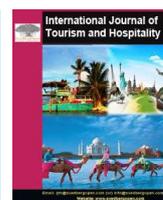




# International Journal of Tourism and Hospitality

Publisher's Home Page: <https://www.svedbergopen.com/>



Case Study

Open Access

## Economic Contribution of Homestay in Nepal: A Case Study of Lwangghalel and Sirubari

Madhav Parajuli<sup>1</sup>, Laxman Tripathi<sup>2</sup> and Swastika Bhandari<sup>3\*</sup> 

<sup>1</sup>Tribhuvan University, Kathmandu, Kirtipur, Nepal. E-mail: madhavparajuli70@gmail.com

<sup>2</sup>Tribhuvan University, Kathmandu, Kirtipur, Nepal. E-mail: laxmantripathi123@gmail.com

<sup>3</sup>Tribhuvan University, Kathmandu, Kirtipur, Nepal. E-mail: swastikabhandari88@gmail.com

### Article Info

Volume 5, Issue 2, July 2025

Received : 22 April 2025

Accepted : 08 July 2025

Published : 25 July 2025

doi: [10.51483/IJTH.5.2.2025.39-51](https://doi.org/10.51483/IJTH.5.2.2025.39-51)

### Abstract

Homestay tourism, where hosts offer lodging, food, and services to guests, either individually or as a community, has emerged as a key strategy for rural development in Nepal. The Nepal Tourism Year 2011 initiative significantly boosted this sector, recognizing its potential to contribute to biodiversity conservation, sustainable development, and increased tourist satisfaction. This study focuses on assessing homestay operators' income, expenditure, and overall economic contribution in Lwangghalel and Sirubari. Employing a descriptive research design and a random sampling method, the study is quantitative in nature and based on primary data. Statistical tools such as frequency, average, percentage, standard deviation, correlation, and regression have been used for analysis. Findings reveal that homestays significantly enhance family incomes and contribute to agriculture and remittance flows, with high profitability and favorable revenue-cost ratios confirming their economic viability. Strong correlations are observed between improved lifestyles, migration patterns, and socio-economic development. The study also highlights the role of infrastructure changes and cultural preservation, though their impacts vary. For policymakers, the research offers insights into targeted infrastructure improvements. It also suggests that homestay operators can further optimize their income by focusing on education, family size, and accommodation capacity, ultimately supporting sustainable regional development.

**Keywords:** Demographic, Economy, Homestay, Lwangghalel, Sirubari

© 2025 Madhav Parajuli et al. This is an open access article under the CC BY license (<https://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license, and indicate if changes were made.

### 1. Introduction

In Nepal, tourism is significant not only because it is an important source of foreign exchange but also because it is a major employment-generating industry. Ecotourism is an alternative form of tourism that has been steadily gaining traction on a global scale in recent years (UNWTO, 2001).

Ecotourism plays an important role in providing employment and raising the standard of living of the local people. Relevant employments which can be offered to the community include home stay operator, tour operator, tour guide, handicraft producer, restaurant operator, traditional cultural dancers, musicians, logistics, and others. The importance of

\* Corresponding author: Swastika Bhandari, Tribhuvan University, Kathmandu, Kirtipur, Nepal. E-mail: swastikabhandari88@gmail.com

ecotourism activities in financial diversification and living opportunity using natural resource attractions in remote rural areas has been highlighted by many scholars and organizations (Ashley et al., 2000). According to a recent tourism analysis study published by the Central Bureau of Statistics, Nepal's tourism sector supports 371,140 jobs. This amounts to 11.5 percent of those employed in this sector. In 2019, its contributions to the national GDP and employment were 6.7% and 6.9%, respectively (The Kathmandu Post, 2021). But in 2021, Nepal's tourism plunged 34% to 150,962 due to COVID-19's devastation.

The concept of homestay has piqued the interest of public & private stakeholders due to the clear opportunities it presents for the area's economic development. Homestay, as defined by the Ministry of Culture, Tourism, and Civil Aviation in 2010, refers to accommodations where hosts offer food, lodging, and related services to their guests, either individually or within community groups (MCTCA, 2010). A homestay involves lodging in someone's home as a paying guest, with accommodation and services provided by an individual family or local community (Timalsina, 2012). It offers travelers a distinctive local experience and the opportunity for interaction with the host family. Furthermore, it provides governments with opportunities to expand economic activities in remote areas, develop alternative income sources for rural communities, and generate resources for nature conservation (Gangotia, 2013).

According to the Nepal Tourism Board (NTB), there were a total of 160 registered homestays in Nepal in 2013, which increased to 211 in 2014, 217 in 2015, and 271 in 2016 after the registration of 51 new homestays in various districts. Community participation in homestay operations not only creates job opportunities but also enhances the quality of life for locals (Bhuiyan et al., 2011). The essence of Nepalese tourism lies in naturally beautiful rural hills & mountains & its indigenous communities with their mystical lifestyle & culture. These natural & cultural attributes can be experienced best through homestays.

Sirubari Village is situated in Syangja district which lies in the southwest of Pokhara. The village is situated 1700 m above sea level. Many village tourism products of Sirubari are in the market nowadays, like 'Sirubari Topi' is famous now. The main occupation of people living here is agriculture, and the second is tourism. The perfect time to visit Sirubari is September, October, November, December, January, February, March, April, May, and June. The main occupation of people living here is agriculture, and the second is tourism. There are around 60 houses in Sirubari. They provide accommodation with Gurung lifestyle Style and houses are built with local materials, which are beautiful and comfortable. Sirubari village is a village full of culture, tradition, and heritage of the Gurung lifestyle. They celebrate festivals like Loshar, New Year,

Dashain, Diwali, Buddha Jayanti, Sankranti, etc. They practice dances like Ghanto Naach, Maruni Naach, Sorathi Naach, etc. Men and women sing a song of Dohori like a battle. Sirubari won the PATA Golden Award 2001 in heritage and culture (Nepal Trekking Private limited, 2019).

Lwangghalel is a village in Nepal and has an elevation of 1,341 meters. It is a beautiful village located in the Kaski district of Nepal and is surrounded by lush green forests, hills, and mountains. Lwangghalel is known for its stunning natural beauty, rich cultural heritage, and the warm hospitality of its people. The village is home to a diverse community of ethnic groups, including the Gurung, Magar, and Brahmin. This village is one of the best destinations for the home stay tourism program for many domestic tourists of Nepal as well as for international tourists. The Women's group, "Aama Samuha", welcomes their guest with the "Panche Baja" (Five traditional Nepali Musical instruments) and singing a song into the village. The village is also famous for its tea production, and it is known for producing some of the finest organic tea in Nepal. Lwangghalel is surrounded by several popular trekking routes, including the Annapurna Circuit and the Machhapuchhre Model Trek. Overall, Lwangghalel is a hidden gem of Nepal, offering visitors a unique and authentic cultural experience, along with breathtaking natural scenery and outdoor adventures.

Nepal's tourism sector is embracing sustainable models like homestay tourism, which supports rural development and local economies. However, concerns around host and guest safety, compliance with standards, and the inexperience of some hosts in hospitality management pose challenges (Guttentag, 2015). Additionally, a lack of village-level data on the economic impact of homestay programs limits informed decision-making. This study examines the financial contributions of homestays in villages like Lwangghalel and Sirubari, assessing income, expenditure, and overall economic influence to guide effective policy and development strategies.

## 2. Materials and Methods

### 2.1. Research Methodology Research Design

The research design adopted in this study consisted of a descriptive research design to test hypotheses by reaching a valid conclusion about the relationship between independent & dependent variables. The survey was conducted in Sirubari, located at 28.1323° N, 83.7810° E and LwangGhalel, located at 28.4317° N, 83.9003° E. The research was based on quantitative data, which was collected by distributing questionnaires and the data and information collected from both primary & secondary sources that suited our study.

### 2.2. Population and Sampling

The population of this study was all stakeholders related to the homestay practice of Sirubari & LwangGhalel homestay in Syangja and Kaski district, respectively. The sample was a subset of the population from which the study collected information. The snowball sampling method, under the non-probability sampling method, was used. Out of total homestay practices, 80% were randomly selected for the household survey, i.e., questionnaire survey incorporating proportionality.

### 2.3. Nature of Data

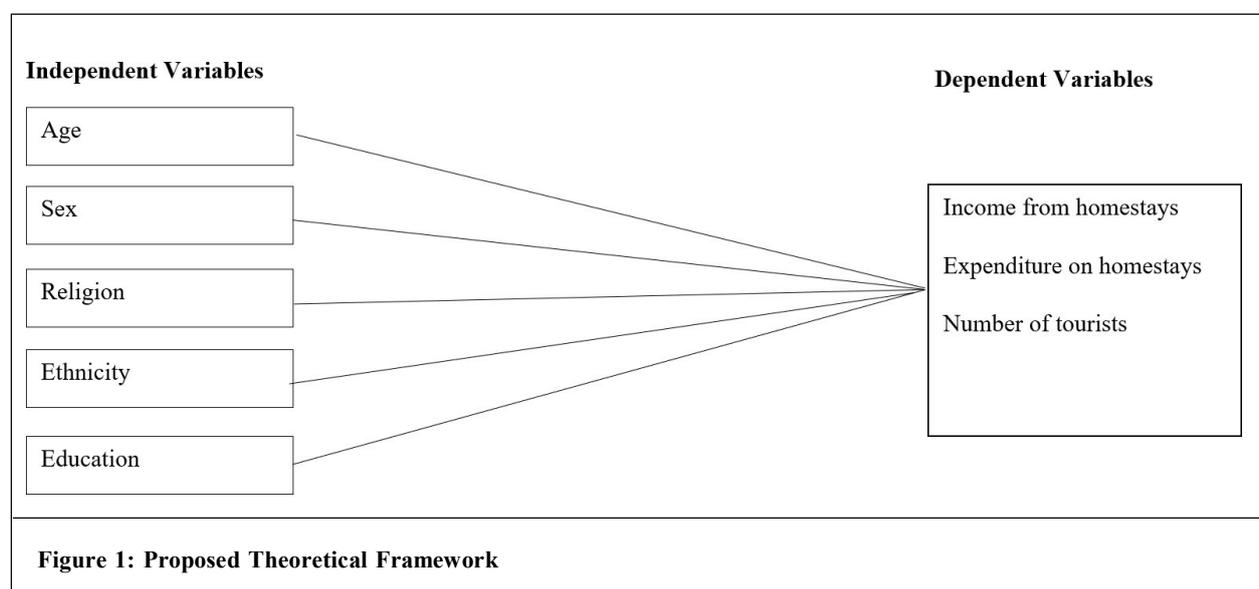
The research was based on both primary & secondary sources of data. The nature of the data taken was both qualitative & quantitative. To generate the primary data, the structured questionnaire, semi-structured or unstructured interviews, & field observation as well as focus group discussion were applied. Questionnaires were collected via primary data collection techniques. The data was collected from respondents of the sampled unit. The sampled units were those who were selected by random sampling. For collecting secondary data & information for the study, both published & available records in the homestay were analyzed, which included the data present in the homestay about income & expenditure, and data present in the ministry were studied & cited wherever required. Tables, charts, diagrams, & figures were used as required to present the numerical data. The non-numerical subjective information was descriptively presented.

### 2.4. Methods of Analysis

The data entry and analysis were done through Excel & SPSS. Various qualitative & quantitative analyses were carried out for the research. A simple statistical tool, such as frequency, average, percentage, standard deviation, etc., was used during the data analysis. The outcomes of the analysis were presented by using various modes such as tabular form, bar diagrams, charts, and graphs.

### 2.5. Theoretical Framework

The theoretical framework is a summary of the theory regarding a particular problem that is developed through a review of previously tested knowledge of the variables involved. It identifies a plan for investigation and interpretation of the findings. The theoretical framework for the present study is presented in Figure 1.



### 3. Results

#### 3.1. Socio-demographic characteristics

##### 3.1.1. Age of the Respondents Running Homestay

The operation of homestays was predominantly carried out by individuals with an average age of 46 years. The age of homestay owners ranged from a minimum of 26 years to a maximum of 75 years. Figure 2 illustrates the distribution of different age groups engaged in the homestay business in Lwangghalel and Sirubari. Among these groups, individuals aged 50 to 60 years exhibited the highest participation in homestay operations, whereas minimal involvement was observed among elderly individuals.

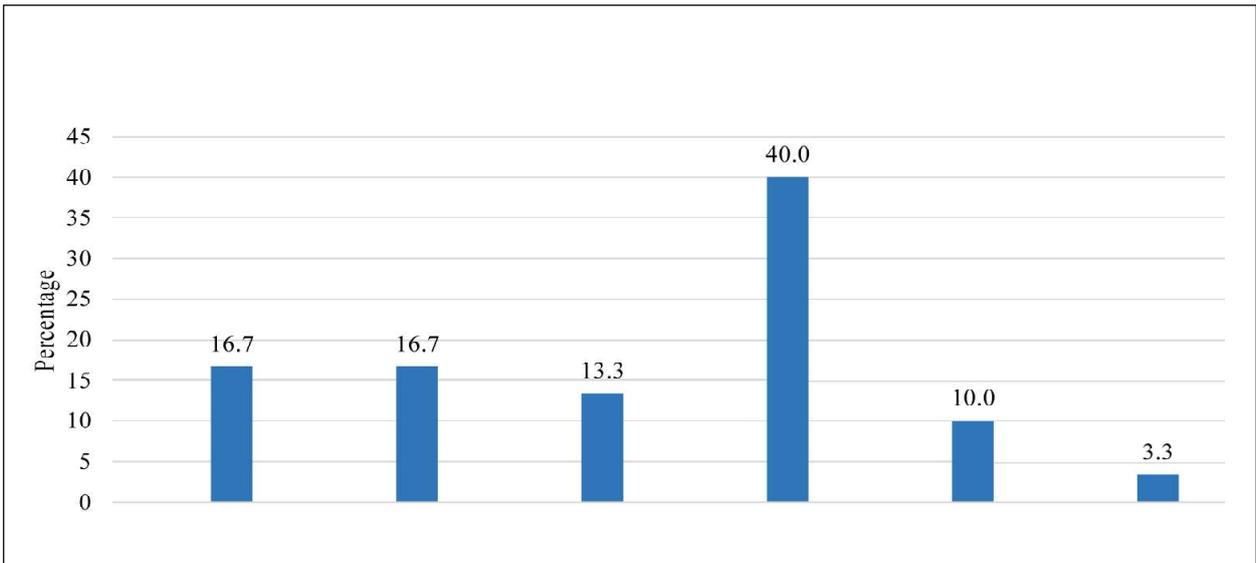


Figure 2: Age of the Respondents Running Homestay

##### 3.1.2. Gender of the Respondents

The majority of homestays were managed by women, with 73.33% of homestay owners being female, while men accounted for the remaining 26.67%, as illustrated in Figure 3.

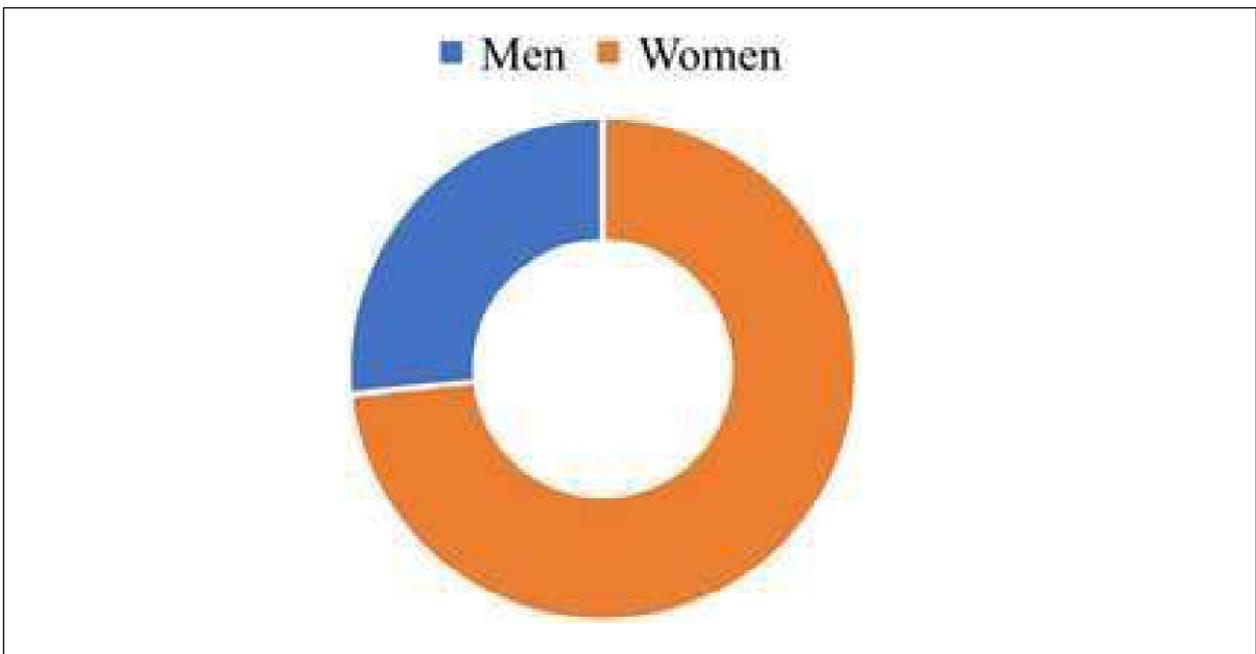


Figure 3: Gender of the Respondents

3.1.3. Ethnicity and Religion of Respondents

The homestay business involved two ethnic groups: Gurung and Magar, and Brahmin and Chhetri. Among them, Gurung and Magar were the predominant participants in the industry, as illustrated in Figure 4.

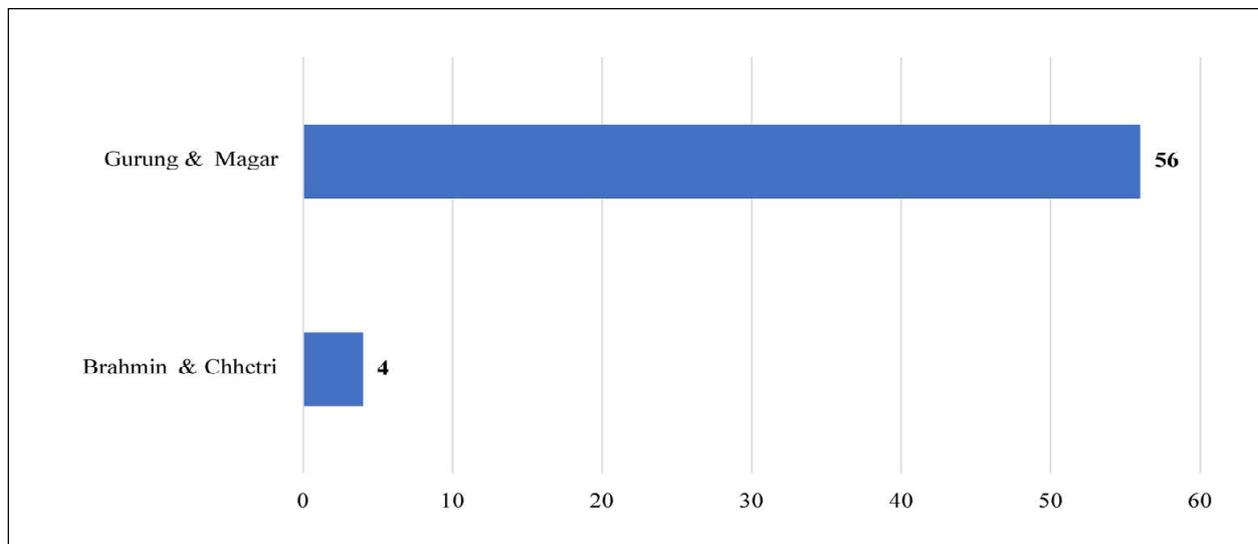


Figure 4: Ethnicity of the Respondents

Also, the major religion of respondents operating homestays was Hinduism (60 %), followed by Buddhism (36.67%) and Christianity (3.33%).

3.1.4. Educational Status of the Respondents

Individuals with primary-level education had the highest participation in the homestay business, accounting for 36.67%, followed by those with secondary education at 23.33% and higher education at 20%, while 20% were illiterate, as illustrated in Figure 5.

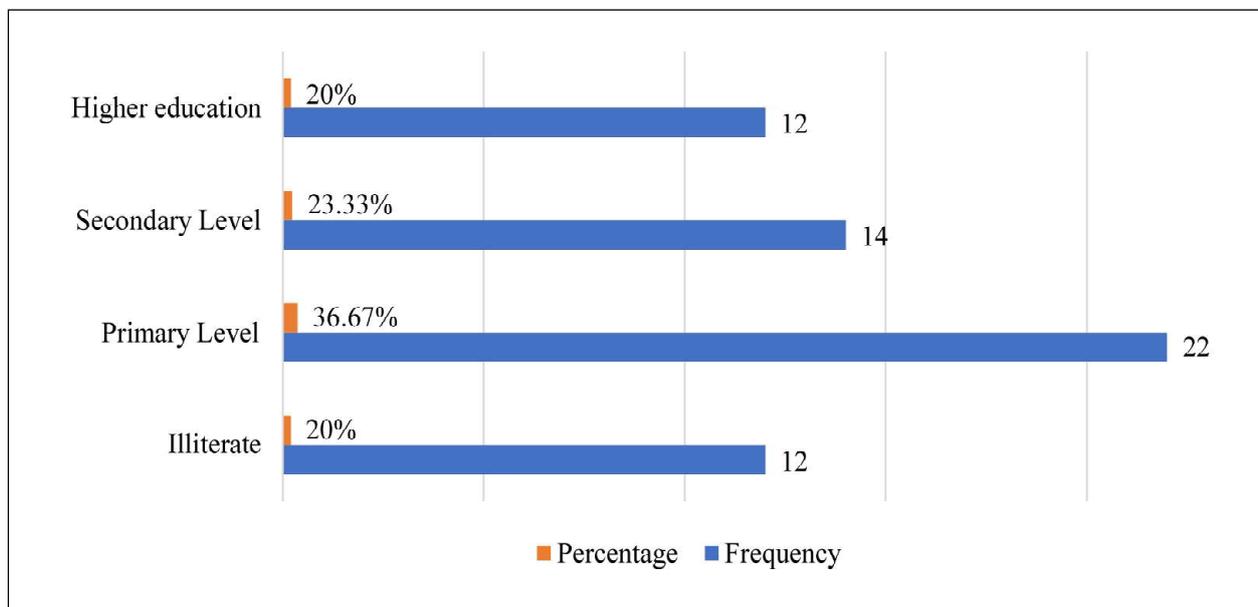


Figure 5: Educational Status of the Respondents

3.1.5. Family Size, Years of Settlement, and Years of Homestay Service

The average family size of respondents running the homestay business was found to be 5, with an average settlement period of 25 years and approximately 10 years of experience in providing homestay services, as shown in Table 1.

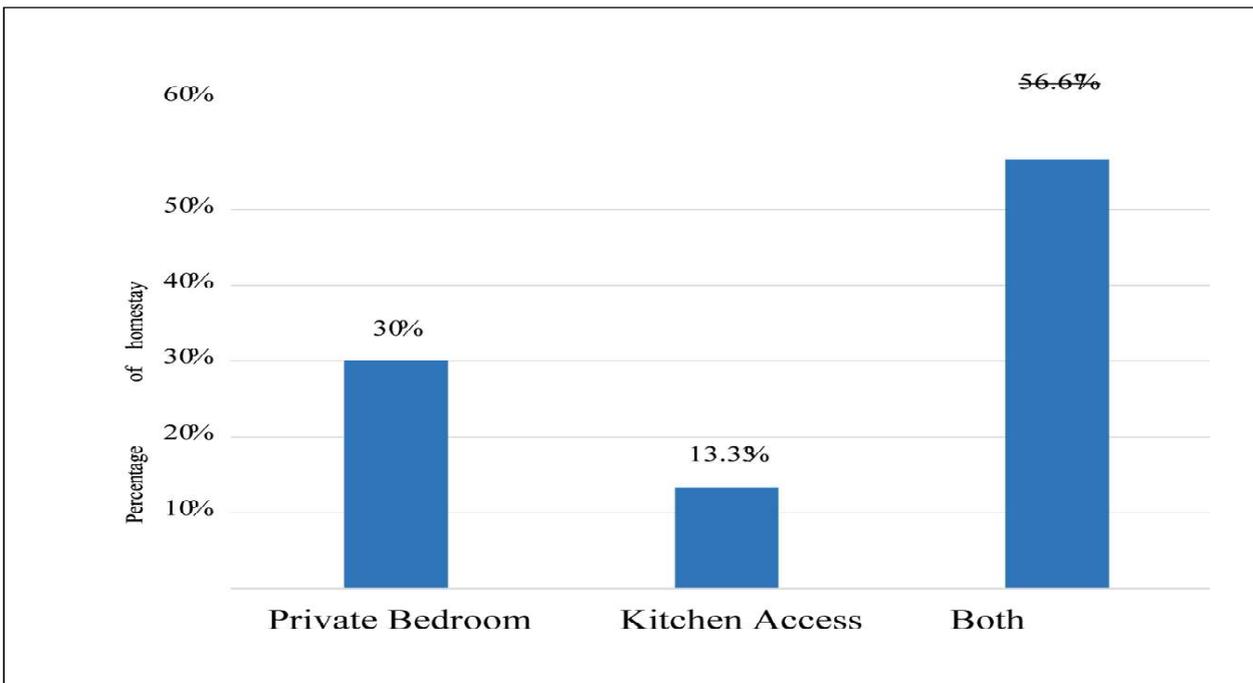
| Variables                 | Mean   | Std. Deviation | Minimum | Maximum |
|---------------------------|--------|----------------|---------|---------|
| Family size               | 4.767  | 2.094          | 2       | 11      |
| Years of settlement       | 25.267 | 12.154         | 5       | 60      |
| Years of homestay service | 9.667  | 8.044          | 1       | 26      |

3.1.6. *Quantity of Visitors and the Homestay Amenities*

On average, each homestay accommodated 15 international and 88 domestic visitors per year, with a daily capacity of 11 tourists. The average stay for each tourist was two days, and approximately 34 guests visited per month, as shown in Table 2. The number of visitors varied across months, with the highest recorded in Aswin, moderate numbers in Mangsir and Chaitra, and the lowest in Bhadra and Poush. 85.6% of the visitors to the homestays in Lwangghalel and Sirubari were domestic.

| Variables                      | Mean   | Std. Deviation | Minimum | Maximum |
|--------------------------------|--------|----------------|---------|---------|
| International visitors         | 14.84  | 10.06          | 2       | 40      |
| Domestic visitors              | 87.633 | 10.687         | 60      | 100     |
| Capacity of homestay (per day) | 11.5   | 6.657          | 4       | 25      |
| Length of stay (Days)          | 1.967  | 1.033          | 1       | 5       |
| Guest number (per month)       | 34.067 | 19.305         | 7       | 70      |

A majority (56.67%) of homestays offered both a private bedroom and kitchen access, while 30% had only a private bedroom and 13.33% provided kitchen access, as shown in Figure 6. Regarding finances, 26.67% received funding—62.5% from cooperatives, 30% from banks, and 7.5% from informal sources—while others were self-financed.



**Figure 6: Basic Facilities of Homestay**

### 3.2. Socio-Economic Aspect

#### 3.2.1. Major Sources of Family Income

The majority of household income was derived from tourism (homestay activity), amounting to Rs. 2,27,291.67 annually. Income from agricultural activities totaled Rs 48,000, while earnings from the livestock sector were comparatively lower at Rs 21,250. Remittance contributed Rs 99,091, and other sources added Rs 35,000. An additional Rs 26,154 came from pensions. None of the households were engaged in service activities.

| Income Sources (2079 B.S.)          | Mean (Rs) | Std. Deviation | Minimum | Maximum |
|-------------------------------------|-----------|----------------|---------|---------|
| Agriculture                         | 48000     | 53714.65       | 15000   | 200000  |
| Livestock                           | 21250     | 2314.5         | 20000   | 25000   |
| Remittance                          | 99090.91  | 54415.43       | 40000   | 200000  |
| Pension                             | 26153.85  | 9198.662       | 15000   | 40000   |
| Tourism (homestay activity) Service | 227291.67 | 193120.9       | 10000   | 700000  |
| Others                              | 35000     | 30521.78       | 10000   | 100000  |

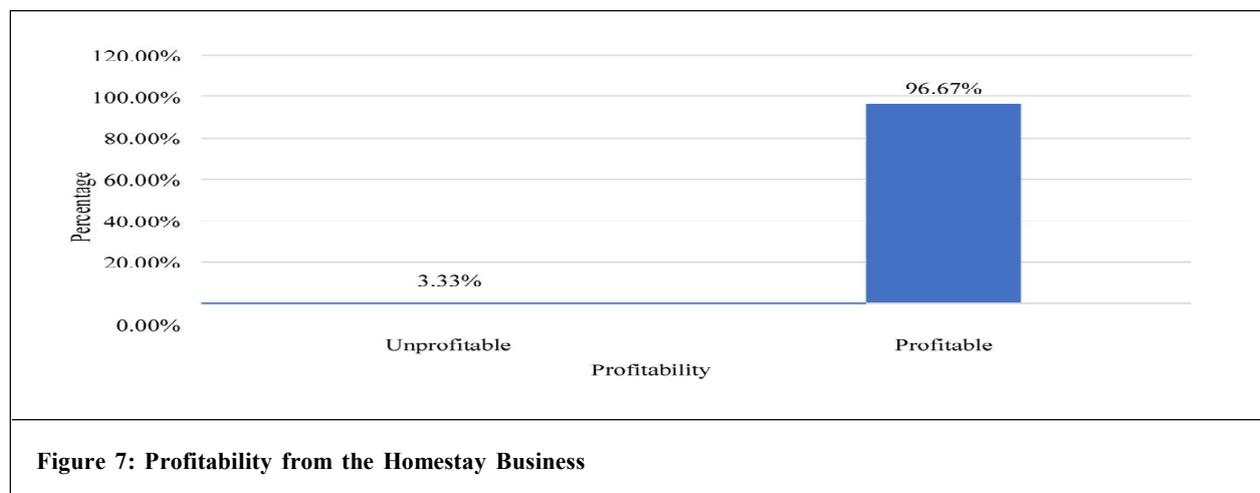
**Note:** The total average income of the family was Rs 2,60,000 annually.

#### 3.2.2. Daily Income, Expenditure, and Profit of the Home-stay Operators

The total income and expenditure of the homestay operators daily were Rs 3081 and Rs 978, respectively, as depicted in Table 4. The daily benefit from operating a homestay was Rs 2103. The daily Revenue-cost ratio of the homestay operators was 2.565.

| Categories       | Lodging only | Veg. food | Non-veg. food | Total |
|------------------|--------------|-----------|---------------|-------|
| Income (Rs)      | 507          | 1126      | 1448          | 3081  |
| Expenditure (Rs) | 117          | 336       | 525           | 978   |

Out of the total operators, 96.67 % benefited from the homestay business daily, as shown in Figure 7.



**Figure 7: Profitability from the Homestay Business**

#### 3.2.3. Savings of the Total Income From the Tourism Activity

Among the operators, 30% saved less than 25% of their income from tourism activities, while 23.33% saved more than 50%. While the majority (46.67%) of the operators saved 25%-50% of their income from tourism activity, as illustrated in Table 5.

| Savings | Frequency | Percent | Cumulative per cent |
|---------|-----------|---------|---------------------|
| <25%    | 18        | 30.00   | 30.00               |
| 25%-50% | 28        | 46.67   | 76.67               |
| >50%    | 14        | 23.33   | 100.00              |
| Total   | 60        | 100.00  |                     |

**3.2.4 Contribution of Homestay to the Socio-economic Sector**

To determine the contribution of homestays to the socio-economic sector, Likert scale analysis was done. According to Table 6, homestays played a role in improving the lifestyle of operators. It contributed to the development of infrastructure in Lwang Ghalel and Sirubari. Additionally, homestays helped preserve the culture. Moreover, the construction of these accommodations created employment opportunities. However, it is unfortunate that despite these aspects, homestays were not able to address the issue of out migration or significantly increase the income levels of residents in Lwang Ghalel and Sirubari.

| Contribution of Homestays to the Socio-economic Sector | Mean   | Std. Dev. | Decision        |
|--|--------|-----------|-----------------|
| Lifestyle Enhancement                                  | 20.017 | 5.429     | High perception |
| Change in infrastructure                               | 20.55  | 3.005     | High perception |
| Preservation of culture                                | 21.45  | 2.235     | High perception |
| Migration  | 13.8   | 4.095     | Low perception  |
| Income level   | 17.8   | 4.517     | Low perception  |
| Employment opportunities                               | 20.883 | 5.579     | High perception |

Cronbach alpha = 0.9, Weighted mean=19.083.

**3.2.4.1. Lifestyle Enhancement**

For lifestyle enhancement, people disagreed with the statement that the establishment of homestays led to frequent outbreaks of infectious diseases. In other aspects of lifestyle improvement, people expressed a generally positive perception, with the strongest support being for the contribution of homestays to improving the literacy rate, as shown in Table 7.

| S.No. | Statements  | Mean |
|-------|---|------|
| 1.    | Frequent outbursts of communicable diseases                       | 1.47 |
| 2.    | Physically and mentally tired                                     | 3.62 |
| 3.    | Have access to nutritional food/ quality food                     | 3.73 |
| 4.    | Easy to balance between your work and personal life               | 3.74 |
| 5.    | Invest more in the family's health and education                  | 3.73 |
| 6.    | Homestay has contributed to the improvement of the literacy rate. | 3.76 |

Cronbach alpha = 0.93,

### 3.2.4.2. Change in Infrastructure

Most respondents agreed that homestays contributed to the availability of electricity and power supply, as shown in Table 8. On the other hand, some were nearly indecisive about the enhancement of water availability and sanitation, and the improvement of the quality of healthcare services or amenities. The establishment of homestays also played a role in enhancing road development, educational infrastructure, and opportunities.

| S.No.                  | Statements   | Mean |
|------------------------|--|------|
| 1.                     | Improvement of road infrastructure   | 4.40 |
| 2.                     | Help in the availability of electricity and power supply                   | 4.92 |
| 3.                     | Development of clean water and sanitation                                  | 3.73 |
| 4.                     | Impacted the availability of healthcare facilities and services            | 3.73 |
| 5.                     | Improvement of educational infrastructure and opportunities in the village | 3.77 |
| Cronbach alpha = 0.82, |  |      |

### 3.2.4.3. Preservation of Culture

People strongly agreed that the homestay had aided in the preservation of local traditions and cultural practices. They somehow believed that homestays were able to sustain and transmit local cultural knowledge and heritage for future generations and encouraged the appreciation and understanding of local customs and cultural diversity. The opening of the homestays in Lwangghalel and Sirubari served to further promote regional arts, crafts, and traditional handicrafts.

| S.No.                  | Statements  | Mean |
|------------------------|---|------|
| 1.                     | Preservation of local traditions and cultural practices                               | 5.00 |
| 2.                     | Promotion of local arts, crafts, and traditional handicrafts                          | 4.4  |
| 3.                     | Sustain and transmit local cultural knowledge and heritage for future generations     | 3.73 |
| 4.                     | Preservation of local festivals and celebrations                                      | 3.58 |
| 5.                     | Encouraged the appreciation and understanding of local customs and cultural diversity | 3.73 |
| Cronbach alpha = 0.85, |   |      |

### 3.2.4.4. Migration

Homestays help reduce migration by promoting local customs, cultural diversity, and revitalizing rural areas, which can decrease migration rates. However, there was some uncertainty regarding their role in immigration. Nonetheless,

| S.No. | Statements  | Mean |
|-------|---|------|
| 1.    | Reduce migration by providing local customs and cultural diversity  | 3.45 |
| 2.    | The presence of well-developed homestay programs can effectively discourage individuals from migrating in search of better economic prospects | 3.61 |
| 3.    | Homestays play a crucial role in revitalizing rural areas, which can lead to a decrease in migration rates.                                   | 3.73 |
| 4.    | Investing in the promotion and development of homestays can contribute to immigration   | 3    |

respondents agreed that well-developed homestay programs could discourage individuals from migrating in search of better economic opportunities.

**3.2.4.5. Income Level**

According to Table 11, the people of Lwangghalel and Sirubari somehow believed that the establishment of homestays had provided additional income opportunities, increased local employment opportunities, contributed to the diversification of income sources for residents, and stimulated economic growth and development in the areas. However, the overall income level of the community hasn't fluctuated after the establishment of the homestays.

| <b>Table 11: Homestay and Income Level</b> |   |             |
|--|---|-------------|
| <b>S.No.</b>                               | <b>Statements</b>   | <b>Mean</b> |
| 1.   | Provide additional income opportunities for local residents       | 3.42        |
| 2.   | Increased employment opportunities in the local community         | 3.66        |
| 3.   | Contribute to the diversification of income sources for residents | 3.83        |
| 4.   | Positive impact on the overall income level of the community      | 3.1         |
| 5.   | Stimulate economic growth and development in the local area       | 3.78        |
| Cronbach alpha = 0.84,                     |   |             |

**3.2.4.6. Employment Opportunities**

Based on the data presented in Table 12, homestays have positively impacted women's enterprises, supported local entrepreneurship, boosted tourism growth, and increased employment opportunities, along with raising demand for local goods and services.

| <b>Table 12: Homestay and Employment Opportunities</b> |   |             |
|--|---|-------------|
| <b>S.No.</b>   | <b>Statements</b>   | <b>Mean</b> |
| 1.   | Create job opportunities for residents  | 3.45        |
| 2.   | Growth of the tourism industry and increased employment in related sectors  | 3.62        |
| 3.   | Support the development of small businesses and entrepreneurship in the local community                           | 3.73        |
| 4.   | Attract tourists, leading to increased demand for local goods and services, and creating employment opportunities | 3           |
| 5.   | Positive impact on the overall employment level of the community  | 3.41        |
| 6.   | Positively contributed to women's enterprise  | 3.67        |
| Cronbach alpha = 0.89,                                 |   |             |

**3.3. Econometric Analysis**

The data presented in Table 13 shows that as the owners' age and the number of international visitors increased, the probability of daily income significantly decreased by 804% and 2844%, respectively. The likelihood of higher daily income was significantly increased by 548.891 units when the household head was a woman. Homestays offering private bedrooms and kitchen access saw a significant negative effect on daily income, with declines of 62.329 and 406.927 units, respectively. A larger family size running the business positively and significantly increased the probability of higher daily income. Lastly, homestays without financial support had a significantly greater chance of increasing daily income by 186.106 units.

**Table 13: Marginal Effect of Different Factors Affecting the Daily Income of the Homestay Operators**

| Variables              | dy/dx    | Std. Err. | z       | P>z   | [95%Conf. Interval] |          | Sig |
|------------------------|----------|-----------|---------|-------|---------------------|----------|-----|
| Age                    | -8.040   | 0.625     | -12.870 | 0.000 | -9.264              | -6.816   | *** |
| Gender                 | 548.891  | 18.766    | 29.250  | 0.000 | 512.109             | 585.672  | *** |
| Family size            | 43.505   | 3.874     | 11.230  | 0.000 | 35.911              | 51.098   | *** |
| International visitors | -28.447  | 0.855     | -33.290 | 0.000 | -30.122             | -26.772  | *** |
| Private bedroom        | -62.329  | 19.583    | -3.180  | 0.001 | -100.712            | -23.947  | *** |
| Kitchen access         | -406.927 | 24.486    | -16.620 | 0.000 | -454.920            | -358.935 | *** |
| Financial support      | 186.106  | 19.326    | 9.630   | 0.000 | 148.226             | 223.985  | *** |

**Note:** Prob > chi<sup>2</sup> = 0.000 Pseudo R<sup>2</sup> = 0.274 Bayesian crit. (BIC) = 9912.624; \*\*\* p < 0.01, \*\* p < 0.05, \* p < 0.1.

The data in Table 14 shows that a larger family size decreased daily expenditure for operating a homestay by 31.207 units. Man-run homestays had a significant negative effect on expenditure by 143.203 units compared to woman-run homestays. Increased years of homestay service and higher education of the household head raised expenditure by 6.725 and 25.141 units, respectively. A higher percentage of domestic visitors increased expenditure by 3.994 units, while international tourists decreased it by 3.682 units. Providing both private bedrooms and kitchen access raised daily expenditure by 128.932 units.

**Table 14: Marginal Effect of Different Factors Affecting the Daily Expenditure of the Homestay Operators**

| Variables  | dy/dx    | Std. Err. | z       | P>z   | [95%Conf. Interval] |          | Sig |
|--|----------|-----------|---------|-------|---------------------|----------|-----|
| Gender   | -143.203 | 11.248    | -12.730 | 0.000 | -165.249            | -121.157 | *** |
| Education  | 25.141   | 3.485     | 7.210   | 0.000 | 18.311              | 31.970   | *** |
| Family size  | -31.207  | 2.751     | -11.340 | 0.000 | -36.600             | -25.815  | *** |
| Service provided (Years)                           | 6.725    | 0.733     | 9.180   | 0.000 | 5.289               | 8.161    | *** |
| International visitors                             | -3.682   | 0.537     | -6.850  | 0.000 | -4.736              | -2.629   | *** |
| Accommodation capacity                             | 0.670    | 0.929     | 0.720   | 0.471 | -1.151              | 2.490    |     |
| Length of stay (Days)                              | -49.167  | 5.664     | -8.680  | 0.000 | -60.269             | -38.065  | *** |
| Domestic visitors (%)                              | 3.994    | 0.319     | 12.520  | 0.000 | 3.369               | 4.620    | *** |
| Both services (private bedroom and kitchen access) | 128.932  | 11.953    | 10.790  | 0.000 | 105.506             | 152.359  | *** |

**Note:** Prob > chi<sup>2</sup> = 0.000 Pseudo R<sup>2</sup> = 0.408 Bayesian crit. (BIC) = 4320.977; \*\*\* p < 0.01, \*\* p < 0.05, \* p < 0.1.

The data in Table 15 shows that homestays following Buddhism had a greater probability of hosting guests, with a significant increase of 25.903 units. The years of education of the homestay operator, years of service, and accommodation capacity also had a considerable impact on guest visits. Increased expenditure on lodging and vegetarian food raised the chances of monthly guest visits by 0.011 and 0.032 units, respectively. However, higher expenditure on non-vegetarian food had a negative effect on guest visits. Homestays offering private bedrooms and kitchen access significantly increased the chances of guest visits by 17.117 and 9.350 units, respectively.

**Table 15: Marginal Effect of Different Factors Affecting the Guest Visit in a Homestay (Monthly)**

| Variables                          | dy/dx  | Std. Err. | z      | P>z   | [95%Conf. Interval] |        | Sig |
|------------------------------------|--------|-----------|--------|-------|---------------------|--------|-----|
| Buddhism                           | 25.903 | 2.745     | 9.440  | 0.000 | 20.523              | 31.282 | *** |
| Education                          | 4.288  | 0.831     | 5.160  | 0.000 | 2.660               | 5.916  | *** |
| Service provided (Years)           | 0.643  | 0.137     | 4.690  | 0.000 | 0.375               | 0.912  | *** |
| Accommodation capacity of homestay | 0.545  | 0.263     | 2.080  | 0.038 | 0.030               | 1.060  | *** |
| Private bedroom                    | 17.117 | 4.266     | 4.010  | 0.000 | 8.755               | 25.479 | *** |
| Kitchen access                     | 9.350  | 3.342     | 2.800  | 0.005 | 2.799               | 15.901 |     |
| Expenditure on lodging             | 0.011  | 0.005     | 2.060  | 0.039 | 0.001               | 0.021  | *** |
| Expenditure on veg. food           | 0.032  | 0.005     | 6.290  | 0.000 | 0.022               | 0.042  | *** |
| Expenditure on non-veg. food       | -0.028 | 0.006     | -4.960 | 0.000 | -0.038              | -0.017 | *** |

**Note:** Prob > chi<sup>2</sup> = 0.000 Pseudo R<sup>2</sup> = 0.435 Bayesian crit. (BIC) = 4320.977; \*\*\* p < 0.01, \*\* p < 0.05, \* p < 0.1.

## 4. Discussion

### 4.1. Socio-Demographic Characteristics

Homestay operators in Lwangghalel and Sirubari have an average age of 46, with most falling within the 50–60 age group, indicating the active involvement of middle-aged individuals in the business. This aligns with studies suggesting that life experience and stability make homestay businesses a viable option for this demographic (Cohen, 2014). Women lead 73.33% of homestays, reflecting global trends of increasing female participation in tourism (Acharya and Halpenny, 2013) and highlighting their role in sustainable development.

The industry is predominantly represented by the Gurung and Magar ethnic groups, fostering cultural richness. Hinduism is the dominant religion among operators, shaping the region’s cultural fabric. Most homestay operators have a primary level of education, supporting findings that moderate education is often sufficient for successful entrepreneurship (Easley and Wang, 2017)

With an average family size of five and a settlement history of approximately 25 years, homestay operators demonstrate deep-rooted connections to their communities. This stability enhances the authenticity of the homestay experience, appealing to visitors seeking cultural immersion (Gursoy et al., 2019).

### 4.2. Socio-Economic Aspects

Homestay tourism serves as the primary source of family income, surpassing agriculture and remittance, emphasizing its economic importance in rural areas (Sharpley and Telfer, 2002). The high profitability of 96.67% of homestay operators, along with a daily revenue-cost ratio of 2.565, highlights the financial viability of the sector, ensuring sustainable income generation and economic upliftment in Lwangghalel and Sirubari.

The Likert scale analysis reveals that homestays contribute significantly to socio-economic development by improving lifestyle, infrastructure, cultural preservation, and employment opportunities (Nunkoo and Ramkissoon, 2011). However, concerns related to out-migration and income disparities suggest areas for further research and potential policy interventions to enhance long-term sustainability.

### 4.3. Econometric Analysis

This study examines factors influencing tourist visits, daily income, and guest expenditure in homestays. Findings indicate that operator age negatively affects international visits and income, highlighting challenges for aging operators. In contrast, larger accommodation capacity and family size enhance visits and earnings, emphasizing scalability and familial support.

Cultural and service-related factors also play a key role. Homestays aligned with Buddhism attract more visitors, while amenities like private bedrooms and kitchen access improve guest experience. Additionally, higher expenditure on

lodging and vegetarian food correlates with increased visits, reinforcing the link between service quality and customer satisfaction (Cohen and Avieli, 2004).

## 5. Conclusion

This study highlights the significant role of homestays in the socio-economic development of Sirubari and Lwangghalel, contributing to job creation, cultural preservation, and local economic growth. While homestays have proven beneficial, challenges such as an aging operator population, outmigration, and limited income growth require attention for sustained success. To ensure long-term growth, it's crucial to attract international tourists through diversified marketing, improve amenities, and foster entrepreneurship. Community initiatives should focus on preserving cultural heritage and promoting sustainable tourism practices.

In conclusion, the study offers valuable insights for policymakers, community leaders, and entrepreneurs to foster the sustainable development of homestay tourism in Nepal.

## Conflicts of Interest

All authors declare that they have no conflicts of interest.

## Informed Consent Declaration

Informed consent was obtained from all participants before their involvement in the study. Due to literacy barriers and remote location, verbal consent was deemed more appropriate. The verbal consent process was recorded and documented with the participants' permission, ensuring they understood the purpose, procedures, and voluntary nature of their participation.

## References

- Ashley, C. (2000). *The Impacts of Tourism on Rural Livelihoods: Namibia's Experience*. Working Paper 128, Overseas Development Institute (ODI), London, England.
- Bhuiyan, M.A.H., Siwar, C., Ismail, S. M. and Islam, R. (2011). *The Role of Home Stay for Ecotourism Development in East Coast Economic Region*. *American Journal of Applied Science*, 8, 540- 546.
- Cohen, E. and Avieli, N. (2004). *Food in Tourism*. *Annals of Tourism Research*, 31(4), 755–778. doi: <https://doi.org/10.1016/j.annals.2004.02.003>
- Eesley, C. and Wang, Y. (2017). *Social influence in career choice: Evidence from a randomized field experiment on entrepreneurial mentorship*. *Research Policy*, 46(3), 636–650. doi: <https://doi.org/10.1016/j.respol.2017.01.010>
- UNWTO, (2001). *Compendium of Tourism Statistics*. Madrid: The United Nations World Tourism Organization (UNWTO).
- MCTCA. (2010). *Ministry of Culture, Tourism and Civil Aviation, Homestay Working Procedure 2067*, viewed on 10th August 2015, <http://www.tourism.gov.np/uploaded/pdf/homestayworkingprocedure-2067.pdf>
- Timilsina, P. (2012). *Homestay Tourism Boosts Ghale Gaon's Economy*, viewed in September 2015, [http://www.gorkhapatra.org.np/rising.detail.php?Article\\_id=23200&cat\\_id=4](http://www.gorkhapatra.org.np/rising.detail.php?Article_id=23200&cat_id=4).
- Gangotia, A. (2013). *Home Stay Scheme in Himachal Pradesh: A Successful Story of Community Based Tourism Initiatives (CBTIS)*. *Global Research Analysis*, 2(2), 206-207.
- Nepal Tourism Board. (2021). *Homestay*. <https://www.welcomenepal.com/plan-yourtrip/homestay.html>
- Guttentag, D. (2015). *Airbnb: Disruptive Innovation and the Rise of an Informal Tourism Accommodation Sector*. *Current Issues in Tourism*, 18(12), 1192–1217.
- Nepal Rastra Bank (2015). *A study on Dallagaon Homestay and Its Sustainability*.
- Sharpley, R. and Telfer, D.J. (2002). *Tourism and Development*, Channel View Publications.
- Nunkoo, R. and Ramkissoon, H. (2011). *Developing a community support model for tourism*. *Annals of Tourism Research*, 38(3), 964–988. doi: <https://doi.org/10.1016/j.annals.2011.01.017>
- Ashley, C. (2000, February). *The Impacts of Tourism on Rural Livelihoods: Namibia's Experience (Working Paper 128)*. London: Overseas Development Institute.

**Cite this article as:** Madhav Parajuli, Laxman Tripathi and Swastika Bhandari (2025). *Economic Contribution of Homestay in Nepal: A Case Study of Lwangghalel and Sirubari*. *International Journal of Tourism and Hospitality*, 5(2), 39-51. doi: 10.51483/IJTH.5.2.2025.39-51.