

11 HOMESTAY



HOMESTAY

1. INTRODUCTION

Homestay tourism is becoming increasingly popular, providing tourists with a chance to intimately explore the local community, interact with residents, comprehend their lifestyles and distinct culture, and discover hidden gems that luxury hotels or resorts cannot offer. Nainital, with its serene lakes, and Rishikesh, a spiritual and adventure hub along the Ganges, provide distinct atmospheres. The tranquil town of Mukteshwar surrounded by orchards and nature-centric Binsar are perfect retreats. Mussoorie's colonial charm and Corbett National Park's wildlife appeal cater to different preferences. Chopta's Mini Switzerland, Auli's skiing slopes, and Pangot's birdlife offer varied experiences. Additionally, Kausani's breathtaking Himalayan views make it an ideal location for a tranquil homestay. Each destination presents an opportunity to create a unique and memorable homestay experience, attracting guests with diverse interests. In Uttarakhand, where tourism contributes approximately 15.45% to the state GDP, the development of homestay facility is a lucrative service business.

2. SERVICE & ITS APPLICATION

Homestay services involve offering guests a room or section of the host's home for lodging. Guests have the opportunity to interact with local hosts, partake in local traditions, and gain insights into the region's way of life. Services include meals prepared by the host, guided tours, and a personalized, family-like atmosphere.

3. DESIRED QUALIFICATION FOR PROMOTER

The ideal qualifications for a successful homestay promoter in Uttarakhand encompass a nuanced understanding of local customs and culture, enabling a seamless integration of guests into the community. Strong interpersonal and communication skills are essential, fostering meaningful interactions between hosts and guests. Additionally, a comprehensive knowledge of hospitality practices is crucial to provide a comfortable and welcoming environment.

4. BUSINESS OUTLOOK AND TRENDS

The business outlook for homestay initiatives in Uttarakhand presents a promising trajectory with significant potential for economic empowerment within local communities. Hosting tourists in their homes emerges as a lucrative avenue, offering host families supplementary income streams that positively impact their overall livelihoods. This trend is expected to contribute directly to local economic development and poverty reduction by generating revenue within host communities. Moreover, homestay programs are fostering entrepreneurship and skill acquisition as residents actively engage in various tourism-related activities, including hospitality and culinary arts. As a result, the economic opportunities stemming from homestays not only uplift the financial status of host families but also play a pivotal role in advancing the socio-economic development of the region.

5. KEY BUSINESS ELEMENTS

- **Authentic Local Experience:** Travelers seek authentic, unique experiences. Offering a genuine taste of local culture and traditions distinguishes a homestay, attracting guests looking for more than just standard accommodations.
- **Warm Hospitality:** Personalized and welcoming service creates a positive atmosphere, fostering guest satisfaction. Happy guests are more likely to leave positive reviews, recommend the homestay, and return for future stays.

6. MARKET POTENTIAL AND MARKETING ISSUES; IF ANY

The economy of Uttarakhand is predominantly driven by the service sector, with tourism playing a significant role in contributing to the state's Gross Domestic Product (GDP). The tourism sector has been a major contributor to the state's economic growth, with a consistent increase in the number of tourists visiting Uttarakhand. From 22 million visitors in 2014, the tourist count rose to 39 million in 2019, registering a Compound Annual Growth Rate (CAGR) of 11.97%. Tourism, as a key component of the service sector, has been instrumental in shaping Uttarakhand's economic narrative. Recognizing the importance of tourism, the government has implemented various incentives, including subsidies and relaxation in licensing rules, to encourage the establishment of home stays. The market potential is not solely reflected in the sheer numbers of tourists but also in the positive impact on the socio-economic fabric of the region. By creating avenues for alternative income within local communities, tourism contributes not only to the flourishing industry but also to the overall development and prosperity of Uttarakhand.

7. SUPPLY OF RAW MATERIAL

Raw materials for homestay facilities include basic amenities, linens, toiletries, and ingredients for meals. Establishing reliable local suppliers is essential to ensure a comfortable and well-provisioned stay for guests.

8. BUSINESS MODEL

The suggested layout for a homestay in a local house in Uttarakhand is thoughtfully designed to offer guests a welcoming and culturally rich experience. A cozy living room and communal dining area emphasize shared spaces, fostering interactions among guests. Guest bedrooms are adorned with cultural elements, providing a comfortable and authentic atmosphere. A designated zone for local experiences encourages guests to engage in cultural workshops and activities led by local artisans. The kitchen, either communal or run by local hosts, ensures a taste of traditional culinary delights. Safety measures, sustainability initiatives, and practical amenities such as Wi-Fi and parking contribute to a well-rounded guest experience.

9. BUSINESS PROCESS

The business process includes:

- Booking and Reservation: User-friendly online booking systems.
- Guest Arrival and Departure: Smooth check-in and check-out processes.
- Hospitality Services: Ensuring guests feel welcome and comfortable.
- Local Interaction: Facilitating cultural exchange between guests and hosts.
- Marketing and Promotion: Utilizing various channels to attract a diverse audience.

10. SUPPORTING SCHEMES

The promoter can register their home for homestay under DeenDayal Upadhyaya Homestay scheme. It is mandated to have a minimum of one room to a maximum of six rooms without a restaurant, with a condition that house owner must residing in the same building. Following are the basis and principles which are important for running a home stay:

- The homestay offering service should possess a minimum one room and maximum six room (12 Beds)
- Must be registered as “Incredible India Bed & Breakfast Establishments” or “Incredible India Homestay Establishments”

- The classification for Incredible India Homestay Establishment will be given only in those cases where the owner /promoter of the establishment along with his / her family is physically residing in the same establishment
- The classification for Incredible India Bed & Breakfast Establishment will be given only in those cases where the owner / promoter of the establishment does not reside at the establishment himself/ herself, but an agent or operator, so designated by him/ her resides in the establishment premises for providing the necessary services to the visitors / guests
- The Incredible India Bed & Breakfast/Homestay facilities will be categorized as follows: -

Star Category	For Classification/Re-classification
Silver	Rs. 3,000
Gold	Rs. 5,000

- The Incredible India Homestay Establishment will be expected to maintain required standards at all times.

11. REGISTRATION PROCESS

- The promoter needs to prepare his/her home as per the requirements for homestay establishment or Bed & Breakfast Establishment given in checklist.
- The applicants have to apply through online on portal <https://uttarakhandtourism.gov.in/homestay/registration.php>
- The following four things are required to register a homestay in Uttarakhand:
 - (i) Land owner certificate.
 - (ii) Residence map.
 - (iii) Three photographs of the applicant
 - (iv) Fully filled application form.

12. UTTARAKHAND HOMESTAY SCHEME AID

- For Plain Districts: 25% of cost or maximum Rs7.50 Lakh basic subsidy and maximum interest subsidy benefit of Rs1.00 Lakh per year for five years
- For Hilly districts, 33% of cost or maximum Rs 10.00 Lakh basic subsidy and maximum interest subsidy of Rs 1.50 Lakh per year for five years

13. MANPOWER REQUIREMENT

Sr. No	Particulars	No.	No of month in year	Wages/Salaries per month (Rs. In Lakhs)	Annual Expense (Rs. In Lakhs)
1	Self-employed/Host	1	-	-	-
2	Housekeeping Staff	2	12	0.15	3.6
3	Cook/Kitchen Staff	1	12	0.25	3
4	Caretaker	1	12	0.12	1.44
	Total				8.04

14. IMPLEMENTATION SCHEDULE

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1
2	Construction (if applicable)	1.5
3	Procurement & installation of Plant & Machinery	2.5
4	Arrangement of Finance	1
5	Recruitment of required manpower	1
6	Total time required (some activities shall run concurrently)	3

15. COST OF PROJECT

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
1	Land	-
2	Building	-
3	Misc. Assets	-
4	Pre-operative and preliminary Exp.	0.10
5	Equipment and Furniture Exp.	9.60
6	Working Capital	3.64
	Total Project Cost	13.34

16. MEANS OF FINANCE

Bank-term loans are assumed @ 60%

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	5.34
2	Bank Finance	8.00
	Total	13.34

17. FURNITURES AND FIXTURES

Sr. No	Particulars	Total Amount (Rs. in lakhs)
1	Kitchen Appliance	2.00
2	Household Appliance(Cookware, bake ware, washing machine, ironing facility, first aid kits, cleaning supplies, etc.)	3.50
3	House Furniture (sofa, beds and bedside tables, wardrobe, dining table, chairs, outdoor furniture, etc.)	2.50
4	House Furnishings (quality bed linens, pillows, blankets, hooks for hanging, curtains, blinds, lamps)	1.00
5	Lighting Fixtures	0.30
6	Wifi/Internet facility	0.30
	Total	9.60

18. SALES REALISATION

Sr. No	Product	Sales in Percentage	Annual Sales Values (Rs. in lakhs)
1	Homestay	100.0%	31.20

19. PROFITABILITY CALCULATIONS

The basis of profit calculation is;

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realization	31.21
B.	Cost of production	
i)	Raw materials	14.04
ii)	Utilities	0.60
iii)	Manpower Cost (Salaries/wages)	8.04
iv)	Administrative expenses	0.28
v)	Material Lost Cost	0.07
vi)	Selling & distribution expenses	1.08
vii)	Rent	0.60
viii)	Interest	0.91
	Total (B)	25.62
	Gross profit/loss (A – B)	5.59
	Less: Depreciation	1.47
C.	PBIT	4.12
D.	Income-tax	0.82
E.	Net profit/loss	3.29
F.	Repayment (Annual)	0.77
G.	Retained surplus (E-F)	2.52

20. BREAKEVEN ANALYSIS

(Rs. in lakhs)

Fixed cost	
Land & Building Rent	0.60
Depreciation	1.47
Interest	0.91
Manpower	2.41
Total Fixed cost	5.39
Variable cost	
Raw materials	14.04
Utilities	0.60
Manpower	5.63
Administrative expenses	0.28
Selling & distribution expenses	1.08
Total Variable cost	21.63
Contribution margin	20%
Break-Even Point in Value	26.97

21. STATUTORY/GOVERNMENT APPROVALS

The business needs to carry out general formalities pertaining to firm establishment; tax registration and shops/establishment registration. The fire safety clearance is the specific requirement. The following specific permits are required

1. Pollution Control Clearance from the state government board; National Green Tribunal in some cases.
2. Fire Safety Clearance is necessary fire safety equipment and obtaining clearance from the local fire department is mandatory.

22. TRAINING CENTERS AND COURSES

Training centers that offer professional training and certification in entrepreneurship and business management are as follows:

1. National Institute for Entrepreneurship and Small Business Development (NIESBUD)
Regional Centre, Dehradun
NSTI Campus, Green Park, Dehradun-248001,
Uttarakhand, India
2. Indian Institute of Entrepreneurship (IIE)
NH-37 Bypass, Near Game Village,
Lalmati Guwahati- 781029,
Assam, India
3. Institute of Entrepreneurship Development (IEDUP)
A - 1 & 2, Industrial Area, Sarojini Nagar,
Kanpur Road, Lucknow-226008,
Uttar Pradesh, India

Besides, Swayam portal (link: <https://swayam.gov.in/>) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Disclaimer

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.