

## **Homestay Tourism And Local Economy: Insights From Darjeeling And Kalimpong Districts, West Bengal**

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### **Abstract:**

*The tourism sector in India has undergone a dramatic change in terms of preferences of destination, place of stay and other local region-based parameters. Homestays have become more preferred place of stay for travelers, where they can experience local culture and local cuisine along with stay at a homely atmosphere. This shift in tourism sector has created a huge change in local rural economy. This purpose of this paper was to assess the present status of local economy fueled by high influx of tourists in Darjeeling and Kalimpong districts of Himalayan part of the West Bengal state. The objectives of the study were - (i) to study the socio-demographic profile of the local business' owners in relation to homestays; (ii) to understand the impact of the local businesses in the local economy in relation to homestays and (iii) to assess the social sustainability of the homestays as perceived by the local businesses. This paper utilised both primary and secondary sources of data. The primary data were collected through the method of semi-structured face-to-face interview of 100 respondents. The findings indicate that homestay tourism does contribute to a tourism-led-growth in the region through multiplier-direct, indirect and induced – effects. However, such effects or developments lack long-term planning and sustainability.*

**Key Word:** *Local business, homestay, Darjeeling, Kalimpong, West Bengal.*

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### **I. Introduction**

The tourism sector in India has undergone a dramatic change in terms of preferences of destination, place of stay and other local region-based parameters. For example, tourists are more inclined to experiential travel in less explored destinations (NITI Ayog, 2025). Homestays have become more preferred place of stay for travelers, where they can experience local culture and local cuisine along with stay at a homely atmosphere. This shift in tourism sector creates a huge change in local rural economy, where more travelers visit and spend their money for their comfortable stay. With its diversity in society and culture, a boost in economic development can also be observed in Indian rural economy based on changing character in tourism sector. As homestays are mainly located in villages and thus, it also creates a scope to employment generation for rural people, especially rural womenfolk. Both- domestic and international travelers help in generating more scope for homestay tourism resulting into rising disposable incomes and regional development.

This paper deals with the present status of local economy fueled by high influx of tourists in Darjeeling and Kalimpong districts of Himalayan part of the West Bengal state, who are more inclined to enjoy the natural landscape by staying within the fresh Himalayan environment with the unique culture and society of this place. This helps to boost up the local economy engaging local rural folk at various activities to make the tourists stay more comfortable. This research concludes with mentioning the future prospect of homestay tourism in the study areas with identifying specific avenues to improvement.

### **II. Review Of Literature**

“Urbanization syndrome” in rural areas can be caused by excessive urbanization with decrease in income levels and job opportunities. According to Pujar & Mishra (2020), ecotourism culture creates massive concern for the future sustainability of tourism infrastructure. Increasing levels of awareness among local people are very important besides their growing interest in their tradition, culture and local heritage to protect the environment. In order to develop rural tourism in India, improved accessibility, infrastructural development and environmental consciousness are also very significant. Besides providing employment to local residents, rural tourism also offers business opportunities to many people in villages in different locations of the country. Hence, better implementation of rural tourism needs a strategy where we should respect conventional belief systems, cultural values and traditional knowledge transferring from generation to generation (Bran et al., 1997; Singh & Narban, 2015). Tourism brings people of different cultures, languages, beliefs, customs, caste and class

close to one another and interact among them to exchange ideas and information at places outside their homeplace. Such interaction develops exchange of traditional values, beliefs, concepts and also creates a better understanding of life and livelihood (Mostowfi, 2000).

Rural tourism can be considered as a vital parameter for rural development and employment generation, achieve eco-friendly, sustainable, productive and conscious development (Haghsetan, Mahmoudi & Maleki, 2011; Hazarika, 2016). Many sustainable factors in many places like in mountain tops and along beaches, are focusing on diverse ecotourism activities like boating, hiking, mountaineering, trekking, fishing, etc. (Lim & McAleer, 2005). The most significant part of the rural tourism is that, it attracts diverse type of tourists based on their location. Types of tourists are different in mountain regions than that of beach areas depending on the adventurous mood of the tourists. In some cases, certain specific natural, socio-cultural attractions are observed among tourists which influences the development scenario of rural areas and their growth designs. Local residents are focusing on selling the local products to tourists, so that those local handicrafts can create a good memory of the specific place to every tourist. In this regard, cooperation among travel houses, tourist agencies, hotels, homestays and local communities are important, as it helps to boost the tourism sector with heritage preservation and awareness generation regarding folk arts, traditions and other cultural elements. Localised traditional handicraft production as well as perfect positive coordination among every stakeholder of a tourist place along with its society and economy is essential in creating tourism employment (Jolliffe & MacDonald, 2003; Basak et al., 2021).

Out of many factors, one important factor that influence in raising the standard of life for rural residents as well as in strengthening the rural economic structure, homestay tourism is found highly significant. In this regard, some suitable region-specific policies should be established to develop and monitor homestay tourism in more potential villages (Pasa, 2020). Activities in homestay tourism focuses on the local people, especially how to generate more employment and also find out ways to protect the local art, culture, custom, and tradition, which develop sustainable environment (social, cultural and economic environment). Homestays have the potentiality to empower the locals by providing income and employment opportunities (Magar, 2021). Thus, homestay tourism creates the platform to showcase local art, culture, custom, tradition set up for visitors and offers tourists to know local livelihood patterns. To improve the overall tourism sector both in regional and in national economy, socio-economic impact of homestay tourism plays vital role (Poudel, 2017).

### **III. Methodology**

The objectives of this study were – (i) to study the socio-demographic profile of the local business' owners in relation to homestays; (ii) to understand the impact of the local businesses in the local economy in relation to homestays and (iii) to assess the social sustainability of the homestays as perceived by the local businesses. This research was based on utilizing both primary and secondary sources of data. The primary data were collected through the method of interview, utilizing a semi-structured interview schedule as the tool for data collection. The data were collected mainly through face-to-face interviews. A total of 100 respondents were interviewed for this study, selected through the non-probability sampling technique of Purposive and Snowball sampling. The inclusion criteria for the selection of the sample were that the respondents were owners of local businesses in the study area of Darjeeling and Kalimpong districts of West Bengal, and were related to the homestay tourism in some form or the other. The secondary sources of data included chapters from books, articles from peer-reviewed journals, government reports, etc. The data has been analysed using quantitative techniques of simple frequency percentage calculations, often depicted through diagrams like pie-chart or bar-graphs. Along with this, narratives of the respondents have also been used to add more depth to the responses provided.

### **IV. Theoretical Framework**

According to varied theorists, the Tourism-Led-Growth Hypothesis (TLGH) emphasizes that developing tourism would have multiple impact on the macro and micro economic scale. It would entail economic expansion, augment foreign trade, and generate long-term socio-economic benefits and growth (Kumar & Patel, 2024; Song & Wu, 2022; Wong et al., 2024). There is undoubtedly an inconsistency observed in the impact of tourism on development, across regions. The TLGH assumes that tourism and its related activities directly contributes to the economy by providing income for households, businesses and even the local and state government. This generates a multiplier effect where it tends to impact other sectors. As tourism is a labour-intensive sector, generates significant employment opportunities across a variety of skill levels. This can then also be targeted towards other related sectors. Tourism and related activities require investments in infrastructure where the overall economy is benefitted out of it. Tourism can also bring about induced effects that can be useful for the development of a diverse economy and build a long-term economic resilient nation. On a larger scale, tourism produces foreign exchange earnings through inter-national tourists that can be

reinvested for public services. Tourism led growth can also contribute towards greater cultural exchange and social development, promoting cultural industries (Roy and Medhekar, 2026).

The tourism industry is believed to facilitate growth in all sectors of the economy – primary, secondary and tertiary. This is what is referred to as the multiplier effect. As Archer (1982) states that the tourism multiplier effect is the number of times that the money spent by a tourist circulates through a country's economy. These multiplier effects can have direct, indirect and induced impacts. Direct refers to as the initial round of spending by the tourists, providing income, jobs to the direct stakeholders (Turgarini et al. 2018; Vanhove, 2005). Indirect refers to the ripple effect of recirculating the initial tourists' expenditure. Induced effects involve the ever-increasing ripple effects caused by employees of impacted sectors and industries spending earnings within a destination (Ma, 2024, p. 707). Studies have focused on understanding the macro level of such multiplier effects but not at the micro or regional level. This is important for strategic decision making for building tourism as a lucrative and sustainable industry.

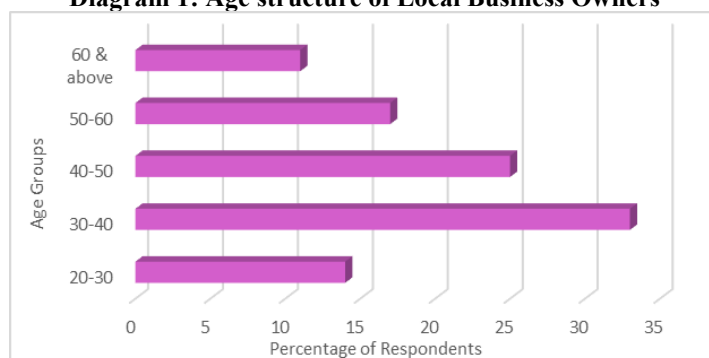
## V. Discussion And Findings

### Socio-demographic profile of the local business owners in relation to homestays

The study region is the rural and urban outskirts of Kalimpong and Darjeeling districts. These two districts are located in the picturesque part of Eastern Himalayan region, under the political boundary of West Bengal state. As a result of situated within Himalayan region, these two districts attract huge number of domestic, national and international tourists to enjoy the beautiful scenery of Himalayan peaks and mountain environment. Besides, local residents are culturally so hospitable and affectionate towards guests that, every traveler feels comfortable and homely under their caring. This condition gears up, when guests stay within the household of local residents and take part in every daily activity of the resident. Such a stay is literally called the homestay. Homestay tourism focuses on the full participation of the local people through developing their culture and economy. The better implementation of homestay tourism is thus more employment generation as well as the regional development through tourism sector. The cultural exchange, better understanding of lifestyles, improved inter-personal relationship and inter-generational transfer of traditions- all characterizes the homestay tourism which in turn promises to generate employment of local people and develop region-specific socio-cultural and economic awareness among local residents along with the guests (Bran et al., 1997; Aquino, et.al, 2018; Chatterjee, Chakraborty & Ghosh, 2024).

The study reveals that, out of total shop owners who were selected as samples, about 63% are males and remaining 37% are females. This means, there is a male dominance in local business, who depend on tourists. The age structure of respondents (i.e., local business owners) shows that, more concentration is in the age group of 30-40, followed by 40-50 age group (Diagram 1). Thus, about 58% respondents fall in these two groups. Remaining part of respondents distribute among other three age groups more or less equally with minimum percentage is in the old age group, i.e., 60 and above.

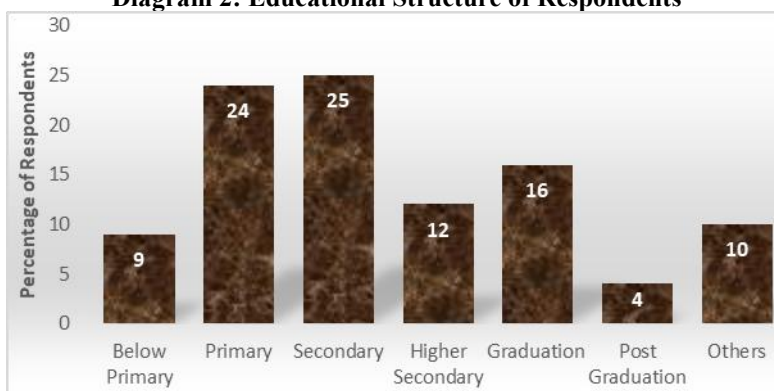
**Diagram 1: Age structure of Local Business Owners**



Source: Primary survey, 2025

In the study, researchers also observed that, majority of local business owners, who were the respondents in this study, were completed their secondary level of education (25%) followed by those who completed primary level of education (24%) (Diagram 2). This can reveal that, as the homestay tourism is flourishing in the region, hence people after completing their basic education, are entering into the economic field and starting their own business which are catering different necessary items to the tourists as well as to the homestay owners. This helps these local residents stay in their own place and adding to the family income by opening a new shop of necessary goods and sometimes of tea stall with small souvenir shop along with it. Very low percentage of respondents are highly educated (i.e., completing their post-graduation) as majority of high educated people are entering into other skilled and highly-paid jobs in local economy and in tourism sector.

**Diagram 2: Educational Structure of Respondents**

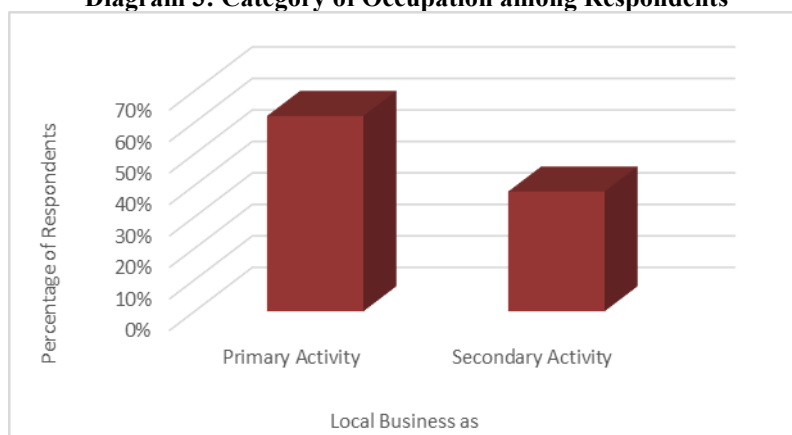


Source: Primary survey, 2025

In general, tourists and travellers visit a new place to experience local culture, local lifestyle, local cuisine and local artefacts along with local natural beauty. While delivering ‘local experiences’, residents of that particular place also construct the specific dimension, where tourists can enjoy the local culture (Beeton, 2006; Richards & Hall, 2000; Aquino, et.al, 2018).

**Impact of the local businesses in the local economy in relation to homestays as a livelihood strategy**

**Diagram 3: Category of Occupation among Respondents**



Source: Primary survey, 2025

On the basis of collected data it can be said that in terms of economic understanding most of the local businesses are associated with primary occupations of the people in this region. 61.54% of the total businessmen are linked with local business as their primary occupation. 38.46% of the total businesses are secondary profession of the people. In this region, homestay constitutes a significant contributor of the economic share. Local business is allied with the economic situation of homestay.

**Table 1: Category of Economic Activities in the Study Region**

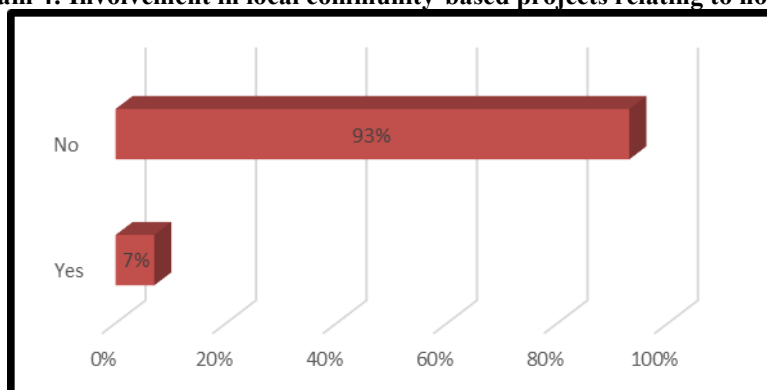
Category of work in Study Region	Percentage of Respondents
Driver	14.28
Guide	2.86
Shopkeeper	80
Others	2.86
Total	100

Source: Primary survey, 2025

Primary survey reveals that about 80% of the local business is dominated by the profession of shopkeepers. They hold the major share of local business specially in the connection to the homestay tourism. Other important types of local business include the service of driver, guide and others, who perform supporting role to develop the region’s homestay tourism. All these services are closely linked with the homestay tourism and development of local economy. It creates the opportunities of employability in the local area.

**Socio-sustainability of homestays as perceived by the local business**

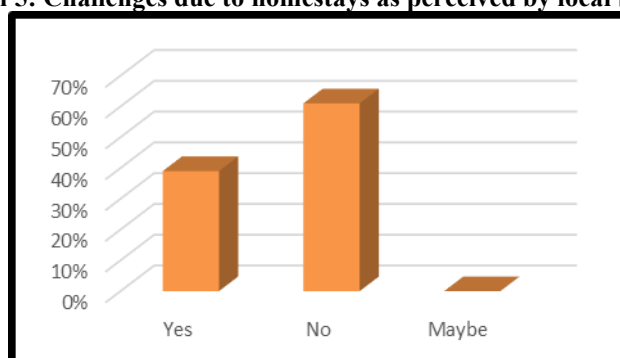
**Diagram 4: Involvement in local community-based projects relating to homestays**



Source: Primary survey, 2025

In this study, it was observed that there was very less involvement in local community-based projects for livelihood generation relating to homestays as such in the study area. Out of the total local business owners interviewed, only 7% were involved in community-based projects relating to homestays, while a majority of 93% were not involved (Diagram 4). Projects such as preservation of the environment, youth-assisted waste management programs, awareness programs for maintaining proper sanitation in the area, cleanliness drives, cultural and traditional events, for the overall upliftment of the community. The homestay tourism in Darjeeling and Kalimpong is seen to be more economy-based with the exception of a few homestays. Development of tourism has focused more on its economic benefits, while much of the socio-cultural and ecological impacts of tourism are mostly ignored. Concerns have been raised over the loss of local culture and tradition. This is especially due to the transformation seen in the homestays towards more modern and hotel-like services. In order to pursue the pathway towards a more sustainable form of livelihood, the aspect of efficient development of cultural heritage needs to be considered. Sustainable tourism can open avenues of income and improve living standards for local people.

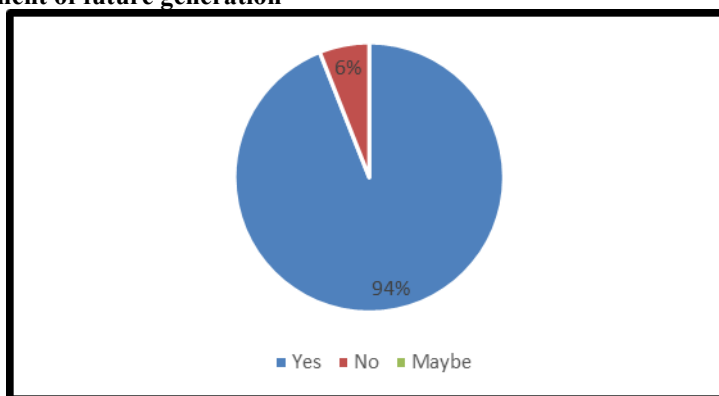
**Diagram 5: Challenges due to homestays as perceived by local businesses**



Source: Primary survey, 2025

Diagram 5 showcases that 39% of the local business owners claimed that homestay business creates challenges that affect the local community, while 61% of the interviewees claimed that no challenges has been faced by the local community due to homestay tourism so far. The challenges to the local community were related to waste generation, water crisis, noise pollution, overcrowding, congestion, and hygiene and health issues. The lack of good road infrastructure, constant degradation of road conditions, especially during the monsoon, which causes transportation difficulties for the locals and impacts consistent tourist flow. Over time there is a sense of environmental degradation, diminishing the environmental sustainability in these areas. Challenges of adapting to tourist culture or negatively influencing the local cultural practices were also mentioned. Such challenges impact not just the individual homestay owners but also the local economy and the overall community at large due to severe competition. The region also lacks good internet connectivity inhibiting the business.

**Diagram 6: Involvement of future generation**



Source: Primary survey, 2025

Data collected shows a positive response for the involvement of the future generations in the homestay business (Diagram 6). A high rate of 94% of the interviewees favour the involvement of youths in the homestay businesses. The main reasons for the positive response include that it is a good alternative employment avenue, especially for the youth, which diversifies income sources, multiple job options, and can also result in less migration of youths outside the districts. Youth involvement in the tourism economy is essential especially in rural areas to foster development and growth. Well-informed youths can also bring more improvement to hospitality standards and aid in the sustainability of the homestay business. They are much more aware and conscious about the issues relating to homestays business like the environment, resources, balancing of cultural values. However, the instability and insecurity in this business compared to other jobs was also highlighted. Therefore, strategic planning, training and skill development is necessary, before venturing into the business.

The findings of this study can be related to the assumptions of the TLGH framework, where homestays in the region are generating employment, income for local business and other induced sectors, cultural exchange and social development. This can also be then assessed through the lens of how homestays are generating multiplier – direct, indirect and induced- effects on the regional economy and development. However, its needs to be understood that the relationship between tourism and economic growth is non-linear and multidirectional. There have been instances observed of overemphasising on one sector and producing inequalities within the local community. The social as well as environmental costs of over-tourism have also to be taken into account. There is still a lack of investment in public investments in the region that could boost not just tourism but also other allied sectors.

## VI. Conclusion

The homestay tourism generate revenue in remote areas also as these accommodations are distributed across a large area, remote adventurous parts of the country, confirming inclusive economic benefits for the local population. As mentioned in NITI Ayog's report (2025), the growth in the homestay sector of the country significantly influences the other sub-sectors like food processed, art and craft, local specialized items (e.g., tea in the study region) and their trade. Homestays are located in remote areas and hence for smooth running, owners of these homestays depend on other local businesses to fulfil the requirements of tourists. In Darjeeling and Kalimpong region, thus, homestay tourism automatically helps in diversification of economy in the surrounding areas as all businesses are inter-dependent on each other. On the contrary, homestays also account for contributing a sizable share in support of livelihoods of local business owners and help in strengthening community-based development. Local resources are pooled to manage sustainable tourism, management in infrastructure, sanitation and waste disposal. Local communities thus, take active part in managing local resources, generation of employment and earning revenue to develop the region in a holistic way.

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