

**Role of Ecotourism and Homestay Tourism in the Rural and Urban  
Economy of Darjeeling Hills**

A Thesis Submitted

To

**Sikkim University**



In Partial Fulfilment of the Requirement for the

**Degree of Doctor of Philosophy**

By

**Runa Rai**

Department of Economics

School of Social Sciences

Under the Supervision of

**Dr. Ruma Kundu**

Department of Economics

Sikkim University

June 2023

DEDICATED TO MY FATHER

LATE TILAK RAI

&

MY DEAREST BROTHER

LATE RIWASH RAI

WHO HAD ASSISTED ME DURING THE INITIAL DAYS OF MY FIELD SURVEY, BUT LEFT US BEFORE THE  
COMPLETION OF THIS STUDY.

6 माइल, सामदुर, तादोंग - 737102  
गंगटोक, सिक्किम, भारत  
फोन-03592-251212, 251415, 251656  
टेलीफैक्स - 251067  
वेबसाइट - [www.cus.ac.in](http://www.cus.ac.in)



6th Mile, Samdur, Tadong-737102  
Gangtok, Sikkim, India  
Ph. 03592-251212, 251415, 251656  
Telefax : 251067  
Website : [www.cus.ac.in](http://www.cus.ac.in)

# सिक्किम विश्वविद्यालय SIKKIM UNIVERSITY

(भारत के संसद के अधिनियम द्वारा वर्ष 2007 में स्थापित और नैक (एनएएसी) द्वारा वर्ष 2015 में प्रत्यायित केंद्रीय विश्वविद्यालय)  
(A central university established by an Act of Parliament of India in 2007 and accredited by NAAC in 2015)

Date: 20/6/2023

## DECLARATION

I declare that the thesis entitled "**Role of Ecotourism and Homestay Tourism in the Rural and Urban Economy of Darjeeling Hills**" submitted to Sikkim University in partial fulfilment of the requirement for the degree of **Doctor of Philosophy**, is my original work. This thesis has not been submitted for any other degree of this University or any other University.

*Runa Rai*

**Runa Rai**

**Roll No: 18PDEC05**

**Reg. No: 18/Ph.D/ECO/05**

We recommend that this thesis be placed before the examiners for evaluation.

*Dr. Ruma Kundu*  
**Dr. Ruma Kundu**  
Assistant Professor  
Dept. of Economics  
Sikkim University

Department of Economics

Sikkim University

*Prof. Manesh Choubey*  
**Prof. Manesh Choubey**

अध्यक्ष  
Head  
Head of the Department/In-Charge  
Department of Economics  
सिक्किम विश्वविद्यालय

Department of Economics

Sikkim University

6 माइल, सामदुर, तादोंग - 737102  
गंगटोक, सिक्किम, भारत  
फोन-03592-251212, 251415, 251656  
टेलीफैक्स - 251067  
वेबसाइट - [www.cus.ac.in](http://www.cus.ac.in)



6th Mile, Samdur, Tadong-737102  
Gangtok, Sikkim, India  
Ph. 03592-251212, 251415, 251656  
Telefax : 251067  
Website : [www.cus.ac.in](http://www.cus.ac.in)

# सिक्किम विश्वविद्यालय SIKKIM UNIVERSITY

(भारत के संसद के अधिनियम द्वारा वर्ष 2007 में स्थापित और नैक (एनएएसी) द्वारा वर्ष 2015 में प्रत्यायित केंद्रीय विश्वविद्यालय)  
(A central university established by an Act of Parliament of India in 2007 and accredited by NAAC in 2015)

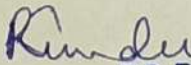
Date: 20/6/2023

## CERTIFICATE

This is to certify that the thesis entitled “**Role of Ecotourism and Homestay Tourism in the Rural and Urban Economy of Darjeeling Hills**” submitted to Sikkim University in partial fulfilment of the requirement for the degree of **Doctor of Philosophy in Economics**, embodies the result of bona fide research work carried out by **Ms. Runa Rai** under my guidance and supervision. She has fulfilled the requirements relating to nature, period of research and presentation of seminar talk etc.

It is also being certified that the research work brings to light the results of an original investigation made by **Ms. Runa Rai** and no part of the thesis has been submitted for any degree, diploma, associateship and fellowship.

All assistance and help received during the course of the investigation have been duly acknowledged by her.

  
Dr. Ruma Kundu  
Assistant Professor  
Dept. of Economics  
Sikkim University  
Supervisor

Assistant Professor

Department of Economics

Sikkim University.

6 माइल, सामदुर, तादोंग - 737102  
गंगटोक, सिक्किम, भारत  
फोन-03592-251212, 251415, 251656  
टेलीफैक्स - 251067  
वेबसाइट - [www.cus.ac.in](http://www.cus.ac.in)



6th Mile, Samdur, Tadong-737102  
Gangtok, Sikkim, India  
Ph. 03592-251212, 251415, 251656  
Telefax : 251067  
Website : [www.cus.ac.in](http://www.cus.ac.in)

# सिक्किम विश्वविद्यालय SIKKIM UNIVERSITY

(भारत के संसद के अधिनियम द्वारा वर्ष 2007 में स्थापित और नैक (एनएएसी) द्वारा वर्ष 2015 में प्रत्यायित केंद्रीय विश्वविद्यालय)  
(A central university established by an Act of Parliament of India in 2007 and accredited by NAAC in 2015)

Date: 20/6/2023

## PLAGIARISM CHECK CERTIFICATE

This is to certify that the plagiarism check has been carried out for the following Ph.D. Thesis with the help of **URKUND Software** and the result is 1% which is within the permissible limit (below 10% tolerance rate) as per the norms of Sikkim University.

**“Role of Ecotourism and Homestay Tourism in the Rural and Urban Economy of Darjeeling Hills”**

Submitted by **Runa Rai** under the supervision of **Dr. Ruma Kundu, Assistant Professor in the Department of Economics, School of Social Sciences, Sikkim University, Gangtok, 737102, India.**

*Runa Rai*

Signature of the Candidate

*R. Kundu*

Countersigned by the Supervisor  
Assistant Professor  
Dept. of Economics  
Sikkim University

*[Signature]*  
16/6/2023  
Vetted by the Librarian  
Librarian

केन्द्रीय पुस्तकालय Central Library  
सिक्किम विश्वविद्यालय  
Sikkim University

## ACKNOWLEDGEMENT

I am highly indebted and grateful to all individuals who have supported me directly or indirectly in completing this study.

Firstly, I would like to extend my deepest gratitude to my Supervisor, Dr. Ruma Kundu, Assistant Professor, Department of Economics, Sikkim University. I shall remain thankful to her for providing me continuous support in my research study. Completing this thesis would not have been possible without her constant encouragement, invaluable guidance and support throughout the period of my research work. Her kind, patient and approachable guidance has helped me remain focused throughout this long process. I will remain immensely grateful to her for providing me with all the scholarly freedom.

I also extend my sincere thanks to Prof. Jeta Sankrityayana who immensely supported and guided the whole research process right from the beginning. He has always provided the necessary guidance whenever I was in need. At the same time, I am also very thankful to the entire faculty members of Department of Economics, Sikkim University. I take this opportunity to extend special thanks to Anirud Rai for helping me with the preparation of study area maps.

I also thank Sikkim University Central Library for providing us all the necessary facilities. I also thank my friends Pravin, Alka, Purna Hang, Suman, Lekden, Arpana, Priya, Nim, Utpaljit, Kripashree, Kishore, Naren Sir and Christopher Bhai. Lastly, I will ever remain indebted and grateful to my family members (Aama, Riwash, Akayla, Ninum Hang, Kaka, Kaki, Priyanka, Pravash, Nirmala, Abinash) for supporting me in all my endeavours so far. I also thank my in-laws (Mother-in-law, Father-in-law, sisters-in-law).

Finally, I am very much thankful to (my then dear friend and now husband) Rajiv for helping me throughout this research process. With his invaluable suggestions, he has helped me to bring this thesis to the present shape.

Lastly, I extend my special thanks to all the homestay operators who generously agreed to participate in this survey and provide me with all the necessary information.

I shall remain thankful to you all and the ones not mentioned here.

- **Runa Rai.**

## TABLE OF CONTENTS

	Page No.
Declaration	i
Certificate	ii
Plagiarism Check Certificate	iii
Acknowledgement	iv
Table of contents	v-vii
List of tables	viii
List of figures	viii
Acronyms	ix
Abstract	x
<b>CHAPTER 1: INTRODUCTION</b>	<b>1-21</b>
1.1 General Background	1-5
1.2 Ecotourism and Homestays	5-8
1.3 Brief History of the Study Region	8-10
1.4 Rationale of the Study	10
1.5 Statement of Problem	11
1.6 Research Objectives	12
1.7 Research Questions	12-13
1.8 Research Hypotheses	13
1.9 Data and Methodology	13-20
1.9.1 Study Area, Sampling and Data Collection	13-19
1.9.2 Data Analysis	20
1.10 The organisation of the Thesis	20-21
<b>CHAPTER 2: REVIEW OF LITERATURE</b>	<b>22-45</b>
2.1 Introduction	22
2.2 Tourism and Economic Development	22-26
2.3 Regional Mountain Studies	26-31
2.4 Sustainable Tourism	31-34
2.5 Evolution of Ecotourism	34-38
2.6 Regional and Mountain Studies	38-44
2.7 Existing Research Gaps	44-45
<b>CHAPTER 3: PERFORMANCE AND DEVELOPMENT OF TOURISM IN DARJEELING HILLS</b>	<b>46-71</b>
3.1 Introduction	46-47
3.2 Growth and Evolution of Tourism in Darjeeling Hills	47-53
3.2.1 Rise of Darjeeling's Tourism Industry under the British Rule	48-49
3.2.2 Post-independence period	50-51



3.2.3 Tourism in Darjeeling after the formation of DGHC	51-52
3.2.4 Tourism under GTA	52-53
3.3 Performance of Tourism statistics: India and Darjeeling	53-60
3.4 Emergence of Alternative Forms of Tourism in Darjeeling	60-62
3.4.1 Need for Sustainable Tourism	63-64
3.4.2 Emergence of Eco-tourism in Darjeeling	64-68
3.5 Homestays in Darjeeling: Commercialisation of Rural Homes	68-70
3.6 Conclusion	70-71
<b>CHAPTER 4: SOCIO-ECONOMIC CHARACTERISTICS OF THE HOMESTAY OPERATORS IN THE DARJEELING HILLS</b>	<b>72-88</b>
4.1 Introduction	72-74
4.2 Socio-economic Profile of the sample homestay operators	74-86
4.2.1 Demographic profile	74-78
4.2.2 Socio-economic Status of the Homestay Operators	78-82
4.2.3 Access to Basic Amenities	82-84
4.2.4 Homestay Business Status of the Operators	84-86
4.3 Conclusion	87-88
<b>CHAPTER 5: NATURE OF HOMESTAY BUSINESS IN THE DARJEELING HILLS</b>	<b>89-102</b>
5.1 Introduction	89-92
5.2 Line of Analysis	93-96
5.3 Empirical Results	96-101
5.3.1 Activity Diversification Index	99
5.3.2 Regression Results	99-101
5.4 Conclusion	101-102
<b>CHAPTER 6: HOMESTAYS AS A BUSINESS VENTURE: MOTIVATION FOR STARTING HOMESTAY BUSINESS IN DARJEELING HILLS</b>	<b>103-129</b>
6.1 Introduction	103-106
6.2 Push-Pull Model of entrepreneurship	106-110
6.3 Studies on motivational factors to start homestay business	110-112
6.4 Challenges faced by homestay business operators	112-114
6.5 Motivational factors for starting homestay business in Darjeeling	115-122
6.5.1 Pull Factors	115-120
6.5.2 Push Factors	120-122
6.6 Key challenges faced by home-stay accommodation operators in Darjeeling Hills	123-128
6.7 Conclusion	128-129

<b>CHAPTER 7: IMPACT OF HOMESTAY BUSINESS IN DARJEELING HILLS</b>	<b>130-151</b>
7.1 Introduction	130-131
7.2 Existing Studies	131-134
7.3 Analytical Framework	134-137
7.4 Impact on Employment and Income	137-140
7.5 Homestay Operators' Perceptions of Impact	140-150
7.5.1 Economic Impact	141-143
7.5.2 Social Impact	143-145
7.5.3 Cultural Impact	145-147
7.5.4 Environmental Impacts	147-149
7.6 Conclusion	150-151
<b>CHAPTER 8: ECONOMIC VALUATION OF LAMAHATTA ECO PARK</b>	<b>152-179</b>
8.1 Introduction	152-155
8.2 Location of the Study Site: Lamahatta Eco Park	155-157
8.3 Sampling	158
8.4 Contingent Valuation Method (CVM)	158-165
8.4.1 Economic Valuation through Contingent Valuation Method (CVM)	160-161
8.4.2 Descriptive Statistics	161-162
8.4.3 Factors affecting visitors' Willingness to Pay (WTP) for the Park	162-165
8.5 Economic Valuation of Lamahatta Eco Park Using Travel Cost Method (TCM)	165-177
8.5.1 The Count Data Model	168-169
8.5.2 Truncated Poisson Regression	169-171
8.5.3 Estimation of Recreational Demand of Lamahatta Eco-Park	171-174
8.5.4 Estimation of Recreational Benefit and Consumer Surplus of LEP	174-177
8.6 Conclusion	178-179
<b>CHAPTER 9: CONCLUSIONS AND POLICY RECOMMENDATIONS</b>	<b>180-188</b>
9.1 Conclusion	180-186
9.2 Policy Recommendations	186-188
Bibliography	189-212
Appendix A: Homestay Questionnaire	213-216
Appendix B: Tourist Questionnaire	214-217
Appendix C: Photographs from the Field	219

## LIST OF TABLES

Title	Page No
Table 1.1 Sample design	15
Table 3.1: Trends in Foreign Tourist Arrival, Foreign Exchange Earnings and Tourism contribution to Employment in India	54
Table 3.2 Performance of Tourism industry in Darjeeling	58
Table 4.1. Demographic Profile of the Homestay Operators	75
Table 4.2 Socio-economic status of the Homestay operators	79
Table 4.3 Access to basic amenities	83
Table 4.4 Homestay Business status of the operators	85
Table 5.1. Determinants of Livelihood Diversification in the Darjeeling Hills	96
Table 5.2 Determinants of Livelihood Diversification	100
Table 6.1: Push and pull motivational factors of entrepreneurs to enter home-stay accommodation businesses.	120
Table 6.2: Issues and challenges encountered by home-stay operators in Darjeeling Hills.	124
Table 7.1: Result of Regression Analysis for Employment Generation by the Homestays	137
Table 7.2: Result of Regression Analysis for the Homestay Business income	139
Table 7.3: Economic impacts of homestay business in Darjeeling Hills	142
Table 7.4: Social impacts of homestay business in Darjeeling Hills	144
Table 7.5: Cultural impacts of homestay business in Darjeeling Hills	146
Table 7.6: Environmental impacts of homestay business in Darjeeling Hills	148
Table 8.1: Visitors' Socioeconomic and demographic characteristics	162
Table 8.2: Estimated Results on WTP for Lamahatta Eco Park	163
Table 8.3 Estimated results of Lamahatta Eco Park recreation demand model	172
Table 8.4: Estimated recreational benefits and Consumer Surplus of LEP	175

## LIST OF FIGURES

Figure 1.1: Map of the Sample Study Area	17
Figure 3.1 Foreign Tourist Arrivals (FTAs) according to Purpose (%)	57
Figure 5.1: Economic Activities of the Homestay Operating Households	97
Figure 5.2. Percentage Dependence of Sample Households on Homestay Business and Other Activities	98
Figure 6.1: Conceptual Framework of Homestay Business Start-up in Darjeeling Hills.	115
Figure 7.1: Inter-linkages between Homestays, Ecotourism and Urban and Rural Economies	150
Figure 8.1 Location Map and Picture of Lamahatta Eco Park	156
Figure 8.2: Travel cost demand function and Consumer Surplus	177



## List of Acronyms

ADI	Activity Diversification Index
CBT	Community-Based Tourism
CVM	Contingent Valuation Method
DGHC	Darjeeling Gorkha Hill Council
FEE	Foreign Exchange Earnings
FIT	Free Independent Travellers
FTA	Foreign Tourist Arrival
GDP	Gross Domestic Product
GHNP	Great Himalayan National Park
GJMM	Gorkha Janamukti Morcha
GNLF	Gorkha National Liberation Front
GTA	Gorkhaland Territorial Administration
HHI	Herfindahl-Hirschman Index
ITCM	Individual Travel Cost Method
LD	Livelihood Diversification
LEP	Lamahatta Ecotourism Park
MLE	Maximum Likelihood Estimator
MWS	Mean Weighted Score
NGO	Non-Governmental Organisation
OLS	Ordinary Least Squares
SERVE	Save Environment and Regenerate Vital Employment
TCM	Travel Cost Method
TLGH	Tourism-Led Growth Hypothesis
TTDI	Travel and Tourism Development Index
TWS	Total Weighted Score
UNDP	United Nations Development Program
VIF	Variance Inflation Factor
WBTDC	West Bengal Tourism Development Corporation
WTA	Willingness to Accept
WTP	Willingness to Pay
WWF	World Wildlife Fund
ZTCM	Zonal Travel Cost Method

## **ABSTRACT**

Tourism is an important tool for economic development for any country. Darjeeling, a popular tourist destination in West Bengal, has experienced mass tourism every year. Mass tourism in the hilly regions has not only rendered positive economic effects but has also caused degrading impacts on the local environment, its natural resources and culture. As a response to such unsustainable tourism development, alternative tourism concepts like rural tourism, ecotourism and homestays have been increasingly sought after by tourists and adopted by the host communities as well. Using primary data collected from 120 homestay operators in ten ecotourism sites of Darjeeling hills, the present study has identified the motivating factors that have influenced people's decision to adopt homestay business as their source of livelihood. It has also examined whether homestay business is a complementary or a substitute or a supplementary occupation to traditional economic activities in the region. Further, attempt has also been made to study the impact of homestay tourism on the rural economy in Darjeeling Hills in terms of income and employment generation. Finally, using data collected from 100 tourists, it has also attempted to analyse the economic valuation of Lamahatta Eco-Tourism Park. The results argue that economic pull factors like desire to earn extra income and the potential of this business were the major factors. It was also found that the homestay business has significant positive impact on income and employment generation. Homestay operators also perceived significant economic, social, cultural and environmental impact. Homestay business was found to be a supplementary occupation in the region. This study suggests that homestay business should be supported as a strategy for economic development in the region. Homestay operators should be supported with proper training, financial assistance, infrastructural development and marketing.

# CHAPTER 1

## INTRODUCTION

### 1.1 General Background

Tourism is an important tool for economic development for any country. It is one of the fastest growing sectors in the World. It provides tremendous employment opportunities to the entire global population. According to the report of World Travel and Tourism Council 2022, the Travel and Tourism contributed 6.1 percent to global GDP and created 289 million jobs in 2021. In recent times, the tourism industry has been showing a significant role in earning foreign exchange, creating employment, and promoting economic diversification helping to revive the declining rural economy. It creates employment opportunities even for young people and women. Therefore, this study provides interesting insights that could add further to the body of knowledge regarding homestay tourism activity in India, a developing country.

Indian tourism has benefitted a lot from the recent growth in global tourism. It has become a major global destination. It received over 7% of the world's total tourists in 2011 (Kannegieser, 2015). Out of 117 countries around the world, India ranks 54 in terms of Travel and Tourism Development Index (TTDI), 2021 (Government of India, 2022). The past few decades have seen a steep rise in the number of tourists visiting India.

According to the Ministry of Tourism, Foreign Tourists Arrivals (FTAs) in India increased from around 5.78 million in 2010 to around 10.93 million in 2019. It has also contributed to foreign exchange earning for the country as foreign exchange earning increased by 26.4 percent from US\$ 6.9 billion in 2020 to US\$ 8.7 billion in 2021

(Government of India, 2022). This has encouraged the introduction of various tourism products and off-beat destinations in India with many new forms of tourism like Community-Based Tourism (CBT), rural tourism, and nature-based tourism etc. According to a Ministry of Tourism, rural tourism implies any form of tourism that exhibits and promotes rural life, art, culture and heritage at rural locations and has positive economic and social impact on the local community while also facilitating interaction between the tourists and the locals for a more enriching tourism experience. Thus, increasing importance is being devoted on the development of rural tourism sites by the Ministry of Tourism in India.

Rural development is as important as urban development. Rural development is the process of improving the quality of life and economy in the rural parts of the country. The rural areas of Darjeeling have generally been dependent on agriculture and natural resources for their earning their livelihood. Local communities today are taking a wider perspective in seeking economic growth through ecotourism and homestay tourism.

Tourism development in the hilly regions of India and other developing countries has faced challenges like low subsistence level economies, poverty, rough terrain, poor accessibility and fragile environments owing to the geographic and social uniqueness of these regions (Sood et al., 2017). However, on the positive side, these rugged and pristine terrains, beautiful scenery, and unique cultural sites attract an increasing number of tourists worldwide to this region every year. So far, this burgeoning conventional mass tourism in the hilly regions has not only rendered positive effects like economic and infrastructural development but has also caused degrading impacts on the local environment, its natural resources and culture. Hilly and mountainous regions are fragile



regions. Tourism development in these regions has to strike a balance between economic benefits and environmental concerns. As a response to such unsustainable tourism development in the hills, alternative tourism concepts like rural tourism, ecotourism and homestays have been increasingly sought after by tourists and adopted by the host communities as well (Mura, 2015). Moreover, they are also advocated and promoted by governments as instruments for rural development in countries like Malaysia, and Kenya (Kimaiga et al., 2015). In addition, tourists' increasing interest in traditional lifestyles, local cultural heritage, and environmental concerns have popularized the demand for homestays (Ibrahim & Razzaq, 2010). Homestays, in India and around the world have been increasingly looked upon as an effective strategy for improving livelihood in rural and remote economies. It was identified as an effective tool in reducing rural poverty in the Mekong region in Asia (Leksakundilok, 2004).

Ecotourism and Homestay tourism are important forms of sustainable tourism. The term ecotourism was first termed by Hector Lascurain in 1983 (Yajid & Khatibi, 2015). The International Ecotourism Society has defined ecotourism as responsible travel to natural areas in a manner that encourages environment conservation, promotes the well-being of the local population, and involves interpretation and education (Lai & Nepal, 2006). Ecotourism generates economic opportunities for the local people by making sustainable use of environmental resources (Kiper, 2013).

Ecotourism presents several economic benefits to the local community such as employment opportunities, revenue generation, exposure to new skills and empowerment opportunities for women (Ogorelc, 2009). Besides the conservation of biodiversity, ecotourism aims to provide livelihood opportunities to the local communities. Ecotourism

often involves visits to remote locations generating a need for accommodation services at the sites. This leads to the opportunity for the local community to offer accommodation services in their own houses at the sites and earn additional incomes. Thus, the concept of homestays tourism has developed along these ecotourism sites.

Homestays are a new and popular form of accommodation arrangement within the hospitality industry (Bhuiyan et al., 2013). A homestay, by its combined word homestay, is staying in someone's home as a paying guest for a short period. Since such accommodations are provided by individual families and communities, homestay regulation has accepted it as managed by individuals or communities (Adhikari, 2022). Homestays seek to attract tourists away from crowded urban areas towards rural areas rich in natural surroundings, by providing them with clean, comfortable and budget-friendly accommodation and food. It allows tourists to stay and sleep at the residences of their hosts at destinations located well away from urban hotels and lodging facilities. It provides an opportunity for tourists to interact with the local communities, cultural heritage and natural environment. Thus, homestays offer a unique experience of the local way of life. Homestay tourism also improves the visitor's awareness of sustainability. It improves tourists' awareness of local culture and encourages them to deliver culturally acceptable behaviour towards the locality. Thus, it also helps to reduce environmental pollution and social degradation. Homestays are often complemented with tourism packages such as eco-tourism, agri-tourism and cultural tourism. Homestay tourism started as a holiday concept in Europe in the late 1970s (Zainuddin & Bakar, 2008). Homestays have limited capacity, facilities and quality services for the customers. Important components of homestays involve educational opportunities, entertainment

facilities, food availabilities, proper arrangement of accommodation and hospitality (Levitt, 1986).

Besides serving the tourists and conserving the environment, homestays provide employment opportunities as well as economic development for the local communities and thus improve income and quality of their life (Bhuiyan et al., 2011). Homestay business can be one of the major activities for economic development in rural areas (Bhuiyan et al., 2013). Homestays allow rural societies with limited economic options to utilize their homes and the rural settings in which they reside to earn income (Kontogeorgopoulos et al., 2015).

Local governments can encourage homestay accommodation for the economic development of local people. It is also regarded as a potential business operation for the local entrepreneurs. It provides an investment opportunity for local entrepreneurs to earn good returns within a span of short time period (Bhuiyan et al., 2013). It requires quite a low investment as it can be started by using existing rooms in one's house. As compared to bigger hotels and resorts, homestays create less water pollution and garbage. Through this program, local communities can derive various economic, social, environmental and cultural benefits (Chaiyatorn et al., 2010).

## **1.2 Ecotourism and Homestays**

Tourists often want to experience or participate in the daily way of life in rural areas like assisting in vegetable gardens, organic farming, helping in cooking local cuisine, and assisting with livestock activities (Jurdana, 2015). Homestays provide an opportunity for such an experience to visitors. Tourists, mostly from urban areas, chose to spend their

vacations in rural settings where they can find peace and rejuvenate themselves and also learn about different ways of life.

In recent times, homestays are being used by policymakers as a tool for income and employment generation and poverty reduction. This study analyses the socioeconomic impact of homestay business in the Darjeeling Himalayan Region. Homestays constitute an integral part of ecotourism. Generally, the ecotourism sites are in isolated far-flung areas endowed with natural beauty, serene environments and rich cultures, which can be marketed internationally for attracting tourists. In such areas, the homes of local people can be used for accommodation purposes. Tourists visiting the ecotourism sites can resort to homestays. Thus, ecotourism and homestay tourism go hand in hand.

Homestays, as an alternative to conventional hospitality, offer local and authentic experiences (Lynch et al., 2007), and thus attract tourists longing for new, unique and genuine experiences (Wang, 2007). Instead of being put up in a lodge or guest house, a visitor is accommodated in a local house where he/she can experience the daily life of a rural household. Visitors are accepted as family members by the host family and get a chance to spend time with the family observing their customs, values and culture, which allows them to experience the taste of rural life. Homestay tourism draws tourists away from posh and crowded urban areas to the rural locality full of splendid natural surroundings. Such a unique experience offers a refreshing escape from the stressful lives of the cities. For this experience, the visitor pays the homestay operator. Thus, with very less investment, a household can earn additional income (Rakhal, 2015) by offering the food and amenities that they would consume daily. In recent years, homestay tourism is being used as major equipment for the reduction of rural poverty. It integrates all

activities of tourism like trekking, cultural tourism, agro-tourism, health tourism, and ecotourism. With fewer entry barriers than the formal tourism sector, homestay business entrepreneurship is suitable particularly for the under-resourced rural population.

The natural scenic beauty of the Darjeeling Hills in West Bengal attracts tourists in lakhs from around the globe every year. The region has now started seeing the emergence of homestays in its rural parts where the principal source of livelihood is agriculture and plantation activities. As a result, homestay tourism has become popular and tourists increasingly prefer to stay in homestays with families rather than in hotels and resorts (Pasanchay & Schott, 2021; Basak et al., 2021). As a result, numerous homestays have been started by the local population in major tourism sites of this region as an alternative source of income and employment. Therefore, the main purpose of the present study is to examine the impact of homestay businesses on employment and income generation.

In India, the concept of homestays started around 10 years ago in the backwaters of Kerala and the deserts of Rajasthan. Many places in India have now developed homestay tourism for purely commercial purposes. In Northeast India, areas like Sikkim, Nagaland, Assam and Darjeeling have developed several exotic homestays for tourists in areas with rich natural biodiversity (Bhan & Singh, 2014). In Darjeeling, the concept of homestays has gained popularity over the past decade, since this sector is acting as a powerful tool for economically empowering the community. Women in the Darjeeling homestay areas have gained increased confidence, along with feelings of pride and local ownership and improved hygienic standards. Homestay tourism is also a reliable source of income for them (Kannegieser, 2015).

Homestay tourism may be regarded as a sustainable form of community-based tourism in far-flung areas. Local participation in the activity provides direct economic benefits, while the earnings from tourism remain localised within the community. Tourists visiting homestay areas also report vivid tourism experiences and greater overall satisfaction (Gnanapala & Sandaruwani, 2016). Homestays accommodate visitors in local houses where they have a cultural opportunity to participate in the activities of the household (Thakuri & Nepal, 2016).

### **1.3 Brief History of the Study Region**

Darjeeling, which is also popular as the “Queen of the Hills” is known worldwide for its tea cultivation and tourism. Darjeeling is one of the districts that lie in the Eastern Himalayan range of India with a total area of 3149 square kilometres, and a population of 18, 46,823 as per the census 2011. Darjeeling today is the result of the British clearing of dense hill forests for plantation.

The district shares an international frontier with Nepal in the West, Bhutan in the east, Bangladesh in the south and Tibet in the north. Darjeeling district has peculiarity and diversity of its own in respect of political affairs, geographical structure, economic patterns, demographic structure, socio-cultural attributes and natural resources.

The colonial history of Darjeeling begins after the Treaty of Sagauli (1815) was signed between the East India Company and the Gorkhas through which, the tract wrested from Sikkim by the Gorkhas was ceded to the East India Company (Dozey, 1922). In 1817, the whole tract between the Mechi and Tista rivers was restored to Sikkim by the treaty of Titalya. Sikkim was maintained as a buffer state between Nepal and Bhutan.

On being sent to mediate a border dispute between Sikkim and Nepal, Captain G.W Lloyd and G.W Grant came up to 'the old Gorkha station of Dorjiling' in 1828, where they spent six days. They recommended the development of Darjeeling as a sanatorium for the benefit of European soldiers. Capt. Lloyd was directed to open negotiations with the Raja of Sikkim for acquiring Darjeeling by the British. Under the Deed of Grant by the Raja of Sikkim on 1<sup>st</sup> February 1835, Darjeeling was presented as a gift to the East India Company in a gesture of goodwill. In 1839, Dr. Arthur D. Campbell was appointed, as Superintendent of the district. The first road to Darjeeling was finally completed in 1842, after which a cart road from Siliguri to Darjeeling was built in 1861.

The Darjeeling town was initially established by the British as a hill station for urban tourism for the colonial population. Simultaneously, a large area of Darjeeling was brought under plantations meant for large-scale cultivation of tea, coffee and exotic European fruit. For both these activities to take place, the British hired worker-migrants mainly from Nepal, by providing them with free homesteads and alluring cash wages. Thus a large new population entered the hill tracts of Darjeeling as rural migrants, allowing the Darjeeling tea industry to proliferate rapidly. Alongside tea, the cultivation of the medical herb cinchona also commenced at Mungpoo in 1864, because of the need to combat widespread malarial disease. The farm economy of the region was established to provide food and sustenance to the plantation workers as well as to seasonal visitors to the townships. Thus both the plantation economy and the farm economy developed side-by-side in the rural areas of Darjeeling. Construction of the Darjeeling Himalayan Railway in 1881 opened the way for smooth communication between the plains and the

hill towns, allowing greater volumes of tourists and manufactured tea to be transported. This further accelerated the development of the region.

After the British left India in 1947, this old pattern of development ended. The tea industry stopped growing and the regional farm economy became stagnant. Finally, the inflows of European and foreign tourists were replaced by domestic tourists, leading to the replacement of high-end tourism with high-volume domestic tourism. As a tourist destination, Darjeeling became increasingly crowded and congested, reducing the attraction it held for tourists. Growth in the rural economy slackened because of industrial sickness and downsizing of the tea industry, as well as stagnation in plantation wages, and market competition for local food grains and vegetables from commodities originating in the plains. The long economic setback has forced many people in the Darjeeling hills to take up new economic activities as their new livelihood option. This has led to the evolution of ecotourism and homestay tourism, as a new form of rural tourism that sustains the rural economy of the Darjeeling hills.

#### **1.4 Rationale of the Study**

Tourism is a major and important source of foreign exchange earnings which has an important role in socio-economic and cultural development in developing countries like India. Among many conventional forms of tourism, ecotourism is gaining popularity among tourists in recent years. Eco-tourism aims to draw tourists away from mass tourism towards a more sustainable form of tourism that gives more emphasis to nature. In such places of ecotourism, homestays provide accommodation.



## **1.5 Statement of Problem**

Darjeeling Hills has been facing problems regarding the depletion of its natural resources due to various tourism activities which have led to a decrease in the number of tourists flowing to the hills. Ecotourism and homestay tourism is believed to be the sun-rise sector apart from tea tourism especially in Darjeeling hills. However, eco-tourism and homestay tourism have not been promoted and adopted optimally in the Darjeeling Hill region despite the huge potential it bears. Thoughtless and random development of tourism by the government under economic and social pressure has only worsened the situation. In the tourism industry, while hotels are run and leased by outsiders, locals are mostly absorbed in petty jobs like guides, drivers, porters, cooks, etc. (Bhutia, 2015). The rural poor have indeed found an alternative to the agricultural distresses in ecotourism.

Darjeeling is popular across the world for its tea and tourism, which are major sources of income. Yet, many rural people in the Darjeeling hills depend on agriculture for their daily livelihood. The overall lack of proper infrastructure, credit, storage and marketing facilities, etc. has made agriculture less rewarding. Some people are resorting to new economic activities like ecotourism and homestay tourism as livelihood alternatives. With this new form of tourism, tourists nowadays have started visiting rural areas and are contributing directly to the development of the rural economy of Darjeeling. No economic assessment of this new trend has been made so far. The present study would draw focus to the role being played by ecotourism and homestay tourism in the rural and urban economy of Darjeeling Hills.

## **1.6 Research Objectives**

The general objective of the research is to explore and analyse the impact of homestay on different facets of the life of host families and the community in the study region, which can be achieved with the fulfillment of the following specific objectives; The research study will seek:

- i. To examine the socio-economic condition of households involved in homestay tourism activities in the Darjeeling Hills.
- ii. To identify the motivating factors that has influenced people's decision to adopt homestay business as their source of livelihood.
- iii. To examine whether homestay business is a complementary or a substitute occupation to traditional economic activities in the region
- iv. To study the impact of homestay tourism on the rural economy in Darjeeling Hills in terms of income and employment generation.
- v. To analyse the economic valuation of Lamahatta Eco-Tourism Park.

## **1.7 Research Questions**

The following research questions will be examined in the study:

- i. What are the socio-economic conditions of homestay operators in Darjeeling Hills?
- ii. What factors have motivated the households' decision to start a homestay business?

- iii. Is homestay business supplementing employment in traditional economic activities in rural regions in the Darjeeling Hills?
- iv. What is the impact of homestay tourism in the study area in terms of income and employment generation?
- v. Does the Lamahatta Ecotourism Park provide any recreational value to people?

## **1.8 Research Hypotheses**

The study will test the following hypotheses:

- i. Homestay business has played a significant role in the improvement of socio-economic conditions of the households involved in Homestay business in Darjeeling Hills.
- ii. Economic factors are responsible for motivating people to shift from traditional rural livelihoods to homestay businesses.
- iii. Homestay tourism has a significant impact in terms of employment and income generation in Darjeeling Hills.
- iv. Lamahatta Ecotourism Park provides recreational value to people.

## **1.9 Data and Methodology**

### **1.9.1 Study Area, Sampling and Data Collection**

Darjeeling, also popular as the “Queen of the Hills”, is known worldwide for its tea cultivation and tourism. Darjeeling is one of the districts, that lies in the Eastern Himalayan range of India with a total area of 3,149 square kilometres. It is a popular hill station in India located at an average elevation of 6,709 feet above sea level. It is famous for scenic views of the Himalayan mountain range, including the world’s third-highest

peak, Kanchenjunga. Surrounded by lush green tea plantations, Darjeeling provides a cool and pleasant climate throughout the year, making it a popular tourist destination. It shares international borders with the countries of Nepal in the West and Bhutan in the East. It also shares borders with the Indian states of Sikkim in the North and West Bengal and Bihar in the south. Geographically, the study area lies between the latitudes 26°27" to 27°13"N and longitudes 87°59"E to 88°53"E. The population is 18,46,823 as per census 2011. Darjeeling has a rich history and was once a summer destination for the British. Since the middle of the 19<sup>th</sup> century, it has been seeing a large number of tourists visiting. Further, tourism got more impetus after the economic liberalization of 1991. It is also quite popular among the tourists for its toy train, the Darjeeling Himalayan Railway, which has been designated as a UNESCO World Heritage Site.

Tourism is one of the major industries in Darjeeling and is known for tea tourism and eco-tourism. Homestays have also become popular in recent years, with tourists opting to stay with local families to experience the culture and lifestyle of the region. As per the records of the Ministry of Tourism, Government of India, Darjeeling received around 1.3 million tourists in 2019.

This study is based on both primary and secondary data sources. The secondary data and information were collected from different secondary sources such as Census and Economic Census publications, Tourism Ministry Reports, DGHC & GTA publications, and other papers, articles and reports from different academic and news journals.

Primary data was collected in two parts:

(a) For the first four objectives, primary data was collected from 120 homestay operators from 10 major eco-tourism sites of the Darjeeling Hills namely, Chhota Mangwa, Latpanchor, Lamahatta, Tinchuley, Lepcha Jagat, Sittong, Rangbhang, Makaibari, Rimbick and Chatakpur. Data was collected using an interview schedule in November 2020-February 2021. The socio-economic data of the homestay operators have been statistically analysed using frequency and percentages in MS-Excel. The central part of this study involves the analysis and interpretation of the collected data on homestay operators. The sample respondents were chosen based on purposive sampling technique (Table 1.1).

**Table 1.1 Sample design**

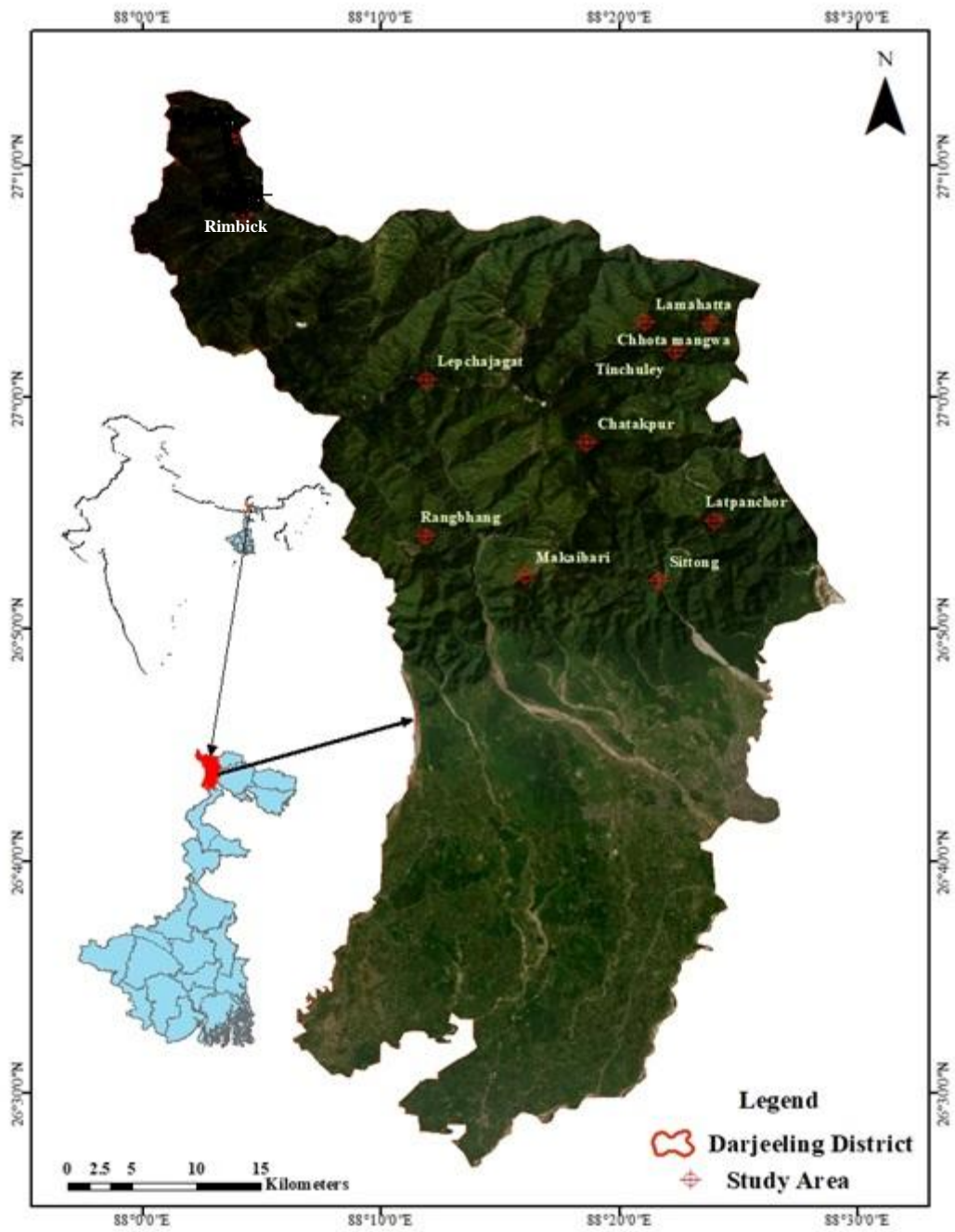
<b>Sl. No.</b>	<b>Site</b>	<b>No of homestays</b>
1	Chhota Mangwa	12
2	Latpanchor	12
3	Lamahatta	12
4	Tinchuley	12
5	Lepcha Jagat	12
6	Sittong	12
7	Rangbhang	12
8	Makaibari	12
9	Rimbick	12
10	Chatakpur	12
Total sample homestays		120

In the first stage, 10 ecotourism sites were selected. In the second stage, from each site, 12 homestays were selected randomly, making a total sample size of 120 homestays. Figure 1.1 presents a map of Darjeeling District showing the study area and location of

10 ecotourism sites selected for this study. The following section presents a brief description of the selected ecotourism sites.

1. **Lamahatta** is a small beautiful village situated just 23 km away from Darjeeling town and rich in different traditions and cultures. From this place, visitors can enjoy a beautiful view of mighty Kanchenjunga. It has some natural trails and a beautiful eco-park. There are many homestays in Lamahatta where one can stay and experience the beauty of nature, local food, traditions, and cultures.
2. **Chatakpur** is a small forest village located at an altitude of 7,887 feet within the Senchal Wildlife Sanctuary in Darjeeling District and is bounded by the Kanchenjunga Mountain Range in the North and the river Rely Khola in the south. The geographical location of this village makes it a paradise for nature lovers. Also, the village has several forest trails that are ideal for light treks and birdwatching.
3. **Rimbick**: is another small beautiful village which is about 100 km from Darjeeling town. It is a popular destination for trekkers. It lies at the edge of Singalila National Park. Phalut and Sandakphu are two popular summits on the Singalila Ridge. Tourists can avail of the services of organized treks to the ridge.
4. **Latpanchar**: Located in the Mahanadi Wildlife Sanctuary and having birdwatching potential, Latpanchar is famous for The Rufous-necked hornbill bird which is today found only in a few parts of Asia.

Figure 1.1: Map of the Sample Study Area



Source: Created by Authors using QGIS 3.22.10

5. **Makaibari Tea Estate:** is a family-owned tea estate situated in the beautiful Kurseong valley of Darjeeling. It is considered as one of the oldest and the very first tea estate to establish a factory in the region. Tourists can enjoy a nature walk through mountain and valley areas, walk through mountain villages, birds located at a height of around 5800 ft,
6. **Tinchuley** is a tiny mountainous village in the Darjeeling Hills. The word Tinchuley means Three Ovens and the place is named so owing to three prominent hilltops surrounding the place looking like an oven. Tinchuley faces the Kalimpong Hills. It's a developing tourist place. In Tinchuley, World Wide Federation (WWF) has supported around 17 households in developing a model organic village and promoting village tourism.
7. **Chhota Mangwa:** is located in the mountains above Teesta Bazaar, a little over 60 km from Siliguri and 35 km from Darjeeling. In the local dialect, the place where wheat is cultivated is called *mangwa*. Eco-tourism has become a source of livelihood here as it has in other parts of the Darjeeling Himalayas.
8. **Rangbhang:** is a tiny Himalayan village located around 58 km away from Siliguri at the foothills of the Himalayas in the district of Darjeeling closer to the Indo-Nepal border. It is scantily populated by the local inhabitants who earn their livelihood by growing organic crops and vegetables and by rearing cattle and poultries. In recent years, homestay and ecotourism have become important sources of livelihood for them. Wild animals such as leopards, Deer, Foxes, Hare, Wild Boar and beautiful birds are usually found in the surrounding jungle.



9. **Sittong:** is another important tourist destination in the Kurseong Sub-Division of the Darjeeling Hills. Sittong is famous for orange cultivation. An increasing number of tourists visit this place to refresh their mind and soul. They can enjoy the beautiful view of the Himalayan peaks, small rivers, the chirping of birds, the orange orchards, and the surrounding greenery. This site located far away from pollution and hustle-bustle of the urban chaos has been attracting a rising number of tourists every year. The orange orchards here are a visual treat for tourists. While walking in the villages, tourists can enjoy the orange gardens in the backdrop of eye-catching natural beauty.
10. **Lepchajagat:** is a village surrounded by beautiful hills and pine trees. This place is located at an altitude of 6956 feet above sea level. It is only 14 kilometres from Darjeeling. This place is very well known to nature lovers seeking to visit a quiet and serene place away from the hustle and bustle of urban life. This village is covered with hills, a jungle, and many wildflowers. Tourists can have a view of Kanchenjunga, sunrise and sunset on a clear weather day.

(b) For the fifth objective i.e. valuation of Lamahatta Eco Park, data was collected from 100 visitors visiting the park. The survey was conducted in March 2021. The questionnaire comprised of two sections: the first section concerned the socio-economic characteristics of the visitors, and the second section collected information on the various form of expenditure related to a site visit and leisure activities.

### **1.9.2 Data Analysis**

To justify the above-stated objectives both qualitative and quantitative analyses have been carried out. To analyse both primary and secondary data, simple descriptive statistics like mean weighted score, descriptive statistics, multiple regressions, diagrams, trend analysis etc. have been used. The socio-economic conditions of the homestay operators have been examined using appropriate descriptive statistics such as frequency table, percentage scores, mean scores and standard deviations. Apart from this, the impact of ecotourism and homestay tourism on the rural economy of Darjeeling Hills has been analysed by employing multiple regression analysis and mean score analysis.

To estimate the recreational value of an ecological park, Lamahatta Ecological Park was selected. A total of 100 tourists were interviewed inside the park using a structured schedule. The respondents included both local and non-local visitors. Information related to travel costs, willingness to pay and socio-economic factors were collected from the visitors. Multiple regression and Truncated Poisson regression were used to identify the determinants of WTP and the recreational demand of the park. STATA 14 was used to conduct all statistical analyses.

### **1.10 The organisation of the Thesis**

The entire thesis has been divided into nine chapters that focus on various aspects of the research. The first chapter provides a background of the study, an overview of tourism, the historical importance of the tourism sector in the study region and the economic importance of homestays in tourism. It outlines the problem statement, objectives, research questions and study hypotheses of the study, and methodology of the study.

Then, Chapter 2 presents an extensive review of relevant theoretical and empirical literature on the role of ecotourism and homestay tourism. Based on the reviewed literature, a research gap and the relevance of the study are also drawn. Chapter 3 of this thesis provides an overview of tourism development in the Darjeeling Hills. Chapter 4 discusses the socio-economic status of homestay operators in Darjeeling. It provides a detailed description of the demographic and socio-economic conditions of the respondents. In Chapter 5, we have attempted to ascertain whether homestay business is a complement or a substitute or a supplementing activity to traditional economic activities. In Chapter 6, the motivating factors to start a homestay business are classified into pull and push factors and the most significant determinants of homestay business start-up are identified. Based on the primary survey, Chapter 7 examines the economic impacts of homestay businesses on employment and income generation in the study area. In addition, Chapter 8 deals with the economic valuation of Lamahatta Ecotourism Park. This chapter analyses consumers' WTP for the conservation and management of the park and estimates its recreational value. The last chapter presents the summary conclusions of the study and suitable policy recommendations for expanding the scope of ecotourism and homestay activities across the Darjeeling region.

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

#### **2.1 Introduction**

This chapter presents a comprehensive overview of the existing literature on tourism, ecotourism and homestay tourism in the international, national & regional and mountainous regions context. Previous research studies have been described, summarised, evaluated and criticised in this chapter. Review of existing literature helps us to identify the research done in this area and also determines the nature of the research. Acknowledging the previous research in this area assures the reader that it is a well-conceived study. A literature review provides a full understanding of the developments in the field. It assures the readers that most of the previous relevant studies have been reviewed and assimilated.

Through the comprehensive discussion of several existing studies, we have identified research gaps, contradictions in earlier studies, research questions and objectives and appropriate methodologies in research. This section has discussed literature related to tourism and economic development, the evolution of tourism and the emergence of ecotourism, and ecotourism in the mountain regions and homestays.

#### **2.2 Tourism and Economic Development**

In recent years, the role of tourism in the economic development process of a country has been the focus of several research studies owing to its significant direct and indirect impact on the economy (Paramati et al., 2017; Nyasha et al., 2021; Bhattarai &

Karmacharya, 2022). Tourism is now considered an efficient tool for promoting the economic growth of the host country (Briedenhann & Wickens, 2004).

Tourism can affect economic activity through several channels. For instance, this sector contributes to the creation of employment opportunities and an increase in tax revenues, encourages investment in infrastructure, human capital and technology, and improves the productivity of domestic firms through increased competition. Furthermore, it may be considered an alternative form of export and hence a prime source of foreign exchange earnings (Basariya & Ahmed, 2019), which reduces the deficit in a country's balance of payments.

In a recent study, Wijesekara et al. (2022) studied the impact of tourism on economic growth in 105 nations using data for the period 2003-2020. The results of the study show that tourism contributes significantly to economic growth and vice-versa. In case of most of the regions, it was found that that tourism has a substantial role in economic growth and vice versa. They suggest that the development of tourism especially through the use of demand-creation strategies might lead to economic growth.

Similarly, Shahzad et al. (2017) examined the empirical validity of the tourism-led growth hypothesis (TLGH) in the top ten tourist destinations in the world (namely China, France, Germany, Italy, Mexico, Russia, Spain, Turkey, the United Kingdom, and the United States). The empirical results of the study illustrated a positive relation between tourism and economic growth for all the countries under study, albeit with with significant differences across countries. Particularly, for China and Germany, the link was relatively weaker may be because of the less significance of tourism sector in these economies relative to other major economic activities in those countries.

In the context of BRICS economies, a recent study by Rasool et al. (2021) has found that international tourism growth and financial development positively affect economic growth both in the long run and short run. The results prove the existence of the tourism-led Growth Hypothesis in these countries implying that tourism development will eventually lead to higher economic growth. The pathway for tourism leading to economic growth is through the channel of utilization of foreign exchange earnings which eventually may allow the import of technologically advanced goods that will further spur economic growth and vice versa. Thus, they suggest that BRICS countries should promote favourable tourism policies to push up economic growth and eventually, economic growth will again have positive impact on international tourism.

International tourism is regarded as an essential part of economic development strategies in many African countries (Akinboade & Braimoh, 2010). A study by Fayissa et al. (2007) explored the potential contribution of tourism to economic growth in 42 African countries for the period 1995-2004. They found that tourism receipts significantly contribute to the economic growth of these African countries. Their findings suggest that tourism receipts could enhance their economic growth in the short run by strengthening their tourism industries.

Using the data for the period 2002-2018, Nyasha et al. (2021) showed that tourism development has a positive impact on the economic growth of Sub-Saharan African countries. This study empirically proves that tourism activities lead to economic growth. Therefore, the study recommends an active collaboration between government bodies and private organisations to develop the tourism industry and eventually, the economy. In another study, using Granger Causality Test and data for the period 1980-2005,

Akinboade and Braimoh (2010) proved that international tourism earnings cause an increase in real GDP in both the short run and in the long run in South Africa.

Similarly, in the context of South Asian countries also, ample studies can be found that empirically prove the tourism industry to be an engine of economic development and GDP growth. For instance, Gautam (2011) used Nepalese data of foreign exchange earnings from tourism and GDP for the period 1975-2010 and illustrated that tourism earnings lead to economic growth both in the short and long run. In another recent study about the impact of tourism on Pakistan's economic growth, Manzoor et al. (2019) found a significant positive impact of tourism on the country's economic growth and employment sector. It is recommended that policymakers focus on the promotion of tourism as it has great potential in the country. However, another recent study by Bhattarai and Karmacharya (2022) found that tourism has no significant impact on the economic growth of Nepal in both the short run and long run.

Since last few decades, the tourism industry in India has been expanding rapidly. This sector presents great potential to generate gainful employment and also earn significant amounts of foreign exchange besides giving a boost to the country's overall economic and socio-cultural development (Ohlan, 2017; Sanjeev & Birdie, 2019). A study by Mishra et al. (2011) confirmed the tourism-led growth hypothesis (TLGH) implying that tourism has a positive impact on the country's economic activity and hence, the GDP growth of India. It also validates the stable long-run relationship between tourist activities and GDP growth rate. It means that if tourist activities increase, the GDP growth rate improves via an increase in foreign exchange earnings. Finally, it highlights the important role of the government in providing and generating tourism facilities in the country.

Ohlan (2017) has investigated the relationship between tourism and economic growth in India and showed that inbound tourism spurs economic growth in India both in the long run and short run. In addition, the analysis indicates the presence of long-run unidirectional causation from tourism to economic growth. It is suggested that policies for attracting more international tourists should be promoted.

### **2.3 Regional Mountain Studies**

Tourism in mountain regions has gained substantial attention in academic research due to its significant economic, social, and environmental implications. The economic impacts of tourism in mountain regions have been widely investigated. Research often emphasizes the importance of tourism as a source of revenue diversification, particularly in rural and remote mountain communities owing to its potential in job creation, income generation, and regional development. Additionally, studies explore the linkages between tourism and other sectors, such as agriculture, handicrafts, and transportation, and their contribution to local economies in the context of mountain studies.

Mountainous regions are characterised by several economic, social and environmental challenges. As such, development of tourism in these regions can act as an instrument of rural development (Lun et al., 2016). According to Ali (2022), tourism development has been gaining importance in the mountain regions of Pakistan and is being considered by the policymakers as an instrument for local economic development. This study has tried to understand the impact of tourism perceived by the local residents and the determinants of their perception. The study found that the residents of the mountainous regions agree that tourism development in their area has contributed positively to the local economic development but are also concerned about the increasing environmental degradation



caused in the process. Thus, the study recommends a fine balance between economic development and no environmental degradation while introducing ecotourism in the region.

A study by Rinzin et al. (2007) has considered ecotourism as a mechanism for sustainable development in the mountainous region of Bhutan. They have examined the contribution of tourism to the sustainable development of Bhutan, focusing on the socio-economic, environmental and cultural impacts of present-day tourism. The study found a low impact on culture and the environment. However, they concluded that if not managed properly the existing rate of growth might erode the unique nature of tourism in Bhutan in the future.

In their study, Das and Roy (2016) mentioned how the tea industry became backwards shifting the responsibility of income generation to the tourism industry which unlimited mass tourism started in 1970. They highlighted that nearly 45 lakhs tourist come every year to Darjeeling which has resulted in the overuse of the resources and its destruction. They mentioned that alternative tourism development like rural tourism and tea tourism has evolved to cope with the situation creating an atmosphere of sustainable growth and development in the place.

Another study by Chettri and Sharma (2009) studied the impact of firewood extraction on tree structure, regeneration and woody biomass in a trekking corridor of the Sikkim Himalaya. He explained that tourism has grown by ten times in the last twenty years and that tourism industry has grown rapidly. Consequently, this phenomenon has resulted in the over-usage of natural resources especially firewood despite the strict policy of the

Sikkim Government against the usage of firewood by the trekking conducting staff and the adventure travel agents for various purposes in remote trekking areas.

Bhutia et al. (2022) has mentioned the beauty of the Darjeeling hills and how the rural areas contribute 70% of the total population of Darjeeling. He highlighted that Community-Based Tourism (CBT) is one of the effective ways of improving the economic condition of the hills since its greatest ability is to generate income for the local communities. The author also mentioned how several factors like location, eternal weather and the slopes with the tea contribute to the rural tourism of Darjeeling. Lastly, he also mentioned that rural tourism will emerge as an important instrument for sustainable human development.

Chettri et al. (2008) conducted a study on ecotourism in Sikkim, and they suggested that diversifying the products would reduce the crowds and concentrated tourism flows in selected destinations and also give the rural populace living in the corridor area incentives for remaining in wilderness areas and conserving the rich biodiversity. They have also suggested that emphasis must be given to developing quality products at the village level by strengthening planning and management skills and linking products with demand and supply; and for this the active participation and facilitation of the private sector is essential. They explained how community-based NGOs and governmental organizations should come forward and work together to tap the potential of ecotourism for the benefit of rural people, especially in areas such as human resource development, development of low capital businesses such as homestays, and village tourism and link them to the mainstream tourism market. More importantly, a mechanism is needed to take advantage of geographic and ecological contiguity across the landscape and facilitate

cross-broader tourism with policy support and cooperation from the countries sharing the common landscape.

Debarbieux et al. (2014) suggest that tourism development in mountain regions should be encouraged. However, since the mountain regions are vulnerable and less resilient than other places, it is important to introduce tourism in such a way that the local environment is not degraded. Singh and Mishra (2004) have discussed the economic, social and environmental aspects of green tourism development in the mountain villages of India. Conservation of the environment, its awareness and economic benefit to the local community are the major goals of green tourism. Tourism in these regions has positive effects in several directions such as accommodation business, tax collection, improved transport and other basic infrastructure that benefits not only the tourist but also the local community.

The development process of tourism in the mountains is characterized by exploration or discovery followed by regional development for travel and tourism. Explorers travelled through unfamiliar mountain passes and steep rocks. Mountain regions become known for their scenic beauty natural assets and places. The year 2002 was declared the 'International Year of Mountains'. Noting that mountain tourism accounts for a significant piece of worldwide tourism, Visitors are attracted to the mountain areas where indigenous people have settled and provide opportunities to become more deeply connected through authentic intercultural experiences (Deng et al., 2002). Visitors visit mountains attracted by their untouched nature, clean cool air, and cultures living in harmony with their surroundings.

According to Bhutia (2015) tourism industry in Darjeeling has contributed significantly to income generation for the local community. However, the region still faces major challenges like lack of proper infrastructural development (water supplies, sanitation, waste management etc.). Moreover, large number of tourists visiting the hills every year has begun degradation of the existing natural resources. Mass tourism and indiscriminate tourism development has begun to destroy the natural beauty of the region. The study recommends implementation of sustainable forms of tourism such as eco-tourism, adventure tourism, cultural tourism, religious tourism, nature tourism etc in a planned and systematic way. A collective effort from all sectors is also necessary to improve the tourism industry in the Darjeeling Hills.

Rizal and Asokan (2013) mentioned that tourism is one of the growing sectors in Sikkim state and how both skilled and non-skilled individuals are directly and indirectly employed through it. They have also mentioned that since the last 20<sup>th</sup> century, the empowerment of women has been an important issue and the most important means of empowering them is through the tourism industry. Also, the authors have analysed that the women in Sikkim are actively involved in the tourism industry. Their study also found that 30.41% of females are employed against 65.56% of male employees.

Whether tourists are satisfied or not with the services provided at homestays also play a crucial role in determining a better future for homestays. Hussin and Kunjuraman (2014), surveyed to identify and analyse tourists' satisfaction towards the quality of the homestay service at Mesilou Village, Sabah Malaysia. They found that domestic tourists are satisfied with the facilities, safety and services of the homestays.

The study by Agyeiwaah (2013) has revealed that the communities and their local culture are major reasons for the choice of homestay by tourists. This leads to an exchange of culture between the two parties. Since it is socio-cultural factors that motivate tourists to choose homestays, the author thinks that Ghana should revive its culture so that it can meet up with the demand and can take the benefit that comes with it.

## **2.2 Sustainable Tourism**

Although tourism has positive contribution to a country's economy, yet tourism development without considering the local environment is detrimental to the local flora, fauna and nature. Therefore, increasing emphasis and interest on sustainable form of tourism can be observed in the recent years. This section presents a review of studies related to sustainable tourism. According to Kunjuraman and Hussin (2017), homestay programme has great potential for growth in Sabah of Malaysia as this region is filled with vast natural resources. Despite having great potential, it faces many challenges. For instance, lack of proper infrastructure, poor promotional activity, lack of trained human resources, safety and security issues, poor local leadership and lack of tourism management experiences are some of the challenges faced by the homestay operators. Hence, all the stakeholders should work together to bring about successful ecotourism development.

To find out the feasibility of the homestay programme in Meimand, Iran, Ebrahimi and Ismail (2016) first identified the potential and then discussed the weaknesses of the village. It being a historical site, a rich culture and a great geographical location have been identified as some of the strengths of the place. On the other hand, bad road infrastructure, lack of communication skills and most importantly the migration of youth

to cities in search of job opportunities are some of its weaknesses. However, it was found that the majority of the migrated youths are ready to return if they are provided with better job opportunities in the village. Further, the authors suggest that the homestay programme can enhance urban-rural equality and also reduce urban-rural migration. However, since tourism is a seasonal activity, the authors recommend that other economic activities like agriculture should also be carried out side by side to overcome the seasonality problem of tourism.

According to Ibrahim and Razzaq (2014), their study was about the homestay programme and rural community development in Malaysia. They said that the homestay programme has provided lots of opportunities to the rural people and has also contributed to the conservation of the environment. However, to reap maximum benefits the operators, government agencies and private agencies must work hand in hand.

Liu (2003) has briefly analysed the main weaknesses of the literature on sustainable tourism. She has discussed how the concept of sustainable development has evolved throughout the years. Her study revealed that the debate on sustainability is flawed with some misconceptions, faulty measures, and inadequate means. There is an urgent need to develop policies and measures that are not only theoretically sound but also practically feasible. A systems perspective is necessary to improve our understanding of the characteristics and change patterns of tourism and its dynamic interaction with the natural, technological, social and economic environment.

Afroz and Mahmud (2017) feel that ecotourism is most suited for Bangladesh, a country which is full of natural beauty, great historical background and archaeological resources. Throughout their study, they discussed the various problems and prospects of ecotourism

in Bangladesh. It was found that Bangladesh lacks a proper ecotourism plan. They recommended that both the government and private sectors should work together to develop ecotourism in Bangladesh and to make it a popular tourist destination worldwide.

McAreavey & McDonagh (2011) carved out the prospect of sustainable rural tourism on rural development. With new developments around the globe in the form of agriculture, migration of rural population, fall in the share of agriculture in GDP, etc rural areas have become more of consumers and less of producers. However, rural areas also possess ecological, aesthetic amenities and recreational spaces that were largely ignored earlier. Now, these resources can be used for fostering sustainable rural tourism which is considered an important element of rural development (Saxena & Ilbery, 2008). Sustainable tourism is economically beneficial and also facilitates sustainable usage of the natural resources conserving the physical environment and preserving social fabric of the host community.

The rapidly expanding tourism sector brings in more and more tourists every year. Such a large number of visitors will have (a) a direct impact on the tourism sector and (b) an indirect effect on the local environment and local community. Thus, sustainable tourism has to be approached in a way that is different from other conventional businesses. Mass tourism which was popular earlier till the 1980s led to the visible degradation of the environment like coasts, water bodies, mountains etc. This called for discussions on economic development with the conservation of the environment.

Consequently, the promotion of sustainable tourism in rural areas can contribute to developing employment opportunities, increasing local prosperity, conservation and maintenance of the environment, celebrating cultural assets and generally ensuring

equitable growth of all stakeholders. However, sustainable tourism not only involves benefits but also challenges. There can be conflicts between people supporting economic development and others concerned with environmental effects.

In the European Union, all rural development programmes focus on the sustainability aspect. They provide funds for taking up activities like (a) improving agriculture (b) conserving the environment and (c) improving the quality of rural life.

All stakeholders are focusing on the economic gains of rural tourism and ignoring the impact of tourist arrivals on the place. They are focused on developing marketing strategies for attracting tourists and also developing new activities for engaging them in the destination.

Ironically, one vulnerable activity (agriculture) is being replaced with another (tourism). The traditional occupation of agriculture has been criticised in past decades due to perceptions that its impact is unsustainable and environmentally damaging. Therefore, more and more emphasis is being placed on the economic potential of tourism in rural areas, ignoring the fact that tourism has wide-ranging impacts on environmental, social, human, heritage and cultural resources. Rural tourism is not just about the existing natural beauty; it soon leads to the development of tourist-serving infrastructure and many other leisure activities.

### **2.3 Evolution of Ecotourism**

Ecotourism as a concept started appearing in the tourism literature only 1980s and was a response to the development of a sustainable form of tourism which keeps the environment of the destination intact by minimizing the negative impact on the



environment. In the beginning, the term 'ecotourism' applied to travel that involved any aspect of nature and most of the ecotourism packages were just another form of mass tourism that was conducted taken outdoors. The increased awareness of the environment and sustainable development reshaped eco-tourism as a form of tourism that involves responsible travel to natural areas and which conserves the environment and sustains the welfare of the local people (Karmakar, 2011). In many countries, tourism is an important revenue earner and the most significant source of foreign exchange (Rao, 2002). However, ill-organised tourism policies can have adverse effects on the country rather than the development of the country.

Syamala (2002) believes that ecotourism has become a need for everyone who wants to refresh from the routine of fast city life. Ecotourism provides many interesting tours to the heart of Mother Nature. It helps us in taking a break from our busy lives and leading a slow-paced life in the lap of Mother Nature. In her words, "Instead of waking up with the alarm, we can wake up with the chirping of birds, we can have healthy and timely food rather than having fast food – fried stuff". India offers many safe ecotourism spots.

Ecotourism has to be defined properly. Also, being an ecologically sensitive area, it requires close monitoring. Tourism in nature-based areas should be ecologically sustainable. Nature-based tourism should provide an opportunity for a learning process for a visitor. Most importantly, any economic benefits arising out of such activities should accrue to the local community to ensure sustainability.

Thampi (2005) in his article 'Ecotourism in Kerala, India: Lessons from the Eco-Development Project in Periyar Tiger Reserve' gives an account of the ecotourism project in the Periyar Tiger Reserve at Thekkady in Kerala. In this project, former

inhabitants of the forest and local people were also involved. This was done mainly to make use of the knowledge of forests and wildlife for promoting ecotourism.

In their study, Rahman and Bassan (2016) discussed ecotourism and its impact on India as a whole. India is one of the best tourist destinations in the world. It has a huge potential to grow as it is full of natural and manmade resources. However, it faces many challenges mainly due to a lack of infrastructural facilities. These include poor roads, poor accommodation facilities, lack of proper business plans, lack of training and awareness programmes etc. Further, they mentioned that the development of tourism may have impacts threats to ecosystems and biodiversity, disruption of coasts, deforestation, water overuse, urban problems, climate change and many more. Additionally, they have made various recommendations that can help in overcoming these problems.

Nagaraju and Chandrashekara (2014) point out that the government in India has rather lately realised the potential for providing tourism services in rural areas of the country. Thus, tourism has been mentioned as one of the key components in employment generation as well as the promotion of sustainable livelihood development in the Tenth Five Year Plan (2002-2007). The Union Ministry of Tourism in collaboration with United Nations Development Programme (UNDP) launched the Endogenous Tourism Project in the year 2004, linked to the existing rural tourism scheme of the government. The UNDP has committed \$ 2.5 million to the project. UNDP will help in areas of capacity building, and involvement of NGOs, local communities and artisans for strong community-private and public sector partnerships. The government has decided to develop the necessary infrastructure for facilitating rural tourism. Stresses of urban living have created a desire for escape from the monoculture of city living. Rural locations offer

an idealized release from stress and the opportunity to re-engage with a simpler, quieter way of life that offers relaxation. It also increases environmental awareness and interest in the relationship between humans and the environment. Further, green issues have raised the attractiveness of rural experiences as ecologically sustainable tourism.

Increasing numbers of Free Independent Travelers and worldwide long-haul travel – many more travellers are FIT than in the past due to the increased capacity, especially in long-haul transport modes. When combined with increasing discretionary incomes, greater awareness of the range of experiences on offer. Rural tourism helps in rural development through job, retention, job creation, new business opportunities, and community diversification.

In his study, Shihabudheen (2012) discussed the problems and prospects of ecotourism, particularly for Kerala, the southern state of India. The study reveals that poor infrastructure facilities are a major concern. Poor publicity regarding tourism services is another problem. The suggestion is to provide better road lines, airports, accommodation facilities, drainage and sanitation facilities etc. in the tourism area for improving the potential of tourism.

Manoj (2016) made a study on India's first model tourism village, Kumbalangi which is a small island village surrounded by backwaters. He highlighted that it offers high potential for water-based activities like houseboats, traditional boat races, adventure sports etc. The issues of sustainability as well as the prospects of rural tourism in the place have been addressed, in addition to how the Government of India has been seriously promoting tourism in India only for the last two decades. His study also revealed that the foreign tourist arrivals in India and Kerala are comparable in numbers.

Cabral and Dhar (2019) have attempted to map the literature related to ecotourism in India. They have conducted an integrative literature review on ecotourism in the Indian context to understand the various perspectives through critical analysis and identifying gaps for future research. Many ecotourism sites have experienced slow progression leading to failure of ecotourism initiatives. They have found that all studies discussed environmental conservation, community participation and economic benefits. However, the studies lack discussion about cultural preservation and empowerment of vulnerable communities.

#### **2.4 Regional and Mountain Studies**

The studies conducted in the Himalayan states of India including the northeastern states are limited. Some of the studies on mountainous regions are discussed below. Batra (2001) in his study 'Himalayan Ecotourism in Shimla' talks about the environmental impact of tourism on Shimla and suggests measures for developing tourism in the area in an environmentally friendly way. He believes that the current tourism trends are oriented towards the increase in the volume of tourists. The conclusion is that such an increased level of pollution is caused by haphazard growth, deforestation and lack of proper sanitation facilities. Shimla has an immense potential for ecotourism that has to be tapped with a proper growth plan that will ensure the environment will not be disturbed. This inflow of tourists has to be controlled with environment-friendly transport means and conservation of the environment. In a study about ecotourism and the Himalayas, Kohli (2002) opines that the development of the Himalayan region is necessary for improving the socio-economic condition of the people. But this has to be done without disturbing the ecosystem of the Himalayas.

Kannegieser (2015) described the changing scenario of the Darjeeling tourism industry. She highlighted the socio-economic benefits associated with homestays at all levels. It was found that the women were the major beneficiaries of the homestay operations. They use their income earned from homestays for paying for their children's higher education and household expenses. The study also revealed that the operation of homestays has helped the operators to boost their level of self-confidence and pride.

According to Das & Roy (2016), about 4.5 lakh tourists come every year to Darjeeling. This has resulted in the overuse of the resources and ultimately their destruction. Hence the authors have pointed out the necessity of introducing new forms of tourism like rural tourism and tea tourism. These new forms of tourism can help in overcoming the problems brought by traditional mass tourism and therefore helps in creating an atmosphere for sustainable growth and development.

A study was conducted by Bandhopadhyay (2016) in Lamahatta. The findings of the study revealed that it is mainly women who run the homestays in Lamahatta and they were satisfied with their business. It also showed that ecotourism served as a multipurpose tool for them. The author also highlighted that the ecotourism project was not successful in the global market as expected due to the lack of continuous support and follow-up from the government.

According to Bhutia (2015), the most important benefit of the tourism industry in Darjeeling is the opportunities that it created for the local people for their living, says. Darjeeling receives around 3.5 lakhs domestic tourists and 50,000 foreign tourists per year which generates nearly 30% of the total tourism business of the region worth around Rs. 350 crore per annum. However, there is no proper infrastructural development in

terms of water supply, sanitation, waste management etc. The main attraction of Darjeeling is its natural beauty. However, too much of tourists have led to the degradation of its natural resources. Eco-tourism, adventure tourism, cultural tourism, religious tourism, nature tourism etc should be properly developed and need to be rationally planned and scientifically managed. He also suggests that to improve the tourism industry in Darjeeling, all the stakeholders should work collectively and effectively in various sectors of tourism.

The study of Chettri et al. (2008) on the ecotourism of Sikkim says channelling the tourists from the overcrowded urban areas to the rural areas not only reduces the problem of overuse of resources but also helps the rural population in making their livelihood. This further leads to the conservation of rich biodiversity. NGOs and governmental organisations should come forward and work together to tap the potential of ecotourism for the benefit of rural people. More importantly, a mechanism is needed to take advantage of geographic and ecological contiguity across the landscape and facilitate cross-broader tourism with policy support and cooperation from the countries sharing the common landscape.

Nowadays homestays in the Himalayan region are considered as a viable alternative source of income. In a study by Anup and Fernandez (2022) about homestays in the Himalayan region, it is highlighted that the homestay concept is the result of the diversification of the accommodation sector. The spiritual and religious significance of the Himalayan range attracts a large number of tourists from all over the world. Homestays are in high demand due to the absence of hotels and guest houses. The challenges faced by the homestays in the mountainous region include the creation of

commercial homestays by outsiders, disposal of wastes and plastics, and marketing, with the latter being the biggest challenge.

Anand et al. (2012) conducted surveys in Korzok village. They mention how the people in the Himalayan region of Ladakh led a secluded life till 1974; it was a restricted area, and the Srinagar-Leh road started in the 1960s. They have also highlighted the fact that the development of tourism in Korzok offered the potential for reducing poverty, along with its repercussions on the environment. The survey was conducted from 2004 to 2006 during the busiest tourist season from July to September helped them to understand the visitors' attitude towards the place and their experience of the homestay initiative. They also found out that the homestay initiative was successful in improving the local livelihood of the people and also led to women's empowerment.

According to Macek (2013), the transportation sector is very important for the development of mountain tourism. The absence of direct rail lines and airports results in the congestion of traffic on the existing narrow roadways. Activities like trekking lead to environmental issues like the extraction of resources such as the usage of firewood for fuel, garbage on the trail, grazing of pack animals etc. The study emphasised the low start-up cost, and inexpensive lodging of homestays and also described as well as compared the existing mountain homestay models in India. It also highlighted the fact that before the development of homestays, the strategy should be to determine first whether it would be good or bad for the community. Acharya and Halpenny (2013) mentioned how the female ownership of homestay businesses in Nepal has helped women in income generation and involved them in mainstream development.

Lama (2013) describes how homestay tourism has evolved as a form of sustainable tourism with the beginning of village tourism in the year 1997. The author also refers to the Nepalese belief of “Guests are Gods” and how homestay tourism plays a major role ecologically, economically and culturally. The article highlights the issues of sustainable tourism development in Nepal along with the different patterns of homestays. It also reveals how the issues and challenges of sustainable tourism development have not been taken care of by the Nepal Government. Lastly, the author mentions that homestays operation and village tourism is the most important tool for the development of sustainable tourism development.

Rizal & Asokan (2013) found that tourism is one of the growing sectors in Sikkim state and that both skilled and non-skilled individuals are directly and indirectly employed through it. They have also mentioned that since the late 20th century, the empowerment of women has been an important issue and the most important means of empowering them is through the tourism industry. The authors have also analysed that the women in Sikkim are actively involved in the tourism industry. Their study also found that 30.41% of the employees are females, against 65.56% of male employees.

Chaudhary and Lama (2014) points towards the positive as well as negative impact of tourism in the economy as on the one hand community-based tourism is creating good jobs in the villages, but on the other hand, the villagers are suffering with the hike in prices. The socio-cultural impacts are also both positive and negative as the intercultural exchange takes place between the host communities and tourists. Here, the negative element is that the culture and traditions of the local communities may vanish after interaction with foreign cultures leading to drug abuse, westernisation etc. However,



there are also positive impacts as the cultural exchange enables the locals to be more open-minded.

Jayara (2017) in his study discussed the opportunities and challenges for Homestay tourism in Uttarakhand. Various factors like lack of entrepreneurship skills, poor community participation, lack of training, unbalanced demography, unwanted political involvement and lack of coordination among stakeholders etc hinder the development of homestay tourism in Uttarakhand. He further mentioned that there should be proper planning and management and the active involvement of all the key stakeholders for the successful development of homestay tourism.

Bansal and Kumar (2013) conducted a study in the villages of the Great Himalayan National Park (GHNP) to see the role of ecotourism in community development. It was found that ecotourism has contributed to local economic development by creating livelihood opportunities for local communities. However, as compared to other stakeholders it was found that the local community does not have much knowledge about ecotourism and is also not skilled. Hence, to make people capable of taking the benefits that come with ecotourism the author felt the necessity of capacity-building programmes for the local people.

Yadav et al. (2018) through his study on homestays in Sikkim, has mentioned that homestays have created a significant employment opportunities for the local population especially the women in the family. The unutilised human resources have been channelised properly through homestays and have become a major contributor to the family income. An increase in family income has made the local people realise the importance of tourists visiting their village. To enjoy these benefits for a longer period

the people have started conserving their biodiversity, their culture and tradition. Thus homestays lead to community empowerment and contribute to the conservation of resources by making the optimum use of their resources. Besides, the author has also discussed the major challenges of the homestay programme. Hygiene, language issues, lack of medical facilities, unavailability of the internet etc are the challenges faced by tourists during their homestays. In the case of the local people, a threat to the sustainability of their culture is a major concern because they think that younger generations may get influenced by foreign lifestyles. However, the author suggests that capacity-building programmes for homestay operators and the exclusive marketing of homestays could be the solutions to those problems.

## **2.5 Existing Research Gaps**

Based on the extensive review of the literature, some research gaps have been identified and discussed below. Research on the socio-economic impact of homestays in the Indian context is limited. The traditional village economy based on agriculture and allied livelihoods is now regarded as a 'sunset' sector. Rural tourism and ecotourism on the other hand have now become an important 'sunrise' sector within the overall service economy. Therefore, indirectly as well as directly, ecotourism and homestay tourism are helping to boost rural incomes and livelihoods in places where the traditional agriculture and allied plantation sectors are becoming stagnant. This linkage between rural livelihoods and the modern service sector has rarely been studied in the existing literature. Although ecotourism and homestay tourism is linked to many sectors, studies that explore the relationship between ecotourism and rural development are limited and scarce. The Himalayan economy has greatly benefited from the expansion of tourism in a

nutshell but only a few studies have examined this aspect. Previous studies have focussed on particular ecotourism sites or villages (Kanneigeiser, 2015; Acharya & Halpenny, 2013). Hence, the present study will focus on this gap.

## CHAPTER 3

### AN OVERVIEW OF TOURISM DEVELOPMENT IN DARJEELING HILLS

#### 3.1 Introduction

Darjeeling, located in the Indian state of West Bengal, is a popular tourist destination that has a rich and diverse history. The region was originally inhabited by various indigenous tribes, including the Lepchas, Bhutias, and Limbus (Warner, 2014). However, Darjeeling's transformation into a famous tourist destination was only after the arrival of the British in the early 19th century that marked the beginning of Darjeeling's transformation into a thriving tourist destination.

During the British colonial era, Darjeeling became a popular summer retreat for British officials and their families who would escape the heat of the plains and enjoy the cool climate and stunning scenery of the region (Dasgupta & Garg, 2021). Soon, the town became a popular destination for the elite class of India who would flock to the hills during summer months. The British also introduced tea cultivation in Darjeeling, which led to the development of tea plantations and the emergence of tea tourism. Grand Colonial-style buildings, tea plantations and the toy train introduced by the British became additional attractions for the visitors.

In the post-independence era, Darjeeling became a popular destination for adventure seekers who were interested in trekking, mountaineering and other outdoor activities. The location of the town in the Eastern Himalayan region provided an ideal setting for such activities and expeditions. During this period, the town witnessed a surge in domestic tourism too, with visitors coming from all over the country to enjoy the beauty of the

hills. However, the tourism industry in the region experienced a setback during the 1980s owing to political unrest in the region with a demand for a separate state.

Today, tourism continues to be an important industry in Darjeeling, with visitors from all over the world coming to experience the region's stunning natural scenery, rich cultural heritage, and unique way of life. The tourism industry in Darjeeling has undergone significant changes over the years, but the region's charm and beauty continue to attract visitors from all over the world.

This chapter outlines the evolution of the tourism sector in Darjeeling Hills. It begins with the history of the emergence of Darjeeling as a modern hill station during Colonial Rule and describes its development over the years from the post-independence period till the Covid-19 lockdown period. This chapter also illustrates the performance of the tourism sector in India and Darjeeling hills using secondary data. In a nutshell, this chapter sketches the emergence and then the development of tourism in the Darjeeling Hills.

### **3.2 Growth and Evolution of Tourism in Darjeeling Hills**

The tourism industry in Darjeeling Hills has undergone growth and evolution over the years across different phases. These changes have been the result of the discovery of its beauty by more and more people over time as well as changes in the types of local government setup along with different social, political and economic events. This section attempts to delineate the development of tourism in Darjeeling over different periods.

### **3.2.1 Rise of Darjeeling's Tourism Industry under the British Rule**

The colonial history of Darjeeling begins after the Treaty of Sagauli (1815) that was signed between the East India Company and the Gorkhas through which the tract wrested from Sikkim by the Gorkhas was ceded to the East India Company. On being sent to mediate a border dispute between Sikkim and Nepal, Captain G.W Lloyd and G.W Grant came up to 'the old Gorkha station of Dorjiling' in 1828, where they spent six days. They recommended the development of Darjeeling as a sanatorium for the benefit of European soldiers. The first road to Darjeeling was finally completed in 1842, after which a cart road from Siliguri to Darjeeling was built in 1861. The Darjeeling Township was initially established by the British as a hill station for urban tourism by the colonial population.

The development of tourism in Darjeeling under British colonial rule was a significant event in its history. The British were drawn to Darjeeling's cool climate, scenic beauty and tea plantations and they developed the town into a popular hill station. Darjeeling became a popular summer retreat for the colonial officials, soldiers and their families.

One of the most important developments in Darjeeling was the construction of the Darjeeling Himalayan Railway or the 'Toy Train' in 1881. The railway, which was built by the British, connected the hill towns with the plains and facilitated the transportation of manufactured tea to Siliguri from where it was sent to other parts of the country. In addition, this railway also allowed more tourists to travel to Darjeeling conveniently. The train ride offered spectacular views of the mountains and valleys and became a popular tourist destination. Kalimpong a small town situated to the east of Darjeeling soon started developing as an alternative tourist destination to Darjeeling and began receiving tourists.

Darjeeling Hills saw rapid development in all spheres throughout the British Period which helped it in becoming an important tourist destination.

The British also developed the town's infrastructure to cater to the needs of the tourists. They built hotels, tourists, restaurants, and other amenities to provide a comfortable stay for the visitors. Hotels like Windamere Hotel, The Elgin and Mayfair were established in the 19<sup>th</sup> Century during colonial rule. The town's architecture also reflects the influence of the British, with many colonial-era buildings. The establishment of Colonial Homes, Churches, Buddhist monasteries, and Hindu temples made the destination more attractive.

The tea industry was another significant development that attracted tourists to Darjeeling. The British introduced tea cultivation in the region and established tea plantations that produced high-quality tea that was in great demand in Europe. Tourists were fascinated by the tea gardens and tea-making process and often visited the plantations.

By the mid-19th century, Darjeeling had become a fashionable and highly sought-after destination for European visitors, who were drawn to its scenic beauty, exotic culture, and diverse flora and fauna. The town was also a major centre for mountaineering, and several pioneering expeditions were launched from here to explore the Himalayan peaks.

Overall, tourism in Darjeeling under British Rule was largely driven by the Britisher's fascination with the town's natural beauty and the tea industry. The British developed the town into a modern hill station and established the infrastructure to cater to the needs of the tourists. The development of Darjeeling District as a tourist destination continued throughout the colonial period.

### **3.2.2 Post-independence period**

After India achieved freedom from the British Rule in 1947, the tourism industry in Darjeeling began to develop rapidly. The Indian government recognized the potential of Darjeeling as a major tourist destination and invested in infrastructure development to promote tourism in the region. During this period, the tea industry stopped growing and the regional farm economy became stagnant. Finally, the inflows of European and foreign tourists were replaced by domestic tourists, leading to the replacement of high-end tourism with high-volume domestic tourism. As a tourist destination, Darjeeling became increasingly crowded and congested, reducing the attraction it held for tourists.

In the post-independence era, the Indian government invested heavily in infrastructure development and promoted Darjeeling as a major tourist attraction, both domestically and internationally. The town's unique blend of Indian and British culture, its stunning natural beauty, and its rich history and heritage have continued to attract visitors from all over the world. The Tourism Department of West Bengal was opened in 1958 as a part of the Forest Department and it provides some basic information like climate, roads, and hotels to the tourist. Later in 1964, the state government set up the Directorate of Tourism. West Bengal Tourism Development Corporation (WBTDC) was set up in 1975 and was responsible for managing and organizing tours and tourism activities in Darjeeling in a systematic manner. Information regarding the influx of tourists during the period 1947 – 1987 is unavailable as the Tourism Department of Government of West Bengal has not maintained any related statistics.

The India-china war of 1962 hurt the tourism industry of the region to a great extent as Darjeeling Hills was declared as a restricted area where foreign tourists were not allowed



to visit. There was the introduction of a permit system for foreigners wishing to visit the region. Their time of stay was limited to two days in Kalimpong and a fortnight in Darjeeling. However, these years saw a massive inflow of domestic tourists which compensated for the loss incurred due to restrictions on the inflow of foreign tourists. During 1971-75, the hotel industry saw significant growth supported by financial assistance from the Government of West Bengal. However, Darjeeling witnessed political unrest in the 1980s and 1990s, with a demand for a separate state of Gorkhaland resulting in a decline in tourism in the region. The situation improved in the 2000s and the government started to invest in tourism infrastructure again. During the 1980s another place called Mirik in Darjeeling district started developing as a popular tourist destination. This was the first tourist destination in Darjeeling Hills developed solely by Indians. Lake originating from natural springs has become the main tourist attraction in Mirik.

### **3.2.3 Tourism in Darjeeling after the Formation of DGHC**

A tripartite meeting between the Centre, State and the agitating political party GNLFF led to the formation of an autonomous administrative unit Darjeeling Gorkha Hill Council (DGHC) in 1988. One of the key focus areas for the DGHC was the development of tourism in the region, which has been a major source of revenue for the local economy. Soon after its formation, DGHC started working on the development of infrastructure in the region and also renovated the existing ones. Under DGHC, several initiatives were undertaken to promote tourism in Darjeeling. It also promoted the development of important tourism projects like the war memorial at Batasia Loop, Rock Garden, Gangamaya Park, Shrubbery Nightingale Park, and Japanese Peace Pagoda were

developed. Besides these, DGHC also undertook similar projects in the adjoining areas of Darjeeling town. DGHC along with the Tourism Department Govt of West Bengal organized many fairs and festivals Teesta Tea and Tourism Festival, Orchid and Flower Festival at Kalimpong and Kurseong and Carnival at Darjeeling Town for promoting tourism in the region. The Darjeeling Himalayan Railway also popular as the toy train was designated the UNESCO world heritage site in 1999, making it a major tourist attraction in the region.

### **3.2.4 Tourism under GTA**

The agitation for the demand of a separate state Gorkhaland in 2007 ended with the demanding party GJMM accepting a temporary settlement in the form of a semi-autonomous administrative body Gorkhaland Territorial Administration (GTA) (Sharma et al., 2022). Under GTA, the Department of Tourism soon started tourism development activities. The development of tourism in Darjeeling under the Gorkhaland Territorial Administration (GTA) has been a key focus for the local government in recent years. The GTA has been working towards the promotion and sustainable development of tourism in the region, to create more employment opportunities for local communities and boost the local economy.

To achieve this goal, the GTA has been taking several measures, such as the development of new tourist attractions, the improvement of existing infrastructure, and the implementation of new policies to attract more tourists to the region. For instance, GTA revived the Jamuni tour project. The government has been investing in the improvement of roads, water supply, sanitation, and other basic amenities to create a better experience for tourists.

In addition, the GTA has been working closely with local stakeholders, such as hoteliers, tour operators, and travel agents, to create customized tour packages that showcase the unique cultural and natural heritage of the region. The promotion of local handicrafts, traditional food, and music has also been a vital part of the overall tourism development strategy. The GTA has been proactive in addressing environmental concerns related to tourism development. The government has implemented policies to promote responsible tourism practices, such as waste management, eco-friendly tourism activities, and preservation of the local flora and fauna. Overall, the tourism development initiatives under the Gorkhaland Territorial Administration have been aimed at creating a sustainable and inclusive tourism industry that benefits both residents and tourists. With its scenic landscapes, rich culture, and welcoming people, Darjeeling is fast emerging as a popular tourist destination in India, and the GTA's efforts are expected to further boost its appeal. Overall, these tourism projects are aimed at promoting Darjeeling as a premier tourism destination and boosting the region's economy by generating employment and income opportunities for local communities.

### **3.3 Performance of Tourism Statistics: India**

The performance of tourism in India has been presented in Table 3.1 below. This table reports the trend in number of foreign tourist arrivals, increase in foreign exchange earnings and contribution of tourism to employment in India between 1991 and 2022.

**Table 3.1: Trends in Foreign Tourist Arrival, Foreign Exchange Earnings and  
Tourism contribution to Employment in India**

Year	Foreign Tourist Arrival (FTA)	Foreign Exchange Earnings (US mn \$) (FEE)	Tourism contribution to Employment ('000 jobs)
1991	1.68	1.86	-
1995	2.12	2.58	17225.6
1996	2.29	2.83	16965.4
1997	2.37	2.89	17567.6
1998	2.36	2.95	17862.0
1999	2.48	3.01	18108.1
2000	2.65	3.46	22013.5
2001	2.54	3.20	18697.0
2002	2.38	3.10	20651.6
2003	2.73	4.46	21874.7
2004	3.46	6.17	22185.3
2005	3.92	7.49	21180.3
2006	4.45	8.63	23104.0
2007	5.08	10.73	21981.1
2008	5.28	11.83	23676.5
2009	5.17	11.14	22495.9
2010	5.78	14.19	21717.9
2011	6.31	16.56	22045.7
2012	6.58	17.74	22202.6
2013	6.97	18.45	22471.2
2014	7.68	20.24	23022.3
2015	8.03	21.07	23454.4
2016	8.81	22.92	24197.4
2017	10.18	27.31	-
2018	10.56	28.59	-
2019	10.93	30.06	-
2020	2.74	6.96	-
2021	1.52	8.80	-
2022	6.19	-	-

Source: India Tourism Statistics (2022).

The results depict that foreign exchange earnings from tourism in India have shown an upward trend over the past two decades, with some fluctuations due to various factors such as global economic slowdowns, natural disasters, and political unrest.

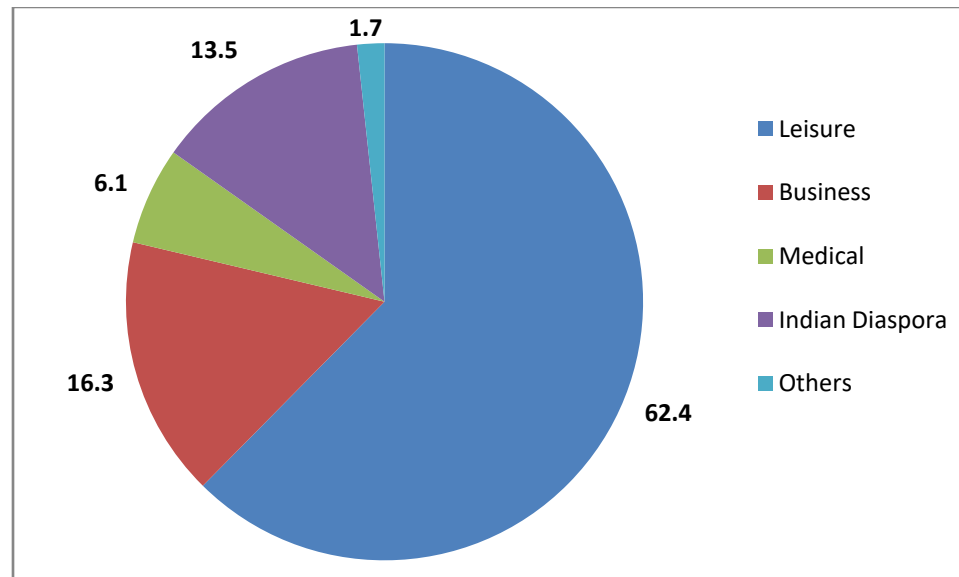
From 2015 to 2019, the tourism sector in India witnessed a strong performance with high growth in foreign tourist arrivals and corresponding foreign exchange earnings. However, after this period, foreign tourists arrivals started decelerating, both in India and globally. During 2018, arrivals through e-tourist visas increased 39.60 per cent year-on-year to 2.37 million. Foreign Tourist Arrivals (FTAs) increased 5.20 per cent year-on-year to 10.56 million in the same period. Around 10.93 million foreign tourists had visited India during the pre-pandemic year of 2019 which dropped sharply to just 2.74 million FTAs in 2020 and even lower FTA of 1.52 million in 2021. The tourism industry has shown signs of recovery as the situation improved with travel restrictions being lifted. In 2022, around 6.19 million foreign tourists visited India as compared to 1.52 million in 2021. However, it may take some time for the industry to return to pre-pandemic levels.

Travel and tourism is the third largest foreign exchange earner for India. Total Foreign Exchange Earnings from the tourism sector increased from US\$ 1.86 million in 1991 to US\$ 27.31 million in 2017. India was ranked 7th among 184 countries in terms of travel & tourism's total contribution to GDP in 2017. During 2018, FEEs from tourism increased 4.70 per cent year-on-year to US\$ 28.59 million. Foreign exchange earnings from tourism increased from US\$ 3.46 million in the year 2000 to US\$ 30.06 million in 2019. However, due to the COVID-19 pandemic, the earnings in 2020 dropped significantly to \$5.4 billion, a decrease of around 82% compared to the previous year.

The tourism sector had provided employment to around 17.72 million people in 1998 which later jumped to 22.01 million in 2000. As of 2015, 23.45 million people were employed in the tourism sector in India which was 12.38 per cent of total employment in the country.

The increase in foreign exchange earnings from tourism in India can be attributed to several factors, such as the growth of the middle class, increasing disposable income, improved infrastructure, and government initiatives to promote tourism. The growth of digital platforms and online travel agencies has also played a significant role in promoting tourism and increasing foreign exchange earnings (Kumar & Shekhar, 2020). However, the COVID-19 pandemic had a significant impact on the tourism industry in India. Globally, tourism had been the hardest hit sector by the pandemic (Babii & Nadeem, 2021). The lockdowns and travel restrictions imposed to control the spread of the virus have led to a significant decline in tourism, resulting in a sharp drop in foreign exchange earnings (Singh et al., 2021).

**Figure 3.1 Foreign Tourist Arrivals (FTAs) according to Purpose (%)**



Source: India Tourism Statistics, 2019.

Foreign tourists visit India for several purposes like leisure, business purpose, medical purpose, religious purpose, etc. The details of FTAs in India for the year 2018 according to the purpose of visit are presented in Figure 3.1. It shows that the majority of the foreign tourists i.e. around 62.4% visited India in 2018 for the purpose of Leisure Holiday and Recreation. Around 16.3% of them visited India for business and professional purposes followed by Indian Diaspora (13.5%), medical purposes (6.1%) and other purposes (1.7%).

### **3.3.2 Performance of Tourism in Darjeeling**

Darjeeling is one of the most popular tourist destinations in West Bengal and contributes significantly to the state's tourism industry. Darjeeling is promoted as a destination of ecotourism, adventure tourism and cultural tourism. The performance of tourism industry in Darjeeling is reported in Table 3.2.

**Table 3.2 Performance of Tourism industry in Darjeeling**

Year	Indian	Foreigners	Total
2009	395610	20779	416389
2010	315462	31542	347004
2011	214720	29154	243874
2012	332540	33017	365557
2013	358241	35687	393928
2014	557254	45862	603116
2015	467582	50248	517830
2016	578643	48256	626899
2017	224842	6845	231687
2018	576855	55782	632637
2019	553862	44057	597919
Total	4575611	401229	4976840

Source: Office of the Deputy Director of Tourism, Sub-Regional Tourism Department, GTA, 2020.

Tourist arrival in Darjeeling has shown an upward trend over the last decade, with some fluctuations due to various factors such as global economic slowdowns, natural disasters, and regional political unrest. Table 3.2 shows that Darjeeling received a total of 5, 97,919 domestic and foreign tourists in 2019, which was a little lower as compared to the previous year. From the Table 3.2, we can observe that out of the total tourists, foreign tourists comprised just 5% in 2009 and around 7% in 2019. It indicates that majority of the tourists visiting Darjeeling are domestic tourists who comprise mainly of ‘high-volume low-value’<sup>1</sup> tourists.

The number of tourists visiting Darjeeling can vary significantly depending on various factors such as the season, weather, local events, and government policies. In general, the peak tourist season in Darjeeling is from April to June and from September to November.

---

<sup>1</sup> High-volume tourists imply that the number of tourists visiting the region is not compatible with the carrying capacity of the region’s natural environment, infrastructure and socio-cultural values. Low value implies tourists resulting in low revenue and yield per visitor.



During these months, the weather is pleasant, and tourists can enjoy the scenic beauty of the hills.

Tourist arrivals in Darjeeling showed steady growth from 2010 to 2015, with some fluctuations due to various factors such as natural disasters and political unrest. In 2010, the total tourist arrivals in Darjeeling were 3,47,004. It increased to 6,03,116 in 2014 and 6,26,899 in 2016. However, due to the political unrest in the region in 2017, tourist arrival decreased to 2,31,687 in 2017. However, this unrest and slump in tourism in Darjeeling turned out to be a boon for the neighbouring state of Sikkim as the tourists avoided Darjeeling and flocked towards Sikkim (PTI, 2017). The following year, 2018, registered a significant increase in tourist arrivals in the region, with the total reaching 6,32,637 visitors, indicating a recovery from the previous year's decline. One of the most visible changes is the development of online travel agents and digital platforms that intermediate between customers and providers like hotels, restaurants or taxis (Ollivaud & Haxton, 2019). In India, an increase in online hotel bookings, flight check-ins and transportation bookings have also led to an increase in arrival and earnings (Kumar & Shekhar, 2020). According to Dubbudu (2016), around 60 per cent of ticket booking is done online which has also increased the number of overall tickets sold. It is important to note that the data available is for a specific period, and the foreign exchange earnings from tourism may have shown different trends in other years. Additionally, the impact of external factors such as natural disasters, political unrest, and global economic slowdowns can also influence the foreign exchange earnings from tourism in any given year

It is important to note that the COVID-19 pandemic had a significant impact on the tourism industry in Darjeeling in 2020, resulting in a sharp decline in tourist arrivals and foreign exchange earnings. During the pandemic, the Indian government imposed strict travel restrictions and lockdowns to control the spread of the virus. As a result, tourism in Darjeeling, like other parts of the country, was severely affected. However, with the gradual easing of restrictions, domestic tourism has started to pick up. The tourist inflows in Darjeeling in 2020 and 2021 were affected by travel restrictions and lockdowns imposed by the Indian government.

Overall, the data shows that tourist arrivals in Darjeeling have been showing a steady growth trend, with some fluctuations due to various factors. However, the COVID-19 pandemic has had a significant impact on the tourism industry in the region, and it may take some time for the industry to recover. In January 2021, after the pandemic restrictions were withdrawn, tourists visited Darjeeling in large numbers and the hotels and homestays in the region were over-booked (Javed, 2021) indicating a recovery of the tourism sector in the post-pandemic period in Darjeeling.

### **3.4 Emergence of Alternative Forms of Tourism in Darjeeling**

While tourism has brought significant economic benefits to Darjeeling, it has also created some challenges for the local population and the environment. One of the biggest challenges facing tourism development in Darjeeling is the impact on the environment. The large number of tourists visiting the area has put pressure on natural resources and led to environmental degradation. The tourism industry has also contributed to the pollution of the area, particularly through the use of vehicles.

Despite these challenges, there are also opportunities for tourism development in Darjeeling. The promotion of sustainable tourism practices can help to mitigate the negative impact of tourism on the environment while providing a more authentic and meaningful experience for visitors. Sustainable tourism can also help to promote economic development and create more opportunities for the local population.

Alternative forms of tourism are becoming increasingly popular as people look for unique and sustainable travel experiences. They consist of a range of tourism practices that aim to promote sustainable tourism and encourage visitors to explore the lesser-known aspects of the region (Ziaee & Abbasi, 2018). This type of tourism is characterized by a focus on cultural and ecological sustainability, and an emphasis on local participation and ownership. Some of the most common forms of alternative tourism evolved in Darjeeling include ecotourism, homestay tourism, cultural tourism, agri-tourism, tea tourism, wildlife tourism, rural tourism, adventure tourism and others (Kannegieser, 2015; Bhutia, et al., 2022; Mondal & Samaddar, 2021; Rawat, 2019; Basak et al., 2021).

One form of alternative tourism in Darjeeling is ecotourism, which involves visiting and experiencing the natural environment responsibly and sustainably. This can include activities such as nature walks, bird watching, and visiting wildlife sanctuaries. Ecotourism in Darjeeling promotes conservation efforts and provides visitors with a unique opportunity to experience the region's natural beauty.

Another form of alternative tourism in Darjeeling is community-based tourism, which involves the active participation of local communities in the tourism industry. This type of tourism aims to empower local communities by providing economic benefits through the development of small-scale tourism businesses such as homestays, handicrafts, and

cultural performances. Community-based tourism allows visitors to experience local cultures and traditions and encourages interaction with local people.

Cultural tourism is also an important form of alternative tourism in Darjeeling. This type of tourism involves visiting sites of cultural significance and experiencing local customs, rituals, and traditions. This can include visiting monasteries, temples, and historical sites, and participating in festivals and cultural events. Adventure tourism involves activities such as trekking, mountaineering, river rafting, and paragliding. Adventure tourism in Darjeeling is popular due to the region's unique geography and stunning natural scenery.

Alternative tourism in Darjeeling offers visitors a chance to experience the region's culture, ecology, and traditions responsibly and sustainably. It provides a unique opportunity to interact with local communities, learn about their way of life, and support their livelihoods. Moreover, alternative tourism helps to promote sustainable development and conservation efforts, preserving the region's natural and cultural heritage for future generations.

At present, alternative tourism in Darjeeling is a growing industry that offers a range of unique experiences for visitors. It promotes sustainable tourism practices, community participation, and cultural and ecological conservation. As the tourism industry continues to grow, it is essential to promote alternative tourism practices that are responsible, sustainable, and beneficial for both visitors and local communities.

### **3.4.1 Need for Sustainable Tourism**

Traditional mass tourism in Darjeeling has had a significant impact on the region, both positive and negative. On the one hand, it has brought economic benefits to the region, creating jobs and generating income for local businesses (Bhutia, 2014a). It has also helped to promote the region's cultural and natural heritage, making Darjeeling a popular destination for visitors from all over the world. On the other hand, traditional mass tourism has also had negative impacts on Darjeeling. One of the main negative impacts is the environmental degradation caused by the influx of tourists. The increasing number of visitors has led to deforestation, soil erosion, and pollution of water sources. The use of motor vehicles, particularly in the narrow streets of Darjeeling town, has also contributed to air pollution and traffic congestion, leading to a negative impact on the region's natural environment.

The traditional mass tourism industry in Darjeeling has also contributed to the exploitation of local communities. Many of the jobs created by the industry are low-paying and do not provide adequate benefits or job security. Moreover, the growth of the tourism industry has led to an increase in the cost of living, making it difficult for local people to afford necessities.

Another negative impact of traditional mass tourism in Darjeeling is the erosion of local culture and traditions. The increasing number of visitors has led to a commercialization of local customs and traditions, with many cultural events and festivals becoming more geared towards tourism than reflecting the genuine local culture.

Mass tourism is usually developed haphazardly without considering the impact on the natural environment (Tosun, 2001). It is also responsible for high water consumption even in areas where water is scarce (Egresi, 2016) like Darjeeling. Darjeeling faces an acute water crisis during its peak tourist season which is also the driest season and requires an additional 10,000 litres of water owing to the influx of tourists (Mondal & Roychowdhury, 2019).

In conclusion, while traditional mass tourism in Darjeeling has brought economic benefits to the region, it has also had negative impacts on the environment, local communities, and cultural heritage. There is a need for more sustainable tourism practices that promote responsible and sustainable tourism and benefit both visitors and local communities. It is essential to strike a balance between economic development and environmental conservation to ensure the long-term sustainability of the tourism industry in Darjeeling.

### **3.4.2 Emergence of Eco-tourism in Darjeeling**

Rising awareness regarding sustainable tourism and efforts from private players and NGOs led to the emergence of Eco-tourism activities in Darjeeling. Non-Governmental Organisations like Help Tourism, Save Environment and Regenerate Vital Employment (SERVE) and Government agencies such as Forest Department and DGHC.

Ecotourism, which involves responsible travel to natural areas that conserves the environment and improves the welfare of local communities, has become an increasingly important aspect of tourism in Darjeeling over the past few decades. The evolution of

ecotourism in Darjeeling can be traced back to the 1980s and 1990s when concerns over environmental degradation and the loss of biodiversity began to emerge.

During this period, several community-based organizations and NGOs in Darjeeling began to promote sustainable tourism practices and to raise awareness about the importance of preserving the region's natural and cultural heritage. These efforts were supported by the government and other stakeholders, who recognized the potential of ecotourism to promote conservation, sustainable development, and community empowerment.

Darjeeling Hills is a natural ecotourism destination with its scenic landscape covered with lush green tea gardens, wildlife sanctuaries, and forest rich in different species of trees and medicinal plants, rapid-flowing rivers, streams gushing through thick forests forming cascades and rapids on its course. Ecotourism as a new form of tourism has started emerging in the Darjeeling Hills recently. Darjeeling District saw its first eco-tourism project in Tinchulay, a village about 32 kilometres from Darjeeling town. Encouraged by this project, many more ecotourism spots have sprouted in the adjoining region.

One of the key initiatives in the evolution of ecotourism in Darjeeling was the establishment of the Singalila Ridge Ecotourism Development Project in the early 2000s. The project, which was implemented by the West Bengal Forest Development Corporation in collaboration with local communities and NGOs, aimed to promote ecotourism in the Singalila Ridge area of Darjeeling, which is known for its rich biodiversity and scenic beauty.

The Singalila Ridge project involved a range of activities, including the development of eco-friendly accommodations, the creation of trekking trails and nature trails, and the provision of training and capacity-building programs for local communities and tourism operators. The project also emphasized the importance of involving local communities in the planning and management of tourism activities, and of promoting environmental conservation and sustainable development.

Since the establishment of the Singalila Ridge project, ecotourism has continued to evolve and expand in Darjeeling, with a growing number of community-based initiatives and responsible tourism practices. Today, visitors to Darjeeling can enjoy a range of ecotourism activities, including nature walks, bird watching, tea garden tours, and cultural tours that highlight the region's unique cultural heritage.

The evolution of ecotourism in Darjeeling reflects the growing recognition of the importance of sustainable tourism practices and the need to balance tourism development with environmental conservation and community empowerment. While there are still challenges and limitations to ecotourism in Darjeeling, the region's rich natural and cultural heritage and its commitment to sustainable tourism practices suggest that it will continue to be a leading destination for responsible travellers and ecotourists in the years to come.

Over the past few decades, ecotourism has grown significantly in Darjeeling, with a growing number of visitors seeking out sustainable and responsible travel experiences that promote environmental conservation and community empowerment. There have been several initiatives and projects aimed at promoting ecotourism in Darjeeling, including the establishment of eco-friendly accommodations, the creation of trekking and



nature trails, and the provision of training and capacity-building programs for local communities and tourism operators.

The two main forms of alternative tourism have gained popularity in Darjeeling viz. Rural and Tea tourism (Das & Roy, 2016). Rural Tourism of Darjeeling Hills is a unique experience with so much nature, so the origins of various ethnic tribes and clans find their roots in nature. Even ethnic cottages and Homestays are becoming popular in rural areas. Ecotourism can be successfully promoted in Darjeeling Hills owing to its location, climate, and accessibility. The diverse landscape, favourable climate, and the slopes with tea plantations make up most of the rural tourism in Darjeeling hills (Bhutia, 2015).

One of the key areas of progress in ecotourism in Darjeeling has been the development of community-based tourism initiatives that involve local communities in the planning and management of tourism activities. These initiatives help to ensure that tourism development is sustainable and benefits local communities, and they also help to promote environmental conservation and cultural heritage preservation.

Another area of progress in ecotourism in Darjeeling has been the focus on promoting responsible and sustainable tourism practices. This includes efforts to reduce the environmental impact of tourism activities, such as by encouraging visitors to use eco-friendly transportation options and to minimize their use of plastic and other non-biodegradable materials. It also includes efforts to promote the welfare of local communities, such as by providing fair wages and working conditions for tourism workers and supporting local businesses and suppliers.

Despite these positive developments, there are still challenges and limitations to ecotourism in Darjeeling. One of the key challenges is the need to balance tourism development with environmental conservation and cultural heritage preservation. There is also a need to ensure that the benefits of ecotourism are distributed fairly among local communities and that the negative impacts of tourism are minimized.

Thus, the progress of ecotourism in Darjeeling reflects the growing recognition of the importance of sustainable and responsible tourism practices, and the need to promote environmental conservation and community empowerment in tourism development. While there are still challenges to be addressed, the commitment of local communities, tourism operators, and government authorities to ecotourism suggests that it will continue to grow and evolve in the years to come.

### **3.5 Homestays in Darjeeling: Commercialisation of Rural Homes**

The tourism industry in Darjeeling has been rapidly growing over the past few decades, thanks to the region's picturesque landscapes, diverse culture, and rich history. With an increase in tourist arrivals, there has been a significant demand for alternative accommodation options that offer a unique and authentic experience to visitors. As a result, homestays have emerged as a popular lodging option for tourists visiting Darjeeling. Homestays are essentially family-run guesthouses that offer visitors the opportunity to experience local culture and customs while staying in a cozy and comfortable setting. They have become increasingly popular among tourists who want to experience the local way of life, enjoy traditional food, and interact with local people.

Darjeeling has a rich cultural heritage and one of the best ways to experience it is by staying with a local family in a homestay. This not only provides the visitors with a unique experience but also helps support the local community.

The emergence of homestays in Darjeeling can be traced back to the early 2000s when a few enterprising locals began offering their homes as accommodation to tourists. Initially, the concept was limited to a few villages around Darjeeling, but as the demand for such accommodation grew, it spread to other parts of the region.

Today, homestays are a popular alternative to traditional hotels and resorts in Darjeeling, offering a more personalized and immersive experience for visitors. Many of these homestays are located in scenic locations, surrounded by lush green forests, tea gardens, and stunning mountain views, providing a perfect retreat for those seeking peace and solitude.

In addition to offering comfortable lodging, homestays also provide visitors with a chance to explore local culture and traditions. Guests can participate in local festivals, learn about traditional handicrafts, and experience the warmth and hospitality of local people. Moreover, homestays also contribute significantly to the local economy, providing employment opportunities for residents and boosting local businesses. Homestays are often run by families who have lived in the area for generations, and their earnings help to support the local economy, promoting sustainable tourism.

In conclusion, the emergence of homestays in Darjeeling has offered visitors a unique and authentic experience while providing a boost to the local economy. The growth of this sector is expected to continue in the coming years, as more and more tourists seek

out local experiences and a deeper connection with the places they visit. Homestays have become an integral part of the tourism landscape in Darjeeling and are likely to play a vital role in shaping the region's future as a leading tourist destination. Many homestays in Darjeeling are located in scenic locations, such as tea estates, offering stunning views of the Himalayan Mountains. The exact number of homestays in Darjeeling is difficult to determine as the industry is largely unregulated and many homestays are operated on a small scale.

### **3.6 Conclusion**

This chapter outlines the development of tourism in Darjeeling over different periods. It begins with the history of the emergence of Darjeeling as a modern hill station during the British Rule and describes its development over the years from the post-independence period till the Covid-19 lockdown period. This chapter also illustrates the performance of the tourism sector in India and Darjeeling hills using secondary data.

It is observed that the number of foreign tourist arrivals, foreign exchange earnings and contribution of tourism to employment in India between 1991 and 2022 has shown steady increase with some setback during the global pandemic period. Similarly, Darjeeling too has seen rise in the number of tourists comprising mainly the Domestic tourists. Such high-volume low-value mass tourism has resulted in several negative effects in the region. As a response to this change and also to meet the emerging demand for responsible and sustainable tourism, Darjeeling Hills have started seeing emergence of sustainable forms of tourism like ecotourism and homestay tourism. Homestays have become increasingly popular among tourists who want to experience the local way of life, enjoy traditional food, and interact with local people. Presently, homestays have become

a popular alternative to traditional hotels and resorts in Darjeeling. For the local population, it has become a source of livelihood as homestays also contribute significantly to the local economy, providing employment opportunities and boosting local businesses.

## CHAPTER 4

### SOCIO-ECONOMIC CHARACTERISTICS OF THE HOMESTAY OPERATORS IN THE DARJEELING HILLS

#### 4.1 Introduction

Tourism development in the hilly regions of India and other developing countries has faced challenges like low subsistence level economies, poverty, rough terrain, poor accessibility and fragile environments owing to the geographic and social uniqueness of these regions (Sood et al., 2017). However, on the positive side, this rugged and pristine terrain, beautiful scenery, and unique cultural sites attract an increasing number of tourists worldwide to this region every year. So far, this burgeoning conventional mass tourism in the hilly regions has not only rendered positive effects like economic and infrastructural development but has also caused degrading impacts on the local environment, its natural resources and culture. Hilly and mountainous regions are fragile regions. Tourism development in these regions has to strike a balance between economic benefits and environmental concerns. As a response to such unsustainable tourism development in the hills, alternative tourism concepts like rural tourism, ecotourism and homestays have been increasingly sought after by tourists and adopted by the host communities as well (Mura, 2015). Moreover, they are also advocated and promoted by governments as an instrument for rural development in countries like Malaysia and Kenya (Kimaiga, 2015). In addition, tourists' increasing interest in traditional lifestyles, local cultural heritage, and environmental concerns have popularized the demand for homestays (Ibrahim & Razzaq, 2010). Homestays, in India and around the world have been considered as an effective strategy for livelihood improvement in rural and remote

economies. It was identified as an effective tool in reducing rural poverty in the Mekong region in Asia (Leksakundilok, 2004).

“Homestay” refers to “a type of accommodation where tourists or guests pay to stay in private homes, where interaction with a host and/or family, who usually live on the premises and with whom the public space is, to a degree, shared,” occurs (Lynch, 2005).

In a homestay, the homeowner provides accommodation to tourists who are willing to learn more about the host’s culture and lifestyle. The homeowner provides lodging and also prepares food for the tourists at affordable prices. Homestay businesses can be started with a low investment amount as most homestay owners use their houses for accommodating tourists. Also, it provides accommodation and cultural experiences to tourists at affordable rates. In this way, the hosts earn livelihoods as well as are motivated to preserve the cultural and environmental heritage.

Homestay program has been successfully implemented in developing countries like Thailand, Malaysia, Costa Rica, Nepal, Indonesia, Sri Lanka and India contributing to rural development (Kwaramba et al., 2012). Homestays in the Eastern Himalayan region have been providing an authentic experience of the mountain lives that are free from the pollution, noise and bustling lives of cities and towns. These homestays provide a retreat from city life and present beautiful hills, rivers, streams and fresh air. Homestays encourage local guardianship of natural areas and resources, preserve traditional culture, and livelihood and also help generate income (Walter & Reimer, 2012; Bhalla et al., 2016) that acts as an incentive.

In recent times, homestays have been attracting a rising number of tourists. Earlier, tourists visiting Darjeeling would visit only the tourist spots around the town. But now,

more tourists are exploring ecotourism sites in rural areas. These tourists create a new market for homestay accommodation in these places. As homestay business has the potential of providing additional income and employment (Ibrahim & Razzaq, 2010), several people have started homestay business considering their demand and potential in recent times. Thus homestay accommodation has been serving as a source of livelihood for the hill population. Therefore, understanding the socio-economic status of the homestay operators becomes necessary because further development of this business, quality of service by the operators, the performance of this business and its impact on the local population depend on these factors. Hence, for such policy interventions to be successful, understanding the socio-economic status of its stakeholders becomes necessary.

## **4.2 Socio-economic Profile of the sample homestay operators**

### **4.2.1 Demographic profile**

Table 4.1 shows the demographic characteristics of homestay operators surveyed in the study area. The results in the table describe the sampled homestay operators according to gender, religion, family size etc.



**Table 4.1 Demographic Profile of the Homestay Operators**

<b>Particulars</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>		
Male	66	55.00
Female	54	45.00
<b>Age (years)</b>		
Below 25	13	10.83
26-45	68	56.67
46-65	31	25.83
Above 65	8	6.67
<b>Category</b>		
ST	58	48.33
SC	6	5.00
OBC	33	27.50
GEN	23	19.16
<b>Religion</b>		
Hindu	51	42.50
Buddhist	63	52.50
Christian	6	5.00
<b>Family size</b>		
1-3	24	20.00
4-6	75	62.50
7-9	18	15.00
Above 9	3	2.51
<b>Type of Family</b>		
Nuclear	55	45.83
Joint	65	54.17

Source: Field Survey, 2019-20. Note: ST= Scheduled Tribe, SC=Scheduled Caste, OBC= Other Backward Class, GEN=General

### **Gender distribution**

The study of the gender-wise distribution of homestay operators helps us understand the level of participation of male and female entrepreneurs in the homestay business. Homestays in the Darjeeling Hills are mostly initiated by male members (55%) as compared to female members (45%). The results are in contradiction to studies by Osman, et al. (2009), Acharya & Halpenny (2013), Ahmad et al. (2014) and Razzaq et al.

(2011) because even if the majority of the chores in these homestays are performed and managed by women, they are registered with men as the head of the family. Therefore the results show that homestays are mostly run by the men in Darjeeling Hills. The majority of the households in the region are headed by men. Since he is the key decision-maker in the household, homestays also run under his leadership.

### **Age structure**

The age of the homestay operators can significantly affect the performance, quality and growth of the business because people of young ages are generally interested in learning and adopting new trends. They are more receptive to absorbing new trends in hospitality and tourism. In most of the places, it is usually the younger ones who after learning about homestays from outside Darjeeling come back and start this business. Observing them and considering the potential of it in the areas, other people of all ages get motivated and tend to start the business. Thus, in the Darjeeling Hills, people of varied ages can be found in this business but the majority of them are the young population. As observed by Perdue et al. (1990), young ones are more interested and more effective in developing tourism activities. Older individuals are also motivated to start these small businesses by factors like possession of knowledge and experience in running small businesses, to keep themselves active, earn income, gain independence, social inclusion and contribution to society (Kautonen et al. 2008). Table 4.1 shows the age-wise distribution of sample homestay operators in the study region. The results here clearly indicate that the majority (56.6%) of the homestay operators are young populations between the ages of 26 and 45 years, 25.8% are between 46-65 years, 6.7% belonged to the older population of above 65 years while just 10.8% of the total operators are aged less than 25 years.

### **Social Category**

Caste also plays an important role in a household's decision to start a business that involves hosting guests in one's own house. Different castes in Nepali society follow different social practices, lifestyles and food habits (Subedi, 2010). Homestay business involves providing all these services to the guests. Generally, the population of the Darjeeling Hills comprises scheduled caste (SC), scheduled tribe (ST), other backward class (OBC) and general caste. The caste-wise distribution of homestay operators in the study region is shown in Table 4.1. This study reveals that the majority (48.3%) of the homestay operators belong to the Scheduled Tribe category. As many as 27.5% of the homestay operators belonged to Other Backward Classes, 19.2% of them belonged to the General caste and only 5% were from the Scheduled Caste category. In the study area, the ST category is dominating due to several reasons like higher population, family support, financial need of the household, growth of literacy rate etc.

### **Religion**

For any region, the socio-economic development of the local population can be directly or indirectly influenced by their religious view, values and practices (Park, 2005). This study considers only three religions as the rural population in Darjeeling hills broadly follows only three major religions (namely Hinduism, Buddhism and Christianity) with a complete absence of other religions. Religion-wise distribution of homestay operators is a very important indicator to analyze the participation of a particular religion in this business. The religion-wise distribution of homestay operators in the study region is depicted in Table 4.1. Across the sample respondents, it has been found that the majority (52.5%) of homestay operators belong to Buddhism while 42.5% belonged to Hinduism.

Only 5% of operators are Christians mainly due to the low population of Christians in the study area.

### **Family size**

Family size represents the potential supply of labour from the family for the business. It also helps us in understanding the income, expenditure, savings and liabilities of a household (Kaur & Singh, 2020). The results show that 62.5% of the households have 4 to 6 members in the family, 20% of households belong to small families (1 to 3 members), 15% of the households have 7 to 9 members while only 2.5% belonged to large families having more than 9 members.

### **Family Type**

With the rise in population in modern times, the traditional joint families are disintegrating and giving rise to more and more nuclear families. However, in the hills, limited economic opportunities, smaller landholdings and scarcity of resources keep the families together. Therefore, in the study area, the majority of the homestay operators belong to joint families (54.2%) while a little lesser number of operators belongs to nuclear families (45.8%).

## **4.2.2 Socio-economic Status of the Homestay Operators**

### **Marital status**

Homestay business is mainly considered a livelihood-earning opportunity in the study area. Thus, the majority of the operators are married individuals who have taken up this activity for earning a livelihood for themselves and their families. It is taken up by 80% of married individuals, only 13% of single individuals and 5% of widowed or separated individuals.

**Table 4.2 Socio-economic status of the Homestay operators**

<b>Particulars</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Marital status</b>		
Single	18	13.0
Married	96	80.0
Widowed/divorced/separated	6	5.0
<b>Education</b>		
Illiterate	3	2.5
Primary	21	17.5
Secondary	48	40.0
Senior Secondary	25	20.8
Graduation & above	23	19.1
<b>The economic status of family</b>		
BPL	48	40.0
APL	72	60.0
<b>Dependent members</b>		
0	22	18.3
1	90	75.0
2	6	5.0
3	2	1.6
<b>Previous Occupation</b>		
Agriculture	50	41.7
Artisanship	8	6.6
Small business	20	16.7
Others	42	54.7
<b>Primary occupation</b>		
Homestay Business	54	45.0
Agriculture	32	26.6
Govt employees	6	5.0
Others	28	23.3
<b>Annual Households Income (Rs lakhs)</b>		
Below 2.5	24	20.0
2.5 to 5	48	41.0
5 to 7.5	30	25.0
7.5 to 10	8	6.6
Above 10	10	8.3
<b>AMITS (Rs.)</b>		<b>44238</b>
<b>AMIHB (Rs.)</b>		<b>29775</b>

Source: Field Survey. Note: APL=Above Poverty Line, BPL= Below Poverty Line; AMITS=Average Monthly Income from Total Sources, AMIHB=Average Monthly Income from Homestay Business

## **Education**

Education is an important aspect of homestay business or any other business venture as it develops basic skills and abilities and promotes the application of new knowledge and innovative ideas to production units of enterprises. It involves learning from experiences from other places as the host will be serving guests from different places and cultures. Thus, education becomes very important in helping them learn. Table 4.2 shows the educational qualification of homestay operators in the Darjeeling Hills. Among the homestay operators, the majority (40%) have completed secondary-level of education. The results support the findings by Ahmad et al. (2014) where the majority of the operators had completed senior secondary education. Around 19% of them have acquired an educational level of graduation and above while 21% have completed a senior secondary level of education and 17.5% have acquired only a primary level of education. Only 2.5% of the operators are illiterate as this business demands an individual to interact with guests from other cultures, learn new languages, be open and learn about different cultures and at the same time be aware of all economic costs and revenues of the business to keep it profitable. Thus, the participation of illiterate individuals is low.

## **Dependent members**

Several dependent members in the family influence the household's decision to start a business that involves hosting guests in one's own house. Lesser number of dependents makes it convenient to run the business. The results indicate that the majority (75%) of the households has only 1 dependent member, and around 18% of the families have no dependent member at home as almost everyone in the family contributed to some economic activity. Only 5% of households have 2 dependent members and only 1.6% of

the sample households have 3 dependent members. This result is consistent with the information in Table 1 that most households have a small family size.

### **Previous occupation**

The previous occupation plays a much more important role in starting a homestay business. In the study area, the majority of the respondents were earlier engaged in agriculture (41.7%). The occupation structure of the rural Darjeeling Hills is generally dominated by the agricultural sector. Thus, the majority of the homestay operators were previously engaged in agriculture activities. Among the sample households, 54.17% were previously engaged in other miscellaneous activities like driving, casual labour, private jobs, migrated workers, security guards etc. Around 16.67% of them were practising small businesses while 6.67% of them were rural artisans.

### **Primary Occupation**

It is the economic activity that acts as the main source of income for the family. The different types of primary occupations that the respondents were involved in were homestay business, agriculture, govt employees, plantation work and small businesses. From Table 4.2, it is observed that for 45% of the respondents, homestay business was the primary occupation. Around 27% of the households earned their livelihood from agriculture and livestock activities while another 23% earned their livelihood from other activities like small business, artisanship, casual labour, driving and tourism activities. Only 5% of households had government jobs as the primary source of income.

## **Household Income**

Among other factors, the income of the households is the most important indicator of the socio-economic status of the family. Income remains the pivotal factor in influencing a household's consumption pattern, access to basic amenities, ownership of assets, education and general standard of living. Thus, analysis of the income pattern of the respondents helps us in understanding the general socio-economic conditions of the respondents (Kundu & Datta, 2007) in the study area. The results in Table 4.2 depict that majority of the homestay operators (41%) earn between 2.5 to 5 lakhs per annum. Around 20% of them earn less than 2.5 lakhs per annum while 25% of them earn between 5 lakhs to 7.5 lakhs. Few operators earn high incomes of 7.5 to 10 lakhs by 6.66% and only 8.33% earn more than 10 lakhs per annum. The average monthly income of the households (AMITS) was found to be Rs 44238 from all sources. And the monthly average income from homestay business (AMIHB) has been estimated at Rs 29775.

### **4.2.3 Access to Basic Amenities**

#### **Housing Condition**

The housing condition of the respondents determines the living conditions of the sample respondents and also reflects their socio-economic condition to a large extent. Table 4.3 depicts the housing condition of the homestay operators. The results indicate that the majority (57.5%) of the homestay operators own good quality houses and therefore reside in pucca houses while around 37.5% of them reside in semi-pucca houses and very few of them (5%) own kutchra houses. The majority of the homestay operators own good-quality houses indicating improvement in the living condition of the respondents. All houses have access to electricity indicating social and economic development.



**Table 4.3 Access to basic amenities**

<b>Particulars</b>	<b>Frequency</b>	<b>Percentage</b>
<b>House Type</b>		
Pucca	69	57.5
Semi-pucca	45	37.5
Kutchha	6	5.0
<b>Electricity</b>		
Yes	120	100.0
No	0	0.0
<b>Source of drinking water</b>		
Government	41	34.2
Private	72	60.0
Both	7	5.8
<b>Fuel Sources</b>		
LPG only	15	12.5
LPG + Firewood	105	87.5

Source: Field Survey. Note: LPG- Liquefied Petroleum Gas

### **Drinking Water Source**

The provision of Drinking water becomes necessary for both personal consumption and utilization in the homestays. It has been observed that the majority of the homestay operators have made private arrangements for drinking water and source drinking water from private sources. Running homestays requires a large volume of water, especially during the tourist season in the Darjeeling Hills. Thus water from government sources alone is not sufficient. Also, these homestays are located in rural areas where people source water from local sources on their own. Therefore, 60% of the homestays source water from private sources, around 34% from government sources and around 6% of them draws from both sources (Table 4.3). Before drinking, the homestays were mostly using boiling or water filters for treating the water.

## **Fuel sources**

It was observed that homestay operators were shifting from traditional fuel sources to modern and renewable fuel sources as observed by Birendra (2021) and Dahal et al. (2020) in Nepal. In the rural parts of Darjeeling Hills, people mostly use LPG and firewood for cooking. Furthermore, in recent times, women have been receiving subsidized LPG cylinders under the Pradhan Mantri Ujjwala Yojana. Therefore, all households now have access to subsidized LPG and use it for cooking. The provision of subsidized LPG has significantly contributed to the transition to clean energy. Besides them, some households are involved in livestock farming and thus need firewood to cook and prepare feed for the animals. They use firewood to cook for the animals. Also, many homestays cook using firewood mainly to provide an authentic rural cuisine experience. Household using only firewood was not found because when a household takes up a homestay business, it acquires an LPG cylinder to prepare meals as and when demanded by the guest. From the results, it was found that 87.5% of the operators used a combination of both LPG and firewood as the main source of energy for cooking while the remaining 12.5% of them used only firewood for cooking (Table 4.3).

### **4.2.4 Homestay Business Status of the Operators**

Table 4.4 shows the business background or business status of the homestay operators the type of homestay, no of rooms in the homestay, the business experience of the operators, the nature of the enterprise, the source of credit for first investment and fuel for cooking in the homestay.

## Type of Homestays

The type of homestay shows the material with which the homestay is constructed. The results depicted in Table 4.4 show that most of the homestays are semi-pucca (72.5%), pucca (23.3%) and wooden (4.2%).

**Table 4.4 Homestay Business status of the operators**

<b>Particulars</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Type of homestay</b>		
Pucca	28	23.3
Semi-pucca	87	72.5
Kutchra (Wooden)	5	4.2
<b>Homestay operating experience (Years)</b>		
1-5	65	54.2
6-10	28	23.3
11-15	12	10.0
More than or equal to 16 years	15	12.5
<b>No of the homestays owned</b>		
One	119	99.2
Two	1	0.8
<b>Nature of enterprise</b>		
Inherited	13	10.8
Own effort	107	89.2
<b>Whether received Govt assistance</b>		
No	53	44.2
Yes	67	55.8
<b>Source of credit for the first investment</b>		
Own Capital	60	50.0
Informal sources	15	12.5
Formal sources	36	30.0
Govt assistance	9	7.5
<b>Fuel Source in Homestays</b>		
LPG only	20	16.7
LPG + Firewood	100	83.3

Source: Field Survey

The existence of a large number of semi-pucca homestays may be explained by the fact that tourist prefers to stay in authentic local rural houses which is generally semi-pucca or kutchra. However, operators try to provide an authentic rustic stay experience along with

the comfort of Pucca accommodation. Thus, the majority of them construct semi-pucca homestays.

### **Homestay operating experience**

Experience in the homestay business is an important factor as it shows the period for which they have been involved in this business and the knowledge they have gained so far. Higher experience indicates a better understanding of the need of the rural tourism sector. The majority of the operators (54.2%) have an experience of 1 to 5 years only. Most of the homestays in the study region have been started in recent years. It shows the potential and growth of this sector in the region. Around 23.3% of the operators have an experience of 6 to 10 years while 12.5% of them have been operating homestays for 16-20 years. Only 10 % of them have an experience of 11 to 15 years of operating homestays.

### **Source of initial investment**

The majority of the operators have preferred to use their capital for the initial investment, while 30 % have used formal credit from banks and Self-Help Groups to start the business. Most of the operators have started the homestay business using one or two rooms in their own houses, and only a few have constructed a separate building for homestay. Therefore, only a few operators have sourced credit from other sources. Only 12.5 % of them have used informal sources of credit like relatives and friends for the initial investment. In comparison, only 7.5% of the total operators have received financial assistance from the government for starting the business. The homestays were mostly started with their effort (89.2%) rather than inherited (10.8%).

### **4.3 Conclusion**

Homestay business has emerged as a new source of livelihood earning and employment generation in the Darjeeling Hills. This business has played an important role in improving the socio-economic conditions of the rural population in the region. The results showed that homestay operators are earning extra income by making use of available resources at their own homes. Most of the operators have used their savings in starting this business indicating that this business can be started with a low investment amount without the need for undertaking the burden of credit. The entire homestay operators have access to quality housing, drinking water and electricity. The results also showed that though most of the homestay chores are managed and run by women, the majority of the homestays are registered with male members. This business has seen major participation from the productive and economically active age group of 26 to 45 years followed by 46 to 60 years. The majority of the operators are married individuals expected to be more committed to earning livelihood for one's family. A maximum number of respondents have completed secondary and senior secondary level of education with a negligible number of individuals with low or no education. In terms of social category, Schedule Tribe (ST) individuals are majorly involved followed by Other Backward Classes, General and Scheduled caste individuals in this business. Scheduled caste individuals have low participation in this economic activity. It is necessary to identify the underlying factors for the low participation of SC individuals in this income-generating activity and to make efforts to support, assist and encourage their participation in it. In terms of religion, the majority of the participant homestay operators are Buddhists in their region. For most of the respondents, the primary source of income was

homestay business followed by agricultural activities and other activities like petty business, driving, casual labour, private jobs etc. The majority of the operators possess experience of less than 5 years. The homestays were mostly started with their effort (89%) rather than inherited (11%). A major source of credit for the first investment in homestays was own savings followed by borrowing from formal and informal sources. To improve participation in this business and to successfully implement it as a policy strategy to improve the socio-economic condition of the local population, infrastructure support, financial assistance, training, marketing and advertising assistance, guidance in improving the quality of services etc are necessary.

## CHAPTER 5

### NATURE OF HOMESTAY BUSINESS IN DARJEELING HILLS

#### 5.1 Introduction

In recent times, besides agriculture, the rural population has started depending on other alternative economic activities for their livelihood. Such alternative occupations can be either a supplementary source of income or completely replace the principal occupation. One such alternative livelihood being adopted by many households in rural areas is the homestay business. Darjeeling, a beautiful hill station in West Bengal, has now started seeing the emergence of homestays in its rural parts where the principal source of livelihood is agriculture and plantation activities. This business can be started at one's own house without much investment. Furthermore, tourists also have started preferring to visit rural areas and experience local culture, thus providing an alternative livelihood opportunity to the rural population.

In developing countries, livelihood diversification (hereafter referred to as LD) is one of the important strategies that promote economic growth while also reducing rural poverty (Loison, 2019). Livelihood diversification occurs when both agricultural and non-agricultural activities are combined or adapted to survive and improve the standard of living (Ellis, 1998; Niehof, 2004; Martin & Lorenzen, 2016; Pritchard et al., 2019). Households across developing countries are trying to diversify their livelihood activities to secure cover from risks and cope with economic and environmental shocks (Baird & Hartter, 2017; Martin & Lorenzen, 2016). By providing alternative non-farm job opportunities, LD marks a vital role in sustainable ecological development and rural

poverty reduction (Liu & Lan, 2015). This is especially important when climate change has emerged as a threat to natural life and livelihood systems (Rahman et al., 2018).

Rural populations in developing countries are shifting from farm to non-farm activities in recent times. They are leaving agriculture and opting for many other non-agricultural activities. The rural economy is defined by the predominance of agricultural activities. That is to say, agriculture and allied activities is the mainstay of the people living in the rural areas. Apart from agriculture, manufacturing and services are also prevalent to some extent in the rural economy. Nowadays agriculture is not sufficient for ensuring the sustainable development of rural areas; the rural economy needs to be diversified (Bejan et al., 2014; Haggblade et al., 2007; Lowe & Ward, 2007). In other words, agriculture is no longer sufficient for ensuring the development of rural areas, where the majority of the population lives.

On top of that, the development of agriculture in the mountainous or hilly regions is constrained by several factors, including poor-quality soils, limited possibilities for mechanisation, high cost of transportation, seasonality and variability of rainfall, scarcity of surface water, steep slopes, land scarcity, land tenure insecurity etc (Choenkwan et al., 2014). In addition, mountain farmers operate in a difficult environment. Productivity is, on average 28 percent lower in mountainous areas as compared to other places. This results in increased outmigration. In such a situation, diversification of livelihood can be a successful strategy for providing remunerative sources of earning to the rural populace and also for checking the outmigration taking place from mountain villages. Thus, the development of new activities raises households' income and contributes to a healthy, diversified and viable rural economy.



Darjeeling has been popular worldwide as a famous tourist destination since the time of British Rule. It still attracts lakhs of tourists every year. In recent years, increasing interest from tourists in traditional lifestyles, local cultural heritage, and environmental concerns have popularised the demand for homestays (Ibrahim & Razzaq, 2010). Considering the opportunity for livelihood improvement in this new form of tourism and to reduce their dependency on degrading natural resources, rural populations in several areas have started homestay businesses. It is popular because it is easy to start with a small investment. For this reason, people who were in agriculture or plantation activities earlier have either left those occupations entirely or have adopted the homestay business as their secondary occupation. It is to be noted that owing to the seasonality of the tourism industry, the local population must also seek out other livelihood opportunities to protect themselves from uncertainties. They cannot fully depend on it for livelihood purposes. Therefore, homestays are operated along with other economic activities. This chapter involves analyzing and interpreting the collected data regarding the issue of livelihood diversification. In particular, the present chapter has two specific objectives: (i) to examine whether the homestay business is a complementary or substitute occupation to traditional economic activities and (ii) to determine the level and determinants of individual livelihood diversification of the homestay operating households.

Detailed information was collected from 120 homestay operators about the age, gender, family size, landholding size, government assistance and distance to the market. Based on collected data, it was found that apart from homestays, major sources of livelihood in the

ten ecotourism sites were agriculture or plantation workers, livestock, government or private services, casual labour, businesses and others.

Livelihood diversification is defined as a process by which household members construct a diverse portfolio of activities and social support capabilities in their struggle for survival and to improve their standards of living (Ellis, 1998). Accordingly, in this study livelihood diversification refers to the attempts by individuals and households to find new ways of raising incomes and reducing vulnerability to different livelihood shocks.

To measure the livelihood diversification of respondents, there are various indices like the Herfindahl index, Simpson index, Ogive index, Entropy index, Modified Entropy index, Composite Entropy index, etc. Since the Hirschman-Herfindahl Index is a measure of concentration, its inverse is supposed to indicate the relative spread of activities contributing to the total income (Dutta & Singh, 2011). Therefore, we have used the inverse of HHI to measure the level of livelihood diversification (LD).

$$LD = \text{inverse of HHI} = \frac{1}{HHI} = \frac{1}{\sum A_{ij}^2}$$

Where  $A_{ij}$  represents the contribution of the  $j$ th activity to the household  $i$ 's aggregate income. Since the inverse of HHI indicates the relative spread of activities in contributing to total income of any household, the lower value of HHI, the greater the measure of diversification and vice-versa. The inverse can take a minimum value of 1 when all of the total income is earned from one source only and it can also take a maximum value equal to the number of sources when the contribution of each source is equal (Ellis, 1998).

## 5.2 Line of Analysis

Descriptive statistics, graphs and Activity Diversification Index (ADI) are used to examine the complementarity or substitutability of homestay business. We have constructed Activity Diversification Index (ADI) by using inverse of HHI. This ADI is a single value that represents the entire community.

- (i) To estimate the Activity Diversification Index (ADI), we first identify the different economic activities performed by the homestay operators. It was observed that homestay is the common activity undertaken by each respondent. Then the homestay operators were classified into different categories based on the number of activities performed by them. In our case, we have four categories of households (HHs):

$n_1$  = HHs with one activity

$n_2$  = HHs with two activities

$n_3$  = HHs with three activities

$n_4$  = HHs with four activities

Then, we have to find the common activity across all households. Since in our case, we drew the sample purposively from the homestay operators, homestay business is found to be the common activity performed by all sampled households. Now we separate aside this common activity from all other groups.

After this, we calculate HHI as follows:

$$HHI = \left(\frac{n_2 - n_1}{N - n_1}\right)^2 + \left(\frac{n_3 - n_1}{N - n_1}\right)^2 + \left(\frac{n_4 - n_1}{N - n_1}\right)^2$$

Where N= Total sample size

Therefore, ADI= 1/HHI

- (i) In the next stage, we aim to identify the determinants of livelihood diversification. For this, we first estimate the livelihood diversification index in terms of income for each household and then identified its associated determinants. This estimated livelihood diversification index is then used as the dependent variable in the following OLS regression model:

$$HHLDi = \beta_0 + \beta_1(GEN)_i + \beta_2(AGE)_i + \beta_3(DEP)_i + \beta_4(EDU)_i + \beta_5(FAM\_SIZE)_i + \beta_6(LAND)_i + \beta_7(GOVT)_i + \beta_8(DIST)_i + e_i$$

where HHLDi indicates the household diversification index, GEN indicates the gender of the respondent, AGE indicates the age of the respondent, DEP indicates the number of dependent members in the family, EDU indicates the years of education of the respondent, FAM\_SIZE indicates the total number of members in the family, LAND indicates the total land owned by the household, GOVT indicates whether received any government assistance and DIST indicates the distance to the nearest town. Descriptions of the explanatory variables are presented in Table 5.1.

The livelihood diversification of homestay operators may be affected by their socio-economic characteristics as well as other institutional factors like distance to the market and assistance from the government. Among individual socio-economic characteristics,

several studies find gender, age, education, family size, number of dependent members and landholding size as important determinants of livelihood diversification (Gebru et al., 2018; Khatun & Roy, 2016). Male-headed households are more likely to diversify their livelihood as they have more access and social acceptance to have more employment opportunities while a woman has fewer opportunities and access to work outside the home resulting in fewer chances to diversify their livelihood (Shan & Ahmed, 2020; Ahmed et al. 2018). Age has a negative effect on livelihood diversification (Kassie et al., 2017). Contrary to this, Block & Webb (2001) indicated that the level of livelihood diversification increases with the age of the household head. The educational level of the household head has been found to have a positive effect on livelihood diversification (Shan & Ahmed, 2020; Rahut et al. 2014). Contrary to this Ahmed et al. (2018) indicated that the level of livelihood diversification decreased with higher educational levels. Household size is also an important factor motivating households to diversify their livelihoods. It positively affects the level of diversification as more members in the family imply a higher number of the potential labour force for accessing different sources of income as well as earning higher income (Ahmed et al. 2018; Shan & Ahmed, 2020; Oluwatayo, 2009). The size of the landholding has a positive effect on the level of diversification (Shan & Ahmed, 2020; Ahmed et al., 2018). Households closer to markets have more opportunities to diversify their livelihood or income sources compared to those located in distant villages (Rahut et al., 2014). On the other hand, the number of dependent members in a family has a negative impact on its livelihood diversification (Shan & Ahmed, 2020; Ahmed et al., 2018). Government assistance is also an important determinant of livelihood diversification since such assistance makes an individual more

skilled and capable of taking up other economic activities. Participation in any scheme provided by the government enhances the skill of household members by providing better information and training (Ahmed et al., 2018). Thus, based on the findings of earlier empirical evidence, the determinants of livelihood diversification are identified and explained in Table 5.1.

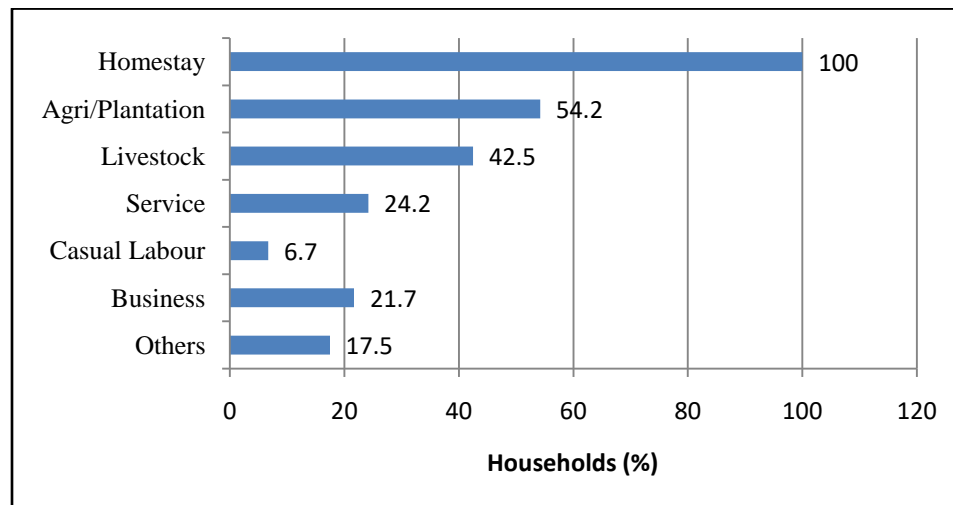
**Table 5.1. Determinants of Livelihood Diversification in the Darjeeling Hills**

<b>Variables</b>	<b>Definition</b>
Gender	Gender of the household head (Male=1, 0=otherwise)
Age	Age of the respondent (years)
Dependent members	Number of household members below 18 years and above 65 years
Education	Number of years of schooling of the respondent
Family size	Total number of members in the household
Landholding	Total land owned by the household (acres)
Government assistance	Whether received any government assistance in the form of financial or non-financial assistance, (1= Yes, 0=otherwise)
Distance to market	Distance to the nearest town (km)

### **5.3 Empirical Results**

The main economic activities practised by the sample respondents are illustrated in Figure 5.1. It presents the diverse economic activities adopted by the households for securing their income flow.

**Figure 5.1: Economic Activities of the Homestay Operating Households**



Source: Field Survey

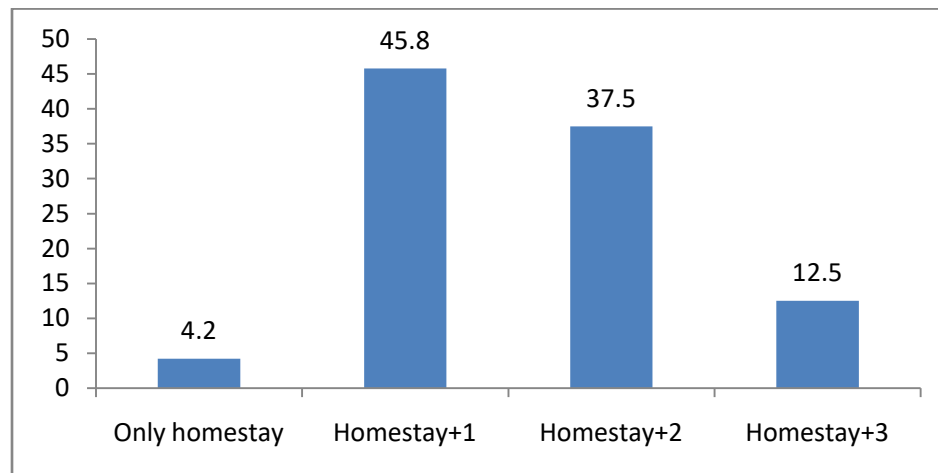
Figure 5.1 shows that a total of 7 diverse economic activities along with the homestay business have been identified in the study area. Since agriculture is associated with risk and uncertainties, farming households rely on both agricultural and non-agricultural activities to secure their livelihood. It shows that all respondents operate homestay businesses as the sample has been purposively drawn from homestay operators. Out of the total respondents, around 54.2 per cent of the sample respondents are still practising either agricultural or plantation<sup>2</sup> activities. Also, around 42.5 per cent of them are involved in livestock farming. A considerable number of respondents are also engaged in services such as drivers, tourist guides, private services, etc. Around 21.7 per cent of the sample respondents are involved in small business activities like running small shops and restaurants, hotels, souvenir shops, taxi services, etc while around 17.5 per cent of them are involved in other occupations. Overall, these are the main economic activities or

---

<sup>2</sup>Plantation activities here refer to work in tea or cinchona plantations.

occupations practised by the sample respondents in the study area. Thus, the above discussion establishes the fact that they are diversifying their livelihood options into non-farm and other sectors for ensuring sustainable livelihood. The proportion of households that practice either only homestays as a livelihood source or homestays with a combination of other occupations is illustrated in Figure 5.2.

**Figure 5.2. Percentage Dependence of Sample Households on Homestay Business and Other Activities**



Source: Field Survey

A perusal of the chart shows that only 4.2 per cent of the sample respondents depend fully on homestays for their livelihood. This can be explained by the fact that owing to the seasonality of tourism, income from this occupation also becomes unstable during some periods of the year. Thus, only a small number of respondents depend on homestays fully. On the other hand, 95.8 per cent of the respondents operate homestays while practising other occupations to secure their income and livelihood. It can be seen from Figure 5.2 that the majority of them, i.e. 45.8 percent of them depend on the homestay business along with one more economic activity. Around 37.5 per cent of them depend on



two more economic activities besides the homestay business while just around 12.5 per cent depend on three other economic activities besides the homestay business for livelihood. This indicates that homestay business is generally not a substitute occupation in the study area. Instead, it supplements the other economic activities of the households.

### **5.3.1 Activity Diversification Index (ADI)**

From the above discussion, it appears that the homestay business is supplementary to other activities in the study area. Hence, it seems imperative to find out the ADI. We found the value of the activity diversification index is to be around 2.898 (approx.). If homestay is taken as 1 or a single entity to be pursued, then on average, the other activities are 2.8 times diversified compared to it. In other words, on an average, the level of diversification concerning other activities is 2.8. This value of ADI implies that there is some level of diversification but is not of higher level. Thus, there is still scope for more diversification of economic activities in the study region. The value of ADI is representative at the overall level rather than at the individual level.

### **5.3.2 Regression Results**

After estimating the diversification level at an overall level, we aim to identify determinants of livelihood diversification at an individual level. For this, we first calculated income livelihood diversification index for each household by using the inverse of HHI which is then used as the dependent variable in multiple linear regression. Using these multiple linear regression, major determinants of livelihood diversification have been identified. The results of our regression estimates are presented in Table 5.3. The adjusted  $R^2$  value and the F-value appeared to be quite reasonable. Among the

independent variables, education, family size and government assistance have the expected signs and are statistically significant. To evaluate the multicollinearity, the Variance Inflation Factor (VIF) was calculated for each explanatory variable. The average VIF for the model was 1.16 which is less than 10 suggesting the insignificance of the multicollinearity problem (Marcoulides & Raykov, 2019).

**Table 5.2 Determinants of Livelihood Diversification**

Variables	Coefficients
<i>Dependent variable: Income Diversification Index</i>	
Intercept	0.613
Gender	0.086
Age	0.001
Dependent members	0.004
Education	0.105**
Family size	0.116***
Total Land	-0.002
Govt assistance	0.263***
Distance to the nearest town	-0.002
Adjusted R <sup>2</sup>	0.223
F-value	4.52***
No of observations	120
Mean VIF	1.16

*Note: \*, \*\* and \*\*\* indicate the significance levels at 10%, 5% and 1% respectively.*

From the Table 5.3, it is clear that variables like education, family size and government assistance have statistically significant impacts on livelihood diversification. The results show that educational level is statistically significant at a 5 per cent level with its expected sign. With higher education, an individual becomes more capable and confident to try out different economic activities. This finding is in line with those of Shan and Ahmed (2020) and Rahut et al. (2014) but contradicts with that of Ahmed et al. (2018). The highly educated persons diversify their livelihood options by opting for salaried jobs,

self-employment activities, etc., Therefore, investing in education and increasing access to higher education will help rural households in getting alternative income. The results also show that the family size of the household is statistically significant at a 1 per cent level with a positive coefficient. This supports the findings of Shan and Ahmed (2020) which indicates that larger family sizes provide more family labour supply. This may be due to the availability of an additional workforce in the family that can dedicate itself to many activities to contribute to the family income.

We also found that government assistance has a statistically significant and positive impact at a 1 per cent level of significance on the diversification level of a household. This finding is consistent with Ahmed et al. (2018). Government assistance in the form of financial and non-financial support enables capital-poor families to start new businesses or seek self-employment. Various kinds of training provided by the government also empower them to perform income-generating activities.

However, other variables like gender, age, dependent members, total land and distance to the nearest town have no statistically significant impact on livelihood diversification.

#### **5.4 Conclusion**

Darjeeling has been popular worldwide as a famous tourist destination since the time of British Rule. Of late, increasing interest from tourists in traditional lifestyles, local cultural heritage and environmental concerns have popularised the demand for homestays. Considering this opportunity for livelihood improvement, local communities in this region have started homestay businesses. This chapter has examined whether the homestay business is a complementary or substitute occupation to traditional economic activities. It has also identified the determinants of individual livelihood diversification of

the homestay operating households. Findings from this chapter show that homestay operators in the region derive their livelihood from different economic activities besides the homestay business itself. Besides the homestay business, traditional agriculture and plantation activities are the major source of livelihood for a majority of the sample households owing to a lack of economic opportunities and underdevelopment of the other sectors. Along with the homestay business, sampled households have diversified their sources of livelihood to different levels with the majority of households conducting homestay business along with one or two more economic activities. The homestay business has acted as a supplementary economic activity to the existing traditional economic activities and livelihoods of the sampled households. Important factors affecting the level of diversification were education, family size and government assistance. Lastly, the homestay business can contribute significantly to traditional occupations like agricultural and plantation works. Therefore, more support in the form of government assistance (both financial and non-financial) along with frequent awareness campaigns, workshops and proper training should be imparted to the prospective operators in running a homestay. Any form of assistance from other external agencies will further improve their economic conditions and reduce unemployment and poverty in the area.

## CHAPTER 6

### HOMESTAYS AS A BUSINESS VENTURE: MOTIVATION FOR STARTING HOMESTAY BUSINESS IN DARJEELING HILLS

#### 6.1 Introduction

Rapid growth of tourism in the Darjeeling Hills has put tremendous pressure on local resources necessitating the need for alternative tourism like ecotourism (Kannegieser, 2015). The growth of ecotourism spots has also simultaneously catalyzed the emergence of homestays in these rural areas for accommodation. These homestays not only provide a unique experience of local cuisine and culture to the tourists but also a source of livelihood for numerous local individuals. The locals who were earlier mostly engaged in agricultural households have now started homestay businesses in their own houses and are earning extra income through it. Homestay business requires minimal investment wherein the operators convert some of their rooms into homestays for the guests. In recent times, the regional ecotourism sites have seen the growth of several homestays. And the adoption of this business has also improved the lives of most homestay operators in terms of cash and kind. There have been very few studies depicting the homestay operators' motivating factors in India in general and in the Darjeeling Hills in particular.

A number of studies have been exists on the ecotourism and homestay businesses: for example in Africa (Manyara & Jones, 2007; Kibicho, 2008), Asia (Kayat, 2009; Jaafar, 2012), Oceania (Dyer et al., 2003), and Peru (Zorn & Farthing, 2007). In the context of Darjeeling, very few studies exist related to ecotourism and homestay businesses. Moreover, these studies have restricted their analysis to specific gender, socio-economic

benefits and are generally focused on one ecotourism site or area in the region (Das, 2021; Kannegieser, 2015; Bandhopadhyay, 2016; Gurung, 2021; Rawat, 2019; Rawat, 2020; Khan & Mitra, 2017). Other studies have focused on tourists' satisfaction (Khaling, 2019; Basak et al., 2021; Dutta, 2021). Existing studies have mentioned the potential of homestays for rural development and sustainable livelihoods for rural populations. Thus, studies that examine the factors motivating entrepreneurs to start homestay businesses in the Darjeeling Hills are still lacking. The majority of empirical studies on motivational factors of small businesses were conducted in manufacturing and trading industries. Limited empirical study has so far been carried out in the hospitality and tourism industry as traditionally, tourism was placed below manufacturing and trading, since it was not seen as a significant or appropriate source of growth. This chapter attempts to overcome some of the above-mentioned limitations as it widely covers 10 major ecotourism sites in the region and is based on a larger sample size in the region. In this respect, this study is probably the first one to cover a large number of ecotourism sites and to use a large number of samples to explain the motivation of homestay businesses.

The identification of motivational factors in this chapter contributes to the literature on what actually motivates entrepreneurs to start homestay accommodation businesses, which is an under-researched area. The findings and insights from this chapter will be beneficial to the policymakers regarding the decision-making motivations of entrepreneurs as well as for the general understanding of economic development in a developing nation. It will also be relevant in providing further insights and understanding of the participation in rural livelihood development programmes. By recognizing the potential of homestay business as a community development tool or rural development

tool, this study could contribute to the current body of knowledge related to homestay business entrepreneurship in the context of developing countries.

With an understanding of both internal and external factors for start-up motives, the state government regulates and sets policies for homestay businesses; so that the issues of competition will be minimized from contributing a negative impact to the hospitality industry and state economy in general. Learning more about homestay operators' motives could help policymakers develop appropriate programmes fostering the creation of new businesses and helping the existing homestay businesses flourish. Therefore, this research is to understand the start-up factors of new homestays for rural development. Against this background, this chapter aims to analyse the start-up motivations and business challenges for homestay accommodation businesses. As the homestay accommodation business has provided huge opportunities to rural communities, therefore, investigation of the motivational factors in the homestay business becomes essential. Therefore, it is quite important to understand the factors that motivate these individuals to adopt homestay businesses.

Literature related to the development of small businesses and entrepreneurship has its starting point in studies on motivation to start a business (Blackburn & Smallbone, 2008). Most of the studies related to entrepreneurship motivation in various sectors apply the push-pull model of entrepreneurs. This chapter seeks to employ the push and pull motivating factors in the homestay accommodation business also. Thus, this chapter aims to understand what motivates individuals to be involved in the homestay business. Specifically, this chapter aims to (i) identify the underlying start-up motives in the homestay accommodation business and (ii) explore the problems they faced in managing

homestay business. Additionally, this chapter contributes to a better understanding of entrepreneurial theory by providing further evidence about the primary motivations for starting a business and the challenges they face.

## **6.2 Push-Pull Model of Entrepreneurship**

Motivation is commonly seen as the driving force behind all actions. Any entrepreneur must be motivated by some factors. Motivation often originates within individuals and results in changed behaviour or actions of prospective entrepreneurs. The behaviour of any individual is caused by motivation. Studies on micro and small businesses recommend analyzing motivations for business start-ups as a way of understanding the goals that entrepreneurs set for their enterprise and the criteria by which they measure their performance (Kuratko et al., 1997). Most businesses are started mainly for economic reasons to earn extra income (Dahles, 2002). In Asian countries, entrepreneurs have cited economic factors as the most important factor in starting business ventures (Mann & Thorpe, 1998). However, economic motivation is not the primary motivation for entrepreneurship (Block et al., 2015). Amit et al. (2000) show that desire to earn wealth ranks as the least important behind non-economic motivations like the desire for independence. Thus, economic motivations are necessary but insufficient motivation to start a business (Weber et al., 2008).

Previous studies have revealed why people start up their own businesses. Kirkwood (2009) highlights four key drivers motivating an individual for entrepreneurship- the desire for independence, the desire to earn more money, work-related factors (like unemployment and job insecurity) and family-related factors (family support and obligations). Herron and Sapienza (1992) pointed out that motivation has an important



role in commencing a business. For example, a business with profit potential or dissatisfaction with the current job may motivate a person to start a business. Shane et al. (1991) indicate that generally recognition, independence and learning motivate individuals for starting businesses. Furthermore, Watson et al. (1998) stated that motivations for becoming entrepreneurs include a desire for earning more income, market opportunities, and personal opportunities. According to Osman et al. (2010), motivating factors for homestay entrepreneurship can be classified as pull and push factors.

A 'pull' factor (opportunity-driven motive) is a strong positive internal desire that encourages a person to start a new business venture or entrepreneurial activity (Wang et al., 2007; Chan & Quah, 2012). Pull factors are situational factors that are often perceived as opportunities that encourage a person to entrepreneur. Examples of pull factors for starting a business include the desire for independence; the desire to earn more income, identifying business opportunities, a better lifestyle, the desire for challenge/achievement, recognition for the achievement, and the best use of existing experience and knowledge. In a study about entrepreneurs in Malaysia, Ismail et al. (2016) found that most of the entrepreneurs belonged to a family with a business background and thus partly explains the reason for their career choice.

On the other hand, 'push' factors are related to the strong negative desire into pursuing their business ideas. Push factors tend to be more intrinsic and driven by internal or emotional motivations. Existing negative circumstances and unfavourable conditions result in negative emotions which push an individual for starting a business. Push factors stimulate entrepreneurs to leave the current situation in search of a better situation. This has also been referred to as 'necessity' or 'forced' entrepreneurship where the current

situation of unemployment or job insecurity pushes individuals for entrepreneurship (Fayolle, 2011) For example, unemployment, inadequate salary, dissatisfaction in a previous job, job insecurity, changes occurring within the workplace, inheritance of family business are push factors. According to Dobrev and Barnett (2005), motivations to start a business are usually considered to be push factors and are often key factors that can influence the preparation for an entrepreneurial career.

Although individual motivational factors can be recognized and identified as push or pull factors, there is a consensus among professionals that motivation is a result of a combination of push and pull factors, which means that we do not talk about completely separate or different factors. Push motivators refer to internal aspects and emotional traits of the individual, while pull motivators are linked to external aspects, which stem from the subjective perception of the situation

However, these push and pull motivational factors are not mutually exclusive implying that the resulting motivation is a combination of both push and pull factors. These two factors cannot be discussed completely separately. Both factors are important in motivating one's decision to start up a business. An individual can be motivated by both pull and push factors at the same time for starting a business enterprise (Elfving, 2008). Nevertheless, in the process of deciding on an entrepreneurial start-up, push factors are followed by pull factors (Dann, 1977).

Motivational study in the field of tourism revolves around a theory put forth by Dann (1977), who distinguished between push and pull aspects of tourists' motives. This approach assumes that people are being pushed by their internal forces and pulled by the

external forces of a destination as perceived by them. These push and pull factors are discussed concerning a business owner's start-up motivation.

Furthermore, Heider (1958) claimed that the behaviour of an individual could be explained by either internal (push) or external (pull) factors. Internal attribution or dispositional attribution refers to an inside factor, agent or force, such as needs, wants and wishes (Petri & Govern, 2004). Conversely, external attribution or situational attribution refers to an outside factor, agent or force, such as the environment (Petri, 1996; Petri & Govern, 2004). Figure 6.1 shows push factors are explained as internal needs of individuals and pull factors are explained as external factors that motivated individuals to start up a SMSA business.

An examination of the previous studies indicated that the motivating factors for entrepreneurship may differ across countries due to differences in income levels and employment opportunities. In a study related to small business owners in Vietnam, Swierczek and Ha (2003) found that challenge and achievement were more significant motivators than necessity and security. However, in another study related to small business owners in Vietnam, Benzing et al. (2005) discovered a regional difference. For entrepreneurs in economically developed regions, personal satisfaction and growth were more important motivations to start a business whereas those in economically weaker regions with higher unemployment were more motivated by the need to generate employment opportunities for themselves and their family members. In Romania, income and job security needs were significantly stronger motivators than self-satisfaction and personal needs (Benzing et al., 2005). Similarly, another study by Benzing et al. (2009) reported that small-business entrepreneurs in low-income countries are more likely to be

motivated by income needs whereas those in high-income countries are motivated by factors like self-esteem, desire for independence and self-realisation. On similar lines, Pistrui et al. (2001) found that entrepreneurs in China were strongly motivated by personal and family security reasons. In Kenya and Ghana, Chu et al. (2007) found that earning income and gaining employment were the strongest motivators for entrepreneurs. Stefanovic et al. (2010) analysed the factors that motivated small business entrepreneurs in Serbia. They found that increasing one's income was the most important motivating factor because income levels in Serbia were relatively lower compared to neighbouring countries.

Furthermore, studies that have compared gender-related differences in entrepreneurial motivation are also emerging. The study by Rosa and Dawson (2006) concluded that men and women have relatively similar motivations to start a business. Kirkwood (2009) in his study explored the gender differences in entrepreneurial motivation. He found that the desire for independence was a stronger motivator for women than men while not much difference was observed regarding monetary motivation between the two genders. Other studies have found differences in this regard. Sena et al. (2008) and Clain (2000) report that monetary motivation is less important than non-monetary factors for women entrepreneurs. Also, women entrepreneurs are mostly motivated by push factors while men are motivated by pull factors.

### **6.3 Studies on motivational factors to start homestay business**

For the past few decades, academicians in various disciplines have shown great interest in motivation factors to start up a homestay business. A plethora of studies have identified and analyzed such factors. Studies by Kayat (2011) and Ismail et al. (2016) found that

economic benefit is the most important motive for homestay operators to participate in this business. Such economic benefits are not limited to individuals but result in economic development and poverty reduction in the host community.

Seubsamarn (2009) reports that homestay provides opportunities for other business transactions also like the sale of souvenirs. However, only monetary or material benefits solely do not motivate the operators. Rather, they are also motivated by non-economic or non-monetary benefits like persuasion and experience, the opportunity to learn new things, mental satisfaction, and the strengthening of social and community relationships (Ranasinghe, 2015). Homestay operators are also motivated by the prospect for social interaction and the development of friendship between hosts and visitors. In many cases, host families find it exciting to host guests or visitors. It gives them happiness and the whole family including the children joyfully participates in this activity of hosting the guests (Julaili, 2001). According to Hinch and Butler (1996), economic factors serve as the primary pulling force for the locals to become involved in tourism development. Many studies on motivating factors of homestay businesses have found a desire for earning extra income as the principal reason. In a study by Karki et al. (2019) in Chitwan National Park in Nepal, most of the local indigenous Tharu community expressed income improvement and utilization of free time as initial motivations for homestay business. Another study by Nepal Rastra Bank (2015) on Dallagon homestay has reported that income generation is the most important motivating factor followed by public relations, employment, and preservation of local culture.

Furthermore, Ahmad et al. (2014) have categorized the motivating factors into push and pull factors and found that unlike other businesses it is the pull factors that motivate the

entrepreneur more to start home-stay businesses. Along similar lines, Osman et al. (2010) studied women homestay operators in West Malaysia and found that the majority of these women were motivated by the pull factors like personal satisfaction, passion, and encouragement by friends as compared to push factors. Yassin and Ariff (2017) found that homestay entrepreneurs in the Johor state of Malaysia were also pulled to this business by the potential it has in improving the financial status of the entrepreneurs. As noted by Korir et al. (2013), homestay business requires a relatively low cost of investment and low levels of risk. There are fewer barriers for new entrants in this business and allows one the luxury of working from home. As such, local women can work at ease from home and engage themselves in economically remunerative activity at the same time. Also, the study by Kayat (2014) indicated that the community members' motivation encourages people's participation in community-based tourism. The study by Yusof et al. (2016) showed that factors like the need for additional income, leisure time, government incentives, new experiences, etc motivate people to become involved in homestay activities.

#### **6.4 Challenges Faced by homestay business operators**

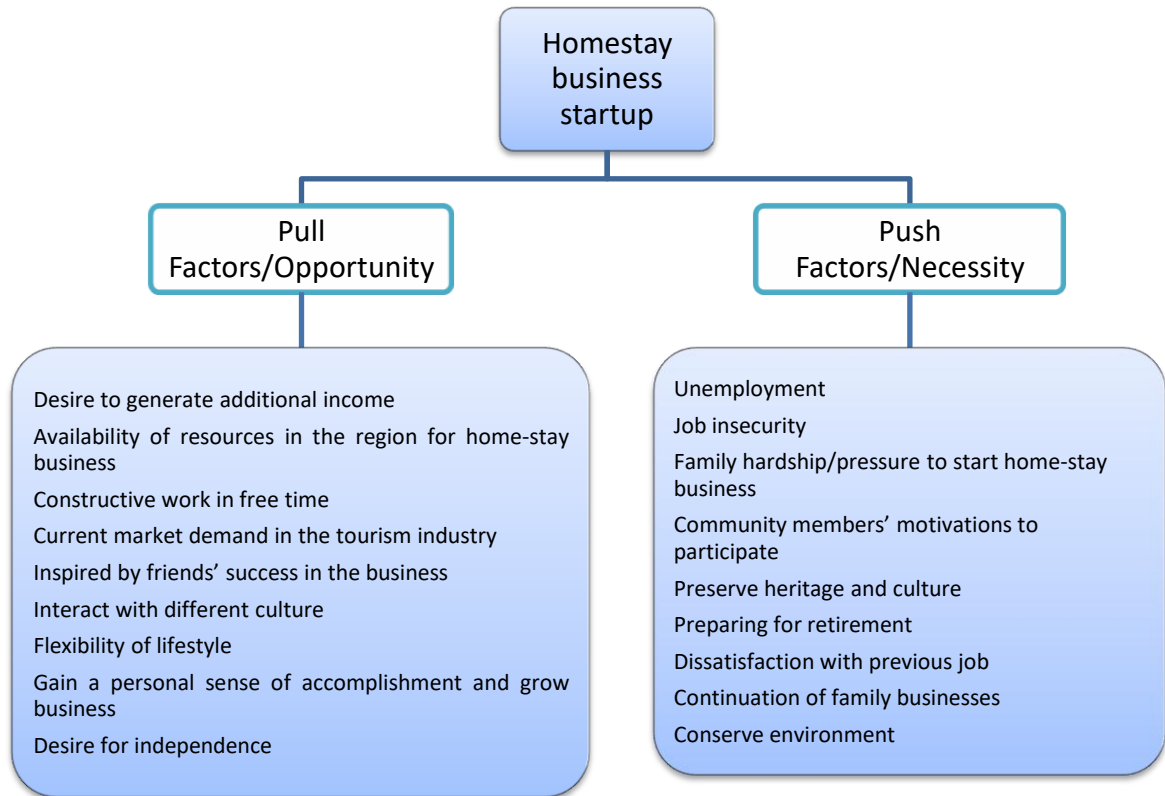
Kunjuraman and Hussin (2017) explore the challenges faced by homestay operators in Malaysia. Despite its potential to develop because of vast natural resources, homestay operators face numerous challenges like lack of infrastructure development, poor promotional activity, lack of trained human resources, safety and security issues, poor local leadership, and lack of tourism management experiences. These challenges have caused homestay businesses to be unsustainable. Therefore, they highlight the importance of collaboration and partnerships among tourism stakeholders to achieve successful

ecotourism development. In a similar study, Tosun (2000) has highlighted three major limitations faced by homestay operators in most developing countries: (a) operational limitations like centralization of bureaucratic operations related to tourism (b) structural limitations such as lack of expertise and financial constraints and (c) cultural limitations like low awareness levels, lower capacity of the under-resourced population. In India, homestay operators faced the challenges of poor infrastructural facilities, lack of skilled human resources, inadequate legal regulations, poor marketing and promotional activities, lack of coordination, low levels of awareness on conservation and cultural resources, improper management of natural resources and security issues (Bhan & Singh, 2014). In another study about community-based tourism in Iran, Aref (2011) highlighted some important barriers faced at the individual level by the participants such as lack of expertise, lack of publicity, lack of leader support, lack of government support, and lack of financial resources, lack of support from tourism department and lack of essential tourism market knowledge. These barriers exist in all communities but not equally. In a study about the local community participation in the homestay accommodation business in Malaysia, Hussin (2008) found that financial constraints, ineffective management of homestays, lack of marketing and publicity, language barriers and absence of government support were the major barriers to homestay operators in Malaysia. Another study was conducted by Nor and Kayat (2010) on community homestay participation in Malaysia. The findings concluded that payment method, passive community, lack of leadership and conflicts were the major challenges faced by homestay operators. In Laos, major challenges faced by the local community in participation in tourism are low awareness levels of tourism, lack of financial support, less leisure time because of a hectic daily

schedule, seasonality of tourism with low income and lack of support from the administration (Kim et al., 2014). Similarly, a study by Kunjuraman et al. (2015) found that financial constraints, problems in language communication lack of trained employees, and lack of electricity and clean water supply were the major challenges faced by homestay operators in Malaysia. To understand the operating issues and challenges of homestay business in Malaysia, Lim & Lee (2020) conducted a study about Pachitan homestays. Based on the push-pull theory of entrepreneurship and a review of related literature on homestay business motivation, a conceptual framework has been developed in this study (**Figure 6.1**).



**Figure 6.1: Conceptual Framework of Homestay Business Start-up in Darjeeling Hills.**



Source: Ahmad et al. (2014), Chan & Quah (2012), Osman et al. (2010)

### **6.5 Motivational Factors for Starting a homestay business in Darjeeling**

The findings of pull and push factors are presented in Table 6.1 based on the responses from the homestay operators. From the findings, the pull factors that emerged in this study were the desire to earn income, availability of resources, current market demand, inspired by a friend's success, and profitability while the push factors were previous working experience in a similar business, unemployment, job insecurity and preparing for

retirement. Table 6.1 highlights the key motivating factors which participants described as being important to their starting a homestay accommodation business. To identify the most important push and pull factors to start homestay business, the respondents were asked to assign scores from 1 to 3 where 1 indicates 'less important' factor, 2 indicates 'important factor' and 3 indicates 'very important factor'. The frequency of a particular score for each factor is multiplied by the score assigned to that factor. Such product (frequency x score) were calculated for all three scores (less important, important and very important). And these resulting scores were then added up to calculate Total Weighted Score (TWS). TWS was further divided by the total number of respondents (N) to calculate the mean weighted score of an item. Based on these mean weighted scores, each factor was assigned a rank. The motivational variables are in descending order of importance. Higher mean score of a variable indicates a stronger motivating factor for the homestay operator.

### **6.5.1 Pull Factors**

As illustrated in Table 6.1, nine pull factors were found to be important motivators for starting a homestay business. Most studies on business start-ups signify that entrepreneurs start their businesses with strong economic motivations such as generating extra income (Benzing et al., 2009; Dahles, 2002). In line with those studies, the results of this study also show that economic motivations, such as generating extra income for starting the homestay business in the region were considered as the most important motivations. When asked to mention the most important reason for starting their own business, most of them cited the desire to earn extra income. The current study also found the desire to earn income as the most important factor. Home-stay tourism, like any other

form of rural tourism, provides an economic alternative to rural communities, many of which require a second or third source of income (Embacher, 1994). This corresponds with the findings of Acharya and Halpenny (2013), Bhuiyan et al. (2013), Kayat (2009) and York et al. (2016) who found that homestay operators were motivated by the desire to earn income. Likewise, these findings are also supported by several studies; for example, In Nepal, income and self-employment were the most important motivating factor to start homestay (Bhattarai & Adhikari, 2021; Karki et al., 2019). Razzaq et al. (2011) found that homestay operators in Malaysia were motivated by income. Danthanarayana et al. (2021) found that most of the homestay operators in Sri Lanka have started homestay businesses to generate additional income. However, this finding is inconsistent with previous literature which indicated that personal satisfaction, desire to become one's boss or independent and enjoyable things to do at the homestay were listed as the most important motivation in previous studies (Ahmad et al., 2014; Kirkwood, 2009).

The second most important pull factor was the availability and readiness of resources. Prior studies observed that people are not always motivated by money to start a business (Yitshaki & Kropp, 2016, Block, 2015). Thus, when asked about their motivation to start this business, besides financial motivation, most of them cited the availability and readiness of resources as the second most important factor. Darjeeling has been endowed with rich natural resources for tourism. From any village in the region, one can have a beautiful view of Kanchenjunga and other mountains, rivers, streams, greenery, lush tea gardens, and a variety of beautiful birds, insects and animals. This business can be started by making use of readily available rooms in the house. Also, the concept of homestay

clearly says that the guests visit homestays to experience the lifestyle of the hosts. Thus, this business does not require the construction of new infrastructure facilities. Therefore, as a homestay business requires no new or huge investments to start, entrepreneurs are motivated by this factor (Rai, 2020).

Another variable, 'constructive work in free time' emerged as the third most important motivating factor. The rural population in this region generally depends on a single source of income and is contented with their simple livelihoods. This is mainly because the hills lack many economic activities and opportunities leaving the population with ample leisure time. Thus, many respondents have considered the homestay business as a productive economic activity that can be conducted in this free time. They have taken up homestay business as a productive activity to make productive use of this leisure time.

The variable, 'current market demand', with a mean weighted 2.68 score of strongly influences the decision to start a homestay business. This study identifies that the rising number of tourists moving away from traditional mass tourism towards ecotourism has strongly encouraged homestay operators to participate in this business. Darjeeling Hills offer a favourable climate, landscapes and culture for the growth of ecotourism and homestay tourism. Thus, an increasing number of tourists are visiting these new locations in the rural areas creating an increased demand for homestays and consequently motivating the homestay operators. After seeing the expected profitability to be high in this business, respondents are motivated to start the business. This finding corresponds with several studies: for example, Bhuiyan et al. (2013) reported that current market opportunity was an important motivating factor for Malaysian homestay operators. In Indonesia, homestay operators started this business after discovering a business

opportunity in this field. However, this finding is in contrast with that of Kirkwood (2009) who found that seeing an opportunity was not a motivator for entrepreneurs in New Zealand.

Other pull factors appeared relatively less important according to the homestay operators' responses like desire for independence, flexibility of lifestyle, etc. It is important to note that factors like gaining a personal sense of accomplishment and interacting with other cultures have been rated very low as the motivations to start a homestay business. These findings are inconsistent with previous studies which have shown flexible work schedules to be the main pull factors.

**Table 6.1: Push and pull motivational factors of entrepreneurs to enter homestay accommodation businesses**

Items	Very Important		Important		Less Important		Total weighted Score	Mean Weighted Score	Rank
	F	%	F	%	F	%			
<b><i>Pull Factors</i></b>									
Desire to generate additional income	111	92.5	7	5.8	2	1.7	349	2.91	1
Availability of resources in the region for home-stay business	102	85.0	14	11.7	4	3.3	338	2.82	2
Constructive work in free time	96	80.0	12	10.0	12	10.0	324	2.73	3
Current market demand in the tourism industry	90	75.0	21	17.5	9	7.5	321	2.68	4
Inspired by friends' success in the business	55	45.8	45	37.5	20	16.7	275	2.29	5
Interact with different culture	50	41.7	40	33.3	30	25.0	260	2.17	6
Flexibility of lifestyle	40	33.3	50	41.7	35	29.2	255	2.13	7
Gain a personal sense of accomplishment and grow business	15	12.5	40	33.3	65	54.2	190	1.58	8
Desire for independence	16	13.3	25	20.8	79	65.8	177	1.48	9
<b><i>Push Factors</i></b>									
Unemployment	105	87.5	10	8.3	5	4.2	340	2.83	1
Job insecurity	80	66.7	26	21.7	14	11.7	306	2.55	2
Family hardship/pressure to start home-stay business	62	51.7	34	28.3	24	20.0	278	2.32	3
Community members' motivations to participate	56	46.7	39	32.5	25	20.8	271	2.26	4
Preserve heritage and culture	45	37.5	56	46.7	19	15.8	266	2.22	5
Preparing for retirement	62	51.7	16	13.3	42	35.0	260	2.17	6
Dissatisfaction with previous job	59	49.2	16	13.3	45	37.5	254	2.12	7
Continuation of family businesses	45	37.5	32	26.7	43	35.8	242	2.02	8
Conserve environment	25	20.8	50	41.7	45	37.5	220	1.83	9

Note: 3 = Very important; 2 = Important and 1 = Less important.

### **6.5.2 Push Factors**

Unemployment was revealed in the findings as the main push factor for starting a homestay business. This is supported by the findings of earlier studies, for example, the study of Giacomini et al. (2011) found that the need for supplementary income was the most important factor for entrepreneurs who started new businesses. Since Darjeeling

Hills face a weaker economy, higher joblessness and fewer economic opportunities, homestay business operators in the region might be motivated more by income and employment aspects. This finding is in line with that of Benzing et al. (2005) who found that entrepreneurs in economically weaker rural areas were mostly motivated by income and employment needs as compared to those in cities. Benzing et al. (2009) reported that small-business entrepreneurs in low-income countries are more likely to be motivated by income needs whereas those in high-income countries are motivated by factors like self-esteem, desire for independence and self-realisation.

Job insecurity emerged as the second most important push factor. It signifies the importance of workplace security and employment continuity for the family members. Economic instability forces entrepreneurs to take care of themselves and their families. Prior studies observed that people are not always motivated by money to start a business (Yitshaki & Kropp, 2016, Block, 2015). The insecurity of jobs and changing nature of jobs offered a push for individuals to start homestay businesses. The survey results also indicate that most of the operators were involved in agricultural activities before becoming homestay operators. As agriculture in this region is vulnerable to weather, climate change and geographical terrain, the economic livelihood of the population dependent on it becomes insecure. Agriculture is no more a priority for the new generation of workers who prefer to shift to secondary and tertiary sectors for livelihood.

The variable 'family hardship/pressure which had a mean weighted score of 2.32 was found to be the next important variable for the homestay operators. This finding is consistent with Ahmad et al., (2014) which reported that family-driven factors are very important for individuals to participate in homestay tourism as awareness and affiliation

of family members greatly motivates the operators to start this business. The present study indicates that participation in community-based tourism is influenced by family and community members' motivations/pressure to participate. These motivations, in turn, may be explained by several factors such as their awareness about the benefits from such programme to themselves, their families and their community, their social/affiliation need, and their personality type which seem to play an important role in explaining their participation in this home-stay programme. An examination of pertinent literature indicated that community participation in the homestay accommodation business is contributing intrinsic value to society (Razzaq et al., 2011).

Alongside family pressure/hardship, community members' motivation to participate and preserving culture and heritage were found to be the next important push factor for homestay operators. For example, Bhuiyan et al. (2013) found that preservation of culture and heritage is an important motivation. The main aim of homestays is to provide accommodation and promote the preservation of culture and heritage. However, in our findings, it was revealed that this was not a very important factor. Some of the respondents had started homestay businesses after their retirement from government services (e.g., ex-servicemen). Other major push factors for respondents to start a homestay business were: preserve heritage and culture, preparing for retirement, dissatisfaction with the previous job, continuation of the family business and conserve environment.



## **6.6 Key challenges faced by home-stay accommodation operators in Darjeeling Hills**

Like any other businesses or enterprises across the world, homestay accommodation businesses face numerous challenges at all levels of business operation- starting up, operating, and growing the business. However, the problems faced by entrepreneurs in developing countries are often quite similar such as weak economies, constrained financial access, lack of reliable employees, stiff competition and complex bureaucratic business environment (Benzing et al., 2009). Small business owners in Turkey face problems in obtaining loans from formal financial institutions and thus depend on family resources to meet their financial needs (Ozsoy et al., 2001). The lack of infrastructural facilities was identified as one of the important barriers to participation in tourism by residents of geographically remote locations in India (Bagri et al., 2010). Hence, challenges faced by homestay entrepreneurs should be identified and managed to promote the growth and functioning of homestay businesses which act as a tool for rural development.

Home-stay entrepreneurs ranked the issues and challenges that exist in the home-stay accommodation business environment on a three-point scale. Table 6.2 shows the mean weighted scores of challenges faced by homestay operators in Darjeeling.

**Table 6.2: Issues and challenges encountered by homestay operators in Darjeeling Hills.**

Items	Very Important		Important		Less Important		Total weighted Score	Mean Weighted Score	Rank
	F	%	F	%	F	%			
Lack of infrastructural development	95	79.2	22	18.3	3	2.5	332	2.77	1
Lack of regular water supply and electricity	90	75.0	22	18.3	8	6.7	322	2.68	2
Mismatch between tourists' demand and hosts' services	84	70.0	19	15.8	17	14.2	307	2.56	3
Lack of brand image and marketing programme	81	67.5	12	10.0	27	22.5	294	2.45	4
Lack of proper training	74	61.7	20	16.7	26	21.7	288	2.40	5
Regional Political tension	76	63.3	10	8.3	39	32.5	287	2.39	6
Stiff competition from others	60	50.0	19	15.8	41	34.2	259	2.16	7
Lack of government support	57	47.5	21	17.5	42	35.0	255	2.13	8
Lack of medical emergency services	60	50.0	10	8.3	50	41.7	250	2.08	9

Source: Field Survey.

Financial constraints did not seem to be a very important challenge for the homestay operators in Darjeeling unlike homestay operators in other countries such as Malaysia (Kunjuraman & Hussin, 2017; Kunjuraman et al., 2015), Sri Lanka (Devadas & Jayasooriya, 2021), Iran (Aref, 2011) and India (Sood et al., 2017). This is because the business requires small capital for start-up and no major expansion is required. This finding is in contradiction to that of Ismail et al. (2006) who found that inability to obtain initial capital to finance their operations was the second most important constraint. The majority of the homestays have basic facilities like the minimum number of bedrooms, clean toilets, bathrooms and healthy food. Since homestays were started with few rooms of their own houses, any additional facilities or renovations were done at their expense. Thus, financial assistance was not a severe problem in the study area.

Based on the findings of the study, the lack of basic infrastructure development in the study region can be considered a major challenge faced by the homestay operators. The

remote geographical location and terrain of the sites might be considered responsible for the lack of infrastructural development. From the survey, it was found that the regions lack certain basic infrastructural facilities like proper all-weather roads, reliable telecommunication facilities, easy availability of transportation facilities and connectivity to major towns. These findings are in line with earlier homestay studies in Darjeeling Hills (Khaling, 2019; Rawat, 2019; Basak, 2021; Bhutia, 2014b). Rural communities residing in hilly and mountainous areas like Darjeeling Hills are deprived of basic infrastructure development such as roads, communication, power, education and health services. These areas have remained underdeveloped. For instance, in the context of Sittong, Chota Mangwa, Chatakpur, Latpanchor and Tinchuley, the roads are often rough and patchy and are not all-weather roads. Roads in the hilly regions are often damaged by landslides during rainy seasons and thus make it difficult for tourists to reach these places during these times. In some places, the roads are still under construction and are not properly metalled roads with several potholes along the way. Furthermore, visitors have to hire taxis at high prices to reach the villages as easy transportation facilities to these places are unavailable.

Second, the lack of regular supply of water and electricity in some villages has emerged as another major challenge for the successful operation of the homestays. For example, in Tinchuley and Rimbick, the majority of the homestay operators reported irregular electricity as the most important problem. Fluctuation of power, load shedding, and frequent power cuts for long hours have been very problematic for the homestay operators of Tinchuley (Khaling, 2019). In addition, water is also a scarce commodity in

some places. For instance, homestays in Lepcha Jagat have to purchase water from water vendors to meet their daily requirements.

Another important problem highlighted was the mismatch between the demand of tourists related to food and the cuisine homestays try to offer. Generally, tourists do not find the local traditional foods palatable. As such, the homestay operators are obliged to offer the cuisine demanded by the tourists. Therefore, the homestay operators have to make arrangements for other popular foods and ignore authentic local cuisine. Homestay operators complain that the very essence of the 'homestay' concept is lost due to such attitudes of the tourists. The definition of homestay implies staying with a local family and experiencing the traditional way of life and culture as well as consuming local cuisine. Guests are supposed to eat whatever food is respectfully provided by the host family (Lama, 2013). But, besides a few tourists who show some interest in local foods and drinks, the majority of them don't like the local cuisine and demand more popular dishes.

Regarding operating issues and challenges, the most important challenge remains the lack of marketing and publicity of homestays. Homestay operators lack essential marketing skills (Janjua et al., 2021). It is to be noted that the sustainability and quality of the homestay industry depend on the publicity of the homestays. So far, most of the homestays in the study area were depending on the word-of-mouth strategy to promote their homestays. Only a few of them had links with the external travel agencies that send tourists directly to these homestays.

Besides a few places, most of the villages with homestays are located in the interior rural regions which make communication difficult between the local and outside people. In

Rambhang, Chhota Mangwa and Rimbick, marketing is solely based on word-of-mouth. The homestay operators at Rimbick say that the majority of the tourists visiting them are because of word-of-mouth information only. Marketing and promotional activities are still yet to develop. However, this word-of-mouth strategy is not sufficient for promotional activity. Professional assistance from well-established tour operators is still needed to commercialise this homestay business. To further improve the development of the homestay business, collaboration and partnership among themselves and with tour operators are necessary (Kunjuraman & Hussin, 2017).

The lack of proper training was also a major problem. It has also been reported that not enough training to manage homestay accommodation and difficulty to maintain standard/optimum levels of cleanliness as part of the challenges in the homestay business. A high standard of accommodation in terms of hygiene, safety and proper facilities is important and difficulty to comply with the standard may lead to good and bad experiences for the tourists (Akbar et al., 2004). A study by Msoka (2013) in Tanzania showed that entrepreneurship skills have a positive impact on the performance of small-scale enterprises. Thus, he recommends that small-scale business entrepreneurs may be provided training in business planning, marketing, accounting and serving customers. Similarly as pointed out by Keiser (1989), the uniqueness of accommodation operations lies in the fact that service, which is intangible and incapable of being stored, is its product. The business requires special human resources and emphasises the consistency of service and high productivity.

Regional political tension and frequent strikes have direct negative impact on tourists inflows. It is another important challenge faced by the homestay business. In some

places, there have been incidents where the tourists got seriously ill at night and they had to the nearest town. Therefore, lack of medical emergency facilities is also another challenge reported by them.

## **6.7 Conclusion**

This chapter aims to identify the major factors that motivated homestay operators to start homestay businesses and the major challenges they face in the Darjeeling Hills. A pull-push framework of entrepreneurship has been used to meet the objective. The results of this chapter show that economic motivations, such as generating extra income for starting the homestay business in the region were considered as the most important motivations. Most of the respondents cited a desire to earn extra income as important reasons for starting their own business. As expected, the availability of natural resources in the region has been ranked as the second most important factor of motivation. Constructive work in free time emerged as the third most important motivating factor. Factors like flexibility of lifestyle, desire for independence has been ranked the least.

Among the push factors, unemployment was revealed as the main factor for starting a homestay business. Job insecurity emerged as the second most important push factor signifying the importance of workplace security and employment continuity for the family members. Other major push factors identified were: family hardship/pressure, community members' motivation, preparing for retirement, dissatisfaction with previous job, continuation of the family businesses and conserve environment.

Like any other businesses or enterprises across the world, homestay accommodation businesses in Darjeeling Hills too face numerous challenges at all levels of business

operation- starting up, operating, and growing the business. The most critical challenges encountered by homestay business entrepreneurs in Darjeeling Hills are (a) lack of basic infrastructure facilities, (b) lack of regular water and electricity (c) mismatch between tourist demand and host service and (d) lack of marketing and advertisement. Therefore, even though individuals have participated in homestay businesses attracted by the current market demand, however, lack of proper marketing or advertisement facilities in place has deprived them of exploiting this opportunity fully.

The analysis from this chapter has contributed to the understanding of participation in rural livelihood development programmes. Overall, this chapter has provided us with an in-depth understanding of the motivating factors behind the homestay business startup in the study region. By recognizing the potential of homestay business as a community development tool or a rural development tool, this study could contribute to the current body of knowledge related to homestay business entrepreneurship in the context of developing countries.

## CHAPTER 7

### IMPACT OF HOMESTAY BUSINESS IN DARJEELING HILLS

#### 7.1 Introduction

In recent times, homestays are being used by policymakers as a tool for income and employment generation and poverty reduction. This study analyses the socioeconomic impact of homestay business in the Darjeeling Himalayan Region. Homestays constitute an integral part of ecotourism. Generally, the ecotourism sites are in isolated far-flung areas endowed with natural beauty, serene environments and rich cultures, which can be marketed internationally for attracting tourists. In such areas, the homes of local people can be used for accommodation purposes. Tourists visiting the ecotourism sites can resort to homestays. Thus, ecotourism and homestay tourism go hand in hand.

Homestays, as an alternative to conventional hospitality, offer local and authentic experiences (Lynch et al., 2007), and thus attract tourists longing for new, unique and genuine experiences (Wang, 2007). Instead of being put up in a lodge or guest house, a visitor is accommodated in a local house where he/she can experience the daily life of a rural household. Visitors are accepted as family members by the host family and get a chance to spend time with the family observing their customs, values and culture, which allows them to experience the taste of rural life. Homestay tourism draws tourists away from posh and crowded urban areas to the rural locality full of splendid natural surroundings. Such a unique experience offers a refreshing escape from the stressful lives of the cities. For this experience, the visitor pays the homestay operator. Thus, with very less investment, a household can earn additional income (Rakhal, 2015) by offering the



food and amenities that they would consume daily. In recent years, homestay tourism is being used as major equipment for the reduction of rural poverty. It integrates all activities of tourism like trekking, cultural tourism, agro-tourism, health tourism, and ecotourism.

Tourists from around the world are attracted by the natural scenic beauty of the Darjeeling Hills in West Bengal and thus visit in lakhs every year. The region has now started seeing the emergence of homestays in its rural parts (Rawat, 2019; Basak, 2021) where the principal source of livelihood is agriculture and plantation activities. As a result, homestay tourism has become popular and tourists increasingly prefer to stay in homestays with families rather than in hotels and resorts (Pasanchay & Schott, 2021; Basak et al., 2021). As a result, numerous homestays have been started by the local population in major tourism sites of this region as an alternative source of income and employment. Therefore, the main purpose of the present chapter is to examine the impact of homestay businesses on employment and income generation in the Darjeeling Hills.

## **7.2 Existing Studies**

Numerous studies earlier have reported that ecotourism and homestay tourism have numerous benefits for host families and the community in general. Homestay business provides employment opportunities to local people, helps increase the standard of living and is another new livelihood option, increasing the income security of local people. It may provide a new market for local people for their products, such as agricultural products, livestock and others. Razzaq et al. (2011) report that identifying the potential of homestay tourism in creating employment opportunities for women, youth and the

elderly, the government in Malaysia has used homestay tourism as a rural community development tool since 2001.

Karki et al. (2019) have found that the homestay business has improved the standard of living of the local indigenous Tharu community through an increase in employment and income in Nepal. Additionally, all respondents reported that they had experienced increased levels of social cohesion, cooperation and relationship among local communities. Such businesses provide opportunities for enhancing women's empowerment that resulted in better education for children. For instance, according to Bhuiyan et al. (2011), homestays provide job opportunities for local communities and improve the quality of life for the local people. Further, Chaityorn et al. (2010) found that homestays can ensure economic, social and cultural benefits for local communities as well as sustainable development.

Homestay accommodation business can contribute to the well-being of not only the direct participants but also other indirectly related individuals in rural areas. Thus, Lynch (2003) elaborates on how running a proper homestay business can give rise to a supply chain of inputs that create ancillary occupations. These can include cleaning services, cooking services, tour and transportation services, production of souvenirs and other home goods, and supply of local food products supplies. However, it was found that the income generated from homestays is not sufficient and so the people had to depend on other livelihood-earning options also. Moreover, many challenges need to be addressed properly to make the homestay programme successful. Acharya and Halpenny (2013) through their study conducted at Barpak, Nepal highlighted the importance of homestays. According to them, a country like Nepal which is rich in natural and cultural resources

can make use of Homestays as an alternative tourism product. Through homestays, countries can show off their natural and cultural richness. They said that this form of tourism is more women-centric and thus leads to gender equality by bringing women into the mainstream of development.

Wong (2014) found that the homestay business has resulted in addition to the family income, He also mentioned the various challenges faced by the owners like lack of funding and difficult access to the market, lack of support from the government, lack of infrastructure, especially accessibility, overdependence on political networks, etc. Thakuri and Nepal (2016) have found that homestay operators in Nepal have experienced a significant increase in income and expenditure resulting in higher savings and consequently, an improvement in economic status. An empirical study by Yacob et al. (2007) found that a total of 938 jobs were created for the local people through ecotourism development activities in Redang Island Marine Park, Malaysia. This has raised the total revenue earned by ecotourism operators. Similarly, Shukor et al. (2014) in their study in Malaysia have found that the development of homestays created employment opportunities, supplementing the household income and bringing about positive economic changes.

Parajuli (2018) has highlighted the positive impacts of ecotourism on indigenous people in Nepal. Changes can be observed in people's lifestyles. They have shifted from an orthodox way of living to a sophisticated and modern lifestyle. Child labour has been done away with and the children are sent to school. There has been also a shift from the primitive occupation of agriculture and fishing to services like small businesses, hotels, selling handicrafts, boating services and tour guides. The economic conditions of the

indigenous community (especially Amaltari people) have improved as tourism has served as a source of income.

### **7.3 Analytical Framework**

A multiple regression model has been used to incorporate the role of homestay businesses in employment generation. The following regression model has been estimated by applying the method of ordinary least squares (OLS):

$$EG_i = \beta_0 + \beta_1 RM + \beta_2 HS\_AGE + \beta_3 TI + \beta_4 HEXP + \beta_5 GEN + \mu_i$$

Where, EG = Employment generation in the homestay, RM = No of rooms in the homestay, HS\_AGE = Age of the homestay, TI = Tourist inflows in a year, HEXP= Experience of the homestay operator, and GEN= 1 if female, 0 otherwise,  $\alpha$  = intercept of the model,  $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$  and  $\beta_5$  denote slopes of the corresponding parameters of independent variables;  $\mu_i$  = Disturbance term or error term that represents all those factors that affect the level of employment but were not included in the model.

The selection of independent variables is guided by a literature review and discussion with the homestay operators. More number of rooms implies the capacity to host more guests and therefore requires more staff to attend to them. The number of rooms can also be considered an indicator of the size of the homestay. Bigger homestays can host a greater number of guests and thus require more staff to attend them as compared to small homestays. Therefore, the number of rooms (size of the homestay) has a positive relationship with the employment generation in the homestay. The age of the homestay indicates the number of years the homestay has been operating for. Older homestays are usually the most popular ones with tourists. Old homestays usually have developed

networks with tour agencies, taxi drivers and also tourists. Due to this network, more tourists come to know about them every year. Also, the fact that they have been successfully operating for many years implies that they have been providing quality hospitality services to the guests and are thus visited by a large number of tourists. Therefore, older homestays attending such a large number of guests every year requires more staff as compared to newer homestays. Tourist Inflows (TI) have a direct relationship with the employment generation in a homestay. More tourist inflows require more employees in the homestay and vice-versa. Operators with more years of homestay-operating experience usually receive more tourists. Thus, they need more employees to attend to the tourists. On the other hand, operators with lesser experience receive less number of tourists and thus do not need many employees. Therefore, homestay-operating experience has a positive relationship with the employment generated in a homestay. The gender of the homestay operator also influences the number of employees in a homestay. Since household chores and services in a homestay are the same (food preparation, washing clothes, heating water), female operators usually perform all the tasks themselves. On the other hand, male operators tend to employ extra staff for performing these tasks. Therefore, male-operated households employ more employees while female-operated homestays employ fewer employees.

Similarly, to estimate the impact of homestay business on income generation, a multiple regression model has been applied. In this model, the income of the homestay is a function of the number of rooms in the homestay, age of the homestay, tourist inflows, homestay operating experience, number of employees in the homestay and gender of the

operator. The following regression model has been estimated by applying the method of ordinary least squares (OLS).

$$HSI_i = \alpha + \beta_1 RM_i + \beta_2 HS\_AGE_i + \beta_3 TI_i + \beta_4 HS\_EXP_i + \beta_5 LAB_i + \beta_6 GEN_i + \mu_i$$

Where HSI = total annual income earned through homestay business by the operator (in Indian Rupees), RM = Rooms, HS\_AGE = Age of the homestay, TI = Tourist inflows, EXP = Experience of the operator, LAB = Total no of employees employed and GEN = Gender of the homestay operator. A homestay with more rooms can accommodate more guests and thus earns more income. Older homestays are usually the most popular ones with tourists. Old homestays usually have developed networks with tour agencies, taxi drivers and also tourists. Due to this network, more tourists come to know about them every year. Also, the fact that they have been successfully operating for many years implies that they have been providing quality hospitality services to the guests and are thus visited by a large number of tourists. Therefore, older homestays attending such a large number of guests every year earn more income than the newer homestays. Agiomirgianakis et al. (2012) have found that age of an accommodation business (like hotels) has a positive impact on its income. A possible explanation for this would be that older businesses have built reputation and have accumulated knowledge and experience placing them in an advantaged position as compared to new businesses. However, Dimitric et al. (2019) have found that age of the business has a negative impact on its income. it may be possible because new businesses are have modern and updated services and are quick to adapt to customers' preferences.

Tourist Inflows (TI) have a direct relationship with the income generated in a homestay. More tourist inflows to the homestay imply more income generated and vice-versa.

Operators with more years of homestay-operating experience usually receive more tourists. Thus, they earn a higher income. On the other hand, operators with lesser experience receive less number of tourists and thus earn lesser income. Therefore, homestay-operating experience has a positive relationship with the income generated in a homestay. The gender of the homestay operator also influences the income of a homestay. Since household chores and services in a homestay are the same (food preparation, washing clothes, heating water), female operators usually perform all the tasks themselves. On the other hand, male operators tend to employ extra staff for performing these tasks. Therefore, male-operated households employ more employees while female-operated homestays employ fewer employees. Also, the number of employees hired in the homestays has a positive impact on the income from the homestay. Homestays that have employed more employees indicate that they are receiving more tourists. Therefore homestays with more employees earn more income.

#### 7.4 Impact on Employment and Income

The results are presented in Tables 7.1 and 7.2 below.

**Table 7.1: Result of Regression Analysis for Employment Generation by the Homestays**

Explanatory variables	Estimated coefficients	t-value
Rooms	0.430	5.375***
Tourist flows	0.003	5.580***
Age of the homestay	-1.154	-0.632
Experience	1.252	0.690
Gender	0.142	0.390
N		120
R <sup>2</sup>		0.65
F-value		35.85***

Source: Primary Data. Note: \*, \*\* and \*\*\* indicate the significance levels at 10%, 5% and 1% respectively.

The result in Table 7.1 indicates that employment in homestays is positively related to the number of rooms in the homestay with its expected sign. It shows that it is highly statistically significant at a 1% level. The value of the coefficient ( $\beta_1$ ) of the number of rooms in the homestay is 0.43 which indicates that for a unit change in the number of rooms in the homestay leads to a change in employment level on an average by 0.43 units.

The value of the coefficient ( $\beta_2$ ) number of tourist visits is 0.003 and it is statistically significant at a 1% level. The coefficient of  $\beta_2$  shows that for a unit change in the number of tourist visits leads to a change in the employment level on an average by 0.003 units. The value of  $R^2$  indicates that a 65% variation in the employment level of the homestay has been explained by variation in the number of tourist visits and the number of rooms in the homestay. It also suggests the model is found to have a rather good fit. Furthermore, F- statistics is significant at a 1 per cent level indicating the overall significance of the variables.

Again, a multiple regression model has been used to incorporate the role of homestay business in the income generation. It has been considered that the homestay income is the function of the tourist visits, the number of employees in the homestay, gender and experience of the homestay operator, rooms in the homestay and age of the homestay. The following regression model has been estimated with the application of the ordinary least square method.



**Table 7.2: Result of Regression Analysis for the income generation of the homestay operators**

Explanatory Variables	Coefficients	t-statistics
Experience	-1681.62	-0.04725
Age of the homestay	2126.578	0.05976
Tourist inflows	91.87874	6.524458***
Rooms	-1752.01	-0.91915
No of employees	10561.76	4.829464***
Gender	-508.126	-0.06751
Intercept	9.377	64.89***
N	120	
R <sup>2</sup>	0.62	
F-value	24.97***	

Source: Primary Data. Note: \*, \*\* and \*\*\* indicate the significance levels at 10%, 5% and 1% respectively.

From Table 7.2, it is clear that among the explanatory variables, tourist inflows and the number of employees are found to be the most crucial factors that determine the income generated from the homestay business. The estimated value of the coefficient for Tourist inflows is 91.88 which indicate that a unit change in the tourist visit to the homestay leads to a change in homestay business income by ₹ 91.88 which is quite natural. The size of a business is measured by the volume of sales (in our case, tourist inflows is the volume of sales). Supporting our finding, Dimitric et al. (2019) found that accommodation business with higher sales volume have higher profitability. The coefficient is highly positively significant at a 1 per cent level which is clear from the t statistic and its p-value. This is probably due to economics of scale where average cost starts falling as tourist inflows increases and thus has positive impact on income.

Similarly, the coefficient of the number of employees working in the homestay is statistically significant at 1 percent level with the expected sign. The significance of this variable indicates that a unit change in the number of employees employed leads to an increase in the homestay business income by ₹ 10,561.

The F-statistic is found to be statistically significant at a 1 per cent level which indicates that at an overall level, almost all the variables have a significant impact on the income generation of the homestays. The value of  $R^2$  is 0.62 which shows that a 62% variation in homestay business income has been explained by variation in the above-mentioned variables and the model is also found to be a good fit.

### **7.5 Homestay Operators' Perceptions of Impact**

This part discusses the perceptions of homestay operators regarding the impact of homestay business on their community. Their perceptions regarding the impact of the homestays were categorised into 4 parts: economic impact, social impact, cultural impact and environmental impact. Respondents were given different statements to rate their perception about impact of homestay business in their region and the results are reported in Tables 7.3, 7.4, 7.5 and 7.6. For this analysis, the homestay operators were asked to give scores from 1 to 3 where 1 indicates less important impact, 2 indicates important impact and 3 indicates very important impact. The frequency of each item was multiplied by the score assigned to that item and the scores were added up that yielded Total Weighted Score (TWS). TWS was divided by the total number of respondents to calculate the mean weighted score of an item. Using these mean weighted scores, each perceived impact of homestay business was assigned a rank.

### **7.5.1 Economic Impact**

The results reveal that the majority of homestay operators perceived homestay business to have a very positive economic impact as they strongly agreed with all items on the economic impact scale (Table 7.4). The homestay operators tend to agree that homestay business has contributed to generation of additional income and has encouraged in emergence of varieties in economic activity (grocery stores, souvenirs, cyber café etc). In addition to the homestay business, it also has promoted the growth of other economic opportunities in the region. To serve the tourists visiting the homestays, other small businesses like shops, restaurants, water vendors, taxi rentals, etc have emerged. Locals have got an opportunity to earn income for themselves from these activities. For example, in Latpanchor, local men have started guiding tourists in bird-watching activities and taking them for local treks. They earn a good amount of income from these new economic activities. More influx of tourists creates the demand for more water. Thus, in places like Lepcha Jagat and Lamahatta, some locals have started earning livelihood by vending water in trucks to local homestays. On the other hand, shops that sell local products have also come up. This business in the region has led to the growth of not only operators but has created an environment where other locals too can generate income and livelihood for themselves through diverse economic activities. Improved incomes lead to improved purchasing power and resulted in a better quality of life.

**Table 7.3: Economic impacts of homestay business in Darjeeling Hills**

Items	Very Important		Important		Less Important		Total weighted Score	Mean Weighted Score	Rank
	F	%	F	%	F	%			
Generate additional income for the family	108	90.0	7	5.8	5	4.2	343	2.86	1
Encourage varieties in economic activity	98	81.7	14	11.7	8	6.7	330	2.75	2
Provide employment opportunity	90	75.0	12	10.0	18	15.0	312	2.60	3
Improve the local's purchasing power and standard of living of local people	86	71.7	17	14.2	17	14.2	309	2.58	4
Reduce the local's income gap	81	67.5	20	16.7	19	15.8	302	2.52	5
Improve individual skills and knowledge	77	64.2	18	15.0	25	20.8	292	2.43	6
Improve management capabilities	75	62.5	15	12.5	30	25.0	285	2.38	7
Generated income may contribute to village development	62	51.7	18	15.0	40	33.3	262	2.18	8
Eradicate poverty among the locals	63	52.5	13	12.5	44	35.0	259	2.15	9
Improve public facilities like roads and other infrastructure	58	48.3	20	16.7	42	35.0	256	2.13	10
Encourages the local handicraft industry	41	34.2	36	30.0	43	35.8	238	1.98	11
The cost of living/price level/inflation has increased	35	29.2	40	33.3	45	37.5	230	1.92	12

Source: Field Survey, 2019-20. Note: F denotes frequency; % denotes percentage

The respondents further reported that homestay business has created new employment opportunities for the local people. The Darjeeling Hills region lacks major economic activities like the manufacturing and services sectors. A major employer is agriculture and plantation activities. But the population dependent on this sector earns less income. Agriculture is not economically viable or profitable due to low productivity and high cost of cultivation in the region (Bhutia, 2014a). Regional terrain also is another hindrance to agricultural development in the hills. Returns from agriculture are low. Plantation activities have been paying low wages. People residing in the urban areas are dependent on the informal sector. Thus, the rural population that is left out has the opportunity to get

into ecotourism and homestay businesses as they have the resources as supply and demand in the form of tourists.

Likewise, many respondents also believe that participation in the homestay business has also contributed towards improving the local's purchasing power and standard of living of local people. The sampled homestay operators also agreed that the business has contributed to the improvement of their skills and knowledge in their ability to welcome and manage more visitors. Also, the exchange of views and suggestions from tourists has helped in raising the productivity, skills and knowledge of the operators.

Finally, the homestay operators tend to agree that homestay business has managed to improve public facilities for the local population. Government assistance received for the development of facilities for homestay programs can be used by tourists as well as local residents. Assistance such as upgrading of roads, construction of community halls and playgrounds, and improvement of prayer room/hall and physical infrastructure facilities certainly enhanced the atmosphere of the homestay area. Overall, respondents strongly agreed that the homestay program can provide economic benefits to the local community.

### **7.5.2 Social Impact**

Table 7.4 summarises the social impact of homestay businesses in Darjeeling Hills. In terms of the social impact of homestay business, the highest ranking was observed for its positive impact on checking the rural out-migration of local youth to urban areas in search of better employment opportunities. Earlier, the youths mostly preferred to move out due to the lack of livelihood opportunities in the region. The inflow of tourists

demanding homestay accommodation has thus provided an opportunity for the local youths to earn livelihood in the villages reducing out-migration.

Second, homestay operators perceived that homestay tourism has promoted stronger bonding and unity among family members and society. This is expected because, for a successful running of homestays, close coordination and cooperation among homestay operators and families are necessary. Strong cooperation among the community can effectively help the successful development of homestay tourism. Through homestays, community members can enhance cooperation among themselves. The 'cooperation with each other' element is very important to ensure the successful implementation of these homestays' tourism activities. This homestay program indirectly nurtures the spirit of teamwork among the operators.

**Table 7.4: Social impacts of homestay business in Darjeeling Hills**

Items	Very Important		Important		Less Important		Total weighted Score	Mean Weighted Score	Rank
	F	%	F	%	F	%			
Reduce youth migration to the city	95	79.2	5	4.2	20	16.7	315	2.63	1
Stronger bonding and unity within family and society	86	71.7	14	11.7	20	16.7	306	2.55	2
Create responsible society	63	52.5	33	27.5	24	20.0	279	2.33	3
Living quality from homestay tourism will encourage unity among family	48	40.0	56	46.7	16	13.3	272	2.27	4
Improve communication skill due to interaction with tourists	51	42.5	42	35.0	27	22.5	264	2.20	5

Source: Field Survey, 2019-20. Note: F denotes frequency; % denotes percentage

Likewise, the third highest ranking was observed for the impact of homestay business in terms of creating a responsible society. The introduction of homestay activities has created a more workable and systematic organisational structure among the community members. This is because they have to carry out their respective responsibilities to ensure

each program organized would be successfully implemented. In places like Chatakpur, homestay operators have responsibly and collectively decided to ban plastic use in their homestays and surrounding areas.

The fourth important social impact was that family members have experienced improved bonding and support among themselves. A visitor is hosted by the family where each member has their respective role and all members work together in performing a variety of duties involved in running the homestay. Therefore, the role of the family members in a homestay is very important in providing a helping hand.

The respondents further reported that the homestay operators' communication skills have improved as a result of interaction with a diversity of tourists from different parts of the world. The homestay program, in the view of respondents, has improved community communication skills. Communication skill is an important skill for each homestay operator because they have to interact with tourists either from within or outside the country. Failure in good communication would cause difficulties in interaction, especially interaction with foreign tourists. Overall, most operators were of the view that the activities of the homestay were socially beneficial to the community.

### **7.5.3 Cultural Impact**

The cultural impact of the homestay business is reported in Table 7.6. The most important element in cultural impact, as perceived by the homestay operators, was the commercialization of local culture to be presented to tourists. This indicates that local culture is seen as an important attribute because it showcases the local cultural identity. The respondents also strongly agreed with the proposition that the homestay program can

establish cultural groups. The establishment of such cultural groups is needed as younger generations need to be nurtured in maintaining their cultural heritage which is important as it is the symbol of a community and its culture. Many tourists, especially from overseas, are interested to experience and understand the areas' culture and heritage.

**Table 7.5: Cultural impacts of homestay business in Darjeeling Hills**

Items	Very Important		Important		Less Important		Total weighted Score	Mean Weighted Score	Rank
	F	%	F	%	F	%			
Commercialisation of local culture to satisfy tourist demand	110	91.7	10	8.3	0	0.0	350	2.92	1
Improving local culture consciousness among the local community	98	81.7	14	11.7	8	6.7	330	2.75	2
Create a culturally inclined community	54	45.0	32	26.7	34	28.3	260	2.17	3
The locals' way of life is preserved	60	50.0	12	10.0	48	40.0	252	2.10	4
Preserving local's traditional houses	45	37.5	20	16.7	55	45.8	230	1.92	5
Knowing foreign/outside culture	22	18.3	12	10.0	86	71.7	176	1.47	6

Source: Field Survey, 2019-20. Note: F denotes frequency; % denotes percentage

Secondly, the homestay program was also seen as a contributor to the consciousness and awareness of local culture among the local community. The implementation of the homestay program has been able to improve the consciousness of culture among local people. This can be seen with the participation of the young generation in engaging in cultural and arts activities. Indirectly, this will preserve the cultural identity of the community. Thus, the homestay program was perceived as creating a culture-loving community. Likewise, there was a strong agreement among respondents that the homestay program can sustain the local community lifestyle. In the case of these villages, respondents have not perceived tourists as a threat to their community lifestyle.



In general, there was a strong agreement related to the cultural impacts of homestay tourism as respondents see the program's contribution to diversification and preservation of local cultural activities. It also implies that with the development of the homestay tourism program, the local traditional culture can be preserved, practised and presented to tourists.

#### **7.5.4 Environmental Impacts**

Table 7.4 highlights the findings of the environmental impact of the homestay tourism business. Environment and natural landscapes are the major attraction factors for tourists staying in homestays. The uniqueness of these peaceful surroundings of homestay is an attraction to tourists motivating them to come and enjoy the beauty of the area. The most important environmental impact of the homestay program agreed by majority of the respondents was encouraging the conservation of the environment. The respondents also strongly support proposition that the homestay tourism facilitated the conservation of nature. This shows that tourist arrivals would enhance the maintenance and preservation of the natural environment; thus, ensuring the homestay areas are scenic and not polluted. Maintenance and preservation of the natural environment are very important to encourage more visitor arrivals, especially for the Tamang Homestay which is close to the popular tourist destination of Lepcha Jagat.

**Table 7.6: Environmental impacts of homestay business in Darjeeling Hills**

Items	Very Important		Important		Less Important		Total weighted Score	Mean Weighted Score	Rank
	F	%	F	%	F	%			
Encourage the conservation of the environment	65	54.2	42	35.0	13	10.8	292	2.43	1
Improve the villages' cleanliness	52	43.3	46	38.3	22	18.3	270	2.25	2
Protection of wildlife such as hornbills	64	53.3	12	10.0	44	36.7	260	2.17	3
Establish more parks and recreational areas	54	45.0	28	23.3	38	31.7	256	2.13	4
Deforestation	40	33.3	30	25.0	50	41.7	230	1.92	5
Traffic congestion	20	16.7	45	37.5	55	45.8	205	1.71	6
Water scarcity problems	15	12.5	50	41.7	55	45.8	200	1.67	7
Improve waste management system	8	6.7	40	33.3	72	60.0	176	1.47	8
The increase in vehicles has degraded air quality	12	10.0	30	25.0	78	65.0	174	1.45	9

Source: Field Survey, 2019-20. Note: F denotes frequency; % denotes percentage

Secondly, the respondents also acknowledge the positive contribution of the homestay program to the level of cleanliness of the village area. Village cleanliness should be given a high priority for the comfort of the tourists, and preventing pollution from occurring. The government and local community also often held the most beautiful homestay competition to encourage operators in decorating and beautify their homestay areas.

Thirdly, the homestay program was also seen as capable of protecting wildlife and migratory bird species. Wildlife such as monkeys, porcupines, snakes and others can be seen in the areas of agro-tourism and farms and parks. Wildlife protection needs to be undertaken to ensure the uniqueness and originality of the homestay area.

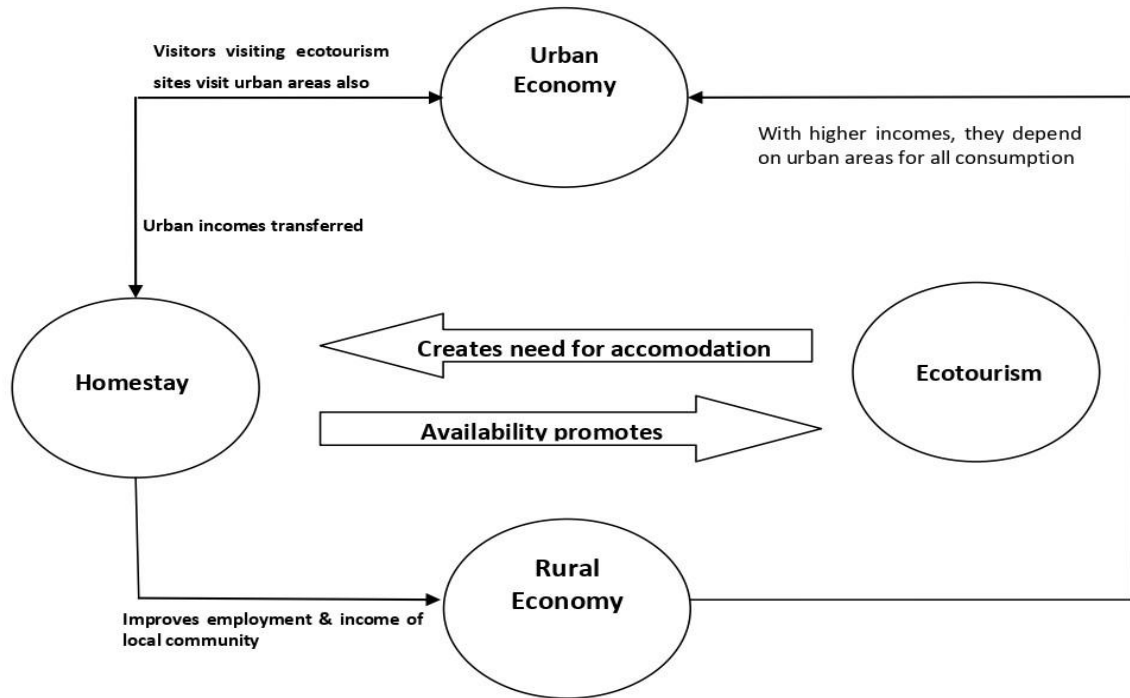
Likewise, the homestay program can encourage the establishment of more parks and recreational areas. These newly established parks and recreational areas are not only for tourists but also as added facilities for local residents. Recreational sites such as game

courts can be used to provide various useful activities such as traditional games. However, environmental quality such as traffic congestion, water pollution, and noise has a relatively low mean value. The mean values indicate that the homestay development program does not seriously impair the environmental quality such as air quality, water pollution, traffic congestion and noise.

### **Homestay and Ecotourism as a Linkage between Rural and Urban Economy**

The concept of homestays and ecotourism are inter-linked. Figure 7.1 illustrates the overall impact of homestay business. It also reflects the inter-linkage between homestay tourism, ecotourism, rural and urban economies. Firstly, homestay provides accommodation in a place where there are no hotels. Therefore, development of an ecotourism site creates necessity for accommodation or homestay business. Tourists visit not only to stay in the homestay but they go for bird-watching, trekking, nature walk, etc. So, even while they are in the homestay they are looking for ecotourism. Thus, homestays again promote more ecotourism. Secondly, homestays are located in rural areas. Tourists are from urban areas. The tourists are brought to homestays located in rural areas by the travel agents based in urban areas. So, we see that income earned by the homestays in rural areas represents the income earned by tourists in urban areas. For example, income earned by a tourist in urban areas (Kolkata or Mumbai) is spent on homestays in rural areas of Darjeeling hills. It illustrates an example of transfer of income from urban to rural areas. Again, with the improved incomes, rural population depends on urban areas for all their consumption needs (education, goods and services, etc). This represents again a transfer of the rural incomes to urban areas.

**Figure 7.1: Inter-linkages between Homestays, Ecotourism and Urban and Rural Economies**



Thus, we see that homestay and ecotourism are inter-linked and they together have positive economic impact on both rural and urban economies.

## 7.6 Conclusion

In this chapter, an attempt has been made to understand the impact of homestay business on employment and income generation in the Darjeeling Hills of West Bengal, India. In addition, it also attempts to assess the economic, social, cultural and environmental impacts of homestay business based on the perceptions of the homestay operators themselves. Two multiple linear regression models were employed to estimate the impact on employment and income, respectively. The results reveal that employment generation in homestays is positively influenced by rooms in the homestay and tourist inflows. Similarly, income generation in the homestay business is influenced by tourist inflows

and total labour employed in the homestay. The results indicate that increasing the number of rooms in the existing homestays can further create new employment opportunities for the local population and higher income for the homestay operator. Visits by more tourists also improve employment and income generation in the homestays.

In the later part of the chapter, an attempt has been made to assess the perceptions of the homestay operators about economic, social cultural and environmental impacts. The findings show that additional income and alternative employment opportunities were the most important economic factor while reduction in youth migration and better cooperation among the society members are significant social factors. Similarly, it was also found that homestay operators have perceived knowing foreign cultures and improvement in cultural consciousness were agreed as important cultural impacts by the homestay operators. In terms of environmental impact, homestay operators have perceived the protection of wildlife and traffic congestion as the most important impacts. Homestay operators tended to agree that homestay business and ecotourism increase both positive and negative impacts. They felt that this industry increases the number of shops, restaurants, festivals and employment opportunities in a community while traffic, crowding and congestion emerged as the major negative impacts. Overall, the findings of this chapter conclude that homestay business can have a significant impact on employment generation and income generation in the region along with its negative impacts.

## CHAPTER 8

### ECONOMIC VALUATION OF LAMAHATTA ECO PARK (LEP)

#### 8.1 Introduction

In the last few decades, countries have realised that tourism should be environmentally sound and sustainable. Ecotourism promotes environmental protection, cultural protection, and social and economic development. As a result, ecotourism has been one of the quickest-rising sectors of the global sustainable tourism industry (Parks et al., 2009). It plays a crucial role in wildlife conservation (Birendra, 2021), protection of the environment, preservation of natural resources and poverty alleviation (Agyeman et al., 2019; Chirenje, 2017) and sustainable economic growth (Zingi et al., 2022). In recent years the phenomenon of visiting ecotourism sites has been gaining importance. Tourists are becoming increasingly interested in natural environments, cultures, and adventures away from the busy life of cities. More and more visitors are interested in wilderness settings, wildlife viewing and hiking/trekking opportunities. Consequently, the demand for ecotourism has been rising rapidly. Around 40%-60% of all world travel is nature-related and between 20% - 40% of tourists are wildlife-related tourists (The International Ecotourism Society, 2000).

As a viable economic activity, ecotourism presents several economic benefits to the local community such as employment opportunities, revenue generation, exposure to new skills and empowerment opportunities for women (Ogorelc, 2009). Besides the conservation of biodiversity, ecotourism aims to provide livelihood opportunities to the local communities. Ecotourism attractions or sites located around rural areas mostly

create positive externalities for the local communities residing in proximity to the sites (Mbaiwa et al., 2008). Moreover, ecotourism promotes sustainable economic and environmental development. For instance, in developing countries, ecotourism has become one of the leading sources of foreign exchange and job creation (Marzuki, 2011). In addition, it also contributes to the macro and micro economy, and conservation of landscape resources. The development of ecotourism sites can provide significant economic benefits to local communities, supporting small businesses, generating income and creating employment opportunities. Countries such as Thailand, Nepal, Malaysia, Sri Lanka and Kenya have taken advantage of this opportunity and earn significant amounts of foreign exchange every year. For example, the development of ecotourism sites resulted in higher income earning and better livelihood opportunities for the local community in Ghandruk, Nepal (KC et al., 2015). Similarly, the indigenous Tharu community residing near Chitwan National Park in Nepal also could earn additional income by running homestays near the ecotourism site (Lipton & Bhattarai, 2014). Thus, the steady rise in ecotourism has brought economic development and facilitated employment generation.

Economic valuation of the recreational benefits of ecotourism sites is crucial to policymakers, other stakeholders and the general public, to enable them to integrate both ecological perspectives and economic considerations (Chee, 2004). Economic valuation informs about the economic benefits that ecotourism sites generate, which can be useful for planning and managing these sites. Using this information, decision-makers are enabled to allocate resources to ensure that the site is maintained and developed sustainably and that the benefits generated by the site are maximized. Also, they can

make more informed choices about policies and regulations that affect these sites. It can demonstrate the potential economic benefits of such sites, which can encourage investment and funding. Findings on the economic value of the park will persuade the community regarding the significance of conserving the natural resources available at the park. By placing a value on the natural resources and biodiversity of these sites, policymakers and investors are more likely to recognize their importance and take steps to protect them. An economic valuation can provide valuable information for policymakers who need to balance competing interests, such as conservation and development. The failure to conserve natural resources will lead to depletion and eventual destruction of the natural resources in the ecotourism site.

Given the significant role of ecotourism in the economy, it becomes crucial to estimate the economic value of the benefits derived from preserving natural systems in developing countries. Within the last decade, the recreational and commercial values of several sites have been estimated in the context of both developed and developing countries (Maharana et al., 2000). It is complicated to find the worth of any ecosystem and natural resources by using traditional economic measures because the scenic beauty or use-value of such amenities is not usually priced in the markets. The absence of market demand for such services leads to the introduction of precise non-market valuation techniques. In this regard, the Contingent Valuation Method (CVM) and the Travel Cost Method (TCM) are the most generally utilised techniques. These techniques are developed for the measurement of the economic value of non-market goods.

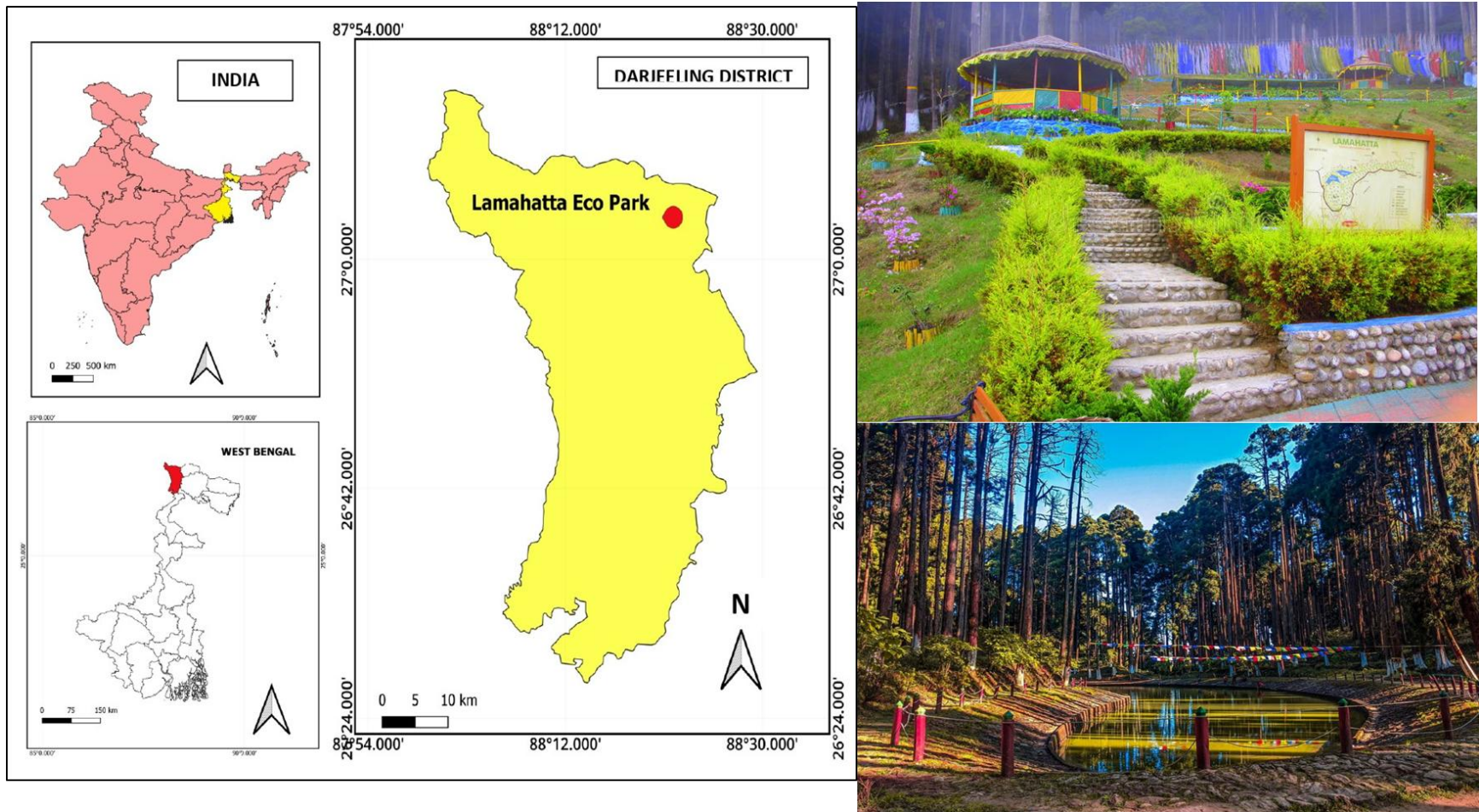
Eventually, the economic valuation of such ecotourism sites becomes useful in preparing the most feasible and appropriate policy based on results and helps in attracting new



investment and development projects. It is important to determine the value of ecotourism sites to assist policymakers to administrate ecotourism sites from the visitors' perspective. To the best of our knowledge, no studies have been undertaken in the region for the economic valuation of an ecotourism site. Therefore, the quantitative analysis from this chapter will enable the policymakers to better plan and management of the ecotourism site. In this respect, this chapter aims to estimate the value of ecotourism development in an ecotourism site in Darjeeling (Lamahatta Eco Park) by using two popular environmental economic tools- CVM and Travel Cost Method.

## **8.2 Location of the Study Site: Lamahatta Eco Park (LEP)**

Lamahatta Eco Park (LEP) is a popular tourist attraction located in the Darjeeling district of West Bengal, India. It is situated at an altitude of 7,000 feet above mean sea level and is surrounded by lush green forests and beautiful tea gardens. The park is known for its natural beauty, tranquil environment, and scenic views of the Kanchenjunga mountain range. The name 'Lamahatta' is derived from the words "Lama," the Buddhist monk, and "hatta," meaning hut. So the name Lamahatta signifies "A monk's hermitage." The village of Lamahatta and the Lamahatta Eco-tourism Park is located about 73 kilometres from Siliguri and 23 kilometres from Darjeeling. It is well connected to Darjeeling by the Darjeeling-Kalimpong state highway. There is also a pond that is considered to be sacred by the locals. Figure 7.1 presents the image and map showing the location of the park.



**Figure 8.1 Location Map and Picture of Lamahatta Eco Park (Source: Author's compilation).**

The park is surrounded by pine forests containing numerous seasonal flowers, as well as several rare and exotic species of orchids. Browsing through the beautiful array of flowers on display, visitors can also relax on the available benches while enjoying the views of Mt. Kanchenjunga. After entering and going around the park, most visitors relax on the benches and sitting areas provided in the park. The watchtower is located at a strategic location that helps visitors to enjoy panoramic views of the juncture of Mt. Kanchenjunga, Sikkim Hills, Teesta and Rangeet rivers.

The Lamahatta Eco Park was established to promote eco-tourism and preserve the natural beauty of the area. The park features a variety of flora and fauna, including different species of flowers, orchids, and birds. Visitors take leisurely walks along the winding paths of the park, relax by the waterfalls, or enjoy the panoramic views from the observation deck. The park is rich in pine forest and has a sacred water lake above which you must trek up a hard slope to get. This park is open every day from 6 am to 5 pm.

An ecological park or an 'eco-park' is a green space that is characterized by its special care of vegetation, ecosystems and the species that inhabit it. The main objective of ecological parks is to serve as protection for the ecosystems they host and to raise awareness in the population about the importance of preserving the environment, making the population familiar with the nature that develops there. In addition, it serves as a place of leisure and allows them to carry out research and scientific studies, increasing our technical knowledge of animals, plants and various ecosystems. The development of eco-park tends naturally to have a positive effect on the enjoyment and appreciation of natural resources by the public.

### **8.3 Sampling**

Lamahatta Eco Park was selected as it was the most visited ecotourism destination in the region. Most visitors visiting the ecotourism sites in Darjeeling spend some time here. Lamahatta Eco Park is also an easily accessible ecotourism site among all. It was selected to represent the cross-section of tourists visiting the area. Surveying Lamahatta Eco Park thus provided an opportunity for meeting a broad cross-section of visitors. All the tourist vehicles passing through this area make a brief stop at Lamahatta Eco Park. Also, there are many homestays in Lamahatta near the park and tourists staying in these homestays spend even longer time in the park. They visit the pond, trek around the park and enjoy the scenic views. The questionnaire had two sections: the first section concerned the socio-economic characteristics of the visitors, and the second section collected information on the various form of expenditure related to a site visit and leisure activities. A total of 100 questionnaires were filled out by the respondents.

### **8.4 Contingent Valuation Method (CVM)**

The contingent valuation method is a survey-based technique used in economics to estimate the value of goods and services that are not typically traded or exchanged in the marketplace (Stewart & Kahn, 2006). It is often used to assess the value of non-market environmental resources or public goods, such as parks, clean air, and water quality. The absence of a market for environmental goods made it difficult to estimate their value. Thus, this approach was developed by economists to estimate the value of non-marketed public goods, particularly, natural resources, Public goods are not traded directly in any market and thus do not carry a market price. The lack of markets results in our inability to directly observe the quantity desired by consumers or their preferences.

Contingent valuation surveys were first theoretically proposed by S.V. Ciriacy-Wantrup (1947) to generate the market value of a non-market good. However, it was first empirically utilized by Robert K. Davis in 1963 to estimate the value or benefits achieved by goose hunters through goose hunting. In the CV method, respondents are asked how much they would be willing to pay (WTP) for a particular good or service or how much they would require as compensation or willingness to accept (WTA) for giving up that good or service. In this way, the survey usually presents a hypothetical scenario where respondents are asked to imagine a particular policy or project and indicate the amount they are willing to pay or willing to accept for that particular policy. Thus, it is called 'contingent' because respondents are asked how they would act if they were placed in certain situations or hypothetical scenarios (Mathews et al., 2001). The economic value of goods or services can be estimated by the volume of money a person is ready to pay for the goods or the service or the amount of money they are willing to accept as compensation for sacrificing these goods or the service. The contingent valuation method has been used for parks and protected areas in many previous empirical surveys (Yacob et al., 2007; Al-Assaf, 2015; Bakar et al., 2021).

The results of the survey can then be used to estimate the total economic value of the good or service in question and to inform policy decisions about its allocation and management. However, the contingent valuation method is not free from criticism and controversy. Particularly, it is criticized regarding the accuracy of respondents' stated preferences and the potential for bias in survey design and implementation.

One of the most important concepts in CVM is willingness to pay (WTP). WTP is 'the maximum amount consumers are prepared to pay for a good or service' (ADB, 2007).

More specifically, WTP is the amount of money that a person is willing and able to pay to enjoy recreational facilities. It measures whether an individual is willing to forego their income to obtain more goods and services, and is typically used for non-market goods.

#### **8.4.1 Economic Valuation through Contingent Valuation Method (CVM)**

In our case, CVM has two major benefits over other assessment techniques: (i) CVM can assess an individual's willingness to pay (WTP) for hypothetical changes in entry fees, (ii) they can reliably value trips regardless of whether the destination in question is the primary or secondary purpose for the overall trip. But a strong criticism of CVM is the responses obtained can face biases (Diamond & Hausman, 1994). Design bias, operational bias, hypothetical bias and strategic bias. Although potential bias cannot be removed entirely, each bias can be controlled through careful design and allowing for reasonably reliable results (Venkatchalam, 2004).

We employed a multiple linear regression model using the Ordinary least Square (OLS) method to model the relationship between the visitors' willingness to pay (WTP) with the independent variables. A statistical summary and explanation of all variables included in the model are provided in Table 8.1. These variables have been selected based on the review of literature related to contingent valuation studies (Chettri, 2020; Song et al., 2021; Bhat & Sofi, 2021; Halkos et al., 2020; Halkos et al., 2022; Yacob et al., 2009; Al-Assaf, 2015; Bakar et al., 2021). In these studies, these explanatory variables have been found to have a statistically significant influence on the willingness to pay. The dependent variable used in the regression is willingness to pay (WTP) in Indian National Rupees (INR) while the independent variables are age (AGE), gender, education, religion, number of members in the trip, recreational experience perceived by the visitor

and whether the visitors were satisfied or not, place of residence, occupation, monthly income, time spent at the park. In this study, travel costs include accommodation costs (A), transportation costs and consumer expenses. The following equation was estimated:

$$WTP_{ij} = \beta_0 + \beta_1 RV + \beta_2 AGE + \beta_3 GEN + \beta_4 EDU + \beta_5 MINC + \beta_6 DIST + \beta_7 TSP + \beta_8 SIZE + \beta_9 RECEXP + \beta_{10} TC + \mu_i \quad (8.1)$$

Where  $WTP_{ij}$  represents the visitors' willingness to pay,  $RV$  denotes the visitors' realised visits,  $AGE$  denotes the age of the respondent,  $GEN$  denotes the gender of the respondent,  $EDU$  denotes the education of the respondent,  $MINC$  represents the monthly income of the respondent,  $DIST$  denotes the distance from the visitors' place of residence to the site,  $TSP$  denotes times spent in the park by the respondent,  $SIZE$  represents the number of members in the group,  $RECEXP$  denotes the recreational experience of the visitor and  $TC$  denotes the total travel cost.  $\beta_0$  is the intercept term while  $\beta_1, \beta_2, \dots, \beta_{11}$  are the coefficients of independent variables and  $\mu_i$  is the error term.

#### **8.4.2 Descriptive Statistics**

The descriptive statistics of the 100 respondents are presented in Table 8.1. Results showed that most visitors were willing to pay an entry fee considerably higher than the current fee of Rs.15 (INR). The results show that the mean WTP was Rs. 151. The average per person per visit WTP for the better management and conservation of the Lamahatta Eco-Park is estimated to be Rs. 151 and the total WTP is Rs. 15,100. The socio-economic variables used in the model specification are the respondent's gender, age, marital status, education, income and realized visits. Around 51 per cent of the respondents were male with an average age of approximately 35 years. The average years

of schooling of the respondents were 14.24 years. The visitors' characteristics of being young and highly educated were consistent with previous studies conducted in other protected ecotourism sites (Perera et al., 2012). The respondents indicated that their average household income was around Rs. 42,700. In addition, the average time spent at the park was around 119 minutes. A visitors' group typically consisted of around 4 members on average. The results indicated that the average travel cost for visitors was Rs. 9040.50.

**Table 8.1: Visitors' Socioeconomic and demographic characteristics**

<b>Variables</b>	<b>Description</b>	<b>Mean</b>	<b>SD</b>
WTP	Willingness to pay for the park	151	65.87
Age	No of completed years of age	35.05	11.31
Education	No of years of schooling	14.24	2.86
Gender	Male = 0, Female = 1	0.51	0.50
Group size	No of visitors including the respondent travelling together	3.97	1.59
Income	Monthly income (Rs./month)	42,700	14623.56
Travel cost	Total cost (Rs.)	9040.50	10254.58
Time spent	Time spent in minutes	119.7	49.08
Recreational experience	5=excellent,4=very good, 3=good, 2=bad, 1=very bad	4.15	0.70
Realised visits	Number of visits to the park	2.1	1.08
Distance	Distance to the park from the respondent's place	349.65	455.78

Note: The mean estimates of dummy variables should be interpreted as percentages.

### **8.4.3 Factors affecting visitors' Willingness to Pay (WTP) for the Park**

The results of the multivariate regression analysis are presented in Table 8.2. The finding shows that of the eleven variables, five were significant predictors of WTP in our model: namely, realized visits, marital status, education, monthly income, and recreational experience of the visitors. These variables have a statistically significant positive influence on the visitors' WTP. The positive signs of these variables indicated that the amount of WTP by the visitors increased with an increase in the values of these variables.



On the other hand, variables like age, gender, distance to the park, time spent at the park, group size, and travel cost were found to have no statistically significant influence on the visitors' WTP.

**Table 8.2: Estimated Results on WTP for Lamahatta Eco Park**

<b>Variables</b>	<b>Coefficient</b>	<b>SE</b>	<b>t</b>	<b>p-values</b>
Realised Visits	8.96512**	4.427	2.02	0.046
Age	-0.14469	0.426	-0.34	0.735
Gender	8.067684	8.733	0.92	0.358
Education	6.896205***	1.850	3.73	0.000
Income	0.002168***	0.003	5.56	0.000
Distance	0.010192	0.011	0.9	0.369
Time spent	-0.1057	0.098	-1.08	0.285
Group size	2.990562	3.152	0.95	0.345
Recreational experience	16.23542***	5.792	2.8	0.006
Travel Cost	-0.00026	0.004	-0.58	0.562
Constant	-137.28***	39.265	-3.5	0.001

N = 100;  
F (11, 88) = 17.70; Prob > F = 0.0000;  
R<sup>2</sup> = 0.6497;

Source: Field Survey, 2019-20. Note: \*p<0.10, \*\*p<0.05 and \*\*\*p<0.01.

Results show that the WTP of a visitor increases with his/her education level. It is found to be positively significant at a 1 per cent level. As the years of education increase by 1 unit, a visitor's WTP increases by 6.89 units. This is consistent with the findings of Jurado-Rivas and Sánchez-Rivero (2022) and Adamu et al. (2015) and Halkos and Matsiori (2012). This finding implies that as people become more educated and aware of the environment, the more they understand the need for conservation and management of natural resources and ecosystems like lakes, forests, and rivers for future generations. As a result, they would place a higher value on such ecotourism sites and thus, would be prepared to pay a higher amount for it.

As compared to unmarried respondents, married respondents are more willing to pay. It may be explained that married individuals would visit the hill station with their families more than unmarried individuals.

Income is considered to be the most crucial factor that affects people's WTP. Consistent with the findings of Aseres and Sira (2020), a visitor's WTP increases with the increase in income levels. In our case, income is highly statistically significant at a 1 per cent level with the expected sign. As income increases by 1 unit, WTP increases by 0.002 units. It indicates that an increase in the income of the visitors tends to increase the visitor's WTP for the Park. This finding implies that wealthier visitors might be willing to pay more for the management and conservation of Eco Parks.

Furthermore, the results show a positive relationship between the number of realized visits and a visitor's WTP. This variable is also significant at a 1 per cent level. As the number of realized visits to the park increases by 1 unit, a visitor's WTP increases by 8.96 units. However, the findings contradict that of Adamu et al. (2015) who found that regular visitors preferred to pay lower amounts. This indicates that as the tourists' number of visits to the park increases; he or they will be willing to pay a higher amount for better management and conservation of the park.

The results also show that the level of recreational experience rated by the visitors also has a significantly positive influence on the amount he/she is willing to pay. Respondents who experienced higher levels of recreation were willing to pay more than those who experienced lower levels of recreation. The significance of this factor means that an increase in the recreational experience that the visitors felt tends to raise the visitor's

willingness to pay more for the park. This finding is in line with those of Rathnayake (2016) and Yuan et al. (2021).

From the above analysis of the WTP and its determinants, realized visits, marital status, education, income and recreational experience were the most significant predictors of WTP for the management and conservation of the park. R-square is found to be high (0.65) indicating that the model is a good fit.

## **8.5 Economic Valuation of Lamahatta Eco Park Using Travel Cost Method (TCM)**

In recent times, increasing demand for nature-based tourism has led to the development of new ecotourism sites. However, the development, maintenance and preservation of ecotourism sites is a tough issue faced by local governments. Therefore, it is necessary to estimate the economic value of such public park service based on users' benefit.

The Travel Cost Method is an economic valuation technique used to estimate the economic value of a recreational site or natural resource based on the cost of travel incurred by visitors to the site. It is an indirect valuation method where visitors' travel costs to a recreational area are used as an indicator of the price or value of the recreational activity. It is used to estimate the recreational benefit based on the economic value of public park visitation. The TCM is mostly used to estimate recreational value related to biodiversity and ecosystem services. It is relevant in the estimation of economic use values related to ecosystems or sites that are used for recreation (Dutta & Kundu, 2007). This method assumes that the cost of travel (e.g., transportation, accommodation, food, etc.) represents the value that visitors place on the recreational or natural resource. Unlike the method of willingness to pay in a hypothetical situation, this method is based on actual behaviour or what people do. Therefore, it is also known as a revealed preference method.

To apply the Travel Cost Method, researchers typically collect data on the number of visitors to the site, their travel costs, and other demographic information. Researchers then use statistical models to estimate the relationship between the number of visitors and their travel costs and to predict the number of visitors that would visit the site at different travel cost levels. Specifically, it helps us derive a demand curve for the non-priced

environmental goods and services by considering the total costs (in terms of time and travel expenses) incurred by the visitors to reach the site.

This method estimates the demand for non-market goods or services by analysing the costs that visitors incur to travel to the site. It uses data on the number of visits made to the site, the distance travelled and the travel costs incurred by individuals to derive a demand curve. For this purpose, the travel costs to the site are used as a proxy for the price while the number of realised visits to a site in a year is used as a proxy for the recreational demand. This demand curve shows the relationship between the number of visits to the site and the travel costs incurred. The demand curve derived from the travel cost method is downward sloping, indicating that as the travel costs increase, the number of visits to the site decreases. Thus, fewer people visit at higher travel costs while more people will visit at lower travel costs.

The Travel Cost Method has been widely used in natural resources and recreational valuation studies, such as estimating the economic value of national parks, lakes, forests, and other natural resources. As suggested by Harold Hotelling, this method was initially used to estimate the value of national parks. The TCM has been widely used in valuing ecotourism parks (Hena et al., 2020; Purwoko, 2022; Safri et al., 2022). Generally, there are two TCM approaches: the Zonal Travel cost method (ZTCM) and the individual travel cost method (ITCM). In ZTCM, the recreational site is separated into several areas according to the distance of visitors' place of residence and each area is considered as a unit. This method assumes that tourists from the same area have the same travel preferences, travel costs and income levels which are used for travels to a single destination. However, under normal conditions, such assumptions make ZTCM

inaccurate. On the other hand, ITCM uses individual tourists as research objects and considers each person's travel expenses and other socio-economic characteristics (Gum et al., 1975). The ITCM is considered more appropriate than the ZTCM (Zhang et al., 2015). Also, as compared to ZTCM, ITCM uses survey data from individual visitors for analysis and requires more data collection but yields more precise results. Therefore, this study has used the ITCM approach to estimate the recreational use value of the Park. Using the survey data, we estimate the regression analysis or the relationship between the number of visits and travel costs and other important variables. TCM analyses data using the Poisson Model and measures the demand function for a visit to a site.

### **8.5.1 The Count Data Model**

Count data is a type of data where each observation represents the number of times a particular event occurs. Examples of count data include the number of people who visited a website, the number of items sold in a store or the number of visits to a park. Count data is typically discrete meaning that the values are integers and cannot be negative.

In our study, data was collected through an onsite questionnaire survey. The trip data is collected through non-negative integers. Therefore, the dependent variable in the study can take only non-negative integer values. However, as the survey interviewed visitors inside the park, the value of the visit was at least one. Therefore, a zero number of visits is not an option for the respondents as their recreational demand value. The dependent variable i.e. number of visits assumes only integer values that are greater than or equal to one. Hence count data models are suitable for such data. And to model the count data, we have employed Truncated Poisson Model for estimating the recreational demand of the Park.

As the Poisson probability distribution is suitable for modelling count data, the density function of the Poisson distribution is given by:

$$\Pr(RV_{ij} = \frac{y}{\lambda}) = \frac{e^{-\lambda} \lambda^y}{y!}; (y_i = 0, 1, 2, \dots)$$

Where  $\Pr(y)$  denotes the probability that the variable  $y$  takes a non-negative integer value and where  $y!$  stands for factorial of  $y$ ;  $y! = y \times (y-1) \times (y-2) \times \dots \times 2 \times 1$

The parameter  $\lambda_i$  is both the mean and variance of a Poisson distribution

$$E(y) = \lambda \text{ and } \text{Var}(y) = \lambda$$

So variance and mean are the same. Thus there is no problem of overdispersion. Therefore this study uses the Truncated Poisson Regression Model (TPM) for estimating the recreational demand of the park.

### **8.5.2 Truncated Poisson Regression**

Truncated Poisson Regression is a type of regression analysis that is used to model count data when the data is truncated, meaning that some of the observations are not observed because they fall below or above a certain threshold. In our case, the data is truncated at zero i.e. the data does not include 0. Therefore, we have used a Zero-truncated Poisson regression in the analysis. It is used to model count data for which the value zero cannot occur. In such cases of truncated count data, traditional Poisson regression models may not be appropriate as they assume that all counts are observed (Khoshaklagh et al., 2013). The truncated Poisson regression uses a likelihood function that takes into account the probability of observing only a subset of the possible count values. Let us consider a trip-generating function of an individual travel cost method as:

$$RV_{ij} = \beta_0 X_i + \varepsilon_i$$

Where  $RV_{ij}$  is an individual's visit to the recreation site  $j$ .  $X_i$  is a vector of explanatory variables,  $\beta$  is the parameter and  $\varepsilon$  is an error term.

We assume that

$$\frac{RV_{ij}}{X_i} \sim N(\mu, \delta^2)$$

And  $\mu = \beta X'_i$ , where  $\mu = \beta X'_i$  is the mean and  $\delta$  is the standard deviation. With truncated sampling,  $RV_{ij}$  is only observable if  $RV_{ij} \geq 1$ . This implies  $\beta X_i + \varepsilon_i \geq 1$  or  $\varepsilon_i \geq 1 - \beta X_i$ .

It is  $E(\mu_i) \geq 1 - \beta X_i$  and is not equal to zero. It is a function of  $X_i$ . Thus, the residual is correlated with the explanatory variables  $X_i$  and we get inconsistent estimates of the parameters  $\beta$  if we use the OLS method. Given that  $RV_{ij}$  is truncated from below at  $RV_{ij} \geq 1$ , the probability density function of the truncated variable  $RV_{ij}$  with mean  $\mu = \beta X'_i$  and standard deviation  $\delta$  are given as:

$$f\left(\frac{RV_{ij}}{RV_{ij}}\right) \geq 1 = \frac{f(RV)_{ij}}{Prob(RV_{ij}) \geq 1} = \frac{\frac{1}{\delta} \Phi\left[\frac{RV_{ij} - \beta_i}{\delta}\right]}{1 - \Phi(\alpha_i)}$$

Where  $\varphi(\cdot)$  is the standard normal probability distribution function and  $\Phi(\cdot)$  is the standard normal cumulative distribution function

$$\alpha_i = ((1 - \beta X_i)/\delta)$$

$$\text{Therefore, } E\left(\frac{RV_{ij}}{RV_{ij}}\right) \geq 1 = \beta X_i + \frac{\delta \varphi\left[\frac{1 - \beta X_i}{\delta}\right]}{1 - \Phi[(1 - \beta X_i)/\delta]}$$

$$\text{Var}\left(\frac{RV_{ij}}{RV_{ij}}\right) \geq 1 = \delta^2 [1 - \delta(\alpha_i)]$$



The conditional mean is, therefore, a non-linear function of X and  $\beta$  and so is the variance. Here neither OLS nor WLS gives fruitful results. Therefore, we have to resort to non-linear estimating procedures using the method of maximum likelihood Estimator (MLE). MLE is preferred to OLS for this type of data set. Hence in the estimation of the truncated model for estimating the outdoor recreational benefit of the park, MLE is used. The following equation is employed for the estimation:

$$RV_{ij} = \beta_0 + \beta_1 TC + \beta_2 WTP + \beta_3 AGE + \beta_4 GEN + \beta_5 EDU + \beta_6 MINC + \beta_7 DIST \\ + \beta_8 TSP + \beta_9 SIZE + \beta_{10} RECEXP + \varepsilon_i$$

Where  $RV_{ij}$  represents the realised number of visits in the past, WTP denotes the visitors' willingness to pay, AGE denotes the age of the respondent, GEN denotes the gender of the respondent, MARS denotes the marital status of the respondent, EDU denotes the education of the respondent, MINC represents the monthly income of the respondent, DIST denotes the distance from the visitors' place of residence to the site, TSP denotes times spent in the park by the respondent, SIZE represents the number of members in the group, RECEXP denotes the recreational experience of the visitor and TC denotes the total travel cost.  $\beta_0$  is the intercept term while  $\beta_1, \beta_2, \dots, \beta_{11}$  are the coefficients of independent variables and  $\mu_i$  is the error term.

### **8.5.3 Estimation of Recreational Demand of Lamahatta Eco-Park**

The results of the Zero-Truncated Poisson Regression (TPR) are presented in Table 8.3. This regression identifies the factors that influence the number of trips a visitor makes to the park. The finding shows that four variables namely- travel cost, WTP, age and distance are statistically significant that positively or negatively affect the visitor's number of visits to the park or the demand for the ecotourism site (park). Travel cost, age

and distance are negative and significant while only WTP is positive and significant. However, variables like gender, marital status, education, income, time spent at the park, size and recreational experience have no statistically significant influence on the number of visitors' visits to the park.

**Table 8.3 Estimated results of Lamahatta Eco Park for recreational demand model**

<b>Variables</b>	<b>Truncated Coefficients</b>	<b>Std. Err.</b>	<b>z</b>
Travel Cost	-0.000043**	1.82E-05	-2.34
WTP	0.004445*	0.002305	1.93
Age	-0.0281828**	0.014053	-2.01
Gender	-0.24667	0.191163	-1.29
Marital status	0.28197	0.23874	1.18
Education	0.053796	0.047353	1.14
Income	-0.002	1.01E-05	-1.18
Distance	-0.00088**	0.000406	-2.16
Time	0.002399	0.002407	1
Size	-0.10339	0.068855	-1.5
Recreational Experience	-0.1265	0.132619	-0.95
Constant	1.625**	0.785032	2.07

N = 100

LR  $\chi^2(10) = 46.36$ ; Prob >  $\chi^2 = 0.0000$

Pseudo  $R^2 = 0.1639$

Note: \*, \*\* and \*\*\* denote the significance levels at 10%, 5% and 1% levels and figures within the brackets are z-statistics.

As expected from the results of our analysis, it is clear that the visitors' recreational demand (the number of visits) decreases with an increase in the total travel cost to reach the park from the visitors' residence. Travel cost has a negative sign and is significant at a 5% significance level. It indicates that when the price of a commodity (here, travel costs) increases, then the demand for the commodity (here, the number of visits to the park) decreases. The co-efficient of travel costs indicates that other things remaining constant, a one Rupee increase in the travel cost will reduce the number of visits made to the park approximately by 0.000043 units. This indicates that as the cost of travel to the

site increases, tourists tend to make fewer visits to these sites. This finding is also consistent with the economic theory or the general law of demand according to which a rise in the price of a commodity reduces its demand. This finding is in line with the works of Chettri (2020) and Hwang et al., (2021) who have also found an inverse relationship between the two variables.

The number of visits to the park increases with the increase in the visitor's willingness to pay (WTP). Here, WTP is statistically significant at a 10 per cent level. The finding indicates that an increase in the visitor's willingness to pay tends to increase the visitor's visits to the Park.

Distance (DS) of the visitor's residence from the park was expected to have a negative relation with the respondent's visitation rate. As expected, the result from the analysis shows that the distance of the respondents from the park has a negative relationship with the demand for recreation (number of visits to the park) at a 5% significance level. The result shows that other things remaining constant, as the distance between the park and the visitor's place of residence increases, the number of visits made to the site decreases. This means that people living closer to the site make more trips while those living far from the site make fewer trips. This result is consistent with that of Chettri (2020), Liu et al. (2019) and Zhang et al. (2015). Farther distance of the visitors' residence from the site implies higher transportation costs, longer transportation time, higher time costs and thus reduced motivation to visit the site. Alternatively, visitors might also prefer to visit recreation sites that are comparatively shorter distances. Thus, visitors' demand for substitute sites might increase and demand for the given site might decrease.

Furthermore, the age of the visitors also is a significant determinant of demand for a recreation site (number of trips to the park) at a 5% significance level. This finding is consistent with Chang and Lin (2015) and Liu et al. (2019). As compared to older visitors, younger visitors were more likely to visit the park. The model as a whole is statistically significant as indicated by the value of the chi-square and its very small p-value. Pseudo  $R^2 = 0.16$  which also is more or less desirable.

From the above analysis, we can infer that WTP, income, time and TC are the significant determinants of demand for the ecotourism site i.e. the park. A linear demand function for the demand for the park can be written as:

$$RV_{ij} = \beta_0 - \beta_1 TC_i + \varepsilon_i \quad 8.2$$

Where RV is the realised visit to the site j by the ith individual, TC is the travel cost of the ith individual,  $\beta_0$  is the intercept of the demand function,  $\beta_1$  is the coefficient of the travel cost and  $\varepsilon_i$  is the error term which is assumed to be normally distributed with  $(0, \delta^2)$ . This function was used to find out the effect of an independent variable over the dependent variable assuming that there was no multi-collinearity among the independent variables.

#### **8.5.4 Estimation of Recreational Benefit and Consumer Surplus of LEP**

This study uses the estimated coefficient of travel cost to calculate the recreational benefit and consumer surplus of the Lamahatta Eco-Park to the visitors. The coefficients derived from the above model were brought into the demand model. The main purpose of this function is to estimate the recreational benefits and visitor consumer surplus of the Lamahatta Eco-Park which is derived from the demand function. Following the work of

Chhetri (2020), we have formulated the estimated demand function of LEP for the outdoor recreational benefits relating to the realised visits in the past and travel cost is as follows:

$$RV_{ij} = 1.624998 - 0.0000427 TC_i$$

The per-person recreational benefits of the lakes are estimated by calculating the area under the demand curve. The area under the demand curve is calculated by transforming the original demand functions into inverse demand functions and then integrating 0 and the average number of visits as shown in eq. (8.8) and (8.9) as follows:

$$\int_0^{2.1} \left( \frac{1.624998}{0.0000427} - \frac{RV_{ij}}{0.0000427} \right) RV$$

The results of the estimated recreational benefits and consumer surplus of the visitors are depicted in Table 8.4.

**Table 8.4: Estimated recreational benefits and Consumer Surplus of LEP**

<b>Items</b>	<b>Estimates</b>
Per-person recreational benefits	Rs. 28,278.60
Per person per visit recreational benefits	Rs. 13,466.00
Per person per visit recreational benefits calculated from the actual average time spent by the visitors at the park	Rs. 26,864.67
<b>Total annual recreational benefits</b>	<b>Rs. 80,59,40,100.00</b>
Per person per visit consumer surplus	Rs. 4,425.50
Per person consumer surplus	Rs. 9293.55
<b>Total Consumer Surplus</b>	<b>Rs. 13,27,65,000.00</b>

Source: Author's Calculation

The average realised visit at the LEP per year is 2.1. By integrating the inverse demand function between 0 and the mean realized visit of 2.1, the estimated area under the inverse demand function is calculated to be Rs. 28,278.60 for the average number of

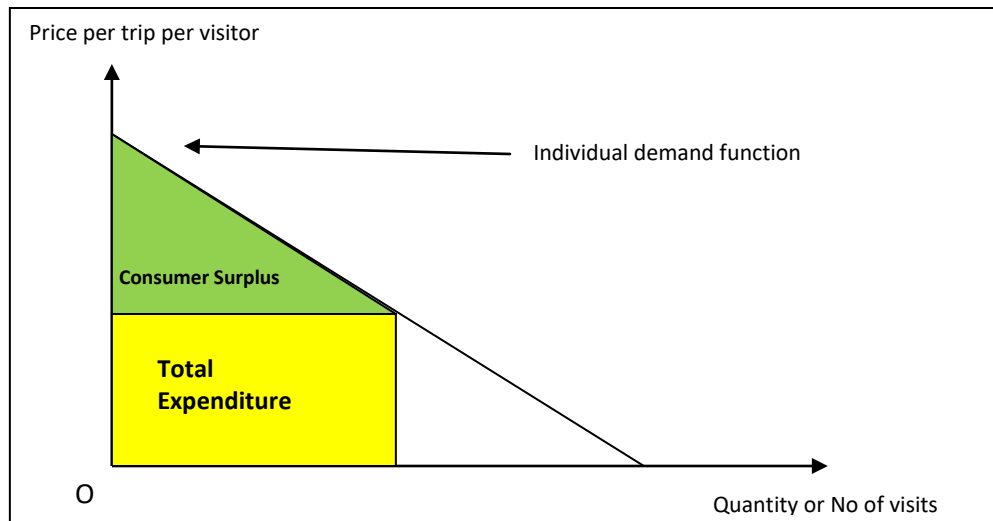
visits. The per person per visit recreational benefits are obtained by dividing the per person recreational benefits by the average number of realised visits. Therefore, per person per visit, the recreational benefits of LEP were found to be Rs. 13,466.

However, not all of this value can be attributed to the on-site experience. The travel cost itself does not reflect the actual recreational benefits that the visitors got from visiting the park. Thus, it becomes necessary for us to find a technique to evaluate how much of this recreational value can be solely attributed to the visitor's visit to the park. In our study, we have taken actual time spent on the sites to estimate this value. The average time spent on the recreational site (Park) by visitors is found to be 1.995 hours. Therefore, a better approximate recreational value per visit per person was estimated by multiplying the per person per visit recreational benefits with the average time spent at the park i.e.  $(1.995 \times \text{Rs. } 13,466) = \text{Rs. } 26,864.67$ .

Now, the total annual recreational benefits of the park are calculated by multiplying the per person per visit recreational benefits by the total number of annual visitors to the park in the past one year. The total annual visits to this park obtained from the ticket counter office of the park are 30,000 (approx.). Hence, the total annual recreational benefits of LEP are obtained as  $(30,000 \times \text{Rs. } 26,864.67) = \text{Rs } 80,59,40,100$ .

The TCM is commonly used to estimate the consumer surplus associated with travelling costs to recreational sites like parks, beaches, and religious and heritage sites (Hailu et al., 2005). The consumer surplus is the difference between the amount of money that the consumer is willing to pay and the amount that the consumer actually pays. It can be calculated as the area under the demand curve and above the price line as illustrated in Figure 8.2.

**Figure 8.2: Travel cost demand function and Consumer Surplus**



The consumer surplus theory is often used as an assessment method for measuring the maximum net benefit of visitors using recreational areas (Liu et al., 2019). The consumer surplus of the visitors for the average number of visits is calculated as the area under the demand curve and above the average travel cost. The average travel cost of the LEP is estimated to be Rs. 9040.50 (Table 8.1). The per person per visit consumer surplus is estimated to be Rs. 4,425.50 (= Rs. 13,466.00 - Rs. 9040.50). The individual consumer surplus per person was obtained by multiplying per person per visit consumer surplus with the average number of visitors and it was found to be Rs. 9,293.55 (Rs. 4,425.50 X 2.1). Finally, the total consumer surplus is estimated by multiplying the total number of visitors (i.e. 30,000) by per person per visit consumer surplus (Rs. 4,425.50). Therefore, the total consumer surplus of visitors for the LEP for outdoor recreation was estimated to be Rs. 13,27,65,000 (= 30,000 X Rs. 4,425.5).

## 8.6 Conclusion

This chapter analyzed the recreational value of Lamahatta Eco Park and its demand using an individual travel cost method (ITCM) based on an on-site survey of 100 randomly selected visitors of the Park. Using CVM and TCM, this chapter attempted (i) to evaluate visitors' willingness to pay for the conservation and management of the park, (ii) to provide an economic value of the recreational use of LEP and (iii) to estimate the major determinants that influence WTP and visits to the park. From the CVM analysis, it is found that all visitors are willing to pay for the maintenance and conservation of the park for the benefit they received from visiting the park. The average per person per visit WTP is estimated to be Rs. 151 and the total WTP is Rs. 15,100 for the park. A multiple regression model was used to identify the determinants of the visitors' WTP. The econometric result of this model shows that the factors like number of visits to the park, marital status, education, monthly income and visitors' recreational experience at the Park were the significant factors that positively affect the visitor's WTP.

Further, this chapter also used Individual Travel Cost Method to analyse the recreational value and consumer surplus of the park. A Zero-truncated Poisson Regression was employed in the empirical analysis to estimate the recreational value of the Park and to identify its determinants. The findings show that the number of visits to the park (demand for the park) travel costs, visitor's WTP for the park, age of the visitor and distance are the most significant predictors that affect the number of visits to the park. The average round-trip travel cost incurred by the visitor is Rs. 9,040.50. Finally, the findings of the TCM indicate that the annual per-person value of the recreational benefit of the park is about Rs. 28,278.60. Similarly, the annual aggregate value of the site is estimated to be



Rs. 80,59,40,100. The individual consumer surplus is Rs. 9293.55 and the total consumer surplus is Rs. 13,27,65,000.

## CHAPTER 9

### CONCLUSIONS AND POLICY RECOMMENDATIONS

#### 9.1 Conclusion

The present study of the economic evaluation of ecotourism and homestay tourism in the Darjeeling Hills has yielded several valuable insights. Finally, in this chapter, we summarise the key points of all previous chapters and their findings. In addition, it also suggests appropriate policy recommendations that will be highly relevant in the context of ecotourism and homestay tourism businesses, particularly in the Darjeeling Hills region, and also generally, in other hill economies too.

Chapter 3 of this thesis provides an overview of tourism development in the Darjeeling Hills. It begins with the history of the emergence of Darjeeling as a modern hill station during Colonial Rule and describes its development over the years from the post-independence period till the Covid-19 lockdown period. This chapter also illustrates the performance of the tourism sector in India and Darjeeling hills using secondary data. Following this, negative impacts of mass tourism are highlighted resulting in need for emergence of alternative tourism forms like ecotourism and homestay tourism in the Darjeeling Hills. In a nutshell, this chapter sketches the emergence and then the development of tourism and its alternative sustainable forms in the Darjeeling Hills.

Chapter 4 analyses the socio-economic conditions of homestay operators in the Darjeeling Hills. The results in this chapter showed that homestay operators are earning extra income by making use of available resources at their own homes. Homestay business has emerged as a new source of livelihood earning and employment generation

in the Darjeeling Hills. This business has played an important role in improving the socio-economic conditions of the rural population in the region. Most of the operators have used their own personal savings to start this business. Majority of the homestays are headed by male members. This business has seen major participation from the productive and economically active age group of 26 to 45 years followed by 46 to 60 years. In terms of social category, Schedule Tribe (ST) individuals are majorly involved followed by Other Backward Classes, General and Scheduled caste individuals in this business. Scheduled caste individuals have low participation in this economic activity. It is necessary to identify the underlying factors for the low participation of SC individuals in this income-generating activity and to make efforts to support, assist and encourage their participation in it. For most of the respondents, the primary source of income was homestay business followed by agricultural activities and other activities like petty business, driving, casual labour, private jobs etc. The majority of the operators possess experience of less than 5 years. Own savings was the major source of credit for the first investment in homestays. To improve participation in this business and to successfully implement it as a policy strategy to improve the socio-economic condition of the local population, infrastructure support, financial assistance, training, marketing and advertising assistance, guidance in improving the quality of services etc are necessary.

Results from Chapter 5 show that homestay operators in the region derive their livelihood from different economic activities besides the homestay business itself. Besides the homestay business, traditional agriculture and plantation activities are the major source of livelihood for a majority of the sample households owing to a lack of economic opportunities and underdevelopment of the other sectors. The sampled households have

diversified their sources of livelihood to different levels with the majority of households conducting homestay business along with one or two more economic activities. The homestay business has acted as a supplementary economic activity to the existing traditional economic activities and livelihoods of the sampled households. Important factors affecting the level of diversification were education, family size and government assistance. Lastly, the homestay business can contribute significantly to traditional occupations.

Chapter 6 aims to identify the major factors that motivated homestay operators to start homestay businesses and the major challenges they face in the Darjeeling Hills. A pull-push framework of entrepreneurship has been used to meet the objective. The results of this chapter show that economic motivations, such as generating extra income for starting the homestay business in the region were considered as the most important motivations. Most of the respondents cited a desire to earn extra income as important reasons for starting their own business. As expected, the availability of natural resources in the region has been ranked as the second most important factor of motivation. Constructive work in free time emerged as the third most important motivating factor. Factor like previous job experience has been ranked the least implying that the majority of the homestay operators do not possess any experience in running similar kinds of business.

Among the push factors, unemployment was revealed as the main factor for starting a homestay business. Job insecurity emerged as the second most important push factor signifying the importance of workplace security and employment continuity for the family members. Other major push factors identified were: family encouragement,

community members' motivation, preparing for retirement, dissatisfaction with previous job, previous experience, working for me and continuation of the family business.

Like any other businesses or enterprises across the world, homestay accommodation businesses in Darjeeling Hills too face numerous challenges at all levels of business operation- starting up, operating, and growing the business. The most critical challenges encountered by homestay business entrepreneurs in Darjeeling Hills are (a) lack of marketing and advertisement, (b) lack of transportation and communication facilities, (c) lack of training, and (d) lack of marketing and advertisement. (e) Inability to attract and retain good employees. Therefore, even though individuals have participated in homestay businesses attracted by the current market demand, however, lack of proper marketing or advertisement facilities in place has deprived them of exploiting this opportunity fully.

Chapter 6 has analysed the start-up motivations and business challenges for homestay accommodation businesses in the study region. From the results, it is seen that improvement in income is the most important motivating factor for homestay operators. As expected, the availability of natural resources in the region has been ranked as the second most important factor of motivation. Among the homestay operators of Darjeeling Hills, short-term motives are more prevalent than long-term motives. Given the economy of Darjeeling Hills, a lack of long-term motive is obvious where entrepreneurs are motivated to survive and secure their family members. Even though individuals have participated in homestay businesses attracted by the current market demand, however, lack of proper marketing or advertisement facilities at place has deprived them of exploiting this opportunity fully. Factor like previous job experience has been ranked the least implying that the majority of the homestay operators do not possess any experience

in running similar kinds of business. Proper training may be imparted to the prospective operators in running a homestay. Any form of assistance from external agencies is welcome as enabling these homestay operators will improve their economic conditions and reduce unemployment and poverty in the area.

Chapter 7 has analysed the impact of homestay business on employment and income generation in the Darjeeling Hills of West Bengal, India. In addition, it also attempts to assess the economic, social, cultural and environmental impacts of homestay business based on the perceptions of the homestay operators themselves. Two multiple linear regression models were employed to estimate the impact of homestay business on employment and income generation, respectively. The results reveal that employment generation in homestays is positively influenced by rooms in the homestay and tourist inflows. Similarly, income generated from homestay business is influenced by tourist inflows and total labour employed in the homestay. The results indicate that increasing the number of rooms in the existing homestays can further create new employment opportunities for the local population and higher income for the homestay operators. Visits by more tourists also improve employment and income generation in the homestays.

In the later part of the chapter, an attempt has been made to assess the perceptions of the homestay operators about economic, social cultural and environmental impacts. The findings show that additional income and alternative employment opportunities were the most important economic factors while reduction in youth migration and better cooperation among the society members are significant social impacts. Similarly, it was also found that homestay operators have perceived knowing foreign cultures and

improvement in cultural consciousness were agreed as important cultural impacts by the homestay operators. In terms of environmental impact, homestay operators have perceived the protection of wildlife and traffic congestion as the most important impacts. They felt that this industry increases the number of shops, restaurants, festivals and employment opportunities in a community while traffic, crowding and congestion emerged as the major negative impacts. Overall, the findings of this chapter conclude that homestay business can have a significant impact on employment generation and income generation in a region as well as some negative impacts. Homestay operators tended to agree that homestay business and ecotourism increase both positive and negative impacts. They felt that this industry increases the number of shops, restaurants, festivals and employment opportunities in a community while traffic, crowding and congestion emerged as the major negative impacts.

Chapter 8 has analyzed the recreational value of Lamahatta Eco Park and its demand using an individual travel cost method (ITCM) based on an on-site survey of 100 randomly selected visitors of the Park. Using CVM and TCM, this chapter attempted (i) to evaluate visitors' willingness to pay for the conservation and management of the park, (ii) to provide an economic value of the recreational use of LEP and (iii) to estimate the major determinants that influence WTP and visits to the park. From the CVM analysis, it is found that all visitors are willing to pay for the maintenance and conservation of the park for the benefit they received from visiting the park. The average per person per visit WTP is estimated to be Rs. 151 and the total WTP is Rs. 15,100 for the park. A multiple regression model was used to identify the determinants of the visitors' WTP. The econometric result of this model shows that the factors like number of visits to the park,

marital status, education, monthly income and visitors' recreational experience at the Park were the significant factors that positively affect the visitor's WTP.

Further, this chapter also used Individual Travel Cost Method to analyse the recreational value and consumer surplus of the park. A Truncated Poisson Regression was employed in the empirical analysis to estimate the recreational value of the Park and to identify its determinants. The findings show that the number of visits to the park (demand for the park) travel costs, visitor's WTP for the park, age of the visitor and distance are the most significant predictors that affect the number of visits to the park. The average round-trip travel cost incurred by the visitor is Rs. 9,040.50. Finally, the findings of the TCM indicate that the annual per-person value of the recreational benefit of the park is about Rs. 28,278.60. Similarly, the annual aggregate value of the site is estimated to be Rs. 80,59,40,100. The individual consumer surplus is Rs. 9293.55 and the total consumer surplus is Rs. 13,27,65,000.

## **9.2 Policy Recommendations**

Based on the findings of this study, major relevant policy recommendations are drawn and listed below:

- (i) Since homestay business has a significant impact on employment generation and income generation in a region, promotion of ecotourism and homestay tourism as a livelihood strategy is recommended. The government must actively support homestay entrepreneurs. Development of such small businesses may be encouraged as an important sector of the economy in developing countries.



- (ii) An enabling environment should be created through several activities: incentives for cooperation among homestay owners, establishing associations of homestay owners and providing easy capital.
- (iii) Based on the findings of this study, the promotion of homestay business among women is important for women's empowerment.
- (iv) More awareness programmes may be conducted to introduce operators to new motives concerned with the sustainable development of enterprises in the long run. Given the economy of Darjeeling Hills, a lack of long-term motive is understood where entrepreneurs are motivated to survive and secure their family members. Therefore, community-based tourism projects must include awareness programs among their members so that they will gain knowledge about it and get motivated to participate.
- (v) Assistance from the government in the form of financial assistance or training is recommended as a properly run homestay improves the income of the family.
- (vi) Proper training may be imparted to the prospective operators in running a homestay.
- (vii) Any form of assistance from external agencies is welcome as enabling these homestay operators will improve their economic conditions and reduce unemployment and poverty in the area.
- (viii) Marketing homestays through different media would be an effective way of promoting homestays. Creating links with private travel agencies, and

advertising through social media and apps would improve the occupancy rates of the homestays.

- (ix) Construction of all-weather roads will facilitate more tourists to visit the homestays and further strengthen the well-being of the homestay operators.
- (x) Efforts can be made to attract more tourists towards the homestays through advertisements on social media, creating networks with tour operators and improving the amenities and services of the homestays.
- (xi) Concerned policymakers, local governments and other concerned stakeholders can collectively work to use homestays as a vehicle for the socioeconomic development of a region by providing necessary support and assistance to the homestay operators.
- (xii) Marketing homestays through different media would be an effective way of promoting homestays. Homestays may be encouraged and supported to accept online bookings through online platforms or apps provided by online travel agencies.
- (xiii) Policymakers can develop suitable management plans for maintaining the quality of public park service in association with the preference of the community. Effective pricing policies and appropriate marketing strategies for existing and new ecotourism sites in the region may be developed.

## BIBLIOGRAPHY

- Acharya, B. P., & Halpenny, E. A. (2013). Homestays as an alternative tourism product for sustainable community development: A case study of women-managed tourism product in rural Nepal. *Tourism Planning & Development*, 10(4), 367-387.
- Adamu, A., Yacob, M. R., Radam, A., & Hashim, R. (2015). Factors Determining Visitors' Willingness to Pay for Conservation in Yankari Game Reserve, Bauchi, Nigeria. *International Journal of Economics & Management*, 9.
- Adhikari, A. (2022). An Analysis of the Potential of Homestay Tourism in Uttarakhand. *NOLEGEIN-Journal of Entrepreneurship Planning, Development and Management*, 5(2), 33-40.
- Afroz, N., & Mahmud, M. S. (2017). Analyzing the problem and prospects of ecotourism: A review on Bangladesh. *IOSR Journal of Business and Management*, 19(05), 59-65.
- Agiomirgianakis, G. M., Magoutas, A. I., & Sfakianakis, G. (2012). Determinants of profitability and the decision-making process of firms in the tourism sector: The case of Greece. *International Journal of Risk Assessment and Management*, 4(3/4), 294–299.  
doi:10.1504/IJDSRM.2012.053381
- Agyeiwaah, E. (2013). International tourists' motivations for choosing homestay in the Kumasi Metropolis of Ghana. *Anatolia*, 24(3), 405-409.
- Agyeman, A., Oti, Y. & Enoch, A. (2019) Protected areas and poverty reduction: The role of ecotourism livelihood in local communities in Ghana, *Community Development*, 50:1, 73-91, DOI: [10.1080/15575330.2019.1572635](https://doi.org/10.1080/15575330.2019.1572635)
- Ahmad, S. Z., Jabeen, F., & Khan, M. (2014). Entrepreneurs choice in business venture: Motivations for choosing home-stay accommodation businesses in Peninsular Malaysia. *International Journal of Hospitality Management*, 36, 31-40.
- Akbar, H., Van Bael, T., Hassan, Y., & Baguley, G. (2004). Evaluating the QUT homestay program: Lessons learnt in providing quality services to international students. In *15th*

*ISANA International Education Conference Proceedings* (pp. 1-13). ISANA International Education Association Inc..

- Akinboade, O. A., & Braimoh, L. A. (2010). International tourism and economic development in South Africa: A Granger causality test. *International Journal of Tourism Research*, 12(2), 149-163.
- Al-Assaf, A. A. (2015). Applying contingent valuation to measure the economic value of forest services: a case study in Northern Jordan. *International Journal of Sustainable Development & World Ecology*, 22(3), 242-250.
- Ali, A. (2022). Residents' attitude and perception toward impact of mountain tourism in Gilgit-Baltistan Pakistan. *Journal of Public Affairs*, 22(3), 1-10.
- Amit, K., Lisak, A., Popper, M., & Gal, R. (2007). Motivation to lead: Research on the motives for undertaking leadership roles in the Israel Defense Forces (IDF). *Military Psychology*, 19(3), 137-160.
- Anand, A., Chandan, P., & Singh, R. B. (2012). Homestays at Korzok: Supplementing rural livelihoods and supporting green tourism in the Indian Himalayas. *Mountain Research and Development*, 32(2), 126-136.
- Anup, K. C., & Fernandez, M. (2022). Tourism and Himalayan Indigenous Communities. In *Tourism and Development in the Himalaya* (pp. 149-169). Routledge.
- Arachchi, R. S. S. W., Yajid, M. S. A., & Khatibi, A. (2015). Ecotourism practices in Sri Lankan eco resorts: A supplier perspective analysis. *Journal of Tourism and Hospitality Management*, 3(9-10), 169-180.
- Aref, F. (2011). Barriers to community capacity building for tourism development in communities in Shiraz, Iran. *Journal of Sustainable Tourism*, 19(3), 347-359.
- Aseres, S. A., & Sira, R. K. (2020). Estimating visitors' willingness to pay for a conservation fund: sustainable financing approach in protected areas in Ethiopia. *Heliyon*, 6(8), e04500.

- Asian Development Bank (ADB) (2007) Retrieved from [http://www.adb.Org/Documents/Guidelines/Eco\\_Anályis/glossary.asp](http://www.adb.Org/Documents/Guidelines/Eco_Anályis/glossary.asp). Accessed on 12 April 2022.
- Ayaduri, S. & Sohail, M.S. (2006). Profile of women entrepreneurs in a wartorn area: Case study of Northeast Sri Lanka.
- Babii, A. & Nadeem, S. (2021, February 6) Tourism in a Post-Pandemic World. IMF Country Focus. <https://www.imf.org/en/News/Articles/2021/02/24/na022521-how-to-save-travel-and-tourism-in-a-post-pandemic-world>
- Bagri, S. C., Babu, S., & Kukreti, M. (2010). Human resource practices in hotels: A study from the tourist state of Utrakhand, India. *Journal of Human Resources in Hospitality & Tourism*, 9(3), 286-299.
- Baird, T. D., Hartter, J. (2017). Livelihood Diversification, Mobile Phones and Information Diversity in Northern Tanzania. *Land Use Policy*, 67, 460–471.
- Bakar, N. A. A., Marikan, D. A. A., Edman, S., & Ali, D. H. A. (2021). Willingness to Pay for Kubah National Park: Evidence from the Contingent Valuation Method. *Int. J. Acad. Res. Bus. Soc. Sci*, 11, 500-514.
- Bandyopadhyay, S. (2016). Ecotourism and Women of Lamahatta, Darjeeling. *Journal of Kashmir for Tourism and Cafering Technology*, 1.
- Bansal, S. P., & Kumar, J. (2013). Ecotourism for community development: A stakeholder's perspective in Great Himalayan National Park. In *Creating a sustainable ecology using technology-driven solutions* (pp. 88-98). IGI Global.
- Basak, D., Bose, A., Roy, S., Chowdhury, I.R., & Sarkar, B.C. (2021). Understanding sustainable homestay tourism as a driving factor of tourist's satisfaction through structural equation modeling: A case of Darjeeling Himalayan Region, India, *Current Research in Environment Sustainability*, 3, 1-13.

- Basariya, S. R., & Ahmed, R. R. (2019). The Influence of 'Adventure Tourism Activities' in promoting tourism business in mountain stations. *Journal of Hospitality and Tourism Management*, 8(2), 1-10.
- Batra, A. (2001). Himalayan ecotourism in Shimla. *ABAC Journal*, 21(3).
- Benzing, C., Chu, H. M., & Callanan, G. (2005). A regional comparison of the motivation and problems of Vietnamese entrepreneurs. *Journal of Developmental entrepreneurship*, 10(01), 3-27.
- Benzing, C., Chu, H.M., & Kara, O. (2009). Entrepreneurs in Turkey: A factor analysis of motivations, success factors, and problems. *Journal of Small Business Management*, 47, 58-91.
- Berjan, S., Jovanovic, M., Mrdalj, V., Paspalj, M., Matovic, F., Driouech, N., ... & Abouabdillah, A. (2014). Rural Livelihood Diversification in South-Eastern Bosnia: Influence of Household Financial Management. *International Journal of Environmental and Rural Development*, 5(2), 17-22.
- Bhan, S., & Singh, L. (2014). Homestay Tourism in India : Opportunities and Challenges. *African Journal of Hospitality, Tourism and Leisure*, 3(2), 1–8.
- Bhat, M. Y., & Sofi, A. A. (2021). Willingness to pay for biodiversity conservation in Dachigam National Park, India. *Journal for Nature Conservation*, 62, 126022.
- Bhattarai, K., & Karmacharya, R. (2022). Impact of Tourism on Economic Growth of Nepal: Is Tourism-Led Growth Hypothesis Valid for Nepal?. *The Gaze: Journal of Tourism and Hospitality*, 13(1), 93-110.
- Bhattarai, R. K., & Adhikari, B. (2021). An Overview of Home Stay at Antu Tourism Area of Ilam District. *Journal of Business and Social Sciences*, 3(1), 77-86.
- Bhuiyan, M.A.H., Siwar, C. & Ismail, S.M. (2013). Socio-economic Impacts of Home Stay Accomodations in Malaysia: A study on Home Stay Operators in Terengganu State. *Asian Social Science*, 9(3), 42-49.

- Bhutia, S. (2014a). Economic development and environmental issues in Darjeeling Himalaya of West Bengal, India: A theoretical perspective. *International Journal of Humanities and Social Science Invention*, 3(7), 42-47.
- Bhutia, S. (2014b). The role of tourism for human resource development in darjeeling district of west Bengal, India. *Journal of Tourism and Hospitality Management*, 2(1), 113-128.
- Bhutia, S. (2015). A Spatio-Temporal Study on Urbanization in the Darjeeling Himalaya: A Demographic Perspective. *IOSR Journal of Humanities and Social Science*, 20(4), 10-18.
- Bhutia, S. G., Bhutia, J. W., & Mahapatra, S. S. (2022). Analyzing the Issues and Challenges of Homestays for Sustainable Tourism Development in Sikkim and Darjeeling Hills. *Orissa Journal of Commerce*, 43(4), 73-88.
- Birendra, K.C. (2021) Ecotourism for wildlife conservation and sustainable livelihood via community-based homestay: a formula to success or a quagmire?, *Current Issues in Tourism*, 24:9, 1227-1243, DOI: [10.1080/13683500.2020.1772206](https://doi.org/10.1080/13683500.2020.1772206)
- Blackburn, R. A., & Smallbone, D. (2008). Researching small firms and entrepreneurship in the UK: Developments and distinctiveness. *Entrepreneurship Theory and Practice*, 32(2), 267-288.
- Block, J., Sandner, P., & Spiegel, F. (2015). How do risk attitudes differ within the group of entrepreneurs? The role of motivation nad procedural utility. *Journal of Small Business Management*, 53, 183-203.
- Block, S., & Webb, P. (2001). The dynamics of livelihood diversification in post-famine Ethiopia. *Food policy*, 26(4), 333-350.
- Briedenhann, J., & Wickens, E. (2004). Tourism routes as a tool for the economic development of rural areas—vibrant hope or impossible dream?. *Tourism management*, 25(1), 71-79.
- Cabral, C., & Dhar, R. L. (2020). Ecotourism research in India: From an integrative literature review to a future research framework. *Journal of ecotourism*, 19(1), 23-49.

- Chaiyatorn, S., Kaoses, P., & Thitphat, P. (2010). The developmental model of cultural tourism home stay of the Lao Vieng and Lao songethnic groups in the central region of Thailand. *Journal of Socioal Science*, 6, 130-132.
- Chan, J. K. L., & Quah, W. B. (2012). Start-up factors for small and medium-sized accommodation businesses in Sabah, Malaysia: Push and pull factors. *Asia pacific journal of tourism research*, 17(1), 49-62.
- Chang, S. H., & Lin, R. (2015). Building a total customer experience model: applications for the travel experiences in Taiwan's creative life industry. *Journal of Travel & Tourism Marketing*, 32(4), 438-453.
- Chaudhary, M., & Lama, R. (2014). Community based tourism development in Sikkim of India—A study of Darap and Pastanga villages. *Transnational Corporations Review*, 6(3), 228-237.
- Chee, Y. E. (2004). An ecological perspective on the valuation of ecosystem services. *Biological conservation*, 120(4), 549-565.
- Chettri, K.B. (2020). Ecology and Economics of Coldwater Inland Fisheries in Sikkim. PhD Thesis. Sikkim University, Gangtok, Sikkim, India.
- Chettri, N., & Sharma, E. (2009). A scientific assessment of traditional knowledge on firewood and fodder values in Sikkim, India. *Forest Ecology and Management*, 257(10), 2073-2078.
- Chettri, N., Kruk, E., & Lepcha, R. (2008). Ecotourism development in the Kangchenjunga Landscape: potentials and challenges. *Biodiversity conservation in the Kangchenjunga landscape*, 123.
- Chirenje, L.I. (2017). Contribution of ecotourism to poverty alleviation in Nyanga, Zimbabwe, *Chinese Journal of Population Resources and Environment*, 15:2, 87-92, DOI: [10.1080/10042857.2017.1319172](https://doi.org/10.1080/10042857.2017.1319172)



- Choenkwan, S., Fox, J. M., & Rambo, A. T. (2014). Agriculture in the Mountains of North Eastern Thailand: Current Situation and Prospects for Development. *Mountain Research and Development*, 34(2), 95-106.
- Chu, H. M., Benzing, C., & McGee, C. (2007). Ghanaian and Kenyan entrepreneurs: A comparative analysis of their motivations, success characteristics and problems. *Journal of developmental entrepreneurship*, 12(03), 295-322.
- Dahal, B., Anup, K. C., & Sapkota, R. P. (2020). Environmental impacts of community-based home stay ecotourism in Nepal. *The Gaze: Journal of Tourism and Hospitality*, 11(1), 60-80.
- Dahles, H. (2002). Tourism, small enterprises and community development. In *Tourism and Sustainable Community Development* (pp. 172-187). Routledge.
- Dann, G. M. (1977). Anomie, ego-enhancement and tourism. *Annals of tourism research*, 4(4), 184-194.
- Danthanarayana, C. P., Amarawansa, T. G. A. H. C., & Gamage, P. G. M. S. K. (2021). Entrepreneurs Motivation for Selecting Homestay Businesses: Special Reference to Ella, Sri Lanka. In *Design for Tomorrow—Volume 2: Proceedings of ICoRD 2021* (pp. 677-690). Springer Singapore.
- Das, P.K. (2021). Ecotourism and Sustainable Community Development: a case study of Sillery Gaon, West Bengal. *International Journal of Social Science*, 10(1), 21-28.
- Das, R., & Roy, K. (2016). Tracing the concept of alternative tourism for preservation of the ethnic socio - cultural life and environment in Darjeeling Hills. *Indian Journal of Advance Research and Innovative Ideas in Education*, 2(6).
- Dasgupta, S., & Garg, P. (2021). The urban development and heritage conundrum: the challenges of heritage conservation in the hill-station of Darjeeling. *Journal of Urban Design*, 26(2), 184-208.
- Debarbieux, B., Oiry Varacca, M., Rudaz, G., Maselli, D., Kohler, T., & Jurek, M. (2014). Tourism in mountain regions: hopes, fears and realities. Department of

Geography and Environment, University of Geneva; Centre for Development and Environment, University of Bern.

Deng, J., King, B., & Bauer, T. (2002). Evaluating natural attractions for tourism. *Annals of tourism research*, 29(2), 422-438.

Devadas, D., & Jayasooriya, S. S. W. (2021). Entrepreneurs'success in the small and medium scale homestay tourism business in Sri Lanka. *International Journal of Entrepreneurship*, 25(6), 1-17.

Diamond, P. A., & Hausman, J. A. (1994). Contingent valuation: is some number better than no number?. *Journal of economic perspectives*, 8(4), 45-64.

Dimitrić, M., Tomas Žiković, I., & Arbula Blečić, A. (2019). Profitability determinants of hotel companies in selected Mediterranean countries. *Economic research-Ekonomska istraživanja*, 32(1), 1977-1993.

Dobrev, S. D., & Barnett, W. P. (2005). Organizational roles and transition to entrepreneurship. *Academy of Management Journal*, 48(3), 433-449.

Dozey, E. C. (1992). *A concise history of the Darjeeling district since 1835*. Michigan, MI: University of Michigan

Dubbudu, R. (2016, January 20). From 29 Tickets Booked in a Day to 13 Lakh Tickets a Day, IRCTC has Come a Long Way. Retrieved from Factly: <https://factly.in/irctc-improvements-from-9-tickets-booked-in-a-day-to-13-lakh-tickets-irctc-has-come-a-long-way/>

Dutta, S. (2021). A Study on Tourist perception and Satisfaction towards Homestay Based Accomodations in Darjeeling Hills of West Bengal, 12(2), 1-9.

Dutta, S.K., & Singh, K. (2011). Livelihood Diversification: Case Study of Some Backward Regions in India. *International Journal of Current Research*. 3(2), 139-51.

Dyer, P., Aberdeen, L. & Schuler, S. (2003). Tourism impacts on an Australian indigenous community: a Djabugay case study. *Tourism Management*, Vol. 24, No.1, pp.83-95

- Egresi, I. (2016). Tourism and sustainability in Turkey: Negative impact of mass tourism development. *Alternative Tourism in Turkey: Role, Potential Development and Sustainability*, 35-53.
- Elfving J (2008) Contextualizing entrepreneurial intentions: a multiple case study on entrepreneurial cognitions and perceptions. Åbo Akademi förlag, Turku, Finland
- Ellis, F. (1998). Household Strategies and Rural Livelihood Diversification. *The Journal of Development Studies*, 35(1), 1–38.
- Embacher, H. (1994) Marketing for Agri-tourism in Austria: strategy and realisation in a highly developed tourist destination. *Journal of Sustainable Tourism*. 2(1–2), 61–76.
- Fayissa, B., Nsiah, C., & Tadasse, B. (2008). Impact of tourism on economic growth and development in Africa. *Tourism Economics*, 14(4), 807-818.
- Fayolle, A. (2011). Necessity Entrepreneurship and Job Insecurity: The Hidden face of Entrepreneurship. *International Journal of E-Entrepreneurship and Innovation*, 2(3), 1-10.
- Gan, J. E., Nair, V., & Hamzah, A. (2019). The critical role of a lead institution in ecotourism management: A case of dual governance in Belum-Temengor, Malaysia. *Journal of Policy Research in Tourism, Leisure and Events*, 11(2), 257-275.
- Gautam, B. P. (2011). Tourism and economic growth in Nepal. *NRB Economic Review*, 23(2), 18-30.
- Gebru, G. W., Ichoku, H. E., & Phil-Eze, P. O. (2018). Determinants of livelihood diversification strategies in Eastern Tigray Region of Ethiopia. *Agriculture & Food Security*, 7, 1-9.
- Giacomin, O., Janssen, F., Pruett, M., Shinnar, R.S., Llopis, F., Toney, B.: Entrepreneurial intentions, motivations and barriers: differences among American, Asian and European students. *International Entrepreneurship Manage. J.* 7(2), 219–238 (2011)
- Gnanapala, W. A., & Sandaruwani, J. A. R. C. (2016). Socio-economic impacts of tourism development and their implications on local communities. *International journal of economics and business administration*, 2(5), 59-67.

- Gurung, D. (2021). An Analysis of Integrated Community Based Eco-Tourism Development in Gorkhey Village Area of Kanchendzonga Landscape-India.
- Haggblade, S., Hazell, P., & Reardon, T. (2010). The Rural Non-Farm Economy: Prospects for Growth and Poverty Reduction. *World development*, 38(10), 1429-1441.
- Halkos, G., & Matsiori, S. (2012). Determinants of willingness to pay for coastal zone quality improvement. *The Journal of Socio-Economics*, 41(4), 391-399.
- Halkos, G., Leonti, A., & Sardianou, E. (2020). Assessing the preservation of parks and natural protected areas: A review of Contingent Valuation studies. *Sustainability*, 12(11), 4784.
- Halkos, G., Leonti, A., Petropoulos, C., & Sardianou, E. (2022). Determinants of willingness to pay for urban parks: An empirical analysis in Greece. *Land Use Policy*, 119, 106186.
- Heider, F. (1958). *The psychology of interpersonal relations*. New York: John Wiley & Sons.
- Hena, S., Khan, S. U., Rehman, A., Sahar, S., Khalil, I. U., & Luan, J. (2021). Valuing and significance of eco-tourism parks across eastern arid regions of Pakistan. *Environmental Science and Pollution Research*, 28, 5900-5913.
- Herron, L., & Sapienza, H. J. (1992). The entrepreneur and the initiation of new venture launch activities. *Entrepreneurship Theory and Practice*, 17(1), 49–55.
- Hinch, T. & Butler, R. (1996). Indigenous Tourism: a common ground for discussion. *Tourism and indigenous peoples*, 3-19.
- Hussin, R., & Kunjuran, V. (2014). Sustainable community based tourism (CBT) through homestay programme in Sabah, East Malaysia. *Proceeding of the Social Sciences Research ICSSR*, 2014, 41-61.
- Ibrahim, Y., & Razzaq, A. R. A. (2010). Homestay program and rural community development in Malaysia. *Journal of Ritsumeikan Social Sciences and Humanities*, 2(1), 7-24.
- Ismail, M.N.I., Hanafiah, M.H., Aminuddin, N., Mustafa, N. (2016). Community-based homestay service quality, visitor satisfaction and behavioral intention. *Procedia-Social and Behavioral sciences*, 222, 398-405.

- Janjua, Z. U. A., Krishnapillai, G., & Rahman, M. (2021). A systematic literature review of rural homestays and sustainability in tourism. *Sage Open*, 11(2), 21582440211007117.
- Javed, Z (2021, January 15). 'After Covid lull, tourists rush back to Darjeeling for winter'. The Times of India [http://timesofindia.indiatimes.com/articleshow/80281591.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/80281591.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)
- Jayara, J. S. (2017). Home-Stay Tourism in Uttarakhand: Opportunities and Challenges. *Journal of Advance Management Research*, 5(5).
- Joonghyun Hwang, Xiang Bi, Nia Morales, Edward V. Camp (2021). The economic value of freshwater fisheries in Florida: An application of the travel cost method for black crappie fishing trips. *Fisheries Research*
- Julaili, N. (2001). Adaptation and Socialization process of Foreign Tourists in the Homestay program: Case study of Kampung Desa Murni, Pahang. Unpublished Thesis. Department of Anthropology and Sociology, Universiti Kebangsaan Malaysia
- Jurado-Rivas, C., & Sánchez-Rivero, M. (2022). Investigating change in the willingness to pay for a more sustainable tourist destination in a world heritage city. *Land*, 11(3), 439.
- Kannegieser, I. (2015). A Home in the Hills: Examining the socioeconomic benefits of homestay tourism on rural women and their communities in the Darjeeling District.
- Kapiki, S. (2012). The impact of economic crisis on tourism and hospitality: Results from a study in Greece. *Central European Review of Economics and Finance*, 2(1), 19-30.
- Karki, K. Chhetri, B.B.K., Chaudhary, B. & Khanal, G. (2019). Assessment of socio-economic and environmental outcomes of the homestay program at Amaltari village of Nawalparasi, Nepal. *Journal of Forest and Natural Resource Management*, 1(1), 77-87.
- Karmakar, M. (2011). Ecotourism and its impact on the regional economy—A study of North Bengal (India). *Tourismos*, 6(1), 251-270.

- Kassie, G. W., Kim, S., & Fellizar Jr, F. P. (2017). Determinant factors of livelihood diversification: Evidence from Ethiopia. *Cogent Social Sciences*, 3(1), 1369490.
- Kaur, M., & Singh, G. (2020). Socio-economic Characteristics of Farmers in Rural Punjab: An Inter-Category Analysis. *Indian Journal of Economics and Development*, 16(1), 31-42.
- Kautonen, T., S. Down and L. South (2008). Enterprise support for older entrepreneurs: The case of PRIME in the UK. *International Journal of Entrepreneurial Behaviour & Research*, 14, 85-101.
- Kayat, K. (2009). The nature of cultural contribution of a community-based homestay programme.
- KC, A., Rijal, K., & Sapkota, R. P. (2015). Role of ecotourism in environmental conservation and socioeconomic development in Annapurna conservation area, Nepal. *International Journal of Sustainable Development & World Ecology*, 22(3), 251-258.
- Keiser, J.R. 1989. Principles and Practices of Management in the Hospitality Industry (2nd ed.). New York,:Van Nostrand Reinhold.
- Khaling, P. (2019). Homestay Operations in Darjeeling Hills with Special Reference to Takdah. MPhil Thesis. Sikkim University. Gangtok, Sikkim, India.
- Khan, P.C., & Mitra, D. (2017). A Study on the role of homestay tourism in ensuring socio-economic wellbeing of economically Diffident Communities- A Case Study of Kalimpong District of West Bengal. *The Indian Journal of Commerce*, 70(1), 40-69.
- Khatun, D., & Roy, B. C. (2016). Rural Livelihood Diversification in West Bengal: Nature and Extent §. *Agricultural Economics Research Review*, 29(2), 183-190.
- Khoshakhlagh, R., Safaeifard, S. V., Hatami, A., Nasim, S., & Sharifi, M. (2013). Comparison of Normal and Poisson Distribution
- Kibicho, W. (2008). Community-based tourism: A factor-cluster segmentation approach. *Journal of Sustainable Tourism*, Vol. 16, No.2, pp.211-231.

- Kimaiga, R. K., Kihima, B. O., & Pepela, A. W. (2015). The role of homestay operators' knowledge and skills in enhancing their business. *Journal of Tourism Research & Hospitality*, 4(2), 2-11.
- Kiper, T. (2013). Role of ecotourism in sustainable development. In M. Ozyavuz, (Ed.), *Advances in landscape architecture*. IntechOpen. Doi: <https://doi.org/10.5772/55749>
- Kirkwood, J. (2009). Spousal roles on motivations for entrepreneurship: A qualitative study in New Zealand. *Journal of Family and Economic Issues*, 30, 372-385.
- Kohli, M. S. (2002). *Mountains of India: Tourism, adventure and pilgrimage*. Indus Publishing.
- Kontogeorgopoulos, N., Churyen, A., & Duangsaeng, V. (2015). Homestay tourism and the commercialization of the rural home in Thailand. *Asia Pacific Journal of Tourism Research*, 20(1), 29-50.
- Korir, J., Kiprutto, N., & Rop, W. (2013). Commercial home accommodation as a tool for rural tourism in Uasin Gishu County in Kenya. *Journal of Tourism, Hospitality and Sports*, 1, 18-22.
- Kumar, S., & Shekhar. (2020). Digitalization: A strategic approach for development of tourism industry in India. *Paradigm*, 24(1), 93-108.
- Kundu, R., & Datta, S.K. (2007). Socio-economic appraisal of culture-based fishermen: Case study in West Bengal. *Journal of Social Sciences*, 15(3), 255-262.
- Kunjuraman, V., & Hussin, R. (2017). Challenges of community-based homestay programme in Sabah, Malaysia: Hopeful or hopeless?. *Tourism Management Perspectives*, 21, 1-9.
- Kunjuraman, V., Hussin, R., & Yasir, S. M. (2015). Challenges of seaweed community-based homestay programme in Sabah, Malaysian Borneo. *Hospitality and Tourism 2015, Proceedings of HTC*, 123-126.
- Kuratko, D. F., Hornsby, J. S., & Naffziger, D. W. (1997). An examination of owner's goals in sustaining entrepreneurship. *Journal of small business management*, 35(1), 24.

- Kwaramba, H. M., Lovett, J. C., Louw, L., & Chipumuro, J. (2012). Emotional confidence levels and success of tourism development for poverty reduction: The South African Kwame Makana home-stay project. *Tourism Management*, 33(4), 885-894.
- Lama, M. (2013). Community homestay programmes as a form of sustainable tourism development in Nepal.
- Leksakundilok, A. (2004). *Ecotourism and Community-based Ecotourism in the Mekong Region*. University of Sydney. Sydney: Australian Mekong Resource Centre.
- Lim, Y. M., & Lee, T. H. (2020). Operating issues and challenges: the case of pachitan homestay from 2017 to 2019. *Journal of Marketing Advance and Practices*, 2(1).
- Lipton, J. K., & Bhattarai, U. (2014). Park establishment, tourism, and livelihood changes: A case study of the establishment of Chitwan National Park and the Tharu people of Nepal. *American International Journal of Social Science*, 3(1), 12-24.
- Liu, H. L. S., Mehlah, J. L., & Gray, J. (2019). Public perception of parks and recreation. *Recreation, Parks, and Tourism in Public Health*, 3(1), 17-26.
- Liu, Z. (2003). Sustainable tourism development: A critique. *Journal of sustainable tourism*, 11(6), 459-475.
- Liu, Z., & Lan, J. (2015). The Sloping Land Conversion Program in China: Effect on the Livelihood Diversification of Rural Households. *World Development*, 70, 47–161.
- Loison, S. A. (2019). Household Livelihood Diversification and Gender: Panel Evidence from Rural Kenya. *Journal of Rural Studies*, 69, 156–172.
- Lowe, P., & Ward, N. (2007). Sustainable Rural Economies: Some Lessons from the English Experience. *Sustainable Development*, 15(5), 307-317.
- Lun, L. M., Pechlaner, H., & Volgger, M. (2016). Rural tourism development in mountain regions: Identifying success factors, challenges and potentials. *Journal of Quality Assurance in Hospitality & Tourism*, 17(4), 389-411.



- Lynch, P., Di Domenico, L., & Sweeney, M. (2007). Resident hosts and mobile strangers: Temporary exchanges within the topography of the commercial home. In J. Molz & S. Gibson (Eds.), *Mobilizing hospitality: The ethics of social relations in a mobile world* 121– 144. Aldershot: Ashgate.
- Lynch, P.A. (2005). The Commercial Home Enterprise and Host: A United Kingdom perspective'. *HospitalityManagement*, 24, 533-553.
- Macek, I. C. (2013). *Homestays as livelihood strategies in rural economies: the case of Johar Valley, Uttarakhand, India* (Doctoral dissertation).
- Maharana, I., Rai, S. C., & Sharma, E. (2000). Valuing ecotourism in a sacred lake of the Sikkim Himalaya, India. *Environmental conservation*, 27(3), 269-277.
- Mann, V. & Thorpe, R. (1998). Characteristics of Asian and white female business owners. *Journal of Consumer Studies & Home Economics* 22(4), 221-229.
- Manoj, P. K. (2016). Determinants of sustainability of rural tourism: a study of tourists at Kumbalangi in Kerala, India. *International Journal*, 4(4).
- Manzoor, F., Wei, L., Asif, M., Haq, M. Z. U., & Rehman, H. U. (2019). The contribution of sustainable tourism to economic growth and employment in Pakistan. *International journal of environmental research and public health*, 16(19), 3785.
- Marcoulides, K. M., & Raykov, T. (2019). Evaluation of variance inflation factors in regression models using latent variable modeling methods. *Educational and psychological measurement*, 79(5), 874-882.
- Martin, S. M., Lorenzen, K. (2016). Livelihood Diversification in Rural Laos. *World Development*, 83, 231–243.
- Marzuki, A. (2011). Resident attitudes towards impacts from tourism development in Langkawi Islands, Malaysia. *World Applied Sciences Journal*, 12(T&H), 25-34.

- Mbaiwa, J. E., Thakadu, O. T., & Darkoh, M. B. K. (2008). Indigenous knowledge and ecotourism-based livelihoods in the Okavango Delta in Botswana. *Botswana Notes and Records*, 62-74.
- McAreavey, R., & McDonagh, J. (2011). Sustainable rural tourism: Lessons for rural development. *Sociologia ruralis*, 51(2), 175-194.
- Meimand, S. E., & Ismail, H. N. (2011, November). Feasibility of Operating Homestay in Rural Areas: A Case Study of Meimand, Iran. In *Proceedings of 2nd Regional Conference on Tourism Research* (p. 88).
- Mishra, P. K., Rout, H. B., & Mohapatra, S. S. (2011). Causality between tourism and economic growth: Empirical evidence from India. *European Journal of Social Sciences*, 18(4), 518-527.
- Mondal, S., & Samaddar, K. (2021). Exploring the current issues, challenges and opportunities in tea tourism: a morphological analysis. *International Journal of Culture, Tourism and Hospitality Research*, 15(3), 312-327.
- Mondal, T. K., & Roychowdhury, P. (2019). Water scarcity in Himalayan hill town: a study of Darjeeling municipality, India. *Urban Drought: Emerging Water Challenges in Asia*, 363-383.
- Msoka, E. M., & Muya, D. (2019). Women's Participation and Equal Opportunities for Leadership in Tanzania. In *Gender and Diversity: Concepts, Methodologies, Tools, and Applications* (pp. 1437-1458). IGI Global.
- Mura, P. (2015). Perceptions of authenticity in a Malaysian homestay—A narrative analysis. *Tourism Management*, 51, 225-233.
- Nagaraju, L. G., & Chandrashekhara, B. (2014). Emergence of Tourism in Sustainable Growth of India. *International Journal*, 1(3), 30-36.
- Nepal Rastra Bank (2015). A study on Dallagaon Homestay and its sustainability. Nepalgunj office, Banking Development and Research Unit.

- Niehof, A. (2004). The Significance of Diversification for Rural Livelihood Systems. *Food Policy*, 29(4), 321–338.
- Nyasha, S., Odhiambo, N. M., & Asongu, S. A. (2021). The impact of tourism development on economic growth in Sub-Saharan Africa. *The European Journal of Development Research*, 33, 1514-1535.
- Ogorelc, A. (2009). Residents' perceptions of tourism impacts and sustainable tourism development. *International Journal of Sustainable Economy*, 1(4), 373-387.
- Ohlan, R. (2017). The relationship between tourism, financial development and economic growth in India. *Future Business Journal*, 3(1), 9-22.
- Ollivaud, P. and P. Haxton (2019), “Making the most of tourism in Indonesia to promote sustainable regional development”, OECD Economics Department Working Papers, No. 1535, OECD Publishing, Paris. <http://dx.doi.org/10.1787/c73325d9-en>
- Osman, I., Ahmad, Z. A., Ahmad, N. H., Husin, A., Bakar, S. A., & Tanwir, N. D. (2010). Following the trail of women homestay entrepreneurs in Malaysia: Understanding their motivation and empowerment. *TEAM Journal of Hospitality & Tourism*, 6(1), 24-35.
- Parajuli, B. S. (2018). Ecotourism, indigenous people and their local environment: A case study about Amaltari community homestay Nawalparasi, Nepal.
- Paramati SR, Alam MS, Chen CF (2017) The effects of tourism on economic growth and CO2 emissions: a comparison between developed and developing economies. *J Travel Res* 56(6):712–724
- Park, C. L. (2005). Religion as a meaning-making framework in coping with life stress. *Journal of social issues*, 61(4), 707-729.
- Pasanchay, K., & Schott, C. (2021). Community-based tourism homestays' capacity to advance the Sustainable Development Goals: A holistic sustainable livelihood perspective. *Tourism Management Perspectives*, 37, 100784.

- Perdue, R., Long, P. and Allen, L. (1990). Resident Support for Tourism Development. *Annals of Tourism Research*. Vol. 17(4), pp. 586-99.
- Perera, P., Vlosky, R. P., & Wahala, S. B. (2012). Motivational and behavioral profiling of visitors to forest-based recreational destinations in Sri Lanka. *Asia Pacific Journal of Tourism Research*, 17(4), 451-467.
- Petri, H. L., & Govern, J. M. (2004). *Motivation: Theory, research applications* Belmont. CA: Wodsworth.
- Pistrui, D., Huang, W., Oksoy, D., Jing, Z., & Welsch, H. (2001). Entrepreneurship in China: Characteristics, attributes, and family forces shaping the emerging private sector. *Family Business Review*, 14(2), 141-152.
- Pritchard, B., Rammohan, A., Vicol, M. (2019). The Importance of Non-Farm Livelihoods for Household Food Security and Dietary Diversity in Rural Myanmar. *Journal of Rural Studies*, 67, 89–100.
- Bhalla, P., Coghlan, A. & Bhattacharya, P. (2016) Homestays' contribution to community-based ecotourism in the Himalayan region of India, *Tourism Recreation Research*, 41:2, 213-228, DOI: 10.1080/02508281.2016.1178474
- PTI (2017, June 20). Darjeeling unrest, a boon for Sikkim tourism. *Financial Express*. <https://www.financialexpress.com/lifestyle/darjeeling-unrest-a-boon-for-sikkim-tourism/727198/>
- Purwoko, A., Nurrochmat, D. R., Ekayani, M., Rijal, S., & Garura, H. L. (2022). Examining the Economic Value of Tourism and Visitor Preferences: A Portrait of Sustainability Ecotourism in the Tangkahan Protection Area, Gunung Leuser National Park, North Sumatra, Indonesia. *Sustainability*, 14(14), 8272.
- Rahman, A. P. M., & Bassam, K. (2016). Social impact of ecotourism in India. *International Journal of Advance Research and Innovative Ideas in Education*, 2(6), 308–313.

- Rahman, H. T., Mia, M. E., Ford, J. D., Robinson, B. E., Hickey, G. M. (2018). Livelihood Exposure to Climatic Stresses in the North-Eastern Floodplains of Bangladesh. *Land Use Policy*, 79, 199–214.
- Rahut, D. B., Ali, A., Kassie, M., Marenya, P. P., & Basnet, C. (2014). Rural livelihood diversification strategies in Nepal. *Poverty & Public Policy*, 6(3), 259-281.
- Rai, R., & Kundu, R. (2022). An Analysis of Socio-economic Characteristics of Homestay Operators in the Darjeeling Hills, West Bengal. *Indian Journal of Economics and Development*, 18(2), 419-425.
- Rakhal, D. (2015) Entrepreneurship, microfinance and social relation: An empirical analysis of women's perceptions, *The Journal of Nepalese Business Studies*, IX (1), 114-123
- Ranasinghe, R. (2015). Evaluation of homestay accommodation supply in Sri Lanka. *International Journal of Multidisciplinary Research and Development*, 2(2), 442-447
- Rao, M. (2002). Challenges and issues for tourism in the South Pacific island states: the case of the Fiji Islands. *Tourism Economics*, 8(4), 401-429.
- Rasool, H., Maqbool, S., & Tarique, M. (2021). The relationship between tourism and economic growth among BRICS countries: a panel cointegration analysis. *Future Business Journal*, 7(1), 1-11.
- Rathnayake, R. M. W. (2016). Willingness to pay for a novel visitor experience: ecotourism planning at Kawdulla National Park in Sri Lanka. *Tourism Planning & Development*, 13(1), 37-51.
- Rawat, S. (2019). Sustainable Rural Tourism in Darjeeling Hills: Case Studies of Takdah and Mineral Spring. *International Journal of Innovative Studies in Sociology and Humanities*, 4(6), 49-68.
- Rawat, S. (2020). Rural Tourism and Sustainable Development in Darjeeling Hills, West Bengal: Case study of Lepcha Jagat, *Juni Khyat*, 10(5), 18-34.

- Razzaq, A. R. A., Hadi, M. Y., Mustafa, M. Z., Hamzah, A., Khalifah, Z., & Mohamad, N. H. (2011). Local community participation in homestay program development in Malaysia. *Journal of Modern Accounting and Auditing*, 7(12), 1418.
- Rinzin, C., Vermeulen, W. J., & Glasbergen, P. (2007). Ecotourism as a mechanism for sustainable development: the case of Bhutan. *Environmental Sciences*, 4(2), 109-125.
- Rizal, P. R., & Asokan, R. (2013). Role of transportation in tourism industry in Sikkim State, India. *International Journal of Innovative Research and Development*, 2(6), 336-346.
- Safri, R. M., Amalia, S., & Auliansyah, A. (2022). Economic Analysis and Carrying Capacity of the Bontang Mangrove Park Ecotourism Area Kutai National Park in East Kalimantan. *ECSoFiM (Economic and Social of Fisheries and Marine Journal)*, 9(2), 263-276.
- Sanjeev, G. M., & Birdie, A. K. (2019). The tourism and hospitality industry in India: emerging issues for the next decade. *Worldwide Hospitality and Tourism Themes*, 11(4), 355-361.
- Saxena, G., & Ilbery, B. (2008). Integrated rural tourism a border case study. *Annals of Tourism Research*, 35(1), 233-254.
- Seubsamarn, K. (2009). Tourist motivation to use homestays in Thailand and their satisfaction based on the destination's cultural and heritage based attribute (Doctoral dissertation, University of Missouri-Columbia).
- Shahzad, S. J. H., Shahbaz, M., Ferrer, R., & Kumar, R. R. (2017). Tourism-led growth hypothesis in the top ten tourist destinations: New evidence using the quantile-on-quantile approach. *Tourism Management*, 60, 223-232.
- Shan, T.B., & Ahmed, J.U. (2020). Determinants of Livelihood Diversification of Rural Households in Sylhet, *Asian Journal of Agricultural Extension, Economics & Sociology*, 38(11). Pp 97-104.
- Shane, S., Kolvereid, L., & Westhead, P. (1991). An exploratory examination of the reasons leading to new firm formation across country and gender. *Journal of Business Venturing*, 6, 431-446.

- Sharma, K., Choudhury, S., & Das, D. (2022). The trajectory from Darjeeling Gorkha Hill Council to Gorkhaland Territorial Administration: A fragile administrative autonomy in Darjeeling. In *Autonomy and Democratic Governance in Northeast India* (pp. 189-207). Routledge India.
- Shihabudheen, N. (2012). Problems and Prospects of Ecotourism in Kerala: Some Empirical Evidence from 'Kumbalangi' Panchayat In Ernakulam District (India). *Journal of Global Economy* (ISSN Print-0975-3931, Online-2278-1277), 8(4).
- Shukor, S., Salleh, N. H. M., Othman, R., & Idris, S. H. M. (2014). Perception of Homestay Operators towards Homestay Development in Malaysia. *Jurnal Pengurusan*, 42.
- Singh, A. L., Jamal, S., & Ahmad, W. S. (2021). Impact assessment of lockdown amid COVID-19 pandemic on tourism industry of Kashmir Valley, India. *Research in Globalization*, 3, 100053.
- Singh, R. B., & Mishra, D. K. (2004). Green tourism in mountain regions-reducing vulnerability and promoting people and place centric development in the Himalayas. *Journal of Mountain Science*, 1, 57-64.
- Smeral, E. (2010). Impacts of the world recession and economic crisis on tourism: Forecasts and potential risks. *Journal of Travel Research*, 49(1), 31-38.
- Song, L., Xue, Y., Jing, Y., & Zhang, J. (2021). Visitor's Willingness to Pay for National Park Entrance Fees in China: Evidence from a Contingent Valuation Method. *International Journal of Environmental Research and Public Health*, 18(24), 13410. MDPI AG. Retrieved from <http://dx.doi.org/10.3390/ijerph182413410>
- Sood, J. (2016). Homestays in Himachal State, India: a SWOT analysis. *Journal of Tourism Management*, 17(2), 69-81.
- Sood, J., Lynch, P., & Anastasiadou, C. (2017). Community non-participation in homestays in Kullu, Himachal Pradesh, India. *Tourism management*, 60, 332-347.

- Stefanovic, I., Prokic, S., & Rankovic, L. (2010). Motivational and success factors of entrepreneurs: the evidence from a developing country. *Zbornik radova Ekonomskog fakulteta u Rijeci: časopis za ekonomsku teoriju i praksu*, 28(2), 251-269.
- Stewart, S., & Kahn, J. R. (2006). An introduction to choice modeling for non-market valuation. *Handbook on Contingent Valuation*. Cheltenham, 153-176.
- Subedi, M. (2010). Caste system: theories and practices in Nepal. *Himalayan Journal of Sociology and Anthropology*, 4, 134-159.
- Swierczek, F., and T. T. Ha (2003). "Motivation, Entrepreneurship, and Performance of SMEs in Vietnam," *Journal of Enterprising Culture* 11(1), 47–68.
- Syamala (2002). *Studies on Eco-Tourism*. [Online]. 2002. shodhganga. Available from: [http://shodhganga.inflibnet.ac.in/bitstream/10603/19757/13/13\\_chapter2.pdf](http://shodhganga.inflibnet.ac.in/bitstream/10603/19757/13/13_chapter2.pdf)
- Thakuri, I. B. M., & Nepal, G. (2016). Economic contribution of home-stay in Nepal. *Journal of Advanced Academic Research*, 3(3), 1-10.
- Thampi, S. P. (2005). *Ecotourism in Kerala, India: Lessons from the eco-development project in Periyar Tiger Reserve (Vol. 13)*. ECOCLUB.
- Tosun, C. (2001). Challenges of sustainable tourism development in the developing world: the case of Turkey. *Tourism management*, 22(3), 289-303.
- Venkatachalam, L. (2004). The contingent valuation method: a review. *Environmental impact assessment review*, 24(1), 89-124.
- Walter, P., & Reimer, J. K. (2012). The 'Ecotourism Curriculum' and visitor learning in community-based ecotourism: Case studies from Thailand and Cambodia. *Asia Pacific Journal of Tourism Research*, 17(5), 551–561.
- Wang, C., Walker, E. A., & Redmond, J. (2007). Explaining the lack of strategic planning in SMEs: The importance of owner motivation. *International Journal of Organizational Behaviour*, 12(1), 1–16



- Wang, Y. (2007). Customized authenticity begins at home. *Annals of Tourism Research*, 34(3), 789–804.
- Warner, C. (2014). Flighty subjects: sovereignty, shifting cultivators, and the state in Darjeeling, 1830-1856. *Journal of the Association for Nepal and Himalayan Studies: Vol*, 34(1), 8.
- Watson, K., Hogarth-Scott, S., & Wilson, N. (1998). Small business start-ups: Success factors and support implications. *International Journal of Entrepreneurial Behaviour & Research*, 4(3), 217–238.
- Weber, K., Heinze, K.L., & DeSoucey, M. (2008). Forage for thought: Mobilizing codes in the movement for grass-fed meat and dairy products. *Administrative Science Quarterly*, 53, 529-567.
- Wijesekara, C., Tittagalla, C., Jayathilaka, A., Ilukpotha, U., Jayathilaka, R., & Jayasinghe, P. (2022). Tourism and economic growth: A global study on Granger causality and wavelet coherence. *Plos one*, 17(9), e0274386.
- Wong, O. Y. (2014). Towards sustainable community development: A case study of homestay tourism in Sabah. *Mémoire de maîtrise, University of London*.
- Yacob, M. R., Shuib, A. H. M. A. D., Mamat, M. F., & Radam, A. L. I. A. S. (2007). Local economic benefits of ecotourism development in Malaysia: The case of Redang Island Marine Park. *International Journal of Economics and Management*, 1(3), 365-386.
- Yadav, C. S., Gupta, P., & Lama, R. (2018). Potential of Homestays as Tourism Product in Sikkim. *Challenges & Strategic Interventions for Tourism*, 5, 36-46.
- Yassin, A.M., & Arif, N. (2017). Homestay Industry: Driveres and Challenges in the state of Johor, Malaysia. *International Journal of Property Sciences (E-ISSN 2229-8568)*, 7(1).
- Yuan, J., Li, J., Deng, J., & Arbogast, D. (2021). Past experience and willingness to pay: A comparative examination of destination loyalty in two national parks, China. *Sustainability*, 13(16), 8774.

- Yusof, Y., Muda, M.S., Salleh, A.M., Ibrahim, Y., & Amin, W.A. A.W.M. (2016). The determinants of commitment among homestay operators in Malaysia. *Procedia Economics and Finance*, 39, 256-261.
- Zainuddin, A. H., & Bakar, K. A. (2008). Exploring SeIVice Quality in Homestay Tourism-a Case of Malaysia. *International Journal of Culture and Tourism Research*, 1(1), 89-101.
- Zhang, F., Wang, X.H., Nunes, P.A.L.D., & Ma, C. (2015). The recreational value of Gold Coast Beaches, Australia: An application of the travel cost method. *Ecosystem Services*, 11, 106-114.
- Ziaee, M., & Abbasi, D. (2018). Sustainable Tourism Development Approaches and Challenges: Concepts and Practices. *Journal of tourism Planning and Development*, 7(24), 8-37.
- Zingi, G. K., Mpofu, A., Leonard Chitongo, Taona Museva, Emmerson Chivhenge & Moline R N. (2022) Ecotourism as a vehicle for local economic development: A case of Tsholotsho District Zimbabwe, *Cogent Social Sciences*, 8:1, DOI: [10.1080/23311886.2022.2035047](https://doi.org/10.1080/23311886.2022.2035047)
- Zorn, E. & Farthing, L.E. (2007). Communitarian tourism. Hosts and mediators in Peru. *Annals of Tourism Research*, Vol. 34, No.3, pp.673-689.

**DEPARTMENT OF ECONOMICS**  
**SIKKIM UNIVERSITY**

**Survey of Home-stay operators in the Darjeeling Hills**

(The information collected using this interview schedule will be used for academic purpose only)

Name of the village / place \_\_\_\_\_ Block \_\_\_\_\_

District: \_\_\_\_\_ Altitude \_\_\_\_\_ Contact NO \_\_\_\_\_

**PART -I: GENERAL INFORMATION**

Name	Name of the HOMESTAY	Age	Sex : M/F	Religion	Category ST/SC/OBC/others	Current marital Status (S/M/W/S/D)	Education	Joint or nuclear family	BPL /APL

**Details of Household members:**

Sl.No	Name of Family Members	Relationship with head	Age	M/F	Years of Schooling	Occupations	Monthly Income
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

**Holding of Assets:**

Sl.No	Particulars	Number/ acres	Purchased Price	Age of the Asset	Asset Value
1	Home-stays				
2	Land				
3	House				
4	Livestock				
5	Car/ motorbike				
6	Luxuries goods				
7	Other				

**PART- II: ACTIVITY INFORMATION**

1. Primary Occupation: home-stay business/ Livestock farming/Agricultural farming /Agricultural Laborer/Causal Laborer /Govt. Employees/ Others .....
2. Subsidiary occupation: : home-stay business/Livestock farming/Agricultural farming /Agricultural Laborer/ Causal Laborer /Govt. Employees/ Others .....
3. Total Experience of working as Home-stay operators: .....
4. Primary Occupation before adopting homestay business? .....
5. No of family members involved in the above mentioned activity ( ie activity before adopting homestay business):
6. Secondary Assistance for running homestay business:
  - (A) Family Members (UNPAID): (i)Male helpers: Husband/ Brother/ Son/ Other  
(ii)Female helpers: Daughter/ Wife/ Sister/ Other
  - (B) Hired Workers (PAID):
    - (a) No. of Male Workers: .....
    - (b) No. of Female Workers: .....
7. How do you pay to your hired workers : monthly / daily basis?
  - (a) On a Monthly basis, then what is the salary amount? .....
  - (b) On a Daily basis, then what is the wage rate? .....
8. Approx tourists arrival per year: Total.....Local:.....National.....International.....
9. Tourists Flow:
  - (a) Peak Season Arrivals: .....
  - (b) Festive Season Arrivals: .....
  - (c) Off Season Arrivals: .....
10. Principal Tourists:
  - (a) During Peak season: Locals/ Domestic tourists/ Foreigners
  - (b) During Festive season: Locals/ Domestic tourists/ Foreigners
  - (c) During Off season: Locals/ Domestic tourists/ Foreigners

**11. Income of the family:**

Source of Income	(Monthly income in Rs)
Home-stay Business	
Agriculture	
Job(govt/pvt)	
Livestock	
Milk	
Others(specify)	

12. Approx Income of the family before adopting homestay business: .....

**PART-III: Homestay particulars**

Homestay type: Pucca/ Semi pucca/ Wooden	No of rooms for business	Ownership of homestay (rented/owned)	Years of operation	Nature of enterprise:Inherited from family/own effort/inherited + own effort	Room charges	Types of food and charges

13. Water Source: Govt/ Pvt.....

14. Energy Source: Firewood collected/ Firewood purchased/ LPG/ LPG+firewood  
 15. First Investment (Rs): .....  
 16. Source of Finance for making first investment: Personal saving/Friends/ Relatives/Cooperative Society/Bank Loan  
 17. Interest rate charged by the concerned source: .....

**18. Factors motivating to start homestay business** (Please give 3 marks if you think the factor is the most important and give only 1 mark if you think the factor is less important and give 2 for important):

Factors	Marks (1/2/3)
Desire to generate additional income	
Availability of resources in the region for home-stay business	
Constructive work in free time	
Current market demand in the tourism industry	
Inspired by friends' success in the business	
Interact with different culture	
Flexibility of lifestyle	
Gain a personal sense of accomplishment and grow business	
Desire for independence	
Unemployment	
Job insecurity	
Family hardship/pressure to start home-stay business	
Community members' motivations to participate	
Preserve heritage and culture	
Preparing for retirement	
Dissatisfaction with previous job	
Continuation of family businesses	
Conserve environment	

19. Facilities provided to the tourists: Services/ Transportation/ Accommodation/ Catering/ Recreation/ Entertainment/ All except transportation.

**19. Challenges faced by homestay operators:** (Please give 3 marks if you think the constraint is the most important and give only 1 mark if you think the constraint is less important and give 2 for important):

Challenges and Constraints	Scores(1/2/3)
Lack of infrastructural development	
Lack of regular water supply and electricity	
Mismatch between tourists' demand and hosts' services	
Lack of brand image and marketing programme	
Lack of proper training	
Regional Political tension	
Stiff competition from others	
Lack of government support	
Lack of medical emergency services	

**20. Perceived impact of homestay business:** (Please give 3 marks if you think the impact is the most important and give only 1 mark if you think the impact is less important and give 2 for important):

Impact	Marks(1/2/3)
Generate additional income for the family	
Encourage varieties in economic activity	
Provide employment opportunity	
Improve the local's purchasing power and standard of living of local people	
Reduce the local's income gap	
Improve individual skills and knowledge	
Improve management capabilities	
Generated income may contribute to village development	
Eradicate poverty among the locals	
Improve public facilities like roads and other infrastructure	
Encourages the local handicraft industry	
The cost of living/price level/inflation has increased	
Reduce youth migration to the city	
Stronger bonding and unity within family and society	
Create responsible society	
Living quality from homestay tourism will encourage unity among family	
Improve communication skill due to interaction with tourists	
Commercialisation of local culture to satisfy tourist demand	
Improving local culture consciousness among the local community	
Create a culturally inclined community	
The locals' way of life is preserved	
Preserving local's traditional houses	
Knowing foreign/outside culture	
Encourage the conservation of the environment	
Improve the villages' cleanliness	
Protection of wildlife such as hornbills	
Establish more parks and recreational areas	
Deforestation	
Traffic congestion	
Water scarcity problems	
Improve waste management system	
The increase in vehicles has degraded air quality	

**DEPARTMENT OF ECONOMICS  
SIKKIM UNIVERSITY**

**Survey of Tourists visiting the Lamahatta Ecotourism Park**

(The information collected using this interview schedule will be used for academic purpose only)

This questionnaire is aimed to collect information relating to ecotourism and homestay business operations from tourists in the Darjeeling Hills. It is conducted for a research in the partial fulfillment of thesis to be submitted for PhD Degree in Economics in Sikkim University. Your valuable suggestions and cooperation will be very much helpful for completing my thesis in time and also it will be very valuable for development of homestay in the Darjeeling Hills. I will remain thankful for your cooperation.

**PART-I: Respondent's Profile**

1. Name of the Visitor / Respondent: .....
2. Visitors' identity:  Local  National  Foreigner
3. Place or location of the visitor's home: .....
4. Distance travelled to reach the destination from your place: approx km
5. Time taken to reach the destination hours.
6. Age: .....
7. Sex:  Male  Female
8. Marital Status:  Single  Married Widow Separated
9. Religion: Hindu  Buddhist Christian Others .....
10. Educational Status: Illiterate/ Formal Literate/ Primary /Secondary/Graduate/ Post Graduate & above/other .....
11. Occupations:  Student/ Scholar  Casual Workers Farmer  Employees(Govt/Pvt) Business  Vocational Job  others .....
12. Average monthly income: .....

**PART-II Respondents' Travel Cost Information**

1. What attracted you most to Darjeeling? Nature tourism/Adventure tourism/Cultural tourism/Spiritual tourism/Mountain treks.
2. From where did you get information about this place? .....
3. Is this your first visit? Yes/ No
4. If no, how many times you have visited in the past? .....
5. No. of realised visit to the site (current visit + past visit)
6. Reason of Present Darjeeling visit: .....
7. Expected duration of total Darjeeling visit: days
8. Name of all tourist spots you visited or will visit during your stay in Darjeeling  
.....
9. Travel mode used to reach Darjeeling:
10. Own vehicle (private car)/ Rented vehicle (Luxurious vehicle / Ordinary vehicle)/ Public transport/ Travel agent's vehicle/ Others (please specify) .....

11. How many family members are with you in this trip? .....
12. Overall Tour Budget:
13. Average travel expenses per head (in Rupees).....
14. Average accommodation expenses per head (in Rupees).....
15. Local shopping expenses (in Rupees).....
16. Purpose of Visiting the site:  Ecotourism  Recreation / fun  To study nature and wildlife  Other
17. Recreational experience at the site:  Excellent  Very Good  Good  Bad  Very Bad
18. Quality of the site:  Excellent  Very Good  Good  Bad  Very Bad
19. Environmental quality of the surrounding:  Excellent  Very Good  Good  Bad  Very Bad
20. How was your experience of staying in the nearby home stay or visiting eco-park? Excellent / Very Good/Good/Bad/Very Bad.
21. State the problems that you encountered and observed during your visit?

**PART-III: Respondents' willingness to pay**

1. Are you satisfied with staying on this site? Yes/No.
2. Are you willing to pay for the development and conservation of this park? Yes/No
3. How much are you willing to pay for the park?
4. Would you like to visit this place again? If yes, how many times? 0/1 time/ 2 times/ 3 times/ 4 times/ 5 times/ more than 5
5. Are you likely to advise more relatives/ friends to visit this place? Yes/No

**PART-IV: Other General Information**

1. How was your travel & accommodation paid for? LTC/ Private tour / Official Tour.
2. Do you purchase any local items/products from local shops of nearby home stay or eco-parks? Yes/No. Give details description of it.

Sl.No	Items	Quantity	Cost

THANK YOU FOR HELPING!





**Author visiting homestays and interviewing homestay operators**