



From Homes to Hospitality: A Financial and Institutional Analysis of Homestay Tourism in Darjeeling and Kalimpong Districts, West Bengal.

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ABSTRACT

Homestay tourism, which began as an informal activity, has increasingly become a structured approach to rural and community development across various regions. This study analyses the financial, institutional, and governance aspects of homestay initiatives in West Bengal's Darjeeling and Kalimpong districts, placing them within wider national and global frameworks. It explores critical factors affecting the success and long-term viability of these projects, including credit availability, the use of digital financial tools, institutional backing, and the reach of policy initiatives. A key finding is the ongoing disconnect between policy goals and actual implementation, with obstacles like restricted access to financial services, poor infrastructure, and limited awareness of government schemes impeding progress. By focusing on governance mechanisms, institutional capacity-building, and local community involvement, the paper stresses the need for integrated efforts to support inclusive and sustainable growth in homestay tourism across the region.

Keywords: Homestay tourism, financial inclusion, Institutional support, Sustainable development, Darjeeling and Kalimpong.

I. INTRODUCTION

Tourism has become one of the fastest-growing and most dynamic sectors of the global economy, making substantial contributions to GDP, job creation, foreign-exchange earnings, and regional development. As a labour-intensive industry, it makes efficient use of local resources and supports inclusive economic growth by creating livelihoods across various social and economic groups (World Tourism Organisation, 2019; WTTC, 2020). In developing nations such as India, tourism helps bridge regional imbalances and promotes more balanced economic development, especially in rural and mountainous areas where employment opportunities are often scarce (Sharpley et al., 2014).

India's tourism sector is deeply influenced by its cultural values, particularly the traditional principle of "Athithi Devo Bhava" (The Guest is God), which highlights hospitality and the significance of host-guest relationships. Acknowledging the sector's potential, the Indian government has launched multiple

initiatives to boost both domestic and international tourism. Campaigns like “Incredible India” and its updated version “Incredible India 2.0” have strengthened the country’s global image, while skill-building programs such as “Hunar Se Rozgaar” aim to enhance workforce capabilities in hospitality (Ministry of Tourism, 2002; Government of India, 2018). The National Tourism Policy of 2002 outlines a structured approach built on seven core elements Swagat (Welcome), Soochana (Information), Suvidha (Facilitation), Suraksha (Safety), Sahyog (Cooperation), Samrachanam (Infrastructure Development), and Safai (Cleanliness) to support sustainable and integrated growth in tourism (Ministry of Tourism, 2002). Moreover, digital platforms and online services have transformed the industry by enabling real-time updates, seamless bookings, and broader global reach (Buhalis, et.al, 2008). Amid these developments, homestay tourism has emerged as a sustainable and innovative alternative to mass tourism. By offering accommodation within local homes, homestays provide travellers with immersive cultural experiences and foster genuine interactions between hosts and guests. This model aligns closely with community-based tourism, which prioritises local involvement, cultural conservation, and fair benefit-sharing (Kontogeorgopoulos et al., 2013; Goodwin & Santilli, 2009). It also encourages environmentally responsible travel by reducing ecological footprints (UNWTO, 2017). In India, homestay tourism has increasingly been recognised as a means to promote rural development, entrepreneurship, and financial inclusion. It allows families to generate additional income, reduce reliance on agriculture, and stimulate small-scale tourism enterprises (Dixit, 2020; Acharya & Halpenny, 2013). Notably, homestays have also become a vehicle for women’s economic empowerment, enabling greater participation in income-generating activities and household decision-making (Scheyvens, 2010). Rising interest in experiential travel, combined with supportive policies and improved transport and digital connectivity, has driven the expansion of homestay ventures across the country, especially in ecologically fragile and culturally vibrant regions (Richards, 2018).

The hill districts of Darjeeling and Kalimpong in West Bengal exemplify this shift. Known for their scenic landscapes, rich biodiversity, and cultural diversity, these areas have historically relied on agriculture and tea production. However, in recent years, tourism has become a major force for economic diversification. Homestay tourism, in particular, has grown as a viable micro-enterprise model, allowing local residents to actively engage in tourism and directly benefit from its expansion (Bhuiyan et al., 2011). The rise of homestays here reflects a broader trend toward decentralised, community-led tourism development.

From a financial and institutional standpoint, the growth of homestay tourism signals a deeper integration of rural enterprises into formal economic systems. Access to credit, banking facilities, government subsidies, and training programs is essential for establishing and sustaining these businesses. Financial inclusion efforts such as digital banking and mobile payment solutions have improved transaction ease and operational efficiency (Demirgüç-Kunt et al., 2018). Nevertheless, challenges persist, including limited access to formal financing, infrastructure gaps, low digital literacy, and insufficient institutional support, particularly in remote and hilly areas (Bhan, 2014). Despite its growing significance, there remains a need for a deeper understanding of the financial and institutional aspects of homestay tourism, especially at the regional level.

II. CONCEPT OF HOMESTAY TOURISM

Homestay tourism has become a significant part of alternative and sustainable tourism, especially in rural and less-developed areas where traditional lodging options are scarce. It generally involves tourists staying in a local resident’s home, sharing living spaces and often engaging in daily routines and cultural practices with the host family. In contrast to commercial hotels, homestays prioritise personal interaction, cultural exchange, and tailored guest experiences (Kontogeorgopoulos et al., 2013).

In recent years, this form of travel has grown in popularity worldwide. The term “homestay” comes from the word’s “home” and “stay,” describing arrangements where visitors live as paying guests in private homes or rent a portion of a household during their trip. This model allows travellers to immerse themselves in rural lifestyles, local customs, and the broader socio-cultural context of the communities they visit. As outlined by India’s Ministry of Tourism (2010), the homestay initiative enables tourists to

reside with selected families, observe everyday life, and gain firsthand understanding of local traditions. What sets homestay tourism apart from conventional accommodation is its emphasis on lived experience, cultural connection, and mutual engagement rather than just providing a place to sleep. It draws on the social fabric of rural areas by encouraging close relationships between hosts and guests, fostering mutual respect and understanding. In this way, homestays go beyond being simple lodging options they function as platforms for cultural, social, and economic exchange. As Hussin and Kunjuraman (2014) highlight, such initiatives are central to community-based tourism and can significantly support rural development by increasing local involvement and creating income opportunities. Conceptually, homestay tourism is closely tied to community-based tourism (CBT), which prioritises local ownership, active participation, and fair benefit-sharing. In this approach, communities lead tourism development, ensuring that economic returns stay within the region while safeguarding cultural identity and environmental resources (Goodwin & Santilli, 2009). Homestays exemplify this model by allowing households to turn their homes into small-scale businesses. While homestays may resemble other accommodations like Bed and Breakfasts (B&Bs) or Paying Guest (PG) setups, key distinctions exist. B&Bs and PGs mainly offer shelter and basic services, whereas homestays focus on genuine hospitality, cultural interaction, and experiential learning. A homestay blends the charm and individuality of a boutique stay with the warmth, informality, and insider knowledge of living with a local family, offering guests deeper insight into local heritage, daily life, and authentic home-cooked meals. Economically, homestay tourism serves as a low-cost, supplementary source of income, enabling rural families to diversify their livelihoods with minimal investment.

Acharya and Halpenny (2013) note that it allows households to leverage existing assets such as spare rooms and domestic skills to generate revenue, making it a feasible entrepreneurial option in areas with limited resources. This supports the growth of micro and small enterprises in the tourism sector. Beyond economic gains, homestay tourism also contributes to social empowerment, particularly for women. Since household operations are typically managed, women can engage in income-generating activities and participate in decision-making without leaving their communities. This helps improve their status and strengthens overall community resilience (Scheyvens, 2010; Hussin et.al, 2014). Moreover, homestay tourism aligns with the rising global interest in authentic, responsible travel, where visitors seek meaningful connections with local people rather than standardised services. It supports cultural preservation, builds stronger host-guest relationships, and promotes environmentally and socially sustainable practices (Richards, 2018). Regardless of these advantages, the sector faces challenges such as inconsistent quality standards, limited financial access, insufficient training, and inadequate institutional backing. Overcoming these barriers is crucial to ensuring the long-term viability and competitiveness of homestay ventures (Dixit, 2020; Bhan, 2014). In sum, homestay tourism offers a community-led, experience-focused, and economically sustainable approach to tourism development. By combining hospitality with cultural exchange and entrepreneurship, it supports rural growth, financial inclusion, and inclusive economic progress.

1. Conceptual Diagram of Homestay Tourism:

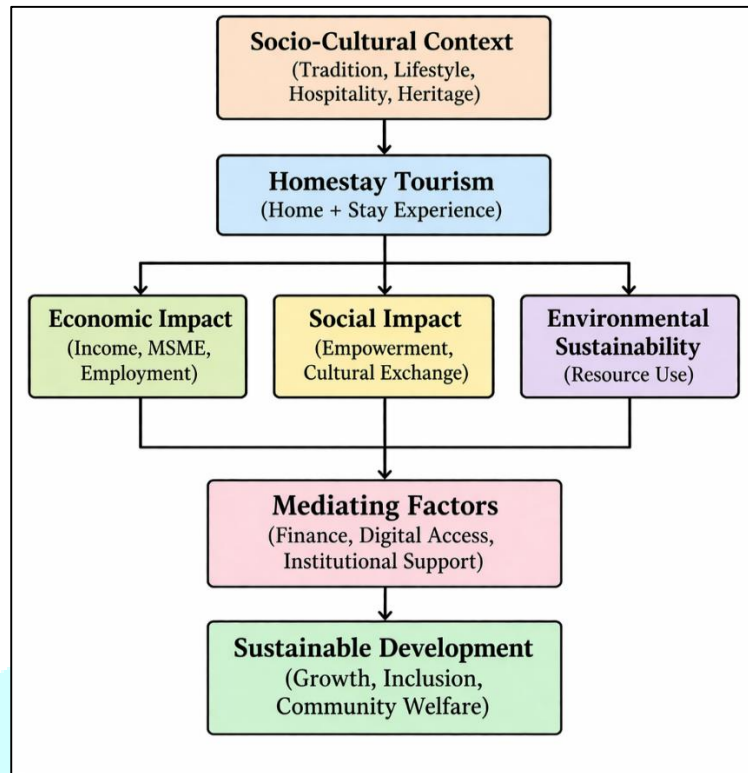


Figure 1. Conceptual framework of homestay tourism (developed by the researcher).

2. Types of Homestays:

Homestays can be classified into different types based on ownership, level of guest interaction, services provided, and operational structure. These classifications help in understanding the diversity and functional variations of homestay tourism.

3. Hosted Homestays (Live-in Homestays)

In this arrangement, the host family continues to live within the same household while accommodating guests. Visitors typically share common areas such as the dining room and living space, creating opportunities for regular interaction with the hosts. This setting fosters close personal engagement and allows tourists to experience local culture more authentically (Kontogeorgopoulos et al., 2013).

4. Un-hosted Homestays (Entire Unit Rentals)

In this model, the host is not present on the property during the guest's stay, and the entire house or a separate unit is made available for exclusive use. While this arrangement offers greater privacy and independence to visitors, it limits opportunities for direct cultural exchange and interaction with the host family compared to traditional homestay settings (Guttentag, 2013).

5. Farm-Based Homestays

This type of homestay is situated in rural or agricultural environments, where visitors have the opportunity to engage in farming practices and gain firsthand experience of traditional rural life. Such accommodations are strongly linked to agri-tourism and contribute to the promotion of sustainable development in rural areas (Phillip et al., 2010).

6. Urban Homestays

Urban homestays are situated in cities and towns, providing lodging within residential neighbourhoods. They are commonly chosen by budget-conscious travellers as well as those interested in experiencing everyday urban life from a local perspective (Novelli, 2005).

7. Heritage Homestays

These homestays are typically established in traditional dwellings that hold historical or cultural value and have been adapted to accommodate visitors. They offer guests a unique opportunity to explore local architectural styles, cultural practices, and traditional ways of living (Timothy et,al, 2003).

8. Commercial/Registered Homestays

These homestays are officially registered with government tourism authorities and operate in accordance with established standards and regulatory guidelines. As a result, they often receive institutional assistance, including training programs, financial support, and opportunities for promotion through formal tourism channels (Ministry of Tourism, 2010).

9. Informal/Unregistered Homestays

These homestays function outside formal registration systems and are not subject to official regulatory control. Although they offer greater flexibility and easier entry for operators, they often lack consistent standards and mechanisms for quality assurance (Dixit, 2020).

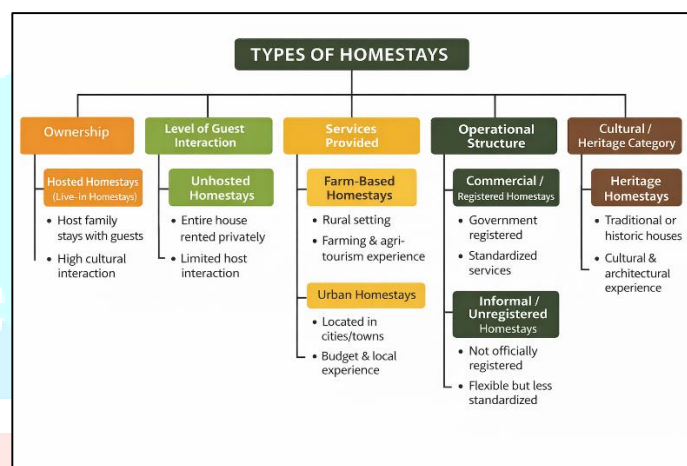


Fig. 2 shows the types of homestays

Source: Dixit, 2020-Kontogeorgopoulos et al., 2013-Guttentag, 2013-Ministry of Tourism, 2010-Timothy et,al, 2003-Novelli, 2005.

III. LITERATURE REVIEW ON HOMESTAY TOURISM

Homestay tourism has become an increasingly important focus in the study of alternative and sustainable travel, marking a broader transition from conventional mass tourism toward models that emphasize community involvement, authentic experiences, and inclusivity. Research in this area underscores its wide-ranging impacts, such as fostering economic growth, facilitating cultural exchange, supporting women's empowerment, and promoting collaboration with local institutions.

1. Conceptual Foundations and Community-Based Tourism

Homestay tourism is closely linked to community-based tourism (CBT), an approach that prioritizes local involvement, ownership, and equitable distribution of benefits. As Goodwin and Santilli (2009) point out, CBT helps ensure tourism development includes and supports local populations. By functioning as a type of CBT, homestays enable families to engage directly in tourism while maintaining their cultural heritage and traditional practices. Kontogeorgopoulos et al. (2013) also highlight that such arrangements foster stronger connections between hosts and guests and promote meaningful cultural interaction.

2. Economic Impact and Rural Development

A considerable amount of research underscores the importance of homestay tourism in generating income and supporting rural development. Often operating as small-scale businesses, homestays typically require modest initial investment but can yield meaningful financial returns through tourism. According to Acharya and Halpenny (2013), these ventures help diversify local livelihoods and lessen reliance on conventional occupations. Bhan, (2014) pointed out that homestays serve as a viable lodging option in rural and remote regions. The findings suggest that this form of tourism not only boosts rural travel but also brings economic advantages to host communities while helping sustain local arts and cultural heritage (Bhan, 2014). Likewise, Bhuiyan et al. (2013), in their study of homestay operators in Malaysia, found that those emphasising traditional living and cultural experiences tend to attract more visitors and deliver tangible economic gains to the hosts (Bhuiyan et al., 2013). In India, Dixit (2020) noted that homestay tourism fosters rural entrepreneurship and supports the growth of micro, small, and medium enterprises (MSMEs), contributing to stronger local economies. Additional research, such as Bhuiyan et al. (2011), reinforces this view, showing that small tourism initiatives like homestays are instrumental in advancing local economic progress and creating employment opportunities.

3. Socio-Cultural Dimensions and Tourist Motivation

Homestay tourism is widely valued for its socio-cultural benefits, especially in promoting cultural exchange and offering genuine travel experiences. According to Richards (2018), today's travelers are increasingly drawn to experiential tourism, where engaging with local communities plays a central role. Agyeiwaah (2013) explored the reasons international tourists opt for homestays and found that socio-demographic characteristics strongly shape their choices. The same study pointed out that governments support homestay initiatives because of their ability to create jobs, boost local income, and help safeguard cultural traditions. Kontogeorgopoulos et al. (2013) added that homestays foster meaningful connections between hosts and visitors, contributing to deeper cross-cultural awareness.

4. Women Empowerment and Social Inclusion

There is substantial support in the literature for homestay tourism as a means of advancing women's empowerment and social inclusion. Scheyvens (2010) highlighted that tourism can contribute to women's economic and social empowerment by offering income-generating opportunities and increasing their involvement in decision-making processes. Similarly, Hussin et al. (2014) found that homestay initiatives often elevate women's status within families and local communities, contributing to better socio-economic outcomes. Because homestay tourism operates from the home, it enables women to engage in income-producing work while managing household duties, supporting more inclusive development and greater gender equity (Hussin et al. 2014).

5. Institutional Support and Policy Framework

Institutional backing is essential for the growth and long-term viability of homestay tourism. In 2010, the Ministry of Tourism, Government of India, launched guidelines and support programs aimed at encouraging homestays, especially in rural and mountainous areas. Initiatives including financial aid, skill development training, and marketing efforts have helped expand homestay businesses. Despite these efforts, research points to shortcomings in how policies are executed and in the extent of institutional support provided. Bhan, (2014) noted that many rural entrepreneurs face persistent obstacles such as low awareness of available schemes, restricted access to financing, and poor infrastructure. Likewise, Mohamed et al. (2014) found that challenges like ineffective human resource management, operational inefficiencies, and financial limitations within the broader tourism industry also impact the functioning of homestays.

6. Financial Inclusion and Digitalization

Recent studies underscore the significance of financial inclusion and digital transformation in advancing tourism. For homestay operations, access to banking, credit, and digital payment solutions is crucial for growth and long-term viability. According to Demirgüç-Kunt et al. (2018), greater financial inclusion contributes to improved performance and expansion potential for small enterprises. Buhalis and Law (2008) highlighted how digital technologies are reshaping tourism via online reservation systems, digital marketing strategies, and integrated information platforms. These innovations have greatly enhanced the reach and availability of homestay services, particularly in geographically isolated regions.

7. Regional Perspective and Emerging Trends

Research focused on specific regions sheds light on how homestay tourism is developing across various geographical settings. In India, especially in mountainous areas like Darjeeling and Kalimpong, homestay tourism has become a significant factor in promoting tourism-driven growth and expanding local livelihood options. Work by Bhuiyan et al. (2011) emphasizes how these homestay businesses are embedded within the micro, small, and medium enterprise (MSME) sector and contribute meaningfully to regional economic progress. Internationally, the growing emphasis on sustainable and responsible travel has boosted interest in homestay experiences, as travelers increasingly look for genuine, immersive interactions with local cultures and communities (Richards, 2018).

IV. RESEARCH GAP

A review of existing literature reveals that much of the research on homestay tourism has centered on its economic advantages and income-generating potential, emphasizing its contribution to rural development and improved livelihoods (Acharya & Halpenny, 2013; Dixit, 2020; Bhuiyan et al., 2011). Despite this focus, several critical areas have received little attention. There is a lack of in-depth exploration into financial and institutional factors, including homestay operators' access to credit, banking facilities, and government assistance (Bhan, 2014). Equally overlooked is the question of sustainable resource use—specifically, whether local resources are being managed efficiently and in an environmentally responsible manner. Furthermore, limited scholarly work has examined the cultural implications of homestay tourism, such as how host-guest interactions influence local customs and daily life (Richards, 2018). There is also a scarcity of region-specific research in places like Darjeeling and Kalimpong, and insufficient analysis of how digital tools and financial inclusion impact homestay management. In response to these gaps, this study seeks to investigate the financial, institutional, and sustainability dimensions of homestay tourism in greater depth.

V. OBJECTIVES OF THE STUDY

- To analyse the financial and institutional aspects of homestay tourism in Darjeeling and Kalimpong districts, including access to credit, banking services, and government support.
- To examine the impact of homestay tourism on economic development and sustainability, particularly in terms of income generation, employment, and resource utilization.

VI. MATERIALS AND METHODS

1. Research Design

This study explores the financial and institutional aspects of homestay tourism and their influence on economic development and sustainability in the Darjeeling and Kalimpong districts. It employs a mixed-methods approach, combining quantitative and qualitative techniques to gain a thorough understanding of how homestays function. The research design draws on established mixed-methods frameworks (Yilmaz, 2013) to ensure methodological rigor.

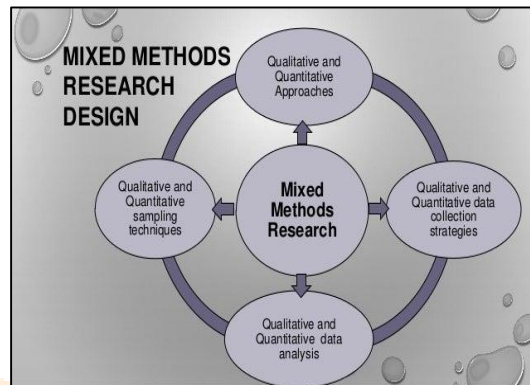


Fig. 3 The mixed methods research design adopted in this study is based on the framework proposed by Kaya Yilmaz (2013).”

The study adopts a descriptive method to outline the current state of homestay tourism, focusing on homestay operators’ access to financial services, available institutional support, and their socio-economic circumstances. It employs an analytical framework to assess how elements like financial accessibility, government policies, and the use of digital tools affect the growth and performance of homestays. In addition, the research includes an exploratory component aimed at uncovering major challenges encountered by operators, such as restricted access to formal credit, low levels of digital literacy, inadequate infrastructure, and weaknesses in institutional support systems. The analysis follows a deductive approach, drawing on established theories from studies on financial inclusion and entrepreneurship (Demirgüç-Kunt et al., 2018; Rogers, 2003) to formulate and investigate connections between key variables.

2. Data Collection

The study adopts an empirical approach, utilizing both primary and secondary data sources to achieve a thorough and well-rounded analysis.

Primary data were gathered using a mix of semi-structured surveys, individual interviews, focus group discussions (FGDs), and on-site observations. Participants included homestay operators, local community members, and key stakeholders such as tourism department officials, representatives from local government bodies, non-governmental organizations (NGOs), and travel and tour service providers. Employing various data collection techniques allowed for the collection of both numerical data and in-depth qualitative perspectives.

The questionnaire is organized into two distinct parts.

- Part I collects information on respondents' socio-economic background, such as age, education, job, and income.
- Part II addresses financial and institutional aspects, including access to banking and credit, use of digital payment methods, knowledge of government programs, availability of infrastructure and institutional support, and difficulties encountered in running homestay businesses. This division allows for a thorough and organized evaluation of the main factors under investigation.

Secondary data are gathered from diverse sources such as books, scholarly journals, research papers, government publications, reports from tourism authorities, newspapers, magazines, and pertinent

websites. These materials offer valuable context on the historical, cultural, and policy-related dimensions of homestay tourism and help inform the study's theoretical and analytical foundations.

3. Study Area and Sample

The research takes place in selected villages within West Bengal's Darjeeling and Kalimpong districts—areas recognized for their expanding homestay tourism and abundant natural and cultural assets. These locations offer a suitable context for analyzing the financial and institutional dimensions of homestay tourism.

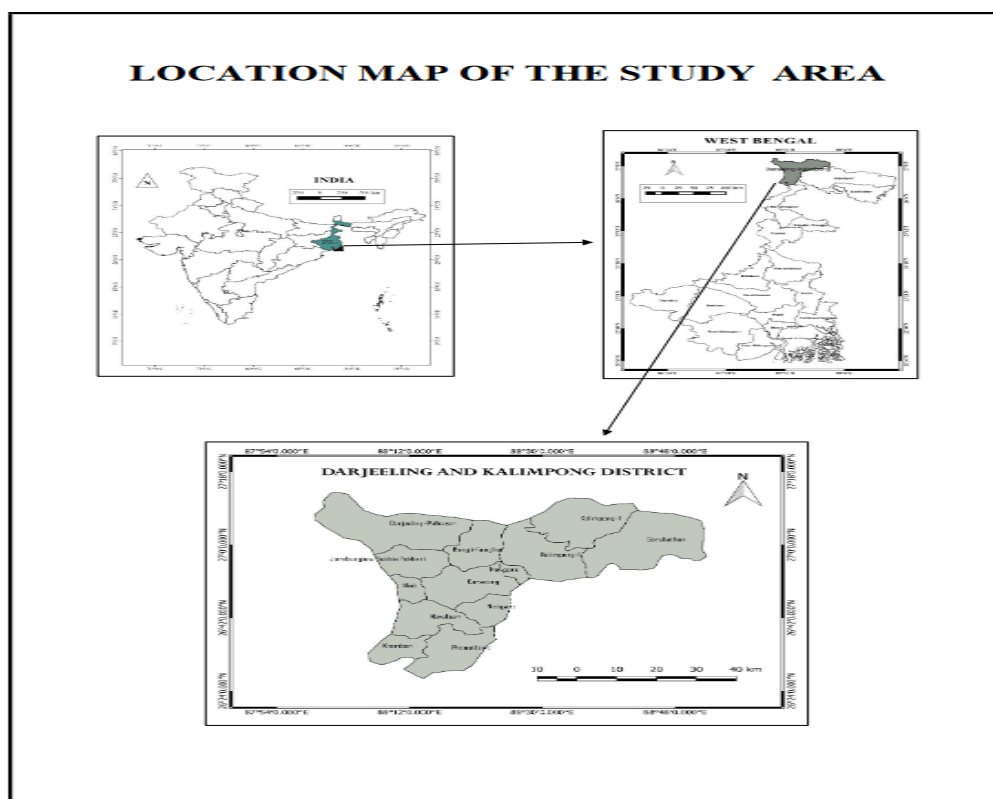


Fig. 4 shows the location map of the study area.

A sample of around 100 homestay operators is chosen using a mix of purposive and convenience sampling methods. This strategy helps include individuals actively managing homestays while also allowing for realistic data gathering during fieldwork. The sample reflects a variety of homestay types and locations across the study region. Field surveys are conducted over a set timeframe to collect data, supporting the accuracy and credibility of the information obtained.



Fig. 5 GIS-based location map of the study area (Darjeeling and Kalimpong Districts, West Bengal).

4. Data Analysis

The data are analysed using both quantitative and qualitative methods, consistent with the study’s mixed-methods research design:

Quantitative information gathered from structured questionnaires is coded, organized into tables, and examined with statistical software. Descriptive statistics including percentages, means, and frequency distributions are used to outline the socio-economic characteristics and main features of homestay operators. To explore relationships between financial access, institutional support, and outcomes like income and sustainability, correlation and regression analyses are conducted.

Qualitative insights from interviews, focus group discussions (FGDs), and field observations are assessed through thematic and content analysis. This approach helps uncover recurring themes, operator perspectives, and challenges linked to homestay management, support systems, and cultural considerations. To aid clarity and interpretation, data are presented using tables, charts, and diagrams. When relevant, basic comparative analysis is employed to highlight differences across regions and types of homestay operators. Together, the integration of statistical and qualitative methods supports a thorough and dependable examination of the financial, institutional, and developmental dimensions of homestay tourism.

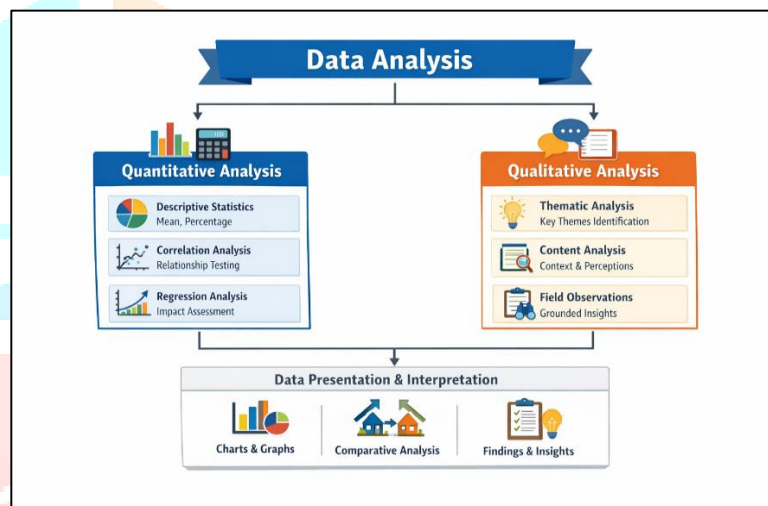


Fig. 6 shows the data analysis format

5. Data interpretation:

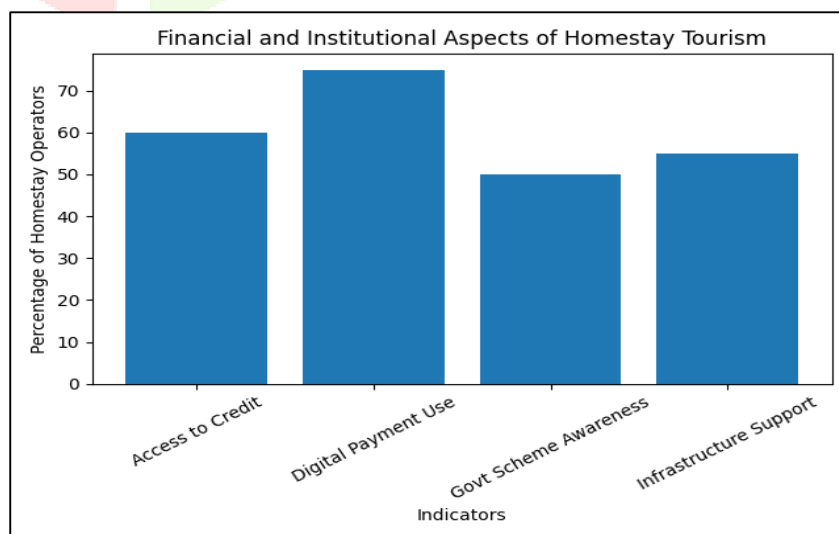


Fig. 7 shows the bar graph of financial institutional aspects of homestay tourism.

The findings show that digital payment use has become the most common practice among homestay operators, with 75% adopting it, signaling a clear shift toward digital financial systems and greater technological integration in rural tourism. This trend underscores evolving customer expectations and broader access to mobile-based financial tools. In contrast, access to credit stands at 60%, indicating only moderate reach. While some operators can obtain financing through formal institutions, many still face obstacles such as complex procedures, insufficient collateral, or low understanding of financial processes. Infrastructure support is reported at 55%, reflecting similar limitations. Although basic infrastructure is present, improvements in roads, communication networks, and institutional frameworks are needed to better support homestay operations.

Additionally, awareness of government support programs reaches only half of the operators, pointing to weak information sharing and outreach. As a result, many may be unaware of beneficial subsidies, training opportunities, or financial aid that could strengthen their businesses. Overall, while digital adoption has advanced significantly, challenges remain in financial inclusion, infrastructure quality, and knowledge of policy initiatives. Tackling these issues is crucial for fostering sustainable development and long-term success in the homestay tourism industry.

VII. RESULTS

The findings show that digital payment use has become the most common practice among homestay operators, with 75% adopting it, signaling a clear shift toward digital financial systems and greater technological integration in rural tourism. This trend underscores evolving customer expectations and broader access to mobile-based financial tools. In contrast, access to credit stands at 60%, indicating only moderate reach. While some operators can obtain financing through formal institutions, many still face obstacles such as complex procedures, insufficient collateral, or low understanding of financial processes. Infrastructure support is reported at 55%, reflecting similar limitations. Although basic infrastructure is present, improvements in roads, communication networks, and institutional frameworks are needed to better support homestay operations. Additionally, awareness of government support programs reaches only half of the operators, pointing to weak information sharing and outreach. As a result, many may be unaware of beneficial subsidies, training opportunities, or financial aid that could strengthen their businesses. Overall, while digital adoption has advanced significantly, challenges remain in financial inclusion, infrastructure quality, and knowledge of policy initiatives. Tackling these issues is crucial for fostering sustainable development and long-term success in the homestay tourism industry.

VIII. DISCUSSION

The results indicate that the widespread use of digital payment systems signals a major shift in financial behavior across the homestay industry. This change is driven by rising digital literacy, better internet access, and evolving tourist expectations for safe and efficient transaction methods, pointing to deeper integration of rural tourism businesses into the formal digital economy. Nevertheless, the limited access to credit reveals ongoing challenges in achieving full financial inclusion. Systemic obstacles—including insufficient collateral, complicated application processes, and low financial knowledge—still hinder many operators from obtaining institutional loans, which in turn limits their potential for scaling up and enhancing services. The moderate state of infrastructure also underscores persistent physical and institutional shortcomings. Poor road networks, unreliable communication systems, and underdeveloped tourism amenities can diminish both the appeal and accessibility of homestay locations. Moreover, the low awareness of government support programs highlights weaknesses in policy communication and institutional outreach. Many homestay providers miss out on available assistance due to a lack of timely information and guidance. Overall, while digital adoption is advancing quickly, the expansion of homestay tourism continues to be held back by deficiencies in financial access, infrastructure quality, and awareness of institutional resources. Tackling these barriers through focused policies, stronger outreach efforts, and targeted capacity-building measures is crucial for fostering sustainable and inclusive growth in the sector.

IX. CONCLUSION

The study finds that homestay tourism in the Darjeeling and Kalimpong districts has become an important driver of rural economic growth, offering new livelihood options and enabling greater community involvement in tourism. Homestays operate successfully as small-scale enterprises, supporting income creation, local employment, and the preservation and sharing of regional culture and traditional hospitality. A notable finding is the widespread uptake of digital payment methods, signalling a broader move toward technology adoption and more efficient financial management among homestay hosts. This shift has improved day-to-day operations and connected rural tourism providers more closely with the national digital economy. Despite these advances, the study identifies persistent challenges that limit the sector's full potential. Many operators still lack access to formal credit, making it difficult to upgrade facilities or expand their services. Infrastructure support is only moderately developed, with shortcomings in transportation, internet connectivity, and basic amenities negatively impacting the visitor experience. Moreover, limited knowledge of available government programs points to weaknesses in institutional communication and policy delivery. As a result, the study emphasizes the importance of a coordinated strategy for developing homestay tourism. Key measures include expanding financial access, upgrading physical infrastructure, building digital and financial skills, and improving the outreach of public support initiatives. These steps are vital for fostering long-term, sustainable growth. In summary, while homestay tourism in the region has made encouraging strides especially in embracing digital tools overcoming current financial and systemic barriers is essential to ensure its continued viability, competitiveness, and role in inclusive rural development.

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