



CONTRIBUTIONS OF COTTAGE INDUSTRY TO INDIAN ECONOMY

Vijayalaxmi K ¹, Dr. Shripathi Kalluraya²

¹Research Scholar, Institute of Social Science and Humanities, Srinivas University, Mangalore, Karnataka, India-575001

²Research Professor, Institute of Social Science and Humanities, Srinivas University, Mangalore, Karnataka, India-575001

ABSTRACT

The sector of the Indian Economy known as cottage industries is one of the most significant contributors. More money will be available to support the expansion of cottage industries. Generally speaking, the term "Economic Development" refers to efforts undertaken to improve the standard of living and financial security of a particular area through the implementation of both quantitative and subjective economic improvements. This essay focuses on the role cottage industries play in the expansion of the national economy. Numerous facets of economic expansion have been identified, and our research indicated that the cottage sector is significantly contributing to these areas. Using a structured questionnaire, we have collected primary data to offer this explanation. This paper also discusses the difficulties associated with small industries. Five distinct kinds of cottage industries were looked into throughout this study. The main focus of this scholarly study is the contributions that each industry has contributed to India's total economic growth. In order to ensure that this sector may thrive and contribute more, we offer a few recommendations for the development of the cottage industry in India in our conclusion.

KEYWORDS: Cottage Industry, Economic Development, Expansion of national economy, Difficulties, poverty rates, Literacy Rates.

1. INTRODUCTION

India's cottage industry has long been a pillar of the country's economy, permeating both its cultural and economic fabric. These small-scale manufacturing ventures, which are often run out of houses or tiny workshops, have played a significant role in creating job possibilities, especially in rural regions where there are few other options for generating income. Cottage industries play a vital role in rural development by providing dispersed job opportunities. This helps to mitigate the negative effects of urban migration and promotes regional economic balance. These sectors help protect India's rich cultural legacy by keeping traditional skills and crafts alive and making money off of the demand for handmade goods throughout the world. Cottage industries are essential to the world of international commerce because they increase exports and a nation's foreign currency reserves. Beyond their financial benefits, cottage businesses empower disadvantaged populations and support sustainable lives by acting as sources of income and reducing poverty. Their value in modern economic environments is highlighted by their flexibility in responding to market dynamics and ecologically responsible practices. Given the complex role that cottage industries play, it is thus imperative that policies and infrastructure that support them be strengthened in order to ensure their long-term resilience and ability to contribute to equitable and sustainable economic development in India.

1.1. Types of Cottage Industries in India

India is renowned for its vast array of traditional and handcrafted cottage businesses as well as its diverse cultural

heritage. Nonetheless, the following is a summary of the main cottage industry kinds in India:

Cotton weaving: In India, the cotton weaving industry is a significant one. All over the nation, cotton apparel is popular. Consequently, the knowledge is old. Cotton apparel is renowned for its vibrant colours, timeless styles, and patterns made by expert weavers on handlooms. Gujarat, Maharashtra, and Tamil Nadu produce the most cotton.

Silk weaving: In India, one well-known cottage business is silk weaving. Our nation is a major producer and exporter of silk, both domestically and outside. Karnataka is the state that produces the most silk, making up over 70% of the total silk weaving market. All around the nation, Tassore, Mulberry, Eri, and Muga silks are produced.

Carpet weaving: During the Mughal era, the carpet weaving business was brought to India. The distinctive texture and quality of Kashmiri carpets are well-known. In a similar vein, durries and coir carpets are also favoured. Although there are carpet industries all throughout the nation, the majority are located in Rajasthan, Kashmir, Uttar Pradesh, Punjab, and Andhra Pradesh. To encourage the sale of knotted carpets across the nation, the Indian government also founded the Carpet Export Council.

Leather production: Approximately 10% of the world's demand for premium leather comes from India, a major manufacturer for international markets. Approximately 2.5 million people work in the leather industry, which is among the top exporters. The top three states for leather production are Uttar Pradesh, Tamil Nadu, and West Bengal.



Metal works: India uses metal to make jewellery, cookware, sculptures, and other things. India's economy benefits greatly from its metal handicrafts, which are well recognized across the globe. Hand tools are used to create metal handicrafts; no sophisticated machinery is used.

2. LITERATURE REVIEW

Veerappan, N. and Sathishkumar, D. (2016): Exploratory research on Indian small-scale industries (SSI) and the impact of industrial policy on SSI. India's small-scale industries (SSI) are vital to the country's economic growth. When it comes to industrial output in India, Tamil Nadu is among the developed states. The state's industrial development area is called Erode area. The industrial strategy for SSI determines whether the program succeeds or fails. Every year, the department of micro, small, and medium enterprises (MSME) release an industrial strategy. The industrial policy's primary goals are raising awareness and making efficient use of subsidies and incentives. However, there is a disconnect in how industrial policy is used and what it covers. Therefore, it is necessary to gauge how industrial policy affects SSI.

Mishra, R. and Singh, P. (2016) Six Sigma-Based Quality Management in Small and Medium-Sized Industries). It has been shown that Six Sigma is the most effective statistical approach for raising both the company's production and product quality. An effort has been made to bring Six Sigma to Indian SSI in the current work. This case study describes how the Six Sigma methodology was successfully implemented in the small-scale Indian sector by raising the standard of a product that was receiving a lot of rejections. The study's main goal is to demonstrate to various firms the value and advantages of using Six Sigma for raising product quality, which eventually raises competence power—a crucial resource in the modern workplace.

Singh, H., Singh, R., and Singh, T. (2015). Opportunities and difficulties in small company management: an Indian perspective. Small businesses are essential to the nation's social and economic progress. With its effective, efficient, adaptable, and creative entrepreneurial spirit, private companies likewise have a significant impact in the development of the economy, representing practically 8% of the country's Gross domestic product, 45% of assembling yield, and 40% of commodities. After agribusiness, they represent the best piece of work. It generates 1.3 million new employments annually and employs 60 million people. It manufactures over 8,000 high-quality goods for the Indian and global markets.

Mangla, S. K., Khanzode, A. G., Sarma, P. R. S., & Yuan, H. (2021) Eight obstacles to implementing Industry 4.0 for sustainable manufacturing are examined in the paper. There are causal linkages and interdependencies among these obstacles. This causal relationship is shown visually. The applied technique divides the obstacles that are taken into account for causation into two categories: "influenced" and "influencer." Additionally, it uses numerical figures to show how much one barrier influences another. This study's main contribution is to identify the influencing hurdles and allocate limited organizational resources to minimize them. Managing the

influenced issues would be made easier by mitigating the influencing obstacles. "Lack of policy frameworks" and "technological upgrading" rank as the two biggest obstacles in the study's hierarchy of priority. These obstacles are also included under the cause category. This research also shows that "non-readiness of the workforce" to implement Industry 4.0 and "difficulty in accessing credit" are "influenced" impediments. Government analysts and small company practitioners will find this research useful in assessing the obstacles to adopting Industry 4.0-based sustainable manufacturing strategies. In light of this, Indian Micro, Small, and Medium-Sized Enterprises must modernize by upskilling the workforce to prepare for the next Industry 4.0 technology revolution.

3. RESEARCH METHODOLOGY

For the purpose of achieving its descriptive goals, the research used a quantitative methodology. For the review's goals, both essential and auxiliary information have been assembled. Personal interviews with workers and entrepreneurs in the cottage sector have been used to gather the main data. A variety of sources, including the Indian Economic Review, relevant books, journals, articles, seminar papers, publications from national and international research institutions, financial institution reports, public records and statistics, and various research reports, were used to gather secondary data. Non-probability sampling strategies have included the use of judgment and purposeful sampling in sample design. Three types of cottage industries in all were chosen. Cane industry (i), Handloom industry (ii), and Pottery industry (iii) are the three cottage industries that have been chosen. The district chosen for the survey is chosen using the judgment sample technique. The questionnaire was exclusively intended for respondents who fell into one of two categories: business owners or employees of cottage industries. Three different industry groups accounted for 450 of the total responses. The minimal sample size for the current research was calculated using the following formula, which took into account the variables that were chosen.

$$n = \frac{z^2 pq}{d^2}$$

Were,

n = sample size estimate (in cases when the population is more than 10,000).

z = the 95% confidence level, or 1.96 (or more simply 2.0), is the standard normal deviation that is used.

p = the population thought to possess a certain trait. Use 50% (0.50) if there isn't a fair approximation)

q = 1-p = the likelihood of failure and

d = The required accuracy level, which is often set at 0.05 or 0.2 on occasion.

$$\begin{aligned} &= \frac{1.96^2(0.5)(0.5)}{(0.05)^2} \\ &= \frac{0.9604}{0.0025} \\ &= 384.16 \end{aligned}$$

= 385 Entrepreneurs and workers (Rounded up 450)

Upon determining the value of 0.5 for either p or q and the 95% confidence limit using z = 2 with a 5% error level, it was determined that 450 samples were needed to get an estimate. However, the 400-person sample size is insufficient, therefore



the researcher takes into account the 5% confidence level and the minimal sample size needed for cottage industry workers and entrepreneurs. The computer-based Statistical Package for Social Science (SPSS) was used to analyze all of the data. The information were all changed into mathematical codes prior to being input into the PC, and the particulars of these codes were recorded in a code book. To analyze the data, a basic statistical tool is used. Those include the mean of the frequency distribution, the standard deviation, the graphical display, etc. When doing research on human beings, ethical considerations

are crucial. Neuman (1995) asserts that the researcher's duties include upholding, directing, and monitoring people's rights. Christians (2000) outlined the minimal requirements, including correctness, privacy and secrecy, and informed permission. Every ethical guideline was adhered to in this study at every stage of the investigation. Permission from the relevant organizations was obtained prior to data collection. Every participant received assurances that the replies would remain anonymous and private.

4. DATA ANALYSIS AND INTERPRETATION OF DATA

Table-1: Age Of Respondents

Age	Frequency	Percentage
Below 30 years	183	40.1
31 – 35 years	129	28.4
36 – 40 years	61	14.1
41 – 45 years	53	10.6
46 years to above	24	6.8
Total	450	100

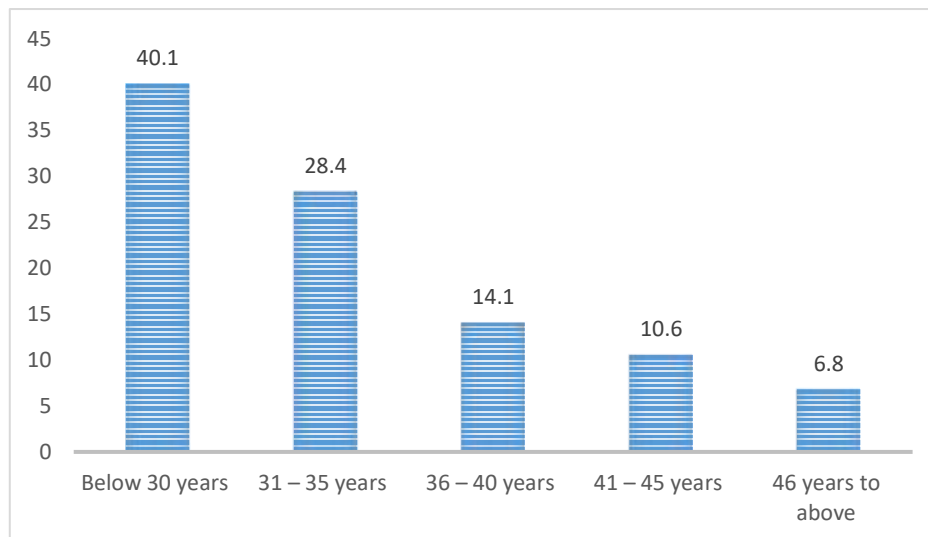


Figure 1: Age Of Respondents

The information displays the age distribution of 450 members of the sample population. Interestingly, the biggest group, or 183 people, is under 30 years old. This group makes up 40.1% of the sample. Closely following, with 129 people, is the age group of 31 to 35, which accounts for 28.4% of the population. 61 people, representing a noteworthy but lesser fraction of the sample, are between the ages of 36 and 40 (14.1%). In addition,

the age group of 41–45 represents 10.6% of the total population, consisting of 53 persons. The age group of 46 years and older makes up the lowest portion of the sample, including 24 persons or 6.8% of the total. Overall, the results show that the sample population is mostly young, and that the percentages of older age groups in the sample are trending downward as sample age grows.

Table-2: Respondent Distribution by Gender

Gender	Frequency	Percentage
Male	264	58
Female	186	42
Total	450	100

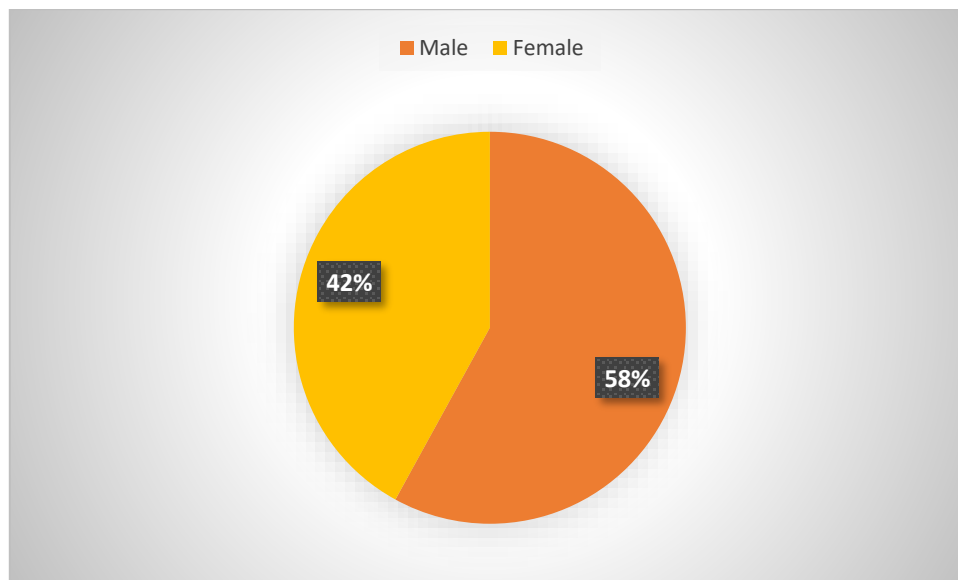


Figure 2: Respondent Distribution by Gender

The information supplied sheds light on the distribution of genders among the 450 people in the sample group. Males make up the bulk of the sample group, making up 58% of the total with 264 people. On the other hand, 186 people, or 42% of the sample, are female. This suggests that there is a clear gender gap in the sample, with more men than women represented. The difference in frequency between males and females points to possible differences in gender representation or engagement in

the setting under study. The underlying causes of this gender distribution and its consequences for the general public or the particular demography under study should be investigated in more detail. All things considered, the information emphasizes how crucial it is to take gender dynamics into account while deciphering and analysing demographic trends within the sample group.

Table-3: Respondents' Distribution by Industry

Industry	Frequency	Percentage
Pottery industry	248	54.9
Handloom industry	120	26.6
Cane industry	82	18.5
Total	450	100

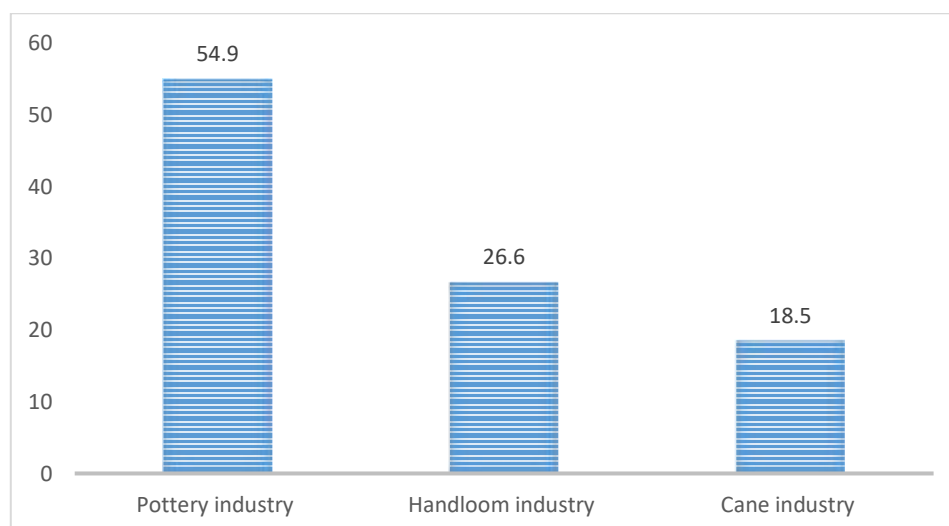


Figure 3: Respondents' Distribution by Industry

The distribution of people in various sectors within a sample population of 450 is shown by the statistics supplied. Of them, the pottery business stands out as the most prevalent, employing 248 respondents or 54.9% of the total. The handloom industry,

which employs 120 people, comes in second place and accounts for 26.6% of the sample. Finally, 82 people are employed in the cane sector, which employs 18.5% of the population. This data indicates that the sample's population is distributed differently



across various sectors, with a sizable fraction working in the pottery industry. The significance or ubiquity of the pottery industry within the community or geographic region under investigation may be indicated by its prominence. Although they make up a lesser fraction of the sample, the handloom and cane sectors nonetheless account for significant portions of it,

demonstrating the variety of jobs available to the populace. Subsequent examination may explore variables impacting the selection of an industry, financial consequences, or possible associations between the preferred industry and the demographic attributes of the representative group.

Table-4: Respondents' distribution according to maintaining household expenses from income

Capability	Frequency	Percentage
Capable	208	49.4
Non capable	242	50.6
Total	450	100

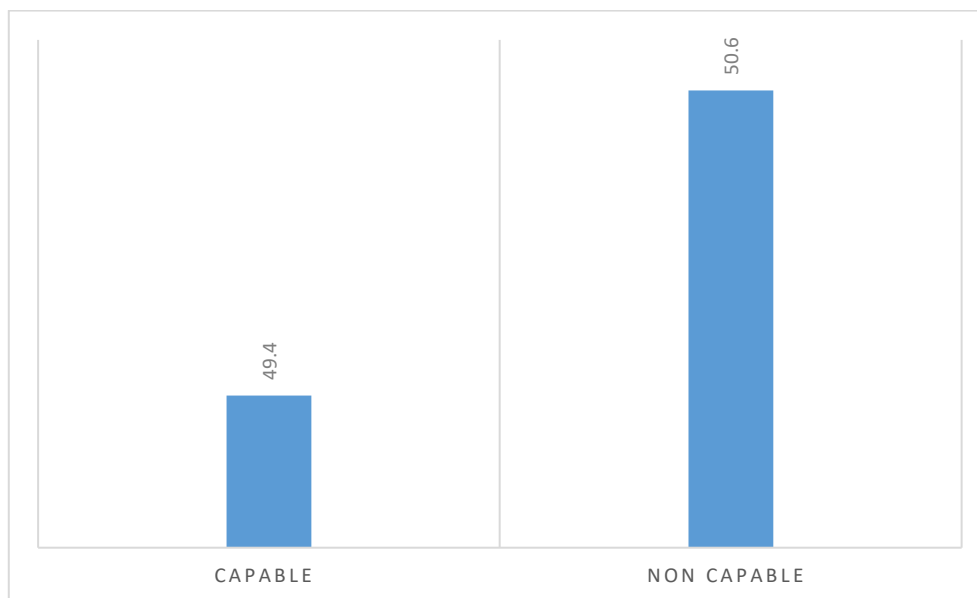


Figure 4: Respondents' distribution according to maintaining household expenses from income

The information supplied sheds light on how people in a sample of 450 people assess their own abilities. 49.4% of the responders—208 people—are categorized as competent, meaning they have the abilities or credentials required for a certain job or position. On the other hand, 242 people—or 50.6% of the total—are classified as non-capable, meaning they do not have the necessary skills or credentials. This implies that the sample population's distribution of those judged competent and unable is fairly equal. The categorization of capacity may be predicated on a number of variables, including training, work history, or specialized abilities pertinent to the research

setting. In order to evaluate workforce preparedness, pinpoint possible areas for skill development or intervention, and guide decision-making processes targeted at maximizing individual and organizational performance, it is essential to comprehend the distribution of capacity throughout the sample population. Subsequent investigation may delve into the elements that impact the categorization of capacity, plausible associations with demographic variables, and consequences for diverse consequences like job prospects, efficiency, and the general advancement of socioeconomic conditions.

Table-5: Distribution of Respondent feedback based on Source Materials

Security of raw materials	Frequency	Percentage
Yes	282	64.5
No	168	35.5
Total	450	100

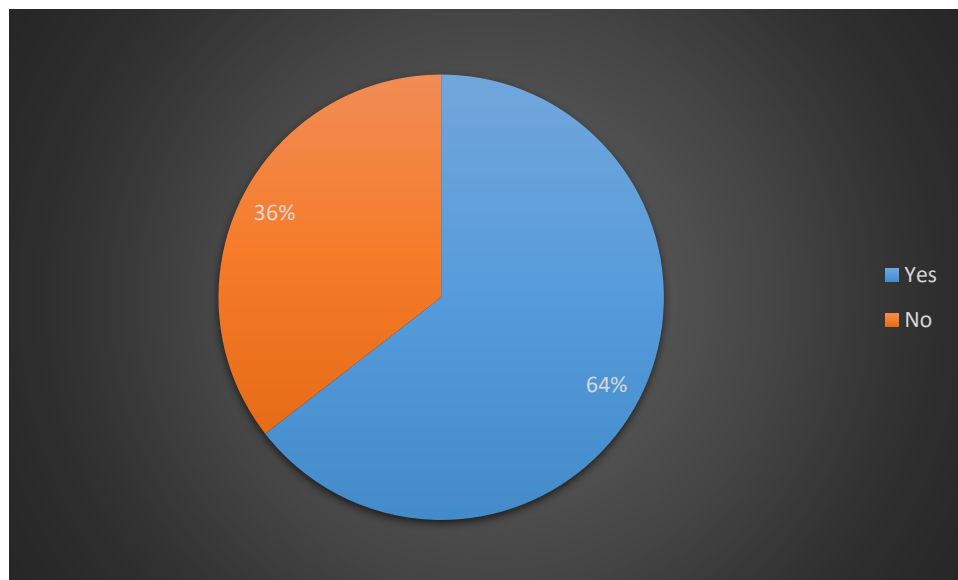


Figure 5: Distribution of Respondent feedback based on Source Materials

The information presented shows how 450 members of the sample population felt about the security of raw materials. Of the respondents, 282 people expressed trust in the availability and stability of the resources required for their various endeavours, while the majority, 64.5%, said that they believe raw material security to be satisfactory. On the other hand, out of 168 respondents, 35.5% said they felt there was insufficient or no security for raw materials. According to the findings, a sizable segment of the sample population seems to be concerned about the stability or availability of the raw materials needed for their operations. For a number of industries,

including manufacturing, agriculture, and construction, the impression of raw material security is critical since it has a direct influence on the prices, costs of production, and overall operational efficiency. Subsequent examination may go deeper into the variables impacting the way in which raw material security is seen, possible associations with certain industrial domains or geographical areas, and consequences for supply chain administration, financial stability, and environmentally conscious growth programs. For industries that depend on these resources to be resilient and competitive, it is critical to comprehend and manage raw material security issues.

Table-6: Respondents' distribution according to their future prospects in this field

Prospect	Frequency	Percentage
Good	245	54.5
Bad	123	26.7
No comment	82	18.8
Total	450	100

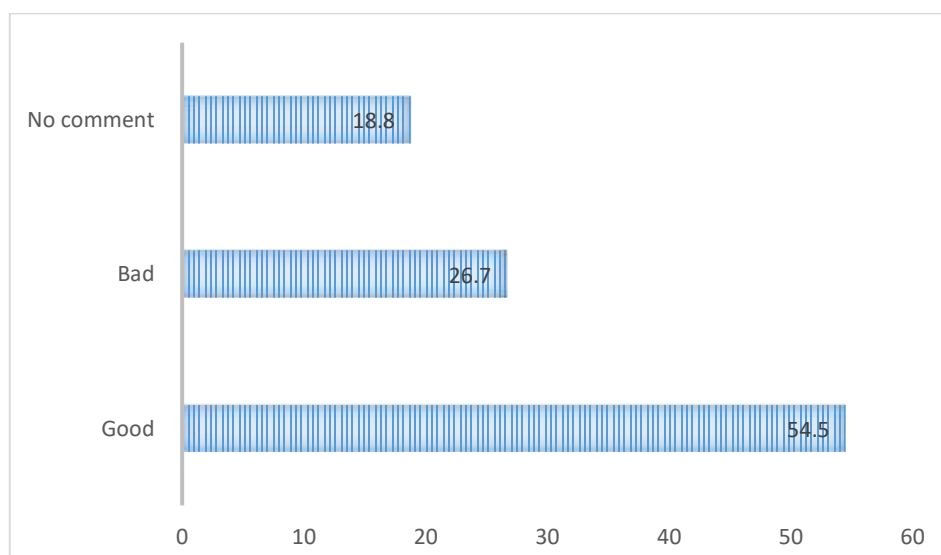


Figure 6: Respondents' distribution according to their future prospects in this field



The information supplied shows the prospects that are thought to exist for a sample of 450 people. Of those surveyed, 54.5% were upbeat about the future and described it as "good." 245 people expressed this optimistic view, predicting favourable results or advancements in the future. On the other hand, 123 respondents, or 26.7% of the total, had a negative outlook and called the prospects "bad." These people have reservations or misgivings over potential results or advancements. Furthermore, 82 respondents, or 18.8% of the total, declined to remark on prospects, presumably due to a lack of knowledge or interest in what could be possible in the future. According to the statistics, there is a wide variety of viewpoints within the sample population on what they believe will happen in the future. For strategic planning, decision-making, and risk management in a variety of fields, including business, economics, and public policy, it is essential to comprehend these perspectives on the future. Subsequent examination may go deeper into the fundamental elements impacting these viewpoints, plausible associations with demographic or socioeconomic characteristics, and consequences for personal conduct, corporate tactics, and wider social patterns. A thorough assessment and resolution of divergent perspectives on prospects may help stakeholders better foresee obstacles, seize opportunities, and cultivate resilience in the face of uncertainty.

5. CONCLUSION

A fundamental part of India's economic and cultural environment, cottage industries are essential to maintaining traditional craftsmanship and promoting equitable prosperity. Our research shed light on India's cottage industry sector's present situation, difficulties, and possible directions for development. Key demographic tendencies emerged from the data study, including a young population involved in a variety of cottage enterprises. Notwithstanding this, the industry still has a lot of obstacles to overcome, such as poor marketing plans, outdated technology, and restricted access to funding. These obstacles prevent the industry from being as dynamic and from making a complete contribution to economic growth. But despite these difficulties, there are chances for development and renewal. Our results highlight how crucial it is to implement focused interventions to remove the obstacles found. Increased capital investment, better marketing strategies, higher-quality products, and infrastructure development investments are among the recommendations. To fully realize the potential of this industry, it is essential to support and patronize the government and encourage the formation of cooperative organizations. It's clear that the cottage industry sector has a lot of potential for promoting both cultural preservation and economic progress. Stakeholders can create a thriving and resilient cottage industry sector that provides jobs and enhances India's cultural fabric by following our advice and putting strategic interventions into place. Therefore, coordinated measures are required to guarantee the success of cottage enterprises and their significant contribution to the nation's overall economic growth.

REFERENCES

1. Bagale, G. S., Vandadi, V. R., Singh, D., Sharma, D. K., Garlapati, D. V. K., Bommiseti, R. K., ... & Sengan, S. (2021). Small and medium-sized enterprises' contribution in digital technology. *Annals of Operations Research*, 1-24.
2. Belitski, M., Guenther, C., Kritikos, A. S., & Thurik, R. (2022). Economic effects of the COVID-19 pandemic on entrepreneurship and small businesses. *Small Business Economics*, 1-17.
3. Chatterjee, S., & Kar, A. K. (2020). Why do small and medium enterprises use social media marketing and what is the impact: Empirical insights from India. *International Journal of Information Management*, 53, 102103.
4. Deshmukh, S. G., & Haleem, A. (2020). Framework for manufacturing in post-COVID-19 world order: an Indian perspective. *International Journal of Global Business and Competitiveness*, 15(1), 49-60.
5. Dev, S. M., & Sengupta, R. (2020). Covid-19: Impact on the Indian economy. *Indira Gandhi Institute of Development Research, Mumbai April*.
6. Govindan, K., Shankar, K. M., & Kannan, D. (2020). Achieving sustainable development goals through identifying and analysing barriers to industrial sharing economy: A framework development. *International journal of production economics*, 227, 107575.
7. Kaur, S. J., Ali, L., Hassan, M. K., & Al-Emran, M. (2021). Adoption of digital banking channels in an emerging economy: exploring the role of in-branch efforts. *Journal of Financial Services Marketing*, 26, 107-121.
8. Khanzode, A. G., Sarma, P. R. S., Mangla, S. K., & Yuan, H. (2021). Modeling the Industry 4.0 adoption for sustainable production in Micro, Small & Medium Enterprises. *Journal of Cleaner Production*, 279, 123489.
9. Kumar, R., Jha, A., Damodaran, A., Bangwal, D., & Dwivedi, A. (2020). Addressing the challenges to electric vehicle adoption via sharing economy: An Indian perspective. *Management of Environmental Quality: An International Journal*, 32(1), 82-99.
10. Mishra, R. and Singh, P. Quality Management through Six Sigma in SSI (Small scale Industries). *Journal of Basic and Applied Engineering Research* (2016). ISSN: 2350-0077.
11. Ray, D., & Subramanian, S. (2022). India's lockdown: An interim report. In *The Impact of COVID-19 on India and the Global Order: A Multidisciplinary Approach* (pp. 11-61). Singapore: Springer Nature Singapore.
12. Sahoo, P., & Ashwani. (2020). COVID-19 and Indian economy: Impact on growth, manufacturing, trade and MSME sector. *Global Business Review*, 21(5), 1159-1183.
13. Sharma, G. D., Talan, G., & Jain, M. (2020). Policy response to the economic challenge from COVID-19 in India: A qualitative enquiry. *Journal of Public Affairs*, 20(4), e2206.
14. Singh, H., Singh, R. and Singh, T. Small business management challenges and road of opportunities: an Indian prospective. *International Journal of Science Technology & Management*. (2015). ISSN 2394-1529.
15. Veerappan, N. and Sathishkumar, D. Impact of industrial policy on small scale industries (SSI): An exploratory study on Indian SSI. *International Journal of Advanced Engineering Technology*. (2016). ISSN(online) 0976-3945.