

# THE DIGITAL PLATFORMS AND HOMESTAY BUSINESS: A STUDY IN INDIAN CONTEXT

Sutheeshna Babu S.\*, Dripto Mukhopadhyay\*\*

## Abstract

*Rising disposable income of a section of the population, higher penetration of internet and social media along with better accessibility to far-flung regions played positive roles in boosting India's tourism prospects. Homestays have already emerged as an integral part of the tourism economy in India as an alternate accommodation offering and its access to the Online Travel Agencies (OTAs) have strengthened the economic prospects and the global reach. With this backdrop, the paper explores how digital platforms have changed the business operations of the homestay owners in India using the primary survey data from 6 states. It also examined the existing regulatory gaps that can be addressed so as to promote homestay business from policy perspectives. The findings enabled to conclude that promotion of homestays can fulfil the aspirations of generating livelihood and employment for the local communities and to achieve the sustainable tourism goals while adding fillip to the overall dynamics of tourism in India.*

**Keywords:** Home-Stays, Digital Platforms, Online Purchase Behaviour, Livelihood, Local Community Development, Capacity Building

## INTRODUCTION

The process of commercializing one's home for profitable purposes has in practice for centuries but mainly in the form of bed & breakfast units. However, in the last 2 decades especially, this has assumed newer dimensions with large-scale conversion of the portions of the home for hosting the visitors while the owners live in the same dwelling premise. Popularly known as the homestays, such home sharing arrangements between the resident-host has not only accorded newer dimensions to the sharing economy but it also heralded a new facet of the socio-cultural engagements between the visitors and visited. The homestays are also positioned to provide tourists with a sense of feeling at home, interaction with the host family, first-hand relationship with locals, the experience of the local culture and low-cost accommodation (Kuhzady et al., 2020; Kulshreshtha & Kulshreshtha, 2019).

Adiati (2016) noted that the homestays are fast emerging as a popular alternative to the traditional hotel sector with new age tourists preferring homestays as it allows them to experience authentic host culture and pristine natural destinations. The choice of a homestay is also often seen as pragmatic as it's pretty cheaper and devoid of varied taxes and hidden costs. It is an attractive sustainable rural tourism product (Acharya & Halpenny, 2013; Walter et al., 2018), poised to satisfy the key sustainable community-

based tourism goals of environmental, cultural, and local employment protection (Reimer & Walter 2013) as it set to unfold intense visitor-host interaction zone.

The gaining importance of homestay hosting can also be inferred from the growing interest academic interventions in the last decade. An exhaustive review of the literature by Janjua et al. (2021) have documented over a hundred articles appeared in 35 leading academic journals during 2010-2020 period. The authors also attempted documenting the critical issues rarely addressed or researched viz. branding, entrepreneurship, information and communication technology (ICT) competency, homestay operator training, and development. The emphasis of academic engagement has been largely around the positive impacts and the challenges of homestay tourism especially of it turning in to a mass tourism product and the eventual erosion of the authenticity have not received any meaningful attention so far. It was also noted that the rural communities especially homestay operators lack essential marketing skills especially branding skills.

The technological innovations have brought revolutionary changes in the functioning of the homestays and made it possible for the home owners to offer rooms to a global marketplace of consumers. The digital technology tools have enabled greater flexibility for the travellers to plan, book, and share their recommendations with others while it also resulted fresh set of challenges to the players across the supply chain including the destination managers and marketers. However,

\* Professor & Nodal Officer, National Institute of Watersports, Panaji, Goa, India.  
Email: [babspillai@gmail.com](mailto:babspillai@gmail.com); [no-niws.goa@gov.in](mailto:no-niws.goa@gov.in)

\*\* Founder and CEO of Ascension Centre for Research and Analytics (ACRA) & Advisor, Research and Evaluation at Haryana Institute of Public Administration (HIPA), Haryana, India.  
Email: [dripto@ascension.org.in](mailto:dripto@ascension.org.in); [dripto.mukhopadhyay@gmail.com](mailto:dripto.mukhopadhyay@gmail.com)

most striking effect of the technology disruptors, which in the travel domain called online travel agencies (OTAs), was of shifting the market place power in favour of the travellers and the platforms that own and control the data.

The 'online platform' refers to an undertaking operating in 2 (or multi)-sided markets, which uses the Internet to enable interactions between 2 or more distinct but interdependent groups of users so as to generate value for at least one of the groups' (European Union)<sup>1</sup>. In India, Online Travel Aggregator (OTA) is defined as 'an intermediary/agent selling travel products and services such as the airlines, car rental, cruise lines, Hotels/Accommodation, railways and vacation packages on behalf of suppliers using internet as a medium. They establish an online market place and earn profits on the discounts commonly referred to as commission offered by the supplier' (Ministry of Tourism, 2018)<sup>2</sup>.

Arguably, the homestays allow the local communities to engage in alternate economic activities which are rewarding in many ways and helps the tourists to explore locations where formal hotels are not found and also spend quality time with local communities. Given this backdrop, this study endeavoured to evolve qualified perspectives of the homestay sector in India especially the importance of Online Travel Aggregator (OTA) platforms in its operations. Specific thrust was given to examine the positive and negative impacts of OTA's on the business. Related aspects of prevailing regulatory and homestay business environment, the role of policy makers was also attempted.

Understanding the role of OTA is crucial given that the entire humanity is under the clutches of the COVID-19 Pandemic but the world has fast adapted to the technology innovations in almost every facet of their lives. An extensive shift of economic activities towards digital platforms is evident and understanding its bearing on tourism is critical. The tourism sector, especially the alternative accommodation segment, stands to benefit immensely from the rapidly evolving transformations in the technology ecosystems.

## AN OVERVIEW OF ACCOMMODATION SECTOR IN INDIA

India is fast emerging as one of the sought-after tourism destinations of the world. The Incredible India campaign

launched in 2003 led to a significant growth in foreign tourist arrivals. At the same time, rising disposable incomes, higher penetration of internet and use of social media has empowered the next generation of Indian tourists, both domestically and internationally. Better accessibility to far-flung regions has also played positive roles in boosting India's tourism prospects including inbound tourism.

According to the latest Tourism Statistics of India<sup>3</sup>, during 2009 to 2018, domestic tourists have grown by a CAGR 10.7% and foreign tourist arrivals recorded a compounded average growth rate of 7.4% (CAGR). Effectively, foreign tourist arrivals have doubled and domestic arrivals tripled in numbers during the last 10 years (Fig. 1 & 2). The new surge of tourists demands innovative services and new exotic locations. Therefore, the services being offered by the destinations should also match the desires of the tourists.



Fig. 1: Domestic Tourist Arrivals of India-2009-18

Source: Ministry of Tourism, India.



Fig. 2: Foreign Tourist Arrivals of India - 2009-2018

Source: Ministry of Tourism, India.

Accommodation is one of the critical services for the tourists and they spend significant time and budget on the boarding and lodging in any destination. Thus, attraction for a destination is determined to a great extent by availability reasonably-priced and quality accommodation services. As per the Ministry of Tourism (MoT) data, the approved units in India as of December 2018 were 1961 as compared to 1829 in 2009, which inter alia include all the hotels

<sup>1</sup> European Union. (2016). European Union Committee Online Platforms and the Digital Single Market.10<sup>th</sup> Report of Session 2015-16 - published in April. [https://publications.parliament.uk/pa/ld201516/ldselect/ldcom/129/12906.htm#\\_idTextAnchor015](https://publications.parliament.uk/pa/ld201516/ldselect/ldcom/129/12906.htm#_idTextAnchor015)

<sup>2</sup> Ministry of Tourism. (2018). Guidelines for the approval of OTA's. December. <https://tourism.gov.in/sites/default/files/2020-01/Approved%20OTA%20Guidelines%20Typed.pdf>

<sup>3</sup> Tourism Statistics of India, 2018, Ministry of Tourism, Government of India

and supplementary accommodation registered with MoT. Together, it accounted for 1,02,490 rooms in 2019, of which, 95% were hotels. However, the figures reported by the Federation of Hotel and Restaurant Associations of India (FHRAI) marginally higher at 103,000 hotel rooms in all categories. The Statistica Research recorded over 2.54 million<sup>4</sup> in India in 2018.

The figures of MoT and FHRAI do not offer a clear picture of total room inventories in India since there are scores of units that do not form part of the data base of these bodies. The State/UT Governments also maintain separate registrations running into many thousands and there are innumerable units registered only with the local bodies. However, it is in general acknowledged that the rooms in India are not commensurate enough to meet the surging needs of both the domestic and inbound visitor segments. According to FHRAI, India requires over 1,80,000 more additional hotel rooms in the country.

The accommodation statistics of MoT reveal the following trends:

- Hotels of 3-Star and above account for 62% of the total hotel units and all other accommodation units, whereas in terms of rooms, the share is about 95% of the total available rooms.
- The share of Bed & Breakfast (B&B) establishments, Heritage Hotels, Apartment Hotels and Guest Houses is roughly 5%, of which, B&B accounts for 2.9%.
- It can be inferred from the data that the room availability would be less in locations where large hotels or hotel chains do not operate owing to the reasons of business viability would be extremely low. This suggests immense opportunities for smaller units as it can sustain with smaller visitor numbers and a localised set up.

Though tourism holds immense potential for local economic development, widespread concern has been raised on its negative impacts including the economic leakage and overcrowding. The luxury hotels located in the less developed places and regions offer limited benefits to its immediate localities and especially the economic leakages are much higher as compared to the big cities and developed regions (Britton, 1982; Mbaiwa, 2005; Walpole & Goodwin, 2000; Weaver, 1998). The main leakages occur due to ownership characteristics of tourism agents/operators and through import (Mustafa & Ummuhan, 2016).

<sup>4</sup> Statista Research Department. (2021). Number of hotel rooms in India 2008-2018. Mar 10. <https://www.statista.com/statistics/722490/number-of-hotel-rooms-india/>

## HOMESTAY ACCOMMODATION IN INDIA

For over a decade, promotion of homestays has been policy thrust of both the Central and State Governments in India. Towards this, a framework for registration and facilitation including the incentive mechanisms and bench-marking of the standards and rating of the homestay units have also been brought into effect. However, until the OTA's began to list the units, the segment could not gain much momentum and the listings primarily remained with the State/UT Governments and the Central Tourism Ministry. The scenario underwent drastic improvements in the last couple of years with the OTA platforms expanding its networks and the reach while the growing awareness among the house owners and the ease of listing the houses with these platforms drew exponential growth.

According to the Ministry of Tourism, to obtain the classification of Incredible India Homestay Establishment, it is necessary for the owner/promoter of the establishment along with his/her family to physically reside in the same establishment and letting out minimum one room and maximum 6 rooms (12 beds). The room tariff should also include complimentary breakfast. Perhaps due to the restrictions on total lettable rooms and other stipulations for the classification, the homestays are indeed smaller in size. Between 2019 and 2020, some estimates revealed that about 28% of the homestays had 4 rooms whereas those with above 6 rooms accounted for just about 7%<sup>5</sup>.

The popularity of homestays has also increased across both the domestic and foreign visitor segments particularly post-2010 and its effect were such that the traditional hotel industry also began to see the emergence of homestay sector as a potential challenge. For instance, from 17,000 listings in India in 2016, but the number of *Airbnb* listings increased by 3-times to over 55,000 in 2019 covering the tree-houses, ecological homestays, heritage homes and private bungalows<sup>6</sup>. In the *MakeMyTrip (MMT)* platform, the listing

<sup>5</sup> Source: <https://www.statista.com/statistics/1239380/india-distribution-of-homestay-business-by-number-of-rooms/>

<sup>6</sup> PTI. (2019). Move over, expensive hotels: Homestays are offering a home-away-from-home experience. In Economic Times, Sept.26. New Delhi. [https://economictimes.indiatimes.com/magazines/panache/move-over-expensive-hotels-homestays-are-offering-a-home-away-from-home-experience/articleshow/71308155.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cpst](https://economictimes.indiatimes.com/magazines/panache/move-over-expensive-hotels-homestays-are-offering-a-home-away-from-home-experience/articleshow/71308155.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cpst)

of villas and apartments in 2019 was about 25,000<sup>7</sup> whereas *Yatra.com* reportedly had over 3,500 units<sup>8</sup>.

The economic impacts of the segment are also worth noting and as per a study by the Oxford Economics (2019), Airbnb alone contributed over USD \$320 million (INR 22 billion) to India's Gross Domestic Product and supported close to 50,000 local jobs. Between 2015 and 2019, Airbnb guest spending grew at an annualized rate of 83.4% and its contribution to the Indian economy grew more than tenfold in real terms. The study also reported that around 83% of the guests staying in Airbnb's India listings in 2019 were domestic visitors, 34% higher than 2015<sup>9</sup>. On Airbnb

platform, India's popularity is also growing and a study by Airbnb<sup>10</sup>, Kerala is reportedly among the top 20 global destinations for 2020. Globally too, Airbnb recorded considerable growth and by 2019, the site has a listing of more than 6 million rooms, flats and houses in more than 81,000 cities. The number of guests handled by the platform across the regions recorded consistent increase (Fig. 3), highest being in the East Asia & Pacific (Sherwood, 2019)<sup>11</sup>.

<sup>7</sup> Alawadh. N. (2019). MakeMyTrip raises focus on homestay segment to compete in a growing market. *Business Standard*. Nov. 17 New Delhi. [https://www.business-standard.com/article/companies/makemytrip-raises-focus-on-homestay-segment-to-compete-in-a-growing-market-119111700830\\_1.html](https://www.business-standard.com/article/companies/makemytrip-raises-focus-on-homestay-segment-to-compete-in-a-growing-market-119111700830_1.html)

<sup>8</sup> Economic Times. (2019). Op.cit.

<sup>9</sup> AirBnb. (2020). Airbnb contributed INR 22 Billion to the Indian economy in 2019. August 11, 2020. <https://news.airbnb.com/en-in/airbnb-contributed-inr-22-billion-to-the-indian-economy-in-2019/>

<sup>10</sup> Pandey. N. (2019). Airbnb counts India among its top three fastest growing EMs. *The Live Mint*. 13, November. <https://www.livemint.com/companies/news/airbnb-counts-india-among-its-top-three-fastest-growing-em-11573582792491.html>

<sup>11</sup> Sherwood. H. (2019). How AirBnb Took over the World? *The Guardian*. Sunday, 5<sup>th</sup> May. <https://www.theguardian.com/technology/2019/may/05/airbnb-homelessness-renting-housing-accommodation-social-policy-cities-travel-leisure>

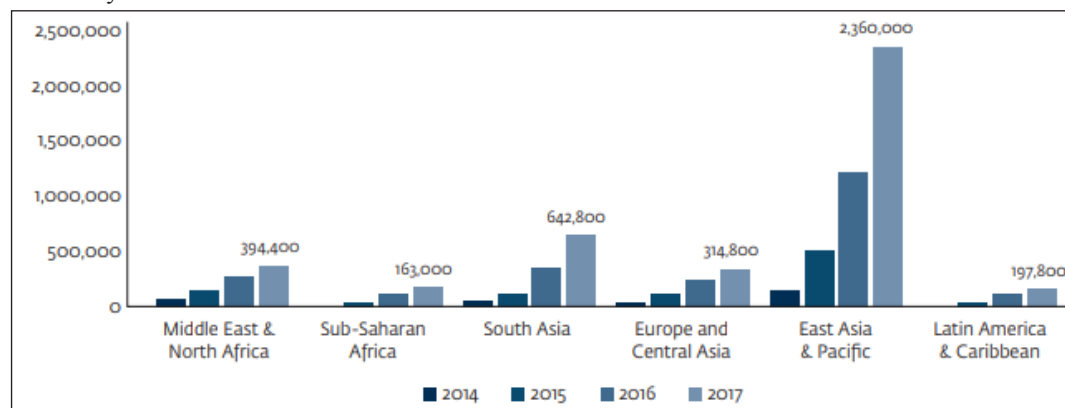


Fig. 3: Growth of Airbnb Guest Arrivals in 'Low' and 'Lower-Middle-Income' Countries, 2014-2017

World Bank Group using data provided by Airbnb<sup>12</sup>

<sup>12</sup> World Bank. (2018). Tourism and the Sharing Economy: Policy & potential of sustainable peer-to-peer accommodation. <https://documents1.worldbank.org/curated/en/161471537537641836/pdf/130054-REVISED-Tourism-and-the-Sharing-Economy-PDF.pdf>

The peer-to-peer (P2P) economy is poised to play much larger roles in India if the global trend is something to go by. As per the Statista Research<sup>13</sup> (2020), the total value of the global sharing economy predicted to increase to some

335 billion U.S. dollars by 2025, from only 15 billion U.S. dollars in 2014. Specific to the U.S. Short-term rentals (STRs) total more than 10% of the size of the traditional U.S. hotel room supply and in 2019, the industry was worth USD 115 billion (CBRE<sup>14</sup> (2020).

<sup>13</sup> Statista Research. (2020). Value of the global sharing economy 2014-2025, Nov 4, <https://www.statista.com/statistics/830986/value-of-the-global-sharing-economy/>

<sup>14</sup> CBRE. (2020). STRs: A maturing U.S market & implications on traditional hotels. January Report. <http://cbre.com>

## DATA AND METHODOLOGY

There exists an apparent scarcity of data at the secondary level to throw the light on functioning of the homestay economy in a digitally-driven business environment. Thus, the study resorted to primary sources of homestay owners/managers and visitors to understand various critical aspects. The survey was part of a study done by Ascension Centre for Research and Analytics (ACRA) for Internet and Mobile Association of India (IAMAI) conducted during 2019-2020<sup>15</sup>. The primary survey covered 6 Indian states viz. Maharashtra, Himachal Pradesh, Kerala, Rajasthan, Sikkim and Goa. The sampling frame had a total of 180 homestays and 540 visitors to these units, and these were distributed equally among the states. The survey was conducted with the help of the semi-structured questionnaires with the main items as per below:

Homestay Owners/Managers	Visitors
• General operations	• Purpose of visit
• Experience of Pre- and post-digitalisation operations	• Reasons for opting for homestay
• Occupancy - peak and lean periods	• Experience at homestays
• Economic aspects of operations including income, expenditure and employment	• Expenditure pattern
• Community well being	• Improvements recommended
• Experience with regulatory process	
• Key bottlenecks	

## KEY FINDINGS

Digital platforms have brought significant positive changes in homestay business. The study specifically reached out to homestay owners in business for a minimum of 3 years and had enough time to shift from offline to online operations. The pre and post digitalisation experience was captured through a recall method. The impact of going digital was measured broadly for 5 key parameters: Operational aspects; Outreach; Impact on occupancy; Impact on tariff and revenue; Sales and marketing.

The findings reveal that while 67% of the homestay operations started as offline operations, but eventually shifted to digital platforms, with relatively younger owners going digital much earlier than their aged counterparts. Most homestays operate offline, online/via digital platform and hybrid (Fig. 4) and specifically:

- More than one-third of the homestay owners used digital platforms for their day-to-day operations.
- Nearly a quarter of the respondents reportedly operate on hybrid mode- both offline and online platforms.

- Notably, 11% of the owners still prefer offline operations.

The owners reported distinct changes in experiences while shifting to digital platforms (Fig. 5).

- Over 90% have seen their outreach expanding and increase in the number of queries especially from new locations as compared to offline operations.
- The digital operations enable them to make their presence noticed across different geographies. For the majorities (81%), the type of guests and their profile have also changed.
- Notably, about 68% of the units have made their listings in single or multiple online travel platforms and confirmed of its positive impact on their revenues. A striking 79% of owners reported to have increase in their revenues after going digital.
- Many respondents reported to have listed the units in the State Tourism website as well as Central Tourism Ministry websites. However, they were in general apprehensive of the listing in the Government websites.

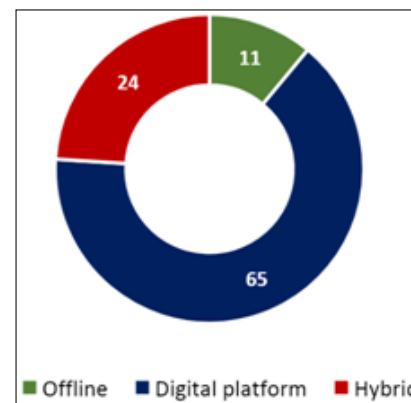


Fig. 4: Mode Homestay Operation

Source: Primary data

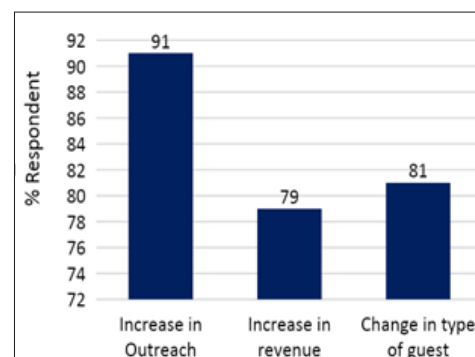


Fig. 5: Changes Experienced Upon Moving to Online Operations

Source: Primary data

vo.llnwd.net/grgservices/secure/Short-Term%20Rentals%202020.pdf?e=1626355206&h=75da1a596f67bc02fd6e52ea66a7baa9

<sup>15</sup> Homestays in India: A Functional and Economic Impact Analysis, published by IAMAI in Sept 2020

As Fig. 6 would reveal, telephone and email were the prime mode of booking before going digital (77%) and the intermediaries used to play a critical role in the bookings (65%). The booking through personal visits was also higher. After shifted to the online platforms, certain significant changes were evident. A good chunk of bookings is reportedly through an online travel platform (Fig. 7). Many owners have also launched own websites but the bookings received through these were comparatively less to that of OTA's. The role of intermediaries and booking after the personal visits were also declined significantly.

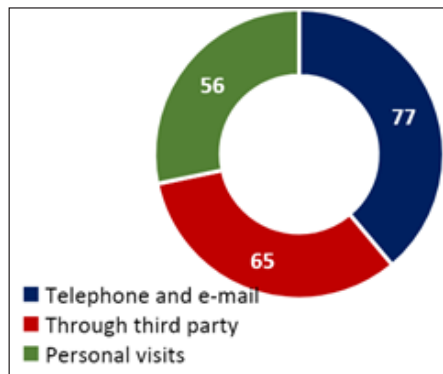


Fig. 6: Mode of Booking- Pre-Digital Operations

Source: Primary data

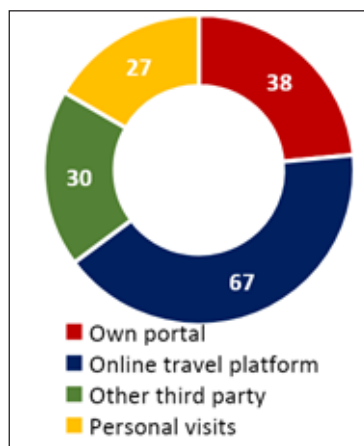


Fig. 7: Mode of Booking- Post-Digital Operations

Source: Primary data

Another important impact of shifting to the online operations was increased occupancy rates, notably during the peak period. About three-fourth respondents reported to have seen 26 to 50% increase in occupation rates during the peak months and they attributed this to increased outreach as well as information availability to potential customers. Switch to digital platforms also benefitted in tariff rate and occupancy increase given the higher demands realisation via

digital means. About 60% of the respondents witnessed to the increase in tariff rate in a range of 26 to 50% and for 20%, the increase in tariff was in the range of 51 to 75%, the increase in tariff ranged from 51 to 75%.

Being smaller in scale and various other disadvantages, advertisement and promotion has been a major challenge especially for the new operators. During pre-digitalisation and operating offline phase, dependence on word of mouth was predominant (80%) and a smaller group (36%) used hoardings at various locations (Fig. 8). However, access to online opportunities provided varied avenues for promotions and 85% confirmed to have been using the OTA's and government websites (Fig. 9). The properties using own portal for promotion accounted roughly 45% and the use of social media platforms such as Facebook, Instagram, Twitter etc. are also gaining momentum.

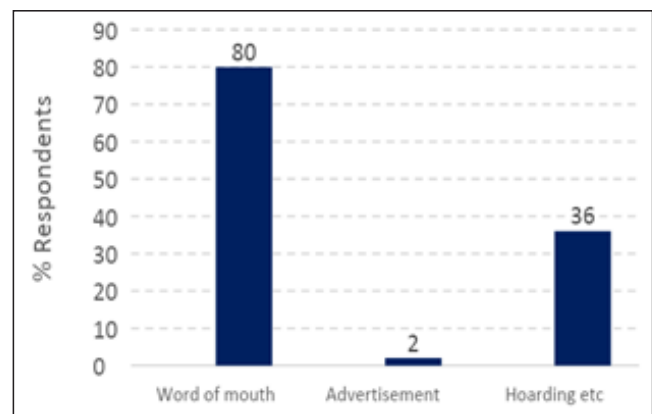


Fig. 8: Promotional Activities during Pre-Digital Days

Source: Primary data

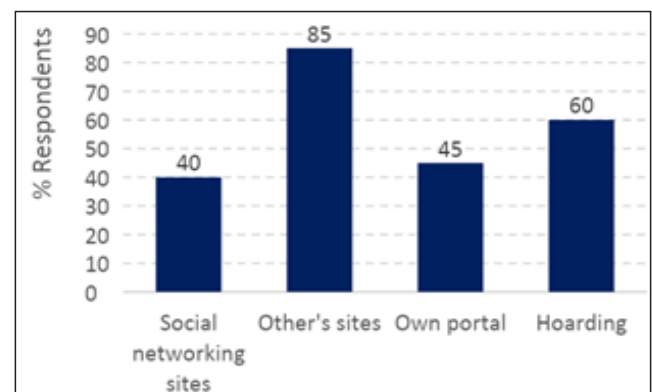


Fig. 9: Promotional Activities After Digitalization

Source: Primary data

The preceding discussions suggest that the homestay owners actively use the digital platforms and social media sources to promote the business opportunities beside it benefiting

them to interact directly the consumers including the potential ones. The increase in the use of hoardings is also evident though of late. Nonetheless, the owners in general held that they would not have reached the present level of operations without the help of digital platforms. However, the study finds that the full potential of digitalisation has not been realised yet even by those already employed these platforms. With further training and help from other the stakeholders such as the Government and OTA's, especially on marketing and promotion, the owners could gain to scale up the operations.

The networked opportunities gained through the OTA platforms would also empower the host owners to exercise discretion in pricing decisions and often that is driven by the goodwill and guest ratings the units accrue over a period of time. The studies have identified 2 behavioural patterns that highlight the importance of reputation and trust. First, the hosts divert their accumulated reputational capital into the rental price; Second, the property may be priced below 'the market price' so that the owners can choose their exchange partners from a wider pool of candidates (Ikkala & Lampinen, 2014).

## DIGITALISATION CHALLENGES FOR HOMESTAYS

Large-scale online adoption introduced a unique challenge to the lodging industry and more particularly to the smaller homestay owners. It ranges from non-payments and late payments, over-bookings and under-bookings, exorbitant commissions, incentive opacity, breach of rate parity, lack of brand control, manipulated ratings and reviews, to intermediation and the like. The pricing has become transparent and anyone can watch the rates for all hotels everywhere, ideally resulting the direct channel marketing a losing proposition. The influence of internet is such that 47% of all lodging was booked online in the U.S. (Phocuswright's U.S. Consumer Travel 2018)<sup>16</sup>. And notably, traditional ways of hotel booking such as walk-in at the property, retail travel agent etc. are gradually losing their pre-eminence (Fig. 9).

<sup>16</sup> Cited in Merlino. M. (2019). Changes in consumer booking patterns reshape distribution strategies for hoteliers, March 18. <https://www.phocuswire.com/Consumer-booking-patterns-hotel-distribution>



Fig. 10: Major Hotel Booking Channels, U.S. Travellers

Source: PhocusRight Inc, 2019 (cited in Dupler-Fernova 2020)<sup>17</sup>.

<sup>17</sup> Dupler-Fernova. N.(2020). Hotel distribution post-pandemic - How not to throw caution to the win. 29, June. <https://www.phocuswire.com/hotel-distribution-post-covid-19>

The online purchase behaviour created an ecosystem for the online travel agencies (OTAs) such as Airbnb, Expedia, TripAdvisor, Trip.com, Booking Holdings etc. to acquire considerable market power globally in a short span of time. In the process, the OTA giants manipulated the gains to dictate the terms for the market dynamics, especially price competition and the supply chain, thereby, emergence of monopolistic tendencies, which The European Union regulators have recognized in 2016 itself. It is increasingly

difficult for new entrants to marshal enough resources to compete at scale with the key players pumping billions for advertisement alone. For instance, Expedia and Booking spent over \$10 billion in combined advertising dollars during 2018 (Hotel Tech Report, 2021)<sup>18</sup>.

<sup>18</sup> Hotel Tech Report. (2021). The Evolution of OTAs in the Hotel Industry. May 27. <https://hoteltechreport.com/news/otas-problems>

An even more worrying concerning for the lodging operators is revenue loss on account of commissions to OTA's, revealingly in range of 15% to 30%, which according to some reports is often a hotel's second largest expense after the labour (Hotel Tech Report. 2021 Ibid). At the same time, OTA's do not exercise desirable degree of control on the quality standards and actual delivery of amenities and services that the lodging units promise on their platforms. The mismatch often leads to unpleasant experiences for both visitors as well as the owners. While the owners may claim that the services have been provided commensurable to the rental charges, the tourists might think other way around and feel unhappy about the turn of events including the booking of the homestay; which may not auger well for the operators in particular. For instance, the Ministry of Tourism in India received at least 30 complaints on an average from tourists on Oyo Hotels and Homes (Mitra, 2019)<sup>19</sup>.

To bring the certain degree of discipline amongst the OTA platforms and to ensure the quality standards and services for the tourists, the Ministry of Tourism in India has notified the Guidelines<sup>20</sup> for the approval of OTA's in 2018. The accreditation scheme is voluntary in nature, and perhaps owing to this, hardly any OTA has come forward for registration. In a way, this also indicates a lack resolve of part of the OTA's to commit on the deliverable quality standards since they hardly instituted direct mechanisms for the property audit and compliance verifications.

## CONCLUSION

The homestays have already emerged as an integral part of the tourism economy in India both as an alternative source of accommodation as well as income opportunities for the interested house-owners and the local communities in general especially in the underdeveloped localities and regions. The future of the segment is promising because of its distinct attributes viz.: a). Low investment in comparison to formal hospitality units; b). These are uniquely positioned to provide unique experience to the tourists on local culture and opportunities cultural encounters and cuisine; c). The geographic peripheries and remote regions can be promoted with minimal expenditure on training of the owners and their family members; d). The segment could promote local-level income generation and serve the purpose of women empowerment.

<sup>19</sup> Mitra. R. (2019). Online aggregators fail to sign up for tourism ministry's approval. *New India Express*. 29, December, New Delhi. <https://www.newindianexpress.com/thesundaystandard/2019/dec/29/online-aggregators-fail-to-sign-up-for-tourism-ministrys-approval-2082147.html>

<sup>20</sup> Ministry of Tourism. (2018). Guidelines for the approval of OTA's. December. *Op.Cit*.

Some main recommendations emerged from the analysis are: a). The nodal department may introduce a technology-driven centralised system or a single window system so that application process become simplified and well-informed. The Nodal Department could also coordinate and facilitate in obtaining necessary documents including No Objection Certificates where necessary so that the registration process can be completed in a time-bound manner; b). Considering the very rationale of homestay promotion, the registered units can be supported with the policy prescriptions such as electricity and water charges same as domestic rates, non-commercial property taxes and tax exemptions.

Similarly, the capacity building and skill harnessing of the homestay owners especially on running successful homestay operation, especially hosting the foreign guests should be a major policy focus. Better accessibility and transportation facilities proper waste handling as well as overall cleanliness of the places equally merit attention. In a highly competitive market place, marketing of the units is one of the mounting challenges for the homestay owners and thus; c). The government must take specific steps like the listing of the units through a dedicated 'Homestay Platform' for better visibility and promotional advantage. The marketing campaigns could focus on educating the tourists about unique cultural experiences and opportunities of staying in these units.

Equally important is to have the regulatory safeguards to secure the homestay operators from the ruthless manoeuvring of the largely monopolistic market place and players especially in determining the prices, commissions, timely payment etc. However, considering the voluntary nature of the OTA accreditation in India and hardly any registration of OTA's so far, scheme of the Ministry of Tourism has launched System for Assessment, Awareness & Training for the Hospitality Industry (SAATHI) App for hospitality industry on World Tourism Day of 2020. The hospitality unit can self-assess through SAATHI App and this eases their listing on OTA's like Cleartrip and Ease My Trip. For registration and electronic delivery of services, a Government portal namely National Integration Database for Hospitality Industry (NIDHI) is already in place. The homestay operators could gainfully benefit these technology-driven initiatives provided there is genuine intent on their part to maintain the quality and delivery standards, which indeed are integral to the very sustainability of the operations.

## REFERENCES

- Acharya, B. P., & Halpenny, E. A. (2013). Homestays as an alternative tourism product for sustainable community development: A case study of women-managed tourism product in rural Nepal. *Tourism Planning & Development*, 10(4), 367-387.

- Adiati, G. (2016). Developing tourism village from arts and the citizens' activities: Case of Dago Pojok, Bandung, Indonesia. *PEOPLE: International Journal of Social Sciences*, 2(1), 794-808.
- Britton. S. (1982). The political economy of tourism in the third world. *Annals of Tourism Research*, 9, 331-358.
- Ikkala, T., & Lampinen, A. (2014). Defining the price of hospitality: Networked hospitality exchange via Airbnb. *CSCW Companion '14: Proceedings of the Companion Publication of the 17<sup>th</sup> ACM Conference on Computer Supported Cooperative Work & Social Computing*, February 15-19, Baltimore, USA. doi:http://dx.doi.org/10.1145/2556420.2556506
- Janjua, Z. A., Gengeswari, K., & Rahman, M. (2021). A systematic literature review of rural homestays and sustainability in tourism (p. 1). SAGE Open. doi:https://doi.org/10.1177/21582440211007117
- Kuhzady, S., Seyfi, S., & Béal, L. (2020). Peer-to-peer (p2p) accommodation in the sharing economy: A review. *Current Issues in Tourism*, 1-16. doi:https://doi.org/10.1080/13683500.2020.1786505
- Kulshreshtha, S., & Kulshreshtha, R. (2019). The emerging importance of "homestays" in the Indian Hospitality Sector. *Worldwide Hospitality and Tourism Themes*, 11(4), 458-466. doi:https://doi.org/10.1108/WHATT-04-2019-0024
- Mbaiwa, J. E. (2005). Enclave tourism and its socio-economic impacts in the Okavango delta - Botswana. *Tourism Management*, 26(2), 157-172.
- Mustafa, T., & Ummuhan, G. (2016). Economic linkages and leakages in the hotel industry: The first empirical evidence from Turkey. *Tourism Economics*, 22(4), 715-728.
- Walpole. M. J., & Goodwin. H. J. (2000). Local economic impacts of dragon tourism in Indonesia. *Annals of Tourism Research*, 27, 559-576.
- Walter, P., Regmi, K. D., & Khanal, P. R. (2018). Host learning in community-based ecotourism in Nepal: The case of Sirubari and Ghalegaun homestays. *Tourism Management Perspectives*, 26, 49-58. doi:https://doi.org/10.1016/j.tmp.2018.02.002
- Weaver, D. (1998). *Ecotourism in the less developed world*. Oxon, MD: CAB International.