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An Examination of Nepal's Aviation Sectors: An Analysis of the Aviation Industry as an Expanding Economic Sector

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Abstract

This research paper is prepare using data from studies on the aviation sector in Nepal and how it affects the country's economy. It is acknowledged that Nepali aviation currently influences the country's economic growth in three ways: directly, indirectly, and inducedly. Even though fixed-wing aircraft are being employed less frequently in Nepal, their use in other nations, combined with the employment of helicopters, has helped to strengthen the country's aviation sector. This has also made a significant contribution to the nation's improving economic standing. This industry's growth and development seem to be happening at a snail's pace, despite the enormous potential of this business. Thus, the basis of this research paper is the explanation for the industry's delayed advancement, with a primary focus on its impact on the economy of the nation along with the data of accident occurred in recent ten years. The results of this study will be helpful for the global aviation industry in achieving rapid economic growth and decrease accidents.

CHAPTER -1 INTRDUCTION

Introduction

1.1 History of Nepalese Airlines

The Department of Civil Aviation was officially founded in 1957 and was a part of the Ministry of Work, Communications, and Transport of the Nepalese government. Under the Civil Aviation Act, 1959 (2015 BS), the statutory regulations pertaining to civil aviation were introduced. Nepal's aviation industry was founded in 1958 A.D. At that time, the country's royal family was the only user of aviation services for their convenience. Its use has grown over time as a result of new discoveries and inventions, and it is now a reliable form of public transportation. Since there aren't many roads leading to the isolated locations, air transportation is the most effective way to get people and other types of cargo there. The aviation industry has now developed into a separate sector of the economy. There were just 200 workers in this industry at the beginning, but since the "Open Sky Policy" was put into place in 1990, it has grown to employ over 20,000 people. Nepal's aviation industry started off with DC-3s and is now equipped with cutting-edge Airbus A320s.

1.2 List of airports in Nepal

The Tribhuvan International Airport in Kathmandu is the primary and sole international airport in Nepal. Tenzing Hillary Airport, commonly known as Lukla Airport, is one of the world's most hazardous airports

and is located in Nepal. Situated near and encircled by Mount Everest, this airport is extremely challenging to land at, with only a select group of skilled pilots allowed to do so. Eight other domestic airports serve Nepal, and additional airports are being built or rebuilt.

Tribhuvan International Airport, which serves Kathmandu, the capital and largest metropolitan area of the country, is the oldest of the three international airports in the nation and the centre of air services there. The second international airport in Nepal is located at Gautam Buddha International Airport, also known as Lumbini, the site of Gautam Buddha's birth. The third international airport in operation in Nepal is Pokhara International Airport, which is situated in the centre of the city's tourism industry.

International airports

Gautam Buddha International Airport, Siddharthnagar
Pokhara International Airport, Pokhara
Tribhuvan International Airport, Kathmandu

The top ten Domestic airports in Nepal are shown below:

1. Lukla Airport (Tenzing Hillary Airport)
1. .Pokhara Airport
2. Simara Airport
3. Bharatpur Airport
4. Biratnagar Airport
5. Surkhet Airport
6. Nepalgunj Airport
7. Jomsom Airport
8. Bajura Airport
9. Salle Airport

1.3 List of airlines of Nepal

This is a list of airlines which have a current air operator's certificate issued by the Civil Aviation Authority of Nepal.

1. Buddha Air
2. Guna Airlines
3. Himalaya Airlines
4. Nepal Airlines
5. Saurya Airlines
6. Shree Airlines
7. Sita Air
8. Summit Air
9. Tara Air
10. Yeti Airlines

1.4 Market Share

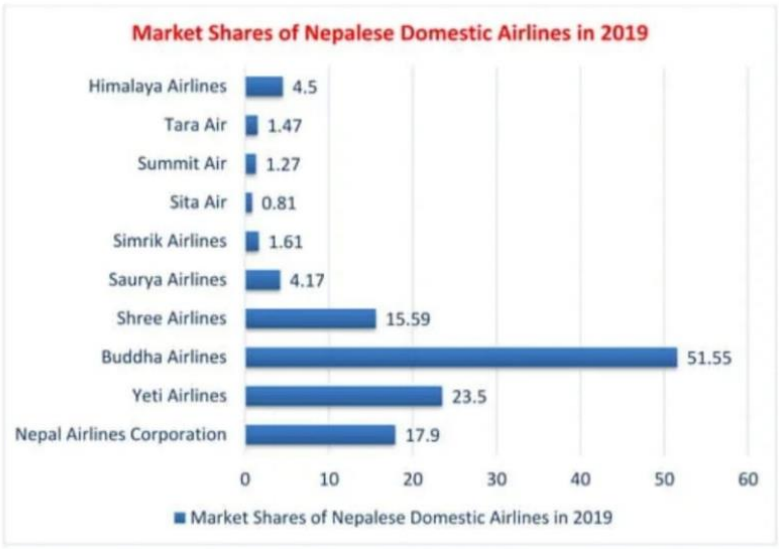

Figure 1: Market Share

Buddha Airlines has got the highest market share among all the domestic airlines companies in Nepal with 51.55% followed with Yeti Airlines 23.5%. NAC used to have the highest market share of alone 50% in the year 1979 AD.

1.5 Flight Movement

Figure 2: Flight Movement

This data gives the flight Movement Comparison Between 28 domestic airports and Tribhuvan International airport in the year 2018 which clearly shows that other domestic airports have more aircraft movement than in TIA due to the large number of passenger travelling within different cities of the country.

1.6 Passenger Movement

DOMESTIC AIR PASSENGER MOVEMENT 2023

Airline	2022	2023	Change (in%)
Buddha Air	2,387,812	2,577,618	7.94
Yeti Airlines	937,157	717,030	-23.48
Shree Airlines	717,523	605,338	-15.63
Saurya Airlines	177,956	122,571	-31.12
Sita Air	14,661	21,002	43.25
Tara Air	24,950	18,678	-25.13
Summit Air	21,797	17,069	-21.69
Nepal Airlines	17,417	13,278	-23.76
Guna Airlines	116,375	6,037	-94.81

Figure 3: Passenger Movement

According to a breakdown of passenger statistics in 2023, Buddha Air emerged victorious in terms of passenger transportation. With the exception of Sita Air and Buddha Air, all domestic airlines had a decline in passenger growth in the previous year.

Flying 2.57 million passengers, Buddha Air saw a sharp 7.94 percent increase in passenger counts last year compared to 2022. With 17 aircraft in its fleet at the moment, Buddha Air holds 63 percent of the passenger market share.

The number of passengers on Yeti Airlines, Buddha's closest competitor, decreased by 23.48 percent to 717,030 in 2023 as opposed to 2022.

In 2023, Shree Airlines, which transitioned to fixed-wing operations in April 2017, carried 605,338 passengers, a 15.63 percent decrease from the previous year.

Similar to this, Saurya Airlines handled 122,571 passengers in 2023 after beginning operations in November 2014. down 31.12 percent, compared to the 2022 figures.

In 2023, Guna Airlines carried 6,037 passengers. The airline had a resurgence in 2021 when it purchased five Jetstream 31 aircraft from Yeti Airlines. The number of passengers dropped by an astounding 94.81 percent. In February 2023, the airline dissolved.

Tara Air, a subsidiary of Yeti that solely serves rural areas, experienced a decline in passenger growth in 2023. 18,678 people were flown last year, a 25.13 percent decrease from the previous year.

Another airline that flies to far-off places, Summit Air, reported a 21.69 percent decrease in passengers year over year to 17,069.

Nepal Airlines, a state-owned airline, had a difficult 2023. During the assessment period, the national flag carrier suffered a 23.76 percent decrease in passenger counts, to 13,278.

Following that, Nepal Airlines' passenger count decreased.

1.7 Cargo Movement

Figure 4: Cargo Movement

This data gives the cargo movement companies between 28 domestic airports and TIA in the year 2018 which shows that other airports have more cargo movement than TIA.

CHAPTER - 2: LITERATURE REVIEW

Literature Review

2.1 Review of Nepali Aviation Industries:

Nepali aviation history is not as old as other aviation histories. The airline's flag carrier in Nepal is called Nepal Airlines. As previously stated, the first airline in Nepal was Royal Nepal Airlines Corporation (RNAC), which was founded in 1958. Initially, this airline operated on a few internal routes in India and Nepal. A few foreign aircraft from China, Russia, and the UK have joined the fleet. The fleets were primarily funded by aid initiatives from the nation of manufacture. The RNAC network connected 38 domestic and 10 international locations, including London, Frankfurt, and Tokyo, in 1987 after the route progressively grew both internally and outside [10]. In 1957 A.D., the Ministry of Work, Communication, and Transportation formed the Department of Civil Aviation to regulate the aviation industries.

2.1.1 The early period (1950s and 1960s)

Nepal Airlines was established as Royal Nepal Airlines in July 1958 with one Douglas DC-3.

2.1.2 1970s to 1990s

NAC purchased its first Hawker Siddley HS-748 in 1970. Twin Otters and Boeing 727s were added to the fleet in 1971 and 1972, respectively. In 1987, the airline's Boeing 727s were gradually replaced by two Boeing 727s. Thirty-eight percent of foreign tourists visiting Nepal were transported by RNA. However, this figure was lower than the company's peak market share of 50% in 1979 because of a number of geopolitical factors, including as the conflict in the SAARC area. For Nepal Airlines, Indian Airlines proved to be a formidable rival. From 1988 to 1989, RNAC had $54.3 million in revenue and $17 million in operating profit. With 2,200 employees, NAC has grown to be both the biggest employer in the nation and the source of foreign exchange earnings, bringing in about $15 million annually. 75 percent of company’s passengers were foreigners. Then, RNAC was the only airline providing domestic flight services (Nepal Airlines, n. d.).

2.1.3 1990s to 2000s (Period of Corruption)

The 1990s to 2000s were a corrupt period. The country's democratic transition led to the liberalisation of the domestic aviation sector and the emergence of several new private airline firms, including Necon Airways, Nepal Airways, Everest Air, Buddha Air, Yeti Airlines, and Sita Air. A significant issue centred upon the leasing of a Boeing 767 aircraft from Lauda Air in Austria in December 2000, following concerns from government and labour representatives. The latter stated that the transaction was unneeded since NAC was not using its two existing Boeing 757s to their full potential and that the actual cost per flying hour of the Laudab plane was $5,000, which was $1,150 more than what was originally agreed upon. The chairman of the RNAC was placed on leave while an inquiry was conducted, and other NAC executives; Nepal's tourism and civil aviation minister resigned soon after. In 2004, it was reported that the Government of Nepal had decided to sell off 49% of its stake in Nepal Airlines, to the private sector, and hand over management control, whilst retaining a 51% share. This would provide the investment to get the airline out of significant debt. The former chairman of Nepal Airlines was jailed for corruption in February 2005. In this period private sector of Nepali aviation industries were doing their best to reach the level of RNAC at that time.

2.1.4 2010 till Date (Modernization Period):

At present there are about 15 private airlines including helicopter services operated in Nepal. Buddha Air and Yeti airlines are doing well in aviation business as compared to others. Buddha Air is considered as the best among the modern air industries in the SAARC region. Modern ATR aircrafts of these airlines make Buddha Air one of the safest airlines in Nepal. All present aircraft and its fleet status are shown in the appendix.

2.2 Analysis of Aviation Industries as Growth Sector of Economy

Thai Airlines, which was founded in 1960, two years after Nepal Airlines, is one of the benchmarks for Nepal Airlines in every aspect of the aviation organisation, and the author has taken this into mind for the comparison analysis. Based on the trend presented in Figure 2, it is evident that Thai airlines' fleet count increased steadily and sharply up until 1980 [11]. In a similar vein, Nepal Airlines' fleet count increased even though it did so more slowly than Thai Airways' fleet count until 1980. However, after 1980, NA's fleet size appeared to be declining while Thai Airways' fleet size continued to rise. Growth in finances for CAAN, a governmental body, is a valuable indicator to understand the entire aviation industries of Nepal. On analyzing the data of Civil Aviation Authority of Nepal (CAAN), the following have been observed:

1. Due to improved road accessibility to Nepal's rural areas, there is a decrease in passenger traffic and aircraft movements there.
2. Because more people are working abroad in the Middle East, Korea, Malaysia, and other nations, Nepal is seeing an increase in international passenger travel, aircraft movements, and cargo transportation.
3. The total number of direct employees in these aviation businesses has grown to 20,000 (200 manpower per aircraft), indicating strong economic growth in these industries.
4. The government of Nepal has not yet given thought to the industries' potential economic benefits. But this industry offers a lot of advantages, both direct and indirect. For example, direct earnings would come from freight and passenger transportation, while indirect revenues would come from more tourists visiting Nepal, which would support the growth of the country's tourism sector. Considering

all of these factors, it is therefore past time to recognise the positive impact of Nepal's aviation industry's expansion on the country's economic progress.

5. The growing popularity of tourism flights and aviation sports may present a greater opportunity for Nepal's aviation industry to expand in the future.

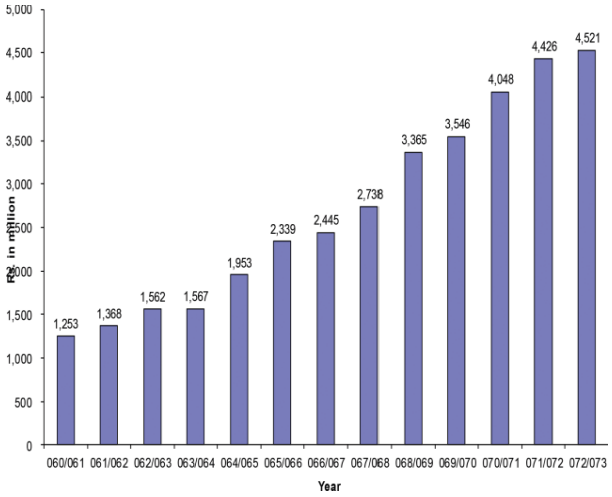

Figure 5: Revenue trend of CAAN (Positive proof of Economic Growth in Nepal

To put it briefly, the aviation sector in Nepal contributes to the country's economic prosperity. However, there are still a number of areas that might use better. The government of Nepal must introduce new initiatives, such as proposals for air medical services, aviation sports, and even aviation tourism like mountain flights. The government must also take crew and passenger safety into account. It is without a doubt unreasonable to expect competent management and strong leadership in a nation where the government is unstable. Nevertheless, a few crucial issues that Nepal has not yet implemented are joint ventures, economic discipline, employee ownership, and modernising aircraft fleets. These procedures would make both the security of the airline's operations and the safety of its passengers and personnel a breeze. In addition to being a key driver of global socioeconomic growth, the aviation sector plays a critical role in fostering economic development by generating both direct and indirect jobs, assisting small and local businesses, attracting foreign investment, and fostering international trade. The number of fleets, workers, revenue, and service expansion all contribute to the aviation industry's growth rate.

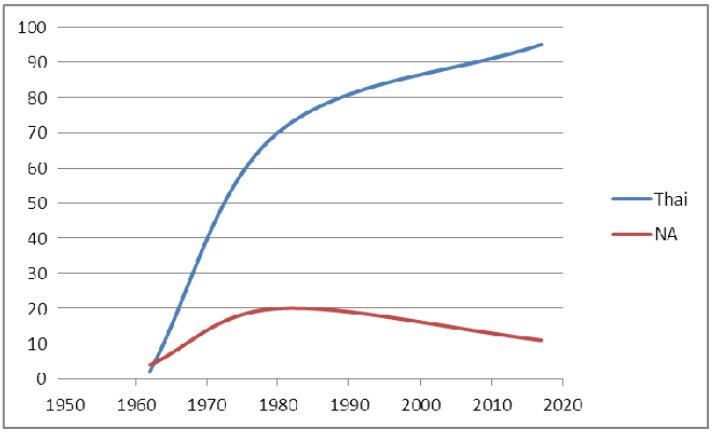

Figure 6: A comparative analysis of Thai Airways' and Nepal Airlines' aircraft fleets

The comparison above makes it evident how many aircraft each of Thai Airways and Nepal Airlines has in their fleet. Despite the fact that these two airlines launched simultaneously, Thai Airways outperforms Nepal Airlines in every aspect of the business. In Nepal, the overall growth rate of the aircraft fleet is approximately 3%, while in Thailand, it exceeds 15%. In this Asian region, aviation is growing at a rate of roughly 10% regionally. Nepal lags significantly behind the rest of the world in terms of aviation growth. The author wants to talk about it in the section devoted to arguments. After examining figures 2 through 7, we can say that, from an international economic standpoint, the aviation sector is growing.

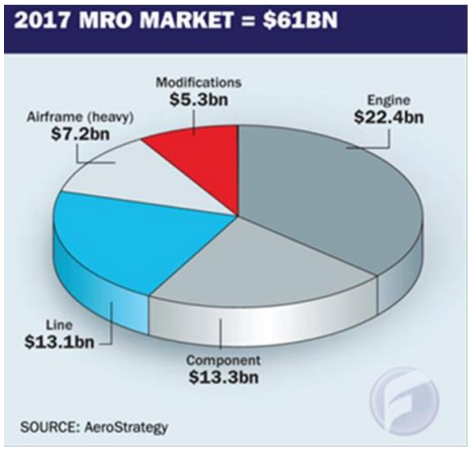

Figure 7: Aircrafts Maintenance Market

Including its direct, indirect, and induced effects, the aviation sector adds approximately US$ 880 billion (or 2.4% of the world economy) to the global GDP annually. It directly affects the GDP by US$ 330 billion.When comparing all regions, the air transport industry in North America and Europe contributes the most to GDP. Travel by air is essential for tourism. Currently, 40% of visitors from abroad go by plane. In contrast to other forms of transportation, the air transport industry bears the majority of the costs associated with its infrastructure, including runways, airport terminals, and air traffic control, instead of relying on public funding and subsidies, as is usually the case for roads and railroads. Additionally, businesses in the aviation sector contribute significantly to national treasuries through tax payments. Airport commercial revenue and user fees (passengers and airlines) pay for aviation infrastructure. The consistent decline in the actual cost of flying has been a major factor in the increase in passenger volume. In Nepal, it is improbable that airports would serve the outside world. Thanks to its ability to create jobs and raise tax revenues, air travel also contributes to economic growth as key components of the global transportation system, connecting businesses and people with and the reduction of poverty.

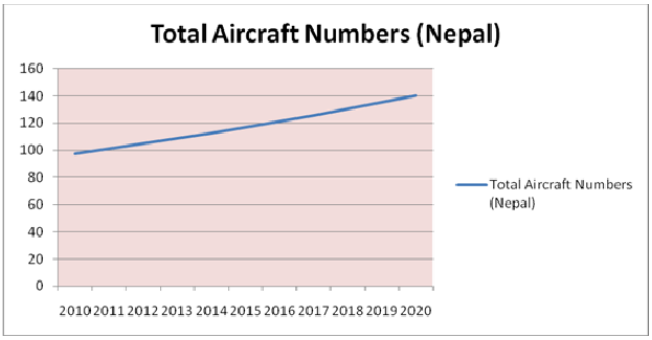

Figure 8: Aviation Growth in Nepal

According to the aforementioned data, Nepal's aviation industry is growing at one of the slowest rates in the SAARC region.

2.3 Latest ten year aircraft accident occurred in Nepal

Date	Type of Aircraft	Operator	Place	Fatality	Detail link
2013 June 1	Dornier DO228	Sita Air	Simikot ,Karnali	0	
2013 May 27	Cessna 208B Grand Caravan	Goma Air	Simikot, Karnali	0	
2013 May 16	De Havilland DHC-6 Twin Otter	Nepal Airlines	Jomsom, Dhawalagiri	0	2013 Nepal Airlines Flight 555
2014 February 16	De Havilland DHC-6 Twin Otter	Nepal Airlines	Arghakhanchi, Lumbini	18	2014 Nepal Airlines Flight 183
2016 September 24	Bae Jetstream 41	Yeti Airlines	Siddharthanagar, Lumbini	0	
2016 February 26	PAC 750XL - Pacific Aerospace Corporation	Air Kashtamandap	Chilkhaya, Karnali	2	
2016 February 24	De Havilland DHC-6 Twin Otter	Tara Air	Dana, Dhawaagiri	23	2016 Tara Air Flight 193
2017 May 27	Let L-410 Turbolet	Summit Air	Lukla	2	Summit Air Flight 409
2022 May 27	de Havilland Canada DHC-6-300 Twin Otte	Tara Air	Myagdi	22	Tara Air Flight 197
2023 January 15	ATR72	Yeti Air	Pokhara	72	Yeti Airlines Flight 691

2.4 Nepal's aviation industry have safety issues

2.4.1 A challenging landscape.

Situated between India and China, Nepal is home to eight of the world's fourteen highest mountains, including Sagarmatha, also known as Mount Everest. It's an almost incomparably difficult environment for flying operations, with abrupt weather changes that might create dangerous situations**.**

Mountainous areas frequently require their airports to have shorter runways, suitable only for regional aircraft powered by turboprops, instead of massive jet airliners that can reach Nepal's larger towns.

As a result, Nepali aviation carriers' fleets include a wide range of aircraft. The state of these boats varies, which could be dangerous.

One common aircraft operated by Nepali carriers is the ATR 72. This regional aircraft, powered by a turboprop, can carry 44 to 78 passengers. A joint venture between Airbus in France and Leonardo in Italy produces these aircraft.

2.4.2 A growing and fast-changing industry

Since 1992, Nepal has allowed foreign investment in the aviation industry. Twenty domestic carriers include Yeti Airlines. The airline, which has its main office in Kathmandu, uses ATR 72-500 aircraft to fly to ten domestic locations. Additionally, the capital of Nepal is served by 29 foreign airlines. While air travel in Nepal is becoming more widely available and reasonably priced, the construction of airport infrastructure has lagged well behind the increase in air traffic. Due to this, airport traffic is becoming more congested, airline fare rivalry is growing, and safety records are declining.

In reality, since 2000, the nation has reported at least 350 fatalities related to aircraft or helicopters, raising concerns about the efficacy of its aviation safety laws.

2.4.3 Working hard to improve

In 1960, Nepal joined the International Civil Aviation Organisation (ICAO) of the United Nations. The nation is required by this membership to follow international agreements as well as the rules, guidelines, and suggested practices in aviation safety set forth by the ICAO.

Even though Nepal's aviation sector has worked hard to increase safety, sadly, the country's safety record still falls short of what other civil aviation authorities need.

Specifically, the ICAO's red flag in 2013 prompted the European Union to forbid all Nepali aircraft from using its airspace. Nepal is still listed as an EU Air Safety List country, and that prohibition hasn't been lifted yet.

Nepal is working harder to increase aviation safety in spite of the terrible casualty rate. Enhancing airport infrastructure, modernising safety gear, and promoting hazard reporting are just a few of the ways the Civil Aviation Authority of Nepal has been working to make Nepali aviation safer.

2.5 Effective Way to minimize aircraft Accident

Nepal government must take several measures without delay to prevent repeated air accidents. The first thing the government must do is to enhance safety regulations. The government regulatory body should strengthen safety regulations and their enforcement to ensure that all airlines and aircrafts meet safety standards.

2.5.1 Increase investment in air traffic control technology

Automation and advanced navigation systems help optimize flight paths, reducing flight times and fuel usage. According to NASA, advanced air traffic control technology can help the aviation industry save up to 12 billion litres (3.2 billion gallons) of fuel annually. Enhanced radar, satellites, and automation allow for the handling of more aircraft simultaneously, increasing the capacity of airports and airspace. Global use of ADS-B technology is part of continuing modernization initiatives. It greatly increases the precision of surveillance by enabling aircraft to automatically transmit their position to air traffic controllers via satellite.

2.5.2 Regular safety audits are equally important.

Making sure that the reports from a safety audit are clear and easy for all staff members to understand is crucial. It's crucial to conduct them on a frequent basis and to inform every employee of the results. They will be able to learn how to prevent workplace dangers and implement safer work practices in this way.

Safety audits are an essential part of maintaining health and safety in the workplace. It helps to prevent accidents and injuries by creating awareness. It is beneficial to both the company and its employees.

2.5.3 Upgrading and maintaining airports, runways and navigation systems

Three fundamental techniques are used to maintain airport runways: chemical removal, mechanical grinding or milling, and high-pressure water blasting. The most crucial step in returning the pavement's natural macro roughness which offers the aircraft wheel good drainage in wet conditions is removing the rubber layer that adheres to the surface. The removal of objects including stones, oils, cans, bottles, nails, plastic bags, suitcase wheels, handles, locks, straps, knives, forks, and baggage tags from the airport apron area is crucial since they put an aircraft's tyres, engine, and thrust reverse danger of harm. Apron areas that are utilised for loading cars and aircraft stands are susceptible to contamination by gasoline, oils, and lubricants. To get the best results, these regions can be maintained and cleaned by applying grease solvents, flushing with water, and, if necessary, water jet cleaning.

2.5.4 Acquiring and use of latest technologies

Technology can also help you prevent mid-air collisions by providing you with information and alerts. For example, you can use transponders, which broadcast your identity, altitude, and position to other aircraft and air traffic control. You can also use collision avoidance systems, such as traffic alert and collision avoidance system (TCAS) or automatic dependent surveillance-broadcast (ADS-B), which warn you of nearby aircraft and suggest maneuvers. However, you should not rely solely on technology, and always use your own judgment and visual cues.

2.5.5 Safety Enhancement:

Reducing aircraft accidents has been made possible in large part by technology. Air safety is greatly increased by systems like the Traffic Collision Avoidance System (TCAS), which alerts pilots to possible collisions with other aircraft.

2.5.6 Proper Maintenance or Repairs Aircraft Engines.

Maintain the engine's temperature at a level that will extend its lifespan. An engine can sustain damage if it runs at a temperature that is too high or too low; the engine's size and kind will determine the exact temperature. Reduce significant temperature fluctuations when flying. Abrupt temperature variations brought on by flying across different climate zones might cause more engine wear and tear. Shock cooling can cause damage, including cracks in the cylinder head, thus it's crucial to carefully consider your flight path before take-off in order to reduce temperature fluctuations.

CHAPTER -3: DISCUSSION

Discussion

Argument and Discussion on Aviation Industries as a Growth Sector of Economy

Based on the aforementioned data and illustration, the following significant economic advantages of air travel can be inferred:

1. Since aviation offers the only global transportation network, it is crucial to both international commerce and tourism. It is essential for promoting economic expansion, especially in emerging nations.
2. Each year, aviation carries almost 2 billion passengers and accounts for 40% of interregional commodities exports (by value). Today, 40% of visitors from abroad travel by plane.

3. 29 million employment are created by the aviation sector worldwide (via direct, indirect, induced, and catalytic effects).
4. The estimated global economic impact of aviation, including direct, indirect, induced, and catalytic effects, is US$ 2,960 billion, or 8% of the global gross domestic product (GDP).
5. There are approximately 22,000 aircraft in the fleets of the 900 airlines operating in the world. Through a route network spanning several million kilometres, overseen by over 160 air navigation service providers, they provide services to approximately 1,670 airports. A quarter of all businesses' sales rely on air travel. According to 70% of companies, one major advantage of using air services is being able to serve a larger market.

According to a global survey of aviation growth, the SAARC area has an over 10% growth rate in aviation. With one of the world's fastest expanding economies and a significant impact on both home and export markets, SAARC is beginning to establish itself as a major rising region. The region's "macro" character denotes optimism over trade and investment. With its strategic location, lucrative development market, and plenty of talented labour and professional management at reasonable prices, SAARC has one of the world's largest pools of scientists, engineers, technicians, and managers. Despite this context, there are a number of reasons why Nepali aviation is struggling. Based on the previously described historical history, it may be inferred that multiple Nepali airlines were in the Nepali sky after open sky policy of Government of Nepal. Political instability and Poor Managerial Leadership qualities are responsible for this poor aviation growth. But during economic boom era as mentioned earlier, it is clearly noticed that Nepali aviation can flourish like any other airlines in the world.

Figure 9: Aviation industrial economic turbulence during various crisis

In the twenty-first century, air travel employs a lot of people. The air transport sector creates 29 million jobs worldwide, of which 5 million are direct jobs and 5.8 million are indirect jobs resulting from purchases of goods and services from businesses in its supply chain, according to ICAO research findings. 2.7 million jobs were created as a result of airline workers' expenses. 15.5 million employment, both direct and indirect, are created by air travel's catalytic effect on tourism. There were no discernible effects even during the economic turmoil.

3.1 Safety's role

These factors have a significant impact on aeroplane safety as well. Nepal has been a democratic nation for the previous 25 years, under the leadership of the Prime Minister. This demonstrates the nation's considerable political instability during these times. The quantity of air crashes may also be a crucial factor in maintaining a steady fleet size of aircraft. Since 1958, there have been 55 fatal aviation accidents and

772 overall casualties. Up to 22 plane accidents in Nepal since 2000 are documented in the Aviation Safety Database of the Aviation Safety Network, 14 of which resulted in fatalities. Aviation is widely regarded as the safest means of transportation worldwide, but Nepal's high rate of plane accidents raises serious concerns about the safety of the aviation industry there. Are the sky in Nepal comparable? Unsafe Are we cursed by our location? Is human error a major factor in accidents that result in death? Is our aviation sector lacking in technological know-how? These are a few of the questions that come to mind for anyone who looks at the ICAO data regarding aircraft accidents in Nepal. Aircraft crashes in Nepal are caused by a variety of circumstances, but nearly all of them are intimately related to human error. The primary duty of an aviation leader is to ensure that internationally developed and accepted safety standards are applied, and this is directly linked to the rising frequency of plane crashes in Nepal. Hence, Nepal's low safety record can be attributed to inadequate leadership. leadership in terms of regulations, industries, and the national level, Everyone bears some responsibility for the expansion or contraction of Nepal's aviation sector. According to Nepalese aviation specialists, the driving forces behind the aviation industry's economic growth have been identified through the application of the Delphi research technique. Experts in aviation from Nepal have held multiple rounds of debate and identified influential elements. Here is a summary of the major factors that, according to data analysis, influenced the aviation industries. All aviation industry professionals were present in the experts group, including Ex. DG, Senior Pilots, Senior Aeronautical Engineers, ATC personnel, and Airport Managers. All final selected influencing factors are listed as below:

- Corruption as it was noted in the analysis.
- Ineffective organisational leadership; insecurity in politics
- Changes in Leadership Frequency
- Noncompliance with regulations;
- Unhealthy competition among airlines
- Geopolitical factors; organisational culture

3.2 Corruption

I have read through some of the important study findings that confirm the link between corruption and the economy. Brazil has produced some of the most fascinating corruption research to date. There are two aspects to research on political corruption in Brazil: 1) The swaying of political outcomes in favour of private economic interests; and 2) The unlawful seizure and "detour" of public monies by elected officials and/or those designated by them (individuals or organisations) for personal or political campaign financing. The high rates of corruption and underdevelopment in the countries that make up the Economic Community of West African States (ECOWAS) are a result of years of political unrest.

3.3 Economic Growth and Leadership:

Throughout these leadership transitions, countries see consistent shifts in their growth rates, indicating that leaders have a significant causal impact on the economic results of their countries. The study also demonstrates how powerful a leader's influence is in autocratic environments but considerably weaker in environments with democratic institutions. Transitions in the leadership do have an impact on the paths of economic progress. To effectively manage the transition process, public administration must function effectively.

3.4: **Culture of the Organisation**

An organization's organisational performance will be positively impacted by its organisational culture

.

3.5 Political instability:

Nearly all elective posts in African nations don't adhere to the fair procedures set forth by the parties; the outcomes are frequently predetermined. The established protocols are typically disregarded and not adhered to. Political unrest hinders economic expansion. This result is extremely strong because it comes from a model that also accounts for a number of other economic drivers and "regional" characteristics that influence growth and political stability.

3.6 Observance of regulations:

Transparency, responsibility, moral conduct, organisational design, and risk management are all related to compliance. Businesses will define the scope of compliance cautiously to avoid starting with a lot of things and ending up with only a few.

3.7 International Politics:

Market disruption may result from geopolitical shifts that cause political or economic instability. These are just a few of the many variables that affect an aviation organization's leadership. Effective leadership can help an organisation achieve its objectives and grow in all areas, including finances, employee count, services, and market expansion both domestically and internationally. Nepal has been overlooked in the aviation sector because of its location between two highly developed nations. There are a few government initiatives in Nepal's future that could be considered significant economic development milestones. Those national big projects are as follows:

- Pokhara Regional International Airport Project;
- Gautam Buddha International Airport Project;
- Air Transport Capacity Enhancement Project;
- Second International Airport Project.

A glimmer of hope has emerged from the complete darkness in Nepal's aviation industry thanks to these expanding projects. Large-scale national initiatives like these can make a significant contribution to the expansion of the aviation sector. Consequently, the following represents the theoretical framework of this research report

CHAPTER -4: CONCLUSION

Conclusion

Investments in aviation services and infrastructure, especially in developing nations, have a number of important and advantageous effects. Enhanced connection for aviation, together with gains in GDP growth and productivity, can further enhance a nation's "competitiveness." Nepal's geographic location makes it a potential regional hub for the Asian area with enormous aviation industry potential. Since aviation offers the only global transportation network, it is crucial to both international commerce and tourism. It is essential for promoting economic expansion, especially in emerging nations. Nepal has the capacity to thrive not only in the global arena but also in the aviation sector. It satisfies every requirement for the aviation industry's sustained growth. Now, the only things our aviation industry needs are a little help from the government and money for maintenance. The discussion section's ideas regarding corruption and

leadership have been tried and tested in other nations as well, and they have demonstrated a key influence in the development and progress of aviation. In summary, strong political stability and effective leadership may create opportunities for the aviation industry to flourish, which will boost both our nation's economy and the standard of living for its citizens. The author hopes that by bringing attention to the lagging elements of the aviation industry, this research study would raise awareness among the pertinent authorities, government, and stakeholders. The author also hopes that this will contribute to the academic field's expertise. This information will also prove to be beneficial for managers seeking to expand their aviation businesses globally. Future researchers may find the above model to be a useful tool.

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