund.

In June 2010, the government revised its IT policy to focus on developing Nepal's services sector to use IT for e-governance. The policy also looked forward to strengthen the nation’s intellectual
property rights, e-commerce, Internet capabilities and security, wireless networks and open source software.

2.3.6. Legal Landscape

Questionable explanation of the term “secular” in present constitution under article 14 part 1 debates with the declaration of Nepal as a Secular State in 4th Jyeshta 2063 (As per the Nepali Calendar). However everyone appreciates the fact that the Legal system is based on the Hindu Religion.

The major concerns of this Legal system has been the frequent changes in the legal structure. This is the result of the rule of joint investigation and prosecution by police personnel was introduced abolishing this rule. Another major problem is the budget. Nepal is one of the country which invest the minimum in the administration of justice, as a result of being a poor country.

The binding sources have been the constitution, Delegated Legislation and their treaties and conventions. The constitution is the supreme law of Nepal. The constitution states that “This Constitution is the fundamental law of Nepal. Any law inconsistent with this Constitutional shall, to the extent of such inconsistency, be void.” Delegated legislation is that which is created by any other authority than the sovereign power and therefore dependent for its existence and validity. Reason for delegated legislation are to reduce the pressure on legislature. According to the Treaty Act of Nepal, 1991 provides that any provision of international convention shall prevail if any
provision of domestic contravenes with the provision of international convention, if Nepal is a party or ratified such convention.\textsuperscript{10}

2.3.7. Conclusion of PESTEL
Looking at the PESTEL analysis we can observe that the country doesn’t have political stability and neither does it have a great economy condition. The legal system has been facing some problems over the years as well. But Nepal has always had one big advantage even though it is a landlocked country, that is being landlocked by the two big monsters of the world named India and China. It has always been supported by those big monsters be it economically or politically. Population from India is growing at a fast rate and is a very young population and all this population is always seeking some tourist destination with natural beauty. Also the people of China are always seeking for tourism and natural beauty. Nepal which is located in between of these two has the biggest advantage to make the best use of the needs of the population of those two. Nepal has been focusing the most on the development of its tourism always. Starting the campaign VISIT NEPAL 2020 has been the moral boost for the country. Also tourism sector is the fastest developing sector in the country.

2.4 Weather Conditions

Nepal, the land of Himalayas, it is generally perceived that Nepal is a country with cold and harsh weather conditions. This conception is old and due to the recent global warming the weather in Nepal has started to be more warm and pleasant. In the recent period the temperature rises up to 30-35 degree Celsius in many parts of Nepal. Nepal being a land locked country people have no choices to go to the beaches to kill the heat and thus they prefer to go to places where there are lakes and rivers. The tourists and the locals seek to find places such as waterparks and water resorts so enjoy their summer. Most of all the climate of Pokhara is warm and temperate. The temperature is highest in the month of June and July.¹¹

![Climate Summary](https://weatherspark.com/y/110770/Average-Weather-in-Pokhara-Nepal-Year-Round)

Figure 2.6 Climate of Pokhara throughout the year (Source: https://weatherspark.com/y/110770/Average-Weather-in-Pokhara-Nepal-Year-Round)

As it can be observed in the figure above that, Pokhara has hardly any cold weather which will be a boost for our waterpark as compared to the other parts of the North and Centre Nepal, thus it is the favourite vacation destination for people to get rid of the freezing cold during winters as well as in the summers.
Chapter 3: Value Proposition

3.1. Begnas Natural Water Park Value Proposition

First, it is necessary to explain the privileged geographical location in which our water park will be located. The town of Pokhara is known as the jewel of the Himalayas because of its magnificent surroundings. It is a unique place in which you can see the Annapurna where three of the ten highest mountains in the world are located (Dhaulagiri, Annapurna, Manaslu). It is a place of purely agricultural exploitation where the natural conditions are maintained without being altered. The thaw of these mountains turns Pokhara in a location which is full of natural lakes such as: Phewa, Begnas and Rupa to name a few. For many years it has been the starting point for the majority of the treks in the Annapurna, making it the most important tourist destination in Nepal and one of the most important trekking destinations in the World. Visiting Pokhara is a wonderful and unreal experience and as many Nepalese confirm, if you have not visited Pokhara, you have not visited Nepal. Another very important attribute for visiting Pokhara was published recently by Forbes magazine. According to Forbes it is only necessary $15.8 per night to stay in Pokhara and for this reason it is considered No. 1 destinations for budget travellers\(^\text{12}\). Within Pokhara we can find Begnas Lake, which is the second largest lake of the Pokhara valley with 3.2 km\(^2\) of natural fresh water as mentioned before. Because of its size and geographic location, it is one of the cleanest lakes in the valley. It has many resorts around it which makes Begnas Lake a popular

destination for tourists while they visit Pokhara. Also to add on, the government plans to build an international airport in Pokhara, which definitely will increase the number of tourist by huge amount. Pokhara is also the meeting point of migrating Mongoloids and Aryans from Himalaya mountains and Terai regions of Nepal whose presence have made Pokhara valley attractive from a cultural point of view. The mosaic of caste and ethnicity, religion and identity where different ethnic groups like Newar, Kshetri, Brahmin, Gurung, Majhi and Muslim are major communities who have been staying with harmony and cooperation for longer time.  

Our water park will be unique in Nepal; it will be unique because it will be the first to offer different attributes or experiences that will differentiate us from the rest. We will be the first ecotourism focused water park in Nepal located at Begnas Lake. There already exist

---

two water parks in Nepal, named Whoopee Land and Kathmandu Fun Valley. The main difference with the current water parks in Nepal is that these water parks are located in artificial pools while ours will be located in a large natural lake. Our water park will be the first water park in which the clients will actually be interacting with nature. Moreover, to add to our benefit is that our location is the heart of tourism in Nepal. Nepal tourism activities are related with nature interaction experiences and that is why we focus in an ecotourism background rather than the common artificial pool water parks.

Because of our unbeatable location, Begnas Natural Water Park will be the first with trails of hiking, there are several hiking trails and those will be included in the price of the water park entrance.

It will have residential villas for those customers willing to spend more time between nature and spend more than one-day enjoying Begnas. We are going to be the first jet ski providers along with the first water jet pack, banana boat and Cruise provides in Nepal. The ones who are already in the market are more with artificial slides and water rides like a normal water park.

Besides being the first natural water park in Nepal, our main goal is for both tourists and locals to perceive our product as a main destination when visiting Nepal. We want our customers to think about our water park as one of the central points of interests in Nepal. By basing our water park just 12 km outside Pokhara, we intend to attract every single tourist and local that visit Pokhara, every single tourist that visits Nepal visits Pokhara. Our goal is to become a MUST VISIT for tourists while visiting Pokhara and Nepal.
3.2. **Who is our Target Customer?**

The main target customers will be tourists, the most significant part of the tourists come from India and China. There are a lot of tourists from India and China every year in Nepal, and each of them definitely go to Pokhara if they visit Nepal. Also other tourist who come for the purpose of trekking do visit Pokhara as it opens 6 different trekking routes. Many of our future clients will be those who wish to visit Annapurna, Machapuchare (Fish Tail), Poonhill, Sunrise in Sarangkot, Devi’s Fall and many more; for this reason, we will focus on this segment as well. Also we will be looking forward to attract the age group of local people from 21-40 years of age. It is a general trend in Nepal that people generally go to Pokhara for their weekly breaks in groups of family, friends, couples, etc. Also attracting high-school students will be our focus. Contracting with schools in nearby villages, capital of the country Kathmandu, also in Pokhara by giving them discount passes for the students arriving in groups will also be our target. Nepal has started promoting tourism since 2017, and its mission is to be a tourist destination by 2020 through the campaign called “VISIT NEPAL 2020”.

3.3. **Some facts about tourism in Nepal:**

Proceeding the positive trend driven by the record tourist arrivals in 2017, Nepal started witnessing a further rise in the number of tourist arrivals in 2018. Inching closer to the “Visit Nepal 2020” landmark, Nepal Tourism Board registered a tourist arrival record of 1,173,072 arrivals between January-December 2018! The Board projected a 17 percent increase compared to the same period
in 2017. These are tremendous numbers seeing the fact that Nepal was hit by a major earthquake in 2015, creating a sense of fear in everyone's mind.

**Following are the statistics of tourists according to the Nepal Tourism Board (NTB):**

- In total, 969,287 tourists visited Nepal via air and 203,785 tourists came via land

![Nepal 2018 Tourist Arrivals: Top Countries](image)

*Figure 3.2: Nepal Tourist Arrivals, 2018*

- Nepal witnessed a significant increase in Chinese tourists as more than 50,000 Chinese visited the country
- Tourists from SAARC Countries increased by 26.3 percent with India alone registering more than 200,000 tourists.
- The Himalayan nation also witnessed a 55 percent rise in Sri Lanka tourist visits as compared to last year.
Likewise, American, Australian, English and European tourists visiting Nepal have also increased.

Nepal earned NRs 67.09 billion from its tourism industry in FY 2017-18.\(^{14}\)

### 3.4. Demographic Location of Begnas:

The total area of Begnas Tal is 373 hectares that also includes shallow areas associated to marsh and river fields located to the eastern, western and northern shore line of the lake. The elevation of the lake is 650 meters above sea level. Major inlet stream to the lake is *Syankhudi Khola* (Syankhudi River), which is a seasonal stream flowing only during the monsoon. The outlet stream is Khudi Khola. The average depth of water in the lake is estimated to be 6.6 meters with the water surface elevation 655.7 meters above sea level.

---

The total area of Begnas includes ecologically and culturally diverse landscapes, natural resources and settlements of people. As such the watershed includes three distinct landforms- steep to very steep hills slopes to the north, valley floor to the south and south-west and the Begnas Tal located at the confluence of these two landforms. The elevation ranges from 600 meters above sea level in the south to 1,440 meters to the north. The mean annual temperature is 19.3 degree C with the highest temperature in July and August (25.5 degree C) and the lowest temperature in January (13.2 degree C).\(^\text{15}\)

Another important factor we need to take into consideration when evaluating our project is the average spending and average earnings of the citizens in Nepal. This information is relevant because one of our main target groups are the Nepali citizens from 21 to 40 years of age, in other words, the working class of Nepal.

\(^\text{15}\) CONSERVATION OF BEGAN LAKE, NEPAL: A CASE OF CONFLICT TO COLLECTIVE ACTION IN RESOURCE SHARING (MULTIPLE WATER USE) http://rcse.edu.shiga-u.ac.jp/gov-pro/plan/2008list/06-020504.pdf
According to data ranging from 2006 to 2015, Nepal’s average household income per month has seen approximately a 9% increase, going from 27,391 NPR in 2006 to 30,121 NPR in 2015. This data shows that the average household income has been steadily increasing over the past 10 years. Besides average household income, another important element is Nepal’s per capita income. According to an article released in April of 2018, “Nepal's per capita income is estimated to have crossed 1,000 U.S. dollar mark for the first time, a major boost for the country which has targeted to upgrade from the least developed country to a developing country by 2022”\(^{16}\). This clearly is a huge milestone for the country’s financial and economical position and will lead to significant opportunities when investing in Nepal.

Average spending is also a critical aspect we need to look at and that will directly influence the success of our project. Data from 2017 shows that an average Nepali spends roughly NRs 70,680 per year. Most of the consumption (58%) goes into food. According to its Annual Household Survey of 2015-2016, CBS Today said that “the total household expenditure increased by NRs 203 billion in 2015-16 to NRs 1.83 trillion as compared to NRs 1.62 trillion of 2014-15.”\(^{17,18}\)

Looking at this data as a whole, it is clear that Nepal’s economy is steadily growing and will continue to grow, as both earnings and spending are increasing Nepal is transitioning from a


developing country to a developed one. For our project, this is of significant importance because it means that Nepal will bring huge opportunities for investment and there will be more capacity to spend for the average Nepali in the upcoming years.
Chapter 4: Company Structure and Processes

4.1. Mission Statement

We want to be part of your bucket-list. Our mission is to offer a unique, entertaining and unparalleled experience to all our visitors. Always focused on our values and educating about the respect for nature by promoting one of world’s most beautiful places. Our priority is to offer all our employees an excellent work environment and to comply with the highest quality standards.

4.2. Company Values

We want our customers and every single person who hears the name Begnas Natural Water Park to think about the following set of values and associate them with our business and everything we represent: Uniqueness, adventurous, sustainable, quality, continuous improvement, integrity.

4.3. Legal Obligations

According to the legal structure of Nepal to start a project which affects the environment and those project where we use the property of the government we need to firstly bid a tender to obtain the project. To start the business firstly we have to bid a tender to lease the lake where the project is going to take place. The highest bidder gets to work on the project. As per the latest update the tender is already won by our company for this project.
Additionally, after the bid is won there are certain rules and legal procedures to comply with before starting the business. We need to comply with the Environment Protection Act, 1997 and the Environment Protection Regulation, 1997 and pass the Environment Impact Assessment (EIA) Report. According to the government webpage these are the laws and the processes relevant for the approval of our project.

### 4.4. Laws related to EIA

Sections 3, 4, 5 and 6 of the Environmental Protection Act, 1997 have explicitly mentioned the need for undertaking Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) for prescribed projects as well as the process of approving IEE and EIA reports. The proponent is required to carry out the IEE and/or EIA of the prescribed project before its implementation. Section 4 prohibits implementation of the project without taking approval of the Concerned Body or ministry. Section 5 has made it obligatory that the proponent has to submit the IEE or EIA report of the proposed project for implementation to the Concerned Body (ministry related to the proposal) or ministry (Ministry of Environment, Science and Technology, MoEST).

Section 6 of the Act has authorized the Concerned Body to approve the IEE report after examination of the report and if it is satisfied that the project will not bring any significant adverse environmental impact. In case of EIA report, the Concerned Body has to send the EIA and its associated reports along with its comment to MoEST for approval. The concerned body, while
examining the IEE report of the project, if it finds it necessary to carry out an EIA, it shall order the proponent to undertake EIA study of that project and such report shall have to be approved by MoEST.

After receiving EIA report from the proponent through the Concerned Body, MoEST will publish a public notice for comments and suggestions. Section 6 has authorized MoEST to constitute a committee comprising of experts of related sectors and representatives of concerned agencies for experts' opinion on the EIA and its associated reports. Section 6 has authorized MoEST to approve the EIA report with and without conditions, if it is satisfied that the proposed project will create no significant adverse environmental impact. Section 24 empowers the government to formulate necessary rules on environmental assessment.¹⁹

4.4.1. EIA Report Approval Process

Approval of scoping document is the first step of decision-making in the EIA process. Scoping study is required to develop the scope of works for EIA study. The scoping is generally undertaken after getting the survey license of the project.

The EIA report approval process can broadly be divided into two categories;

- Process relating to approval of scoping and TOR for conducting EIA study; and
- Process relating to preparation of EIA study report.

A brief in approval process given below

- The responsibility for the preparation of scoping document and TOR lies with the proponent for carrying out EIA study related to the project. Fifteen-day notice should be published in the national daily newspaper to inform the affected people of the proposed project areas and stakeholders to solicit their concerns and suggestion. The proponent prepares the said document either by himself or by hiring the consultant.
- Scoping Document should be prepared on the basis of brief field study and keeping in mind the public comments and suggestions received. The purpose of scoping, among others, is to identify and prioritize important environment related issues that need to be addressed during the EIA study. The proponent should prepare the TOR in the format as prescribed in Schedule 4 of the EPR, 1997.
- After preparation of the Scoping Document and TOR, the proponent will submit it to MoEST through the concerned ministry. The Scoping Document and TOR might be approved at the same time if both of them are sent at once.
- The department might send back the Scoping Document and TOR to the proponent for improvement or it might also forward to the ministry with its comments.
Similarly, the concerned ministry might send back the Scoping Document and TOR, to the proponent with its comments for necessary improvement through the concerned department. If the concerned Ministry is satisfied, it will forward them with its comments and suggestions, if any, to MOEST for approval.

The EIA approval process in MOEST begins as soon as it receives the said documents from the ministry. It will constitute EIA Report Suggestion Committee under the chairmanship of Joint-Secretary and Chief of the Environment Division. In general, MoEST organizes a meeting of the Committee to seek its opinions and suggestions on the documents. Meetings of the Committee are held as per necessity and in the meeting the proponent is to present the highlights of the Scoping Document and TOR.

After receiving the comments and suggestions on the Scoping Document and TOR from the Committee, the Environment Assessment (EA) Section forwards with its additional suggestions, if any, for necessary decision. The EA Section and Environment Division are involved in the decision-making process. The Legal Section will also be involved in decision-making process as and when necessary.

The decision on Scoping Document and TOR will be communicated to the proponent through the concerned Ministry. MoEST is empowered to approve the Scoping Document and TOR as proposed or in the revised form. In case, these documents require improvement, MoEST will send it back with its comments to the proponent for refinement and resubmission.
4.4.2. Process relating to the approval of the EIA study report is as follows:

- The EIA study will start soon after receiving the approved TOR. The proponent shall prepare the EIA report taking into consideration the aspects included in Schedule 6 of EPR, 1997. The draft EIA report shall be presented to the public hearing meeting to collect comments and suggestions. The public hearing should be conducted at the project site. The report should be finalized taking note of opinions, concerns and suggestions of the participants of the public hearing program and others.

- The proponent should collect recommendation letter from all the concerned VDCs and/or Municipalities.

- The final EIA report should be submitted to MoEST along with the proofs of public hearing and recommendation letters, i.e., as per Rules 7.2 and 10 through the concerned Ministry and the Department. The Department will review the report in the spirit of the approved Scoping Document and TOR and will forward it to the concerned ministry. Similarly, the ministry will process the report and if satisfied it will forward to MoEST. In case of inadequacies in the report, the concerned department as well as ministry can send it back to the proponent for resubmission with improvement.

- The approval process in MoEST begins as soon as it receives the EIA report form the concerned ministry along with comments and suggestions. The MoEST shall make the final EIA report public by publishing a 30-days public notice in the national daily newspaper to solicit comments and suggestions if the legal provisions are complied with and EIA report is prepared based on the approved TOR.
• MoEST, in general, organizes the meetings of the EIA Report Suggestion Committee, as necessary, to collect comments and suggestions. The proponent will present the highlights of the EIA report in the meeting(s) of the Committee which will provide suggestions and comments on the report.

• Based on the comments and suggestions of the Committee, and public notice, the EA Section of MoEST will process for decision. The Legal Section of the Ministry is also involved in decision-making process as and when necessary.

• MoEST shall grant the approval for the implementation of the proposal by approving the EIA report within 60 or 90 days upon its receipt. MoEST might approve the EIA report with or without conditions or send it back to the proponent for necessary improvement.

• In accordance with the provision of the EPA, 1996 and EPR, 1997 the proponent should implement the proposal only after the approval of the EIA report. If the proposal requiring EIA is implemented before the approval of the EIA report, Section 18 of the EPA, 1996 shall be attracted.**20

After all the above mentioned process is completed we have to go to the Industrial Department to receive the certificate to begin the work of the project by submitting the EIA and TOR certificates.

4.5. Organizational Structure

For our company structure we will use a linear organizational structure; to implement this structure there will be the President or the Chief Executive Officer on top overseeing the whole operation of the project, right below the CEO we will have a Chief Operating Officer responsible for making sure day-to-day operations are running smoothly and delegating tasks for his/her subordinates. By using this organizational structure there will be a clear chain of command and roles inside the organization will be precise and simple to understand and implement.

As stated before, the COO will be responsible for all the day-to-day operations, he/she will oversee a group of eight different managers, each of them will be in charge of its own branch separately from the other manager’s branches. First, under the COO we will have an Operations Manager, this is the manager that will have the most accountability since he/she will have the most number of subordinates working under him/her. The Operations Manager will have a team under him/her of thirteen different employees, responsible for the areas of: Maintenance, Store Keeper (Two), Reception Head (Front Desk), Reception Head (Lake Side), Equipment Collectors for the water activities (three), and Pilots for the water attractions (five). For the area of maintenance, we will have five staff employees (Mechanic, Electrician, Driver, Bathroom Cleaner Males, Bathroom Cleaner Females) that will work under the maintenance head; and for the reception areas both front and lake side there will be four assistants (two for each reception) working under the reception heads.

The next manager working under the COO is the Information Technology Manager, this branch will only include one employee which will be the manager. He will be the sole responsible for the
gathering, manipulation, analysis and communication of relevant data to ensure our project is successful. Even though we only have one employee in this branch, it doesn't mean the area has any less importance than the others. IT is going to be crucial for our project in order to store, retrieve and deliver all the relevant information for all the other areas and help the business as a whole to run smoothly.

We will have a Human Resource Manager; this branch is also made up of only one employee which will be the HR manager which will be responsible for the human capital of the business and all the decisions relevant to this area. Also working under the COO we will have the Head of Security, he/she will have a team of six Security Guards working under him and also two employees responsible for monitoring the security cameras in the installations. Another of the managers will be the Financial Manager, responsible for the financial profitability of our project. The manager will have a team of two accounting officers that will work under him/her to assist in the daily functions of our financial branch.

Finally, we will have a Marketing Manager working under the COO, this branch will be composed of said manager and a marketing associate working under. The marketing team will be responsible for generating enough successful traffic in order to keep us profitable. Working under the COO there will also be the Head Lifeguard, with a team of three more employees working under him/her; and a Cafeteria Manager, with a team of five employees working under.
Figure 4.1. Organizational Matrix (Source: Self-Made)
Chapter 5: Marketing Plan

5.1. Executive Summary for Marketing Plan

This marketing plan wants to bring a new perspective of a different kind of water park with unique features to attract new customers from all age groups, locals and tourists. It discusses the strategies that are going to be implemented by our company in order to attract and retain the targeted customers in Nepal.

Firstly, we go through the general profile of Nepal and Pokhara Lake, to do so, a general SWOT analysis is presented. After doing our market research, the focus is directed on the growing Nepali tourism market. This market offers vast opportunities. People who value one of the most beautiful natural destinations in the world, people who value adventurous experiences and practicing sports, people who are interested in Nepali culture and care about family time.

We have allocated around NPR 500,000 per month for 10 months a year in the field of promotion and marketing which grows at the rate of 5% per annum. We plan to build the marketing strategies based on the factors such as word of mouth, heavy promotions in social networks, advertisement of the eco-sustainable project. The most important factor for the selling of our service will be that it is the first natural waterpark in Nepal, even though we have five competitors in the same field but they are not natural water parks which gives us a huge competitive edge. Looking at the previous trends in Nepal it has always been observed that anything which brings a new concept has always prospered and bloomed very quickly.
5.2. Vision
To be recognized as the leading company in the sector and a reference in the region. Focusing on the best tourist attraction service, offering a unique experience always connected with nature. The main focus for Begnas will be to provide high quality entertainment service alongside being connected to nature and providing a memorable and unique experience to all our customers.

5.3. SWOT Analysis of Begnas Natural Water Park

**STRENGTH**
1. Top level services and entertainment activities for all types of visitors.
2. First of its kind and unique in the region.
3. Target people of all ages, cultures and social groups.
4. Accessible fees for national and international tourists.
5. Well connected site near to Pokhara and Rupakot. A shuttle bus service will be included in the fees.
6. Will help improve local economy by offering job positions.

**OPPORTUNITIES**
1. One of the World’s most beautiful destination, close to Annapurna and Pokhara. Located in one of the most visited sites of Nepal, it has an enormous tourism potential.
2. Natural and eco friendly environment, meets environmentally conscious trends of consumers and creates environmental awareness.
3. High foreign tourism potential, specially Indians and Chinese.

**WEAKNESSES**
1. Limited to Begnas weather conditions.
2. No previous experience, hiring the right staff should be a priority to run the business.

**THREATS**
1. Potential competitors could appear, therefore quality must be our priority.
2. Infrastructure, the park should implemented infrastructure as soon as possible.
3. Federal regulations and taxes-

*Figure 5.1 SWOT Analysis (Source : Self Made)*
5.4. Objectives and Strategies

5.4.1. Increase profitability by affordability

**Strategy:** Become profitable offering affordable fees for all our targeted customers.

We are targeting people of all ages, cultures, social groups, locals and foreigners; fees must be affordable for all targeted customers, while still maintaining a sense of high quality services. This strategy must be implemented effectively, we seek that our customers consider that the fees they are being charged are more than fair for the amount of activities and services offered. These diverse activities and services with high quality standards should be appropriate for all ages and with the adequate infrastructure. We need to be competitive in costs and to achieve this we must optimize our operating expenses.

**KPIs:**

- Gross Profitability
- Client Contribution
- EBITDA

5.4.2. Increase Brand Penetration

**Strategy:** Communicate the opening of the new and unique Begnas Natural Water Park.

The marketing plan must develop a brand that is strong and that presents a positive image to visitors and contributes to the economic prosperity of the area. This brand identity must
be in accordance with the trends of the customers. **Tourists visiting Nepal should consider it part of their bucket list.**

In Nepal word of mouth communication is very strong and it is the most important sales driver for business. People rely more on this type of communication because normally the information comes from people of their own circle. Therefore, our main tactic will be promoting using the power of the word of mouth. Our clients will promote the Park and its services by verbal means. But there is also an important part of our strategy that will be related with other strategies of our marketing plan, which is the word of mouth communication by online means. Instead of being a normal conversation between two people, online word of mouth will include virtual group conversations, reviews and social media. We will choose two major Influencers as our brand ambassadors that will help spread this type of communication and give them the opportunity to share positive experiences and make the story recognizable and relevant to the audience.

Tracking word of mouth is difficult but we will link our customers experience by surveys that determine how they knew about the park and who recommended them to visit the park. We will also track our customers’ reviews in order to determine the word to mouth communication impact. This tactic will also help us assure a reliable source for the word to mouth communication.

The advertising in local newspapers such as The Himalayan Times and The Kathmandu post will also be one of the main tactics to accomplish this objective and will advertise in
social networks such as Instagram and Facebook, where we will be posting pictures and videos of all our activities.

**KPIs:**

- Social media reach and engagement track with the growth of followers, likes, reviews and scores.
  - Instagram
  - Facebook
  - YouTube
  - Twitter
  - TripAdvisor
- Amount of visitors in our web page, Leads,
  - Google Analytics.

### 5.4.3. Promote Begnas Eco-Friendly Environment

**Strategy: Sustainability and Social Responsibility**

A key factor we want to advertise in our natural water park is the sense of sustainability for the environment, we will do this by using natural resources responsibly and promoting our social responsibility as a business to Nepal’s natural surroundings. Nepal is already known for its natural beauty and breath-taking landscapes. Begnas Lake is no exception, so by developing our park in this privileged location we want to deliver our customers an opportunity to enjoy an eco-friendly experience were they can interact directly with nature.
and were they can also fulfil their needs for adventure and excitement. These needs of excitement and adventure will be fulfilled by the water attractions we will offer inside our park; and for our customers that visit the park for the natural wonder of it, they will also be able to enjoy the pristine natural surroundings around the lake, which include hiking trails and green areas to discover.

KPIs:

- Customer satisfaction surveys regarding the success of the water park in being “green”. This way we can measure how effective our “green” campaign really is and how it really perceived.
- During construction of the park, be aware of social media comments regarding social responsibility and sustainability success of our business.
- Implement recycling stations all around our park, measure success and how effectively customers use them.
- Waste reduction
- Resources Saving

5.4.4. Increase Awareness of High Quality Service and Benefits

Strategy: Priority will be Investment in Human Capital

It will be critical to the success of our park to create awareness among all our customers of our product’s high quality service. Since our park will offer numerous services and activities for our clients we need to ensure that in each and every single one of these
different areas only the best and most outstanding customer service is provided. This in turn will create a sense of loyalty to our park with existing customers and will also help us get new clients. One of the main objectives of our park is to not only provide fun and recreation, but also to create memories and experiences; we want all our customers to remember our park as a unique moment and for them to be able to recommend the adventure that we will offer to their family and friends. In order to accomplish this, it is key to offer only the highest level of customer service among all our different activities.

One weakness of our business that we were able to identify is that no previous experience in this field is available, in order to mitigate this risk, we will focus in investing heavily in human capital in order to find and hire the right staff for each area of our park in order to ensure our personal is capable of delivering only the highest level of service. By making product quality as well as customer service quality our priority, we will not only mitigate the risk in lack of experience but we will also acquire a competitive advantage against potential competitors that may enter the market in the future.

We will use internal marketing in order to ensure that our workers are happy, motivated and loyal to the company. We will achieve the best possible performance by implementing a strategy based on the fact that our employees will be our most important clients. The company will be what we will sell through better working conditions, greater participation of employees in decision making, better working environment and greater motivation. The communication will be based on an internal communication plan and the final objective
will be the motivation of workers to increase productivity and therefore the profitability of the company.

**KPIs:**

- Surveys for:
  2. Employee engagement rate
- Employee turnover
- Social media positive/negative reactions after visit to the park regarding customer service.

All KPIs will be measured and tracked in a Dashboard template, using the common metrics in order to be able to measure tendencies and to implement preventive and corrective actions if needed.

**5.5. Price Policy**

In Begnas we plan to offer different services, such as the natural waterpark, Water Jet Pack ride, Water Jet Ski and Cafeteria. All the services will be quoted a different price. The price range for each of the services has been quoted by observing the average market trend and similar services which are provided in the local market. The rate of increase of prices and number of customers is estimated at 5% per annum. The water park will receive 500 customers per day on an average. The estimated price for it will be around NPR 500. We expect around 14 customers per day and the
quoted price will be around NPR 5500. For the water jet ski an approximate of 100 customers is forecasted with a price of NPR 500 per person. There will be a different rate in the menu card of the cafeteria based on the dishes ordered. According to the general trend in the local cafeterias in the area the average selling price per customer will be around NPR 350.

5.6. Promotion Strategy

There will be various modes of promotions for the water park. The budget that we have proposed to allocate per month in the department of promotions is NPR 500,000 for the first 8 month of the year totalling to around NPR 4,000,000 for the year with an annual increase of 10% in the years to follow after. The strategies adopted will be to allocate around 70% of the budget amount in media marketing and online marketing. We will focus both on media such as television/radio/newspaper commercials as well as the social media marketing. As per a recent research in December 2017, by the Kathmandu Post, a leading newspaper brand in Nepal, there are around 9.5 million active users of Facebook and Instagram, which is around 33% of the population of Nepal whereas 16 million people are connected to the internet which is almost 50% of the total population. There will be weekly live streaming of the park on all social media which will help us create our brand stronger in the world of web and social media.

We also propose to spend the remaining 30% of the budget in different promotional schemes such as giving away free passes in local events as gifts and rewards. The main attraction for our water park will be that we will provide a free shuttle service inclusive in the price of the ticket from Pokhara to Begnas for the people who do not have their own personal means of transport. There
will also be a 15% discount for the students, and kids below the age of 6 years. Also this budget will be allocated in the means of printing and distributing pamphlets for the first few months with roadside advertisement in the capital and Pokhara. Alongside all the promotions we will also tie up with the local ticket selling agencies to help to sell the tickets of the park giving them a commission of 2% per ticket sold in Pokhara. It will be a huge boost for the sales of the ticket targeting the tourist market as it is the first point of contact for the tourist to any amusement attraction in that area.

5.7. Service Design

In order to create an optimal service experience for our customers our main objective is to blend the right target of consumer groups with a unique experience that will differentiate our product from the rest in the market. One of the main competitive advantages our natural park will have is that it is located in one of the most privileged natural locations in Nepal that is Begnas Lake and if we combine that with being the first ones in the area to offer a service like the one we are going to offer; we can create an optimal service experience for all our customers.

Our main target will be the tourist market, including all age ranges, cultures and social groups. In the year 2018, Nepal reached a record 1,173,072 tourist arrivals, mainly from India and China so our aim is to take advantage at this huge increase in tourists coming to Nepal over the next years. By including all kinds of people we will also offer accessible fees for everyone in order to create a sense of belonging and inclusiveness for all types of people and all types of families within our natural water park. Our business will also create important value for our customers by taking
advantage of an important and increasing trend for consumers worldwide which is the preservation of the environment. By offering a natural and eco-friendly environment we intend to create an optimal service experience for our customers that are already visiting Nepal for its natural beauty. We also intend to capture consumers who are not only visiting Nepal for its natural beauty but are also looking for recreation and adventure. That is the goal for our service design, to create an optimal experience combining the already existing natural beauty of Nepal with recreation, fun and adventure; that is the value our natural water park will bring for consumers.

5.8. Positioning Map of Begnas Natural Water Park

![Positioning Map of Begnas Natural Water Park](https://traveltriangle.com/blog/water-parks-in-nepal/)

*Figure 5.2. Brand Positioning Source: Self-Made https://traveltriangle.com/blog/water-parks-in-nepal/
Based on data found online about other water parks in Nepal we were able to develop a positioning map comparing Begnas Natural Water Park to other potential competitors in the area. In Nepal there are currently five other water parks, these five water parks are all similar in the sense that they are all artificial and their quality is generally perceived as very low by customers. For this reason, Begnas Natural Water Park is positioned in an entirely different location in the map, Begnas will be the only 100% natural park in the area and our goal is to create awareness right from the beginning of the high quality the park will offer. These two differentiators will help Begnas achieve a competitive advantage over the already existing water parks, since we will offer something entirely new and unique in the market.
Chapter 6: Financial and Economic Analysis

6.1. Sources of Funds

<table>
<thead>
<tr>
<th>SN</th>
<th>Particulars</th>
<th>Remarks</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Civil Works, Construction &amp; Related Costs</td>
<td>Schedule 1</td>
<td>16,577,688.13</td>
</tr>
<tr>
<td>2</td>
<td>Other Assets (Administration &amp; Operations)</td>
<td>Schedule 2</td>
<td>6,005,000.00</td>
</tr>
<tr>
<td>3</td>
<td>Consultant Charges</td>
<td>Quotations</td>
<td>3,000,000.00</td>
</tr>
<tr>
<td>4</td>
<td>Water Park</td>
<td>Quotations</td>
<td>7,000,000.00</td>
</tr>
<tr>
<td>5</td>
<td>Jet Pack</td>
<td>Quotations</td>
<td>16,000,000.00</td>
</tr>
<tr>
<td>6</td>
<td>Parking Trolley for Jetpack</td>
<td>Quotations</td>
<td>400,000.00</td>
</tr>
<tr>
<td>7</td>
<td>CCTV</td>
<td>Quotations</td>
<td>400,000.00</td>
</tr>
<tr>
<td>8</td>
<td>Website Design</td>
<td>Quotations</td>
<td>50,000.00</td>
</tr>
<tr>
<td>9</td>
<td>Licensing</td>
<td>Quotations</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>Pre-construction Cost</td>
<td>Estimate</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>11</td>
<td>6 months Fixed Payroll Cost for gestation period</td>
<td>Quotations</td>
<td>3,745,144.50</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>56,977,832.63</td>
</tr>
</tbody>
</table>

Table 6.1. Initial Investment (Source: Self-Made)

As we have a look at the Financial Statements, the company will start its proceedings with an Equity Share Capital of NPR 39,884,483 and a Long Term Loan payable in 4 years of NPR 17,093,349 the total of which around NPR 57 million has been spent in capital expenditure required to begin the operation as the head initial investment. The amount of loan will be procured from a credit rating ‘A’ bank in Nepal with an approximate rate of interest of 12%. The loan amount is expected to be paid within 4 years of the start of operations. The estimation of the assets has been based on a price quotation from different suppliers.

Table 6.2 Projected Profit and Loss Statement (Source: Self-Made)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Sch</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Amount in Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from Services</td>
<td>5</td>
<td>82,503,000</td>
<td>90,862,355</td>
<td>100,036,928</td>
<td>108,892,053</td>
<td>120,800,319</td>
<td>122,717,497</td>
<td>145,604,589</td>
</tr>
<tr>
<td>Less: Depreciation &amp; Amortization</td>
<td>4</td>
<td>72,902,824</td>
<td>8,230,319</td>
<td>9,083,250</td>
<td>5,009,570</td>
<td>10,906,532</td>
<td>12,062,195</td>
<td>(12,205,541)</td>
</tr>
<tr>
<td>Less: Cost of Goods Sold</td>
<td>7</td>
<td>74,238,000</td>
<td>9,238,000</td>
<td>11,025,250</td>
<td>12,042,812</td>
<td>13,707,962</td>
<td>15,126,382</td>
<td>16,050,482</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td></td>
<td>44,173,999</td>
<td>41,724,059</td>
<td>52,744,584</td>
<td>59,183,116</td>
<td>64,056,031</td>
<td>71,438,364</td>
<td>79,431,823</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>9</td>
<td>1,035,482</td>
<td>1,435,269</td>
<td>445,042</td>
<td>384,077</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit before Depreciation and Taxes</td>
<td>8</td>
<td>8,966,633</td>
<td>7,996,833</td>
<td>7,996,833</td>
<td>7,996,833</td>
<td>7,996,833</td>
<td>7,966,833</td>
<td>7,966,833</td>
</tr>
<tr>
<td>Profit before Bonus and Taxes</td>
<td></td>
<td>42,278,107</td>
<td>47,275,844</td>
<td>52,765,526</td>
<td>59,173,152</td>
<td>64,885,931</td>
<td>71,438,364</td>
<td>79,431,823</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td>2,238,127</td>
<td>2,927,221</td>
<td>4,070,893</td>
<td>5,078,130</td>
<td>5,995,809</td>
<td>6,006,150</td>
<td>7,042,492</td>
</tr>
<tr>
<td>Profit before Bonus</td>
<td></td>
<td>34,040,980</td>
<td>44,348,623</td>
<td>50,694,634</td>
<td>54,195,022</td>
<td>58,989,132</td>
<td>63,441,531</td>
<td>79,431,823</td>
</tr>
<tr>
<td>Staff Bonus</td>
<td></td>
<td>(2,428,127)</td>
<td>(2,927,221)</td>
<td>(4,070,893)</td>
<td>(5,078,130)</td>
<td>(5,995,809)</td>
<td>(6,006,150)</td>
<td>(7,042,492)</td>
</tr>
<tr>
<td>Tax Provision</td>
<td></td>
<td>(2,715,287)</td>
<td>(3,923,227)</td>
<td>(4,070,893)</td>
<td>(5,078,130)</td>
<td>(5,995,809)</td>
<td>(6,006,150)</td>
<td>(7,042,492)</td>
</tr>
<tr>
<td>Profit (Loss) After Taxes</td>
<td></td>
<td>28,917,566</td>
<td>37,508,175</td>
<td>41,552,848</td>
<td>44,038,792</td>
<td>47,007,514</td>
<td>51,443,032</td>
<td>55,340,939</td>
</tr>
<tr>
<td>Opening Balance &amp; Surplus</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing Balance &amp; Surplus</td>
<td></td>
<td>23,138,060</td>
<td>46,651,842</td>
<td>70,909,369</td>
<td>114,644,817</td>
<td>152,561,120</td>
<td>195,584,153</td>
<td>243,927,771</td>
</tr>
</tbody>
</table>

The company is projected to earn a net profit of around NPR 23 million during the first year, with a contribution margin of 74% and a net profit of around 28%. The contribution margin is almost constant during the whole projected period but there is slight increase in the Net Profit of the company which ends up at around 32% at the 7th year of projected operations. The reason observed for this growth was mainly because of the decline in the interest and financial expenses. It can also be observed that the operating expenses are only around 25% of the sales which brings our profit from operations at around 50% throughout the period.
Table 6.3 Projected Balance Sheet

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Sch</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td></td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
</tr>
<tr>
<td>Share Capital</td>
<td>1</td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
<td>33,884-483</td>
</tr>
<tr>
<td>Reserve Fund and Retained Earning</td>
<td>23,139-600</td>
<td>49,051-814</td>
<td>79,800-559</td>
<td>114,154-837</td>
<td>152,061-129</td>
<td>155,385-153</td>
<td>212,927-721</td>
<td></td>
</tr>
<tr>
<td>Total Equity</td>
<td></td>
<td>57,024-244</td>
<td>89,536-328</td>
<td>119,734-642</td>
<td>154,039-303</td>
<td>192,445-003</td>
<td>235,268-536</td>
<td>252,812-254</td>
</tr>
<tr>
<td>Loan Term</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term Loan</td>
<td>8</td>
<td>15,545-565</td>
<td>9,552-519</td>
<td>5,058-287</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Long Term Loan</td>
<td>8</td>
<td>15,545-565</td>
<td>9,552-519</td>
<td>5,058-287</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credits</td>
<td></td>
<td>1,570-600</td>
<td>1,727-690</td>
<td>1,900-426</td>
<td>2,000-409</td>
<td>2,259-515</td>
<td>2,529-487</td>
<td>695-603</td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td>5,428-127</td>
<td>3,227-791</td>
<td>4,470-869</td>
<td>5,076-130</td>
<td>5,880-829</td>
<td>6,344-153</td>
<td>7,943-690</td>
</tr>
<tr>
<td>Non Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Fixed Assets</td>
<td>7</td>
<td>47,080-990</td>
<td>39,984-166</td>
<td>31,087-555</td>
<td>23,930-550</td>
<td>15,955-656</td>
<td>7,956-333</td>
<td>-</td>
</tr>
<tr>
<td>Non Current Investment</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Investment</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other Receivables</td>
<td>8</td>
<td>8,396-266</td>
<td>9,098-396</td>
<td>10,008-653</td>
<td>10,909-209</td>
<td>12,090-032</td>
<td>13,271-759</td>
<td>14,969-459</td>
</tr>
<tr>
<td>Rent, Advance &amp; Deposits</td>
<td>8</td>
<td>8,951-668</td>
<td>19,210-041</td>
<td>11,980-246</td>
<td>14,744-848</td>
<td>17,271-043</td>
<td>19,300-672</td>
<td>23,988-417</td>
</tr>
<tr>
<td>Cash and Bank Balance</td>
<td>25,092-699</td>
<td>51,268-571</td>
<td>87,710-059</td>
<td>122,693-222</td>
<td>167,902-051</td>
<td>217,817-046</td>
<td>268,241-054</td>
<td></td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>81,060-826</td>
<td>73,697-757</td>
<td>109,206-386</td>
<td>148,636-711</td>
<td>197,745-365</td>
<td>255,419-787</td>
<td>305,399-229</td>
<td></td>
</tr>
</tbody>
</table>

Analysing the balance sheet we have calculated the sundry creditor at two months of the administrative expenses and payable is the amount of the bonus which we have to distribute to the staff as per the Labour Act of Nepal. Even though the business proposal is a cash to cash basis to be on a prudent side we have taken our trade and other receivables at 10% of the income from the services. The prepaid, advance and deposits have been calculated at one month of the fixed and variable payroll expenses along with the sum of the Income Tax payable for the year.
Analysing the different ratios, it was interesting to observe that the return on capital employed was 32% during the first year. It can be observed that the return on capital employed is declining during the budgeted period but it is due to the fact that we have an assumption that all the earnings have been reinvested in the business making it decline accordingly. The debt/equity ratio was at 21% after considering of the earnings of the year. The EBITDA/Sales amounted to an astonishing 54% with an operating expense to sales ratio landing at 20% remaining constant more or less around the whole budgeted period. The net profit before tax to sales has been constant around 40% and after tax remains at around 30%.

Table 6.4 Key Financial Ratios (Source: Self-Made)

<table>
<thead>
<tr>
<th>Years of Operation</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit after tax before interest</td>
<td>24,561,472</td>
<td>27,599,636</td>
<td>30,950,899</td>
<td>34,552,610</td>
<td>38,406,283</td>
<td>42,823,033</td>
<td>47,543,618</td>
</tr>
<tr>
<td>Total Capital Employed</td>
<td>76,669,911</td>
<td>99,088,635</td>
<td>124,833,730</td>
<td>154,039,320</td>
<td>192,445,603</td>
<td>235,268,636</td>
<td>262,812,254</td>
</tr>
<tr>
<td>Share Capital</td>
<td>39,884,483</td>
<td>39,884,483</td>
<td>39,884,483</td>
<td>39,884,483</td>
<td>39,884,483</td>
<td>39,884,483</td>
<td>39,884,483</td>
</tr>
<tr>
<td>Net Worth</td>
<td>63,785,428</td>
<td>59,204,152</td>
<td>85,949,247</td>
<td>114,154,837</td>
<td>152,561,120</td>
<td>192,384,153</td>
<td>223,927,771</td>
</tr>
<tr>
<td>Total Debt</td>
<td>13,546,259</td>
<td>6,582,510</td>
<td>5,098,287</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Return on Capital Employed</td>
<td>32%</td>
<td>28%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
<td>18%</td>
<td>17%</td>
</tr>
<tr>
<td>Debt/Equity</td>
<td>21%</td>
<td>11%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Operating Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit Before Tax/Sales</td>
<td>42%</td>
<td>43%</td>
<td>45%</td>
<td>46%</td>
<td>47%</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>EBITDA/Sales</td>
<td>54%</td>
<td>54%</td>
<td>54%</td>
<td>54%</td>
<td>54%</td>
<td>54%</td>
<td>54%</td>
</tr>
<tr>
<td>Financial Expenses/Sales</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Operating Expenses/Sales</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Liquidity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Ratio</td>
<td>3.25</td>
<td>5.08</td>
<td>6.64</td>
<td>8.00</td>
<td>9.49</td>
<td>10.62</td>
<td>12.99</td>
</tr>
<tr>
<td>Leverage &amp; Debt Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Coverage Ratio</td>
<td>-</td>
<td>5.22</td>
<td>5.81</td>
<td>6.41</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
### 6.3 Sensitive Analysis

The payback period was calculated to be at 1.96 years. The IRR amounted to 55.45%. The NPV for the 7 years of expected cash flow amounted to around NPR 116 million with a discounting factor of 12%. The break-even point in amount is around NPR 23 million i.e. equal to 28% with a profitability index lands at 3.05. All the figures have been calculated taking into assumption that there will be 100% of the expected occupancy.

Table 6.5. BEP Analysis (Source: Self-Made)

<table>
<thead>
<tr>
<th>Particular</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Total Fixed costs</td>
<td>16,913,889</td>
<td>16,425,279</td>
<td>20,402,060</td>
<td>22,512,396</td>
<td>24,703,025</td>
<td>27,339,807</td>
<td>28,803,966</td>
</tr>
<tr>
<td>B. Total Variable costs</td>
<td>19,974,820</td>
<td>21,671,671</td>
<td>24,971,700</td>
<td>26,668,333</td>
<td>28,079,080</td>
<td>31,070,610</td>
<td>35,122,922</td>
</tr>
<tr>
<td>D. Sales</td>
<td>82,563,600</td>
<td>90,882,355</td>
<td>100,056,928</td>
<td>100,552,053</td>
<td>100,552,053</td>
<td>120,650,316</td>
<td>132,717,497</td>
</tr>
<tr>
<td>E.P./V Ratio</td>
<td>71.92%</td>
<td>74.06%</td>
<td>74.17%</td>
<td>74.28%</td>
<td>74.28%</td>
<td>74.35%</td>
<td>74.40%</td>
</tr>
<tr>
<td>Break Even point (in Amount)</td>
<td>22,960,793</td>
<td>25,113,744</td>
<td>27,583,782</td>
<td>30,326,763</td>
<td>31,334,537</td>
<td>36,635,634</td>
<td>40,274,514</td>
</tr>
<tr>
<td>Break Even point (in %)</td>
<td>29%</td>
<td>29%</td>
<td>29%</td>
<td>29%</td>
<td>29%</td>
<td>29%</td>
<td>29%</td>
</tr>
</tbody>
</table>
An interesting fact which emerges as we dig deep in the calculations is that even if there is a shortfall of the customers in the projected years by 40%, totalling the occupancy at 60%, our payback period will still land at 4.08 years. This means that the project will still be able to return the initial investment within the range of 2 to 4 years even with a fluctuation of 40% in its number of expected customers. The IRR of the project dips down by around 33% due to the fall in expected occupancy landing it at 22.32%, but it is still 10% above the discounted rate which is at 12%.
### Table 6.7 Sensitive Analysis (Source: Self-Made)

<table>
<thead>
<tr>
<th>Cash Flow (Year)</th>
<th>At present Assumptions</th>
<th>Operation/ Occupancy @ 90%</th>
<th>Operation/ Occupancy @ 60%</th>
<th>Operation/ Occupancy @ 30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>(58,977,833)</td>
<td>(58,977,833)</td>
<td>(58,977,833)</td>
<td>(58,977,833)</td>
</tr>
<tr>
<td>1</td>
<td>24,632,857</td>
<td>21,228,897</td>
<td>9,906,511</td>
<td>6,502,451</td>
</tr>
<tr>
<td>2</td>
<td>24,326,974</td>
<td>21,199,568</td>
<td>10,167,328</td>
<td>6,790,077</td>
</tr>
<tr>
<td>3</td>
<td>24,016,686</td>
<td>21,139,793</td>
<td>10,384,800</td>
<td>7,003,990</td>
</tr>
<tr>
<td>4</td>
<td>23,842,813</td>
<td>21,011,873</td>
<td>10,537,570</td>
<td>7,176,899</td>
</tr>
<tr>
<td>5</td>
<td>26,33S,374</td>
<td>23,933,506</td>
<td>13,728,400</td>
<td>10,423,287</td>
</tr>
<tr>
<td>6</td>
<td>25,746,936</td>
<td>23,559,415</td>
<td>13,530,131</td>
<td>10,345,231</td>
</tr>
<tr>
<td>7</td>
<td>25,123,680</td>
<td>23,149,706</td>
<td>13,326,665</td>
<td>10,235,381</td>
</tr>
<tr>
<td><strong>Net Present Value</strong></td>
<td><strong>116,842,597</strong></td>
<td><strong>99,231,793</strong></td>
<td><strong>24,600,674</strong></td>
<td><strong>1,498,744</strong></td>
</tr>
<tr>
<td><strong>Internal Rate of Return (IRR)</strong></td>
<td>55.45%</td>
<td>48.80%</td>
<td>22.32%</td>
<td>12.67%</td>
</tr>
<tr>
<td><strong>Profitability Index (P.I)</strong></td>
<td>3.05</td>
<td>2.72</td>
<td>1.43</td>
<td>1.93</td>
</tr>
<tr>
<td><strong>Simple Payback period(In years)</strong></td>
<td>1.96</td>
<td>2.22</td>
<td>4.08</td>
<td>5.98</td>
</tr>
<tr>
<td><strong>Discounted Payback period(In years)</strong></td>
<td>2.33</td>
<td>2.69</td>
<td>5.17</td>
<td>#NAME?</td>
</tr>
</tbody>
</table>
Chapter 7: Conclusions

The decision to develop this water park in Nepal was taken because of its unique location regarding the natural beauties such as the Himalayas mountain range and Annapurna with its huge amount of tourists visiting every year. The location of the park is just 20 minutes’ drive from the most touristic place in Nepal, i.e. Pokhara where the famous temple Tal Barahi is located and which will make it more feasible for the tourists. It offers a package of cheap fun, food, nature and adventure activities. Also the plan to build cottages and hiking routes will be a bonus for our site. The opportunity to take advantage of the fabulous natural environment and offer the only natural water park of its kind in the entire region gives a very strong competitive advantage. Because of this wonderful location, a proposal was made to the government and eventually the tender was granted to build the project at this location. In terms of affordability, it is also a strategic location since Pokhara is considered one of the top destinations for budget travellers around the world, and Nepal is considered one of the cheapest tourist destinations in the world.

Nepal also has a privileged strategic location in terms of tourism market because it is surrounded by two of the main consumers of international tourism such as China and India. The future tendencies of the amusement parks industry lead to Asia. This market has been historically lead by the USA, but the future tendencies show that Asia will be the leading market. Worldwide Nepal is known for its natural beauty and pristine landscapes; the site for the development of the park which is Begnas Lake is no exception. People from all over visit Nepal to do eco-tourism and to enjoy the natural wonders of Nepal. The goal is to promote this natural water park as an eco-
friendly attraction where people can go and enjoy some excitement and adventure, while still being able to feel the natural surroundings that have made Nepal so famous as a tourist destination. To achieve this, it must be ensured that the development and construction of this project follows all the guidelines and regulations in order to be sustainable and efficient to the environment, the main goal towards the environment during construction and even when fully operational will be to be socially conscious and responsible to the natural beauty of Nepal in order to leave it unaltered since this was of the main reasons we chose Begnas Lake as the location of our park.

The projected financial statements picture a good position for the company. According to the projections, the company will make a net profit of around 28% and a net contribution margin of a fantastic 74% considering 90% of the expected occupancy. With this high gross contribution margin it can be observed that the company will do pretty well in the operational level by managing the operational costs in a cost effective way. Also the EBITDA to sales lands around 50% which means that we are also not losing a lot in the managerial expenses such as SGA and Administrative expenses. The company will be financed by both equity and long term loans. The company expects to pay back the loan in 16 instalments i.e. within 4 years of operations turning the company into a debt free company. More loans can be procured if there are plans of expansion. The payback period and the Break Even Point are 1.96 years and 28% respectively.

It is clear that offering a good customer service is vital for our business. Being aware that satisfied customers return to the business and ensure that healthy benefits are obtained. They also help build a good reputation among locals as well as international tourists. Working hard to make sure that
this gets even better, different types of KPI’s will be used in order to assure that a clear message is received about what customers like or do not like. This allows to obtain more and more loyal clients. Understanding that the quality approach should not only be for the customers but also for the employees. One of main objectives should be offering a better work environment for all the employees. The effective teamwork increases the revenues for the company by focus more on the needs of the consumers.

Currently tourism is one of the few economic sectors that grows without rest throughout the world, this constant growth facilitates socio-economic development and also favouring improvements in infrastructure and increases local’s income. The future prospects of the business and work in Nepal is in the sector of tourism and entertainment. This park targeting both sectors have a prosperous future lying ahead of it. It is expected that the number of tourists will keep growing in the future in Nepal. Also the position of the local people economically is getting better day by day which is another factor that will help to boost this project. The growing middle class, more affordable transport and accommodation options, will continue to increase the demand for our kind of business.
Bibliography


P.S.: All tables and figures have been derived from the above mentioned sources unless mentioned