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HOME-STAY **TOURISM**

IN GANDAKI PROVINCE

Economic Impacts, Policy Provision and Strategies.



Home Stay Tourism in Gandaki Province: Economic Impact, Policy Provision, and Strategies

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LIST OF ACRONYMS AND ABBREVIATIONS

UN	United Nations
VDCs	Village Development Committees
DDCs	District Development Committees
CBO's	Community Based Organizations
BS	Bikram Sambat
NGO's	Non-governmental Organizations
CHIDP	Community Homestay Infrastructure Development Program
WTTC	World Travel and Tourism Council
GDP	Gross Domestic Product
USA	United States of America
UK	United Kingdom
FY	Fiscal Year
NTB	Nepal Tourism Board
HMC	Homestay Management Committee
TGDC	Tara Gaon Development Committee
NPC	National Planning Commission
VTPF	Village Tourism Promotion Forum
PPP	Public Private Partnership
CDF	Collective Distribution Framework

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1. INTRODUCTION

1.1. Concept of Homestay Tourism

Nepal is well known as the main tourist destination in the international arena due to its natural beauty, unique culture, incomparable heritage, and innumerable special tourist destinations. Even with a small reform in the culture and tourism sectors, the country can earn more foreign currency and generate employment and other opportunities, thereby contributing to overall economic growth. The development and extension of village tourism can create livelihood changes, employment, and other opportunities that can help in achieving regional balance and poverty alleviation. From the perspective of comparative advantage, tourism and supporting sectors such as culture and civil aviation play a crucial role in the national economy. To make the travel of locals and foreigners simple safe and comfortable, the promotion and development of the air transportation system are necessary. The development of domestic air transportation can contribute to effective nationwide communication and developmental programs.

The terms of the homestay are generally worked out by the host and guest in advance and can include items such as the type of lodging, length of stay, housekeeping or work required to be performed, use of utilities and household facilities, food to be provided and rules related to smoking, drinking. However, Tourism helps in the preservation of cultural heritage, improved infrastructure, and the local community. The tourism value chain consists of complex relations between different stakeholders, activities, and policy measures at the national and international levels. These include services and activities which take place in the tourist destination country. Tourism policies and strategies regulate the industry, set standards, and coordinate the activities of people and businesses in the industry at the national and international levels. Also, it can address to build up the quality of life of indigenous people in the village area. It also makes rural people capable of accessing the benefits created by the tourism industry, i.e. employment and income generation, etc. It helps to expose the rural culture and nature to the outside world. It contributes against environmental degradation. It is a way to decentralize the national economy by promoting local agricultural and other industries. In the context of employment in the tourism sector, there are only two sectors in Nepal such as the government sector and private sector where millions of people have involved as their profession and career such as government activities and institution (ministry, department, boarder, center and many more as well as private sectors such as hotels,

paragliding, homestay, airlines and many more. Tourism can make an important contribution to a country's balance of payments. The tourism sector can recover foreign currency investments in a very short period.

Nepal homestays are based mostly in small villages where life is simple and straight forward far from everyday hassle of urban life. Initially, The Nepal Tourism Board mobilized village development committees (VDCs), district development committees (DDCs), and local co-operatives to manage homestay facilities and imparted training to ensure quality homestay arrangements in rural areas. Aside from increasing accommodative capacity, the prime aim of homestay programs is to engage local participation in tourism activities and enhance their income. In Nepal, homestays are of two kinds; community homestays and private homestays. Nepal homestay guidelines require that the concerned family give a taste of local culture to visitors who are to be served whatever food the homeowners themselves eat. Participating houses have to ensure cleanliness, a safe and secure environment with adequate hygiene facilities. Sirubari and Ghalegaon were the first to implement village/rural tourism now called homestay programs. Many others followed suit. Today, Kavrepalanchowk district only has over 26 registered community-based homestay homes while Chitwan has at least 10 and Makwanpur and Nuwakot have around 11 and 12 respectively. Gorkha, Illam, Palpa, Syangja, Kailali, and Kalikot to have homestay programs. Living in a Nepali village as a homestay guest is an excellent way to know the real Nepal. The homestay operation and management procedure 2076 classifies homestay into two types. They are;

- **Community-Based Homestay** (include a minimum of 5 people):

The homestay which is run by a minimum of 5 people is known as a community homestay. Community homestays have existed for many years, staying at them is becoming increasingly popular as a sustainable way to travel, and a better way for guests to get a true insight into the places and people they are visiting. Guests stay in the homes of local families and can gain a much better experience of their host culture and day-to-day life. They can get involved in activities like joining their host families in the fields, learning to cook local dishes, or volunteering to teach in a school.

- **Private Homestay** (individual)

The homestay which is run by an individual is known as a private homestay. A homestay is a popular form of hospitality and lodging where visitors share a residence with a local of the city to which they are traveling. Homestays are examples of collaborative consumption and the sharing economy.

1.2. Contribution of Tourism Sector

Nepal has immense potential for tourism development as it is full of place that attracts tourist throughout the globe with its natural beauty and cultural heritage like Mount Everest, Snow Peak Mountains, several lakes and rivers. For nature lovers and pleasures seekers, Nepal can provide many attractions, trekking, boating, hunting, mountain flight, paragliding, rafting, and the friendly and ethnic people are major attractions of the country. Although in Nepal tourism industry has not flourish much according to the expectation because of lack of the institutional setup and the lack of effective management of tourism policy. Tourism is being a wider and more favorable sector for economic growth on the one hand but on the other hand, different barriers and problems are increasing in this field. Our country has not accomplished sufficiently for developing necessary infrastructure in potential rural areas. Despite having a high potential of tourism in Nepal it is yet to be flourished and brought to the doorstep of the rural poor.

According to the World Travel and Tourism Council (WTTC), the share of the travel and tourism sector in India's GDP is about 10 percent. It is about 5 percent in Nepal. Spain maintains first place globally in the global travel and tourism competitiveness index. The 2017 report covers 136 economies, of which China ranks 15th, India 40th, and Nepal 103rd in global rankings. In recent years, the country's tourism industry has witnessed positive signals along with the increase in the inflow of foreign tourists after being badly hit by the devastating earthquake of 2015. According to the Economic Survey of 2018/19, the number of tourist arrivals in 2018, not counting Indian tourists who arrived by land, was 1,173,072, which is 25 percent more than in 2017.

While analyzing the total number of tourist arrivals by country, the top five tourist generating countries are India, China, USA, UK, and Sri Lanka respectively, making up nearly half of all tourist arrivals. The tourism industry raked in foreign currency equivalent to Rs 76.09 billion in 2017/18. Of the total number of tourists visiting Nepal in 2018 by purpose, more than two-thirds of them arrived for a vacation, entertainment, or travel. Of which, entertainment made up 60

percent, mountaineering/trekking 16 percent, religious tours 14.4 percent, and others 9.6 percent. The government has formulated policies and allocated a budget of Rs 2.68 billion for FY 2019/20 to support the tourism sector in developing infrastructure and encouraging environment -friendly tourism activities. Additionally, the government has allocated Rs 15.85 billion to the aviation sector for the development of the domestic and international tourism sector.

According to the annual progress report by the Ministry of Industry, Tourism, Forest and Environment, Gandaki Province, 2, 98, 975 international tourists visited Gandaki Province in the fiscal year 2019/20. This is a more than two-thirds increase in the flow of international tourists compared to the previous fiscal year. Indian comprise about 60 % of the total international tourists. The report highlights that a total of 6, 00,000 domestic tourists visited Gandaki Province in fiscal year 2019/20. Thus, in total, the province was able to attract almost 9, 00,000 tourists. Since Gandaki province is known for tourism, it is assumed that the sector contributed 10 % of the provincial GDP and employs 15% of the total labor force.

So, the tourism sector has contributed to Gandaki Province's economic growth for many years. It is closely tied to the development of human capital, preservation of natural and cultural heritage, raising foreign exchange earnings for Nepal. Gandaki Province government has recognized this fact through its various policies and periodic plans. A homestay is a popular form of hospitality and lodging where visitors share a residence with a local of the city to which they are traveling. The length of stay can vary from one night to over a year and can be provided for free, in exchange for monetary compensation, in exchange for a stay at the guest's property either simultaneously or at another time, or in exchange for housekeeping or work on the host's property. Homestays are examples of collaborative consumption and the sharing economy.

2. OBJECTIVES OF THE STUDY

- To examine the homestay tourism development process, patterns, and activities in Nepal.
- To find out the economic impact and economic contribution of homestay tourism.
- To analysis the policy provision, issues, and strategies to promote homestay tourism in Gandaki Province.

3. THE HOMESTAY TOURISM PROGRAM IN NEPAL

This paper describes the detailed facts of the homestay tourism program in Nepal. The paper also disclosed the development and history of the homestay program in Nepal, patterns of homestay, and the working procedure.

3.1 Evolution and development of the homestay program

As earlier mentioned in the first chapter that the belief of Nepalese society is 'Guest is God,' people used to welcome their guests or travelers for night stay a couple of decades before. The host used to serve them as a god with warm hospitality without any charges in Nepalese rural communities and it still exists in those villages. However, after introducing the Mountains of Nepal in the 1950s to the outer world, international tourists started to visit Nepal and tourists are attracted by those beautiful Mountains through the many historic and beautiful untouched villages of Nepal. Gradually the tourism industry took a step forward but the major issue remains dissatisfactory that the tourism income is not distributed equally in all parts of Nepal. The industry is centralized within the central region of Nepal. Therefore, to address those issues and for poverty alleviation from the rural area, the government introduced village tourism in 1997. Sirubari (Syangja District, west Nepal) and Ghalegaon (Lamjung District, north-central Nepal) were the first two villages to implement the concept of community homestay which was the first effort to develop village tourism by the government of Nepal. (Thapa 2010).

During the decade-long Maoist insurgency period (1996-2006) tourism industry sharply dropped in Nepal. However, after the Comprehensive Peace Accord between the government and the Maoist in 2006, the tourism industry of Nepal began to grow again. The government started to formulate the new tourism policy. It implements the new Tourism Policy in 2008 and has also formulated the 'Tourism vision 2020' Policy to develop sustainable tourism. Toward achieving the goal finally, the government has conceptualized the working procedure of homestay programs in 2010 which addresses the area of sustainable tourism development in Nepal as well as eco-tourism. (HMGN/NPC/MOPE 2003) The government's program 'Nepal Tourism Year 2011' is another major reason to boost up homestay tourism in Nepal. The government's target was to bring One million tourists during the 'Nepal Tourism Year 2011' and according to the official figures, there were 669 hotels including all types of hotels with a total capacity of 26,063 beds in Nepal at that time. If During 'Nepal tourism Year 2011' one million tourists had visited Nepal as expected then it would have meant that there are 822 beds shortage daily. This was the reason why the homestay

program has once again stepped into the spotlight. And even though Nepal Tourism Year was not fully successful it did give motivation to many enterprises, one of them being the development of homestays in various parts of the country including newly developed tourist destinations. The aim was not only to increase the accommodation capacity but the major aim was to make involve the local's participation in tourism activities and improve their income. (Royal Mountain Travel Nepal, December 18, 2011.)

3.2. Patterns of homestay

Merriam Webster Dictionary 2013 defines 'Homestay' as "a stay at a residence by a traveler and especially by a visiting foreign student who is hosted by a local family." The same dictionary also reveals that the term was first used in 1956. Travelers or foreign students during their study period visit another place for a specific purpose and they can be hosted in a local family where they can get the traditional and cultural hospitality with warm acknowledgment. Normally the students who have limited resources i.e. money can enjoy the homestay at lower prices and can access their needs. Rivers define homestay as a term that refers to "visitors renting accommodation from a local family to learn the local culture, lifestyle, or language" (*Rivers 1998, 492-500*). Here, visitors have a specific purpose of learning local cultural believes traditions, research, and community.

This is one of the major mechanisms of village tourism which tries to bring all tourism activities together in a particular location. In community-based tourism, homestay functions as a part of tourism and it creates an opportunity for interaction and to exchange their cultures between the host family and the tourist. These activities raise awareness based on cultural exchange and respect of the host's culture whereby tourists can get proper hospitality with excellent services (*Amran 2003, quoted in Ibrahim, Rasid & Razzaq 2011, 19*). Homestay tourism is an evolving branch of the accommodation sector as well as a comprehensive tourism product in the tourism industry around the world and especially in developing countries.

The use of the term "homestay" might be different in different countries. It is connected with the culture of the area. For example, in Australia homestay is particularly related to farmhouse accommodation whereas in the United Kingdom it is often associated with learning the English language. It has a wide range of accommodations which include host families, private houses, farmhouse stay, small hotels, and bed & breakfast, boarding houses, guest houses whose terms are sometimes used similar to the homestay but the only objective description does not carry the

significant meaning of the homestay. The associations of the homestay such as private homes, host families who become public by sharing their culture to the guest, interaction between the host family and the guest are the significant aspects of the homestay which may be enough to distinguish homestay tourism from other forms of accommodation, such as those hotels resorts, etc. where the hosts are the professional staffs (*Lynch 2003, 1.*)

"Homestay venues as a private home in which unused rooms are rented to supplement income and meet people" (*Lanier & Berman 1993, 12 quoted in Bhuiyan, Siwar, Ismail & Islam 2011, 540-546*). Different countries have different patterns of homestay programs and they describe it with different words, such as second home tourism in Denmark, or paying guests. Similarly, most western countries seem to practice homestay studies programs for foreign students who visit abroad to continue their studies in universities. In a host family, students live in their home like a family member and finish their study period. Students experience a family environment even though they are far from their own family (*Bhuiyan, Siwar, Ismail & Islam 2011, 540-546.*)

Likewise, there are also community homestays where real tourists or guests can stay with the host family for a certain period and explore the knowledge of local values culture, and local lifestyle. These kinds of homestay programs provide pure cultural practice and an opportunity to explore environmental recreation for the visitors of a particular place. Homestay facilities are available in the city areas but most of the community homestays are in the countryside. This paper focuses on the Homestays Tourism Program (rural/countryside homestay) in Nepal which has been appearing as a completely sustainable development tourism product in Nepal. The following subsection will describe the homestay program in Nepal, its working procedure, and how it is operating in a particular area.

3.3. Homestay working procedure and Activities in Nepal

According to 'homestay working procedure 2067,' Nepal's government has defined homestay as an accommodation where the host provides foods, accommodation, and other related services to their guest and operates it individually or in community groups. The procedure further classified homestay in two patterns; one urban homestay as a private homestay, and a village community homestay program. Urban homestay programs are normally operated by individual hosts and they can accommodate only four guests per day so that there will be not much negative business impact on the regular hotel business of the nation. Regarding the village community homestay program,

it can be operated by a different individual in the 13 groups where the member should be at least 5 host families to operate homestay in a particular community. (*MCTCA, 2010*)

In Nepal, mostly community homestays are operating in attractive small villages where life is spent still traditionally and simply, the place which is still untouched from the everyday hassle of city life. The panoramic landscape, unexplored forests, upland gorges, different indigenous cultures, their unique lifestyle, and foods in the villages of Nepal are the greatest interest on the subject and these are the strong foundation of Community Homestay tourism in Nepal. Nepal has the great potentiality of Homestay Tourism in most of the villages which are still unexplored. (*HTN 2012, 17*)

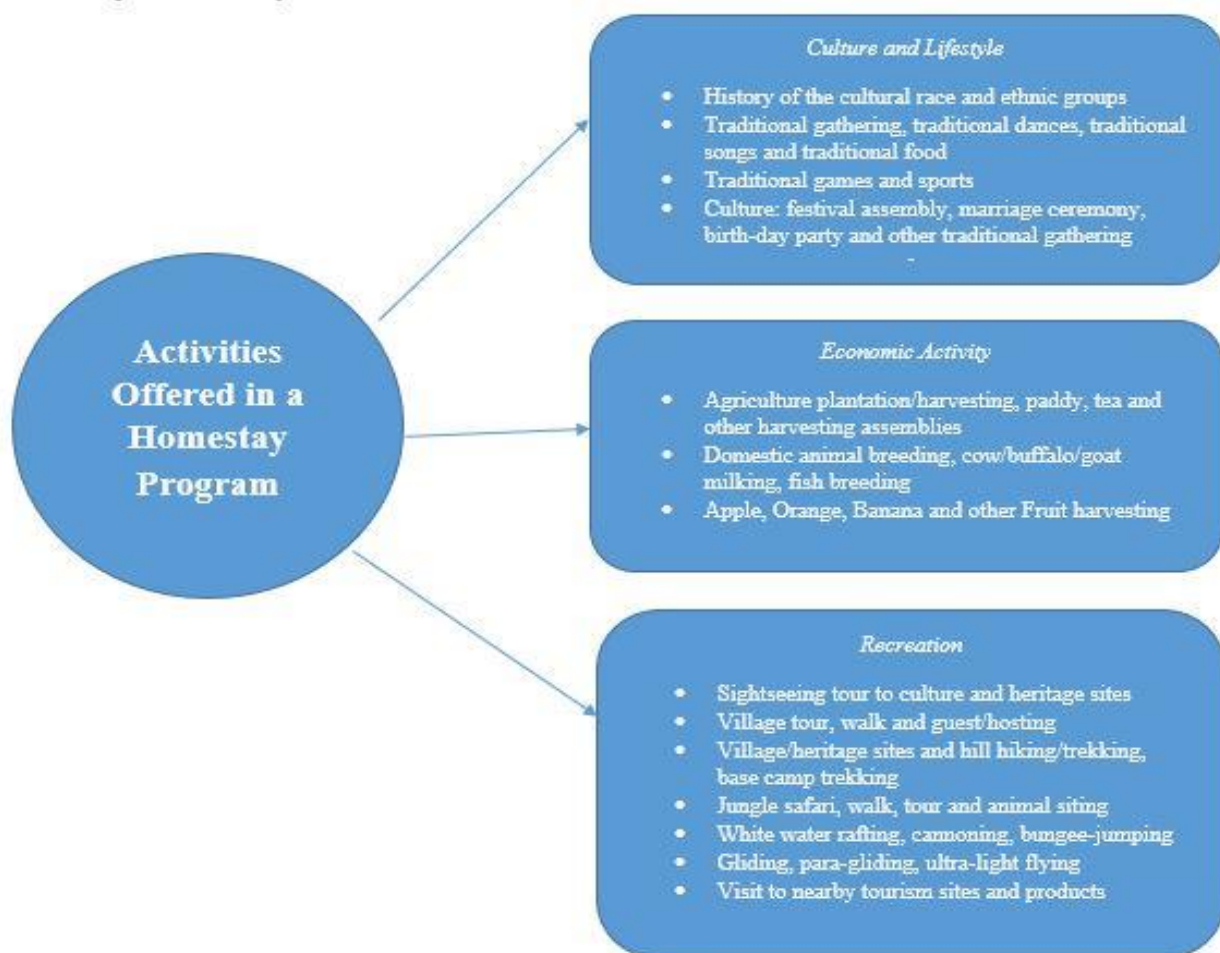
After regulating Homestay Tourism Procedure 2010, the government and the Nepal Tourism Board (NTB) have been promoting it to the whole nation. The Homestay Management Committee (HMC) has been established to manage, monitor, and guide the Homestay stakeholders. On the community level, the Nepal Tourism Board mobilized the village development communities (VDCs), district development committees (DDCs), and local stakeholders such as Women's Group, community-level Non-Governmental Organizations (NGOs), Community Forest Groups to manage homestay facilities and homestay training to ensure the quality of homestay arrangements in rural areas. (*MCTCA 2010*)

The guidelines of the government directed that the host family should offer the local cultural experience to their guest and serve the local products of foods whatever the host family themselves eat. Homestay operating houses have to ensure a hygienic, clean, safe, peaceful, and secure environment with adequate bathroom and toilet facilities. Besides the accommodations facility the community are suggested to welcome the tourist with the full traditional arrangement, entertain the visitors through the local cultural performance, make participation in traditional functions and conserve and develop the other tourism product for the tourist such as community forest for jungle safari, sightseeing, ethnic museum, visit local handicraft center, etc. (*MCTCA 2010*)

In the code of conduct, the guests are also requested to dress in an appropriate environment manner and to participate actively in any community cultural functions or other rituals programs. They are not allowed to give pressure on the owner for food, beverage, and facilities that are not available. Guests have to eat whatever host Family respectfully offered the food. They are also asked to beware of doing any unusual behavior (such as sexual activities), which is offensive to the local

socio-cultural values. Similarly, they are asked to enter and leave homes only within the prescribed routine of the host family and any forms of psychotropic drug use are forbidden at home or outside the home. (MCTCA 2010)

In Nepal commonly accepted homestays are ethically and traditionally made where the host families reside in traditionally built houses and involve in homestay tourism. The Nepalese homestay gives a family atmosphere to the visitors and visitors can get an opportunity to observe or participate in the local social culture environment by having delicious Nepalese cuisine which is based on local skills and products. At last, each homestay program offers different types of activities, depending on the culture, food, economic activity as well as location. Every village and ethnic group of Nepal has its uniqueness in terms of culture, ranging from the Tharu in Tarai to the Sherpa in the Himalayas, as well as Newar in Kathmandu. Examples of homestay activities are shown in the following chart. **Figure 1: Examples of Homestay Activities**



4. THE ECONOMIC IMPACT OF HOMESTAY TOURISM

4.1. Budget Policy and Allocations for Homestay Tourism

Gandaki Province government has given priority to the tourism sector as a means to province prosperity and development. The homestay tourism program aims to increase local involvement and strengthen the local economy. On the account of this basis, Gandaki state to materialize the issue *Homestay Management and Working Procedure 2075* was introduced. Homestay at the local government will be assisted by the state government in registration & operation and development of tourism activities.

- The budget of fiscal year 2076/77 has allocated an amount of 25 crores for the Homestay support program and the budget of FY 2077/78 has also continued the same program.
- The main aim and objectives were to provide a capital grant to community homestay and work for the development of tourism with related stakeholders for the prosperity of the Gandaki State.
- The fiscal plan and policies of the Gandaki State FY 2075-76 implemented a program called *Community Homestay Infrastructure Development Program (CHIDP)* which focuses to support 272 community homestays of all 11 districts in Gandaki State with coordination support and partnership of Local government. Till the end of the FY, 272 community homestays of all 11 districts of Gandaki Province were able to receive the infrastructure development grant from the State Government.
- The state government invested 27, 81, 40, 482.00 rupees, the local government support was 2, 42, 39,064.00 rupees and the members of community homestay members invested 7, 06, 93443 rupees. With the support of the State government and local government, 3402 houses were involved consisting of 5425 rooms with a total of 9666 beds for internal and international tourists.

Table 1: Homestay infrastructure development in collaboration with local government

S.N.	District	Budget Allocation Expenses (Rs)				Number of Homestay	Capacity of Homestay		
		Office	Municipality	Community	Total		House	Room	Bed
1.	Gorkha	2,12,91,384	91,90,006	32,93,160	3,37,74,550	22	324	449	885
2.	Manang	30,00,000	3,00,000	7,00,000	40,00,000	2	41	82	180
3.	Lamjung	2,78,37,000	31,46,000	63,14,000	3,72,97,000	23	292	574	1108
4.	Kaski	3,62,81,950	19,42,442	67,90,235	4,50,14,629	36	658	1400	1400
5.	Mustang	35,00,000	3,50,000	1,20,000	47,70,000	3	23	46	92
6.	Myagdi	96,61,613	4,50,000	34,01,529	1,34,13,222	10	92	122	242
7.	Baglung	2,66,93,780	34,00,000	72,80,000	3,73,73,780	28	181	249	659
8.	Parbat	4,17,24,866	13,20,116	1,65,61,969	5,96,06,951	47	426	733	1440
9.	Syangja	4,89,32,500	18,93,000	1,38,80,000	6,47,05,500	44	504	692	1355
10.	Tanahu	4,87,17,309	25,97,500	1,23,02,316	6,36,17,125	47	733	930	1955
11.	Nawalpur	1,05,00,000	4,00,000	33,51,763	1,42,51,763	10	128	148	350
TOTAL		27,81,40,482	2,42,39,064	7,06,93,443	36,04,11,298	272	3402	5425	9666

Source: Gandaki State, Ministry of Industry Commerce Tourism Forest and Environment 2075-76

4.2. Multiplier Model of Tourism Turnover

Multipliers measure the effect of expenditures introduced into an economy. Tourism multipliers are used to determine changes in output, income, employment, business, and government receipts, and balance of payments due to a change in the level of tourism expenditures in an area. Multipliers capture the secondary economic effects (indirect and induced tourism activity).

- For example, if tourism expenditures in homestay product are increased due to a special event in the above 11 district destination with 272 homestay, some of this added revenue (first round of expenditures) may be used by the event to purchase food and other goods from the local economy, as well as on payment of wages, salaries, government taxes, etc., (second round of expenditures). The suppliers (*Gandaki Province*) to the event may then spend the money received from the event on other goods, services, taxes, etc., thus

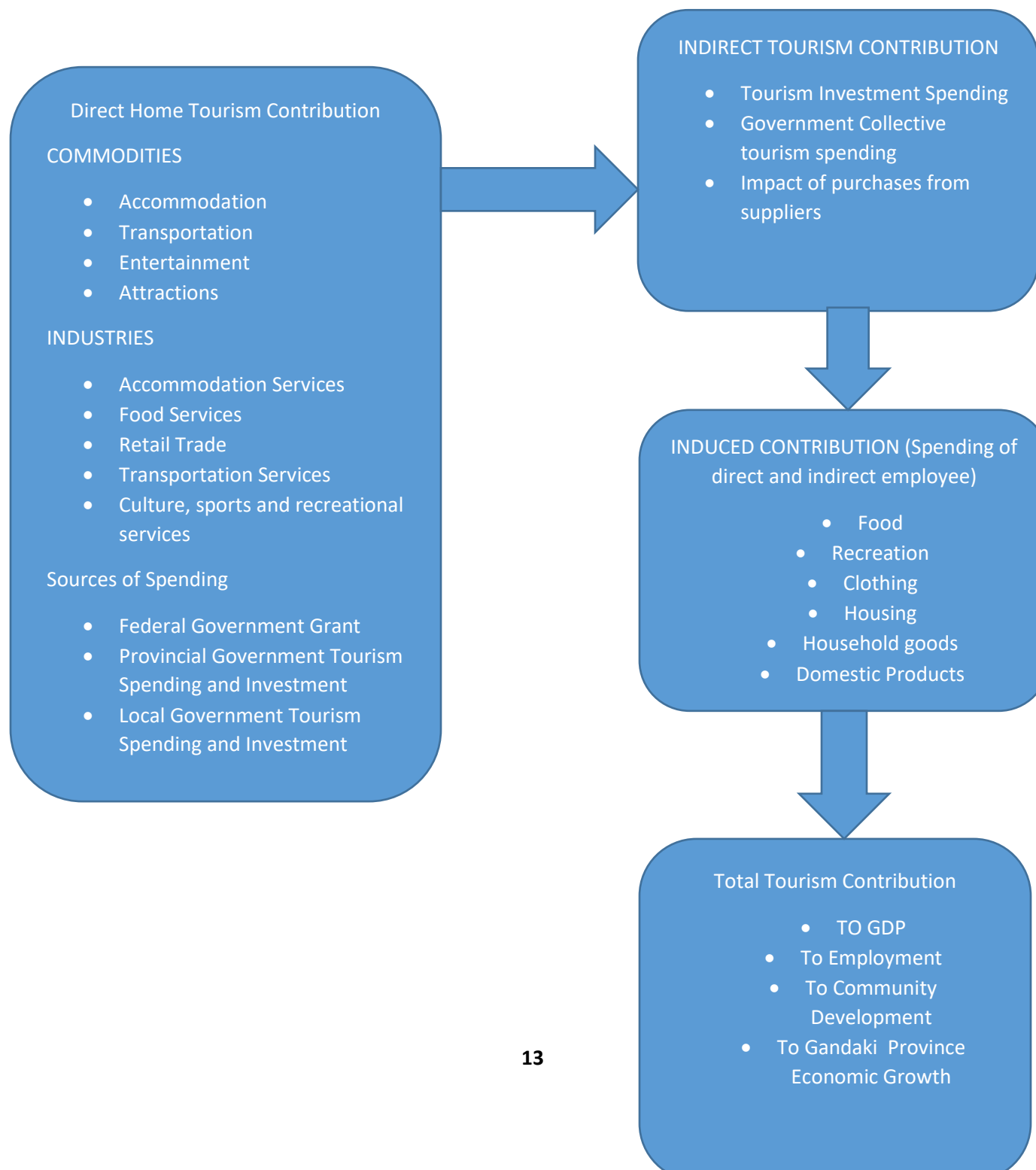
generating yet another round of Expenditures. Employees from the events and local suppliers (*Local Government of Gandaki Province*) to the events may use the additional personal income, derived from the direct and indirect effects of the increase in tourism expenditures. Some of the added revenues from the increase in tourism expenditures may, however, undergo leakage.

- “The net effect of the successive rounds of spending of added tourism expenditure is the multiplier effect. In essence, tourism multipliers attempt to describe the relationship between direct tourism expenditure in the economy and the secondary effects of that expenditure upon the economy. Some of the factors that affect the multiplier are the size of the local economy, the propensity of tourists and residents to buy imported goods or services, as well as the propensity of residents to save rather than spend (where saving reflects money kept out of circulation, i.e., not reinvested)” (UNESCAP, 2001: 7-8).
- In mathematical terms, the multiplier effect can be calculated as $Multiplier = 1 / (1 - C + M)$ Where, C = marginal propensity to consume (i.e., the proportion of any increase in income spent on consumption of goods and services), and M = marginal propensity to imports (i.e., the proportion of any increase in income spent on imported goods and services)
- There are some common multipliers such as the income multiplier, which measures the extra domestic income (primary and secondary) generated by an extra unit of tourism expenditure; the employment multiplier, which measures the increased number of primary and secondary jobs created by an extra unit of tourism expenditure; the government multiplier, which measures the extra government revenue created by an extra unit of tourism expenditure.

4.3. Economic Contribution of Home Stay Tourism

Homestay tourism is an important economic activity in most countries. Its direct economic impact, the tourism industry has significant indirect and induced impacts as shown in the following chart.

Figure 2: Economic Impact of Homestay Tourism



4.3. Impact of Covid-19 in Tourism of Nepal

The tourism sector has been hit hardly by the Covid -19 pandemic. The country was in hope to attract two million visitors, with the launch of the Visit Nepal 2020 campaign in January, but due to the corona pandemic the campaign got canceled which has disrupted the hospitality and tourism-related business sector.

COVID-19 has affected people's lives as well as the private and public sectors. The tourism sector has already suffered a huge loss and it is going to take quite a while to restore the industry in Nepal. It is necessary to manage the stimulus plans to promote domestic tourism before time is normal for a foreign visitor to come. Similarly, due to the coronavirus tourist fall heavily, banks are suffering the loss of around 13,000 tours, trekking, and mountain guides. The sudden pandemic has stopped the flow of development activities. Nepal's lost remittance and tourism revenues have crippled the nation's finances.

After confirmation of the second imported case on 23 March, the government locked the country down and suspended all national and international flights. Massive cancellations of hotel and tourist bookings followed, resulting in widespread unemployment, loss of income, and threatened livelihoods for thousands. The collapse of international and domestic tourism followed a 2% drop in tourist arrivals in January 2020 compared to 2019. Over 10 000 tourists who had entered Nepal before the lockdown were also left behind, although many of them were eventually admitted back to the country. Remittances from 3.5 million Nepalese living and working abroad account for almost a quarter of the country's GDP. Since 2009, Nepal's Department of Foreign Employment issued over 4 million permissions to migrant Nepalese working in 110 countries. When the 2015 earthquake hit Nepal, foreign remittances jumped 20%, protect families against the financial shock of the disaster. The tourism was back on track the following year. But COVID-19 is set to have a much worse economic impact than the earthquake. Since the tourism source countries are also suffering due to the pandemic there is no sign of early recovery. Ministry of tourism in coordination with the Nepal Tourism Board has prepared health protocol to operate the tourism business. But Nepal has insufficient resources and man-power for the massive testing and treatment of people that may be needed. And the Nepalese tourism base is more leisure-based and

trekking. The source market of Nepali Tourism is India, China, the USA, and the UK these countries are badly affected because of the pandemic which shows the tourism sector will be hit hard in coming days until the new normal.

5. HOMESTAY TOURISM: POLICIES PROVISION, FRAMEWORK, AND STRATEGIES

5.1. Policy Provision of Home-Stay Operation

- *Current Tourism Policy, 2008* has emphasized Rural Tourism, Community based Tourism, and Home-stays. Similarly, The Tourism Vision, 2020 issued in May 2009 set a quantitative goal of 2 million annual arrivals by 2020 and a qualitative goal of improving people's livelihoods and spreading benefits of tourism to the grass-root level (MoTCA, 2009). Since that period Nepal physically did not have enough bed capacity to accommodate 2 million tourists hence Homestay was introduced. Hence, the government of Nepal officially introduced the homestay tourism program with the 'Home-stay Regulation 2067' on 17th August 2010 (Devkota, 2008).
- The tourism ministry at Gandaki Province using its power to formulate its policy introduced *Homestay Operation Procedures 2075* to regulate and operate Homestay in Gandaki Province. Under this regulation tourism ministry made its directives "*Homestay Tourism Development and Infrastructure Management Directives for Providing Capital Subsidy, 2075*"
- Nepalese Homestay Program as defined by the Ministry of Tourism is "a form of experience that tourists staying with a host family of homestay operators who has registered with the Ministry of Tourism").
- After the registration of homestay, a basic training program is organized by the *Tara Gaon Development Committee (TGDC)*, which prepares local communities with knowledge and skills to create entrepreneurs and at the same time increase their awareness about the potential of rural tourism in generating an extra source of income.
- *Nepal Tourism Board (NTB)* helps the community homestay in promotion and marketing by producing the brochure and networking among the homestay.

5.2. Policies Issues for homestays in Gandaki Province

Tourism is a significant driver of economic growth by generating income, employment, investment, and exports. Homestays are a major part of the tourism of Gandaki province however they face a lot of problems during the operation and management.

Some of the problems of homestay operation are listed below:

- **Limited homestays at operation**

There is no interest in the typical rural community to involve in homestay tourism due to a lack of motives in the marketing environment. There are only limited homestay operating communities as there are no positive motivational influence programs designed by the authorities to motivate and attract the rural community for homestay operation homestay operations.

- **Involvement of Youths and educated people**

The homestay programs have been facing the generation doom. Most of the homestays are operated by old, uneducated, and women's groups while the young generation has migrated to the cities or foreign lands in search of greater opportunities. Homestay is still taken as a passive business for the uneducated, unemployed, and dependent members of a family which brings the practical threat to homestay tourism is its sustainability. The return from homestay operation is not attracting the youths and educated people to engage in. The homestays are more in a community model and the guest is shared by the village so big opportunities are not the silver linings of the homestay operation

- **Length of Stay**

The length of stay of tourists is very low so stakeholders should be encouraged to the tourists for a long time stay. For this, a package program and other related programs should be conducted at the local level. People come for a weekend and overnight stay so they cannot experience the richness of art culture, socio-cultural components festivals at once in a small length of stay so the homestay program packages should be developed to increase the length of stay of visitors who will experience the richness Nepali culture to the rest of the world.

- **Infrastructural Challenges**

The demands were constrained by the insufficient information, accommodation, and infrastructure, rescue/emergency facilities complemented by the poor security situation of the

Village. While upgrading homestay services, the stakeholders should strive to blend the domestic lifestyle with basic international standards, that is, offering the local experience in modern ways for international tourists. Health and hygiene standard are not regular which disappoints the visitors to homestays

5.3. Policies and Strategy to Promote Homestay Tourism

5.3.1 Collective Distribution Framework Policy

Collective Distribution Framework (CDF) includes different stakeholders for promoting homestay tourism for transforming the inherent blessings of nature into tourism potentiality in the rural area. To achieve that goal, there should be planned in such a way that every stakeholder involved in this sector gets his or her share. Also establishing a community fund to invest in infrastructure and service can further improve this sector. There is an urgent need for digital promotion and the creation of a genuine homestay tourism database so that visitors can easily explore, choose the package, and book their stay. Administrations like the Ministry of Culture, Tourism and Civil Aviation, National Planning Commission (NPC), Nepal Tourism Board (NTB), and Village Tourism Promotion Forum (VTPF) Nepal should take the initiatives.

The proliferation of homestays in the urban areas has defeated the very spirit of the government's policy to diversify and promote the trickle-down effects of tourism to rural and remote areas of Nepal. It is observed that the infrastructure, facilities, and services of some of the urban homestays resemble luxurious hotels but are exempted from taxes and other regulations. Therefore, CDF helps the government to bring an integrated policy to promote and develop homestays in the Tourism Industry.

Table 2: Responsibility of the Regulators

Regulator or Policy Makers	Working Policy Areas
<i>Central Government</i>	<p>The central government is responsible for:</p> <ul style="list-style-type: none"> • Implementation of tourism policy; • Management of promotion operations (in cooperation with the local authorities and the relevant stakeholders);

	<ul style="list-style-type: none"> • Implementation of international cooperation relating to tourism; • Coordination of tourism-related public-private initiatives and local authorities; • Ministry of Culture, Tourism and Civil Aviation, National Planning Commission, Nepal Tourism Board, and Village Tourism Promotion Forum. • Information provision and support networks for tourists.
<i>State or Province Government</i>	<p>The state government is responsible for:</p> <ul style="list-style-type: none"> • Definition of medium-term objectives relating to provincial tourism development in coordination with central government policy. • 11 district tourist Zones. • Promotion of state-wise tourism board. • Coordination of public and private initiatives (PPP model) concerning tourism development, promotion, and information. • Collection, treatment, and dissemination of data relating to regional tourism activity. • Developing a state-wide plan for economic development, innovation, and internationalization, support for real estate investment and business innovation, which has implications for the Tourism sector. • Creation of a departmental Tourism Committee.
<i>Local Government</i>	<p>Local government is responsible for:</p> <ul style="list-style-type: none"> • Definition of short-term objectives. • Tourism offices, including the reception and information to tourists. • Tourism promotion in coordination with regional and departmental committees. • Local Participation Approach

5.3.2. Strategies to Promote Homestay Tourism

Nepal Tourism Board (NTB) has formed a tourism recovery task force to revive tourism. It is now focusing on the domestic tourism campaign. But the increase rate of the virus has impacted remittance inflow and government revenue collection as the majority of the destination countries attractive for the outbound workers have announced a lockdown while the import has also started to decline as of late. In the current situation, the coronavirus effect on remittances is disastrous.

The downturn in remittance has created a severe impact on overall consumption in the country. This will affect domestic tourism consumption overall. This shows that the tourism of Gandaki Province will be affected severely.

- **Promotion and Branding**

Homestay tourism practice usually stands on three bases, attraction, service, and promotion. Attraction grows with global advertisement and branding. Internet Branding should be encouraged. The current visitors of homestays are urban locals from mouth to mouth referrals the homestays should consider branding themselves in the international market through social media and which will showcase international visitors the natural richness and its indigenous societies with their mystic cultures which can be best showcased through the homestay program.

- **Use of local resources**

Homestays are the progeny of eco-tourism and village tourism, which must try to solidify the local economy by consuming local resources and encouraging local entrepreneurship. The local people should involve accordingly to their professional planning, matching with their working rhythms on skill development opportunities like housekeeping, hygiene, and cleanliness, nature guide, wood art, and handicraft. The local souvenir market can be a new opportunity.

- **Effective planning**

The government has prioritized homestay in its plan and policies and investing in it but the results are far below par. Planning must have the contribution and participation of all the stakeholders like travel agents, media, local government, community, etc. for smooth operations. The homestay operators must be involved in goal setting and planning process.

- **Capacity Development**

The programs are developed and launched but it lacks the capacity development programs for the homestay operators. They must be trained for the qualities of hospitality, health, and hygiene standards. They must be trained to blend the domestic lifestyle with basic international standards to attract more visitors. Homestay monetizes women's household chores which otherwise would never have got any economic value and make women financially independent but they need pieces

of training with language, kitchen etiquette, leadership, and handicraft which will further increase their earning.

- **Use of traditional knowledge, skill, and technology**

The use of traditional knowledge, skill, and technology explores the knowledge, skill, and technology that are on the stage of extinction. It helps in the preservation and promotion of indigenous or local technology which is environment friendly and more durable and also useful to save energy and labor. These pass from generation to generation which has been developed as a trend of life that makes their living comfortable and simple.

- **Local Community Participation in Homestay Program Development**

Developing the capabilities of local communities is an important component in ensuring the tourism development project benefits them; without supporting the communities in their endeavors, the physical development means nothing to them. If local communities are not equipped to actively participate, third parties could easily manipulate them, resulting in external domination of tourism development.

6. SUMMARY AND CONCLUSION

Homestay is not only a rural tourism program but also a strategy for rural development. The development of Homestay demands high commitment and understanding among the villagers. To create a successful environment for the homestay program the coordination, cooperation between the villagers is very essential. Homestay plays a vital role in socio-economic, social capital development as well as contribution to the conservation of rural areas. The Homestay in Gandaki Province has great potential to be an alternative tourism product to attract international and domestic tourists. Thus, the effective collaboration between local government, the private sector of Gandaki Province, and local people is very essential for its promotion. Homestay is one of the important sectors of Nepal which is contributing to economic growth and social change. It has contributed to more employment creation in our Nepalese economy. It is a significant source of employment, foreign and domestic income. Homestay, still an afterthought dimension of tourism in Nepal, is gradually becoming a dominant hospitality market. The main reason for its growth is it adds genuine socio-cultural components to a tourist's experience. For many travel enthusiasts, the homestay provides just the opportunity to assimilate with the local customs, relish the local

cuisine and get to know the real local lifestyle. It is one of the inimitable chances to experience life as it is lived. The proliferation of homestays in urban areas has defeated the very spirit of the government's policy to diversify and promote the trickle-down effects of tourism to rural and remote areas of Nepal. It is observed that the infrastructure, facilities, and services of some of the urban homestays resemble luxurious hotels but are exempted from taxes and other regulations. Therefore, all the stakeholders must coordinate with each other to bring a policy to promote homestay tourism.

The success of the homestay tourism sector depends on the adoption of an approach towards building partnerships at all levels (as described in the above framework), consistent with vertical coordination between the three tiers of government - federal, provincial and local - as well as the adoption of evidence-based policy with a focus on community wellbeing. It also demands enhanced coordination across sectors supporting tourism such as air and road transport, technology, trade, investment, education, culture, and strong public/private partnership beyond the concept of the existing Nepal Tourism Board. Thus, the Nepalese government must support the tourism sector beyond the existing 'relief package' (postponement of debt servicing and liquidity support), by enabling tourism enterprises to bring out transformative changes in the industry.

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Pokhara Research Centre (PRC) is a research based non-partisan organization based in Pokhara. Established in 2019, PRC focuses on socio-economic dimensions of domestic public policy research.

Guided by the motto of “**Economic Freedom with Good Governance**”, PRC is following the international principle of individual choice and liberty translated into equal opportunity of enterprise, rule of law and the democratic principle of free expression as a tool to design its programs and initiatives, creating positive impact at the province level, through policy reform; PRC works under three broad functional domain; Research, Training and Advocacy.

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