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## A STUDY ON COTTAGE INDUSTRIES IN TIRUCHIRAPPALLI CORPORATION

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### ABSTRACT:

Small scale industries play a vital role in the development of economy, mainly in developing countries. Home-based businesses are the missing majority in entrepreneurial research. Economic development generally refers to the quantitative and qualitative changes in the economy to promote the standard of living and economic health of a specific area. This study focuses on the role of cottage industry in economic development. The researcher has identified various factors of economic development on which the cottage industry is contributing a lot. To explain it primary

data has been collected through structured questionnaire. This study also discusses the problems associated with cottage industry. Five sectors of cottage industry have been included into this study. This study focuses on the contribution of each sector to the economic development of Tiruchirappalli Corporation. Finally, some recommendations are put forth for the development of cottage industry so that this industry can thrive and contribute more to the economic development of Tiruchirappalli Corporation.

**KEYWORDS:** Small Scale Industry, Cottage Industry, Home-Based Business.

### INTRODUCTION

When family members carry a small-scale industry by using their own equipments, it is called cottage industry. In this type of industry labor force consists of family units or individuals working from home with their own equipments. Cottage industries provide economic opportunities for the poor or the middle-income section of people through employment and income generation schemes all over the world, and especially in low income and technologically underdeveloped countries such

as Tamil Nadu. This study focuses on the role of cottage industry in economic development. Cottage industries are labour intensive and have the ability to utilize the excess labour. It needs low technology. In this sector private savings is important for investment and capital accumulation as there is less access to formal credit system. Cottage industries can help a lot in this respect by providing forward and backward linkages with agriculture, manufacturing, and the mainstay of the economy. It uses local raw materials and energy supplies i.e. it tries to ensure domestic resource mobilization. It satisfies local market demand, encourages local initiative and

entrepreneurship. Cottage Industry is a specialized form of small scale industry where the production of the commodity takes place in the homes and the labor is supplied by the family members only. It includes sewing, craft production, sales and marketing, typing, bookkeeping, and auto repair are just a few examples of home-based employment and packaging of edible items like spices, oils honey, etc have a huge demand not only within India but also in the foreign markets providing economic opportunities to the poor and the middle-income section of people through employment and income generation. They work in their own homes with simple tools and

raw material and utilize their own labor. These workers are mostly hand labors and with little or no aid from modern technology and machinery, they work in accordance with the traditional methods and techniques. The machinery or means utilized for the production of the commodities generally are readily available in local markets. The basic feature of Cottage Industry is that it is basically unorganized, labor-intensive, and predominantly rural in nature and come under the group of small scale industry type. Cottage industries have given economic independence to the women in the developing as well as developed countries. Cottage Industry, or the 'Putting Out System' is a production system of producing goods that rely on producing goods, or parts of goods, by craftsmen at home, or small workshops, instead of large factories. These types of industries are growing fastly especially in rural settings. The Development of cottage industries is equally important as that development of other small, medium and large industries because they generate more rural employment opportunities, especially opportunities for self-employment and entrepreneurship development. This sector has been successful in generating employment to 19.2 million people around the world in 2001 (Subrahmanya, 2004). People, generally of rural areas, depending on cottage industries for many of their basic needs such as clothes and food and increases their self sufficiency. This study focuses on the role of the cottage industry in promoting women empowerment and how it builds confidence among the women enabling them to survive with dignity and self-reliance in today's competitive age.

### OBJECTIVES OF THE STUDY

The main objective of this study is to identify the role of cottage industry in the economic development of Tiruchirappalli Corporation. The supportive objectives are following:

- To identify which industry plays more vital role for economic development
- To find out problems of the cottage industries
- To make some policy recommendations for overcome those problems

### METHODS AND MATERIALS

This study is mainly based on primary data source. Interview technique was used with structured questionnaire for the collection of primary data. In a questionnaire, besides close-ended questions there was also provision for open-ended optional questions. Sources of raw materials, income-expenditure pattern are mainly included in the questionnaire. Primary data is collected from field survey. The obtained information are edited and summarized in sequential order. For preparing this study, at first some knowledge about the five types of cottage industry in Tiruchirappalli Corporation such as Boutique shop, Nursery, Pottery, Cane and Food has been acquired. Since it was impossible to take into account all the relevant and related aspects of cottage industry of the study area, representative subsets from the whole cottage industry were taken as samples. The data also has been collected from 50 people for presenting their opinion on the role of cottage industry in economic development in Tiruchirappalli Corporation.

### ANALYSIS OF THE DATA

Collected data and information have been organized, explained and analyzed by using different statistical tools and techniques. This study is completed in an analytical and descriptive way.

**Table 1: Percentage Analysis of Socio-Economic Profile**

Particulars	N	Percentage
<b>Age</b>		
Below 30yrs	07	14
31 to 35yrs	11	22
36 to 40yrs	26	52
Above 40yrs	06	12

<b>Marital Status</b>		
Married	32	64
Unmarried	18	36
<b>Educational Qualification</b>		
Illiterate	07	14
Upto HSC	33	66
Graduate	10	20
<b>Experience</b>		
Below 5yrs	28	56
6 to 10yrs	13	26
Above 10yrs	09	18
<b>Problems</b>		
Perishability	02	4
Transportation	08	16
Storage Problems	06	12
Inadequate Finance	02	4
Prices fluctuation	06	12
Middlemen	26	52

Source: Primary data

The above table more than half (52%) of the respondent between 36 to 40years of age group, 22% were 31 to 35years, 14% were below 30years 12% were above 40years. Majority (64%) of the respondents married and remaining 36% were unmarried. Majority (66%) of the respondent between upto HSC qualification, 20% were graduate 14% were illiterate. More than half (56%) of the respondent below 5years of experience, 26% were 6 to 10years, 18% were above 10years. More than half (52%) of the respondents have problems with middlemen, 16% face transportation problems, each 12% were having storage problems and prices fluctuations, each 4% were suffered of perish ability and inadequate finance

**Table 2: Karl Pearson Coefficient Correlation Relationship between the Respondent Production Problems with regard to Marketing Problem**

Production problem	Correlation value	Statistical inference
Marketing problem	0.816	0.002<0.05

**Null Hypothesis (H<sub>0</sub>):** There is no significance relationship between the respondent production problems with regards to marketing problem

### FINDINGS

The above Karl Pearson coefficient correlation test reveals that there is a significance relationship between the respondent production problems with regards to marketing problem. Hence, the calculated value less than table value ( $p < 0.05$ ). The null hypothesis is rejected.

### SUGGESTIONS AND CONCLUSION

Cottage Industry means family industry in which members are engaged part time or full time in production and service oriented activities. Cottage industry is an industry whose labor force consists of family units or individuals working at home with their own equipment. It is clear that it has a great role in our economy. So it is very necessary to improve the present condition of cottage industry. If the market for cottage products is expanded, this will improve our own culture. Cottage industries provide economic opportunities to the poor or the middle income section of people through employment in Tiruchirappalli Corporation. Therefore, the government should take necessary action to remove these

barriers. Based on the findings of the study, it can be concluded that the present condition of cottage industries in Tiruchirappalli Corporation is not so well.

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