A STUDY ON THE GROWTH OF COTTAGE INDUSTRIES IN TIRUNELVELI DISTRICT

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In partial fulfillment of the requirements

for the award of the Degree of

DOCTOR OF PHILOSOPHY IN COMMERCE

By

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submitted by me for the Degree of Doctor of Philosophy in Commerce is the result of

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iii

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CONTENTS

Chapter No.	Title	Page No.
	ACKNOWLEDGEMENT	iv
	LIST OF TABLES	vi
	LIST OF FIGURES	xii
	LIST OF ABBREVATIONS	xiii
I	INTRODUCTION AND DESIGN OF THE STUDY	1-19
II	REVIEW OF LITERATURE	20-56
III	PROFILE OF THE STUDY AREA AND AN OVERVIEW OF COTTAGE INDUSTRIES	57-87
IV	PROFILE OF THE COTTAGE INDUSTRIES AND THEIR OWNERS	88-135
V	FACTORS INFLUENCING THE GROWTH OF COTTAGE INDUSTRIES	136-206
VI	GROWTH OF COTTAGE INDUSTRIES IN TIRUNELVELI DISTRICT	207-297
VII	SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION	248-274
	BIBLIOGRAPHY	i
	APPENDIX -I	xiv
	APPENDIX - II	xxix

CONTENTS

Chapter No.	Title	Page No.
	ACKNOWLEDGEMENT	iv
	LIST OF TABLES	vi
	LIST OF FIGURES	xii
	LIST OF ABBREVATIONS	xiii
I	INTRODUCTION AND DESIGN OF THE STUDY	1-19
II	REVIEW OF LITERATURE	20-56
III	PROFILE OF THE STUDY AREA AND AN OVERVIEW OF COTTAGE INDUSTRIES	57-87
IV	PROFILE OF THE COTTAGE INDUSTRIES AND THEIR OWNERS	88-135
V	FACTORS INFLUENCING THE GROWTH OF COTTAGE INDUSTRIES	136-206
VI	GROWTH OF COTTAGE INDUSTRIES IN TIRUNELVELI DISTRICT	207-297
VII	SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION	248-274
	BIBLIOGRAPHY	i
	APPENDIX -I	xiv
	APPENDIX - II	xxix

LIST OF TABLES

Table No.	Name of the Table	Page No.
4.1	Respondents' Gender	89
4.2	Age group of the Respondents	91
4.3	Respondents' Religion	92
4.4	Community of the Respondents	93
4.5	Educational Status of the Respondents	95
4.6	Marital Status of the Respondents	96
4.7	Number of Children of the Respondents	97
4.8	Children's Status of Respondents	98
4.9	Nature of the Family of the Respondents	99
4.10	Family Size of the Respondents	100
4.11	Earning Members of the Respondents' Family	101
4.12	Family Income of the Respondents	102
4.13	Respondents' Family Expenditure	104
4.14	Family Savings of the Respondents	105
4.15	Primary Occupation of the Respondents	106
4.16	Entrepreneurial Category of the Respondents	107
4.17	Form of the Cottage Business Units	108
4.18	Location of the Cottage Business Unit	109
4.19	Type of premises used by the Cottage Business Unit	111
4.20	Age of the Cottage Business Unit	112
4.21	Initial Investment made in the Cottage Business Unit	113
4.22	Source of Initial Investment of Cottage Business Units	115
4.23	Sources of Borrowed Capital among the Cottage Business Units	116
4.24	Utilisation of Initial Investment	117
4.25	Capacity Utilised by the Respondents	118

Table No.	Name of the Table	Page No.
4.26	Products Produced/Services Rendered by the Cottage Business Units	119
4.27	Workers Employed in the Cottage Business Units	120
4.28	Type of Workers Employed in the Cottage Business Unit	121
4.29	Assistance Received from Government	122
4.30	Entrepreneurial Training Requirements of Respondents	123
4.31	Monthly Working days	124
4.32	Time spent to look after Cottage Business Unit	125
4.33	Factors Motivating to Start Cottage Business Units	126
4.34	Skills and Experience Factor	127
4.35	Personal Factors	128
4.36	Family Factors	129
4.37	Economic Factors	130
4.38	Employment Factors	130
4.39	Market Factors	131
4.40	Respondents' view on Factors Leading to Start the Cottage Industry	132
4.41	Impact of Factors Motivating to Start Cottage Business Units	134
5.1	Group Skills of the Respondents	137
5.2	Business Management Skills of the Respondents	138
5.3	Enterprise Skills of the Respondents	140
5.4	Behavioural Skills of the Respondents	141
5.5	Communication Skills of the Respondents	143
5.6	Soft Skills of the Respondents	144
5.7	Innovative Skills of the Respondents	145
5.8	Risk Bearing Ability of the Respondents	147
5.9	Reliability and Validity of Variables in each Skill among the Respondents	149
5.10	Group Skill Index of the Respondents	151

Table No.	Name of the Table	Page No.
5.11	Business Management Skill Index of the Respondents	152
5.12	Enterprise Skill Index of the Respondents	154
5.13	Behavioural Skills Index of the Respondents	155
5.14	Communication Skills Index of the Respondents	156
5.15	Soft Skill Index (SSI) of the Respondents	158
5.16	Innovative Skill Index of the Respondents	159
5.17	Risk Bearing Ability Index of the Respondents	161
5.18	Overall Entrepreneurial Skill Index of the Respondents	162
5.19	Impact of Entrepreneurial Skill on the Overall Success of Cottage Industries	164
5.20	Factors Influence Growth of the Cottage Business Units	166
5.21	Factors Influence Growth of the Cottage Business Units	168
5.22	Reliability and Validity of Variables in each Factor	171
5.23	Respondents view about the Factors Influencing the Growth of the Cottage Business Units	172
5.24	Marketing Problems of Cottage Business Units	174
5.25	Financial Problems of the Cottage Business Units	175
5.26	Raw Material Problems in the Cottage Business Units	177
5.27	Labour Problems of the Cottage Business Unit	178
5.28	Power Problems in the Cottage Business Units	179
5.29	Entrepreneurial Problems of the Respondents	181
5.30	General Problems of the Respondents	182
5.31	Knowledge Problems of the Respondents	184
5.32	Social Problems of the Respondents	185
5.33	Psychological Problems of the Respondents	186
5.34	Reliability and Validity of variables in each factor	188
5.35	Marketing Problem Index in the Cottage Business Unit	190
5.36	Finance Problem Index in the Cottage Business Unit	191

Table No.	Name of the Table	Page No.
5.37	Raw Material Problem Index of the Cottage Business Unit	193
5.38	Labour Problem Index among the Entrepreneurs in Cottage Business Unit	194
5.39	Power Problem Index among the Entrepreneurs in Cottage Business Unit	195
5.40	Entrepreneurial Problem Index among the Cottage Entrepreneurs	197
5.41	General Problem Index among the Cottage Entrepreneurs	198
5.42	Knowledge Problem Index among the Entrepreneurs in Cottage Business Unit	200
5.43	Social Problem Index among the Respondents in Cottage Business Unit	201
5.44	Psychological Problem Index of the Cottage Entrepreneurs	202
5.45	Impact of Problems on the Performance of Cottage Business Units	204
6.1	Growth of Manufacturing Cottage Business Units from 2007 – 08 to 2011-12	209
6.2	Trend, Growth and Magnitude of variability of Manufacturing Cottage Industries	210
6.3	Growth of Trading Cottage Business Units from 2007-08 to 2011-12	211
6.4	Trend, Growth and Magnitude of variability of Trading Cottage Industries	212
6.5	Growth of Service Cottage Industries from 2007 – 08 to 2011-12	213
6.6	Trend, Growth and Magnitude of variability of Service Cottage Industries	214
6.7	Growth in the Owned Capital Invested by Cottage Business Units from 2007 – 08 to 2011-12	215
6.8	Trend, Growth and Magnitude of variability of own capital invested by	216
	Cottage Business Units	
6.9	Annual average amount borrowed from friends and relatives by Cottage Business Units from $2007-08$ to $2011-12$	217
6.10	Trend, Growth and Magnitude of variability of Capital borrowed from friends and relatives by Cottage Business Units	218

Table No.	Name of the Table	Page No.
6.11	Annual average amount borrowed from private money lenders by Cottage Business Units from 2007 – 08 to 2011-12	219
6.12	Trend, Growth and Magnitude of variability of borrowed capital from private money lenders by Cottage Business Units	220
6.13	Annual average loan borrowed from bank by Cottage Business Units from 2007 – 08 to 2011-12	221
6.14	Trend, Growth and Magnitude of variability of capital borrowed from bank by Cottage Business Units	222
6.15	Annual average loan borrowed by the Cottage Business Units from 2007 – 2008 to 2011-2012	224
6.16	Annual average amount of Cash in hand used by Cottage Business Units from 2007-08 to 2011-12	225
6.17	Trend, Growth and Magnitude of variability of Cash in hand by Cottage Business Units in Tirunelveli district	226
6.18	Annual average Cash at bank maintained by Cottage Business Units from 2007-2008 to 2011-2012	227
6.19	Trend, Growth and Magnitude of variability of Cash at bank maintained by Cottage Business Units	228
6.20	Annual average value of Sundry Debtors of Cottage Business from 2007-08 to 2011-12	230
6.21	Trend, Growth and Magnitude of variability of Sundry Debtors of Cottage Business Units in Tirunelveli district	231
6.22	Annual average amount of Sundry Creditors of Cottage Business Units in Tirunelveli district from 2007-08 to 2011-12	232
6.23	Trend, Growth and Magnitude of variability of Sundry Creditors in Cottage Business Units in Tirunelveli district	233
6.24	Raw material Consumption by Cottage Business Units in Tirunelveli district from 2007-2008 to 2011-2012	234
6.25	Trend, Growth and Magnitude of variability of Raw materials consumption by Cottage Business Units in Tirunelveli district	235
6.26	Growth in the value of Production by Cottage Business Units in Tirunelveli district from 2007-2008 to 2011-2012	236

Table No.	Name of the Table	Page No.
6.27	Trend, Growth and Magnitude of variability of Production by Cottage Business Units in Tirunelveli district	237
6.28	Growth in the value of Cash Sales made by Cottage Business Units from 2007-2008 to 2011-2012	238
6.29	Trend, Growth and Magnitude of variability of Cash Sales by Cottage Business Units in Tirunelveli district	239
6.30	Growth of Credit Sales made by Cottage Business Units in Tirunelveli district from 2007-08 to 2011-12	240
6.31	Trend, Growth and Magnitude of variability of Credit Sales in Cottage Business Units	241
6.32	Growth of Net profit earned by Cottage Business Units from 2007-08 to 2011-12	243
6.33	Trend, Growth and Magnitude of variability of Net Profit earned by Cottage Business Units in Tirunelveli district	244
6.34	Growth in the Capacity Utilised by Cottage Business Units in Tirunelveli district from 2007-08 to 2011-12	245
6.35	Trend, Growth and Magnitude of variability of percentage of Capacity Utilized by Cottage Business Units Tirunelveli district	246

LIST OF FIGURES

Figure No.	Name of the figure	Page No.
3.1	Tirunelveli district Map	59
4.1	Respondents' Gender	90
4.2	Community of the Respondents	94
4.3	Location of the Cottage Business Unit	110
6.1	Growth of Cottage Business Units from 2007 – 08 to 2011-12	214
6.2	Comparison of Cash in hand and Cash at bank held by Cottage Business Units	229
6.3	Average Value of Production of Cottage Business Units	237
6.4	Comparison of Cash Sales and Credit sales of Cottage Business Unit	242
6.5	Net Profit of Cottage Business Units	244

LIST OF ABBREVIATIONS

ANOVA - Analysis of Variance

DIC - District Industries Centre

IDRA - Industrial Development and Regulation Act

IID - Integrated Infrastructure Development

IPR - Industrial Policy Resolution

KVI - Khadi and Village Industries

KVIC - Khadi and Village Industries Commission

MSME - Micro Small and Medium Enterprises

MSEs - Micro Small Enterprises

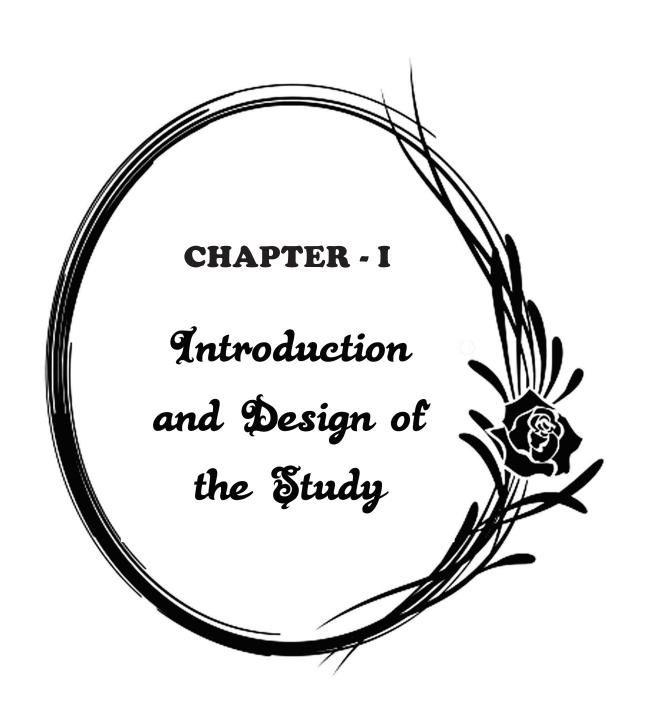
MSMEDA - Micro, Small and Medium Enterprises Development Act

MSMEDI - Micro Small Medium Enterprises Development Institute

PMRY - Prime Minister Rozgar Yojana

SHG - Self Help Groups

SSI - Small Scale Industries



CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY

1.0	Introduction
1.1	Statement of the problem
1.2	Objectives of the study
1.3	Scope of the study
1.4	Choice of the study area
1.5	Period of study
1.6	Operational Definitions
1.7	Sampling Technique
1.8	Collection of Data
1.9	Hypotheses
1.10	Tools for Analysis
1.11	Limitations

1.12 Chapterisation

CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY

1.0 INTRODUCTION

Cottage industry or home industry means the manufacturing of goods at home by hands, with small capital and on a small scale by the members of a family. While products and services created by cottage industry are often unique and distinctive given the fact that they are usually not mass-produced, producers in this sector often face numerous disadvantages when trying to compete with much larger factory-based companies. Cottage industry is a concentrated form of micro enterprises where the production of goods takes place in the houses of the cottage entrepreneurs and the workforce include the members of the family. The equipments used to generate products are not the hi-tech ones but generally those which are used at homes. Cottage industry is generally unorganized in character and falls under the category of micro enterprises. They produce consumable products through the use of conventional methods.

Cottage industry is often characterized by its enormous potential for employment generation and the person getting employed is basically regarded as a self-employed one. It has been empirically found out that cottage industry has given economic independence to the women in the developing as well as developed countries. Cottage industries involve all the family members' contribution for the development of the family.

Cottage industries occupy an important place in the economy of India. India is a predominantly agricultural country. About eighty per cent of our country's population

depends on agriculture. In India agriculture can be termed the largest and the most important industry. Agriculture is a seasonal industry which does not provide any work to the agriculturists for about three to four months in a year. The women and the old people are without any useful employment almost throughout the year. Cottage industries can provide them some gainful employment and add to their income. They can increase the total production in the country as well. This is the age of machines. Mechanization is the order of the day all over the world. But in an underdeveloped and agricultural country like India, the importance of cottage industries cannot be overemphasised. Even Mahatma Gandhi strongly recommended the development and expansion of cottage industries in India. He said, "I can have no consideration for machinery which is meant to enrich the few at the expense of many." According to him, "Mechanization is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for work as is the case in India. The problem is how to utilise the idle hours of teaming million inhabitants of our villages which are equal to the working days of six months in a year."

Cottage industries are of special importance because they can be carried on with the help of the members of the family. They do not require large premises, huge machines and great investment. They are labour intensive. The greatest advantage of such industries is that even the women and the old in the family can usefully utilise their leisure. They not only increase the income of the family but also reduce unemployment and thus raise the standard of living of the members of the family. In olden times, India had fairly developed cottage industries. The commodities produced in these industries were famous for their beauty, art and delicacy. Every village in India was a centre of these industries. But during the British rule these industries received no

protection, so they were ousted by large industries. After the attainment of independence our national government has paid sufficient attention to the development of these industries. The problem of unemployment has assumed dangerous disease in India. Eminent economists have expressed the view that present problem of unemployment can be solved by cottage industries alone and not by large scale industries. Cottage industries have great potential to solve the problem of unemployment and also to help in the equitable distribution of wealth. There is no denying the fact that big industries increase the level of production but a major part of the profit goes into the pockets of big industrialists, resulting in wide disparity in the distribution of wealth of the nation. The cottage industries prevent the evils of concentration of industries. Big industries can be located only in certain parts of the country where the necessary infrastructure already exists, whereas cottage industries can be carried on in every village. Big industries tend to create regional imbalance but on the other hand cottage industries reduce regional imbalance in the field of economic activities.

Cottage industries in India are faced with a number of difficulties. Our village artisans are mostly illiterate and poor. They have been employing traditional methods and techniques of production. But of late they have taken to new and improved methods as a result of expansion of education and awareness among them. Government is also helping them by extending training facilities. Shortage of raw materials and difficulty in marketing the finished goods at reasonable prices are other two great obstacles in the development of cottage industries this results in hardships and exploitation of the artisans. The raw material becomes costlier in remote villages and absence of marketing organization results in disincentive to greater production. These apart, lack of improved equipment, shortage of power supply, ignorance of new designs

are other handicaps suffered by the artisans of these industries. And lastly, lack of finances poses a great problem to those engaged in these industries.

Concerted efforts are being made by our government for the development and expansion of these industries and some improvement has been recorded in the matter. The schemes of rural electrification are being implemented to make power available to these industries. Cooperative marketing societies are being organised to help these industries in procurement of raw materials and sale of their product at a reasonable price. New roads constructed in the rural areas have provided transport facilities to them. Government is exploring foreign markets for the goods produced by these industries. Arrangements for credit facilities on nominal interest have been made for them. In the purchase of government supplies, priority is given to these industries. The government is, thus, making serious efforts to encourage and develop them.

The Union Governments has set up Khadi and Village Industries Commission to help these industries. Village industries include processing of cereals and pulses, oil, gur and khandsari, palm gur, non-edible oils and soap, bee keeping, handmade paper, village pottery, carpentry, and black-smithy. These industries depend on local raw materials and mainly cater to the requirements of the local population. The Khadi and Village Industries Commission, which is responsible for the development of these industries, provides financial assistance to the registered institutional cooperative societies, State Khadi and Village Industries Board and other village industries which come under its purview. The strategy of economic development evolved by the Planning Commission recognises the need for cottage industries. An important role has been assigned to khadi and cottage industries. In fact it can be said that economic development in our country cannot reach a take-off stage until the vicious circle of

poverty is broken by creating avenues of employment for 80 per cent of our population in the rural sector, whose only hope is cottage industry.

In the Industrial Policy Statement made in Parliament in December 1977, it was made clear that Government would introduce legislative measure to ensure adequate recognition to cottage industries, which are capable of providing employment to a large number of persons in the rural sector. As a result of this shift in the attitude of the government every district will be provided with an agency to look after the needs of cottage industries in the district. This district agency would arrange for machinery, raw material, credit facilities, marketing, research and expansion of these industries. The policy statement hoped that the financial institutions would reserve a portion of their total advances for the cottage industries. The government departments and public undertakings have been instructed to make their purchases from these industries on a priority basis.

The present study is about the growth of cottage industries in Tirunelveli district. The district comprises with large, medium, small and micro level industries. Tirunelveli district has enormous scope and resources for many micro enterprises. There are number of medium and large scale enterprises in the district such as Cement, Cotton yarn, Calcium carbide, Sugar, Cotton seed oil, Printing papers and flour Mill etc. The major cottage and village industries functioning in the district are Handloom, Poultry farming, Jaggary production, Mat weaving, Basket making, Palmirah products, Country bricks, Tiles making, Blacksmithing, Carpentry, Metal and allied works, Terracota products, Lacquerware and Wet Grinding Stone etc. Though all the categories of industries contribute equally to the uplift of the nation, being the employer of the masses, cottage, village and small scale enterprises contribute much more than

the others. Various incentives and assistance have been provided by the Government to promote them. The industrial sector of Tirunelveli District has played a very important role in the socio-economic development of the district during the past 50 years. It has significantly contributed to the overall growth in terms of the employment generation and exports. The study of this kind is of major interest to historians, sociologists, economists and other scholars today.

1.1 STATEMENT OF THE PROBLEM

Many nations both developed and developing exteriorised that the cottage industry is a useful vehicle for growth, in the latter for the creation of new employment opportunities on a wide scale in shortest possible time. Recognizing the important role that cottage industries sector play in the national economy, both the central and state government have taken active steps to develop, promote and foster their growth. Some of these initiatives have been effective but most of the problems of cottage industries sector still continue to afflect the sector. They can play their rightful role only if they are on sound lines. Cottage industries are suffering from a number of problems such as lack of sufficient capital, low access to markets, low technical and educational training, low levels of productivity and wages, low access to formal credit and high price of raw materials etc. some are more or less common to a wide range of industries while others have particular relevance to a group of industries located in rural and backward areas of the country.

The cottage industries plays dominant role in the economic development of the country as a whole, moreover the study area (Tirunelveli district) is well known for more number of cottage industries. Because of the significance of cottage industries the government has provided number of incentives and schemes for the development of

these industries to generate more employment and growth in the industry. But they face number of problems while running their business unit, especially from their bigger counter parts like small and medium scale enterprises. Therefore the present study aims at analysing the growth of cottage industries and the problems faced by them.

1.2 OBJECTIVES OF THE STUDY

The following objectives have been developed to study the growth of cottage industries in Tirunelveli district.

- To study the cottage industries in the study area.
- To study the socio-economic conditions of cottage entrepreneurs.
- To identify the factors influencing the growth of cottage industries.
- To examine the problems faced by the entrepreneurs of the cottage industries.
- To assess the growth of cottage industries.
- To summarise the findings and suggestions based on the analysis and interpretations of the study.

1.3 SCOPE OF THE STUDY

In order to improve the existing situation of the cottage business units engaged in the economic activity within a given geographical area, it is of much importance to study the current status in terms of socio-economic conditions of cottage business entrepreneurs and steps to be taken to face challenges in the newly emerging scenario. Moreover, it is also essential to study the cottage entrepreneurs skills which provide them self-persistence and concern for quality work. The present study analyse the growth of cottage industries with special reference to Tirunelveli district. An attempt

has been made to analyse the factors influencing the growth, problems faced by the entrepreneurs of the cottage industries and the level of growth of cottage industries in the last five years. This study will also render suitable solutions to overcome the problems faced by the cottage business entrepreneurs to accelerate the growth of cottage business units in future.

1.4 CHOICE OF THE STUDY AREA

Tirunelveli is one of the biggest districts in Tamilnadu with an area of 11434 square kilometers. As most part of the district is in a dry belt caused by lack of water supply, it could not be brought under cultivation. But, as the district is rich in minerals like limestone and garment that are many large scale, small scale and cottage and handicraft industries in the district. Hence the Tirunelveli district was purposively selected as study area by the researcher for the following reasons:

- Through the preliminary survey in the study area the researcher came to understand that more number of cottage business units are functioning all over the districts and moreover, the cottage business units are thriving amidst stiff competition from their bigger counterparts.
- Familiarity to the culture, local contact and infrastructure facilities available would help the researcher to develop the good rapport with the respondents and hence, the better and valid response could be received.

1.5 PERIOD OF STUDY

This study was conducted from May 2011 to March 2014. The data relevant to the study was collected from the respondents during the period 2012-13.

1.6 OPERATIONAL DEFINITIONS

1.6.1 Cottage Industry (or) Cottage Business Units

Cottage industry means an industry where the creation of products and services is home-based, rather than factory-based. While products and services created by cottage industry are often unique and distinctive given the fact that they are usually not mass-produced, producers in this sector often face numerous disadvantages when trying to compete with much larger factory-based companies

The cottage industry is an industry, mainly manufacturing, which involves many producers working part times from their homes. The term was initially used to refer to workers who were engaged in tasks like lace making, sewing or household manufacturing.

1.6.2 Cottage Entrepreneurs

A cottage entrepreneur is a person who organizes and manages a cottage business unit, assuming the risk for the sake of profit.

1.6.3 Manufacturing Business Unit

The business unit which involves in the process of converting raw materials, components, or parts into finished goods that meet a customer's expectations or specifications. Manufacturing commonly employs a man-machine setup with division of labor in a large scale production.

1.6.4 Trading Business Unit

Trading business units are businesses working with different kinds of products which are sold for consumer, business or government purposes. Trading units buy a

specialized range of products, maintain a stock or a shop, and deliver products to customers. They connects buyers and sellers within the same or different countries but does not get involved in the owning or storing of merchandise. A trading company is compensated by the seller usually with a sales commission.

1.6.5 Service Business Units

A commercial enterprise that provides work performed in an expert manner by an individual or team for the benefit of its customers. The typical service business provides intangible products, such as accounting, banking, consulting, cleaning, landscaping, education, insurance, treatment, and transportation services. Service business units are also involved in retail, transport, distribution, food services, as well as other service-dominated businesses. It is also called service sector, tertiary sector of industry.

1.7 SAMPLING TECHNIQUE

The study is based on proportionate stratified random sampling method. In Tirunelveli district totally 19,630 cottage business units were registered as on 31st March, 2012. All those registered cottage business units were classified under three broad categories namely Manufacturing, Trading and Service. Out of 19,630 cottage business units registered in the study area, 5,793 are manufacturing units, 5480 are trading units and 8357 are service units. The sample size of 589 respondents consists of 3 per cent of cottage business units from manufacturing, trading and service sector units were selected for the purpose of the study. Out of 589 respondents interviewed, 23 interview schedules were rejected due to the inconsistency in the data given by the respondents. The different categories of cottage business units were identified with the

help of information received from District Industries Centre and Khadi and Village Industries Board, Tirunelveli.

1.8 COLLECTION OF DATA

The present study was based on both primary and secondary data. Interview schedule was used to collect the primary data from the sample respondents. To elicit the details of cottage business units, a well-structured interview schedule has been prepared after consulting the experts in the field. For this, a pilot study was made and with that response, final interview schedule was prepared to collect the information required for the study. Primary data was collected from the entrepreneurs of the cottage industries from the study area. The relevant secondary data were collected from the records and registers of various departments. The information available in the website was also collected for the study. In addition to this secondary data which are relevant to the study were collected from various books, magazines and from other published materials.

1.9 HYPOTHESES

- There is no significant relationship between the factors leading to start cottage business units and the type of cottage industry.
- There is no impact of factors leading to start cottage business units on the initial investment made by the different types of cottage entrepreneurs.
- There is no impact of entrepreneurial skills on the success of different types of cottage industries.

- There is no significant relationship between the factors influencing the growth of cottage business units and the growth of different types of cottage industries.
- There is no impact of problems faced by the cottage entrepreneurs on the performance of the different types of cottage industries.

1.10 TOOLS FOR ANALYSIS

The collected data were analysed with the help of proper statistical tools. The tools employed are percentage analysis, analysis of variance, multiple regression, index number and factor analysis to interpret the data and to arrive at relevant inferences.

- The respondents view on factors motivate to start cottage business unit has been examined with the help of one way analysis of variance (ANOVA).
- The degree of influence of motivating factors on the initial investment made on cottage business units analysed with the help of multiple regression analysis.

The fitted regression model is:

$$y = a + b_1x_1 + b_2x_2 + \ldots + b_6x_6 + e$$

Whereas

y = Initial investment on the cottage unit

 x_1 = Score on skills and experiences

 x_2 = Score on personal factors

 x_3 = Score on family factors

 x_4 = Score on economic factors

 x_5 = Score on employment factors

 x_6 = Score on market factors

 $b_1, b_2...b_6$ = Regression co-efficient of independent variables

a = Intercept and

e = Error term

- The mean score and one way of analysis of variance (ANNOVA) has been adopted to measure important entrepreneurial skill among the respondents.
- Reliability and validity of variables in entrepreneurial skill among the respondents analysed with the help of confirmatory factor analysis and the overall reliability is tested with the help of cronbach alpha
- The level of various entrepreneurial skill among the respondents is measured with the help of entrepreneurial skill index.

It is computed by

$$ESI = \frac{\sum\limits_{i=1}^{n} SESV_{i}}{\sum\limits_{i=1}^{n} M SESV_{i}} \times 100$$

Whereas,

ESI - Entrepreneurial Skill Index

SESV - Score on Entrepreneurial Skill Variable

MSESV - Maximum Score on Entrepreneurial Skill Variable

i = 1...n - Number of Variables included in Entrepreneurial Skill

The impact of entrepreneurial skill on the overall success of cottage industries examined with the help of multiple regression analysis.

The fitted regression model is:

$$y = a + b_1x_1 + b_2x_2 + \ldots + b_8x_8 + e$$

Whereas

- y Means of profit attained by the cottage units during the study period
- x₁ Score on group skill index among the respondents
- x₂ Score on business management index among the respondents
- x₃ Score on enterprise skill index among the respondents
- x₄ Score on behavioural skill index among the respondents
- x₅ Score on communication skill index among the respondents
- x₆ Score on soft skill index among the respondents
- x₇ Score on innovative skill index among the respondents
- x₈ Score on risk bearing skill index among the respondents
- $b_1, b_2, \dots b_8$ Regression coefficient of independent variables
- a Intercept and
- e Error term
- Factors influence the growth of cottage industries have been examined with the help of exploratory factor analysis.
- The reliability and validity of variable in factors influencing growth of cottage industries examine with the help of confirmatory factor analysis and the overall reliability of variables have been estimated with the help of cronbach alpha.

- The owners' views on factors influencing growth of cottage business unit have been computed through mean score and significant difference regarding the view on influencing factor among the three groups of respondents has been administered with the help of one way analysis of variance (ANNOVA).
- The significant difference among the three groups of respondents regarding their views on problems faced by them has been measured with the help of one way analysis of variance (ANNOVA).
- The levels of entrepreneurial problems faced by the respondents in the business have been measured with the help of problem index. It is computed by

$$PI = \frac{\sum_{i=1}^{n} SPV_{i}}{\sum_{i=1}^{n} MSPV_{i}} \times 100$$

Whereas

SMPV - Score on the Problem Variables

MSMPV - Maximum Score on the Problem Variables

i = 1...n - Number of variables in the Problems

The impact of problem index on the performance of cottage business unit is measured with the help of multiple regressions. The fitted regression model is

$$y = a + b_1x_1 + b_2x_2 + \ldots + b_{10}x_{10} + e$$

Whereas

y - Net profit earned by the cottage units in 2011-2012

x₁ - Score on marketing problem index among the owners

x₂ - Score on financial problem index among the owners

x₃ - Score on raw materials problem index among the owners

x₄ - Score on labour problem index among the owners

x₅ - Score on power problem index among the owners

x₆ Score on entrepreneurial problem index among the owners

x₇ - Score on general problem index among the owners

x₈ - Score on knowledge problem index among the owners

x₉ - Score on social problem index among the owners

x₁₀ - Score on psychological problem index among the owners

 $b_1, b_2 \dots b_{10}$ - Regression coefficient of independent variables

a - Intercept and

e - Error term

The growth rate of cottage industries in the past five years is computed with the help of linear regression model. The fitted model is

$$y = a + bx + e$$

Whereas

y = dependent variable (growth parameters)

x = time period

b = annual growth rate

a = intercept and

e = error term

The annual and compound growth of cottage industry in the last five years is computed with the help of regression analysis.

The compound growth rate is computed by

$$y = at^b$$

Whereas

y = Performance variable

a = Constant

b = Coefficient

t = Time period

Which is converted into semi log form

$$y = log a + b log t$$

$$y = A + b t$$

Compound growth rate = (Antilog of b - 1) × 100.

1.11 LIMITATIONS

- This study was conducted in Tirunelveli district among the cottage business units so the findings may not be applicable to whole of Tamil Nadu.
- The data given by the respondents regarding the skills, problems faced by them, finance, sales, production and profit etc. may not be accurate as the respondents gave all the data recalling from their memory.

The researcher considered the cottage business units registered with the District industries Centre and Khadi Village Industries, Tirunelveli for the purpose of this study. For assessing the growth of cottage industries in Tirunelveli district data relating to five years starting from 2007-08 to 2011-12 were included for the analysis.

1.12 CHAPTERISATION

Chapter one deals with introduction, significance of the study, statement of the problem, objectives of the study, scope of the study, hypotheses of the study, methodology of the study and limitations of the study.

Chapter two presents the review of literature relating to the study. The review of literature related to cottage industry is classified and grouped under three broad categories namely, growth of cottage industry, role of cottage industries on employment generation and problems of cottage industry

The third chapter deals with the profile of the study area and an overview of cottage industries. It consists details regarding history of the district, resources, agriculture, education, industrial scenario of the district, important cottage industries in the district, an overview of cottage industry, importance of cottage industry, government policy initiatives, major cottage industries in India, institutions working for the benefit of cottage industry, problems of cottage industry and steps taken by government to overcome those problems of cottage industries.

Chapter four presents the socio-economic Profile of the cottage business entrepreneurs, Profile of the cottage business unit, factors leading to start cottage industries and impact of factors on the initial investment on cottage business units in the Tirunelveli district.

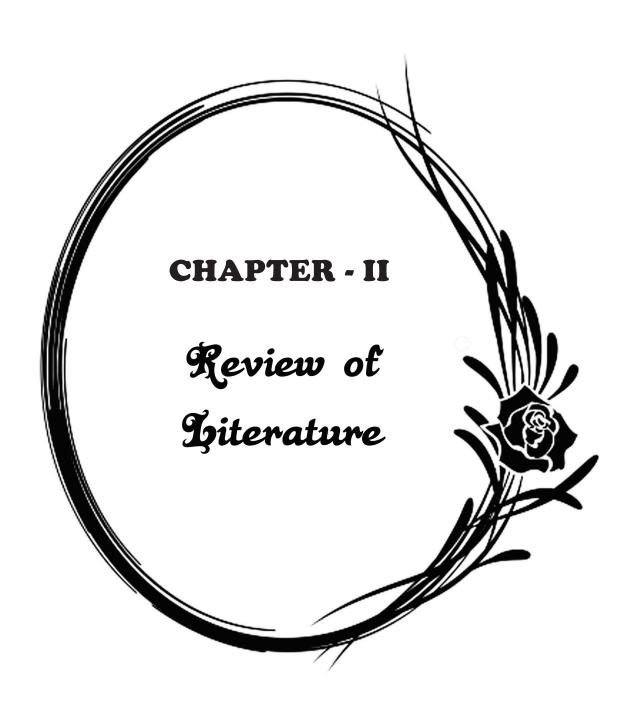
Chapter five contains details about the entrepreneurial skills of the cottage entrepreneurs, impact of entrepreneurial skills on the overall success of cottage business units, factors influencing growth of the cottage business units, problems of cottage business units and impact of problems on the performance of cottage business units. It analyses various skills and problems of the owners of the cottage business units in the Tirunelveli district.

Chapter six presents details about growth of cottage business units in Tirunelveli district in the last five years. It consist of details regarding total number of cottage business units registered in the district, raw material consumption, production, credit sales, cash sales, sundry debtors, sundry creditors and net profit etc.

Chapter seven presents the overall summary of findings, suggestions and conclusions of the study. It consist of findings relating to socio-economic conditions of the cottage entrepreneurs, findings about cottage industries, factors influencing the growth of cottage industries, findings about problems of cottage industries, findings about the level of growth of cottage industries, suggestions to the cottage entrepreneurs, suggestions to the supporting institutions, suggestions to the government and conclusion.

1.13 CONCLUSION

This chapter helps to know the overall design of the study. It consists of objectives of the study, scope of the study, statement of problem, period of the study, methodology of the study, operational definitions, hypotheses, tools used for analysis, limitations of the study and chapterisation.



CHAPTER - II

REVIEW OF LITERATURE

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- 2.1 Reviews relating to growth of cottage industries
- 2.2 Reviews relating to the role of cottage industries on employment generation
- 2.3 Review of literature on problems of cottage industries
- 2.3 Conclusion

CHAPTER - II

REVIEW OF LITERATURE

2.0 INTRODUCTION

Literature review is text written by someone to consider critical points of current knowledge including substantive findings, as well as theoretical and methodological contributions to a particular topic. Most often associated with academic-oriented literature, such as thesis or peer-reviewed article. A literature review usually precedes a research proposal and results in the identification of the right problem for the current research. Its main goals are to connect the current study within the body of literature and to provide context for the particular reader. The review of literature relating to cottage industry is classified and presented under three broad categories namely;

- 1. Reviews relating to Growth of Cottage Industry,
- 2. Reviews relating to the role of Cottage Industries on employment generation and
- 3. Reviews relating to Problems of Cottage Industry

2.1 Reviews relating to Growth of Cottage Industries

Gurubatham S.¹ (1952) in his survey report provides detailed information regarding the existing cottage and village industries, their method of production, the tools and appliances used, the number of persons employed and the availability of raw materials and the markets for the finished products.

¹Gurubatham S. (1952) Report on "Cottage Industries in Select Firkas in Madras", **Department of Statistics**, Madras Presidency, Madras, p3.

Rao R.V. ² (1967) in his book explored the potentials inherent in rural industries and has stressed that they have a capacity for growth. He feels that the rural industries sector has the capacity to realise the rural masses. He suggests that there should be co-ordination and improvement at district level with markets, traditional technology, raw materials produced and finance availability.

Ashok Mehtra R.³ (1968) in his report suggests aggressive improvement of techniques for making the Khadi and Village Industries readily beneficial. The large number of artisans already engaged in traditional rural industries should be protected against any substantial displacement during the period of transition to higher techniques, so that technological unemployment is not on the increase.

Sundaram J.D. ⁴ (1976) in his article state the role of the Government efforts towards rural industrialization. He says that no programme of Khadi and Village Industries or handloom, or even small scale industries has community consciousness sufficient to sustain the development that has been initiated by government.

Rakesh Khurana ⁵ (1978) in his article states that the Tiny sector can play a vital role in generation of employment and for increasing the availability of mass consumption of goods. The author examines the status of the tiny sector units and analyzesw their problems and developed a marketing system framework for identifying growth opportunities and strategies. He has also indicated the type of policy support.

² Rao R.V. (1967) "Cottage and Small Scale Industries and Planned Economy", Sterling Publishers, New Delhi, p.131.

³Ashok Mehtra R. (1968),"**Khadi and Village Industries**" Himalaya Publishing House, New Delhi. p.135.

⁴ Sundaram J.D (1976) "Rural Industrial Development", Himalaya Publishing House, New Delhi. p.124.

⁵ Rakesh Khurana (1978) "Growth strategy for Tiny sector", **Khadi Gramodyog**, Vol. 25, No.1, p.76.

Adinarayana K.⁶ (1980) in his article observes that the Khadi and Village Industries movement aimed at upholding the dignity of labour and infusing the workers with the same spirit. The development of creative facilities and Human Resources with emphasis on altruistic values could lead to a better standard of living: To attain it was imperative that the workers and the people alike should be educated.

Papola T.S. ⁷ **(1980)** in a case study found that in six blocks of Varanasi and Gorakpur district of Uttar Pradesh traditional rural industries were not as remunerative and competitive as modern rural industries. He affirmed that traditional rural industrial activities required less investment but at the same time yielded very low income, where modern small industrial activities required more investment but generated relatively high incomes.

Sudailaimuthu ⁸ (1981) in his thesis describes the marketing practices adopted in Khadi and Village Industries. He also recommended the modernization in the form of attractive packing and imaginative advertisement, besides expansion of the varieties of products, particularly in the case of Khadi.

Vasant Desai ⁹ (1981) in his study observes that rural industries are vital for rural development. He pointed out that the process of rural industrialisation was important not only as a means of creating employment opportunities for the labour force and to raising the real income of the nation. Without rural industrialisation, it would be very difficult to solve the problem of agricultural unemployment and the

⁶ Adinarayana K. (1980) "Khadi and Village Industries – A few considerations for its expansion", **Khadi Gramodyog** Vol.26, No.7, p.85.

⁷ Papola T.S (1980) "Rural Industrialization and Agriculture Growth", ILO Publication, New Delhi, p.120.

Sudailaimuthu (1981) "A Study on Adaptability of Accepted Marketing Practices in Khadi and Village Industries" Ph.D Thesis, Annamalai University, Chidambaram, pp. 239-243.

⁹ Vasant Desai (1981) "Rural Development Issues and Problems", Himalaya Publishing House, New Delhi, p.156.

widespread unemployment. The development of rural industries increases the level of income of the people in the rural areas and tends to breakdown the old contentment outlook of the family and brings about a change in the pattern of leisure and work by creating fresh opportunities for women to work in their homes.

Gupta D.B ¹⁰ **(1982)** in his book has made a case study on rural industries in the Punjab region. He concludes that policies and programmes of government of India and the effort of state government of Punjab and Haryana facilitated the development of rural industries sector in these states

Francis Cherunilm ¹¹ (1982) in his research article states that the village and small industries with their low capital output ratio and high employment potential as well as high export potential of their products occupied a very important place in the Indian economy.

Devandra B. Gupta ¹² (1984) in his article reviews that the policies aiming at stimulating the rural industries in the country. The author identifies three issues, which deserve much greater attention from the policy makers for the development of the traditional industries. The first issue related to the provision of subsidy to the rural industries the second issue related to a proper mechanism which can ensure benefits to rural areas and the viability of demand for the product of rural industries.

¹⁰ Gupta D.B. (1982) "Rural Industrialisation: Approaches and Potentials", Himalaya Publishing House, Bombay, p.178.

¹¹ Francis Cherunilm, (1982) "Role of Village and Small Industries in India's Export"; **Khadi Gramodyog**, Vol 27, No. 24, pp.25-26.

Devandra B. Gupta (1984) "Rural Industries in India – Need policies and prospects", Kurukshetra University, Kurukshetra, Haryana, Vol.33, No.1, p.69.

Nittala V. Retnam ¹³ (1984) in his article focuses the approaches undertaken for rural industrialization during the various planned developments. The author pointed out that the strategy for rural industrialization bristled with wrong priorities and misconceptions about capital investment. He suggests that, before planning for economic infrastructure development for rural industrialization, investment in basic services should receive high priority.

Srivastava G.C. ¹⁴ (1984) in his book observes that there has been a growing emphasis on rural industries development as a means for tackling the problems of economic stagnation, poverty and unemployment. The study suggests that the employment oriented strategies should comprise of setting up industries which are based on available resources in the area and the use of inexpensive technology. It should be labour intensive and the items manufactured should involve minimum risk for the entrepreneurs.

Ramamoorthy P.A. ¹⁵ (1985) in his article states that the region on the border were as much in need of assistance to develop themselves as the backward regions elsewhere. In fact, being further away from the centre of activities and attention and being sensitive areas, they needed more care and attention.

Rama Rao P. and Ram Krishna S.¹⁶ (1987) in their article observes that the development of Khadi and Village Industries in India, after independence, has been an integral part of the planned development of the nation. Their importance has grown

¹³ Nittala V. Retnam (1984) "Rural Industrialisation and IRDP", **Kurukshetra**, Vol.33, No.3, p.74.

¹⁴ Srivastava G.C. (1984) "Rural Industries Development", Ehug Publications, Allahabad, p.192.

¹⁵ Ramamoorthy P.A (1985) "Khadi and Village Industries in Mizoram", Khadi Gramodyog, Vol.27, No.3, p.192

¹⁶ Rama Rao P. and Ram Krishna S. (1987) "Growth of Khadi and Village Industries during 1956 – 1985", **Khadi Gramodyog**, Vol. 33, No.10, p.409.

from plan period to plan period elucidating the fact that they can play a significant role in the development of rural economy.

Puram Gupta et. al., ¹⁷ (1988) in their study suggests to the government that textile mills should be prohibited from producing sarees and dhoties below certain counts. All government officials should be asked to purchase and wear khadi clothes during their official hours so that they would purchase at least two or three sets of khadi clothes every year. Further the education programme for people in villages should be intensified.

Elias Tecson ¹⁸ (1989) in his work emphasized that a programme should encourage and develop entrepreneurs through various identified interventions depending on the specific needs of the area. Rural Industries and Village Enterprises should be linked to large and long term projects to effect full economics of scale.

Durairaj N. and Barathan D. ¹⁹ (1989) in their article founds that industrial activities were seen to get clustered in certain specific areas for various reasons and that Khadi and Village Industries were not an exception to this development. The dissertation analyses such concentration of Khadi and Village Industries with specific reference to Tamil Nadu which had a good ranking in the development of Khadi and Village Industries.

¹⁷ Puram Gupta, Jeet Singh and Prushi (1988) "Khadi and Village Industries for rural development" Khadi Gramodyog, Vol.12, No.15, pp.275-277.

Elias Tecson (1989) "Developing Rural Industries and Village Enterprises in Philippines", Department of Trade and Industry, Countryside Entrepreneurship Development program, Philippines, p. 210.

Durairaj N. and Barathan D. (1989) "Concentration of Khadi and Village Industries in Tamil Nadu", Khadi Gramodyog, Vol.35, No.7, p.354.

Meenakshi Sundaram ²⁰ (1991) in his thesis examines the financial performance of selected agencies of Khadi and Village Industries in Tamil Nadu. He has recommended the introduction of production planning, inventory control and collection drive for improving management of working capital of Khadi and Village Industries in Tamil Nadu.

Das D. and Sirajuddin S.M. ²¹ (1991) in their evaluation study report they suggests various effective measures to accelerate the growth and the all-round development of Khadi and Village Industries sector. The government of India constitute a High Power committee under the chairmanship of the Prime Minister of India, this committee submitted an action plan for the development of Khadi and Village Industries.

Krishna Kumar²² (1992) in his article views that promotion of traditional industries such as Khadi and Village Industries, handloom, handicraft and sericulture is a synonym for rural Industries. Ironically, right from third plan onward, there is a reduction in plain outlay for these industries. As a matter of fact, traditional industries deserve special treatment for they can assert migration of villagers in cities and contribute exceedingly to rural industrialization.

R. S Kulkarni ²³ (1994) in his article states that Khadi and Village Industries is not an industry but a welfare activity for rural development. It should be a part of the rural development programme and the relevant norms of rural development should be

Meenakshi Sundaram (1991) "Khadi and Village Industries in Tamil Nadu: A study of Financial Performance", Ph.D Thesis, Krishnadeverayar University, Mandpur, p. 232.

Das D. and Sirajuddin S.M. (1991)High Power Committee Report, Khadi and Village Industries Corporation, Bombay, pp. 34-36.

²² Krishna Kumar (1992) "Future of Rural Industrialisation", Khadi Gramodyog, Vol.37, No.4, pp. 67-69.

²³ Kulkarni R.S. (1994) "Khadi and Village Industries – A New Outlook", Khadi Gramodyog, Vol.41, No. 1, pp.40-43.

made applicable to these industries also, Khadi and Village Industries form a source of rural development and for the utilization of local skill and local resources.

Michael A. McPherson²⁴ (1994) in his study says that As policy-makers and members of the donor community have recognized the importance of micro and small enterprises in developing countries, the paucity of information regarding the ways in which MSEs grow and change over time has become glaring. This study examines one issue of small-firm dynamics, namely growth, using new data collected in five southern African countries. The level of human capital embodied in the proprietor, firm location, sector, and proprietor gender are found to be important determinants of growth. The results also indicate an inverse relationship between firm growth and both firm age and firm size.

Mohsin Khan M. ²⁵ (1995) in his article states that Rural Industries save us from the evil effects of the concentration of industries such as pollution, over urbanization, congestion and growth of slum. The role of agro-industrialisation in the rural areas is inevitable, especially for a developing country like India.

Sandeep Singh²⁶ (1995) in his article reveals that the growth of rural industries helps in raising the standard of living of the rural population by providing them more income, consumer good at cheaper rates and social economic overheads.

Pathak S.M.²⁷ (1996) in his article states that any argument stressing the relevance of Khadi and Village Industries in the present day economy cannot hold good

²⁴ Michael A. McPherson, (1994) "Growth of micro and small enterprises in Southern Africa" Department of Economics, University of North Texas, Denton, pp.178-182

²⁵ Mohsin Khan M. (1995) "Agro-industries as a means of Rural Development", **Kurukshetra**, 15 (12).

²⁶ Sandeep Singh (1995) "Advantages and Structural Weakness of Rural Industries", Kurukshetra, Vol.15, No.13, pp.113-115.

²⁷ Pathak S.M. (1996) "Role of Khadi and Village Industries", **Khadi Gramodyog**, Vol. 43, No.3, p.151.

unless, supporting reasons are furnished in detail. One such supporting reason is presented here with particular reference to our new economic strategy of liberalization with globalization.

George M.A ²⁸ (1997) in his article state that evolving a suitable scheme and pattern of socio economic development of the nation which makes provision not only for a balanced approach but also for a sound base for development, is the motto underlying the programme of khadi and village industries and that can be achieved only when there is an open-mindedness and unbiased practical outlook.

Singh S.K. and Yogesh Upadhyay ²⁹ (1998) in their article stress that, if improved action plan in the field of rural industrialization is implemented, keeping in mind the human psychology and principle of motivation, it can promote rural development.

Pandit Rao V.A. ³⁰ (1999) in his article observes that the rural industrialization would not work without an alert and effective market mechanism. Further he suggests that there should be correlation between overall industrialization and rural development of country and rural industrialization is a part of these.

Madhuri V. Natoo ³¹ (1999) in his article reveals that it is absolutely essential to reorient policies and approaches towards rural industrialization for easing out transitional phase while entering into the new millennium. It would help deprived

²⁸ George M.A. (1997) "An Introspection of Khadi and Village Industries", Khadi Gramodyog, Vol.45, No.3, p.193.

²⁹ Singh S.K. and Yogesh Upadhyay (1998) "Rural Industrialisation – Perspective and Prospects", Kurukshetra, Vol.21, No.13, p.87.

³⁰ Pandit Rao V.A. (1999) "Rural Industrialisation: Need for a New Strategy", **Khadi Gramodyog**, Vol.25, No.6, p.19.

Madhuri V. Natoo (1999) "Approach towards Rural Industrialisation in new millennium", Khadi Gramodyog, Vol.36, No.11, pp.49-52.

and disadvantaged masses to participate and again share in the process of economic development. It will strengthen democracy by empowering rural poor.

Lew Perren ³² (1999) in his study examines gradual growth of microenterprises. Less research has attempted to integrate the factors that influence growth of small firms into some form of model. Those models that were found had a number of shortfalls when it came to understanding the development of micro-enterprises. A framework has been developed through this research that addresses these shortfalls. First, it has targeted specifically gradual growth micro-enterprises; secondly, it is rigorously under-pinned through empirical research; thirdly, it attempts to comprehensively cover the range of factors that influence development; fourthly, it focuses on the complex interaction of factors that may influence development. This will provide a diagnostic toolkit to help micro-enterprise owner-managers and advisers pursue growth.

Soundara Pandian M. ³³ (1999) in his article narrates that non availability of raw materials or prohibitive cost of these materials has weakened the viability of rural industries. Over the years it has become clear that unless a strong raw-material base is created, rural industries with employment potential cannot be sustained.

Bhatia A.K. ³⁴ **(2000)** in his article observes that there is a call for promotion of industrial enterprise in rural areas to provide the much needed avenues for employment and also help in value addition to local resources. Thus a radical approach is needed to develop innovative technology and to transfer, transform and translate them.

³² Lew Perren (1999) "Factors in the growth of micro-enterprises (Part 1): Developing a framework", **Journal of Small Business and Enterprise Development**, Vol. 6 Iss: 4, pp.366 – 385.

³³ Soundara Pandian M. (1999) "Development of Rural Industries", **Kurukshetra**, Vol.35, No.12, pp.77-80.

³⁴Bhatia A.K. (2000) "New Technology options for Rural Industrialisation", **Kurukshetra**, Vol.49, No.1, p. 69.

Bheemappa A. ³⁵ **(2002)** in his article envisages that setting up of agroindustries assumes great significance and holds great promise to bring about substantial improvement in the quality of life. The promotion of agro-industries forms an integral part of overall development strategy to provide sound and stable foundation for industrialization.

Sair Siddiqui ³⁶ (2003) in his article states that the grant of government for rural development and village and small scale industries is shows a rising trend, government support for the development of village and small industries has also enhanced.

Brigit Duggan Akpinar ³⁷ (2004) in his study states that Micro Enterprise is one of the more recent poverty alleviation strategies. This paper performs first order and second order analyses in an attempt to understand how the micro enterprise model has evolved in the United States. The first order analysis will examine the economic, social and political context that constrain credit oriented micro enterprise strategies. The second order will examine this context with regard to the process of diffusion of innovations. The first order reveal the context within the United States that have precluded the wide spread adoption of the original strategy, while the second order analysis will reveal how context constraints or facilitates the process of diffusion.

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³⁵ Bheemappa A. (2002) "Technology and Rural Industrialisation", Khadi Gramodyog, Vol. 46, No. 3, p. 54.

³⁶ Saif Siddiqui, (2003) "Rural Entrepreneurship and Poverty Animation Programme", **Khadi Gramodyog**, Vol.47, No.12, p.29.

³⁷ Brigit Duggan Akpinar, (2004) "The Evolution of Micro Enterprise strategies in the United States", **MA Public and International Affairs**, University of Pittsburg, United States, Vol7, No.12, p.98.

Stein Kristiansen et. al., ³⁸ (2007) in their study analyses channels of information flows and their impact on business adaptation and survival. The analysis is set within a theoretical framework of information market failure and information flows. The data reveals that half of the businesses are growing and one-third has increased profitability by significant adaptations last year. Most changes occur in products and design. Customers and the media represent the most important sources of business information, followed by family members and business partners. Independent variables that significantly influence adaptability include customer relations, education, media exposure, social networks, and mobility. Associations are strongly modified by the entrepreneurs' age and gender and by businesses' size and location. The paper concludes that cottage industries in Tanzania have a remarkable ability to survive. Garment and woodwork markets are still predominantly local and competition from external businesses is limited. Access to business information and new ideas should be improved, however, to counteract growing competition from the modern sector.

Richard Foti et. al.,³⁹ (2007) in their research paper identifies that rural micro enterprises play a pivotal role in developing country agriculture as the major sources of inputs and ready markets for agricultural product. This makes an understanding of their diversity and dynamism vital to issue of sustainable food security and poverty alleviation. This paper uses cluster analysis and a logic regression model to establish the factors underlying the letter of micro enterprise firms with a view to unearth the reasons behind their inclination towards agro-dealership. Rural micro enterprise were found to very greatly due to size, firm life, capital intensity and their motives for entry

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³⁸ Stein Kristiansen , Joseph Kimeme, Andrew Mbwambo & Fathul Wahid (2007) 'Information flows and adaptation in Tanzanian cottage industries' School of Management, Agder University College, Mzumbe University, Mzumbe, Tanzania, p.79.

Richard Foti, Nyararai Mlambo, Violet Muringai, Zira Mavungandiz and Cletos Mapiye (2007) "Heterogeneity among Zimbabwe's rural micro enterprise and the determinants of their inclination to agro dealership", Harare, Zimbabwe, p.187

into business. Capital intensity in turn determines firm size, willingness to expand and the firm's livelihood to stay in business. Larger firms with a long firm life and high capital base were found to have a greater tendency to deal in agri-business commodities as supposed to small firms with lower capital intensity and a sort firm life. It was concluded that firm proclivity to agro dealership could increase through increasing capital base and provision of incentives for voluntary entry into business.

Mulu Gebreevesus ⁴⁰ (2007) in his study states that the role of micro and small enterprises (MSEs) in employment and income generation is increasingly recognized and has become a major playing field for policy makers and donors with dual objective of enhancing growth and alleviating poverty. This study investigates some key determinants of success and particularly employment expansion among microenterprises based on a survey covering 974 randomly selected businesses in six major towns in Ethiopia. Growth of micro-enterprises measured in terms of employment since start is affected by a variety of factors. Firm's initial size and age are inversely related with growth providing evidence that smaller and younger firms grow faster than larger and older firms and consistent with the learning hypothesis but contrary to the Gibrat's law. Entrepreneurs with some business experience and high school complete and with some college years grow faster. Firms in manufacturing and service sectors, located at traditional market and those male-headed grow rapidly than their counterparts. Firms with business license also grow faster than those operating without license. In the absence of formal source of credit, informal networks such as, trade credit and other informal sources enhance business expansion. Policies and support programs that aim

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⁴⁰ Mulu Gebreeyesus (2007) "Growth of Micro-Enterprises: Empirical Evidence from Ethiopia". Research Associate, Department of Economics, Gothenburg University, Sweden, p.36.

at promoting MSEs, therefore, need to take account of the heterogeneity nature of these enterprises and entrepreneurs.

Manimekalai N.⁴¹ (2007) in her article points out that the Khadi and Village Industries in Tamil Nadu shows an increasing trend in respect of production, sales, employment and earnings. It was more so in the case of employment, which increased manifold in the last few years in Tamil Nadu.

Abdul Gafar Ismail⁴² (2008) in his study state that, the aim of this study is to analyse the sustainability of Islamic micro financing for developing micro enterprise. We use the sample of Bactul Malwat Tamwil (BMT), as Islamic micro finance institution in Indonesia. Approaches will be used to explore the sustainability, i.e., technical efficiency (using Data Envelopment Analysis) and the level of outreach. The result indicates that, generally the efficiency of BMT is relatively low. Scale efficiency also indicates that BMTs are operated still far from optimal scale. The result suggests that there is gap in efficiency score obtained from CCR and BCC models. This Indicates that BMTs still face the managerial problems. Further, Islamic micro financing is useful for developing micro enterprise and contribute a great social benefit to the society in several ways. Although the profitability efficiency of BMTs is relatively low, since generally BMTs have made a profit and social benefit, Islamic finance can be predicted to be sustainable, able to provide viable financing.

⁴¹ Manimekalai N. (2007) "Performance of Khadi and Village Industries in Tamil Nadu" **Khadi Gramodyog**, Vol. 45, No.8, p. 296

⁴² Abdul Gafar, Ismail and Mislan Condro, Widiyanto (2008) "E-Sustainability of BMT financing for developing Micro Enterprise", Research Centre for Islamic Economics and Finance, Faculty of Economics and Management, Malaysia Vol.6, No.17, p.57.

Esther K. Ishengoma and Robert T. Kappel⁴³ (2008) in their states that Ugandan Micro - and Small Enterprises (MSEs) perform poorly, their growth is not up to the mark. The paper utilizes data collected in Uganda in March and April 2003 to analyze the business constraints faced by these MSEs. Using a stratified random sampling, a sample of 265 MSEs were interviewed. The study focuses on the 105 manufacturing firms that responded to all questions. It examines the extent to which the growth of MSEs is associated with business constraints, while also controlling for owners' attributes and firms' characteristics. The results reveal that MSEs' growth potential is negatively affected by limited access to productive resources (finance and business services), by high taxes, and by lack of market access.

Khan et. al., ⁴⁴ (2010) in their study states that the export city of Pakistan is earning \$900 million per annum by exports. The major exports are the sports goods, surgical instruments, leather products, martial art instruments, musical instruments and sportswear. The current paper estimated the export potential of the cottage industry by measuring it through Cobb-Douglas production function. The data has been collected from 354 cottage industrial units selected by random sampling. The results explain that labour, capital, experience and education of entrepreneur, and working conditions enhance the export potential of the units. The labour is more used in cottage industrial units as compared to capital so the elasticity of export production with respect to labour is higher as compared to capital. The education and experience of the entrepreneur also lead to increased export production. The better working condition increases the export

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⁴³ Esther K. Ishengoma and Robert T. Kappel (2008) "Business Constraints and Growth Potential of Micro and Small Manufacturing Enterprises in Uganda", **German Institute of Global and Area Study**, Vol.17, Working Paper No. 78, pp.89-90.

⁴⁴ Khan, Rana Ejaz Ali and Khan, Tasnim and Maqsood, Muhammad Farqan (2010) "Export potential of Cottage Industry: a case study of Sialkot (Pakistan). European Journal of Economics, Finance and Administrative Sciences, Vol.27, No.22, pp. 158-164

production by raising the productivity of labour. The study proposes the education and training of the individuals involved in cottage industry and provision of good working conditions by the Export Promotion Bureau, Sialkot Chamber of Commerce and Industry and vocational training institutes in their respective areas. The surprising results of the study are that credit availed by the units decrease the export production while distance to market from the unit raises the export production.

Heike Grimm⁴⁵ (2010) in his research analyses Micro Enterprise, Small and Medium Enterprise Development both in developed and developing countries. With a new emphasis now given to the role and impact micro enterprise as well as small and medium sized business for growth and job creation, all considered essential factors for achieving social and economic development in developed and developing countries, micro finance has become very fashionable and is attracting increased attention. Micro Enterprise play a substantial role in those economies currently undergoing a transaction from traditional subsistence to a modern industrial economy, such as in many Asian and African countries. The micro finance sector will continue to play a significant role in reducing poverty and promoting the creation of new job as well as higher levels of employment. Together with our partners, the European Landscape Contractors Association and the Union of Small and Medium sized companies. Researcher focuses on research which aims at promoting the entrepreneurial environment for Small, Medium and Micro enterprises in the member states of the European Union and its member candidates.

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⁴⁵Heike Grimm (2010) "Micro Enterprise, Small and Medium Enterprise Development", **European Landscape Contractors Association (ELCA)**, Vol.7, No.14, pp. 37-40.

Ekberg et. al., ⁴⁶ (2011) in their study identifies the most frequent challenges of growth perceived by micro firms. The data was collected through 30 qualitative interviews, conducted in April and May of 2011. In addition, the data was analyzed in accordance of the different characteristics of the participating firms to identify patterns of the most frequent challenges of growth perceived by micro firms. The findings from this research implicates that challenges to grow in micro firms differs from different sectors, if the firms is enrolled within a business incubator or not, and according to the age of the firm. This study may not be global since the research was fulfilled in Sweden. As the institutions and regulations might differ from other countries there are some common nominators that Sweden shares with other nations and regions for instance the financial system. Evidence from this research has shown that time is the most frequent perceived challenge to grow in micro firms, and that time is the foundation of many other perceived challenges. Researchers have stated that empirical findings on what affect micro firms growth has been neglected, the previous studies have been focusing on SMEs rather than micro enterprises.

Alit Sen Gupta ⁴⁷ (2012) in his study states that the Socio-economic environment hinders the emergence of entrepreneurial talent. Entrepreneurship development is a pre-requisite for overall economic development of any country. The growth of nation depends upon the skilled entrepreneurs, but the supply of entrepreneurial talent depends upon the business and industrial climate prevailing in the country. It is a common experience anywhere that entrepreneur is a scarce but most important agent of economic development of any country. The supply of entrepreneurs

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⁴⁶ Ekberg, Sara, Hedell and Jesper (2011) "Perceived Challenges of Growth in Micro Enterprises", Jonkoping International Business School, Jonkoping University, Sweden, p.124.

⁴⁷ Alit Sen Gupta (2012) "A Study on the Significance of Cottage and Small Scale Industries in Socio-economic Development of Abhayapuri of Bongaigaon District, Assam", Research Scholar, Department of Commerce, CMJ University, Meghalaya, pp.219-223.

always lags behind the need generated by the requirements of development efforts. Cottage and Small Scale Industries play a significant role to create an industrial climate for the agents of economic development i.e. entrepreneurs to prove their efficiency to accelerate the pace of economic development of an area and of a nation. After independence of India, it was realised that Cottage and Small Scale Industries have occupied a dominant place in Indian economy, especially in Assam's economy where most of the areas (basically rural) occupied by a large section of population are yet to be developed industrially. This, otherwise call upon various Programmes and Policies for Socio-economic development like removal of poverty, unemployment and backwardness of the rural people are yet to be organised and implemented.

Owino and Eliud Waguwa ⁴⁸ (2011) in their survey concludes that small business owners sustain the business growth by accessing technology, marketing strategies, capita/credit, accounting records and legislation/policies. The study underscores the need to make frequent changes in marketing skills in order to enhance the business growth. Technological innovations need to be adopted to facilitate the production of better quality products which can compete locally and internationally. Deregulation policies should be implemented to enable financial institutions charge affordable and competitive interest rates. Entrepreneurs need to attend capacity building courses in time management to enable them reduce stress in the preparation of accounting records. Local government laws and other regulations should be reviewed to enable small business owners realize profit and growth in business. The study suggests that further research should be done to establish factors leading to lack of technological drive among small business owners and also to find out why some of them fail to

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⁴⁸ Owino and Eliud Waguwa (2011) "A Survey of factors affecting the growth of Micro and Small Enterprises in Kenya", Kenyatta University, Kenya, pp. 221-226.

strategize in their marketing programmes for profit and growth. Harmonization of the operations of financial institutions also requires further research to enable them charge affordable interest rates to small business owners. Further research is also necessary to find out the demotivating factors blocking small business owners from preparing accounting records necessary for controlling the business. The numerous government proposals which favour small scale enterprises are never implemented and therefore further research needs to be done to find out why this happens.

James K. Mbugua⁴⁹ (2013) in his study analyses and determines the factors that affect the growth of tailoring and dressmaking enterprises in Eldoret. The tailoring and dressmaking enterprises studied were appraised with respect to the characteristics of the owner managers and their enterprises. It revealed that most of the tailoring and dressmaking enterprises were in disengagement stage either not growing or having a slight growth. Inadequacy of availability of finances, poor business management skills, poor marketing and entrepreneurial attribute of the owner managers were found to be statistically significant in determining growth of these enterprises. The study recommends that the Government, other business support organizations and stakeholders should team up and develop training programmes aimed at providing management skills to the owner-managers of these enterprises, and help avail financial assistance which could be channeled through SME associations or groups that need to be formed to champion their common cause.

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⁴⁹ James K. Mbugua (20130 "Factors Affecting the Growth of Micro and Small Enterprises: A Case of Tailoring and Dressmaking Enterprises in Eldoret" Assistant Lecturer in Entrepreneurship, University of Kabianga, Kenya, p. 98-100.

2.2 REVIEWS RELATING TO THE ROLE OF COTTAGE INDUSTRIES ON EMPLOYMENT GENERATION

Upadhyay M.N ⁵⁰ (1973) in his study points out that the heavy industry is not the remedy for solving unemployment in the Indian conditions. Small scale and Cottage industries would be the proper mechanism for solving the rural employment. Further he stated that the small scale and cottage industries produced better goods and at a cheaper cost and at the same time improved the fresh employment opportunities in rural areas. Khadi and Village Industries reflect a complex amalgam of the influence of social, philosophical and religious factors as also the fancies of the rulers, the lords and also the elements of experience, the aesthetic sense, the genius and the technical competence of the craftsmen at large.

Bep Behari ⁵¹ (1976) in his book stress the need for an entirely new approach based on a deeper and more realistic exploitation of rural resources. The strategy based on financial, technical and marketing extension programme has not helped effectively so far, because of the assumption that rural industrialisation would be the result phenomenon of the percolations effect of metropolitan industrialisation. In this opinion, industrial policy should be guided towards the employment of the rural population for services and production of goods. He calls for a radically different approach with emphasis on new technology which takes into account the rhythm of agricultural operations and absorbs the fluctuations in the available labour force, and he also calls for emphasis on agro based industries and local initiative.

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⁵⁰ Upadhyay M.N (1973) "Economics of Handicraft Industry" S. Chand Publications, New Delhi, pp.14-16.

⁵¹ Bep-Behari (1976) "Rural Industrialisation in India", Vikas Publishing House, New Delhi, p. 37-38.

 $Rao\ R.V^{52}$ (1978) in his study observes that there should be an integrated development of agriculture as well as decentralized rural industries to provide work for agricultural labourers. Therefore he suggests that the establishment of organization set up in the rural areas will act as catalyst in the transformation of un-productive labour there.

Dantawala⁵³ (1979) in his article focused on unemployment and poverty based on 25th, 27th and 32nd rounds of National Sample Survey (NSS) urged that the agroallied activities should be provided with credit, marketing and training support. Some of them can be diverted towards cottage industries and handicrafts.

Sharma⁵⁴ (1980) in his study reveals the mode of industrialization to solve the problems of unemployment and underemployment has been attempted by in his paper. It highlights that only rural industrialization will be the solution to the above problem.

Mohammed Razal⁵⁵ (1980) in his study states that about 65 per cent of India's population lives in rural areas and agriculture is the main source of livelihood for nearly 75 per cent of the people in the country side. But agriculture alone cannot provide employment to all the people in rural areas. As such the necessities to find and develop other avenues which may make work available to the idle hands in the rural surroundings have to be found. Unless this is done, no serious assault on poverty can be made. Rural industrialisation seems to be the answer to protect the poor and weaker section of the people.

⁵² Rao R.V (1978) "Rural Industrialisation", Concept Publishing Company, New Delhi, pp.89-98.

⁵³ Dantawala (1979) "Rural Employment: Facts and Issues", **Economic & Political Weekly**, Vol.14, No.7, p. 49.

⁵⁴ Sharma S.S, (1980) "Village Industries as Main Plank of Rural Development" Khadi Gramodyog, Vol. 26, No.9, pp. 426-430.

Mohammed Razal, (1980) "Weaker Section and Rural Industrialisation", Khadi Gramodyog, Vol. 19, No.7, pp.20-25.

Planning Commission of India ⁵⁶ (1981) in the report they states that for providing gainful and productive avenues of employment to the growing labour force and relieve unemployment and under-employment in rural backward areas, a massive programme of industrialisation in the shape of village and cottage industries would have to be launched. This assumes added significance in the face of limited opportunities in the agricultural pursuits and for putting a check to the large scale migration to urban areas. The dispersed character of the village and cottage industries facilitate the utilisation of scattered resources, of the rural backward area.

Rajula Devi ⁵⁷ (1982) in her study states that the Khadi and Village industries could provide employment to literate and unskilled women through spinning, producing utility articles, cottage match industries, processing cereals and pulses and oil seed collection.

Gurusamy M.P.⁵⁸ (1983) in his article the views that in India poverty was widespread and that the majority of the people in rural areas were living below the poverty line. The Khadi and Village Industries were labour intensive and capital saving. They provided gainful employment to millions of needy villagers at their door step and helped to reduce; if not eradicate poverty.

Krishnaswamy O.R. ⁵⁹ (1985) in his article states that he Rural Industries should be integrated with agriculture and organization industrial sector with forward and backward linkages. The village industries could offer employment opportunities to

⁵⁶ Planning Commission of India (1981)"Village and Cottage Industries", National Committee on the Development of Backward Areas, Planning Commission, Government of India, New Delhi, p. 48.

⁵⁷ Rajula Devi (1982) "Women's Participation in Rural Industries" **Kurukshetra Publication Division**, New Delhi, Vol.20, No.10, pp. 45-47.

⁵⁸ Gurusamy M.P. (1983) "Role of Khadi and Village Industries in the Removal of Poverty", Khadi Gramodyog, Vol.9, No.7, p.38.

⁵⁹ Krishnaswamy O.R. (1985) "Strategy for IRDP; **Kurukshetra**, Vol.31, No.17, p.127.

about 23.58 million persons up to 1978-80 as against 45 million persons estimated in the large scale sector.

Amar S. Guleria and Omkar Singh ⁶⁰ (1988) in their article pointed out that it could be safely asserted that there were plenty of opportunities for the setting up of traditional as well as sophisticated village industries in the district. Besides the agriculture, forests, mines and horticulture were the most important sources of employment and income in Bilaspur district. These industries witnessed a positive change in their output capabilities. Further the relative share of village industries in the total employment within the overall Khadi and Village Industries sector had increased. In other words there was relative growth in the total employment avenues in the Khadi and Village Industries sector.

Vincent Austin ⁶¹ (1989) in his book emphasized the scope for employment in the non-farm sector for the poor underemployed. He pointed out that for many people rural industrial employment may be the only opportunity whether it is a man without land or capital or a woman tied to the home.

Purushotham and Rao V.M. ⁶² (1991) in their book tried to assess the role of rural and cottage industries in terms of employment generation potential for rural labour force, contribution to total household income and impact on income distribution. It was found that rural industries are provided with 85% of the family income in cottage industries and 96% in small industrial enterprises. It was observed that these enterprises can function if they were assisted with better technology.

⁶⁰ Amar S. Guleria and Omkar Singh (1988) "Prospects of Khadi and Village Industries in Bilaspur (Himachal Pradesh)", **Khadi Gramodyog**, Vol.36, No.6, pp.275-288.

⁶¹ Vincent Austin (1989) "A Practical Hand book for Planners, Project Managers and Field staff", London: Oxford Press, p.39.

⁶² Purushotham and Rao V.M.(1991), "Rural Industries – Employment and Income Enhancement to the working poor", **National Institute of Rural Development**, Hyderabad, p.98.

Chelladurai ⁶³ (1991) in his article points out that Tamil Nadu has ample palm wealth thanks to its congenial climate and diligent artisans, Palmgur industry tanks next to agriculture and makes a remarkable contribution to employment generation particularly in Sattankulam. Due to its very nature, Palmgur industry, particularly in tapping Palmyra trees, offers seasonal employment schemes. To strengthen the economy conditions of palm tappers, there is a need to set up self-employment schemes in palm belts so that they could offer employment throughout the year.

Gambhir Singh and Pulak Chakravarthy ⁶⁴ (1991) in their article points out that khadi and Village Industry offered jobs at their doorsteps and further stated that khadi and Village Industry was no more a fad of the past but a practical attempt to relieve the poverty and to uplift the standard of the Indian villagers. The activities of Khadi and Village Industries were the soul of the various economic activities of the people of India for achieving rural development and balanced economic growth among the various regions. It was suggested that Khadi and Village Industries should be promoted and developed. Due to their rural location these were found to be the best and the most crucial for rural industrialisation.

Neelamegam R. and Balachandran V. ⁶⁵ (1994) in their article suggests that in the present circumstances of the country which has a vast man power potential and a relatively smaller extent of land and other natural resources. It is possible only to the Khadi and Village Industries sector to achieve substantial results since it requires only a little or nominal amount of capital to provide the needed employment.

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⁶³ A.Chelladurai (1991) "Employment Generation in Village Industries" Khadi Gramodyog, Vol. 37, No.12, p.125.

⁶⁴ Gambhir Singh and Pulak Chakravarthy (1991) "Khadi and Village: History and Economics", Khadi Gramodyog, Vol.36, No.6, pp.231-237.

⁶⁵ Neelamegam R. and Balachandran V. (1994) "Khadi and Village Industries as a Poverty Alleviator", Khadi Gramodyog, Vol.40, No.8, p.30.

Henry Sandee and Piet Rietveld⁶⁶ (1994) in their study review the promotion of small scale and cottage industries (SSCI) in Indonesia and its impact on employment creation. The review was conducted for the province of Central Java, the 'heart land of employment. Secondary data showed that participation rates in technical and financial assistance programs for small scale and cottage industries are low, suggesting that programs may continue for many years before a majority of small scale and cottage industries producers are reached. Afield survey in six clusters of small scale and cottage industries are investigated the effectiveness of current programs to enhance the development of these industries. The analysis provides little evidence that the programs have a positive move on employment in the less dynamic clusters of small scale and cottage industries. In the very dynamic clusters, for using a combination of technical and financial assistance were most successful in terms of employment generation. The study concludes that present assistance programs are not a 'cause' of employment growth in small scale and cottage industries but are accommodating such growth.

Bhushan B.⁶⁷ (1995) in his article reveals that there is a tremendous potential for the setting up of a wide spectrum of rural industries based on local resources and skill. Rural based agro-industry can play a greater role in achieving the desired goals of employment generation and additional income for farmers in particular, to meet their investment requirement.

Gerry Finnegan⁶⁸ (1996) in his study suggests that self-employment had been as the panacea for unemployment. However, such activities could be seen as an ill-

⁶⁶ Henry Sandee and Piet Rietveld' (1994) "Promoting Small scale and Cottage Industries in Indonesia: An impact analysis for central Java" Vol. 30, No. 3, pp.115-142.

⁶⁷ Bhushan B. (1995) "Promoting Rural Industrialisation for higher Productivity and Employment Generation", **Kurukshetra**, Vol.50, No.12, p.39.

⁶⁸ Gerry Finnegan (1996) "Factors affecting Women Entrepreneurship in Small and Cottage Industry in Sri Lanka", **ILO-SAAT**, Vol.10, No.123, p.128.

defined and residual category as being at lowest level in the small scale enterprise. In Sri Lankan experience it was clear that women were strongly represented in all categories, thereby making a crucial contribution to the enterprises, to household income and to the economy in general.

Giriappa S.⁶⁹ (1996) in his book analyses the employment as well as income potential from fish as well as cashew, processing industries. He also mentioned that India is among the five major producers of at least a dozen agricultural commodities in the world. Yet its contribution to the international trade in farm products is less than 0.5 per cent. Even in domestic market, the agro-processing is not a strong economic activity. It is estimated that 5 per cent increase in the processing of agricultural commodities can help in generating 65 million jobs for the rural people.

Mridul Eapen⁷⁰ (1996) in his article points out that although the growth of the tiny enterprises in the rural areas has taken place largely due to lack of alternative employment opportunities, they have often transformed themselves into viable undertaking and made an important contribution to the economic survival of the rural poor. The nature and form of these enterprises played a critical role in directly helping the rural poor. He further stated that pottery production was attributable largely to the extremely cheap labour of the producer and hi family members that was readily available and on which the production process was based. It was also due to the fact that there was a very slow growth in the alternative employment opportunities. Further, the continued existence of certain capitalistic features in the Indian rural economy and the existence and availability of local market also contributed to their continued

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⁶⁹ Giriappa S. (1996) "Rural Industrialisation in Backward Areas", **Daya Publishers**, New Delhi, p.168.

Mridul Eapen (1996) "Rural non-farm employment some reflections on Pottery Production", Economic and Political Weekly, Vol.36, No. 26, pp.73-75.

sustenance. He took up certain cottage and village industries for his field study. They were tailoring, bamboo products, food and readymade garments in Palakad a northern district of Kerala. His major finding indicated that their income and standard of living has increased. He concluded that this would not only make the market function better but will also improve performance of the economy.

Sikander Bakht R. ⁷¹ (1999) in his article points out that Khadi and Village Industries play a pivotal role in generating productive employment in the non-farm rural sector. Even small units run by village artisans could contribute enormously to making the country self-reliant.

Sankaraiah T. ⁷² **(2000)** in his article reveals that the proportion of family labour is significantly higer in rural industries, compared with hired labour. Female employment and incidence of child labour are also widespread in the type of industries characterized by the higher degree of labour intensity.

Rona L. Sheriff ⁷³ (2008) in his study states Micro Enterprise business with fewer than five employees as well as sole proprietorships with no employees have made impressive gains since 2000: the next job creation of these micro businesses in California is six times the total of net jobs created by the state's larger businesses, while much has been written about the contributions of Small businesses (firms employing fewer than 500), Micro business are still an unraveling mystery. They exist across all industry sectors, especially industries requiring small start-up capital, job such as care giving, software design and technical consulting and generally, provide a service or

⁷¹ Sikander Bakht R. (1999) "Create Productivity Employment through Khadi and Village Industries", Jagriti, Vol. 43, No.10, 16. p.71.

⁷² Sankaraiah T.(2000) "Incidence of Child Labour in Rural Industries", **Southern Economist**, Vol.39, No.30, p.78.

⁷³ Rona L.Sheriff (2008) "Micro Enterprise given California's Economy a Boost-Policy Briefs", Metropolitan Publishers, New Delhi, p.48.

product directly to the public or another company. Some Micro Enterprise develop simply because one wants to start his or her own business or work as an independent contractor and some come about less as a matter of choice and more because of a faltering labour market. Yet little is known about how enterprises will impact the state's economy for the long term. The data coming in, however, is notable.

2.3 REVIEW OF LITERATURE ON PROBLEMS OF COTTAGE INDUSTRIES

Desikachary K.N.⁷⁴ (1971) in his article states the problems of Khadi and Village Industries with regard to supply of raw materials, finance and competition from organised sector. The study recommended new strategies to overcome various hurdles in the field of cottage industry.

Reddy Y.G. ⁷⁵ (1986) in his book made a modest attempt to understand the process of rural industrialization in the drought prone region. Ananthapur which is regarded as the second worst affected district of the whole country. While analyzing the nature and extent of rural industrialization in terms of employment pattern, capital structure and value added he has to try to visualize some policy statement to take of the economy from a sort of low level equilibrium trap.

Peter Drucker ⁷⁶ (1987) in his article ensures that marketing is necessary to consider the aspect of production, finance, personnel and customer in the business organization for the development of rural industries infrastructure facilities play a pivotal role. These facilities include roads, transports, communication, electricity and

⁷⁵ Reddy Y.G. (1986) "Rural Industrialisation – Problems and Issues", Discovery Publication House, New Delhi, pp.197-200.

⁷⁴ Desikachary K.N. (1971) "New strategy for Rural Industrialisation", **Economic Times**, Vol.21, No.17, p.37.

⁷⁶ Peter Drucker (1987) "Marketing of Rural Industry Products", **Khadi Gramodyog**, Vol.34, No.7, pp.69-72.

amenities. Motivation is necessary for evolving a working environment which is conductive to building up the commitment of workers and artisans engaged in the production and sale of rural Indian product.

Ramasmy D.⁷⁷ (1988) in his study emphasises the role of technology in Khadi and Village Industries to improve the quality of the products. He insists the need for the supply of better quality inputs which alone will protect many dwindling cottage industries.

Sinha A.K.⁷⁸ (1988) in his book has made a study of a sample of 113 rural industrial units in Bihar. He concluded that the rural industry has been treated as a separate segment of the economy and as a synonym for traditional handicrafts and household industries. He found that most of the traditional rural industries were in stagnation or in deteriorating condition.

Pafer A.R.⁷⁹ (1989) in his article stated that in India there was much scope for the development of village industries. He recommended the setting up of raw-material banks, marketing outlets, training centres, demonstration centres, technical guidance and provision of financial facilities to artisans for meeting their capital expenditure and working capital needs.

⁷⁷ Ramasmy D. (1988) "Role of Technology in Khadi and Village Industries", **Khadi Gramodyog**, Vol.47, No.26, pp. 47-49.

⁷⁸ Sinha A.K, (1988) "Rural Industry and Rural Industrialisation", Pointer Publishers, New Delhi, p.69.

⁷⁹ Pafer A.R (1989) "Financing Village Industries: Problems and Prospectus", **Khadi Gramodyog**, Vol.36, No.1, pp. 40-41.

Prani Obhasamond⁸⁰ (1991) in her article points out the status, barriers and constraints as well as opportunities and support mechanisms of women entrepreneurship in small and cottage industries in Thailand. This report bought together information on various entrepreneurship and industrial development programme which had been formulated in Thailand. The report also touched on the availability of supply side economic opportunities such as credit and marketing support, for women to establish their own enterprises. In addition, the report provided a summary of government services to industry, including those available for small scale and women enterprises.

Boitumelo S. et. al., ⁸¹ (1995) in their study views that the literature, on micro enterprises lack of capital as a primary constraint to enterprise development. Potentially Botswana could be different as the commercial banking system has excess liquidity and the government has established relevant lending institutions and several financial assistance programmes. On the basis of a 1992 survey of 1,140 micro enterprises engaged in non-formal activities in seven urban centres and villages in Botswana. This study finds the situation in Botswana to be similar to the conclusions reported in the literature for other countries. There is a need for institutional changes which channel loanable funds to micro enterprise in a manner that addresses their respective capital constraints and encourage the entrepreneurs to become responsible savers and borrowers. The article draws on the literature and on the experience of several successful micro enterprise loan schemes to at line the essential features of needed programme delivery changes.

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⁸⁰ Prani Obhasamond (1991) "Factors affecting Women Entrepreneurship in Small and Cottage Industries in Thailand", International Labour Organisation, South Asia Multidisciplinary Advisory Team, p.279-281.

⁸¹ Boitumelo S.Morewagae, Monica Seemule, Henry Rempai (1995) "Access to credit for non-formal Micro Enterprises in Botswana", **Journal of Development Studies**, Vol. 31, No.3, pp.481-504.

Pandit Rao⁸² (1996) in his article on points out certain deficiencies in the financing activities of Khadi and Village Industries. According to him the norms adopted for large scale industries are rigidly applied to the unorganised village industries, without realising the requirements of the working capital for labour intensive industries which are usually greater. Raw-materials have to be stored at different points of time and he finished products have to be collected at different intervals of time. Similarly cash payments have to be made as and when they become necessary. Banking facilities were not adequately available in remote areas. To keep the work going continuously, adequate provisions for the supply of raw-materials and cash.

Jyothi Tulandhar⁸³ (1996) in his book provides detailed information regarding the socio-cultural / educational and legal barriers to women's entry into enterprises, their personality traits, women's access to economic opportunities and ways to strengthen the potential for enhancing women entrepreneurship in Nepal.

Samitra Mehrotra ⁸⁴ (1998) in his study highlights the impact of village industries on employment and income. In his study, he has rightly pointed some of the major difficulties faced by the beneficiaries such as inadequacy of package assistance, delay in sanction and distribution of loans, using use of financial assistance and marketing of product.

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⁸² Pandit Rao (1996) "Financing Khadi and Village Industry in the Changed Economic Scenario", Khadi Gramodyog, Vol.43, No.1, pp.35-39.

⁸³ Jyothi Tulandhar (1996) "Factor affecting Women Entrepreneurs in Small and Cottage Industries in Nepal", Himalaya Publishing House, New Delhi, pp.117-120.

⁸⁴ Samitra Mehrotra (1998) "Village Industries in Rajasthan", Khadi Gramodyog, Vol. 23, No. 8, pp.71-73.

Radhakrishnan⁸⁵ (1998) in his study suggests the introduction of common marketing organizations catering to the needs of khadi institutions in order to reduce the cost of marketing and promote marketing activities of village industries.

Chabra N. ⁸⁶ (1998) in his article reveals importance of proper organization among the rural entrepreneurs to represent their genuine problems, it would relieve them from the clutches of the middlemen. It is the need of the hours that they are safeguard by bringing regulatory measures in marketing and fixation of price.

Kannan Nair N.⁸⁷ (1999) in his thesis identifies the problems Khadi and Village Industries in Dindigul District such as stagnation, falling scale of operation due to competition preponderance of short-term funds, meager profitability and long operating cycle.

Mahajan V.S.⁸⁸ (1999) in his article narrates that one of the basic reasons for the lack of success of rural industrial programme has been its existence in isolation. He stated that Japan has a very large number of small and tiny units where both entrepreneurs and workers as well off.

Ramachandraiah G.⁸⁹ (2001) in his article states that the rural industries in Dindigul district face severe competition from other bigger business units/firms. The sample enterprises selected for the purpose of study in Dindigul district face the problems of sales tax and land revenues etc.

⁸⁷ Kannan Nair N. (1999) "Khadi and Village Industries in Dindigul District – A study of Financial Management" **Gandhigram**, Vol.29, No.9, p.77.

⁸⁵ Radhakrishnan (1998) "Khadi and Village Industries in Trichy District – A Study of Financial Management", Unpublished Ph.D Thesis, Gandhigram Institute, Gandigram, pp. 243-247.

⁸⁶ Chabra.N (1998) "Rural Industries on the March", Kurukshetra, Vol.10, No.6, p.74.10(6).

⁸⁸ Mahajan V.S (1999) "Rural Industrialisation needs high priority", Khadi Gramodyog, Vol.26, No.5, p.87.

⁸⁹ Ramachandraiah G. (2001) "Industrial and Infrastructural Impediments in Rural Industrialisation in Tamil Nadu", **National Institute of Rural Development**, Research Highlights, 21(5), Hyderabad.

Reddy Y.G.⁹⁰ (2001) in his article aims at exploring the practical problems faced by the producers participating in the meal and the customers who buy the products. The study observed that the meals were considered as an effective strategy for marketing.

Toseef Azid et. al., ⁹¹ (2002) in their study they analyses issues of female labour force in the cottage industry. This study purposes and applies a simple test of the hypothesis that there is a positive association between hours of female workers and household poverty. This cottage industry is not well known but has enough shares in the business of Multan. Its production is not only consumed domestically but it has also shared in the exports markets especially these products are exported to Far East and Europe. So this is the need of time to develop this sector in an organised way. Female labour force in this sector is observing a number of economic and social obstacles. An effort should be made to minimise these obstacles. This problem has two dimensions, i.e. to improve the status of female workers and incentives should be provided to them. Other is to develop this sector on the priority basis for the economic and social development of rural sector and as well as for the enhancement of the foreign exchange.

Ramaiah R. et.al., ⁹² (2002) in their book overview the prospects of industrialization in Warangal District of Andhra Pradesh identified the major problems in the development of the forest based industries. The major problems identified we

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⁹⁰ Reddy .Y.G (2001) "Role of Meals in Marketing of Rural Industrial products" National Institute of Rural Development, Hyderabad, Research Highlights, Vol.2, No.5, pp.42-44.

⁹¹ Toseef Azid, Muhammad Aslam and Muhammad Omer Chaudhary (2002) "Poverty, Female Labour Force Participation, and Cottage Industry: A Case Study of Cloth Embroidery in Rural Multan", **The Pakistan Development Review**, Vol. 40, No. 4, pp. 167-172.

⁹² Ramaiah, R. Sateesh Reddy.K. and Mohan Reddy K. (2002) "Diversification of Rural Industries of Micro Study", Dominam Publishers, New Delhi, p.204.

lack of entrepreneurs, lack of technical skills, finance, transport, marketing, lack of preparedness, lack of demand for certain products.

Christina M. Anastasia⁹³ (2005) in her study focus that, on how changes and developments in communication and information technology may influence the coordination of firms' worldwide operations. With the advent of the internet, a small business can literally go global overnight. This paper reviews to micro enterprise and the literature available on the effects of globalisation on such business to determine if small businesses are changing business strategies in order to survive.

Keith Psaila ⁹⁴ (2007) in his study discusses about the key challenges and constraints facing micro by business in Malta. The analysis is based on the views of respondents to a questionnaire in connection with a survey carried out by the present author. The paper also discusses the role of micro enterprise in Malta. A result shows that a small size unit poses various constraints on the firms' performance, although a number of advantages were also identified. On the basis of these responses the paper puts forward a number of policy measures aimed at improving business performance of small firms and therefore on the economy as a whole, given the prevalence of small firms in the Maltese economy.

Elaine L. et. al., 95 (2007) in their study states that sustainability is a crucial issue for the micro enterprise field as micro enterprise practitioners face a challenging and even changing funding environment, with changes and often reduction in federal

⁹³ Christina M. Anastasia (2005) "Globalisation and its Challenges to Marketing Micro Enterprise **Products**", Sterling Publishers, New Delhi, pp.247-249.

⁹⁴ Keith Psaila (2007) "Constraints and Opportunities for Micro Enterprise in Malta", Bank of Valletta Review, Vol.6, No.35, pp.92-95.

⁹⁵ Elaine L. Edgcomb, Joyce A.Klein and TamraTetford (2007) "Pursuing Sustainability in the Micro Enterprise field", Vol.3, No.9, pp.1-4.

assistance, an evolution in philanthropic funding interests and shifts in the composition of the micro enterprise funding and investing community, many practitioners have turned their attention to plans for long-term sustainability including earned income ventures. This literature review attempts to organise and capture sustainability learning to date with the hope that practitioners and funders can use this information to improve their strategies to attain a sustainable micro enterprise industry. It is important to emphasise that this review is based on the premise that organisation can be sustainable without being self-sufficient. Sustainability implies that an organisation has the ability to meet the current needs without jeopardizing its ability to continue serving its market in the market in the future. Sustainability can be achieved by mixing philanthropic, government subsidy and earned income. Although a programme may cover some of its cost through earned income efforts, a plan must be more in place for on-going subsidy. Self-sufficient organisation do not need any on-going subsidy some sources examined for this literature review use the term substantially to mean self-sufficiency. However this document acknowledges that a programme can be sustainable and still require an on-going subsidy.

Lourdes Poobala Rayen P. ⁹⁶ **(2010)** While the Government is dereserving a sizeable number of products from the list of reserved items for manufacture in the small scale sector, it should provide sufficient guidance for the upgradation / modernization of tiny industries to compete with their larger counterparts in the common products categories. At present dereservation has created a tough competition between the tiny sector and their well equipped larger counterparts.

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Lourdes Poobala Rayen, P. (2010) "Entrepreneurship in Tiny Sector Industries", Discovery Publishing House Pvt. Ltd., New Delhi, p.232

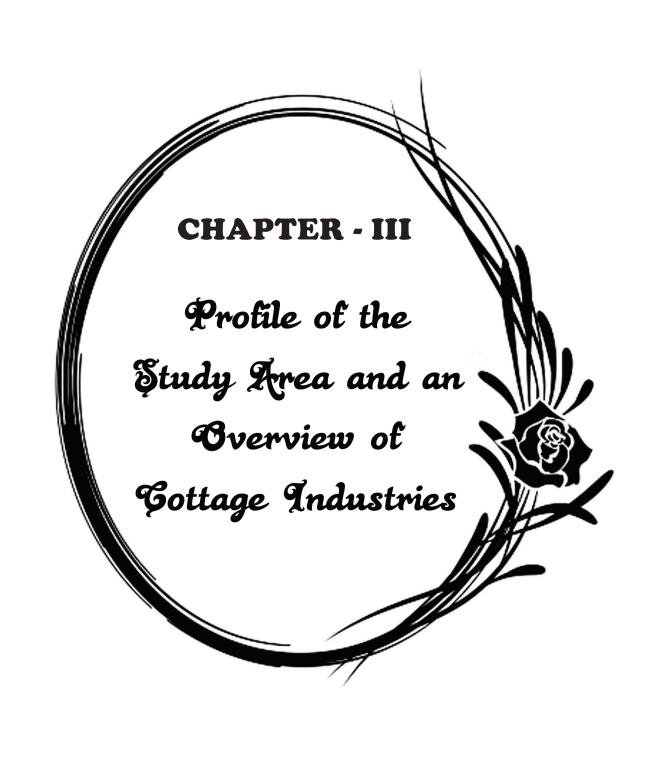
Mahvish Anjum⁹⁷ (2012) in her study states that in developing countries, great efforts are directed towards the development of cottage and small scale industries as the engine for their economic growth. The cottage industry of India is one such industry which has provided ample opportunity of employment for the rural people especially for low socio economic class. The aim of present study is to identify the major health problems in different type of cottage industry and the factors which contribute to these problems. The study is mainly based on primary sources of data collected from the workers employed in various cottage industries. A total of 169 workers engaged in 52 cottage industries were interviewed for this study. The various industrial processes and workplace environment create conditions that led to varying health problems in different industries as reflected in the physical and mental disorders afflicting this population. Finding shows that 52.17 percent cottage workers reported muscular problem, 26.09 percent respiratory, 10.87 percent skin problem and 10.87 percent stress and sleep.

Merlin Thanga Joy and Melba Kani R. (2013) in their study states that the commodities that are being produced by cottage industries are basically consumable ones and are produced through the utilization of the traditional techniques. Cottage Industry especially started its function in the country sides of a country where unemployment along with under-employment are prevalent. Thus, this industry helps the economy by absorbing a huge amount of surplus labor of the rural economy. Another glaring feature of Cottage Industry is that it is not a mass producer of commodities. The main risk that is being faced by this industry is from the factory

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⁹⁷ Mahvish Anjum (2012) "Health Status of Cottage Industry Workers in Ambedkar nagar District" IOSR Journal of Humanities and Social Science (JHSS) ISSN: 2279-0837, Volume 5, Issue 2, pp. 29-32.

⁹⁸ Merlin Thanga Joy and Melba Kani R. (2013) International Journal of Scientific and Research Publications, ISSN 2250-3153, Vol.3, No.10, pp.89-94.



CHAPTER - III

PROFILE OF THE STUDY AREA AND THEORITICAL BACKGROUND OF COTTAGE INDUSTRIES

3.0	Introduction			
3.1	Histor	History of Tirunelveli district		
3.2	Myth	Mythological Association		
3.3	Geogr	Geographical data and boundaries		
3.4	Climatic condition			
	3.4.1	Temperature		
	3.4.2	Humidity		
	3.4.3	Cloudiness		
	3.4.4	Winds		
	3.4.5	Rainfall		
3.5	Minei	Mineral resources		
	3.5.1	Limestone		
	3.5.2	Sulphides		
	3.5.3	Ilmenite - garnet sands		
	3.5.4	Forests		

- 3.6 Agriculture
 - 3.6.1 Cropping pattern
 - 3.6.2 Irrigation
- 3.7 Rivers
- 3.8 Education
- 3.9 Industrial Scenario of Tirunelveli district
 - 3.9.1 Overview of the resources of the district

- 3.9.2 Major cottage and handicraft industries in the district
- 3.9.3 Large scale industries / public sector undertakings
- 3.9.4 Major exportable items in the district
- 3.9.5 Detail of major clusters
- 3.9.5 Different categories of cottage industries in the district
- 3.9.6 Major activities/clusters in the district
- 3.10 An Overview of Cottage Industries
- 3.11 Cottage Industries and their importance
- 3.12 Cottage Industries in India after Independence
- 3.13 Government Policy Initiatives towards Cottage Industries
- 3.14 Organizations working for the benefit of Cottage Industries in India
- 3.15 Problems faced by Cottage Industries in India
- 3.16 Steps taken by Government to overcome Problems of Cottage Industries
- 3.17 Conclusion

CHAPTER - III

PROFILE OF THE STUDY AREA AND AN OVERVIEW OF COTTAGE INDUSTRIES

3.0 INTRODUCTION

For better understanding about the study first we should have some basic knowledge about the study area and the topic of the study. The topic of the research is Growth of Cottage Industries in Tirunelveli district. The large scale, small scale, cottage and handicraft industries growth of a district is conditioned by natural resources, infrastructural facilities, transport and technical know-how etc. So we should have some better knowledge about these aspects and background of the district. This chapter provides relevant informations about Tirunelveli district and Cottage industry.

3.1 HISTORY OF TIRUNELVELI DISTRICT

Tirunelveli the penultimate southern most district of Tamil Nadu, is described as a microcosm of the State, owing to its mosaic and diverse geographical and physical features such as lofty mountains and low plains, dry Teri structures, rivers and cascades, seacoast and thick inland forest, sandy soils and fertile alluvium, a variety of flora, fauna, and protected wild life.

On acquisition from the Nawab of Arcot in1801, the British named it as Tinnevelly district though their headquarters was first located in Palayamkottai the adjacent town, where they had their military headquarters during their operations against the Palayakars. Two reasons may be attributed for naming it after Tirunelveli. One is because, it was and is the chief town of the district and the other is that it was already called as Tirunelveli Seemai under the Nayaks and Nawabs. Thenpandiyanadu

of the early Pandyas, Mudikonda Cholamandalam of the Imperial Cholas, Tirunelveli Seemai of the Nayaks, Tinnevelly district of the East India Company and the British administration and Tirunelveli district of Independent India was bifurcated on 20th October 1986. With a view to making the district administration more effective, the Government of Tamil Nadu reorganised some of the larger districts and carved new districts out of them in stages. Tirunelveli district also was decided to be bifurcated. An Expert Committee was constituted in 1984 to study and recommend to the Government the details of the bifurcation of the district. The divided districts are called as Nellai-Kattabomman district and Chidambaranar (Tuticorin) district. Subsequently the district name was christened as Tirunelveli-Kattabomman district. As per the decision of the Government of Tamil Nadu to call all the districts by the name of the headquarter town, Tirunelveli-Kattabomman district is now Tirunelveli district. Chidambaranar district is now called as Thoothukudi district. Both Tirunelveli and Palayamkottai grew as the twin towns of the district.

3.2 MYTHOLOGICAL ASSOCIATION

The Tirunelveli Sthalapurana prescribes a tradition for the origin of the name Tirunelveli. The mythological version goes that one Vedasarma, a staunch devotee of Shiva, on his pilgrimage from the North to the South was invited by Lord Shiva in his dream to his abode on the banks of the sacred river Tamiraparani. The delighted devotee came to Sindupoondhurai on the banks of the river and stayed there with his family. Once there was a famine which forced Vedasarma to collect paddy by way of begging and continued his daily prayers. One day he spread out the paddy to dry under the Sun before the Lord, and went for his ablutions in Tamiraparani. He prayed

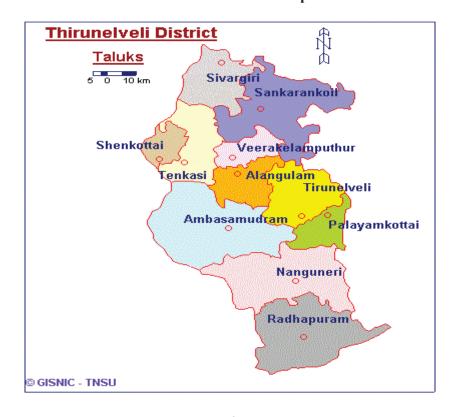
¹ Government of Madras G.O. No . 465, **Revenue Department**, dated 15 March, 1948.

to the Lord for rain which he thought could be a remedy for the famine. His prayer was answered and when he was taking bath a thunder storm broke-out and it rained heavily. Vedasarma rushed to the place where he had spread the paddy. He witnessed a miracle. Despite rain around the area, the paddy that he had spread did not receive even a single drop of rain and did not get wet. Since then according to the purana the Town is called as "Tiru-nel-veli" (Sacred hedged paddy).

3.3 GEOGRAPHICAL DATA AND BOUNDARIES

The Tirunelveli District is located in the world map, between 08° 8' and 09° 23' latitude and 77° 09' and 77° 54' longitude. The total geographical area of the district is 6,823 sq. km. The district is surrounded by the State of Kerala, Gulf of Mannar and the districts of Virudhunagar, Thoothukudi and Kanniyakumari.

Figure 3.1
Tirunelveli District Map



3.4 CLIMATIC CONDITION

3.4.1 Temperature

In the day time the coastal regions are cooler than the interior parts by about a degree in summer and southwest monsoon seasons and warmer by one to two degrees during the rest of the year. From about the middle of February, temperature increases steadily. In May which is usually the hottest month in the interior, the mean daily maximum temperature is 37.1 degree Celsius. The weather—is quite hot in May and June and the maximum temperature sometimes reaches 45 degree Celsius. With the onset of the southwest monsoon by the end of May or beginning of June, there is some drop in temperature. By about the middle of October, both day and night temperatures decrease appreciably. The period from November to January is the coolest part of the year with the mean daily maximum temperature of about 30 to 31 degree Celsius in the interior parts. The mean daily minimum in these months is about 22 to 23 degree Celsius in the district in general.

3.4.2 Humidity

The relative humidity in general, during the year, is between 55 and 65 percent in the interior parts of the district, except during the northeast monsoon season, when it is over 65 per cent. The coastal parts are comparatively more humid.

3.4.3 Cloudiness

During the months of April and May, the skies become heavily clouded and threatening in the afternoons on many days when thunderstorms follow. In the southwest and northeast monsoon seasons, the sky is heavily clouded or overcast.

3.4.4 Winds

- Generally light to moderate in strength.
- Between May and September winds are mainly north Westernly or Westernly
- From October to February winds are mainly north Easternly or Northernly

3.4.5 Rainfall

- Main rainy season is from October to the middle of January.
- During this southwest monsoon season the rainfall is pronounced in the western parts of the district.
- November is generally the rainiest month.
- The heaviest rainfall in 24 hours recorded in the district was 371.5 mm at Sivagiri on 29/10/1929.
- The average rain fall in the district is 814.8 mm per annum.

3.5 MINERAL RESOURCES

3.5.1 Limestone

It is available at several places in the district. The major part comes from the crystalline limestone deposit occurring near Ramayanpatti, Talaiyuthu and Padmaneri. A total reserve of 4.06 million tonnes limestone up to a depth of 15.2 meter in Ramayanpatti band and 5.08 million tonnes up to a depth of 15.25 meter in Talaiyuthu band has been estimated. The limestone available here contains Calcium Oxide (Ca O) from 34.97 to 55.49 percent, Magnesium Oxide (Mg O) from 0.31 to 7.24 per cent.

The Padmaneri band consists of six limestone lenses with an aggregate strike length of about 800 meter. The average width is 4.75 meter 0.199 million tonnes of cement grade limestone is estimated from this band. The Singikulam band extends over a strike length of 17 km. It contains seven limestone lenses with an aggregate strike length of about 6.4 km. and average width of 13 meter. About 3.160 million tonnes of cement grade limestone is estimated from this band. Six bands of good quality limestone occur near Pandapuli and 4, 34,000 tonnes of limestone suitable for the manufacture of cement and chemical industries have been estimated.

3.5.2 Sulphides

Light traces of sulphides occur in and around Pattankadu and Munradaippu.

This mineral is of no economic importance.

3.5.3 Ilmenite - Garnet Sands

Occurrence of red garnet sands in the beds of the river Nambiar and Uvari has been recorded. The proportion of garnet is 75 per cent in the rich deposits and 45 per cent in the surface sands. Local concentration of limenite sands are noticed near Vijayapatti and Kuttankuli.

3.5.4 Forests

The total area of the forest of the district is 1,22,055 ha. of which 81700 ha. is set apart for Tiger reserve of Mundanthurai and Kalakadu. The entire forest of the district stretches along the Western ghats.

Various types of forests from luxuriant tropical wet evergreen forests to southern thorn scrub forests occur in the district. Owing to its diverse geographical

factors. The forests in the district are technically classified as Southern hill top tropical evergreen forests, West Coast tropical evergreen forests, Southern moist mixed deciduous forests, Ochlandra reed forests, Carnatic umbrella thorn forests Southern Euphorsia scrub and Southern thorn scrub.

3.6 AGRICULTURE

Tirunelveli district is predominantly an agricultural district. The district has mainly two cropping seasons, viz. Kar, the first crop (June to September) and Pishanam, the second crop (October to February).

3.6.1. Cropping Pattern

Tirunelveli has fertile soils only in scattered regions. Less fertile red soils are found distributed over most of the region. The network of the irrigation system marks full use of the water resources; the natural deficiency has been overcome to a greater extent. The cropping pattern of the district is essentially of the type characterising dry regions. It normally varies from taluk to taluk. Wet cultivation is essentially paddy cultivation and the major share of the gross cropped area is under one crop. In dry regions, diversified cropping patterns exist and no single crop claims a large share of the gross cropped area. Dry cultivation which characterises these regions is also basically millet and cash crop cultivation. Even in dry regions wherever water is available, it is the paddy crop that is sown by the farmers. Paddy occupies the largest area of cultivation, followed by cotton. Paddy is cultivated mainly in Tirunelveli, Palayamkottai, Tenkasi, Shencottai, Ambasamudram and Nanguneri Taluks.

Other crops grown in the district are cumbu, ragi, pulses, groundnut, gingelly, coconut, chillies and indigo. Portions of Sankarankoil Taluk have the rich, fertile black

soils which are highly suitable for cotton cultivation. Factors such as type of soil, climatic conditions, irrigation facilities, etc., determine the cropping pattern in a region. Most of the rain fed areas is cultivated in both the seasons. Most of the crops are on the ground for three or four months except chillies and cotton which take more than five months.

3.6.2 Irrigation

Tirunelveli District enjoys the benefit of the early showers of south west monsoon and of the later rains of the north-east monsoon. The district is chiefly irrigated by rivers rising in Western ghats. The dams and anaicuts constructed on Tamiraparani and Manimuthar rivers serve both agriculture and power generation. The total fall, though is light, averaging about 814.8 mm per annum, is generally well distributed. The Tamiraparani river affords perennial irrigation to a fairly large area on which two crops are normally raised. Several tanks and wells form part of the other source of irrigation.

3.7 RIVERS

The Tamiraparani is a symbol of Tamil culture and civilization and an identity of the far south of India. In Tamil and Sanskrit literature of earlier times, the Pandyas were referred to as the rulers of the land where the Tamaraparani flowed. It is in the Western Ghats that all the rivers of the district take their rise. The Tambraparani, the chief river of the district, drains an area of about 1,750miles and from its source in the Periya Pothigai to its mouth in the Gulf of Mannar is 75 miles long². At the foot of this fall, the river is joined on the right by the Pambar.11From the Pambar junction to the

² H.R. Pate, op.cit., p. 8.

famous Sorimuthayyankoil, a distance of about three miles, the Kariyar river falls about twenty feet in a mile. The Manimuttar, Varahanahi, Gatanadhi and Pachaiyar are the other famous rivers in the district. Tamiraparani is the chief river of the district which has a large network of tributaries which includes the Peyar, Ullar, Karaiyar, Servalar, Pampar, Manimuthar, Varahanathi, Ramanathi, Jambunathi, Gadananathi, Kallar, Karunaiyar, Pachaiyar, Chittar, Gundar, Aintharuviar, Hanumanathi, Karuppanathi and Aluthakanniar. The two rivers of the district which are not linked with Tamiraparani are the Nambiar and the Hanumanathi of Nanguneri taluk. (There are two Hanumanathis in the district).

3.8 EDUCATION

Tirunelveli district, which is called 'Oxford of South India' has a rich tradition in education. The district has a large number of educational institutions both in the government and the private sector.

The details of Educational Institutions in the district are as follows:

S.No	Educational Institutions	No of Institutions
1	University	1
2	Arts and Science Colleges	21
3	Medical Colleges	1
4	Siddha Medical College	1
5	Engineering Colleges	12
6	Law College	1
7	Pre primary Schools	201

3.9 INDUSTRIAL SCENARIO OF TIRUNELVELI DISTRICT

Tirunelveli District comprises of large, medium and small scale industries. Though all the categories of industries contribute equally to the uplift of the nation, being the employer of the masses cottage and small scale industries contributes much more than the other two. Since 1947, the Government has been taking serious steps to provide all facilities for the industrial growth. Simultaneously the Government promoted the large scale, medium scale and the small scale industries. Various incentives and assistance have been provided by the Government to promote them. The industrial sector of Tirunelveli District has played a very important role in the socioeconomic development of the district during the past 50 years.

3.9.1 Overview of the resources of the district

- Limestone is the major mineral available in Rastha, Thalaiyoothu, Sankarnagar & Padmaneri.
- Limestone available here contains calcium oxide (CaO) from 34.57% to
- > 55.49 %, Magnesium oxide (MgO) from 0.31% to 7.24 %.
- Lime industries manufacturing raw lime powder, burnt lime and Cem powder numbering about 65 are available in Manur block.
- Red Garnet sands and ilmenite are available in the river beds of Nambiyar, as well as in Seashore lands of Radhapuram Taluk.
- Garnet sand & Abrasives are separated and exported.
- Major products are Cement, Cotton yarn, Sugar, Cotton seed oil,
 Printing, Paper and Flour products

3.9.2 Major Cottage and Handicraft Industries in the district

- > Handloom
- ➤ Mat weaving
- Basket making
- > Palmirah products
- Poultry.
- Country bricks
- > Tiles making
- ➤ Blacksmithing
- Carpentry
- > Metal and allied works
- > Terracota products
- > Lacquerware
- ➤ Wet Grinding Stone

3.9.3 Large Scale Industries / Public Sector undertakings

List of the units in Tirunelveli district

- 1. Kudankulam Atomic Power Project (Public sector)
- 2. India Cements, Thalaiyuthu

3.9.4 Major Exportable Item in the district

- > Cement
- > Handicraft items
- ➤ Granite
- ➤ Coir pith block/ Coir Products

- Processed Gherkins
- > Cashew products
- > Readymade Garments
- > Terry Towels and Lungies
- ➤ Herbal Products
- Ornamental Wooden Products

3.9.5 Different Categories of Cottage Industries in the District

SI No.	Category	Type of Industry	
1	Raw material based	Agro Processing activities, Horticulture based activities, Cotton textiles, Dairy and Wood based	
2	Demand based	Sari weaving, Tourism related, Readymade garments, Milk Chilling and Processing etc.	
3	Skill based	Cotton and Silk weaving, Lacquer ware, Brass items, Brick making etc.	
4	Export Oriented	Herbal products and Fruit processing and fresh organic fruits and Coconut based products	
5	Rural Artisans	Village Industry, Rope making, Imitation Jewellery, Handmade papers etc.	

3.9.6 Major Activities/Clusters in the district

Sl No.	Activity	Major Centers	Predominant Blocks
1.	Beedi	Alangulam, Melapalayam,	Alangulam, Palayamkottai,
		Mukkudal (Spread through out the district)	Ambasamudram, Cheranmahadevi, Kalakadu
2.	Mat Weaving (Handlooms)	Pattamadai, Nalattinputhur, Arikesavanallur	Cheranmahadevi, Ambasamudram
3.	Matches	Kuruvikulam, Nalattinputhur	Kuruvikulam
4.	Powerlooms	Sankarankovil, Puliangudi	Sankarankovil, Vasudevanallur
5.	Rice mills	Alangulam, Keelapavoor	Alangulam
6.	Sericulture	Tenkasi	Tenkasi
7.	Brick/Tile	Karukurichi, Keelapavoor,	Ambasamudram, Tenkasi,
	works	Kalakadu	Kalakadu
8.	Brass works	Vagaikulam	Ambasamudram
9.	Handlooms	Kadayanallur, Idaikal	Ambasamudram
10.	Coir based	Tenkasi, Courtallam	Tenkasi
	industries		
11.	.Blue metal	Thalayuthu, Alangulam,	Alangulam
		Ramayanpettai	
12.	Oil Mills	Alangulam	Alangulam
13.	Pottery	Karukurichi, kuniyur	Cheranmahadevi
14.	Palm Tapers	Radhapuram, Sankarankoil, Pappakudi, Valliyur	Radhapuram, Sankarankoil, Valliyur
15.	Lime	Sangarnar	

3.10 AN OVERVIEW OF COTTAGE INDUSTRIES

The term 'cottage industry' is used when products are manufactured on a small scale. India is well known for its large number of traditional cottage industries. But with the advent of the industrialization, cottage industries witnessed a sharp decline. However, the government has taken steps to revive cottage industries and they now play an important part in contributing to the economy of the country. The top five Indian cottage industries are cotton weaving, silk weaving, carpet making, leather industry, metal handicrafts and small food processing industries. Cotton weaving is a very important cottage industry in India. This skill dates back to ancient times as cotton clothing is widely worn around the country. Indian cotton weaving is known for traditional designs and patterns done by skillful weavers with their looms. The cotton industry in India is concentrated in Maharashtra, Tamil Nadu, and Gujarat. Silk weaving is another famous cottage industry in India. India is one of the major producers and consumers of silk as it is worn on special occasions such as weddings and festivals. Mulberry, Muga, Tassore, and Eri are the types of silk produced in India.

Cottage Industries play a major role in the economic development of any local geographic area and the nation as a whole. As someone sets up cottage industry in any rural area then the young generation has no need to go to cities for work and with industrialization facilities do arrive. Small scale industries are labour intensive so there is no need to for the labour to be too skilled which provides opportunity for everyone, employment according to the skills. Due to this opportunity everyone gets the source of income which in turn increases the Gross per Capita of the family. As the income of families living in country increases the Gross per Capita of the country increases. Entrepreneurs who are not able to receive loan for the bigger firms are also

turning towards the cottage industries because cottage industries don't need too much funding. The most important and crucial one is them is to find and sustain qualified workers.

The existence of cottage industries can be traced back to 15th century but it became prominent in the 17th and 18th centuries. Initially it served a way for entrepreneurs to bypass the guild system which was thought to be cumbersome and inflexible. Before the advent of East India Company, India only had cottage industry but after it for some time the only thing ruling Indian market was the product of East India Company. To get rid of East India Company, Gandhiji brought the concept of Khadi once again. The main idea of introducing Khadi once again was to promote the concept of 'Swadeshi' and 'Swaraj' once again which would eventually give a set back to the income of East India Company and there would be a source of income for the common man.

3.11 COTTAGE INDUSTRIES AND THEIR IMPORTANCE

India is a predominantly agricultural country. About eighty per cent of our country's population depends on agriculture. In India agriculture can be termed the largest and the most important industry. Agriculture is a seasonal industry which does not provide any work to the agriculturists for about three to four months in a year. The women and the old are without any useful employment almost throughout the year. Cottage industries can provide them some gainful employment and add to their income. They can increase the total production in the country as well. Mechanisation is the order of the day all over the world. But in an underdeveloped and agricultural country like India, the importance of cottage industries cannot be over emphasised. Even Mahatma Gandhi strongly recommended the development and expansion of cottage

industries in India. He said, "I can have no consideration for machinery which is meant to enrich the few at the expense of many." According to him, "Mechanisation is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for work as are the case in India; the problem is how to utilise the idle hours of teeming million inhabitants of our villages which are equal to the working days of six months in a year."

Cottage industries are of special importance because they can be carried on with the help of the members of the family. They do not require large premises, huge machines and great investment. They are labour intensive. The greatest advantage of such industries is that even the women and the old in the family can usefully utilise their leisure. They not only increase the income of the family but also reduce unemployment and thus raise the standard of living of the members of the family. In olden times, India had fairly developed cottage industries. The commodities produced in these industries were famous for their beauty, art and delicacy. Every village in India was a centre of these industries. But during the British rule these industries received no protection, what to talk of encouragement, and so they were ousted by large industries. After the attainment of independence our national government has paid sufficient attention to the development of these industries.

3.12 COTTAGE INDUSTRY IN INDIA AFTER INDEPENDENCE

India achieved independence in 1947 and since then the leaders of India trying hard to improve the economic conditions of the country. The initial attempt was made to improve the economy with the establishment of large scale industries. Many Public sector steel industries have been established at the early stage of independence neglecting the agriculture and cottage industry. However, in the subsequent five year

plans the rectification was incorporated. Since then, the small scale industries are run with a joint co-operation of the public and private sectors. Now, almost every state in India has its own set of cottage industries. The art and craft items of the region reflect the culture of that region. In India, the Industrial Policy Statement made in Parliament in December 1977, it was that Government would introduce legislative measure to ensure adequate recognition to cottage industries, which are capable of providing employment to a large number of persons in the rural sector. As a result of this shift in the attitude of the government every district will be provided with an agency to look after the needs of cottage industries in the district. This district agency would arrange for machinery, raw material, credit facilities, marketing, research and expansion of these industries. The policy statement hoped that the financial institutions would reserve a portion of their total advances for the cottage industries. The government departments and public undertakings have been instructed to make their purchases from these industries on a priority basis.

Government would take effective measures for development and greater use of small and simple equipment and machinery suitable for those employed in cottage industries with a view to increasing their productivity and profitability. During the first three Five Year Plans a sum of ₹458.76 crores was spent by government for the development of village and small scale industries. The Fifth Plan outlay for the development of this sector was ₹535.03 crores. The Sixth Plan provides an outlay of ₹935.00 crores for cottage and small scale industries. It is estimated that Khadi and village industries, and small scale industries would be producing goods worth ₹2561 crores and ₹2670 crores during 1982-88 they are likely to give employment to 74.48 lakh and 57.68 lakh persons respectively. Having fixed the objectives of removal of poverty and unemployment, the economic growth of the rural areas is one of the most

important measures for achieving it. Development of cottage industries is vital for the real transformation of our countryside.

3.13 GOVERNMENT POLICY INITIATIVES TOWARDS COTTAGE INDUSTRIES

The growth of small scale and cottage industries sector has been regarded as one of the most significant features of planned economic development. Keeping in view the importance of small scale and cottage industries, Government of India framed a policy package consisting of both promotional and protective instruments for fostering the growth of small scale and cottage industries, soon after independence. Government's attitude and intention towards industries in general and SSIs in particular are reflected in Industrial policy Resolutions.

(a) Industrial Policy Resolution of 1948

The Industrial Policy Resolution (IPR) of 1948 marked the beginning of "organised direction" for industrial development in India. The strategy of industrial planning aimed at diversifying the industrial base mainly through the development of basic, intermediate and capital goods industries. Nevertheless, it laid much emphasis on the indispensable role of small scale and cottage industrial sector for employment generation in the economic development of the country³.

The IPR of 1948 stated that "Cottage and small scale industries have a very important role in the national economy. Offering as they do scope for individual, village or cooperative enterprise, and means for the rehabilitation of displaced persons. These industries are particularly suited for the better utilization of local resources and for the achievement of the local self-sufficiency in respect of certain types of essential

³ Subrahmanya, M.H.B. (1995): 'Reservation Policy for Small Scale Industries: Has it delivered the Goods', Economic and Political Weekly, 2nd May, Vol. XXX, No.21.

consumer goods like food, cloth and agricultural implements". The IPR of 1948 reflected the emergence of a dualistic approach in government policy i.e. emphasis on both traditional and modern small scale sector. This approach has continued to form the basis of industrial policy towards the small scale sector ever since. The Industrial Development and Regulation Act, 1951 which was promulgated in order to provide the organizational support to IPR of 1948 provide scope for a coordinated development of cottage and small scale industries within the general framework of large scale development programmes.

(b) Industrial Policy Resolution of 1956

In 1955, Planning Commission setup a Committee on village and small scale industries popularly known as Karve Committee. The Committee recommended some important measures like:

- (i) Reservation of certain items only for village and small scale industries;
- (ii) Restriction of capacity expansion of large industry;
- (iii) Management of supply of raw materials; and
- (iv) A scheme of concessions and benefits to small producers.

Small scale and Cottage industries sector was seen as the major vehicle for expanding consumer goods output to meet an expected growing demand due to increased investment in public sector projects during the first Five Year Plan. The IPR of 1956 advocated the policy of protection as recommended by Karve Committee to improve economic viability and competitive strength of small scale industries and

⁴ Industrial Policy Resolution, (1948) Minisry of Small Scale Industries, Government of India, New Delhi, April'6, No. 1(3)-44(13)/48, p.8.

cottage industries and stated that "The States has been following a policy of supporting cottage and village and small scale industries by restricting the volume of production in the large scale sector by differential taxation or by direct subsidies. While such measures will continue to be taken, whenever necessary, the aim of the State Policy will be to ensure that the decentralised sector acquires sufficient vitality to be self supporting and its development is integrated with that of large-scale industry. Therefore, concentrate on measures designed to improve the competitive strength of the small scale producer. For this it is essential that the technique of production should be constantly improved so and modernised the pace of transformation being regulated so as to avoid as far as possible, technological unemployment. Lack of technical and financial assistance, of suitable working accommodation and inadequacy of facilities for repair and maintenance are among the serious handicaps of small scale producers. A start has been made with the establishment of industrial estates and rural community workshops to make good these deficiencies. The extension of rural electrification, and the availability of power at prices, which the workers can afford, will also be of considerable help. Many of the activities relating to small scale production will be greatly helped by the organization of industrial cooperatives. Such cooperatives should been courage in every way and the States should give constant attention to the development of cottage and village and small scale industry". 5 The focus of the IPR was to continue the policy support to cottage, village and small industries by differential taxation or direct subsidies in the form of financial assistance to improve and modernize the techniques of production and competitive strength of SSIs. To achieve these 128 items were exclusively reserved for production in SSIs, and 166 items were reserved for exclusive purchase by government from this sector.

⁵ Industrial Policy Resolution, (1956) Ministry of Small Scale Industries, Government of India, New Delhi, April'30, No.91/SF/48, p.14.

(c) Industrial Policy Resolution of 1977

The IPR of 1977 was announced on 23rd December when Janata Party Government took initiatives for the development of small scale sector and asserted that "The main thrust of the new Industrial Policy will be on effective promotion of cottage and small industries widely dispersed in rural areas and small towns. It is the policy of the Government that whatever can be produced by small and cottage industries must only be so produced" The important features of the IPR were:

- (i) 504 items were reserved for exclusive production in the small-scale industries.
- (ii) The concept of District Industries Centres (DICs) was introduced so that in each district a single agency could meet all the requirements of SSIs under one roof.
- (iii) Technological up gradation was emphasized in traditional sector
- (iv) Special marketing arrangements through the provision of services, such as, product standardization, quality control, market survey, were laid down.

(d) Industrial Policy Resolution of 1980

The Industrial Policy of 1980 marked a significant milestone in the policy of development of small scale industries in India. The IPR sought to harmonize the growth in small scale industries with the large and medium scale industries. Industrially

77

⁶ Industrial Policy Resolution, (1977) Ministry of Small Scale Industries, Government of India, New Delhi.

backward districts were identified for faster growth of existing network of SSIs. Following measures were specified in the policy:

- (i) Investment limit was raised for tiny, small, and ancillary units to Rs. 2 lakh, Rs. 20 lakh, and Rs. 25 lakh respectively.
- (ii) "Nucleus plants" in each industrially backward district replaced the "district industries centers." These were to concentrate on assembling the products of SSIs and to produce inputs needed by large number of small units.
- (iii) Reservation of items and marketing support for small industries was to continue.
- (iv) Availability of credit to growing SSI units was continued.
- (v) Buffer stocks of critical inputs were to continue.
- (vi) Agricultural base was to strengthen by providing preferential treatment to agro based industries.
- (vii) An early warning system was to establish to avoid sickness and take appropriate remedial measures.

(e) Industrial Policy Resolution of 1990

The Industrial Policy Resolution of 1990 emphasized on the need of modernization and technology up gradation to meet the twin objectives of employment generation and dispersal of industry in rural areas, and to enhance the contribution of small scale industries to exports. Main features of this Resolution are:

- (i) It raised the investment ceiling in plant and machinery for small scale industries to Rs. 60 lakh and correspondingly, for ancillary units to Rs. 75 lakh.
- (ii) It created central investment subsidy for this sector in rural and backward areas. Assistance was also granted to women entrepreneurs for widening the entrepreneurial base.
- (iii) Reservation of items to be produced by SSIs was increased to 836.
- (iv) Small Industries Development Bank of India was established to ensure adequate flow of credit to SSIs.
- (v) Stress was reiterated to upgrade technology to improve competitiveness.
- (vi) Special emphasis was laid on training of women and youth under Entrepreneurial Development Programme.
- (vii) Activities of Kadhi and Village Industries Commission and Khadi and Village Industries Board were to expand.

(f) Industrial Policy Resolution of 1991

On July' 24, 1991 the Government lunched 'Structural Adjustment Programme' which has resulted in a 1800 change in the policies governing the different aspects of Indian economy. In order to impart more vitality and growth to small scale sector, the Government of India announced a separate policy statement for small, tiny and village enterprises. The basic thrust of this resolution was to simplify regulations and procedures by delicensing, deregulating, and decontrolling. Its incredible features are:

- (i) SSIs were exempted from licensing for all articles of manufacture.
- (ii) The investment limit for tiny enterprises was raised to Rs. 5 lakh irrespective of location.
- (iii) Equity participation by other industrial undertakings was permitted up to a limit of 24 percent of shareholding in SSIs.
- (iv) Factoring services were to launch to solve the problem of delayed payments to SSIs.
- (v) Priority was accorded to small and tiny units in allocation of indigenous and raw materials.
- (vi) Market promotion of products was emphasized through co-operatives,public institutions and other marketing agencies and corporations.

On the whole, the Industrial Policy Resolution of 1991 outlined developmental, deregulatory and de-bureaucratic measures and underscored the need to shift from subsidized and cheap credit to a system which would ensure adequate flow of credit on timely and normative basis to the small scale industrial sector.

(g) Comprehensive Policy Package for small scale and tiny sector, 2000

The Government of India announced a comprehensive policy package for the development and promotion of small scale and tiny sector which aims to improve the competitiveness of the sector. The main focus of the policy package was:

(i) The exemption for excise duty limit raised from Rs. 50 lakh to Rs. 1 crore.

- (ii) The limit of investment was increased in industry related service and business enterprises from Rs. 5 lakh to Rs. 10 lakh.
- (iii) The coverage of ongoing Integrated Infrastructure Development (IID) was enhanced to cover all areas in the country with 50 percent reservation for rural areas and 50 percent earmarking of plots for tiny sector.
- (iv) The family income eligibility limit of Rs. 24000 was enhanced to Rs. 40000 per annum under the Prime Minister Rozgar Yojana (PMRY).
- (v) The scheme of granting Rs. 75000 to each small scale enterprise for obtaining ISO 9000 certification was continued till the end of 10th plan.

(h) Industrial Policy Packages for small scale industries, 2001-02

Industrial Policy Packages for small scale industries, 2001-02 emphasizes the following:

- (i) The investment limit was enhanced from Rs. 1 crore to Rs.5 crore for units in hosiery and hand tool sub sectors.
- (ii) The corpus fund set up under the Credit Guarantee Fund Scheme was increased from Rs.125 crore to Rs.200 crore.
- (iii) Credit Guarantee cover was provided against an aggregate credit of Rs. 23 crore till December 2001.
- (iv) Fourteen items were de-reserved in June 2001 related to leather goods, shoes and toys.

- (v) Market Development Assistant Scheme was launched exclusively for SSI sector.
- (vi) Four UNIDO (United Nations International Development Organisation) assisted projects were commissioned during the year under the Cluster Development Programme.

(i) Policy Package for small and medium enterprises, 2005-06

During the year 2005-06 the Government announced a policy package for small and medium enterprises. The main features of this policy package were:

- (i) The Ministry of Small Scale Industries has identified 180 items for dereservation.
- (ii) Small and Medium Enterprises were recognized in the services sector, and were treated at par with SSIs in the manufacturing sector.
- (iii) Insurance cover was extended to approximately 30,000 borrowers, identified as chief promoters in the small scale sector.
- (iv) Emphasis was laid on Cluster Development model not only to promote manufacturing but also to renew industrial towns and build new industrial townships. The model is now being implemented, in nine sectors including khadi and village industries, handlooms, handicrafts, textiles, agricultural products and medicinal plants.

(j) Enactment of Micro, Small and Medium Enterprises Development Act, 2006

In May' 2006, the President has amended the Government of India (Allocation of Business) Rules, 1961; Ministry of Agro and Rural Industries and Ministry of Small

Scale Industries have been merged into a single Ministry, namely, "Ministry of Micro, Small and

Medium Enterprises. Consequently the Micro, Small and Medium Enterprises Development Act (MSMED) was enacted, which provides the first ever legal framework for recognition of the concept 'enterprises' against 'industries' and integrating the three tiers of these enterprises viz. micro, small and medium and clearly fixed the investment limits for both manufacturing and service enterprises. It also provides for a statutory consultative mechanism at the national level with wide representation of all sections of stakeholders, particularly the three classes of enterprises. The Act also makes provisions for establishment of specific funds for the promotion, development and enhancement of competitiveness of these enterprises, progressive credit policies and practices, preference in Government procurements to products and services of the micro and small enterprises, more effective mechanism for mitigating the problems of delayed payments and simplification of the process of closure of business by all three categories of enterprises.

3.14 ORGANIZATIONS WORKING FOR THE BENFIT OF COTTAGE INDUSTRIES IN INDIA

The well-known organization like Khadi and Village Industries Commission (KVIC) is working towards the development and endorsement of cottage industries in India. Other premier organizations are Central Silk Board, Coir Board, All India Handloom Board and All India Handicrafts Board, and organizations like Forest Corporations and National Small Industries Corporation are also playing an active role in the meaningful expansion of cottage industries in India. The Department of

83

⁷ The Gazette of India, Ministry of Law and Justice, New Delhi. No.311, June'16, 2006.

Industries and Commerce also implements a variety of programmes to provide financial assistance, technical support and guidance service to the existing as well as new industries. These programmes are implemented with an accent on the development and modernization of industries, up-gradation of technology and quality control. It operates through a network of District Industries Centers (DICs), one in each district, headed by a General Manager.

3.15 PROBLEMS FACED BY COTTAGE INDUSTRIES IN INDIA

Cottage industry is considered for its enormous potential of providing employment. But, over the years, employment may have increased in this industry but the income of the people has definitely decreased as the middlemen offer low prices to the manufacturers but take heavy chunks of money from the buyers. But, it is not only the middlemen and the dealers. The new revised foreign policies, globalization is also responsible for the current condition of cottage industry. Cottage industries in India face dearth of capital and large quantity of labour, which force them to buy capital-saving techniques. Hence, there is an urgent need for implementation of techniques which not only enhances productivity but develops skills of the laborers and meets the requirements of the local market. Endeavors should be directed towards the development of technology so that labours can enjoy a decent lifestyle. Government should also provide subsidiaries for the growth of cottage industries especially in the preliminary stages. The labourers of cottage industry often find themselves fighting against all odds at every stage of their business, be it buying the raw materials or promoting their products, arranging for capital or access to insurance covers, etc.

A. Problem of Raw-materials

Due to their limited resources, the owners of these industries cannot afford to purchase raw-material in bulk. That is why they get low quality materials at high rates.

B. Financial Problems

Cheap and easy finance is not available to these industries. The financing system of government institutions and banks is such that these industries have to complete many formalities and there are so many complications which can be followed by these less educated entrepreneurs.

C. Marketing problems

These industries mainly exist in villages and due to lack of transport and communication facilities they are handicapped in finding suitable markets for their products,

D. Lack of Managerial Talent

Cottage and small scale industries are mostly run by the small businessmen having no training of management and organization. **E. Competition with large-scale industries**

The main problem before these industries is that they are unable to compete with large-scale industries. The economies of large-scale production are not available to them and therefore they fail to compete with large-scale industries.

Cottage industries are the victims when it comes to attracting the attention of modern industry. This calls for preservation and promotion of cottage industries

through formulation of public policies directed at improving the industry both in context of income of laborers and technological aspects. It is high time now that the Government took some initiatives. Though in every budget, new promises are made, new policies are made. But, so far none of them has benefitted these people much. They are almost in the same conditions as they were decades ago. Though there is a marginal increase in their income but if at the same time, we also notice the increase in the expenditures, then, we can say that in fact they are worse now than they were earlier.

3.16 STEPS TAKEN BY GOVERNMENT TO OVERCOME PROBLEMS OF COTTAGE INDUSTRIES

Keeping in view the importance of cottage industries the government has taken many steps to overcome their problems. The main steps taken are:

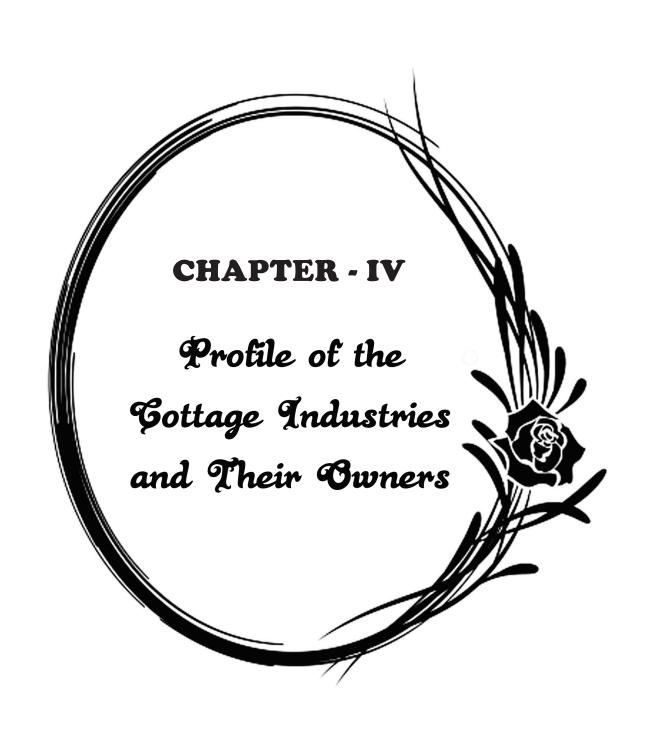
- (i) The Union Government has set up a number of agencies to help the village and small industries. These include the Small Scale Industries Board the Khadi and Village Industries Commission, the All India Handicrafts Board, the AH India-Handloom Board and Central Silk Board.
- (ii) Credit facilities are made available to these industries through a number of institutions. Small scale sector is included m the priority sector for the supply of institutional credit.
- (iii) Industrial estates and rural industrial projects have been set up and industrial co-operatives have been organized.
- (iv) The District Industries Centres are being established at the district level to provide all the services and support required by small and village entrepreneurs under one roof.

The Industrial Policy Resolution, 1980 has these following provisions for the development of cottage and small-scale industries

- (i) Introducing a scheme for building up of buffer stocks of essential materials which are often difficult to obtain. Special needs of states which rely heavily on a few essential raw-materials will receive priority.
- (ii) To generate as many ancillaries and small and cottage suits as possible,the government will set up a few nucleus plants in each district.A nucleus plant would concentrate on assembling the products of the ancillary and small scale units falling within its orbit.
- (iii) Enhancing the limit of capital investment for small scale and ancillary industries.

3.17 CONCLUSION

The district has diverse geographical and physical features such as lofty mountains and low plains, rivers and cascades, seacoasts and thick forests, sandy soils and fertile alluvium, a variety of flora, fauna and protected wild life. The district consists of all geographical divisions referred to in Tamil literature. There are number of medium, small scale and handicraft business units functioning in the district. A brief profile of study area is given in this chapter. It helps to get better understanding of the profile of the district. Further this chapter also gives an overview about the cottage industry, government policy initiatives towards cottage industries, their problems and the steps taken by the government to overcome the problems.



CHAPTER - IV

PROFILE OF THE COTTAGE INDUSTRIES AND THEIR OWNERS

4.0 Introduction

4.1 Socio-economic conditions of the respon

- 4.1.1 Respondents' Gender
- 4.1.2 Age of the Respondents
- 4.1.3 Religion of the Respondents
- 4.1.4 Community of the Respondents
- 4.1.5 Level of Education among the Respondents
- 4.1.6 Marital Status of the Respondents
- 4.1.7 Number of Children among the Respondents
- 4.1.8 Children's status in the Respondents' family
- 4.1.9 Nature of family of the Respondents
- 4.1.10 Family Size of the Respondents
- 4.1.11 Number of Earning Members per family
- 4.1.12 Family Income of the Respondents
- 4.1.13 Family Expenditure of the Respondents
- 4.1.14 Monthly Savings among the Respondents' Family
- 4.1.15 Primary Occupation among the Respondents
- 4.1.16 Entrepreneurial Category of the Respondents

4.2 Profile of the Cottage Industries

- 4.2.1 Form of Organisation of the Cottage Business Units
- 4.2.2 Location of the Cottage Business units
- 4.2.3 Type of premises used by the Cottage Business Units
- 4.2.4 Age of the Cottage Business Units

- 4.2.5 Initial Investment on made in the Cottage Business Units
- 4.2.6 Sources of Initial Investment in the Cottage Business Units
- 4.2.7 Sources of Borrowed Capital among the Cottage Business Units
- 4.2.8 Utilisation of Initial Investment
- 4.2.9 Capacity Utilisation of the Respondents
- 4.2.10 Product Line/Services Rendered by Cottage Business Units
- 4.2.11 Employment Provision in the Cottage Business Units
- 4.2.12 Type of Workers Employed in Cottage Business Units
- 4.2.13 Assistance Received from the Government
- 4.2.14 Requirement of Entrepreneurial Training
- 4.2.15 Functioning of Cottage Business Units
- 4.2.16 Time Spent on the Management of Cottage Business Units

4.3 Factors Motivating to start Cottage Industry

- 4.3.1 Factors Motivating to Start the Cottage Business Units
- 4.3.2 Variables in Skills and Experience Factor and its Reliability
- 4.3.3 Variables in Personal Factor
- 4.3.4 Variables in Family Factor and its Reliability
- 4.3.5 Economic Factor and its Variables
- 4.3.6 Employment Factor and its Reliability
- 4.3.7 Market Factor and its reliability
- 4.3.8 Respondents' view on Various Factors Leading to Start the Cottage
 Industry
- 4.3.9 Impact of Factors Motivating to Start Cottage Business Units on the Initial Investment in the Cottage Business Unit

4.4 Conclusion

CHAPTER - IV

PROFILE OF THE COTTAGE INDUSTRIES AND THEIR OWNERS

4.0 INTRODUCTION

Mostly the cottage industries are run by the family members. All the members of the family will be involved in the business activities. Some families are doing the cottage business as a secondary occupation. Apart from their primary occupation the members of the family used to do some cottage business activities. The profile of the cottage industries represents the nature of their activities, the capital employed in the cottage business activities, number of members working in the business and also the background of the cottage business units. As the profile of the cottage business units may have an association with the growth and performance of the cottage business units, it is included in the present study. In addition to this the factors determining the growth of the cottage business units are also included for the analysis.

4.1 SCOIO-ECONOMIC CONDITIONS OF THE RESPONDENTS

The profile of the cottage business entrepreneurs in the present study is confined to gender, age, religion, community, educational level, marital status, number of dependents, education status of the children, nature of family, family size, earning members per family, family income, family expenditure, savings and primary occupation. For the purpose of the study the cottage business units were classified in to three categories namely, manufacturing, trading and service units. The profile of the cottage business entrepreneurs are presented according to the nature of their business.

4.1.1 Respondents' Gender

The cottage business units are classified into manufacturing, trading and service units. The distribution of respondents on the basis of their gender is given in Table 4.1.

Table 4.1
Respondents' Gender

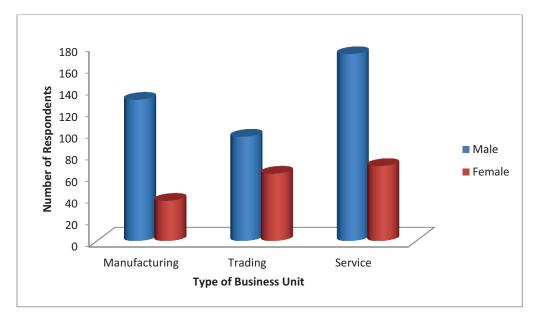
Sl.	Condon	Number (T-4-1		
No.	Gender	Manufacturing	Trading	Service	Total
1.	Male	130 (77.8)	96 (60.8)	172 (71.4)	398 (70.3)
2.	Female	37 (22.2)	62 (39.2)	69 (28.6)	168 (29.7)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The dominant gender among the respondents is male since it constitutes 70.3 per cent to the total. Among the male respondents most (43.22 per cent) of the respondents are involved in service oriented activities. 32.66 per cent of the male cottage entrepreneurs are doing manufacturing activities. Among the female cottage entrepreneurs, majority (41.07 per cent) of them are involved in service oriented activities. It is inferred from Table 4.1 that the male respondents are dominating in all three types of cottage industries.

Figure 4.1
Respondents' Gender



4.1.2 Age of the Respondents

The age of the respondents may be associated with the level of performance of the cottage business units and also their attitude towards business and the problems faced by them. Hence, the age is included as one of the profile of the respondents in the present study. The age of the respondents is confined to less than 25 years, 25 to 35 years, 36 to 45 years, 46 to 55 years and above 55 years. The distribution of respondents on the basis of their age is given in Table 4.2.

Table 4.2

Age group of the Respondents

Sl.	Age group	Number (Total		
No.	(in Years)	Manufacturing	Trading	Service	Total
1.	Less than 25	17 (10.2)	20 (12.7)	24 (10.0)	61 (10.8)
2.	25 to 35	56 (33.5)	39 (24.7)	67 (27.8)	162 (28.6)
3.	36 to 45	50 (29.9)	39 (24.7)	85 (35.2)	174 (30.8)
4.	46 to 55	24 (14.4)	44 (27.8)	47 (19.5)	115 (20.3)
5.	Above 55	20 (12)	16 (10.1)	18 (7.5)	54 (9.5)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The dominant age group among the respondents is 36 to 45 years and 25 to 35 years which constitutes 30.80 and 28.60 per cent to the total respectively. The most important age group among the respondents in manufacturing, trading and service units are 25 to 35 years, 46 to 55 years and 36 to 45 years which constitute 33.50, 27.80 and 35.20 per cent to the total respectively. The analysis reveals that majority (59.36 per cent) of the respondents are in the age group of 25-45 years of age.

4.1.3 Religion of the Respondents

Religion of the respondents represents the religion which is followed by the respondents. Since the religion may have its influence in the business activities of the cottage business entrepreneurs it considered as one of the important profile variable of

the respondents in the present study. The religion in the present study is confined to Christian, Hindu, and Muslim. The distribution of respondents on the basis of their religion is given in Table 4.3.

Table 4.3
Respondents' Religion

Sl. Delicion		Numbe	Total		
No.	Religion	Manufacturing	Trading	Service	Total
1.	Christian	41 (24.6)	51 (32.3)	55 (22.8)	147 (26.0)
2.	Hindu	89 (53.3)	73 (46.2)	138 (57.3)	300 (53.0)
3.	Muslim	37 (22.1)	34 (21.5)	48 (19.9)	119 (21.0)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The important religion among the respondents is Hindu which constitutes 53 per cent to the total. It is followed by the Christian religion which constitutes 26.00 per cent to the total. The most dominant religion among the respondents in manufacturing, trading and service units is Hindu which constitutes 53.30, 46.20 and 57.30 per cent to its total respectively. The analysis reveals that the dominant religion among the respondents is Hindu.

4.1.4 Community of the Respondents

Community of the respondents gives information about the social class to which the respondent belongs. Since the social class of the respondents may be have its own influence on the performance of the respondents of the cottage business units, it is included as one of the profile variables. The social class in the present study is classified into Forward Class (FC), Backward Class (BC), Most Backward Class

(MBC) and Schedule Caste / Schedule Tribe (SC/ST). The distribution of respondents on the basis of their community is shown in Table 4.4.

Table 4.4

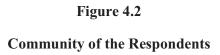
Community of the Respondents

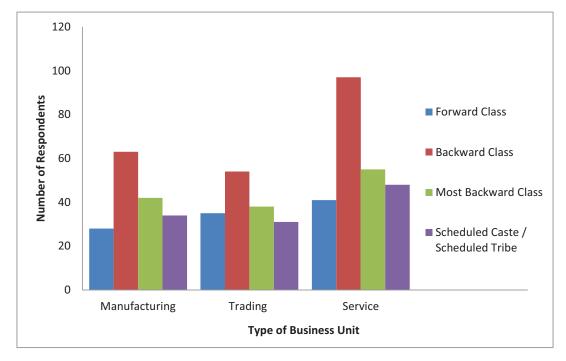
Sl.	Community	Number (Total		
No.	Community	Manufacturing	Trading	Service	1 Otai
1.	Forward Class	28 (16.8)	35 (22.2)	41 (17.0)	104 (18.4)
2.	Backward Class	63 (37.7)	54 (34.2)	97 (40.3)	214 (37.8)
3.	Most Backward Class	42 (25.1)	38 (24.0)	55 (22.8)	135 (23.8)
4.	Scheduled Caste / Scheduled Tribe	34 (20.4)	31 (19.6)	48 (19.9)	113 (20.0)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The dominant community among the respondents is Backward Class and SC/ST which constitutes 37.80 and 20.00 per cent to the total respectively. The Forward Class respondents constitute only 18.40 per cent to the total. The most important community among the respondents in manufacturing, trading and service units are backward class which constitutes 37.70, 34.20 and 40.30 per cent to its total respectively. The analysis reveals the dominance of backward class among the respondents of cottage business units.





4.1.5 Level of Education among the Respondents

The level of education among the respondents gives information about the educational qualification of the respondents. The level of education of the respondents may provide more exposure and knowledge about the management of cottage industries and subsequently result in the performance of the units. Hence, it is included as the profile variable in the present study. The level of education among the respondents is confined to upto 8th standard, 9 to 10th standard; 11th to higher secondary level, diploma and degree. The distribution of respondents on the basis of the level of education is illustrated in Table 4.5.

Table 4.5

Educational Status of the Respondents

Sl.	Educational Status	Number of Respondents		Number of Respondents			
No.	No. Educational Status	Manufacturing	Trading	Service	Total		
1.	Upto 8 th standard	42 (24.6)	44 (27.7)	80 (33.2)	165 (29.1)		
2.	9 th - 10 th standard	43 (25.7)	45 (28.5)	68 (28.2)	156 (27.6)		
3.	11 th to H.S. Level	47 (28.1)	38 (24.1)	54 (22.4)	139 (24.6)		
4.	Diploma	16 (9.6)	08 (5.1)	23 (9.6)	47 (8.3)		
5.	Degree	20 (12.0)	23 (14.6)	16 (6.6)	59 (10.4)		
	Total	167 (100)	158 (100)	241 (100)	566 (100)		

Source: Primary Data

Figures in parenthesis shows the percentage

The important level of education among the respondents is up to 8th standard and 9th to 10th standard which constitutes 29.10 and 27.60 per cent to the total respectively. The respondents with the degree education constitute 10.40 per cent to the total. The most dominant level of education among the respondents in manufacturing, trading and service unit is 11th to higher secondary level, 9th to 10th standard and up to 8th standard since it constitutes 28.10, 28.50 and 33.20 per cent to its total respectively. The analysis reveals that majority (29.10 per cent) of the respondents have studied up to 8th standard.

4.1.6 Marital Status of the Respondents

The marital status indicates the stage of life cycle at which the respondents are living. Since the marital status may have its own influence on the performance of the cottage business units and the perception on various aspects related to cottage business units, it is included as one of the profile variables. The marital status of the respondents in the present study is confined to married, single, divorced, and widowed. The distribution of respondents on the basis of their marital status is given in Table 4.6.

Table 4.6

Marital Status of the Respondents

Sl.	Marital Status	Number o	Total		
No.	No. Waritai Status	Manufacturing	Trading	Service	Total
1.	Married	119 (71.3)	84 (53.2)	140 (58.1)	343 (60.6)
2.	Single	41 (24.5)	55 (34.8)	76 (31.5)	172 (30.4)
3.	Divorced	0 (0)	04 (2.5)	08 (3.3)	12 (2.1)
4.	Widowed	07 (4.2)	15 (9.5)	17 (7.1)	39 (6.9)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The important marital status among the respondents is married and single which constitutes 60.60 and 30.40 per cent to the total respectively. The respondents who are divorced and widowed constitute 9.0 per cent to the total. The important marital status among the respondents in manufacturing, trading and service unit is 'married' since it constitutes 71.3, 53.20 and 58.10 per cent to its total respectively. The analysis reveals that majority (60.60 per cent) of the respondents are married.

4.1.7 Number of Children among the Respondents

The number of children indicates the level of dependent population at the respondents' family. Since the number of dependent population leads to lot of financial commitments, it may have its own influence on the performance of cottage business units and also the respondents' perception on various problems in cottage business units. The number of children of the respondents in the present study is confined to one, two, three and four. The distribution of respondents on the basis of the number of children of the respondents is illustrated in Table 4.7.

Table 4.7

Number of Children of the Respondents

Sl.	Number of Children	Number (Total		
No.	Number of Children	Manufacturing	Trading	Service	Total
1.	One	11 (9.3)	21 (20.6)	25 (15.2)	57 (14.8)
2.	Two	52 (44.1)	40 (39.2)	68 (41.2)	160 (41.6)
3.	Three	41 (34.7)	33 (32.3)	53 (32.1)	127 (33.0)
4.	Four	08 (6.8)	02 (2.0)	14 (8.5)	24 (6.2)
5.	Five and above	06 (5.1)	06 (5.9)	05 (3.0)	17 (4.4)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The dominant number of children among the respondents is two and three which constitutes 41.60 and 33.00 per cent to the total respectively. The respondents with the number of children of five and above constitute only 4.4 per cent to the total. The important number of children among the respondents in manufacturing, trading and

service unit is two which constitutes 44.10, 39.20 and 41.20 per cent to its total respectively. The analysis infers that majority (41.6 per cent) of the respondents are having two children in their family.

4.1.8 Children's status in the Respondents' family

The children's status represents the educational status of the respondents' children. The respondents children may be school going children or kids who are not going to school. Since the school going children in the family leads to lot of financial commitments to the respondents of the cottage business units, it may have its own influence on the performance of the units. Sometimes, it may influence on the perception on various aspects related to the cottage industries. In the present study, the children's status is classified into school going or not. The distribution of respondents on the basis of their children's status is given in Table 4.8.

Table 4.8
Children's Status of the Respondents

Sl.	Children's Studying Status	Number (Tetal		
No.		Manufacturing	Trading	Service	Total
1.	Studying	97 (82.2)	82 (80.4)	143 (86.7)	322 (83.6)
2.	Not studying	21 (17.8)	20 (19.6)	22 (13.3)	63 (16.4)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

In total, a maximum of 83.60 per cent of the respondents are having school going children. The dominant children's status among the manufacturing, trading and

service units is 'studying children' which constitutes 82.20, 80.40 and 86.70 per cent to its total respectively. The analysis shows that majority (83.6 per cent) of the respondents children are having school going children.

4.1.9 Nature of family of the Respondents

Respondents' nature of family represents the family system practiced by them. The nature of family may be associated with the growth and performance of the cottage business units. So it is included as one of the profile variables. The nature of family among the respondents is classified into nuclear and joint family system. The distribution of respondents on the basis of their nature of family is given in Table 4.9.

Table 4.9

Nature of the Family of the Respondents

Sl.	Nature of Family	Number o	T-4-1		
No.		Manufacturing	Trading	Service	Total
1.	Nuclear	132 (79.0)	129 (81.6)	213 (88.4)	474 (83.7)
2.	Joint	35 (21.0)	29 (18.4)	28 (11.6)	92 (16.3
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

In total, a maximum (83.70 per cent) of the respondents are having nuclear family system. The important nature of family among the respondents of manufacturing, trading and service units is 'nuclear family system' since it constitutes 79.00, 81.60 and 88.40 per cent to its total respectively. The analysis reveals that majority (83.70 per cent) of the respondents are practicing nuclear family system.

4.1.10 Family Size of the Respondents

The family size of the respondents represents total family members living along with the respondents. The family size of the respondents may have its own influence on the performance of their cottage business units and the problems associated with the cottage business units. The higher family size of the respondents leads to lot of financial commitments and it may influence the growth of cottage business units. Hence, it is included as one of the profile variables in the present study. The family size of the respondents in the present study is confined to two, three, four, five, six and above six. The distribution of respondents on the basis of their family size is given in Table 4.10.

Table 4.10
Family Size of the Respondents

Sl.	F2 C:	Number (Tatal		
No.	Family Size	Manufacturing	Trading	Service	Total
1.	Two	04 (2.4)	06 (3.8)	17 (7.1)	27 (4.8)
2.	Three	18 (10.8)	25 (15.8)	29 (12.0)	72 (12.7)
3.	Four	53 (31.7)	50 (31.6)	85 (35.3)	188 (33.2)
4.	Five	47 (28.1)	29 (18.4)	52 (21.6)	128 (22.6)
5.	Six	06 (3.6)	14 (8.9)	15 (6.2)	35 (6.2)
6.	Above six	39 (23.4)	34 (21.5)	43 (17.8)	116 (20.5)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The dominant family size among the respondents is four and five which constitutes 33.20 and 22.60 per cent to the total respectively. The respondents with the

family size of above six constitute 20.50 per cent to the total. The most important family size among the respondents in manufacturing, trading and service units is four, which constitutes 31.70, 31.60 and 35.30 per cent to its total respectively. The analysis reveals that the majority (33.2 per cent) of the respondents are having four members in their family.

4.1.11 Number of Earning Members per family

The number of earning members per family represents the total number of members working in the respondents' family. Since the number of earning members in the family may increase the financial support to the respondents, it may have its own influence on the performance of their cottage business units and their view on various aspects related to cottage business units. The number of earning members per family in the present study is confined to one, two, three, four and above. The distribution of respondents on the basis of the number of earning members per family is presented in Table 4.11.

Table 4.11

Earning Members of the Respondents' Family

Sl.	Earning members	Number (T. 4 . 1		
No.	per family	Manufacturing	Trading	Service	Total
1.	One	72 (43.1)	86 (54.4)	135 (56.0)	293 (51.8)
2.	Two	54 (32.3)	36 (22.8)	50 (20.8)	140 (24.7)
3.	Three	25 (15.0)	17 (10.8)	29 (12.0)	71 (12.5)
4.	Four and above	16 (9.6)	19 (12.0)	27 (11.2)	62 (11.0)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

Majority (51.8 per cent) of the respondents are having one earning member in their family. The respondents with four and above earning members per family constitute 11.00 per cent to the total. The important earning members per family among the owners in manufacturing, trading and service units are one which constitutes 43.10, 54.40 and 56.00 per cent to the total respectively. The analysis reveals that majority (51.8 per cent) of the respondents are having one earning member in their family.

4.1.12 Family Income of the Respondents

The family income of the respondents represents the total income earned by all earning members per family during a period of one month. Since the family income of the respondents may have its own influence on the level of performance of cottage business units, it has been included as one of the profile variables. The family income per month among the respondents in the present study in confined to less than ₹5,000, ₹5,000 to ₹10,000, ₹10,001 to ₹15,000 and above ₹15000. The distribution of respondents on the basis of their family income is given in Table 4.12.

Table 4.12

Family Income of the Respondents

Sl.	Family Income Number of Respondents				Total
No.	(in monthly)	Manufacturing	Trading	Service	1 Otal
1.	Less than ₹5,000	08 (4.8)	08 (5.1)	07 (2.9)	23 (4.1)
2.	₹5,000 to ₹10,000	70 (41.9)	56 (35.4)	95 (39.4)	221 (39)
3.	₹10,000 to ₹15,000	37 (22.2)	58 (36.7)	70 (29.1)	165 (29.2)
4.	Above ₹15,000	52 (31.1)	36 (22.8)	69 (28.6)	157 (27.7)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The dominant family income among the respondents is ₹5,000 to ₹10,000 and ₹ 10,000 to ₹15,000 which constitute 39.00 and 29.20 per cent to the total respectively. The respondents with the family income of above ₹15,000 constitute 27.70 per cent to the total. The important family income among the respondents in manufacturing, trading and service units is ₹ 5,000 to ₹ 10,000, ₹ 10,000 to ₹ 15,000 and ₹ 5,000 to ₹ 10,000 since it constitute 41.90, 36.70 and 39.40 per cent to its total respectively. The analysis reveals that majority (39.0 per cent) of the respondents' family income per month varies from ₹ 5,000 to ₹ 10,000.

4.1.13 Family Expenditure of the Respondents

It represents the total amount spent by the respondents to meet the family expenses during a period of a month. Since the family expenditure among the respondents may have its own influence on the level of performance of cottage business units and their view on various aspects related to cottage business units, it is included as one of the profile of the respondents. The family expenditure per month among the respondents in the present study is confined to less than $\[\] 3,000, \[\] 3,000$ to $\[\] 6,000, \[\] 0,000, \[\] 0,000, \[\] 0,000, \[\] 12,000, \[\] 12,000$ and above $\[\] 15,000.$ The distribution of respondents on the basis of their family expenditure is given in Table 4.13.

Table 4.13
Respondents' Family Expenditure

Sl.	Monthly Family Number of Respondents				T-4-1
No.	Expenditure	Manufacturing	Trading	Service	Total
1.	Less than ₹3,000	09 (5.4)	09 (5.7)	22 (9.1)	40 (7.1)
2.	₹3,000 to 6,000	38 (22.8)	28 (17.7)	24 (10.0)	90 (15.9)
3.	₹6,001 to 9,000	54 (32.3)	59 (37.3)	93 (38.6)	206 (36.4)
4.	₹9,001 to 12,000	36 (21.5)	36 (22.8)	57 (23.6)	129 (22.8)
5.	₹12,001 to 15,000	12 (7.2)	14 (8.9)	17 (7.1)	43 (2.6)
6.	Above₹15,000	18 (10.8)	12 (7.6)	28 (11.6)	58 (10.2)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

4.1.14 Monthly Savings among the Respondents' Family

Monthly savings of the respondents gives information about the excess of income over the expenditure of the total family members belonging to the respondents.

Since the savings of the respondents may have its own influence on the level of performance and attitude towards the cottage business units owned by the respondents, it is included as one of the profile variables in the present study. The monthly savings of the respondents is confined to negative (expenses is higher than income), nil, less than $\gtrless 2,000$, $\gtrless 2,000$ to $\gtrless 5,000$, $\gtrless 5,001$ to $\gtrless 10,000$ and above $\gtrless 10,000$. The distribution of respondents on the basis of the monthly savings of them is illustrated in Table 4.14.

Table 4.14

Family Savings of the Respondents

Sl.	Monthly Savings	Number of Respondents			75 . 4 . 1
No.	(in₹)	Manufacturing	Trading	Service	Total
1.	Negative	25 (15.0)	18 (11.4)	18 (6.6)	59 (10.5)
2.	Nil	25 (15.0)	26 (16.5)	37 (15.4)	88 (15.5)
3.	Less than ₹2,000	42 (25.1)	52 (32.9)	74 (30.7)	168 (29.7)
4.	₹2,000 to ₹5,000	48 (28.7)	37 (23.4)	59 (24.5)	144 (25.4)
5.	₹5,000 to ₹10,000	19 (11.4)	13 (8.2)	40 (16.6)	72 (12.7)
6.	Above ₹10,000	08 (4.8)	12 (7.6)	15 (16.2)	35 (6.2)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The important range of savings among the respondents is less than ₹2,000 and ₹2,000 to ₹5,000 which constitutes 29.70 and 25.40 per cent to the total respectively. The respondents with a savings of above ₹10,000 constitute 6.2 per cent to the total. The most important savings among the respondents in manufacturing, trading and

service units are ₹2,000 to ₹5,000 and less than ₹2,000 which constitutes 28.7, 32.90 and 30.70 per cent to its total respectively. The analysis reveals that majority of the respondents are having savings less than ₹2,000 per month.

4.1.15 Primary Occupation among the Respondents

The nature of occupation among the respondents may have its own influence on the level of performance of the cottage business units. The respondents with the primary occupation of the cottage business units may have its own influence on their perception on various aspects relating to business units. Hence, it is essential to examine the primary occupation among the respondents. The primary occupation of the respondents is confined to business (cottage unit), government employee, private employee and agriculture. The distribution of respondents on the basis of their primary occupation is illustrated in Table 4.15.

Table 4.15

Primary Occupation of the Respondents

Sl.	Duim any Oasum ation	Number of Respondents			Total
No.	Primary Occupation	Manufacturing	Trading	Service	Total
1.	Business (Cottage unit)	135 (80.8)	128 (81.0)	186 (77.2)	449 (79.3)
2.	Government employment	08 (4.8)	04 (2.5)	04 (1.7)	16 (2.8)
3.	Private employment	10 (6.0)	22 (14.0)	27 (11.1)	59 (10.5)
4.	Agriculturist	14 (8.4)	04 (2.5)	24 (10.0)	42 (7.4)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

Table 4.15 shows that majority (79.30 per cent) of the respondents' primary occupation is business. It is followed by the private employment which constitutes 10.50 per cent to the total. The most important primary occupation among the respondents in manufacturing, trading and service units is business which constitutes 80.80, 81.00 and 77.20 per cent to its total respectively. The analysis reveals that majority (79.30 per cent) of the respondents primary occupation is business.

4.1.16 Entrepreneurial Category of the Respondents

The entrepreneurial category among the respondents may have its own influence on the perception about the various aspects of cottage business units. Hence, it is included as one of the profile variables. The entrepreneurial category in the present study is confined to hereditary and first generation. The distribution of respondents on the basis of the entrepreneurial category is shown in Table 4.16.

Table 4.16
Entrepreneurial Category of the Respondents

Sl. No.	Entrepreneurial	Number of Respondents			T-4-1
	Category	Manufacturing	Trading	Service	Total
1.	Hereditary	86 (51.5)	95 (60.1)	142 (58.9)	323 (57.1)
2.	First Generation	81 (48.5)	63 (39.9)	99 (41.1)	243 (42.9)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The important entrepreneurial category among the respondents is hereditary since it constitutes 57.10 per cent to the total. Among the respondents in manufacturing, trading and service units, the hereditary category constitutes 51.50, 60.10 and 58.9 per cent to its total respondents respectively. The analysis reveals that majority (57.10 per cent) of the respondents business are hereditary.

4.2 PROFILE OF THE COTTAGE INDUSTRIES

The profile of the cottage business unit is equally important to analyse the growth and performance of the cottage business units. In this present study the profile of the cottage business units includes the form of organisation, place of the unit, age of the unit, source of initial investment, sources of borrowed capital, purpose for which the initial amount is utilized, sources of borrowed capital, nature of products produced, workers employed in the unit, type of workers at the unit, capacity utilized, assistance received from the government and the time spent by the respondents in their units.

4.2.1 Form of Organisation of the Cottage Business Units

The form of the organisation represents the nature of ownership of the cottage business units. It is included as one of the profile variable of the cottage business units. The form of organisation in the present study is confined to proprietorship, partnership and joint family firm. The distribution of respondents on the basis of the form of organisation is given in Table 4.17.

Table 4.17

Form of the Cottage Business Units

SI.	Form of Cottage	Number of Cottage Business Units			Total
No.	Business Units	Manufacturing	Trading	Service	1 otai
1.	Sole Proprietorship	109 (65.3)	105 (66.4)	149 (61.9)	363 (64.1)
2.	Partnership	27 (16.2)	24 (15.2)	56 (23.2)	107 (18.9)
3.	Joint family firm	31 (18.5)	29 (18.4)	36 (14.9)	96 (17.0)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The important form of organization of the cottage business units among the respondents is sole proprietorship which constitutes 64.10 per cent to the total. It is followed by partnership form of cottage business units which constitutes 18.90 per cent to the total. The most important type of cottage business units among the respondents in manufacturing, trading and service units is sole proprietorship which constitutes 65.30, 66.40 and 61.90 per cent to its total respectively. The analysis reveals that majority (64.10 per cent) of the respondents cottage business units are sole proprietorship concern.

4.2.2 Location of the Cottage Business units

It represents the area in which the cottage business units are located. The location of the cottage business units may have some advantages of localisation or proximity to the raw materials or markets, etc. Hence, the location of the cottage business unit is included as one of the profile variable of the cottage business unit. The location of the cottage business unit in the present study is confined to rural, urban and semi-urban. The distribution of respondents on the basis of the location of the cottage business unit is given in Table 4.18.

Table 4.18
Location of the Cottage Business Unit

Sl.	Location of the Unit	Number of Cottage Business Units			Total
No.	Location of the Unit	Manufacturing	Trading	Service	1 Otai
1.	Rural	53 (31.8)	57 (36.1)	78 (32.4)	188 (33.2)
2.	Urban	50 (29.9)	50 (31.6)	81 (33.6)	181 (32.0)
3.	Semi-Urban	64 (38.3)	51 (32.3)	82 (34)	197 (34.8)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

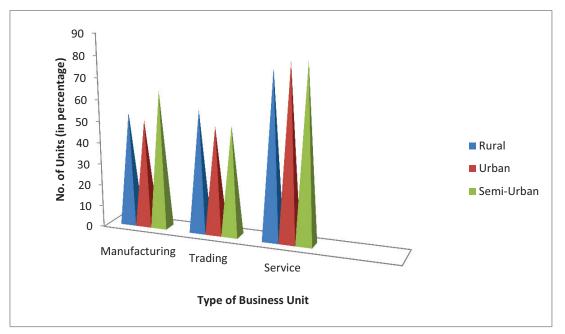
Source: Primary Data

Figures in parenthesis shows the percentage

The important locations of the cottage business unit among the respondents are semi-urban and rural which constitutes 34.80 and 33.20 per cent to the total respectively. Most of the manufacturing and service units are located in the semi-urban areas which constitutes 38.3 and 34.00 per cent to the total respectively. Most (36.10 per cent) of the trading units are located in the rural areas. The analysis reveals that the cottage business units are more or less equally spread in the rural, urban and semi-urban areas.

Figure 4.3

Location of the Cottage Business Unit



4.2.3 Type of premises used by the Cottage Business Units

The type of premises used by the cottage business unit It represents the place at which the cottage business unit is functioning at present. Since the place of the cottage business unit may have its own influence on the performance of the unit, it is included as one of the profile variables. The place of the cottage business unit in the present

study is confined to own house / place, rented place and lease place. The distribution of respondents on the basis of the place of their business unit is illustrated in table 4.19.

Table 4.19

Type of Premises used by the Cottage Business Unit

Sl.	Type of Premises used	Number of Cottage Business Units			Total
No.		Manufacturing	Trading	Service	1 Otai
1.	Own House	65 (39.0)	72 (45.6)	105 (43.6)	242 (42.8)
2.	Rented Place	46 (27.5)	58 (36.7)	86 (35.7)	190 (33.5)
3.	Leased Place	56 (33.5)	28 (17.7)	50 (20.7)	134 (23.7)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The widely used place of business among the cottage business units is own house which constitutes 42.80 per cent to the total. It is followed by the rented place which constitutes 33.50 per cent to the total. The widely used place of business among the manufacturing, trading and service units is own house which constitutes 39.00, 45.60 and 43.60 per cent to its total respectively. The analysis reveals that own house is the most widely used place of business among the cottage business units.

4.2.4 Age of the Cottage Business Units

Age of the cottage business units represents the year of existence of the cottage business unit. Since the age of the cottage business unit may have its own influence on the performance of the unit and also on the various aspects related to cottage business unit, it is included as one of the profile variables. The age of the cottage business unit in

the present study is confined to up to 5 years, 5 to 10 years, 11 to 15 years and above 15 years. The distribution of respondents on the basis of the age of the cottage business unit is presented in Table 4.20.

Table 4.20

Age of the Cottage Business Unit

Sl.	Age of the Cottage	Number of Cottage Business Units			Total
No.	Business Unit	Manufacturing	Trading	Service	1 Otai
1.	Upto 5 years	05 (3.0)	10 (6.3)	13 (5.4)	28 (4.9)
2.	5 to 10 years	73 (43.7)	58 (36.7)	72 (29.9)	203 (35.9)
3.	11 to 15 years	59 (35.3)	68 (43.0)	120 (49.8)	247 (43.6)
4.	Above 15 years	30 (18.0)	22 (14.0)	36 (14.9)	88 (15.6)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The dominant age of the cottage business unit among the respondents is 11 to 15 years and 5 to 10 years which constitutes 43.60 and 35.90 per cent to the total respectively. The respondents with above 10 years of age constitute 15.60 per cent to the total. The most important age of cottage business units in manufacturing, trading and service are 5 to 10 years, 11 to 15 years and 11 to 15 years which constitutes 43.70, 43.00 and 49.80 per cent to its total respectively. The analysis reveals that majority (43.6 per cent) of the cottage business units are 11 to 15 years old.

4.2.5 Initial Investment made in the Cottage Business Units

Table 4.21
Initial Investment made in the Cottage Business Unit

Sl.	Initial Investment	Number of Cott	Total		
No.	Initial Investment	Manufacturing	Trading	Service	Total
1.	Less than ₹ 25,000	15 (9.0)	22 (13.9)	04 (1.7)	41 (7.2)
2.	₹ 25,000 to ₹ 50,000	34 (20.3)	87 (55.1)	21 (8.7)	142 (25.1)
3.	₹ 50,001 to ₹ 75,000	20 (12.0)	24 (15.2)	91 (37.8)	135 (23.9)
4.	₹ 75,001 to ₹ 1,00,000	22 (13.2)	16 (10.1)	96 (39.8)	134 (23.7)
5.	Above ₹ 1,00,000	76 (45.5)	09 (5.7)	29 (12.0)	114 (20.1)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The Table 4.21 reveals that majority (25.1 per cent) of the respondents have invested ₹ 25,000 to ₹ 50,000 as the initial investment in their cottage business unit. Another 23.90 per cent of the respondents have invested ₹ 50,001 to ₹ 75,000 in their cottage business units. Among the manufacturing cottage business units majority (45.5 per cent) of the respondents have invested more than ₹ 1,00,000 as their initial investment. Among the trading cottage business units, majority (55.1 per cent) of the respondents have invested ₹ 25,000 to ₹ 50,000 as their initial investment. As regards the service cottage business units majority (39.8 per cent) of the respondents have invested ₹ 75,001 to ₹ 1,00,000 as their initial investment. The analysis reveals that the initial investment made in the manufacturing unit is higher than the investment made in the trading and service units.

4.2.6 Sources of Initial Investment in the Cottage Business Unit

The sources of initial investment represent the way through which the initial capital for the cottage business unit was mobilised by the respondents. Since the sources of initial capital investment have its own influence on the performance of the cottage business unit, it is included as one of the profile variables. The sources of initial investment made by the respondents in the present study are confined to owned capital and borrowed capital. The distribution of respondents on the basis of sources of initial capital in the cottage business unit is illustrated in Table 4.22.

Table 4.22
Source of Initial Investment of Cottage Business Units

Sl. No.	Source of Initial	Number of Cott	Total		
	Investment	Manufacturing	Trading	Service	Total
1.	Owned Capital	84 (50.3)	76 (48.1)	118 (49.0)	278 (49.1)
2.	Borrowed Capital	83 (49.7)	82 (51.9)	123 (51.0)	288 (50.9)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The important source of initial investment among the respondents is borrowed capital which constitutes 50.90 per cent to the total. Among the manufacturing cottage business units, majority (50.3 per cent) of the respondents have invested their own fund as their initial capital. As regards the trading and service units, majority of the respondents have borrowed the amount for their initial investment which constitute 51.9 and 51.0 per cent respectively. The analysis reveals that both owned and borrowed capitals are equally used as the initial capital in the cottage business units among the three groups of respondents.

4.2.7 Sources of Borrowed Capital among the Cottage Business Units

The source of borrowed capital is the most important factor which decides the cost of capital of the cottage business unit. It also has its own impact on the performance of the unit. The source of borrowed capital among the cottage business units in the present study is confined to friends and relatives, private moneylenders,

banks and government. The distribution of cottage business units on the basis of their source of borrowed capital is given in Table 4.23.

Table 4.23
Sources of Borrowed Capital among the Cottage Business Units

SI.	Source of Borrowed	Number of Cott	Total		
No.	Capital	Manufacturing	Trading	Service	Total
1.	Friends and Relatives	33 (39.8)	26 (31.7)	41 (33.3)	100 (34.7)
2.	Private Moneylenders	34 (41.0)	17 (20.7)	35 (28.5)	86 (29.9)
3.	Bank	06 (7.2)	18 (22.0)	25 (20.3)	49 (17.0)
4.	Government	10 (12.0)	21 (25.6)	22 (17.9)	53 (18.4)
	Total	83 (100)	82 (100)	123 (100)	288 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

Out of 566 respondents, only 288 of them are depend on borrowed capital. Among them, the important sources of borrowed capital are friends and relatives and private money lenders which constitute 34.70 and 29.90 per cent to the total respectively. Among the respondents of manufacturing cottage business units, majority (41.0 per cent) of the respondents have borrowed from private money lenders for their initial investment whereas regarding the trading and service units, most of the respondents have borrowed the money from the friends and relatives which constitutes 31.70 and 33.30 per cent to its total respectively. It is evident from the analysis that majority of the respondents have borrowed money from the friends and relatives and private money lenders for their initial investment in the cottage business units.

4.2.8 Utilisation of Initial Investment

The initial investment in the cottage business units may be used for so many purposes namely purchase of machinery, construction of cottage units, working capital requirements, up gradation of existing units etc. The present study has made an attempt to examine the purpose for which the initial investment was utilised by the respondents. The distribution of cottage business units on the basis of utilization of initial investment is given in Table 4.24.

Table 4.24
Utilisation of Initial Investment

Sl. No.	Purpose of Initial	Number of Cott	ber of Cottage Business Units	ss Units	166 (29.3)
	Investments	Manufacturing	Trading	Service	
1.	Acquisition of machinery	93 (55.7)	04 (2.5)	69 (28.6)	
2.	Construction of building	49 (29.3)	98 (5.1)	33 (1.7)	90 (15.9)
3.	Working Capital needs	18 (10.8)	100 (63.3)	111 (46.1)	229 (40.5)
4.	Upgradation of business unit	07 (4.2)	46 (29.1)	28 (11.6)	81 (14.3)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The important purpose for which initial amount of investment utilised by the respondents is working capital needs and acquisition of machinery which constitutes 40.50 and 29.30 per cent to the total respectively. Among the manufacturing cottage business units, majority (55.7 per cent) of the respondents have utilized the initial investment for the acquisition of machinery whereas, among the respondents of trading

and service units the initial investment was utilized mainly for the purpose of working capital needs which constitutes 63.30 and 46.10 per cent to its total respectively. It is evident from the analysis that majority (40.50 per cent) of the respondents have used the initial investment to meet the working capital needs of the cottage business units.

4.2.9 Capacity Utilisation of the Respondents

The capacity utilisation is one of the important factors which may determine the performance of the units. Hence, it is included as one of the profile variables. The capacity utilisation of the respondents in the present study is confined to below 25 per cent, 25 to 50 per cent, 51 to 75 per cent and above 75 per cent. The distribution of respondents on the basis of the capacity utilisation is presented in Table 4.25.

Table 4.25
Capacity Utilised by the Respondents

Sl. No.	Canacity IItiliand	Number of Respondents			
	Capacity Utilised (in percentage)	Manufacturing units	Trading Units	Service Units	Total
1.	Below 25	23 (13.8)	17 (10.8)	45 (18.7)	85 (15.0)
2.	25 to 50	62 (37.1)	73 (46.2)	89 (36.9)	224 (39.6)
3.	51 to 75	42 (25.1)	36 (22.8)	60 (24.9)	138 (24.4)
4.	76 to 100	40 (24.0)	32 (20.2)	47 (19.5)	119 (21.0)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The above Table 4.25 reveals that majority (39.6 per cent) of the respondents are utilizing 25 to 50 per cent capacity. Only 21 per cent of the respondents are running

their concern above 75 per cent capacity. Irrespective of the category to which the respondents belong most of them are utilizing 25 to 50 per cent capacity which constitutes 37.10, 46.20 and 36.90 per cent to its total respectively. The analysis reveals that majority (39.6 per cent) of the respondents are utilizing 25 to 50 per cent capacity.

4.2.10 Product Line / Services Rendered by the Cottage Business Units

Product line / services rendered give information about the level of business activities of the cottage business entrepreneurs. This is the indicator for the growth and performance of the concern. The distribution of cottage business units on the basis of products produced or services rendered is illustrated in Table 4.26.

Table 4.26

Products Produced / Services Rendered by the Cottage Business Units

Sl. No.	Product Line / Services	Number of Cottage Business Units		Total	
	Rendered	Manufacturing	Trading	Service	1 otai
1.	Having different Product Line	27 (16.2)	72 (45.6)	94 (39)	193 (34.1)
2.	Not Having different Product Line	140 (83.8)	86 (54.4)	147 (61)	373 (65.9)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

Table 4.26 reveals that majority (65.90 per cent) of the cottage business units are not having different product / service line. It infers that they are concentrating on single product / service in their unit. The same trend is seen in all three groups of units namely manufacturing, trading and service units which constitutes 83.80, 54.40 and 61.00 per cent to its total respectively. The analysis infers that majority of the respondents focus on only one product / service in their cottage business unit.

4.2.11 Employment Provision in the Cottage Business Units

The cottage business units may provide employment to workers or selfemployment to the respondents only. The present study has made an attempt to examine whether the cottage business units are providing employment to other or not. On the basis of their response, the cottage business units are distributed in Table 4.27.

Table 4.27
Workers Employed in the Cottage Business Unit

Sl. No.	Wordsons Employed	Number of Cottage Business Units	ss Units	Total	
	Workers Employed	Manufacturing	Trading	Service	Total
1.	Employed	162 (97.0)	105 (66.5)	189 (78.4)	456 (80.6)
2.	Not Employed	05 (3.0)	53 (33.5)	52 (21.6)	110 (19.4)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The Table 4.27 shows that a majority (80.60 per cent) of the cottage business units are providing employment to the workers. In the case of manufacturing, trading and service units, majority of the cottage business units are employing workers which constitute 97.00, 66.50 and 78.40 per cent to the total. The analysis reveals that majority of the cottage business units are providing employment to the workers.

4.2.12 Type of Workers Employed in Cottage Business Units

The type of workers employed in cottage business units in the present study is examined to exhibit the nature of workers working in cottage industries. In the present study, the types of workers are confined to skilled, semi-skilled and unskilled workers.

The distribution of cottage business units on the basis of the type of workers employed in their units is given in Table 4.28.

Table 4.28

Type of Workers Employed in the Cottage Business Unit

Sl. No.	Type of Workers	Number of Cottage Business Units			Tatal
	Employed	Manufacturing	Trading	Service	326 (71.5)
1.	Skilled	142 (87.7)	60 (57.2)	124 (65.6)	l I
2.	Semi-skilled	11 (6.8)	33 (31.4)	36 (19.1)	80 (17.5)
3.	Unskilled	09 (5.5)	12 (11.4)	29 (15.3)	50 (11.0)
	Total	162 (100)	105 (100)	189 (100)	456 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

It is inferred from Table 4.28 that majority (71.50 per cent) of the cottage business units are employing skilled workers. It is followed by the semi-skilled workers which constitutes 17.50 per cent to the total. The most important type of workers employed in manufacturing, trading and service units is skilled workers since it constitutes 87.70, 57.20 and 65.60 per cent to its total respectively. The analysis reveals that majority (71.50 per cent) of the cottage business units are employing skilled workers.

4.2.13 Assistance Received from the Government

The respondents of the cottage business units may receive assistance from the government under various schemes. The present study has made an attempt to analyse whether the cottage business units are receiving any assistance from the government or

not. The distribution of cottage business units on the basis of the assistance received is shown in Table 4.29.

Table 4.29 Assistance Received from Government

Sl.	A seistana a Danisa d	Number of Cott	TD : 4 : 1		
No.	Assistance Received	Manufacturing	Trading	Service	Total
1.	Assistance received	49 (29.3)	39 (24.7)	57 (23.7)	145 (25.6)
2.	Assistance not received	118 (70.7)	119 (75.3)	184 (76.3)	421 (74.4)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

A maximum of 74.4 per cent of the cottage business units have not received any assistance from the government. Among the manufacturing, trading and service cottage business units, the number of units not receiving any assistance from the government constitutes 70.70, 75.30 and 76.30 per cent to its total respectively. The analysis reveals that majority (74.4 per cent) of the cottage business units are not receiving any assistance from the government.

4.2.14 Requirement of Entrepreneurial Training

The entrepreneurial training is essential to succeed in the business activities of cottage business units. The present study has made an attempt to examine the respondent's view on the requirement of entrepreneurial training. The distribution of respondents on the basis of their views on entrepreneurial training is shown in Table 4.30.

Table 4.30

Entrepreneurial Training Requirements of Respondents

Sl.	Need Entrepreneurial	Number of	T-4-1		
No.	Training	Manufacturing	Trading	Service	Total
1.	Need entrepreneurial training	113 (67.7)	60 (38.0)	147 (61.0)	320 (56.5)
2.	Not need entrepreneurial training	54 (32.3)	98 (62.0)	94 (39.0)	246 (43.5)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Figures in parenthesis shows the percentage

It is evident that a maximum of 56.50 per cent of the respondents are of the opinion that there is a need for entrepreneurial training. Among the manufacturing and service units a majority of the respondents feel that there is a need for entrepreneurial training which constitutes 67.70 and 61.0 per cent to the total. Whereas among the respondents of the trading units, 62.00 per cent say that there is no need for entrepreneurial training. Majority (56.5 per cent) of the cottage business entrepreneurs are of the opinion that there is a need for entrepreneurial training.

4.2.15 Functioning of Cottage Business Units

Functioning of cottage business unit gives information about the total number of days worked in a month. The higher number of working days may have its own influence on the performance of the cottage business units. Hence it is included as one of the profile variables. The number of days worked by the cottage business units in the present study is confined to 16 to 20 days, 21 to 24 days, 25 to 28 days and 29 to 30 days. The distribution of cottage business units on the basis of the functioning of units is shown in Table 4.31.

Table 4.31

Monthly Working days

Sl.	Sl. Monthly Working days Number of Cottage Business Unit				Total
No.		Manufacturing	Trading	Service	Total
1.	16 to 20 days	15 (9.0)	13 (8.2)	21 (8.7)	49 (8.6)
2.	21 to 24 days	47 (28.1)	38 (24.1)	79 (32.8)	164 (29.0)
3.	25 to 28 days	94 (56.3)	91 (57.6)	121 (50.2)	306 (54.1)
4.	More than 28 days	11 (6.6)	16 (10.1)	20 (8.3)	47 (18.3)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Figures in parenthesis shows the percentage

The Table 4.31 reveals that majority (54.10 per cent) of the cottage business units are operating 25 to 28 days in a month. It is followed by the units with the working days of 21 to 24 days which constitutes 29.00 per cent to the total. Among the manufacturing, trading and service units majority of them are working 25 to 28 days which constitutes 56.30, 57.60 and 50.20 per cent to its total respectively. The analysis reveals that most (54.10 per cent) of the cottage business units are working 25 to 28 days in a month.

4.2.16 Time Spent on the Management of Cottage Business Units

The time spent by the cottage business entrepreneurs for their business units may have its own influence on the performance of the cottage business units. Hence it is included as one of the profile variables. The time spent by the cottage business entrepreneurs for their business units in the present study is confined to 4 to 6 hours, 7 to 8 hours, 9 to 10 hours and 11 to 12 hours. The distribution of respondents on the

basis of time spent by the cottage business entrepreneurs for their business units is given in Table 4.32.

Table 4.32

Time Spent to look after Cottage Business Unit

Sl.	Time Spent	Number of Respondents			Total
No.	(Per day)	Manufacturing	Trading	Service	Total
1.	4 to 6 hrs.	19 (11.4)	16 (10.1)	31 (12.8)	66 (11.6)
2.	7 to 8 hrs.	64 (38.3)	97 (48.7)	92 (38.2)	233 (41.2)
3.	9 to 10 hrs.	71 (42.5)	54 (34.2)	92 (38.2)	217 (38.4)
4.	11 to 12 hrs	13 (17.8)	11 (7.0)	26 (10.8)	50 (8.8)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

Figures in parenthesis shows the percentage

The Table 4.32 shows that maximum (41.2 per cent) of the cottage business entrepreneurs are spending 7 to 8 hours per day for their business units. 38.4 per cent of the cottage business entrepreneurs are spending 9 to 10 hours per day for their business units. The respondents who spend 10 to 12 hours for their business unit constitute 8.80 per cent to the total. The maximum time spent by the manufacturing and service cottage business entrepreneurs is 9 to 10 hours daily which constitutes 42.50 and 38.2 per cent to its total respectively whereas, the trading cottage business entrepreneurs are spending 7 to 8 hours daily. It is evident from Table 4.32 that majority (41.2 per cent) of the cottage business entrepreneurs are spending 7 to 8 hours daily.

4.3 FACTORS MOTIVATING TO START COTTAGE INDUSTRY

4.3.1 Factors Motivating to Start the Cottage Business Units

With the help of the review of previous studies and the views of the experts 19 variables have been identified as the motivating factors which are responsible to start the cottage business units. The respondents were asked to rate the 19 variables at five point scale on the basis of their order of importance. The results are given in Table 4.33.

Table 4.33

Factors Motivating to Start Cottage Business Units

Sl. No.	Factors	Eigen Value	Eigen Value Percentage of Variance	
1.	Skills and Experiences	3.651	19.214	19.214
2.	Personal Factors	3.429	18.047	37.261
3.	Family Factors	2.216	11.665	48.926
4.	Economic Factors	2.008	10.566	59.493
5.	Employment Factors	1.282	6.748	66.241
6.	Market Factors	1.259	6.628	72.869

KMO measure of sampling adequacy: 0.707

Barletts test of Sphercity chi-square value: 3139.39*

Before applying the factor analysis, the validity of data for factor analysis have been tested with the help of Kaiser-Meyer-Olkin measure of sampling adequacy and Barlett's test of Sphericity. Both these tests satisfy the validity of data for factor analysis since the Kaiser-Meyer-Olkin measure of sampling adequacy is greater than 0.60 and the chi-square value is significant at zero per cent level. The executed factor analysis results in six important factors namely skills and experience, personal factors, family factors, economic factors, employment factors and market factors.

The first two important factors which motivates a person to start the cottage business unit are skills and experience and personal factor since its eigen values are 3.651 and 3.429 respectively. The per cent of variation explained by these two factors are 19.21 and 18.05 per cent respectively. The next two factors are family and economic factors since their eigen values are 2.216 and 2.008 respectively. The last two factors noticed by the factor analysis are employment and market factors since its eigen values are 1.282 and 1.259 respectively. The per cent of variation explained by the above two factors are 6.748 and 6.628 per cent respectively. The analysis reveals that the narrated six factors explain the 19 variables leading to start the cottage business units to an extent of 72.87 per cent.

4.3.2 Variables in Skills and Experience Factor and its Reliability

The skills and experience factor consists of three variables since their factor loading in this factor are higher than the other factors. The overall reliability of the variables in this factor has been estimated with the help of cronbach alpha. The results are given in Table 4.34.

Table 4.34
Skills and Experience Factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	Technical knowledge	0.805	0.691	
2.	Organisational skills	0.797	0.721	0.729
3.	Entrepreneurial skills / experience	0.633	0.743	

The factor loading of the variables in the skills and experience factor varies from 0.633 to 0.805. The communality value is identified as higher in the case of

entrepreneurial skills / experience since its communality value is 0.743. It shows that the above said variable explain all the six factors to an extent of 74.30 per cent. The included three variables in skills and experience factor explain it to an extent of 72.90 per cent since its Cronbach Apha is 0.729.

4.3.3 Variables in Personal Factor

The variables in personal factor are four namely prestige, self interest, urge to achieve and social status. The factor loading of the variables in personal factor and its communality values are drawn from the factor analysis. The overall reliability has been tested with the help of Cronbach Alpha. The results are given in Table 4.35.

Table 4.35
Personal Factors

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	Prestige	-0.873	0.854	
2.	Self Interest	0.763	0.747	0.605
3.	Urge to achieve	0.650	0.617	0.695
4.	Social status	-0.458	0.680	

The factor loading of the variables in personal factor varies from 0.873 to 0.458. The higher communality value is noticed in the case of prestige since its value is 0.854. The included variables in personal factor explain it to an extent of 69.50 percent since its Cronbach Alpha is 0.695.

4.3.4 Variables in Family Factor and its Reliability

In total, there are four variables noticed in the family factor since their factor loadings are higher in this factor than in other factors. The Cronbach Alpha is

computed to find out the overall reliability. The factor loading of the variables in family factors, its communality and cronbach alpha is given in Table 4.36.

Table 4.36
Family Factors

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	Aspiration about children	0.762	0.682	
2.	Encouragement of family members	0.715	0.724	0.727
3.	Family background	-0.708	0.675	0.737
4.	More dependent in the family	0.507	0.543	

The included four variables in family factor explain it to an extent of 73.70 per cent since its Cronbach Alpha is 0.7370. The factor loading of the variables vary from 0.507 to 0.762. It reveals that the highly correlated variable in the family factor is 'aspiration about children' since its factor loading is 0.762. The higher communality is noticed in the case of encouragement of family factors since its value is 0.724. It shows that the above said variables explain the narrated six factors to a higher extent compared to other factors.

4.3.5 Economic Factor and its Variables

The factor analysis identified the variables namely economic independence, use of idle funds and financial assistance as the economic factors since their factor loadings are higher in these factor than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in Table 4.37.

Table 4.37

Economic Factors

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	Economic independence	0.864	0.805	
2.	Use of idle funds	-0.761	0.718	0.688
3.	Financial assistance	-0.721	0.851	

The factor loading of the variables in economic factor varies from 0.721 to 0.864. It reveals that the highly correlated variable in the economic factor is 'economic independence' since its factor loading is 0.8640. The higher communality is seen in the case of 'financial assistance' since its communality value is 0.851. The included three variables in economic factor explain it to an extent of 68.80 per cent since its Cronbach Alpha is 0.688.

4.3.6 Employment Factor and its Reliability

The employment factor consists of three variables namely self employment, avoiding under employment and providing employment opportunities since their factor loading with this factor is higher in the factor than in other factors. The overall reliability has been examined with the help of Cronbach Alpha. The results are given in Table 4.38.

Table 4.38
Employment Factors

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	Self-employment	-0.889	0.853	
2.	Avoiding under employment	0.739	0.843	0.735
3.	Providing employment opportunities	0.471	0.658	

The highly correlated variable in employment factor is self-employment since its factor loading is 0.889. It is followed by avoidance of under employment since its factor loading in 0.739. The higher community value is seen in the case of self employment since its value is 0.853. The included three variables in employment factor explain it to an extent of 73.50 per cent since its Cronbach Alpha is 0.7350.

4.3.7 Market Factor and its reliability

The market factor includes the revival of sick units and market potential of the business since their factor loadings are higher in the other factors. The reliability has been tested with the help of Cronbach Alpha. The factor loading of the variables in market factor, its communality and the Cronbach Alpha is given in Table 4.39.

Table 4.39

Market Factors

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	Revival of sick units	-0.855	0.758	0.711
2.	Market potential of the business	0.668	0.684	0.711

The higher factor loading is noticed in the case of revival of sick units since its factor loading is 0.855. It shows that the above said variable is having a higher correlation co-efficient with this factor. The higher communality has been noticed in the case of revival of sick units since its communality value is 0.758. The included two variables in market factor, explain it to an extent of 71.10 per cent since its Cronbach Alpha is 0.711.

4.3.8 Respondents' view on Various Factors Leading to Start the Cottage Industry

The factors leading to start the cottage business units in the present study is confined to six factors namely skills and experiences, personal, family, economic, employment and market factors. The respondents' views on the factors are computed by the mean score of the variables in each factor. The mean score of the factors in manufacturing, service and trading units have been computed separately. The significant difference among the three groups of respondents has been examined with the help of one way analysis of variance. The results are given in Table 4.40.

Table 4.40

Respondents' view on Factors Leading to Start the Cottage Industry

Sl.	Eastons	Mean score an	E Statistica		
No.	Factors	Manufacturing	Service	Trading	F-Statistics
1.	Skills and Experiences	3.2172	2.8673	2.5082	3.2676*
2.	Personal Factors	3.7875	3.0841	2.7119	3.6473*
3.	Family Factors	3.2025	3.8676	3.1782	2.9172
4.	Economic Factors	3.5142	3.3241	3.8667	0.4546
5.	Employment Factors	3.7991	3.2965	3.0845	2.5881
6.	Market Factors	3.8291	3.9667	3.1725	3.1178*

^{*}Significant at five per cent level

The highly viewed factors among the owners in manufacturing units are market and employment factors since their mean scores are 3.8291 and 3.7991 respectively. Among the respondents in service units, these are market and family factors since their mean scores are 3.9667 and 3.8676 respectively. Among the respondents in trading units, the highly viewed factors are economic and family factors since their mean scores are 3.8667 and 3.1782 respectively. Regarding the respondents view on the

factors leading to start the cottage business units, significant difference among the three groups of respondents have been noticed in the case of skills and experiences, personal and market factors since their respective 'F' statistics are significant at five per cent level.

4.3.9 Impact of Factors Motivating to Start Cottage Business Units on the Initial Investment in the Cottage Business Unit

The present study has made an attempt to examine the degree of influence of factors motivating to start cottage business units on the initial investment made in the cottage business units for some policy implications. The impact has been made with the help of multiple regression analysis. The fitted regression mode is:

$$y = a + b_1x_1 + b_2x_2 + \ldots + b_6x_6 + e$$

Whereas

y = Initial investment in the cottage unit

 x_1 = Score on skills and experiences

 x_2 = Score on personal factors

 x_3 = Score on family factors

 x_4 = Score on economic factors

 x_5 = Score on employment factors

 x_6 = Score on market factors

 b_1, b_2, \dots, b_6 = Regression co-efficient of independent variables

a = Intercept and

e = error term

The result of multiple regression analysis is given in Table 4.41.

Table 4.41

Impact of Factors Motivating to Start Cottage Business Units

Sl.	Variables	Notation	Mean score	among Respo	ndents
No.	Variables	Notation	Manufacturing	Service	Trading
1.	Skills and Experiences	\mathbf{x}_1	0.613**	0.517**	0.425**
2.	Personal Factors	x ₂	-0.065 NS	0.117 NS	0.093 NS
3.	Family Factors	X3	0.177*	0.256*	0.301*
4.	Economic Factors	X4	0.322*	0.268*	0.165*
5.	Employment Factors	X5	- 0.066 NS	- 0.005 NS	- 0.001 NS
6.	Market Factors	х ₆	0.185*	0.253*	0.185*
	\mathbb{R}^2		0.696	0.734	0.751
	F-test		119.50	128.35	134.66

NS – Not Significant

The analysis reveals that the significantly influencing factors on the initial capital invested on cottage business unit among the manufacturing units are skills and experience, family5, economic and market factors since their respective regression co-efficient are significant at five per cent level. A unit increase in the above said factors result in an increase in initial investment in manufacturing units by 0.613, 0.177, 0.322 and 0.185 units respectively. The change in the view on factors explains the changes in initial investment to an extent of 69.60 per cent since its R² is 0.696.

In the case of service units, a unit increase in the factors namely skills and experiences, family, economic and market factors result in an increase in the initial investment on cottage business unit by 0.517, 0.256, 0.268 and 0.253 units respectively. In the case of trading unit, it is increased by 0.425, 0.301, 0.165 and 0.185 units

^{**}Significant at one per cent level

^{*}Significant at five per cent level

respectively. The changes in the view on factors explain the changes in initial investment on trading units to a higher extent (75.10 per cent) than in service units (73.40 per cent).

4.4 CONCLUSION

The profile of the cottage business entrepreneurs and their units gives information about the personal profile of the cottage entrepreneurs. The profile of the cottage business units helps to understand the nature of the cottage units and their functioning. The analysis of motivating factors to start the cottage business units revealed the important factors which motivates a person to start the cottage business unit. The impact of motivating factors on the initial investment made reveals the degree of influence of the motivating factors on the initial investment.



CHAPTER - V

FACTORS INFLUENCING THE GROWTH OF THE COTTAGE INDUSTRIES

5.0 Introduction

5.1 Entrepreneurial Skills among the Respon	dents
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- 5.1.1 Group Skills among the Respondents
- 5.1.2 Business Management Skills among the Respondents
- 5.1.3 Enterprise Skills among the Respondents
- 5.1.4 Behavioural Skills among the Respondents
- 5.1.5 Communication Skills among the Respondents
- 5.1.6 Soft Skills of the Respondents
- 5.1.7 Innovative Skills among the Respondents
- 5.1.8 Risk Bearing Ability of the Respondents
- 5.1.9 Reliability and Validity of Variables in each Skill among the Respondents
- 5.1.10 Group Skills Index among the Respondents
- 5.1.11 Business Management Skill Index (BMSI) among the Respondents
- 5.1.12 Enterprise Skill Index of the Respondents
- 5.1.13 Behavioural Skill Index (BSI) among the Respondents
- 5.1.14 Communication Skill Index (CSI) among the Respondents
- 5.1.15 Soft Skill Index among the Respondents
- 5.1.16 Innovative Skill Index (ISI) among the Respondents
- 5.1.17 Risk Bearing Ability Index (RBAI) among the Respondents
- 5.1.18 Overall Entrepreneurial Skill Index (OESI) among the Respondents
- 5.1.19 Impact of Entrepreneurial Skills on the Overall Success of Cottage
 Industries

5.2 Factors Influencing the Growth of the Cottage Industries

- 5.2.1 Factors Responsible for the Growth of Cottage Business Units
- 5.2.2 Factor Loading of the Variables in each Factor
- 5.2.3 Reliability and Validity Variables in each Factor
- 5.2.4 Respondents view on factors

5.3 Problems faced by the Cottage Industries

- 5.3.1 Marketing Problems faced by Respondents of the Cottage Business
 Units
- 5.3.2 Financial Problems of the Cottage Business Units
- 5.3.3 Raw Materials Problems at the Cottage Business Units
- 5.3.4 Labour Problems in the Cottage Business Units
- 5.3.5 Power Problems in the Cottage Business Units
- 5.3.6 Entrepreneurial Problems among the Respondents
- 5.3.7 General Problems of the Respondents
- 5.3.8 Knowledge Problems of the Respondents
- 5.3.9 Social Problems among the Respondents
- 5.3.10 Psychological Problems of the Respondents
- 5.3.11 Reliability and Validity of Variables in each Problem
- 5.3.12 Marketing Problem Index (MPI) in the Cottage Business Units
- 5.3.13 Financial Problem Index among the Entrepreneurs of Cottage Business
 Units
- 5.3.14 Raw Materials Problem Index (RMPI) among the Cottage Entrepreneurs
- 5.3.15 Labour Problem Index (LPI) among the Entrepreneurs in Cottage
 Business Units
- 5.3.16 Power Problem Index (PPI) among the Entrepreneurs in Cottage
 Business Units
- 5.3.17 Entrepreneurial Problem Index (EPI) among the Cottage Entrepreneurs

- 5.3.18 General Problem Index (GPI) among the Cottage Entrepreneurs
- 5.3.19 Knowledge Problem Index (KPI) among the Entrepreneurs in Cottage
 Business Units
- 5.3.20 Social Problem Index (SPI) among the Cottage Entrepreneurs
- 5.3.21 Psychological Problem Index (PPI) among the Cottage Entrepreneurs
- 5.3.22 Impact Problem Index on the Performance of the Cottage Business Units

5.4 Conclusion

CHAPTER - V

FACTORS INFLUENCING THE GROWTH OF COTTAGE INDUSTRIES

5.0 INTRODUCTION

Entrepreneurship does not emerge and develop automatically and spontaneously. Its emergence and development depends upon the availability of certain factors also called supportive conditions. As the cottage business units are mainly managed by the individual entrepreneurs, they need to possess variety of entrepreneurial skills which are required to manage the business activities. The variables which exhibit the skill to perform the activities are classified and grouped under various skills namely group skills, business management skills, enterprise skills, behavioural skills, communication skills, soft skills, innovative skills and risk bearing skills. These skills will play a major role in the performance of the cottage business units which ultimately will lead towards the growth of the concern. This chapter also deals with the factors influencing the growth of cottage business units and the problems faced by the cottage entrepreneurs.

5.1 ENTREPRENEURIAL SKILLS AMONG THE RESPONDENTS

The cottage entrepreneurs need entrepreneurial skills to perform their business activities effectively. The entrepreneurial skills identified for this purpose are group skills, business management skills, enterprise skills, behavioural skills, communication skills, soft skills, innovative skills and risk bearing skills. All these entrepreneurial skills are discussed in the following section.

5.1.1 Group Skills among the Respondents

The group skills among the cottage business entrepreneurs have been measured with the help of four variables. The respondents are asked to rate their remarks in group skills at five point scale according to the order of existence among them. The mean score of the variables in group skills among the respondents in three groups of cottage business units have been computed separately. The results are given in Table 5.1.

Table 5.1

Group Skills of the Respondents

Sl.	Variables in Group	Mean score	among the	Respond	ents	F
No.	Skills	Manufacturing	Trading	Service	Overall	Statistics
1.	Work together	2.2874	2.2911	2.1203	2.2173	1.396 NS
2.	Openness	2.4611	2.7468	2.4481	2.5353	3.586*
3.	Trust group members	2.4910	2.7278	2.5726	2.5919	1.432 NS
4.	Support one another	2.2934	2.6392	2.6971	2.5618	5.298*

Source: Primary Data

*Significant at five per cent level

NS: Not Significant

The highly viewed variable in group skills among the respondents in manufacturing units is trust group members since its mean score is 2.4910 whereas among the respondents in trading units, it is openness since its mean score is 2.7468. Among the respondents in service units, it is support one another since it's means score is 2.6971. Regarding the level of existence of group skills, significant difference among the respondents in three group of units have been noticed in the case of openness and support one another since their respective 'F' statistics are significant at five per cent level.

5.1.2 Business Management Skills among the Respondents

The business management skills among the respondents in the present study are measured with the help of 10 variables. The respondents are asked to rate the 10 variables at five point scale according to the order of existence. The mean score of each variable in business management skills (BMS) among the respondents in three groups of respondents have been computed along with its 'F' statistics. The results are given in Table 5.2.

Table 5.2

Business Management Skills of the Respondents

Sl.	Business	Mean score	among the	Respond	ents	F
No.	Management Skills	Manufacturing	Trading	Service	Overall	Statistics
1.	Planning and goal setting	2.3114	2.4304	1.9502	2.1908	9.068**
2.	Decision making	2.6886	2.4557	2.4398	2.5177	2.237 NS
3.	Human relations	2.4671	2.3608	2.2614	2.3498	1.495 NS
4.	Marketing	2.7545	3.0063	2.5602	2.7420	5.753*
5.	Finance	2.3832	2.4747	2.6183	2.5088	1.723 NS
6.	Accounting	2.7605	2.9430	2.5477	2.7208	4.536*
7.	Management	2.4671	2.9114	2.6144	2.6537	5.281*
8.	Control	2.8204	2.5570	2.7303	2.7085	1.480 NS
9.	Negotiating	2.5449	2.2089	2.4357	2.4046	2.731 NS
10.	Managing growth	2.1976	2.6962	2.6473	2.5283	8.923**

Source: Primary Data

NS: Not Significant

The highly viewed variable in Business Management Skills among the respondents in manufacturing units are control and accounting since their mean scores

^{*}Significant at five per cent level **Significant at one per cent level

are 2.8204 and 2.7605 respectively. Among the respondents in trading units, these are marketing and accounting since their mean scores are 3.0063 and 2.9430 respectively. Among the respondents in service units, these are control and managing growth since their mean scores are 2.7303 and 2.6473 respectively. Regarding the existence of Business Management Skills, significant difference among the three group of respondents have been noticed in the case of palnning and goal settling, marketing, accounting, management and managing growth since their respective 'F' statistics are significant at five per cent level.

5.1.3 Enterprise Skills (ES) among the Respondents

The enterprise skills among the respondents have been examined with the help of 11 variables. The respondents are asked to rate the variables at five point scale according to the order of existence among them. The mean score of the variables in Enterprise Skills among the respondents in manufacturing, trading and service units have been estimated separately along with the 'F' statistics. The results are illustrated in Table 5.3.

Table 5.3
Enterprise Skills of the Respondents

SI.	E . 4 Cl . II.	Mean score	among the	Respond	lents	F
No.	Enterprise Skills	Manufacturing	Trading	Service	Overall	Statistics
1.	Market sensing skills	2.5329	2.5949	2.6929	2.6184	.782 NS
2.	Creating / setting new direction and vision	2.6766	3.0063	2.7137	2.7845	3.362*
3.	Physical infrastructure	2.7725	2.9810	2.5436	2.7332	5.625*
4.	Setting the right people	2.4371	2.3797	2.5270	2.4594	.649 NS
5.	Inculcating ethics	2.5030	2.2405	2.1369	2.2739	5.300*
6.	Encouraging department / functions	2.5808	2.4557	2.6598	2.5795	1.271 NS
7.	Establishing network alliance	2.5569	2.8671	2.5062	2.6219	5.195*
8.	Set clearly defined goals	2.6287	2.4684	2.4523	2.5088	1.118 NS
9.	Never waiver in your belief that you can achieve them	2.6707	2.3418	2.6390	2.5654	3.215*
10.	Manage your attitude and discipline	2.5928	2.5823	2.3817	2.5000	1.835 NS
11.	Preserve when adversity strikes	2.7784	2.9367	2.5685	2.7332	4.058*

* Significant at five per cent level

NS: Not Significant

The highly viewed variables in Enterprise Skills among the respondents in manufacturing units are 'preserve when adversity strikes' and 'physical infrastructure' since their means scores are 2.7784 and 2.7725 respectively. Among the respondents in trading units, the highly viewed variables are 'creating / setting new directions and vision' and 'physical infrastructure' since their mean scores are 3.0063 and 2.9810 respectively. Among the respondents in service units, the highly viewed variables are 'market sensing skills' and 'creating / selling new direction and vision' and 'market

sensing skills' since their mean scores are 2.7137 and 2.6929 respectively. Regarding the presence of Enterprise Skills, the significant difference among the three group of respondents have been noticed in the case of 6 out of 11 variables in the Enterprise Skills since their respective 'F' statistics are significant at five per cent level.

5.1.4 Behavioural Skills (BS) among the Respondents

The behavioural skill among the respondents is included as one of the entrepreneurial skills required for the cottage entrepreneurs. The behavioural skills among the respondents have been measured with the help of six variables. The respondents are asked to rate the variables in Behavioural Skills at five point scale according to the order of existence among them. The mean score of the variable in Behavioural Skills among the respondents in three groups of respondents have been computed separately. The one way analysis of variance has been administered to find out the significant difference among the three groups of respondents regarding their view on behaviour skills. The results are show in Table 5.4.

Table 5.4

Behavioural Skills of the Respondents

Sl.	Behavioural	Mean score	among the	e Respond	lents	F
No.	Skills	Manufacturing	Trading	Service	Overall	Statistics
1.	Motivation	2.8263	2.9177	2.7344	2.8127	.949 NS
2.	Judgement	2.7605	2.9051	2.5353	2.7049	4.136*
3.	Resilience	2.4611	2.6835	2.5768	2.5724	1.182 NS
4.	Initiativeness	2.7844	2.9937	2.5685	2.7509	5.382*
5.	Self-Management	2.7843	3.0000	2.5353	2.7385	6.361*
6.	Trust yourself	2.4251	2.2975	2.3029	2.3375	.595 NS

Source: Primary Data

*Significant at five per cent level

NS: Not Significant

The highly existing variable among the respondents in manufacturing units are 'motivation' and 'initiativeness' since their mean scores are 2.8263 and 2.7844 respectively. Among the respondents in trading units, these are 'self-management' and 'initiativeness' since their mean scores are 3.000 and 2.9937 respectively. Among the respondents in service units, these are 'motivation' and 'resilience' since their mean scores are 2.7344 and 2.5768 respectively. Regarding the existence of variables in behavioural skills, significant difference among the three group of respondents have been noticed in the case of judgment, initiativeness and self management variables since their respective 'F' statistics are significant at five per cent level.

5.1.5 Communication Skills among the Respondents

The communication skills are included as one of the skills required for the managing the enterprise. Hence the present study has made an attempt to measure the communication skills among the respondents. It is measured with the help of five variables. The respondents are asked to rate the variables at five point scale according to the order of existence. The mean score of the variables in the three groups of unit have been computed separately. The one way analysis of variance has been administered to find out the significant difference among the three groups of respondents regarding the level of existence of variables in communication skills. The results are shown in Table 5.5.

Table 5.5

Communication Skills of the Respondents

Sl.	Communication Skills	Mean score	among the	Respond	ents	F
No.	Communication Skills	Manufacturing	Trading	Service	Overall	Statistics
1.	Identifying an opportunity to communicate	2.6946	2.9177	3.0332	2.9011	3.641*
2.	Put intelligence into words	2.7964	3.0506	2.5477	2.7615	7.553*
3.	Emphasis on the issue	2.5988	2.6266	2.6556	2.6307	.102 NS
4.	Communicate well with illustrations	2.6587	2.7532	2.7178	2.7102	.233 NS
5.	Interact effectively	2.9880	2.5063	2.7510	2.7527	5.711*

* Significant at five per cent level

NS: Not Significant

The highly viewed variables in communication skills among the respondents in manufacturing units are 'interact effectively' and 'put intelligence into words' since their mean scores are 2.9880 and 2.7964 respectively. Among the respondents in trading units, highly viewed variables are 'put intelligence into words' and 'identifying an opportunity to communicate' since their respective mean scores are 3.0506 and 2.9177 respectively. Among the respondents in service units, the highly viewed variables are 'identifying an opportunity to communicate' and 'interact effectively' since their mean scores are 3.0332 and 2.7510 per cent respectively. Regarding the existence of variables in communication skills, significant difference among the three groups of respondents have been noticed in the variables 'identifying an opportunity to communicate' 'put intelligence into words' and 'interact effectively' since their respective 'F' statistics are significant at five per cent level.

5.1.6 Soft Skills of the Respondents

The soft skills among the respondents are included as one of the important skills required for performing the business activities of the cottage business units. Hence, the present study has made an attempt to examine the presence of this skill among the respondents with the help of five variables. The mean score of the variables in soft skills among the respondent of manufacturing, trading and service units were computed separately. The one way analysis of variance has been administered to find out the significant difference among the three groups of respondents regarding their level of soft skills. The results are given in Table 5.6.

Table 5.6
Soft Skills of the Respondents

Sl.	Soft Skills	Mean score	among the	Respond	ents	F Statistics
No.	Soft Skins	Manufacturing	Trading	Service	Overall	r Statistics
1.	Using knowledge effectively	2.7904	2.5886	2.6058	2.6555	1.347 NS
2.	Clarity in expressions	2.6946	2.1582	2.5975	2.5035	9.241
3.	Reading effectively	2.7964	3.0063	2.5436	2.7473	6.346*
4.	Rapport building	2.7246	2.8228	2.4564	2.6378	5.278*
5.	Be alive and alert	2.4012	2.4873	2.5021	2.4682	.366 NS

Source: Primary Data

**Significant at one per cent level

NS: Not Significant

The highly viewed variables in the soft skills among the respondents of manufacturing units are 'reading effectively' and 'using knowledge effectively' since their mean scores are 2.7964 and 2.7904 respectively. Among the respondents in trading units, the highly viewed variables are 'reading effectively' and 'rapport building' since their mean scores are 3.0063 and 2.8228 respectively. Among the respondents in service units, the highly viewed variables are 'using knowledge

^{*}Significant at five per cent level

effectively' and 'clarity in expressions' since their mean scores are 2.6058 and 2.5975 respectively. Regarding the existence of soft skills, significant difference among the three group of respondents have been noticed in the case of 'reading effectively' and 'rapport building' variables of the soft skills since their respective 'F' statistics are significant at five per cent level.

5.1.7 Innovative Skills among the Respondents

It represents the skills of the respondents to apply creativity and innovation in the cottage business activities. The innovative skills are essential for the respondents in order to compete and excel in the business world. The present study has made an attempt to measure the innovative skills among the respondents with the help of three variables. The respondents are asked to rate these three variables at five point scale according to the order of existence among them. The mean score of each variable among the respondents have been measured separately. The significant difference among the three groups of respondents regarding their level of innovative skills has been measured with the help of one way analysis of variance. The results are presented in Table 5.7.

Table 5.7
Innovative Skills of the Respondents

Sl.	Innovative Skills	Mean score	F Statistics			
No.	innovative Skins	Manufacturing	Trading	Service	Overall	r Statistics
1.	Creative in venture	2.6347	2.7848	2.7220	2.7138	.561 NS
2.	Cost effective through new ideas	2.7006	2.8038	2.7676	2.7580	.288 NS
3.	Keen in introducing new products and practices	3.1138	2.7342	2.174	2.8816	3.781*

Source: Primary Data

*Significant at five per cent level

NS: Not Significant

The highly viewed innovative skill variables among the respondents in manufacturing units are 'keen in introducing new products and practices' and 'cost effective through new ideas' since their mean scores are 3.1138 and 2.7006 respectively. The highly viewed innovative skill variables among the respondents of trading and service units are 'cost effective through new ideas' and creative in venture since their higher mean scores. Regarding the level of existence of innovative skills, significant difference among the three group of respondents have been noticed in the case of 'keen in introducing new products and practices' since it's 'F' statistics is significant at five per cent level.

5.1.8 Risk Bearing Ability (RBA) of the Respondents

Risk bearing is one of the important functions of any business establishment. It is also one of the essential qualities of a successful entrepreneur. Moreover, the risk bearing ability is closely associated with the returns of the business activities. Hence, it is included as one of the important skills of the cottage business entrepreneurs. The level of risk bearing abilities among the respondents is measured with the help of four variables. The respondents are asked to rate the variables at five point scale according to the order of existence among them. The mean score of the variables have been computed separately along with its 'F' statistics. The results are given in Table 5.8.

Table 5.8

Risk Bearing Ability of the Respondents

Sl.	Disk Possing Ability	Mean score	among the	Respond	ents	F Statistics
No.	Risk Bearing Ability	Manufacturing	Trading	Service	Overall	r Statistics
1.	Take challenges in positive way	2.8204	2.8481	2.4689	2.6784	5.964 *
2.	Prefer to do risky things	2.8263	2.5127	2.8465	2.7473	3.671*
3.	Capable of converting risk into profits	2.6946	2.7089	2.6266	2.6696	.247 NS
4.	Like to take calculated risk in business	2.3832	2.3165	2.5436	2.4329	1.946 NS

*Significant at five per cent level

NS: Not Significant

The highly viewed risk bearing ability skills variables among the respondents in manufacturing units are 'prefer to do risky things' and 'take challenge in positive way' since their mean scores are 2.8263 and 2.8204 respectively. The highly viewed risk bearing ability skills variables among the respondents of trading units are 'take challenge in positive way' and 'capable of converting risks into profits' since its mean score are 2.8481 and 2.7089 respectively. Among the respondents of service units highly viewed risk bearing ability skills variables are 'prefer to do risky things' and 'capable of converting risks into profits' since their mean scores are 2.8465 and 2.6266 respectively. Regarding the existence of risk bearing ability skills, significant difference among the three groups of respondent have been noticed in two out of four variables since their respective 'F' statistics are significant at five per cent level.

5.1.9 Reliability and Validity of Variables in each Skill among the Respondents

The skills possessed by the respondents are measured with the help of eight components. The variables included in each skill are varying from 11 to 4. Before summarising the scores of the variables in each skill, it is essential to examine its reliability and validity. The confirmatory factor analysis is administered for this purpose. The overall reliability is tested with the help of Cronbach Alpha. The results are given in Table 5.9.

Table 5.9

Reliability and Validity of Variables in each Skill among the Respondents

SI. No.	Skills	No. of remarks in	Range of standardised factor loading	Range of 't' statistics	Cronbach Alpha	Composite Reliability	Average variance extracted
1.	Group Skills	4	0.8484 - 0.6533	3.4173*-2.4917*	0.7544	0.7345	55.17
2.	Business Management – Skills	10	0.9142 - 0.6244	4.1792*-2.1941*	0.8119	0.7919	57.79
3.	Enterprise Skills	11	0.9028 - 0.6391	4.0176* – 2.2842*	0.8017	0.7829	56.62
4.	Behavioural Skills	9	0.8783 - 0.6779	3.6557*-2.7384*	0.7808	0.7592	55.49
5.	Communication Skills	5	0.8808 - 0.6504	3.8084* - 2.4183*	0.7619	0.7339	55.04
6.	Soft Skills	5	0.8517 - 0.6247	3.4511 – 2.1884*	0.7702	0.7521	55.32
7.	Innovative Skills	3	0.8403 - 0.6709	3.3962*-2.7445*	0.7671	0.7417	54.49
8.	Risk Bearing Ability Skills	4	0.8334 - 0.6071	3.2447* – 2.0143*	0.7011	0.6842	52.16
	Overall	48	0.9244 - 0.6241	4.2171* – 2.1791*	0.8248	0.8049	58.82
7							

*Significant at five per cent level

The standardized factor loading of the variables in each skill are greater than 0.60 which reveals the content validity. The significance of 't' statistics of the standardised factor loading of the variables in each skill shows the convergent validity. It is also confirmed by the composite reliability and average variance extracted since these are greater than its minimum threshold of 0.50 and 50.00 per cent respectively. The Cronbach Alpha of all skills is greater than the standard minimum of 0.60. All these results indicate the reliability and validity of variables in each skill.

5.1.10 Group Skill Index among the Respondents

The level of group skill among the respondents is measured with the help of an index called as Group Skill Index (GSI). It is computed by

$$GSI = \frac{\sum_{i=1}^{n} SGSV_{i}}{\sum_{i=1}^{n} MSGSV_{i}} \times 100$$

Whereas,

GSI - Group Skill Index

SGSV - Score on Group Skill Variable

MSGSV - Maximum Score on Group Skill Variable

i = 1...n - Number of Variables included in Group Skill

The computed group skill index of the respondents is confined to less than 25 per cent, 25 to 50; 51 to 75 and above 75 per cent. The distribution of respondents on the basis of their Group Skill Index is illustrated in Table 5.10.

Table 5.10
Group Skill Index of the Respondents

Sl.	Group Skill Index	Number	of Responde	ents	TD ()
No.	(GSI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	Less than 25	3 (1.8)	0 (0)	5 (2.1)	8 (1.4)
2.	25-50	85 (50.9)	56 (35.4)	103 (42.7)	244 (43.1)
3.	51 – 75	73 (43.7)	95 (60.1)	125 (51.9)	293 (51.8)
4.	76 – 100	6 (3.6)	7 (4.5)	8 (3.3)	21 (3.7)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

The significant Group Skill Index among the respondents is 51 to 75 per cent which constitutes 51.80 per cent to the total. The most important Group Skill Index among the respondents in trading and service units is 51 to 75 which constitutes 60.10 and 51.90 per cent to its total respectively. Among the respondents in manufacturing units, it is 25 to 50 which constitute 50.90 per cent. The analysis reveals that the level of group skill among the majority (51.80 per cent) respondents is above the average level (51-75).

5.1.11 Business Management Skill Index (BMSI) among the Respondents

The business management skill among the respondents is measured with the help an index called as Business Management Skill Index (BMSI). It is computed by the following formula,

$$BMSI = \frac{\sum_{i=1}^{n} SBMSV_{i}}{\sum_{i=1}^{n} MSBMSV_{i}} \times 100$$

Whereas

SBMSV - Score on Business Management Skill Variable

MSBMSV - Maximum Score on Business Management Skill Variable

 $i=i\dots n$ - Number of variables used to measure the Business Management Skill

In the present study Business Management Skill Index in confined to less than 75 per cent, 25 to 50 and 51 to 75. The distribution of respondents on the basis of the score on Business Management Skill Index is given in Table 5.11.

Table 5.11

Business Management Skill Index of the Respondents

Sl. No.	Business Management Skill Index (BMSI) (in Percentage)	Number of Respondents			
		Manufacturing	Trading	Service	Total
1.	Less than 25	2 (1.2)	0 (0)	2 (0.9)	4 (0.7)
2.	25-50	64 (38.3)	54 (34.2)	110 (45.6)	228 (40.3)
3.	51 – 75	101 (60.5)	104 (65.8)	129 (53.5)	334 (59.0)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important percentage of Business Management Skill among the respondents is 51 to 75 per cent which constitutes 59.00 per cent to the total. The most important Business Management Skill Index among the respondents in manufacturing,

trading and service units is 51 to 75 per cent which constitutes 60.50, 65.80 and 53.50 per cent to its total respectively. The analysis reveals that the level of business management skill among the respondents of cottage business units is above average level.

5.1.12 Enterprise Skill Index of the Respondents

The enterprise skills among the respondents have been measured with the help of an index. It is called as enterprise skill index (ESI). It is computed by

$$ESI = \frac{\sum_{i=1}^{n} SESV_{i}}{\sum_{i=1}^{n} M SESV_{i}} \times 100$$

Whereas,

SESV - Score on Enterprise Skill Variable

MSESV - Maximum Score on Enterprise Skill Variable

i = 1...n - Number of variables in Enterprise Skill

In the present study, Enterprise Skill Index is classified into 25 to 50 and 51 to 75. The distribution of respondents on the basis of their Enterprise Skill Index is given in Table 5.12.

Table 5.12

Enterprise Skill Index of the Respondents

Sl.	Enterprise Skill Index	Number	of Respond	ents	Total
No.	(ESI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	25-50	53 (31.7)	72 (45.6)	11.5 (47.7)	240 (42.4)
2.	51 – 75	114 (68.3)	86 (54.4)	126 (52.3)	326 (57.6)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important Enterprise Skill Index among the respondents is 51 to 75 per cent which constitutes 57.60 per cent to the total. The most important Enterprise Skill Index among the respondents in manufacturing trading and service units is 51 to 75 which constitutes 68.30, 54.40 and 52.3 per cent to its total respectively. The analysis reveals that the level of enterprise skill among the respondents is above the average level.

5.1.13 Behavioural Skill Index (BSI) among the Respondents

The behavioural skill among the respondents is computed by the score of the variables in behavioural skill. It is measured with the help of an index called behavioural skill index (BSI). It is computed by

$$BSI = \frac{\sum_{i=1}^{n} SBSV_{i}}{\sum_{i=1}^{n} MSBSV_{i}} \times 100$$

Whereas,

SBSV - Score on Behavioural Skill Variables

MSBSV - Maximum Score on Behavioural Skill variables

i = 1...n - Number of variables included in Behavioural Skill

In the present study, the behavioural skill index is confined to less than 25 per cent, 25 to 50, 51 to 75 and above 75 per cent. The distribution of respondents on the basis of their behavioural skill index is given in Table 5.13.

Table 5.13

Behavioural Skills Index of the Respondents

SI.	Behavioural Skill Index Number of Respondents			ents	
No.	(BSI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	Less than 25	0 (0)	5 (3.2)	2 (0.8)	7 (1.2)
2.	25-50	68 (40.7)	39 (24.7)	113 (46.9)	220 (38.9)
3.	51 – 75	84 (50.3)	94 (59.5)	103 (42.7)	281 (49.6)
4.	Above 75	15 (9.0)	20 (12.6)	23 (9.6)	58 (10.3)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important Behavioural Skill Index among the respondents is 51 to 75 and 25 to 50 per cent which constitutes 49.60 and 38.90 per cent to the total respectively. The most important Behavioural Skills Index among the respondents in manufacturing, trading and service units are 51 to 75, 51 to 75 and 25 to 50 per cent which constitutes 50.30, 59.80 and 46.90 per cent to its total of 167, 158 and 241 respondents respectively. The analysis reveals that the important behavioural skills among the respondents in cottage business units are at the moderate level.

5.1.14 Communication Skill Index (CSI) among the Respondents

The communication skill is included as one of the skills which the cottage entrepreneurs need to possess for managing the business activities effectively and

efficiently. It is measured with the help of relevant variables. An index is prepared to measure the communication skill which is named as communication skill index (CSI). It is computed by

$$CSI = \frac{\sum_{i=1}^{n} SCS_{i}}{\sum_{i=1}^{n} MSCS_{i}} \times 100$$

Whereas,

SCS - Score on Communication Skills among the owners

MSCS - Maximum Score on Communication Skills among the owners

i = 1...n - Number of Communication Skill Variables

The communication skill index in the present study is classified into 25 to 50; 51 to 75 and above 75 per cent. The distribution of respondents on the basis of their communication skill index is illustrated in Table 5.14.

Table 5.14

Communication Skills Index of the Respondents

Sl.	Communication Skill	Number o	f Responde	ents	Total
No.	Index (CSI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	25-50	51 (30.5)	63 (39.9)	73 (30.3)	187 (33.0)
2.	51 – 75	108 (64.7)	79 (50.0)	159 (66.0)	346 (61.1)
3.	76 – 100	8 (4.8)	16 (10.1)	9 (3.7)	33 (5.9)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important Communication Skill Index among the respondents in the present study is 51 to 75 per cent since it constitutes 61.10 per cent to its total. Among the respondents in manufacturing, trading and service units, it constitutes 64.70, 50.00 and 66.00 per cent to its total respectively. The analysis reveals that the level of communication skills among the respondents is above average level.

5.1.15 Soft Skill Index among the Respondents

The soft skill of the respondents is included as one of the component of the entrepreneurial skills. It is essential for the successful conduct of the business activities and to transact business. The soft skill among the respondents has been measured with the help of an index called as soft skill index (SSI). It is computed by

$$SSI = \frac{\sum_{i=1}^{n} SSSV_{i}}{\sum_{i=1}^{n} MSSSV_{i}} \times 100$$

Whereas,

SSSV - Score of the Soft Skill Variables among the cottage entrepreneurs

MSSSV - Maximum Score of the Soft Skill Variables among the cottage entrepreneurs

i = 1...n - Number of variables in Soft Skill

The Soft Skill Index among the cottage entrepreneurs in the present study is confined to less than 25 per cent, 25 to 50 per cent, 51 to 75 per cent and above 75 per cent. The distribution of cottage entrepreneurs on the basis of Soft Skill Index is given in Table 5.15.

Table 5.15
Soft Skill Index (SSI) of the Respondents

Sl.	Soft Skill Index (SSI) Number of Respondents				Total	
No.	(in Percentage)	Manufacturing	Trading	Service	1 Otal	
1.	Less than 25	0 (0)	2 (1.3)	2 (0.8)	4 (0.7)	
2.	25-50	57 (34.1)	69 (43.7)	104 (43.2)	230 (40.6)	
3.	51 – 75	95 (56.9)	85 (53.8)	131 (54.4)	311 (54.9)	
4.	76 – 100	15 (9.0)	2 (1.2)	4 (1.6)	21 (3.8)	
	Total	167 (100)	158 (100)	241 (100)	566 (100)	

Source: Primary Data

The important Soft Skill Index among the respondents is 51 to 75 and 25 to 50 per cent which constitutes 54.90 and 40.60 per cent to the total respectively. The most important soft skill index among the respondents in manufacturing, trading and service units is 51 to 75 per cent which constitutes 56.90, 53.80 and 54.40 per cent to its total respectively. The analysis reveals that the level of soft skills among the respondents ranges from 25 to 75 per cent.

5.1.16 Innovative Skill Index (ISI) among the Respondents

The innovative skill is included as one of the components of entrepreneurial skills the entrepreneurs need to possess in order to succeed in their venture. It is measured with the help of relevant variables. In the present analysis, it is measured by an index called as innovative skill index (ISI). It is computed by

$$CSI = \frac{\sum_{i=1}^{n} SIS_{i}}{\sum_{i=1}^{n} MSIS_{i}} \times 100$$

Whereas,

SIS - Score on Innovative Skill among the cottage entrepreneurs

MSIS - Maximum Score on Innovative Skill among the cottage entrepreneurs

i = 1...n - Number of variables in Innovative Skill

The innovative skill index in the present study is classified into less than 25, 25 to 50, 51 to 75 and above 75 per cent. The distribution of respondents based on innovative skill index is illustrated in Table 5.16.

Table 5.16
Innovative Skill Index of the Respondents

SI.	Innovative Skill Index Number of Respondents				Total	
No.	(ISI) (in Percentage)	Manufacturing	Trading	Service	1 otai	
1.	Less than 25	0 (0)	2 (1.3)	0 (0)	2 (0.4)	
2.	25-50	58 (34.7)	51 (32.3)	94 (39.0)	203 (35.90)	
3.	51 – 75	94 (56.3)	87 (55.1)	131 (54.4)	312 (55.1)	
4.	Above 75	15 (9.0)	18 (11.3)	16 (6.6)	49 (8.5)	
	Total	167 (100)	158 (100)	241 (100)	566 (100)	

Source: Primary Data

The important innovative skill index among the respondents is 51 to 75 and 25 to 50 per cent which constitutes 55.10 and 35.90 per cent to the total respectively. The most important innovative skill index among the respondents in manufacturing, trading and service units is 51 to 75 per cent which constitutes 56.30, 55.10 and 54.40 per cent to its total respectively. The analysis reveals that the level of innovative skills among the cottage business entrepreneurs is above average level.

5.1.17 Risk Bearing Ability Index (RBAI) among the Respondents

The risk bearing ability is one of the important entrepreneurial traits among the respondents of cottage business units. The risk bearing ability among the respondents is measured with the help of relevant variables. It is computed by an index called as risk bearing ability index (RBAI). It is computed by

$$RBAI = \frac{\sum_{i=1}^{n} SRBA_{i}}{\sum_{i=1}^{n} MSRBA_{i}} \times 100$$

Whereas,

SRBA - Score on Risk Bearing Ability variables among the cottage entrepreneurs

MSRBA - Maximum Score on Risk Bearing Ability variables among cottage entrepreneurs

i = 1...n - Number of variables in Risk Bearing Ability

The risk bearing ability index in the present study is confined to less than 25, 25 to 50, 51 to 75 and above 75 per cent. The distribution of respondents on the basis of risk bearing ability index is illustrated in Table 5.17.

Table 5.17
Risk Bearing Ability Index of the Respondents

Sl.	Risk Bearing Ability	Number o	Number of Respondents			
No.	Index (RBAI) (in Percentage)	Manufacturing	Trading	Service	Total	
1.	Less than 25	3 (1.8)	0 (0)	0 (0)	3 (0.5)	
2.	25-50	24 (14.4)	32 (20.2)	24 (10.0)	80 (14.1)	
3.	51 – 75	87 (52.1)	66 (41.8)	137 (56.8)	290 (51.2)	
4.	Above 75	53 (31.7)	60 (38.0)	80 (33.2)	193 (34.2)	
	Total	167 (100)	158 (100)	241 (100)	566 (100)	

Source: Primary Data

The important risk bearing ability index among the owners is 51 to 75 and above 75 per cent which constitutes 51.20 and 34.10 per cent to the total respectively. The most important risk bearing ability index among the cottage entrepreneurs in manufacturing, trading and service units is 51 to 75 per cent which constitutes 52.10, 41.80 and 56.80 per cent to its total respectively. The analysis reveals that the level of risk bearing ability among the cottage entrepreneurs is above average level.

5.1.18 Overall Entrepreneurial Skill Index (OESI) among the Respondents

The overall entrepreneurial skill among the respondents is measured with the help of the variables in all components of entrepreneurial skills. The overall entrepreneurial skill is measured with the help of an index called as overall entrepreneurial skill index (OESI). It is computed by

$$OESI = \frac{\sum_{i=1}^{n} SESV_{i}}{\sum_{i=1}^{n} M SESV_{i}} \times 100$$

Whereas,

SESV - Score of Entrepreneurial Skill Variables among the respondents

MSESV - Maximum Score of Entrepreneurial Skill Variables among the respondents

 $i=1\dots n$ - Number of variables in Entrepreneurial Skill variables among the respondents

The overall entrepreneurial skill index among the respondents is confined to less than 25, 25 to 50 and 51 to 75 per cent. The distribution of respondents on the basis of overall entrepreneurial skill index is illustrated in Table 5.18.

Table 5.18

Overall Entrepreneurial Skill Index of the Respondents

G!	Overall	Number o	f Responde	ents	
Sl. No.	Entrepreneurial Skill Index (OESI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	Less than 25	0 (0)	0 (0)	2 (0.8)	2 (0.3)
2.	25-50	34 (20.4)	23 (14.6)	56 (23.3)	113 (20.0)
3.	51 – 75	133 (79.6)	135 (85.4)	183 (75.9)	451 (79.7)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important overall entrepreneurial skill index among the respondents is 51 to 75 per cent which constitutes 79.70 per cent to the total. The most important overall entrepreneurial skill index among the respondents in manufacturing, trading and service units is 51 to 75 per cent, which constitutes 79.60, 85.40 and 75.90 per cent to its total respectively. The analysis reveals that the level of overall entrepreneurial skill index among the respondents is above average level.

5.1.19 Impact of Entrepreneurial Skills on the Overall Success of Cottage Industries

The entrepreneurial skills of the respondents may have its' own influence on the overall success of cottage industries. It is imperative to examine the impact of entrepreneurial skills of the respondents on the overall success of cottage industries with the help of multiple regression analysis. The fitted regression model is:

$$y = a + b_1x_1 + b_2x_2 + \ldots + b_8x_8 + e$$

Whereas

y - Means of profit attained by the cottage units during the study period

x₁ - Score on group skill index among the respondents

x₂ - Score on business management index among the respondents

x₃ - Score on enterprise skill index among the respondents

x₄ - Score on behavioural skill index among the respondents

x₅ - Score on communication skill index among the respondents

x₆ - Score on soft skill index among the respondents

x₇ - Score on innovative skill index among the respondents

x₈ - Score on risk bearing skill index among the respondents

 $b_1, b_2, \dots b_8$ - Regression coefficient of independent variables

a - Intercept and

e - error term

The impact of various entrepreneurial skills on the success of the cottage industries among the respondents in manufacturing, trading and service units measured separately. The results are shown in Table 5.19.

Table 5.19

Impact of Entrepreneurial Skill on the Overall Success of Cottage Industries

Sl.	X7. *.11	ThT . 4 . 4 °	Elasticity	Co-Efficien	t in
No.	Variables	Notation	Manufacturing	Trading	Service
1.	Constant	B_0	2.513	1.978	2.192
2.	Group skills	\mathbf{x}_1	0.632	0.511	0.492
3.	Business management skill	X ₂	0.191*	0.122*	0.115*
4.	Enterprise skills	X3	0.073*	0.116*	0.099*
5.	Behavioural skills	X4	-0.025 NS	-0.016 NS	0.007 NS
6.	Communication skills	X5	0.205	0.316	0.257*
7.	Soft skills	x ₆	0.057 NS	0.090 NS	0.088 NS
8.	Innovative skills	X ₇	0.337	0.251	0.310
9.	Risk bearing	X 8	0.257*	0.317*	0.280*
	R^2		0.822	0.765	0.719
	F-test		66.079	0.625	61.37

Source: Primary Data

*Significant at five per cent level

NS – Not Significant

Among the respondents in manufacturing units, the significantly influencing entrepreneurial skills on the success of manufacturing cottage business units are business management skills, enterprise skills, and risk bearing abilities since their

respective regression co-efficients are significant at five per cent level. A units increase the above said skills result in an increase in the success of cottage industries by 0.191, 0.073 and 0.257 units respectively. The changes in the entrepreneurial skills explain the changes in the overall success of manufacturing units to an extent of 82.00 per cent since its R^2 is 0.822.

Among the respondents in trading units, the significantly influencing entrepreneurial skills on the success of manufacturing cottage business units are business management skills, enterprise skills, and risk bearing abilities since their respective regression co-efficients are significant at five per cent level. A unit increase in the business management skills, enterprise skills and risk bearing skills result in an increase in the overall success of the trading units by 0.122, 0.116 and 0.317 units respectively. The changes in the entrepreneurial skills explain the changes in the overall success of the trading units to an extent of 76.50 per cent since its R² is 0.765.

Among the respondents in service units, the significantly influencing entrepreneurial skills on the overall success of the units are business management skills, enterprise skills, communication skills and risk bearing skills since their respective regression co-efficients are significant at five per cent level. A units increase in the above said skills result in an increase in overall success of the service units by 0.115, 0.099, 0.257 and 0.280 units respectively. The changes in the level of skills explain the changes in the overall success of the service units to a content of 71.90 per cent since its R² is 0.719.

5.2 FACTORS INFLUENCING THE GROWTH OF THE COTTAGE INDUSTIRES

5.2.1 Factors Responsible for the Growth of Cottage Business Units

The factors influencing the growth of the cottage industries in the present study has been examined with the help of 20 variables. The owners of cottage industries are asked to rate the 20 variables according to the order of importance. The scores of the variables have been examined with the help of exploratory factor analysis. Initially, the validity of data for factor analysis is conducted with the help of Kaiser – Meyer – Olkin measure of sampling adequacy and Barlett's test of Sphericity. Both these two tests satisfy the validity of the data for factor analysis. The executed factor analysis results in six important factors. The eigen value, per cent of variation explained and the cumulative per cent of variation explained by each factor is given in Table 5.20.

Table 5.20
Factors Influence Growth of the Cottage Business Units

Sl. No.	Factors	Number of variables	Eigen value	Percent Variance	Cumulative percent of variance
1.	Planning and Development factors	4	4.537	22.687	22.687
2.	Basic requirement factors	5	2.303	11.514	34.201
3.	Entrepreneurial factors	3	1.871	9.355	43.556
4.	Required changes in the industrial units	4	1.459	7.295	50.851
5.	Power factors	2	1.352	6.762	57.613
6.	Government role	2	1.021	5.104	62.717

Sources: Primary Data

Kaiser – Meyer – Olkin measure of sampling adequacy: 0.790

Barlett's test of Sphericity

Chi-square : 3595.317

Degrees of Freedom : 190

Significance : 0.000

The first two narrated factors by the factor analysis are planning and development factors and basic requirement factors since their respective eigen values are 4.537 and 2.303 respectively. The per cent of variation explained by these two factors are 22.69 and 11.51 per cent respectively. The next two factors identified by the factor analysis are entrepreneurial factors and required changes in the industrial units since their eigen values are 1.871 and 1.459 respectively. The per cent of variation explained by these two factors are 9.355 and 7.2950 respectively. The last two factors identified by the factor analysis are power factor and government role since their eigen values are 1.352 and 1.021 respectively. The per cent of variation explained by the above said two factors are 6.762 and 5.104 per cent respectively. The narrated six factors explain the included 20 variables to an extent of 62.717 per cent level.

5.2.2 Factor Loading of the Variables in each Factor

The factor loading of the variables in each factor indicates the correlation between the variable with the narrated factors in factor analysis. The variables with the higher factor loading in one factor than in other factors will be declared as the components of the factor. The factor loading of the variables in each factor are given in Table 5.21.

Table 5.21 Factors Influence Growth of the Cottage Business Units

Sl.	¥7 • 11			Compo	Component					
No.	Variables	1	2	3	4	5	6			
1.	Innovative plans and thinking in the field	0.913	0.068	0.060	-0.032	0.017	-0.048			
2.	Restriction on Multi-National corporations	0.853	0.094	0.122	-0.020	-0.003	-0.097			
3.	Advance technologies and plans in production and marketing	0.824	0.153	0.179	-0.041	0.039	-0.062			
4.	Proper training on good material handling system	0.739	0.141	0.329	0.023	-0.045	0.061			
5.	Timely supply of raw materials	0.072	0.776	0.175	-0.055	-0.169	0.191			
6.	More investments on machinery and equipment	0.129	0.741	0.197	-0.007	-0.209	0.231			
7.	Plant layout and location of the business unit	0.091	0.739	0.032	-0.015	0.273	-0.125			
8.	Availability of skilled labours	0.114	0.674	0.000	-0.024	0.194	-0.230			
9.	Effective infrastructure facilities in the business unit	0.117	0.664	-0.030	0.038	0.285	-0.103			
10.	Habit of production planning and control to the entrepreneurs	0.329	0.182	0.782	0.018	0.006	0.008			
11.	Entrepreneurial development programmes for the cottage unit	0.186	0.001	0.759	0.018	-0.048	-0.241			
12.	Successful entrepreneurs meet	0.256	0.211	0.667	-0.013	0.179	0.124			
13.	Seperate industrial estate for cottage industries	-0.027	-0.040	-0.047	0.718	0.001	0.099			
14.	Changes in Khadi and village industries corporation policies	-0.017	0.068	0.018	0.702	-0.066	0.049			
15.	Establishment of effective network / alliance for cottage industries	0.012	0.017	0.031	0.681	-0.047	-0.017			
16.	Exclusive bank for cottage industries	-0.026	-0.092	0.010	0.620	0.105	-0.144			
17.	Subsidised rate of fuel and electricity	0.002	0.025	-0.017	0.047	0.850	0.083			
18.	Consistent power supply	-0.007	0.231	0.122	-0.074	0.738	0.123			
19.	Government loans and assistance	-0.034	0.018	-0.147	-0.001	0.192	0.819			
20.	Government efforts in providing free entrepreneurial skill training	163	015	.340	003	.027	.368			

Source: Primary Data
Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization

The variables namely innovative plans and thinking in the field, restriction on multi-national corporations, advance technologies and plans in production and marketing; and proper training on good material handling system are in the first factor namely planning and development factors since their factor loadings are higher in these factors than in other factors. The second factor consists of timely supply of raw materials, more investments on machinery and equipment, plant layout and location of the business, availability of skilled labours and effective infrastructure facilities in the business unit, since their factor loadings are higher in these factors than in other factors.

The entrepreneurial factors consists of habit of production planning and control to the entrepreneurs, entrepreneurial development programmes for the cottage business unit and successful entrepreneurs meet since the factor loadings are higher in these factor than in other factors. The required changes in the industrial units includes the variables namely separate industrial estate for cottage business units, changes in khadi and village industries corporation policies, establishment of effective network / alliance for cottage industries and exclusive bank for cottage industries since its factor loadings are higher in these factor than in other factors.

The power factor consists of subsidised rate of fuel and electricity and consistent power supply since its factor loadings are higher in this factor than in other factors. The government role factor consists of government loans and assistance, and government efforts in providing free entrepreneurial skill training since its factor loadings are higher in these factors than in other factors.

5.2.3 Reliability and Validity of the Variables in each Factor

Before summarising the score of the variables in each factor, it is imperative to examine the reliability and validity of variables in each factor with the help of confirmatory factor analysis. It results in standardised factor loading of variables in it, its' 't' statistics, composite reliability and average variance extracted. The overall reliability of variables in each factor has been estimated with the help of cronbach alpha. The results are given in Table 5.22.

Table 5.22

Reliability and Validity of Variables in each Factor

SI. No.	Factor	Range of standardised factor loading	Range of 't' statistics	Cronbach Alpha	Composite Reliability	Average Variance Extracted
1.	Planning and Development	0.9092 - 0.7045	4.0917* - 2.9091*	0.8244	0.8011	58.88
2.	Basic Requirement	0.8447 - 0.7217	3.6591* - 3.1788*	0.8128	6962'0	56.04
3.	Entrepreneurial	0.8708 - 0.6816	3.8224* - 2.6818*	0.8017	0.7842	55.19
4.	Required changes in the industrial units	0.8441 - 0.6244	3.6088* - 2.1733*	0.7445	0.7249	53.82
5.	Power	0.8917 - 0.6491	3.9441* - 2.3949*	0.7891	0.7611	54.48
9.	Government role	0.8233 - 0.6733	3.4165* - 2.4508*	0.7244	0.7041	51.17
	,					

*Significant at five per cent level

The standardised factor loading of the variables in each factor are greater than 0.60 which reveals the content validity. The significance of 't' statistics of the standardised factor loading of the variables in each factor reveals the convergent validity. It is also supported by the composite reliability and average variance extracted since they are greater than its minimum threshold of 0.50 and 50.00 per cent respectively. The cronbach alpha of each factor is greater than its standard minimum of 0.60. All the results indicate the reliability and validity of variables in each factor.

5.2.4 Respondents view on factors

The Respondents view on factors influencing the growth of cottage business units have been computed by the mean score of the variables in each factor. The mean score of each factor among the respondents in manufacturing, trading and service units have been computed separately. The one way analysis of variance has been administered to find out the significant difference among the three groups of respondents regarding their view on factors. The results are given in Table 5.23.

Table 5.23

Respondents view about the Factors Influencing the Growth of the Cottage

Business Units

Sl.	Factors	Mean score amo	ng the Resp	ondents	' F'
No.	Factors	Manufacturing	Trading	Service	Statistics
1.	Planning and Development factors	2.7182	3.2667	3.4541	3.2896*
2.	Basic requirement factors	3.8642	3.2148	3.0417	3.4171*
3.	Entrepreneurial factors	3.6068	3.1173	2.7345	3.3842*
4.	Required changes in the industrial units	3.0718	3.8084	2.9676	3.1173*
5.	Power factors	3.8143	3.2545	2.6562	3.6084*
6.	Government role	3.5141	3.4089	3.2676	1.1782

^{*}Significant at five per cent level

The highly viewed factors by the respondents of manufacturing units are 'basic requirements' and 'power' since their mean scores are 3.8642 and 3.8143 respectively. Among the respondents in trading units, the highly viewed factors are 'required changes in the industrial units' and 'government role' since their mean scores are 3.8084 and 3.4089 respectively. Among the respondents in service units, the highly viewed factors are 'planning and development' and 'government role' since their mean scores are 3.4541 and 3.2676 respectively. Regarding the respondents view on factors influencing the growth of the cottage business units, significant difference among the three group of respondents have been noticed in the case of five out of six factors since their respective 'F' statistics are significant at five per cent level.

5.3 PROBLEMS FACED BY THE COTTAGE INDUSTRIES

The problems encountered by the respondents of the cottage business units is discussed under various dimensions namely marketing, finance, raw material, labour, power, entrepreneurial, general, social and psychological problems. The relevant variables under the above said dimension were identified with the help of review of previous studies and the views of experts. Since the problem perception among the respondents may have its own influence on the growth and performance of the cottage business units, it is included in the present study.

5.3.1 Marketing Problems faced by Respondents of the Cottage Business Units

The marketing problems encountered by the respondents of cottage business units are measured with the help of five variables namely competition from SSI units, competition from large scale units, slackness in demand, lack of awareness about market and lack of storage facilities. The respondents are asked to rate these variables in marketing problems at five point scale according to the order of existence in their

units. The mean score of the variable in marketing problem among the respondents in manufacturing, trading and service units have been computed separately. The one way analyses of variance have been executed to find out the significant difference among the three groups of respondents regarding their view on marketing problems. The results are shown in Table 5.24.

Table 5.24

Marketing Problems of Cottage Business Units

Sl.	Marketing	Mean score of	the Cottag	ge Busines	s Units	·F'
No.	Problems	Manufacturing	Trading	Service	Overall	Statistics
1.	Competition from small scale units	2.6407	2.7848	2.6432	2.6820	0.715 NS
2.	Competition from large scale units	2.7964	2.7278	3.0456	2.8834	3.050*
3.	Slackness in demand	2.8862	2.8671	2.9046	2.8887	0.037 NS
4.	Lack of awareness about market	3.9760	3.7722	3.8880	3.8816	1.556 NS
5.	Lack of storage facilities	2.9162	2.3608	2.3900	2.5371	13.183

Source: Primary Data

NS – Not Significant

The highly viewed variables in marketing problem among the respondents in manufacturing units are 'lack of awareness about market' and lack of storage facilities since their mean scores are 3.9760 and 2.9162 respectively. Among the respondents in trading units, the highly viewed variables are 'lack of awareness about market' and 'slackness in demand' since its mean score are 3.7722 and 2.8671 respectively. Among the respondents in service units, the highly viewed variables are 'lack of awareness about market' and 'competition from large scale units'. Regarding the respondents view

^{*}Significant at five per cent level

^{**}Significant at one per cent level

on marketing problems, significant difference among the three group of respondents have been noticed in the case of 'competition from large scale units' since its 'F' statistics is significant at five per cent level.

5.3.2 Financial Problems of the Cottage Business Units

The financial problem is one of the important problems included for the analysis. It is measured with the help of six variables. The respondents are asked to rate these six variables at five point scale according to the order of existence in their units. The mean score of each variable in financial problem among the respondents in manufacturing, trading and service units have been computed separately. The one way analysis of variance has been administered to find out the significant difference among the three groups of respondents regarding their view on financial problems. The results are given in Table 5.25.

Table 5.25
Financial Problems of the Cottage Business Units

Sl.	Financial Problems	Mean score am	ong Cotta	ge Busine	ss Units	'F'
No.	Financial Problems	Manufacturing	Trading	Service	Overall	Statistics
1.	Lack of working capital financing	2.7365	2.9304	2.7427	2.7933	1.778 NS
2.	Lack of capital	2.6707	2.4241	2.5062	2.5318	1.756 NS
3.	High rate of interest	2.9162	2.4937	2.5768	2.6537	5.436*
4.	Meager assistance from government agencies	3.9461	3.6203	3.7593	3.7756	3.152*
5.	Procedural stagnation of financial institution	4.0120	3.7468	3.7801	3.8392	2.939 NS
6.	Lack of security	2.9102	2.9430	2.8257	2.8834	0.466 NS

Source: Primary Data

*Significant at five per cent level

NS – Not Significant

The highly viewed variables in financial problem by the respondents of manufacturing units are 'procedural stagnation of financial institution' and 'meager assistance from government agencies' since their mean scores are 4.0120 and 3.9461 respectively. Among the respondents in trading units, the highly viewed variables are 'procedural stagnation of financial institution' and 'meager assistance from government agencies' since their mean scores are 3.7468 and 3.6203 respectively. Among the respondents in service units the highly viewed variables are 'procedural stagnation of financial institution' and 'meager assistance from government agencies' since their mean scores are 3.7801 and 3.7593 respectively. Regarding the view on financial problem, significant difference among the three group of respondents have been noticed in the case of 'high rate of interest' and 'meager assistance from government agencies' since their respective 'F' statistics are significant at five per cent level.

5.3.3 Raw Materials Problems at the Cottage Business Units

The cottage business units are facing the raw material problems. The raw material problems relates to the availability, quality and cost of raw materials. Though most of the cottage business units use the locally available raw material its availability and the cost of the material will play a significant role for the cottage business units. Hence, it is included as one of the components of problem. In the present study, the raw materials problems are studied with the help of five variables. The respondents are asked to rate the variables at five point scale according to the order of existence. The mean score of each variable in raw material problem among the respondents have been computed separately along with its 'F' statistics. The results are shown in Table 5.26.

Table 5.26

Raw Material Problems in the Cottage Business Units

Sl. No.	Raw Material Problems	Mean score an	nong the C Units	ottage Bu	siness	'F' Statistics
140.	Froblems	Manufacturing	Trading	Service	Overall	Statistics
1.	Scarcity	2.4311	2.7342	2.5062	2.5477	2.311 NS
2.	High Transport Cost	3.0120	3.0316	2.9461	2.9894	0.223 NS
3.	Low Quality	2.9641	2.5316	2.9170	2.8223	5.957 *
4.	High Price	3.9820	3.6835	3.8133	3.8269	3.028*
5.	Other Difficulties	2.6527	2.7215	2.6432	2.6678	0.170 NS

Source: Primary Data

*Significant at five per cent level

NS – Not Significant

The highly viewed variable in raw material problem by the respondents of manufacturing trading and service units is 'high price' since its means scores are 3.9820, 3.6835 and 3.8133 respectively. Regarding the view on raw material problems, the significant difference among the three group of respondents have been noticed in their view on 'low quality' and 'high price' since their respective 'F' statistics are significant at five per cent level.

5.3.4 Labour Problems in the Cottage Business Units

Labour is a vital factor in any business establishment. Since most of the cottage business establishments are labour intensive, the problem relating to this cannot be avoided. The adequate availability of the labour will ensure the success of any concern. So it is highly essential to focus on this aspect in order to exhibit the linkage between the problems and prospects of cottage business units. The labour problems in the cottage business units have been examined with the help of four variables in the present study. The respondents are asked to rate these four variables at five point scale

according to the order of existence. The mean score of the variable among the respondents have been computed separately. The one way analysis of variance has been administered to find out the significant difference among the three groups of respondents regarding their view on labour problems. The results are given in Table 5.27.

Table 5.27

Labour Problems of the Cottage Business Unit

Sl. No.	Labour Problems	Mean score ar	nong the C Units	Cottage Bu	ısiness	'F' Statistics
110.		Manufacturing	Trading	Service	Overall	Statistics
1.	Scarcity of skilled labours	2.7784	2.6646	2.8506	2.7774	1.049 NS
2.	High wages	3.0299	2.5316	2.4772	2.6555	9.640**
3.	High labour turnover	2.8024	2.8544	3.0000	2.9011	1.162 NS
4.	Absenteeism	4.0000	3.6013	3.7801	3.7951	4.834*

Source: Primary Data

NS – Not Significant

The highly viewed variables in labour problem among the respondents in manufacturing units are 'absenteeism' and 'high wages' since their mean scores are 4.0000 and 3.0299 respectively. Among the respondents in trading units, the highly viewed variables are 'absenteeism' and 'high labour turnover' since their mean scores are 3.6013 and 2.8544 respectively. Among the respondents in service units, the highly viewed variables are 'absenteeism' and 'high labour turnover' since their mean scores are 3.7801 and 3.0000 respectively. Regarding the respondents view on the labour problems, significant difference among the three group of respondents have been

^{*}Significant at five per cent level

^{**} Significant at one per cent level

noticed in the case of 'high wages' and 'absenteeism' since their respective 'F' statistics are significant at five per cent level.

5.3.5 Power Problems in the Cottage Business Units

The cottage industries are using the electricity for their production purposes. Moreover, the use of power is inevitable in any business establishment whether it is manufacturing or trading or service oriented unit. Therefore the availability of adequate power supply will help the cottage business units to overcome their problems. As the cottage business units are facing the power problem, it is included for the analysis purpose. The power problems at the cottage industries are studied with the help of three variables. The respondents are asked to rate the three variables at five point scale according to the order of existence their business units. The mean score of each variable in power problem and its respective 'F' statistics have been computed and presented in Table 5.28.

Table 5.28

Power Problems in the Cottage Business Units

Sl. No.	Power Problems	Mean score an	nong the C Units	ottage Bu	siness	'F' Statistics
INO.		Manufacturing	Trading	Service	Overall	Statistics
1.	High cost	2.0419	1.9937	1.9378	1.9841	0.423 NS
2.	Power failure	3.9760	3.6582	3.7801	3.8039	3.139*
3.	Low voltage	2.7844	2.6266	2.9959	2.8304	3.921*

Source: Primary Data

*Significant at five per cent level

NS – Not Significant

The highly viewed variable in the power problem among the manufacturing, trading and service units is 'power failure' since its mean score is 3.9760, 3.6582 and 3.7801 respectively. Regarding the respondents view on the power problem, the significant difference among the three group of respondents have been noticed in respect of 'power failure' and 'low voltage' since their respective 'F' statistics are significant at five per cent level.

5.3.6 Entrepreneurial Problems among the Respondents

The person who is taking the initiatives for establishing and running the cottage business unit has to possess some entrepreneurial qualities for the successful conduct of the business activities. As the possession of the entrepreneurial qualities helps the cottage business entrepreneurs to run their concern successfully, the entrepreneurial problems are included for the analysis. The entrepreneurial problems are measured with the help of eight variables. The respondents are asked to rate the eight variables at five point scale according to the order of existence in their cottage business units. The mean score of each variable among the respondents in manufacturing, trading and service units have been computed separately. The one way analysis of variance has been administered to find out the significant difference among the three groups of respondents regarding their view on the entrepreneurial problems. The results are given in Table 5.29.

Table 5.29

Entrepreneurial Problems of the Respondents

CI	Entropyonomial	Mean sco	re of the R	esponden	ts	، ۲۰
Sl. No.	Entrepreneurial Problems	Manufacturing	Trading	Service	Overall	Statistics
1.	Lack of risk orientation	2.8383	2.7975	2.8091	2.8145	0.049 NS
2.	Lack of knowledge on programmes	2.7605	3.0886	2.7427	2.8445	3.695*
3.	Lack of work responsibility	2.8982	3.1076	2.7718	2.9028	2.789 NS
4.	Lack of self confidence	2.6527	2.6962	2.5685	2.6290	0.485 NS
5.	Lack of initiativeness	2.8263	3.0759	2.7427	2.8604	3.450*
6.	Lack of sociability	2.7186	2.4494	2.7344	2.6502	2.610 NS
7.	Lack of inner drive	2.5210	2.6139	2.8672	2.6943	3.832*
8.	Lack of analytical skill	3.9760	3.6962	3.8672	3.8516	2.632 NS

Source: Primary Data

*Significant at five per cent level

NS – Not Significant

The highly viewed variables in the entrepreneurial problem among the respondents in manufacturing units are 'lack of analytical skill' and 'lack of risk orientation' since their mean scores is 3.9760 and 2.8383 respectively. Among the respondents in trading units the highly viewed variables are 'lack of analytical skill' and 'lack of work responsibility' since their mean scores are 3.6962 and 3.1076 respectively. Among the respondents of service units, the highly viewed variables are 'lack of analytical skill' and 'lack of inner drive' since their mean scores are 3.8672 and 2.8672 respectively. Regarding the respondents view about the entrepreneurial problems, the significant difference among the three group of respondents have been noticed in respect of 'lack of knowledge on programmes', 'lack of initiativeness and lack of inner drive since their respective 'F' statistics are significant at five per cent level.

5.3.7 General Problems of the Respondents

The cottage business entrepreneurs experience general problems also apart from the problems they face in specific. The level of existence of general problems at the cottage business units in the present study is measured with the help of nine variables. The respondents are asked to rate the nine variables at five point scale according to the order of existence at their units. The mean score of each variable in general problem among the owners of cottage business units have been computed separately. The one way analysis of variance has been applied to find out the significant difference among the three groups of respondents regarding the general problems. The results are given in Table 5.30.

Table 5.30
General Problems of the Respondents

Sl.	Con and Duchland	Mean score	among the	Respond	ents	'F'
No.	General Problems	Manufacturing	Trading	Service	Overall	Statistics
1.	Lack of leisure time	2.5569	2.7405	2.7261	2.6802	1.332 NS
2.	Lack of systematic planning	2.3533	2.2152	2.2822	2.2845	0.499 NS
3.	Lack of credit orientation	2.9102	2.6899	2.5560	2.6979	3.491*
4.	Excessive tension	2.5808	2.5316	2.4813	2.5247	0.261 NS
5.	Poor forecasting effort	2.7964	2.5127	2.8963	2.7597	4.243*
6.	Health problems	2.8344	2.6456	2.6473	2.7049	1.412 NS
7.	Excess of work and burden	2.7066	2.6709	2.7469	2.7138	0.178 NS
8.	Lack of emotional stability	2.5808	2.7468	2.6929	2.6749	0.777 NS
9.	Lack of managerial skills	2.7485	2.5886	2.4232	2.5654	3.146*

Source: Primary Data

*Significant at five per cent level

NS – Not Significant

The highly viewed variables in general problems by the respondents in manufacturing units are 'lack of credit orientation' and 'health problems' since their mean score are 2.9102 and 2.8344 respectively. Among the respondents in trading units, the highly viewed variables are 'lack of emotional stability' and 'lack of leisure time' since their mean scores are 2.7468 and 2.7405 respectively. Among the respondents in service units, the highly viewed variables are 'poor forecasting effort' and 'excess of work and burden' since their mean scores are 2.8963 and 2.7469 respectively. Regarding the respondents view on general problems, significant difference among the three groups of respondents have been noticed in the case of 'lack of credit orientation', 'poor forecasting effort', and 'lack of managerial skills' since their respective 'F' statistics are significant at five per cent level.

5.3.8 Knowledge Problems of the Respondents

The knowledge on various aspects of cottage industries and its environment is highly essential for success of cottage business units. Lack of knowledge will affect the performance and the growth of the cottage business units. Hence, the present study has made an attempt to examine the level of knowledge related problems among the respondents for policy implication. The level of knowledge problems among the respondents is measured with the help of six variables. The respondents are asked to rate the six variables in knowledge problem at five point scale according to the order of existence in their units. The mean score of each variable among the three groups of respondents have been measured along with its 'F' statistics. The results are illustrated in Table 5.31.

Table 5.31
Knowledge Problems of the Respondents

SI.	Vnovdodao Duchlomo	Mean score	among the	Respond	ents	·F'
No.	Knowledge Problems	Manufacturing	Trading	Service	Overall	Statistics
1.	Lack of idea on investment	2.1856	2.5127	2.4689	2.3975	3.563*
2.	Lack of idea on cost benefit analysis	2.4371	2.6582	2.4647	2.5106	1.602 NS
3.	Lack of idea on marketing	2.5689	2.5316	2.5643	2.5565	0.055 NS
4.	Lack of idea on modernization	2.8443	2.6266	2.4689	2.6237	3.648*
5.	Lack of idea on government assistance	2.8922	3.0000	2.6722	2.8286	3.743*
6.	Lack of idea on innovation	2.7425	2.7215	2.3942	2.5883	5.135*

Source: Primary Data

*Significant at five per cent level

NS – Not Significant

The highly viewed variable in knowledge problem by the respondents in manufacturing, trading and service units is 'lack of idea on government assistance' since their mean scores are 2.8922, 3.0000 and 2.6722 respectively. Regarding the respondents view on the knowledge problem, significant difference among the three group of respondents have been noticed in 'lack of idea on investment', 'lack of idea on modernization', 'lack of idea on government assistance' and 'lack of idea on innovation' since their respective 'F' statistics are significant at five per cent level.

5.3.9 Social Problems among the Respondents

The cottage business entrepreneurs being the member of the society and having the social responsibility towards the society, they are facing lot of social problems while managing their business activities. Since the social problems are also one of the important problems among the cottage entrepreneurs, the present study has made an

attempt to measure the level of existence of social problems among the respondents. It is measured with the help of seven variables. The respondents are asked to rate the seven variables at five point scale according to the order of existence in their business. The mean score of the variable in social problem among the respondents have been measured separately. The one way analysis of variance has been used to measure the significant difference among them regarding their view on social problems. The results are illustrated in Table 5.32.

Table 5.32
Social Problems of the Respondents

Sl.	Social Problems	Mean score	among the	Respond	ents	'F'
No.	Social Problems	Manufacturing	Trading	Service	Overall	Statistics
1.	Family problems	2.2515	2.8165	2.3361	2.4452	9.553**
2.	Multi-responsibility	3.2994	3.2785	3.0871	3.2032	1.387 NS
3.	Lack of family support	2.8743	2.7595	2.6888	2.7633	0.946 NS
4.	No social recognition	2.6048	2.9557	2.8672	2.8145	3.740*
5.	Lack of social contacts	2.9102	2.8924	2.5270	2.7420	6.387*
6.	No appreciation of independent decision	2.8802	2.6203	2.7261	2.7420	1.847 NS
7.	Non co-operation of others	2.3713	2.2785	2.8050	2.5300	9.623**

Source: Primary Data

NS – Not Significant

The highly viewed variable in social problem among the respondents of manufacturing, trading and service units is 'multi responsibility' since their mean scores are 3.2994, 3.2785 and 3.0871 respectively. Regarding the respondents view on the social problems, significant difference among the three group of respondents have been noticed in the case of 'family problems', 'no social recognition', 'lack of social

^{*}Significant at five per cent level

^{**}Significant at one per cent level

contacts' and 'non co-operation of others' since their respective 'F' statistics are significant at five per cent level.

5.3.10 Psychological Problems of the Respondents

Psychology of a person will also play a vital role in the performance of any activity. The same thing will apply to the cottage entrepreneurs also. The psychology of the cottage business entrepreneurs will influence the decisions relating to the business. The mindset of the respondents is very important to perform better in their business. Hence the present study focuses on this aspect with the help of six variables. The respondents are asked to rate the six variables at five point scale according to the order of existence in their units. The mean score of each variable in psychological problem among the respondents in manufacturing, trading and servicing unit have been computed separately along with its 'F' statistics. The results are shown in Table 5.33.

Table 5.33
Psychological Problems of the Respondents

SI.	Psychological	Mean score	among the	Respond	ents	'F'
No.	Problems	Manufacturing	Trading	Service	Overall	Statistics
1.	Lack of resource sharing ability	2.7485	3.0949	2.7054	2.8269	.4220*
2.	Lack of networks	2.8623	2.6392	2.7303	2.7438	1.207 NS
3.	Fear on future	2.4012	2.3228	2.7012	2.5071	4.956*
4.	Lack of self-motivation	2.7006	2.5190	2.5809	2.5989	.946 NS
5.	Unbelievable attitude on others	2.6467	2.3924	2.5892	2.5512	1.768 NS
6.	No faith on personal skills	2.7844	3.2053	2.7635	2.8428	2.568*

Source: Primary Data

*Significant at five per cent level

NS – Not Significant

The highly viewed variables in psychological problem among the respondents in manufacturing units are 'lack of networks' and 'no faith on personal skills' since their mean scores are 2.8623 and 2.7844 respectively. Among the respondents in trading units, the highly viewed variables are 'no faith on personal skills' and 'lack of resource sharing ability' since their mean score are 3.2053 and 3.0949 respectively. 2.7635. Among the respondents in service units, the highly viewed variables are 'no faith on personal skills' and 'lack of networks' since their mean score are 2.7635 and 2.7303 respectively Regarding the view on variables in psychological problem, the significant difference among the three group of respondents have been noticed in the case of 'lack of resource sharing ability', 'fear on future', and 'no faith on personal skills' since their respective 'F' statistics are significant at five per cent level.

5.3.11 Reliability and Validity of Variables in each Problem

The variables included in each problem involved in the management of cottage industries vary from 3 to 9 variables. Before summarising the score of the variables in each problem, it is essential to examine the reliability and validity of variables in each problem. The confirmatory factor analysis has been administered for this purpose. The overall reliability has been tested with the help of cronbach alpha. The results are given in Table 5.34.

Table 5.34

		Reliabi	lity and Validity of v	Reliability and Validity of variables in each factor	r		
SI. No.	Factor	No. of Variables	Range of standardised factor loading	Range of 't' statistics	Cronbach Alpha	Composite Reliability	Average Variance Extracted
1:	Marketing problem	5	0.8718 - 0.6099	3.8523* - 2.0141*	0.7844	0.7642	53.91
2.	Financial problem	9	0.9022 - 0.6544	4.0965* - 2.5909*	0.8144	0.7909	55.08
3.	Raw materials problem	5	0.9133 - 0.6208	4.1249* - 2.1774*	0.7846	0.7611	53.49
4.	Labour problem	4	0.8221 - 0.6701	3.4017* - 2.7108*	6062'0	0.7722	54.11
5.	Power problem	3	0.8442 - 0.6449	3.7081* - 2.4494*	0.7245	0.7015	51.14
9.	Entrepreneurial problem	8	0.8789 - 0.6542	3.8646* - 2.5881*	0.7409	0.7202	52.17
7.	General problem	6	0.9144 - 0.6393	4.1177* – 2.3965*	0.8018	0.7844	54.92
<u>«</u>	Knowledge problem	9	0.8549 - 0.6508	3.8041* - 2.5009	0.7646	0.7406	53.02
9.	Social problem	7	0.8917 - 0.6331	3.9444* - 2.2089*	6062'0	0.7733	54.27
10.	Psychological problem	9	0.8737 - 0.6452	3.8242* - 2.4591*	0.7737	0.7541	53.42
	10.201 40.00 00 00 00 00 00 40 40.00 12.20 18.						

*Significant at five per cent level

The standardised factor loading of the variables in each problem are greater than 0.60 which reveals the content validity. The significance of 't' statistics of the standardised factor loading of the variables in each problem reveals the convergent validity. It is also confirmed by the composite reliability and average variance extracted since these are greater than its minimum threshold of 0.50 and 50.00 per cent respectively. The cronbach alpha of all problems is greater than its standard minimum of 0.60. All these results indicate the reliability and validity of variables in each important problem.

5.3.12 Marketing Problem Index (MPI) in the Cottage Business Units

The level of marketing problems in the cottage business units have been measured by an index called as marketing problem index (MPI). It is computed by

$$MPI = \frac{\sum_{i=1}^{n} SMPV_{i}}{\sum_{i=1}^{n} MSMPV_{i}} \times 100$$

Whereas

SMPV - Score on Marketing Problem Variables

MSMPV - Maximum Score on Marketing Problem Variables

i = 1...n - Number of variables in Marketing Problems

The marketing problem index in the present study is confined to 25 to 50 percent, 51 to 75 and above 75 percent. The distribution of cottage entrepreneurs on the basis of their marketing problem index is given in Table 5.35.

Table 5.35

Marketing Problem Index in the Cottage Business Unit

Sl.	Marketing Problem	Number o	7D 4 1		
No.	Index (MPI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	25-50	24 (14.4)	41 (25.9)	52 (21.6)	117 (20.7)
2.	51-75	121 (72.4)	109 (69.0)	162 (67.2)	392 (69.3)
3.	Above 75	22 (13.2)	08 (5.1)	27 (11.2)	57 (10.0)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important marketing problem index among the cottage business units is 51 to 75 per cent which constitutes 69.30 percent to the total. The most important marketing problem index among the entrepreneurs in manufacturing, trading and service units is 51 to 75 per cent which constitutes 72.40, 69.00 and 67.20 per cent to its total respectively. The analysis reveals that the level of marketing problems among the owners is more than the average level.

5.3.13 Financial Problem Index among the Entrepreneurs of Cottage Business Units

The level of financial problem among the entrepreneurs of cottage business units is measured with help of an index called financial problem index (FPI). The FPI is computed by

$$FPI = \frac{\sum\limits_{i=1}^{n} SFPV_{i}}{\sum\limits_{i=1}^{n} M SFPV_{i}} \times 100$$

Whereas

SFPV - Score on Financial Problem Variable

MSFPV - Maximum Score on Financing Problem Variable

i = 1...n - Number of Financial Problem variable

The financial problem index in the present study is confined to less than 25, 25 to 50, 51 to 75 and above 75 per cent. The distribution of cottage entrepreneurs on the basis of their financial problem index is given in Table 5.36.

Table 5.36

Finance Problem Index in the Cottage Business Unit

Sl.	Finance Problem Index	Number o	Total		
No.	(FPI) (in Percentage)	Manufacturing	Trading	Service	1 Otal
1.	Less than 25	0 (0)	0 (0)	3 (1.2)	3 (0.5)
2.	25-50	17 (10.2)	26 (16.5)	42 (17.4)	85 (15.0)
3.	51-75	117 (70.0)	111 (70.2)	164 (63.0)	392 (69.3)
4.	Above 75	33 (19.8)	21 (13.3)	32 (13.4)	86 (15.2)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important financial problem index among the cottage entrepreneurs is 51 to 75 per cent which constitutes 69.30 per cent to the total. The important financial problem index among the entrepreneurs in manufacturing, trading and service units is 51 to 75 per cent which constitutes 70.00, 70.20 and 63.00 per cent to its total respectively. The analysis infers that the level of financial problem among the cottage entrepreneurs is above average level.

5.3.14 Raw Materials Problem Index (RMPI) among the Cottage Entrepreneurs

The level of raw materials problem faced by the entrepreneurs of cottage business units is summated with the help of the score of the variables in raw materials problem. It is computed with the help of an index called as raw materials problem index (RMPI). It is computed by

$$RMPI = \frac{\sum_{i=1}^{n} SRMPV_{i}}{\sum_{i=1}^{n} MSRMPV_{i}} \times 100$$

Whereas

SRMPV - Score on Raw Material Problems Variable

MSRMPV - Maximum Score on Raw Material Problems Variable

i = 1...n - Number of variables in Raw Material Problem

The raw material problem index among the cottage entrepreneurs in the present study is confined to less than 25 per cent, 25 to 50, 51 to 75 per cent and above 75 per cent. The distribution of cottage entrepreneurs on the basis of raw material problem index is illustrated in Table 5.37.

Table 5.37

Raw Material Problem Index of the Cottage Business Unit

Sl.	Raw Material Problem				
No.	Index (RMPI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	Less than 25	0 (0)	1 (0.6)	0 (0)	1 (0.2)
2.	25-50	29 (17.4)	32 (20.9)	60 (24.9)	122 (21.7)
3.	51-75	110 (65.8)	109 (69.0)	154 (63.9)	373 (65.9)
4.	Above 75	28 (16.8)	15 (9.5)	27 (11.2)	70 (12.4)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important raw material problem index among the owners is 51 to 75 per cent which constitutes 65.90 per cent to the total. The important raw material problem index among the owners in manufacturing, trading and service units is 51 to 75 per cent which constitutes 65.80, 69.00 and 63.90 per cent to its total respectively. The analysis reveals that the level of raw material problems faced by the cottage business owners is above average level.

5.3.15 Labour Problem Index (LPI) among the Entrepreneurs in Cottage Business Units

The level of labour problems faced by the entrepreneurs at the cottage units are computed by an index called Labour Problem Index (LPI). It is computed by

$$LPI = \frac{\sum_{i=1}^{n} SLPV_{i}}{\sum_{i=1}^{n} M SLPV_{i}} \times 100$$

Whereas

SLPV - Score on Labour Problem Variable

MSLPV - Maximum Score on Labour Problem Variable

i = 1...n - Number of variables in Labour Problem

The Labour Problem Index among the cottage entrepreneurs in the present study is classified into less than 25 per cent, 25 to 50, 51 to 75 and above 75 per cent. The distribution of cottage entrepreneurs on the basis of their Labour Problem Index is shown in Table 5.38.

Table 5.38

Labour Problem Index among the Entrepreneurs in Cottage Business Unit

Sl.	Labour Problem Index (LPI) (in Percentage)	Number o	T		
No.		Manufacturing	Trading	Service	Total
1.	Less than 25	0 (0)	1 (0.6)	0 (0)	1 (0.2)
2.	25-50	17 (10.2)	32 (20.3)	44 (18.3)	93 (16.4)
3.	51-75	105 (62.9)	101 (63.9)	151 (62.7)	357 (63.1)
4.	Above 75	45 (26.9)	24 (15.2)	46 (19.0)	115 (20.3)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important Labour Problem Index among the cottage business entrepreneurs is 50 to 75 per cent which constitutes 63.10 per cent to the total. The important Labour Problem Index among the entrepreneurs in manufacturing, trading and service units is 51 to 75 per cent since it constitutes 62.90, 63.90 and 62.70 per cent to its total respectively. The analysis infers that the level of labour problems among the cottage entrepreneurs is above average level.

5.3.16 Power Problem Index (PPI) among the Entrepreneurs in Cottage Business Units

The level of power problem faced by the cottage entrepreneurs is measured with the help of an index called as Power Problem Index (PPI). It is computed by

$$PPI = \frac{\sum_{i=1}^{n} SPPV_{i}}{\sum_{i=1}^{n} MSPPV_{i}} \times 100$$

Whereas

SPPV - Score on Power Problem Variable

MSPPV - Maximum Score on Power Problem Variable

i = 1...n - Number of Variables in Power Problem

The Power Problem Index in the present study is confined to less than 25 per cent, 25 to 50, 51 to 75 and above 75 per cent. The distribution of owners on the basis of their power problem index is given in Table 5.39.

Table 5.39

Power Problem Index among the Entrepreneurs in Cottage Business Unit

Sl.	Power Problem Index Number of Respondents				Т-4-1
No.	(PPI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	Less than 25	1 (1.6)	1 (1.6)	0 (0)	2 (0.4)
2.	25-50	38 (22.8)	45 (28.5)	64 (26.6)	147 (26.0)
3.	51-75	117 (70.1)	100 (63.3)	159 (66.0)	376 (66.4)
4.	Above 75	11 (6.5)	12 (7.6)	18 (7.4)	41 (7.2)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important power problem index among the cottage entrepreneurs is 51 to 75 per cent which constitutes 66.40 per cent to the total. The cottage entrepreneurs with the power problem index of 25 to 50 per cent constitute 26.00 per cent to the total. The most important power problem index among the entrepreneurs in manufacturing, trading and service units is 50 to 75 per cent which constitutes 70.10, 63.30 and 66.00 per cent to its total respectively. The analysis reveals that the level of power problem faced by the cottage entrepreneurs is above the average level.

5.3.17 Entrepreneurial Problem Index (EPI) among the Cottage Entrepreneurs

The entrepreneurial problems among the cottage entrepreneurs have been measured with the help of an index called as Entrepreneurial Problem Index (EPI). It is computed by

$$EPI = \frac{\sum_{i=1}^{n} SEPV_{i}}{\sum_{i=1}^{n} M SEPV_{i}} \times 100$$

Whereas

SEPV - Score on Entrepreneurial Problem Variable

MSEPV - Maximum Score on Entrepreneurial Problem Variable

i = 1...n - Number of Variables in Entrepreneurial Problem

The entrepreneurial problem index among the cottage entrepreneurs in the present study is classified into less than 25 per cent, 25 to 50, 51 to 75 per cent and above 75 per cent. The distribution of cottage entrepreneurs on the basis of their Entrepreneurial Problem Index is illustrated in Table 5.40.

Table 5.40

Entrepreneurial Problem Index among the Cottage Entrepreneurs

Sl.	Entrepreneurial	Number o			
No.	Problem Index (EPI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	Less than 25	2 (1.2)	0 (0)	2 (0.8)	4 (0.7)
2.	25-50	68 (40.7)	51 (32.3)	94 (39.0)	213 (37.6)
3.	51-75	82 (49.1)	98 (62.0)	126 (52.3)	306 (54.1)
4.	Above 75	15 (9.0)	9 (5.7)	19 (7.9)	43 (7.6)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important Entrepreneurial Problem Index among the cottage entrepreneurs is 50 to 75 and 25 to 50 per cent which constitutes 54.10 and 37.60 per cent to the total respectively. The most important Entrepreneurial Problem Index among the entrepreneurs of manufacturing, trading and service units is 51 to 75 per cent which constitutes 49.10, 62.00 and 52.30 per cent to its total respectively. The analysis reveals that the level of entrepreneurial problems among the cottage entrepreneurs is varying from 25 to 75 per cent.

5.3.18 General Problem Index (GPI) among the Cottage Entrepreneurs

The level of general problems among the entrepreneurs of cottage business units is measured with the help of the score of the variables in general problem. It is summated with the help an index called as General Problem Index (GPI). It is computed by

$$GPI = \frac{\sum_{i=1}^{n} SGPV_{i}}{\sum_{i=1}^{n} MSGPV_{i}} \times 100$$

Whereas

SGPV - Score on General Problem Variable

MSGPV - Maximum Score on General Problem Variable

i = 1...n - Number of Variables in General Problem

The general problem index in the present study is confined to 25 to 50 per cent, 51 to 75 and above 75 per cent. The distribution of cottage entrepreneurs on the basis of their General Problem Index is illustrated in Table 5.41.

Table 5.41

General Problem Index among the Cottage Entrepreneurs

Sl.	General Problem Index	Number o	7D ()		
No.	(GPI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	25-50	58 (34.7)	84 (53.2)	98 (40.7)	240 (42.4)
2.	51-75	107 (64.1)	68 (43.0)	141 (58.5)	316 (55.8)
3.	Above 75	2 (1.2)	6 (3.8)	2 (0.8)	10 (1.8)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important General Problem Index among the cottage entrepreneurs is 51 to 75 per cent and 25 to 50 per cent which constitutes 55.80 and 42.40 per cent to the total respectively. The most important General Problem Index among the entrepreneurs of manufacturing and trading units is 51 to 75 per cent and 25 to 50 per cent which constitutes 64.10 and 53.20 per cent to its total respectively. Among the entrepreneurs

in service units, it is 51 to 75 per cent which constitutes 58.50 per cent to its total. The analysis reveals that the level of general problems among the cottage entrepreneurs is varying from 25 to 75 per cent.

5.3.19 Knowledge Problem Index (KPI) among the Entrepreneurs in Cottage Business Units

The level of knowledge problem among the cottage entrepreneurs is derived by the score of the variables in knowledge problems. It is summated by an index called as Knowledge Problem Index (KPI). It is computed by

$$KPI = \frac{\sum_{i=1}^{n} SKPV_{i}}{\sum_{i=1}^{n} MSKPV_{i}} \times 100$$

Whereas

SKPV - Score on Knowledge Problem Variable

MSKPV - Maximum Score on Knowledge Problem Variable

i = 1...n - Number of Variables in Knowledge Problem

The Knowledge Problem Index among the cottage entrepreneurs in the present study is confined to 25 to 50 per cent, 51 to 75 and above 75 per cent. The distribution of cottage entrepreneurs on the basis of their Knowledge Problem Index is shown in Table 5.42.

Table 5.42

Knowledge Problem Index among the Entrepreneurs in Cottage Business Unit

Sl.	Knowledge Problem	Number o	75 4 1		
No.	Index (KPI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	25-50	59 (35.3)	47 (29.7)	104 (43.2)	210 (37.1)
2.	51-75	108 (64.7)	106 (67.1)	135 (56.0)	349 (61.7)
3.	Above 75	0 (0)	05 (3.2)	02 (0.8)	07 (1.2)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important Knowledge Problem Index among the cottage entrepreneurs are 51 to 75 per cent and 25 to 50 per cent which constitutes 61.70 and 37.10 per cent to the total respectively. The most important Knowledge Problem Index among the entrepreneurs of manufacturing, trading and service units is 51 to 75 per cent which constitutes 64.70, 67.10 and 56.00 per cent to its total respectively. The analysis reveals the level of knowledge problem among the majority of the cottage entrepreneurs is above average level.

5.3.20 Social Problem Index (SPI) among the Cottage Entrepreneurs

The social problems of the cottage entrepreneurs are derived by the mean score of the variables in social problem. In the present study, it is computed by an index called Social Problem Index (SPI). It is computed by

$$SPI = \frac{\sum_{i=1}^{n} SSPV_{i}}{\sum_{i=1}^{n} M SSPV_{i}} \times 100$$

Whereas

SSPV - Score on Social Problem Variable

MSSPV - Maximum Score on Social Problem Variable

i = 1...n - Number of Variables in Social Problem

The Social Problem Index in the present study is classified into 25 to 50 per cent, 51 to 75 per cent and above 75 per cent. The distribution of cottage entrepreneurs on the basis of their Social Problem Index is illustrated in Table 5.43.

Table 5.43

Social Problem Index among the Respondents in Cottage Business Unit

Sl.	Social Problem Index	Number o	7F. 4 1		
No.	(SPI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	25-50	56 (33.5)	58 (36.7)	88 (36.5)	202 (35.7)
2.	51-75	104 (62.3)	91 (57.6)	148 (61.4)	343 (60.6)
3.	Above 75	07 (4.2)	09 (5.7)	05 (2.1)	21 (3.7)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important Social Problem Index among the cottage entrepreneurs is 50 to 75 per cent which constitutes 60.60 per cent to the total. The most important Social Problem Index among the entrepreneurs in manufacturing, trading and service units is 51 to 75 per cent which constitutes 62.30, 57.60 and 61.40 per cent to its total respectively. The level of social problem among the majority of the cottage entrepreneurs is above average level.

5.3.21 Psychological Problem Index (PPI) among the Cottage Entrepreneurs

The psychological problem among the entrepreneurs of cottage business units is derived by the mean score of the variables. It is summated by an index called as Psychological Problem Index (PPI). It is computed by

$$PPI = \frac{\sum_{i=1}^{n} SPPV_{i}}{\sum_{i=1}^{n} M SPPV_{i}} \times 100$$

Whereas

SPPV - Score on Psychological Problem Variable

MSPPV - Maximum Score on Psychological Problem Variable

i = 1...n - Number of Variables in Psychological Problem

The Psychological Problem Index among the cottage entrepreneurs in the present study is confined to 25 to 50 per cent, 51 to 75 per cent and above 75 per cent. The distribution of entrepreneurs on the basis of Psychological Problem Index is given in Table 5.44.

Table 5.44
Psychological Problem Index of the Cottage Entrepreneurs

Sl.	Psychological Problem	Number o	T ()		
No.	Index (PPI) (in Percentage)	Manufacturing	Trading	Service	Total
1.	25-50	47 (28.1)	53 (33.5)	78 (32.4)	178 (31.5)
2.	51-75	118 (70.7)	100 (63.3)	159 (66.0)	377 (66.6)
3.	Above 75	02 (1.2)	05 (3.2)	04 (1.6)	11 (1.9)
	Total	167 (100)	158 (100)	241 (100)	566 (100)

Source: Primary Data

The important Psychological Problem Index among the cottage entrepreneurs are 50 to 75 per cent and 25 to 50 per cent which constitutes 66.60 and 31.50 per cent to the total respectively. The most important Psychological Problem Index among the entrepreneurs in manufacturing, trading and service units is 50 to 75 per cent since it constitutes 70.70, 63.30 and 66.00 per cent to its total respectively. The analysis infers that the level of psychological problems among the majority of the cottage entrepreneurs is above average level.

5.3.22 Impact Problem Index on the Performance of the Cottage Business Units

The problem perception among the entrepreneurs may have its own influence on the performance of the cottage business units. The present study has made an attempt to examine the relative importance of problem perception on the performance of cottage business units for some policy implications. The multiple regression analysis has been administered to measure the impact. The fitted regression model is

$$y = a + b_1x_1 + b_2x_2 + ... + b_{10}x_{10} + e$$

Whereas

y - Net profit earned by the cottage units in 2011-2012

x₁ - Score on marketing problem index among the owners

x₂ - Score on financial problem index among the owners

x₃ - Score on raw materials problem index among the owners

x₄ - Score on labour problem index among the owners

x₅ - Score on power problem index among the owners

x₆ - Score on entrepreneurial problem index among the owners

x₇ - Score on general problem index among the owners

x₈ - Score on knowledge problem index among the owners

x₉ - Score on social problem index among the owners

x₁₀ - Score on psychological problem index among the owners

 $b_1, b_2 \dots b_{10}$ - regression coefficient of independent variables

a - intercept and

e - error term

The results of the impact of problem perception on the performance of the cottage business units namely manufacturing, trading, service units and also for pooled data are given in Table 5.45.

Table 5.45

Impact of Problems on the Performance of Cottage Business Units

CI		Regression co-efficient in					
Sl. No.	Problems	Manufacturing units	Trading units	Service units	Pooled Data		
1.	Marketing problem	-0.1871*	-0.1441*	-0.0896	-0.1394*		
2.	Financial problem	-0.2732*	-0.1884*	-0.1247*	-0.1472*		
3.	Raw material problem	-0.0117	0.0899	0.0997	0.0454		
4.	Labour problem	-0.1449*	-0.0973	0.0433	-0.0841		
5.	Power problem	-0.1881*	-0.0446	-0.0249	-0.0176		
6.	Entrepreneurial problem	-0.0155	-0.0841	0.0597	-0.0334		
7.	General problem	-0.0866	0.0492	0.0336	-0.0317		
8.	Knowledge problem	0.0459	-0.0229	-0.05969	0.0177		
9.	Social problem	-0.0676	-0.0546	-0.0973	-0.0739		
10.	Psychological problem	0.0577	-0.0917	0.0441	-0.0392		
11.	Constant	-0.5879	-0.3844	-0.2765	-0.3446		
12.	R2	0.7872	0.7418	0.7082	0.7919		
13.	F-statistics	8.1784*	7.9796*	7.5808*	8.2616*		

^{*}Significant at five per cent level

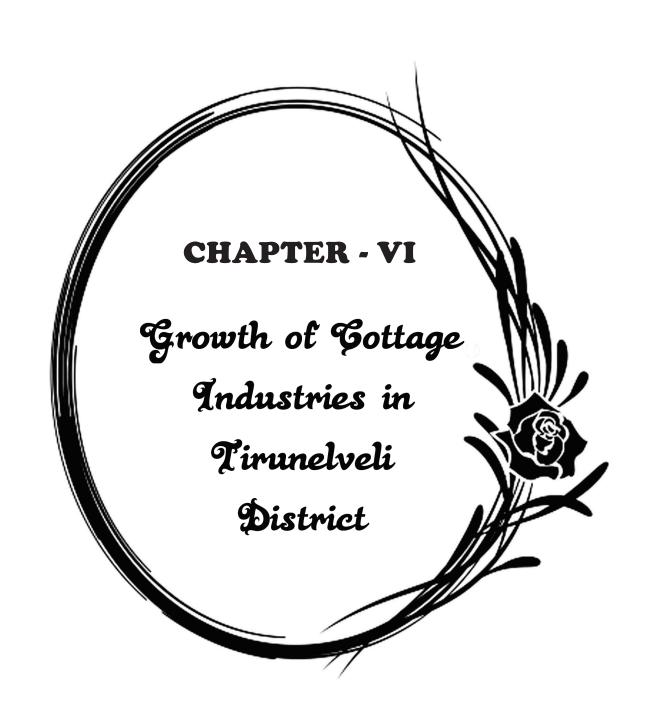
In the manufacturing units, the significantly influencing problems on the performance of the cottage business units are marketing, financial, labour and power problems since their respective regression coefficients are significant at five per cent level. A unit increase in the above said problems results in a decrease in the performance of manufacturing units by 0.1871, 0.2732, 0.1449 and 0.1881 units respectively. The changes in the perception on problems explain in changes in the performance of the units to an extent of 78.72 percent since its R² is 0.7872.

The significantly influencing problems on the performance of trading units are marketing and financial problem. A unit increase in these two problems result in a decrease in the performance of the unit by 0.1441 and 0.1884 units respectively. In the case of service units, a unit increase in the perception on financial problem result in a decrease in performance of the unit by 0.1247 units. The changes in the perception on problem explain the changes in the performance of trading units is higher than in the performance of the service units since their respective R² one 0.7418 and 0.7082. The analysis of pooled data reveals the importance of perception on marketing and financial problem in the determination of the performance of the cottage business units.

5.4 CONCLUSION

The analysis reveals how important the entrepreneurial skills for the cottage business entrepreneurs. It is also evident from the study that how the entrepreneurial skills can create the impact on the success of the cottage business units. The analysis of various factors influencing the growth of cottage business units enlightened the steps to be taken to concentrate on the various influencing factors to enhance the growth of cottage business units.

The detailed discussion on the various problem perceptions by the cottage entrepreneurs throws light on the problems faced by the cottage entrepreneurs. The discussion on the impact of problems faced by the cottage entrepreneurs on the performance of cottage business units identifies the areas to be concentrated to improve the performance of the cottage business units.



CHAPTER - VI

GROWTH OF COTTAGE INDUSTRIES IN TIRUNELVELI DISTRICT

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6.1	Growth	\mathbf{of}	Cottage	Indu	stries
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- 6.1.1 Number of Manufacturing units
- 6.1.2 Magnitude of growth of Manufacturing units
- 6.1.3 Number of Trading units
- 6.1.4 Annual and compound growth of Trading units
- 6.1.5 Growth of Service units
- 6.1.6 Annual and compound growth rate of Service units
- 6.1.7 Growth of Capital Invested in Cottage Business Units
- 6.1.8 Growth of rate on Own Capital Invested in Cottage Business Units
- 6.1.9 Capital borrowed from friends and relatives by the Cottage Business
 Units
- 6.1.10 Annual and compound growth rate Capital borrowed from friends and relatives
- 6.1.11 Growth Rate on Borrowed Capital from private money lenders
- 6.1.12 Annual and compound growth rate in borrowed capital from private money lenders
- 6.1.13 Growth of loan amount borrowed from Commercial banks
- 6.1.14 Growth rate on borrowed capital form Commercial banks
- 6.1.15 Source of funds used by the Cottage Business units
- 6.1.16 Growth of Cash in hand among the Cottage Business Units

- 6.1.17 Growth rate on Cash in hand used by the Cottage Business Units
- 6.1.18 Cash at bank maintained by the Cottage Business Units
- 6.1.19 Growth rate on Cash at bank maintained by Cottage Business Units
- 6.1.20 Growth of Sundry Debtors in the Cottage Business Units
- 6.1.21 Growth rate on Sundry Debtors at the Cottage Business Units
- 6.1.22 Growth of Sundry Creditors at Cottage Business Units
- 6.1.23 Growth rate on Sundry Creditors at Cottage Business Units
- 6.1.24 Growth of Raw materials Consumption by the Cottage Business Units
- 6.1.25 Growth rate on the Raw materials Consumed by the Cottage Business
 Units
- 6.1.26 Growth of Production in Cottage Business Units
- 6.1.27 Growth rate on value of Production in Cottage Business Units
- 6.1.28 Growth of Cash Sales by the Cottage Business Units
- 6.1.29 Growth rate in the Cash Sales of the Cottage Business Units
- 6.1.30 Growth of Credit Sales in Cottage Business Units
- 6.1.31 Growth rate of Credit Sales of the Cottage Business Units
- 6.1.32 Growth of Net Profit in the Cottage Business Units
- 6.1.33 Growth rate on Net Profit of the Cottage Business Units
- 6.1.34 Growth of Capacity Utilisation at the Cottage Business Units
- 6.1.35 Growth rate on Capacity Utilisation in Cottage Business Units

6.2 Conclusion

CHAPTER - VI

GROWTH OF COTTAGE INDUSTRIES IN TIRUNELVELI DISTRICT

6.0 INTRODUCTION

The growth of cottage business units in Tirunelveli district have been measured by the number of units registered, the capital invested in the cottage business units, borrowed capital, source of funds, cash in hand, cash at bank, sundry debtors, sundry creditors, raw material consumption, value of production, cash sales, credit sales, net profit earned and capacity utilised. The relevant data for the above said aspects are drawn from the records of selected cottage business units from 2007-08 to 2011-12. The annual and compound growth rates are computed to exhibit the growth performance of the cottage business units in Tirunelveli district.

The linear growth rate (Hiremath et al., 1998)¹ is computed with the help of linear regression model. The fitted model is

$$y = a + bx + e$$

Whereas

y = dependent variable (growth parameters)

 \dot{X} = time period

b = annual growth rate

a = intercept and

e = error term

¹ Hiremath, A.M., K.N.R. Sastry, A.D. Naik and G.K. Hiremath (1998), "Deteriorating Potentiality of Bank Irrigation in Karnataka", Agricultural Banker, 22147, on: 36.

The compound growth rate (Chinappa and Reddy, 1999)² is computed by

$$y = at^b$$

Whereas

y = Performance variable

a = Constant

b = Co-efficient

t = Time period

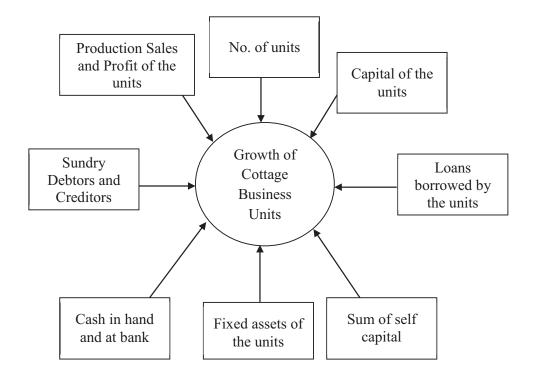
Which is converted into semi log from

y = loga + b log t

y = A + bt

Compound growth rate (Antilog of b - 1) × 100.

The discussion in this chapter is presented in the given diagram.



² Chinnappa, B and T.R. Keshava Reddy (1999), "Non Empirical analysis of growth and instability in Sugar Industry", Agricultural Banker, 23(2), pp. 27.

6.1 GROWTH OF COTTAGE INDUSTRIES

6.1.1 Number of Manufacturing units

The number of manufacturing units under the category of cottage business units from 2007-08 to 2011-12 was collected from the District Industries Centre, Tirunelveli. The increase / decrease compared to the previous year, the per cent of increase / decrease and the trend values are computed to exhibit the growth of number of manufacturing units in the district. The results are given in Table 6.1.

Table 6.1

Growth of Manufacturing Cottage Business Units from 2007 – 08 to 2011-12

Year	Manufacturing Units (in number)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	4539			4483.6
2008-09	4768	229	5.05	4796.3
2009-10	5058	290	6.08	5109.0
2010-11	5387	329	6.50	5421.7
2011-12	5793	406	7.54	5734.4

Source: District Industries Centre, Tirunelveli

The manufacturing unit in the district is increasing from 4,539 in 2007-08 to 5,793 in 2011-12. The increase in the number of units varies from 5.05 to 7.54 per cent during 2007-08 to 2011-12. The trend value is computed with the help of linear equation. The trend value of growth of manufacturing units is also increasing from 4483.6 in 2007-08 to 5734.4 in 2011-12. The analysis reveals that there is consistent growth of manufacturing units in the district during the study period.

6.1.2 Magnitude of growth of Manufacturing units

The magnitude of growth of manufacturing units is examined with the help of annual and compound growth rate. The resulted annual and compound growth rates are shown in Table 6.2.

Table 6.2

Trend, Growth and Magnitude of variability of Manufacturing Cottage Industries

	Semi-log			CGR	CV
Particulars	Constant	Regression Co-efficient	R^2	(Percent / annum	CV (Percent)
Manufacturing Units	8.352 (0.008)	0.061** (0.002)	0.995	6.29	1.13

Source: Computed from table 6.1

Figures in parentheses denote standard error

**Significant at one per cent level

The annual growth rate of manufacturing units in the district during the study period is only 0.061 but it is significant at one per cent level. It reveals that there is a significant annual growth rate of manufacturing units in the district during the study period. The compound growth rate of manufacturing units during the study period is 6.29 per cent. It also reveals that there is a significant overall growth of manufacturing units in the district during the study period.

6.1.3 Number of Trading units

The growth of trading units in the district has been examined with the help of increase/decrease over the previous year and the trend value. The relevant data for the period 2007-08 to 2011-12 have been collected from the District Industries Centre,

Tirunelveli. The growth of the trading units in terms of percentage of increase / decrease and trend value is shown in Table 6.3.

Table 6.3

Growth of Trading Cottage Business Units from 2007 – 08 to 2011-12

Year	Trading Units (in number)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	4229			4165.8
2008-09	4447	218	5.15	4477.6
2009-10	4728	281	6.32	4789.4
2010-11	5063	335	7.09	5101.2
2011-12	5480	417	8.24	5413

Source: District Industries Centre, Tirunelveli

The number of trading units in the present study is increasing from 4,229 units during 2007-08 to 5,480 units in 2011-12. During the study period, the percentage increase in the number of trading units varies from 5.15 to 8.24 per cent. The analysis reveals that there is a consistent increase in trading units. The trend value of growth of trading units is increasing from 4165.8 in 2007-08 to 5413 in 2011-12.

6.1.4 Annual and compound growth of Trading units

The annual and compound growth of trading units during the study period is computed with the help of regression analysis. The Co-efficient of Variation (CV) is computed to test the level of consistency in the growth of trading units in the district. The results are presented in Table 6.4.

Table 6.4

Trend, Growth and Magnitude of variability of Trading Cottage Industries

		Semi-log			CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Per cent / annum	CV (Per cent)	
Trac	ding Units	8.276 (0.011)	0.065** (0.003)	0.993	6.72	1.03

Source: Computed from table 6.3

Figures in parentheses denote standard error

**Significant at one per cent level

The annual growth rate of trading units in the district is 0.065 which is significant at one percent level. The R² (0.993) indicates that the changes in the period (year) explain the changes in the trading units to an extent of 99.30 per cent. The compound growth rate of the trading units in the district is 6.72 per cent. The co-efficient of variation reveals the higher level of consistency in the growth of the trading units since the co-efficient of variation is only 1.03 per cent.

6.1.5 Growth of Service units

The growth of service units in Tirunelveli district from 2007-08 to 2011-12 have been analysed with the help of number of service units, year over year (YOY) analysis, per cent of increase / decrease and also the trend value. The relevant details are collected from the DIC. The results are given in Table 6.5.

Table 6.5

Growth of Service Cottage business Units from 2007 – 08 to 2011-12

Year	Service Units (in number)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	6987			6923.4
2008-09	7234	247	3.54	7270.7
2009-10	7545	311	4.30	7618
2010-11	7967	422	5.59	7965.3
2011-12	8357	390	4.90	8312.6

Source: District Industries Centre, Tirunelveli

The numbers of service units in the Tirunelveli district are increasing from 6,987 in 2007-08 to 8,357 in 2011-12. The percentage of increase/decrease during the period varies from 3.54 to 5.59 per cent. The higher (5.59) percentage of increase is seen in 2010-11. The trend value on the service units reveals that there is a consistent increase in the number of service units i.e., from 6923.4 in 2007-08 to 8312.60 units in 2011-12.

6.1.6 Annual and compound growth rate of Service units

The annual and compound growth rate on the service units in the district during the study period have been computed with the help of regression analysis. The co-efficient of variation on the number of service units during the study period is computed to examine the level of consistency in it. The results are given in Table 6.6.

Table 6.6

Trend, Growth and Magnitude of variability of Service Cottage Business Units

	Semi-log			CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Service Units	8.800 (0.007)	0.045** (0.002)	0.994	4.60	0.81

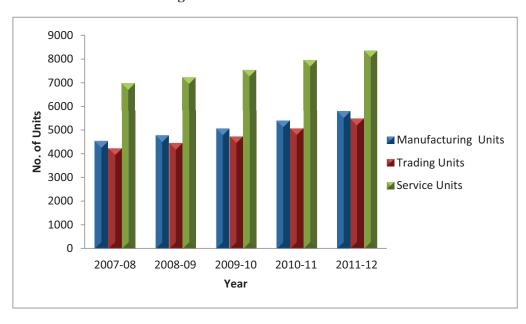
Source: Computed from table 6.5

Figures in parentheses denote standard error

The co-efficient of variation (0.81) reveals that there is a higher level of consistency in the growth of service units in the district. The annual growth rate is 0.045 which is significant at one per cent. It reveals the significant annual growth of service units in the district during the study period. The compound growth rate of number of service units in the district is 4.60 per cent. It shows that there is a gradual increase in the service units during the study period.

Figure 6.1

Growth of Cottage Business Units from 2007 – 08 to 2011-12



^{**}Significant at one per cent level

6.1.7 Growth of Capital Invested in Cottage Business Units

Capital invested in the cottage business unit is considered as one of the performance indicator for the growth. The relevant data from 2007-08 to 2011-12 have been collected from the DIC, Tirunelveli. The amount of owned capital invested in the cottage business units, increase / decrease, per cent of increase / decrease and the trend value on the owned capital have been computed. The results are given in Table 6.7.

Table 6.7

Growth in the Owned Capital Invested by Cottage Business Units from 2007 – 08 to 2011-12

Year	Owned Capital (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	47331			50388.2
2008-09	55578	8247	17.42	51992.4
2009-10	55205	-373	-0.67	53596.6
2010-11	53456	-1749	-3.17	55200.8
2011-12	56413	2957	5.53	56805

Source: Primary Data

The average amount of owned capital invested in cottage business units are increasing from ₹47,331 in 2007-08 to ₹56,413 in 2011-12. The year over year analysis reveals that the average owned capital increased in the year 2008-09 and 2011-12 whereas the decrease is noticed in 2009-10 and 2010-11. The higher percentage of increase is identified in the 2008-09 (17.42 per cent) whereas the decrease in the percentage is identified in the year 2010-11 (-3.17 per cent). The trend value indicates that there is a consistent increase in the average amount invested in the cottage business units. It is increases from 50388.2 in 2007-08 to 56805 in 2011-12.

6.1.8 Growth rate on Own Capital Invested in Cottage Business Units

The annual and compound growth rate on capital invested in the cottage business units during the study period have been computed with the help of regression analysis. The co-efficient of variation in own capital invested in cottage business units is estimated to reveal the consistency in it. The results are given in Table 6.8.

Table 6.8

Trend, Growth and Magnitude of variability of own capital invested by

Cottage Business Units

	Semi-log			CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Own capital	4.688 (0.027)	0.014 NS (0.008)	0.477	3.276	6.838

Source: Computed from table 6.7

Figures in parentheses denote standard error

The co-efficient of variation in the own capital invested in the cottage business units is only 6.838 per cent which indicates a moderate level of consistency in it. The annual growth rate of own capital invested in the cottage business unit is only 0.014 which is not statistically significant. The compound growth rate of the own capital invested in cottage business units is 3.276 per cent. It shows that even though there is a significant increase in the number of cottage business units, there is no significant increase in the own capital invested in the cottage business units.

6.1.9 Capital borrowed from friends and relatives by the Cottage Business Units

The trend in borrowed capital is examined by taking in to account the borrowed capital from friends and relatives and from commercial banks. The amount of borrowed

capital from friends and relatives by the owners of cottage business units from 2007-08 to 2011-12 have been examined with the help of increase / decrease in the borrowed capital and the trend value of borrowed capital by the cottage business units. The results are given in Table 6.9.

Table 6.9

Annual average amount borrowed from friends and relatives by Cottage

Business Units from 2007 – 08 to 2011-12

Year	Borrowed Amount (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	35750			34344.2
2008-09	34180	-1570	-4.38	35411.9
2009-10	36729	2549	7.46	36479.6
2010-11	35121	-1608	-4.38	37547.3
2011-12	40618	5497	15.65	38615.0

Source: Primary Data

The average borrowed capital from the friends and relatives is increasing from ₹ 35,750 in 2007-08 to ₹ 40,618 in 2011-12. The increase in the borrowed capital is seen in 2009-10 and 2011-12 whereas the decrease in the borrowed capital is noticed in the years 2008-09 and 2010-11. The higher percentage of increase is seen in the case of 2011-12 since its percentage of increase is 15.65 per cent. The trend value indicates that there is a consistent increase in the borrowed capital from friends and relatives among the owners of cottage business units.

6.1.10 Annual and compound growth rate Capital borrowed from friends and relatives

The annual and compound growth rate in the borrowed capital from friends and relatives during the study period is studied with the help of regression analysis. The relevant details are collected from the cottage units. The co-efficient of variation is computed to show the level of consistency in the borrowed capital from friends and relatives. The results are shown in Table 6.10.

Table 6.10

Trend, Growth and Magnitude of variability of Capital borrowed from friends and relatives by Cottage Business Units

	Semi-log			CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Capital borrowed from friends and relatives	4.524 (0.026)	0.014 NS (0.008)	0.477	3.276	6.883

Source: Computed from table 6.9

Figures in parentheses denote standard error

NS – Not significant

The co-efficient of variation is 6.883 per cent which indicates a moderate consistency in the level of borrowed capital from friends and relatives during the study period. The annual growth is positive (0.014) but it is not statistically significant. The compound growth rate is 3.276 per cent only. The analysis reveals that there is no significant growth in the borrowed capital from the friends and relatives among the cottage business units.

6.1.11 Growth Rate on Borrowed Capital from private money lenders

The growth of borrowed capital from the private money lenders has been estimated by the year of year increase / decrease, percentage increase / decrease and the trend value. The relevant details about the borrowed capital from private money lenders have been collected from the cottage business units. The data related to the analysis is shown in Table 6.11.

Table 6.11

Annual average amount borrowed from private money lenders by Cottage

Business Units from 2007 – 08 to 2011-12

Year	Amount Borrowed (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	21789			22151.6
2008-09	25738	3949	18.12	25689.4
2009-10	29662	3924	15.25	29227.2
2010-11	33200	3538	11.93	32765
2011-12	35747	2547	7.67	36302.8

Source: Primary Data

The average amount of borrowed capital from private money lenders is increasing from ₹21,789 in 2007-08 to ₹35,747 in 2011-12. The higher increase is noticed in the case of 2008-09 and 2009-10. The percentage of increase is declining from 18.12 per cent in 2008-09 to 7.67 per cent in 2011-12. The trend value shows that there is an increase in average amount borrowed from private money lenders during the study period.

6.1.12 Annual and compound growth rate in the borrowed capital from private money lenders

The annual and compound growth rate of borrowed capital from private money lenders has been computed with the help of regression analysis. The level of consistency in the growth of borrowed capital from private money lenders has been estimate with the help of co-efficient of variation. The results are presented in Table 6.12.

Table 6.12

Trend, Growth and Magnitude of variability of borrowed capital from private money lenders by Cottage Business Units

Particulars	Semi-log			CGR	CV
	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	(Percent)
Capital borrowed from private money lenders	4.297 (0.015)	0.054* (0.005)	0.979	13.240	19.202

Source: Computed from Table 6.11

Figures in parentheses denote standard error

The annual growth rate of capital borrowed from private money lenders is 0.054 which is significant at five per cent level. The compound growth rate is 13.24 per cent. The changes in the time period explain the changes in the capital borrowed from the private money lenders to an extent of 97.90 per cent since its R² is 0.979. The co-efficient of variation (19.20 per cent) reveals that there is a higher inconsistency in the level of borrowed capital from the private money lenders during the study period.

^{*}Significant at five per cent level

6.1.13 Growth of loan amount borrowed from Commercial banks

The loan amount borrowed from commercial banks is included as one of the performance variables in the present study. The growth of loan borrowed from commercial banks by the cottage business units have been analysed with the help of average amount of loan borrowed from the commercial banks, increase / decrease, percentage of increase / decrease and also the trend value. The relevant details from 2007-08 to 2011-12 have been collected from the cottage business units. The results are given in Table 6.13.

Table 6.13

Annual average loan borrowed from bank by Cottage Business Units from 2007 – 08 to 2011-12

Year	Amount borrowed from bank (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	15899			15987
2008-09	17258	1359	8.55	16451.3
2009-10	15844	-1414	-8.19	16915.6
2010-11	17455	1611	10.17	17379.9
2011-12	18122	667	3.82	17844.2

Source: Primary Data

The average borrowed capital from commercial banks is increasing from ₹ 15,899 in 2007-08 to ₹ 18,122 in 2011-12. The analysis reveals that the increase in the borrowed capital from banks is noticed in the year 2008-09, 2010-11 and 2011-12. The rate of increase is higher in the year 2010-11 since the percentage of increase is 10.17 per cent. The trend value of loan amount borrowed from commercial banks is increasing from 15987 to 17844.20 during the study period.

6.1.14 Growth rate on borrowed capital form Commercial banks

The growth rate of borrowed capital from commercial banks has been estimated with the help of annual and compound growth rate. The relevant data from 2007-08 to 2011-12 have been collected from the cottage units. The co-efficient of variation on capital borrowed from commercial banks has been estimated to reveal the consistency in the borrowed capital from commercial banks. The results are shown in Table 6.14.

Table 6.14

Trend, Growth and Magnitude of variability of capital borrowed from bank by

Cottage Business Units

Particulars	Semi-log			CGR	CV
	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Amount borrowed from bank	4.192 (0.022)	0.012 NS (0.007)	0.527	2.802	5.945

Source: Computed from table 6.13

Figures in parentheses denote standard error

NS – Not Significant

Even though, the annual growth rate is positive (0.012), it is not statistically significant. It reveals that there is no significant annual growth of borrowed capital from commercial banks by the cottage business units during the study period. The changes in the time period explain the changes in to capital borrowed from commercial banks to an extent of 52.70 per cent. Since its R² is 0.527. The compound growth rate is 2.802 per cent. The co-efficient of variation (5.94) per cent reveals the level of consistency in the capital borrowed from the commercial banks.

6.1.15 Source of funds used by the Cottage Business units

The source of funds used by the cottage business units are classified into owned capital, borrowed capital from friends and relatives, private money lenders, and commercial banks. The average amount of capital from the above said sources from 2007-08 to 2011-12 have been computed and presented in Table 6.15.

Table 6.15

Annual average loan borrowed by the Cottage Business Units from 2007-2008 to 2011-2012

)					
Year	Owned Capital	%	Borrowed from Friends and Relatives	%	Borrowed from Money Lenders	%	Borrowed from Banks	%	Total Capital	%
2007-08	47331	39.19	35750	29.60	21789	18.04	15899	13.16	120769	100
2008-09	55578	41.87	34180	25.75	25738	19.39	17258	13.00	132754	100
2009-10	55205	40.17	36729	26.72	29962	21.58	15844	11.53	137440	100
2010-11	53456	38.39	35121	25.22	33200	23.84	17455	12.54	139232	100
2011-12	56413	37.38	40618	26.92	35747	23.69	18122	12.01	150900	100
Course Drimer Date	mour Data									

Source: Primary Data

The important source of finance for the cottage business units during the study period is owned capital. The percentage of owned capital is more during the year 2008-09. Regarding the borrowed capital from the private money lenders the percentage is increasing steadily. It increases from 18.40 per cent to 23.69 per cent. In the case of borrowings from banks, it is declining gradually during the study period. The declining trend is noticed in the case of amount borrowed from friends and relatives.

6.1.16 Growth of Cash in hand among the Cottage Business Units

The growth of cash in hand among the cottage business units has been examined with the help of available cash in hand at the cottage business unit, the increase/ decrease, percentage in increase / decrease and trend value. The relevant details are collected from the relevant sources. The trend value is computed with the help of linear regression model. The results are shown in Table 6.16.

Table 6.16

Annual average amount of Cash in hand used by Cottage Business Units from 2007-08 to 2011-12

Year	Cash in hand (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	22670			20646
2008-09	16560	-6110	-26.95	18436
2009-10	15600	-960	-5.80	16226
2010-11	12800	-2800	-17.85	14016
2011-12	13500	700	5.47	11806

Source: Primary Data

The average cash in hand at the cottage business units is decreasing from ₹ 22,670 in 2007-08 to ₹ 13,500 in 2011-12. The decline in the cash in hand is seen in the years 2008-09 to 2010-11. The higher rate of decrease is seen in the year 2008-09. The trend value is declining from 20646 in 2007-08 to 11806 in the year 2011-12. The analysis reveals that there is a consistent decline in cash in hand in the cottage business units during the study period.

6.1.17 Growth rate on Cash in hand used by the Cottage Business Units

The growth rate in cash in hand at cottage business units has been examined with the help of its annual and compound growth rate. The consistency of the level of cash in hand at cottage business units during the period of the study is tested with the help of co-efficient of variation.. The results are given in Table 6.17.

Table 6.17

Trend, Growth and Magnitude of variability of Cash in hand by Cottage Business

Units in Tirunelyeli district

	Ser	ni-log		CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Per cent / annum	CV (Per cent)
Cash in hand	4.369 (0.048)	-0.056* (0.015)	0.832	-13.763	24.106

Source: Computed from table 6.16

Figures in parentheses denote standard error

The annual growth rate of cash in hand is -0.056 which reveals that the increase in year leads to decline in cash in hand at cottage units. The negative annual growth rate is also significant at five per cent level. The changes in the year explain the changes in the cash in hand at cottage business unit to an extent of 83.20 per cent since

^{*}Significant at five per cent level

its R² is 0.832. The compound growth rate of cash in hand during the study period is –13.76 per cent. The co-efficient of variation of the cash in hand at the cottage business unit in the study period is 24.106 per cent which reveals a higher inconsistency in the level of cash in hand maintained by the cottage business unit during the study period.

6.1.18 Cash at bank maintained by the Cottage Business Units

The cash at bank is included as one of the performance variables for the measurement of growth for the analysis. The growth of cash at bank maintained by the cottage business units is examined with the help of the average cash at bank maintained by the cottage units from 2007-08 to 2011-12, percentage of increase and decrease and the trend value. The trend value is computed with the help of linear regression analysis. The results are shown in Table 6.18.

Table 6.18

Annual average Cash at bank maintained by Cottage Business Units from 2007-2008 to 2011-2012

Year	Cash in hand (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	9056			8503.6
2008-09	8075	-981	-10.83	8869.9
2009-10	9700	1625	20.12	9236.2
2010-11	8850	-850	-8.76	9602.5
2011-12	10500	1650	18.64	9968.8

Source: Primary Data

The average cash at bank maintained by the cottage business units is increasing from ₹ 9,056 in 2007-08 to ₹ 10,500 in 2011-12. The higher percentage of increase is seen in the years 2009-10 and 2011-12 since the percentage of increase are 20.12 and

18.64 per cent respectively. The trend value of the cash at bank maintained by the cottage business units is increasing from 8503.60 in 2007-08 to 9968.80 in 2011-12. The analysis reveals that there is a consistent increase in the cash at bank maintained by the cottage business units.

6.1.19 Growth rate on Cash at bank maintained by Cottage Business Units

The growth rate of cash at bank maintained by the cottage business units has been examined with the help of annual and compound growth rate. It is computed with the help of regression analysis. The co-efficient of variation is computed to exhibit the level of consistency in the cash at bank maintained by the cottage business units. The results are given in Table 6.19.

Table 6.19

Trend, Growth and Magnitude of variability of Cash at bank maintained by

Cottage Business Units

	Sei	ni-log		CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Cash at bank	3.913 (0.041)	0.017 NS (0.012)	0.383	3.992	9.897

Source: Computed from table 6.18

Figures in parentheses denote standard error

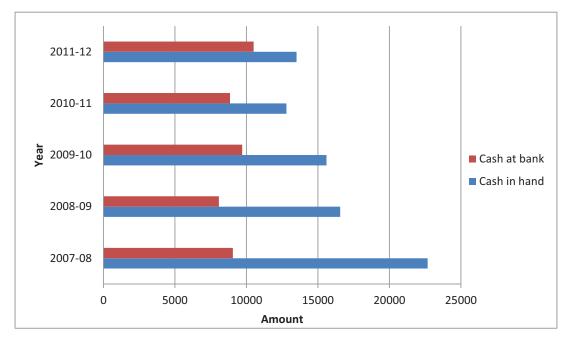
NS – Not Significant

The annual growth rate of cash at bank maintained by the cottage business units during the study period is 0.017 but it is not statistically significant. It shows that there is no significant growth of the cash at bank maintained by the cottage business units. The changes in the time explain the changes in the cash at bank maintained by the cottage business units to an extent of 38.30 per cent since its R^2 is 0.383. The

compound growth rate is only 3.992 per cent. The co-efficient of variation (9.897 per cent) reveals that there is some consistency in the level of cash at bank maintained by cottage business units.

Figure 6.2

Comparison of Cash in hand and Cash at bank held by Cottage Business Units



6.1.20 Growth of Sundry Debtors in the Cottage Business Units

The sundry debtor is one of the current assets of the cottage business units. It is included as one of the performance variables to study the growth of cottage business units in the present study. The relevant details on sundry debtors have been collected from the cottage business units. The average sundry debtors, the increase or decrease in the previous year, percentage of increase / decrease and the trend value have been computed to exhibit the growth of sundry debtors in the cottage business units. The results are shown in Table 6.20.

Table 6.20

Annual average value of Sundry Debtors of Cottage Business from 2007-08 to 2011-12

Year	Sundry Debtors (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	8655			8646.2
2008-09	9676	1021	11.80	9142.6
2009-10	9483	-193	-1.99	9639
2010-11	8812	-671	-7.08	10135.4
2011-12	11569	2757	31.29	10631.8

Source: Primary Data

The average amount of sundry debtors in the cottage business units have been increasing from ₹ 8,655 in 2007-08 to ₹ 11,569 in 2011-12. The increase in the average amount sundry debtors is seen in the years 2008-09 and 2010-11 whereas the decrease in the sundry debtor is noticed in 2009-10 and 2010-11. The higher percentage of increase in sundry debtors is noticed in 2011-12 since the percentage of increase is 31.29. The trend value of sundry debtors is increasing from 8646.20 in 2007-08 to 10631.80 in 2011-12. The analysis reveals that there is a consistent increase in sundry debtors at the cottage business units.

6.1.21 Growth rate on Sundry Debtors at the Cottage Business Units

The growth rate of sundry debtors at the cottage business units have been examined with the help of annual and compound growth rate. The relevant data from 2007-08 to 2011-12 have been included for regression analysis to compute the same. The level of consistency in the sundry debtors has been examined with the help of co-efficient of variation. The results are given in Table 6.21.

Table 6.21

Trend, Growth and Magnitude of variability of Sundry Debtors of Cottage

Business Units in Tirunelveli district

	Sei	ni-log		CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Sundry debtors	3.918 (0.045)	0.021 NS (0.014)	0.445	4.954	12.057

Source: Computed from table 6.20

Figures in parentheses denote standard error

NS – Not Significant

The annual growth rate of sundry debtors during the study period is 0.021 which is statistically not significant. It reveals that there is no significant growth of sundry debtors during the study period. The changes in the year explain the changes in sundry debtors to an extent of 44.50 per cent since its R² is 0.445. The compound growth rate is only 4.954. The co-efficient of variation in sundry debtors (12.05 per cent) reveals a moderate consistency in the level of sundry debtors over the study period.

6.1.22 Growth of Sundry Creditors at Cottage Business Units

The sundry creditor at the cottage business units is included as one of the performance variables to study the growth of cottage business units in the present study. The details of sundry creditors from 2007-08 to 2011-12 have been collected from the cottage business units. The average sundry creditors, the percentage of increase / decrease and the trend value are computed to exhibit the level of sundry debtors at cottage business units during the study period. The results are shown in Table 6.22.

Table 6.22

Annual average amount of Sundry Creditors of Cottage Business Units in
Tirunelveli district from 2007-08 to 2011-12

Year	Sundry Creditors (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	17454			16625.4
2008-09	19714	2260	12.95	19034
2009-10	19024	-690	-3.50	21442.6
2010-11	23334	4310	22.66	23851.2
2011-12	27687	4353	18.66	26259.8

Source: Primary Data

The average sundry creditors at the cottage business units are increasing from ₹17,454 in 2007-08 to ₹27,687 in 2011-12. The analysis reveals that there is an increase in the sundry creditors in all years except 2009-10 during the study period. The increase is higher in the year 2011-12 since the increase is ₹4,353. The higher percentage of increase / decrease is seen in the year 2010-11. The trend value indicates that there is a consistent increase in sundry creditors since it is increasing from 16625.40 in 2007-08 to 26259.80 in 2011-12.

6.1.23 Growth rate on Sundry Creditors at Cottage Business Units

The growth rate of sundry creditors has been examined with the help of annual and compound growth rate. It is computed with the help of regression analysis. The level of consistency in the sundry creditors has been estimated with the help of coefficient of variation. The results are given in Table 6.23.

Table 6.23

Trend, Growth and Magnitude of variability of Sundry Creditors in Cottage

Business Units in Tirunelveli district

	Sei	ni-log		CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Sundry debtors	3.918 (0.045)	0.047 * (0.014)	0.879	11.429	19.1301

Source: Computed from table 6.22

Figures in parentheses denote standard error

*Significant at five per cent level

The annual growth rate of sundry creditors at the cottage business units during the study period is 0.047 which is significant at five per cent level. The changes in the time explain the changes in the sundry creditors to an extent of 87.90 per cent since its R² is 0.879. The compound growth rate is 11.429 per cent. The co-efficient of variation is 19.13 per cent which reveals the inconsistency of sundry creditors at cottage business units during the study period.

6.1.24 Growth of Raw materials Consumption by the Cottage Business Units

The growth of raw materials consumed by the cottage business units is included as one of the performance variables to study the growth of cottage business units in the present study. The growth of raw materials consumed by the cottage business units in present study is examined with the help of raw materials consumed, percentage of increase / decrease and the trend value. The trend value is computed with the help of linear regression. The results are shown in Table 6.24.

Table 6.24

Raw material Consumption by Cottage Business Units in Tirunelveli district from 2007-2008 to 2011-2012

Year	Raw Material (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	46370			49785.8
2008-09	55375	9005	19.42	52562.3
2009-10	57874	2499	4.51	55338.8
2010-11	58270	396	0.68	58115.3
2011-12	58805	535	0.92	60891.8

Source: Primary Data

The raw materials consumed by the cottage business units is increasing from ₹ 46,370 in 2007-08 to ₹ 58,805 in 2011-12 whereas the rate of increase in raw materials consumed by the cottage business units is by 1.27 times. The higher increase compared to the previous year is seen in the year of 2008-09 which is followed by the year 2009-10. The higher percentage of increase is noticed in 2008-09 as 19.42 per cent. The trend value analysis indicates that it is increasing from 49785.80 in 2007-08 to 60891.80 in 2011-12. The results indicate that there is a consistent increase in the raw materials consumed by the cottage business units during the period of the study.

6.1.25 Growth rate on the Raw materials Consumed by the Cottage Business Units

The growth rate of raw materials consumed by the cottage business units is discussed with the help of annual and compound growth rate. It is estimated with the help of multiple regression analysis. The level of consistency in the raw materials consumed by the cottage units is estimated with the help of co-efficient of variation. The results are given in Table 6.25.

Table 6.25

Trend, Growth and Magnitude of variability of Raw materials consumption by

Cottage Business Units in Tirunelveli district

	Sei	ni-log		CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Raw material consumption	4.673 (0.029)	0.023 NS (0.009)	0.700	5.439	9.37

Source: Computed from table 6.24

Figures in parentheses denote standard error

NS – Not Significant

The annual growth rate of raw materials consumed by the cottage business units during the study period is 0.023 which is not statistically significant. The changes in the time period explain the changes in raw materials consumed by the cottage business units to an extent of 70.00 per cent since its R² is 0.700. The compound growth rate is estimated as 5.439 per cent. The co-efficient of variation (9.37 per cent) reveals a moderate level of consistency in the raw materials consumption by the cottage business units.

6.1.26 Growth of Production in Cottage Business Units

The growth of production in cottage business units has been analysed with the help of mean score of the value of production in cottage business units, the increase / decrease in the production, percentage of increase or decrease. The relevant details are collected from the cottage business units. The mean score, increase / decrease and its percentage along with trend value from 2007-08 to 2011-12 is shown in table 6.26.

Table 6.26

Growth in the value of Production by Cottage Business Units in Tirunelveli district from 2007-2008 to 2011-2012

Year	Production (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	123560			124014
2008-09	127800	4240	3.43	127499
2009-10	132780	4980	3.90	130984
2010-11	131790	-990	-0.75	134469
2011-12	138990	7200	5.46	137954

Source: Primary Data

The value of production by the cottage business units is increasing from ₹ 1,23,560 in 2007-08 to ₹ 1,38,990 in 2011-12 whereas the rate of increase in value of production is 1.12 times. The increase in value of production is identified in year 2011-12 since its increase is ₹7,200. The higher percentage of increase in production is noticed in 2011-12 since the percentage of increase is 5.46 per cent. The trend value in the value of production in the cottage business units is increasing from 124014 in 2007-08 to 137954 in 2011-12 whereas the rate of increase in the trend value is 1.11 times. It shows the consistent increase in the value of production in the cottage business units.

6.1.27 Growth rate on value of Production in Cottage Business Units

The growth of production in cottage business units in the present study has been analysed with the help of annual and compound growth rate. The level of consistency in the value of production in the cottage business units has been estimated with the help of co-efficient of variation. The results are summated in Table 6.27.

Table 6.27

Trend, Growth and Magnitude of variability of Production by Cottage Business

Units in Tirunelveli district

Particulars	Semi-log			CGR	CV
	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Production	5.083 (0.007)	0.012* (0.002)	0.915	2.802	4.406

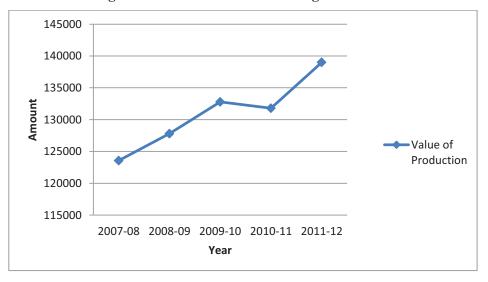
Source: Computed from table 6.26

Figures in parentheses denote standard error

The annual growth rate in the value of production by the cottage business units during the study period is 0.012 which is significant at five per cent level. It reveals that even though the annual growth rate is lesser, it is statistically significant. The changes in the time explain the changes in the value of production at cottage business units to an extent of 91.50 per cent since its R² is 0.915. The compound growth rate is 2.802 per cent. The co-efficient of variation is 4.41 per cent. It reveals the higher consistency in the value of production at cottage business units during the study period.

Figure 6.3

Average Value of Production of Cottage Business Unit



^{*}Significant at five per cent level

6.1.28 Growth of Cash Sales by the Cottage Business Units

The value of cash sales made by the cottage business units is included as one of the performance variables to study the growth of cottage business units. The growth of cash sales made by the cottage business units in the present study is examined with the help of annual cash sales, percentage of increase / decrease and the trend value. The trend value of cash sales made by the cottage business units is estimated with the help of linear multiple regression analysis. The results are given in Table 6.28.

Table 6.28

Growth in the value of Cash Sales made by Cottage Business Units from 2007-2008 to 2011-2012

Year	Cash Sales (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	156900			153290
2008-09	154890	-2010	-1.28	157917
2009-10	160750	5860	3.78	162544
2010-11	165400	4650	2.89	167171
2011-12	174780	9380	5.67	171798

Source: Primary Data

The value of cash sales made by the cottage business units is increasing from ₹1,56,900 in 2007-08 to ₹1,74,780 in 2011-12 whereas the rate of increase is 1.11 times. The increase in the cash sales of the cottage business units is seen in 2011-12 since the increase is ₹9,380. The higher per cent of increase is seen in 2011-12 since the per cent of increase in the previous year is 5.67 per cent. The trend value of cash sales is increasing from 153290 in 2007-08 to 171798 in 2011-12 whereas the rate of

increase in the trend value of cash sales is 1.12 times. It reveals that there is a gradual increase in the cash sales of the cottage business units during the study period.

6.1.29 Growth rate in the Cash Sales of the Cottage Business Units

The growth in the cash sales of the cottage business units is examined with the help of annual and compound growth rate. Both these growth rates are estimated with the help of multiple regression analysis. The value of cash sales of the cottage business units from 2007-08 to 2011-12 have been included for the analysis. The level of consistency in the value of cash sales among the cottage business units is tested with the help of co-efficient of variation. The results are illustrated in Table 6.29.

Table 6.29

Trend, Growth and Magnitude of variability of Cash Sales by Cottage Business

Units in Tirunelyeli district

	Semi-log			CCD	
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	CGR (Percent / annum	CV (Percent)
Cash Sales	5.174 (0.010)	0.012* (0.003)	0.854	2.802	4.879

Source: Computed from table 6.28

Figures in parentheses denote standard error

The annual growth rate of cash sales of the cottage business units during the study period is 0.012 which is also significant at five per cent level. It reveals that there is a significant growth of cash sales at the cottage business units. The R² (0.854) reveals that the changes in the time period explain the changes in the cash sales of the cottage business units to an extent of 85.40 per cent. The compound growth rate of cash sales in cottage business unit is 2.802 per cent. The level of consistency in the cash sales is

^{*}Significant at five per cent level

high since the co-efficient of variation of cash sales made by the cottage business unit is only 4.879 per cent.

6.1.30 Growth of Credit Sales in Cottage Business Units

The present study has made an attempt to examine the trend in the credit sales of the cottage business units, during the study period. The annual credit sales made by the cottage business units, percentage increase or decrease in the credit sales and their trend value have been computed and illustrated in Table 6.30.

Table 6.30

Growth of Credit Sales made by Cottage Business Units in Tirunelveli district from 2007-08 to 2011-12

Year	Credit Sales (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	35136			32446.2
2008-09	31623	-3513	-10.00	33552.7
2009-10	33567	1944	6.15	34659.2
2010-11	32980	-587	-1.75	35765.7
2011-12	39990	7010	21.26	36872.2

Source: Primary Data

The credit sales made by the cottage business units are increasing from ₹ 35,136 in 2007-08 to ₹ 39,990 in 2011-12 whereas the rate of increase is 1.14 times. The higher increase in the credit sales is seen in the 2011-12 since the increase in the year is ₹7,010. The higher (21.26) percentage of increase in credit sales is also noticed in the year 2011-12. The trend value of credit sales is increasing from 32446.20 in 2007-08 to 36872.20 in 2011-12 whereas the rate of increase in the trend value is 1.14

times. The analysis reveals that there is a consistent increase in the credit sales at the cottage business units.

6.1.31 Growth rate of Credit Sales of the Cottage Business Units

The growth rate of credit sales made by the cottage business units has been examined with the help of annual and compound growth rate. The annual and compound growth rates are computed with the help of regression analysis. The coefficient of variation of credit sales made by the cottage business units has been computed in order to exhibit the level of consistency in it. The relevant data related to credit sales from 2007-08 to 2011-12 have been included for the estimation of mean of annual credit sale, percentage increase or decrease in the credit sales and the trend value. The trend value is estimated with the help of linear regression analysis. The results are given in Table 6.31.

Table 6.31

Trend, Growth and Magnitude of variability of Credit Sales in

Cottage Business Units

	Particulars	Semi-log			CGR	CV.
		Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
	Credit sales	4.499 (0.040)	0.013 NS (0.012)	0.275	3.039	9.335

Source: Computed from table 6.30

Figures in parentheses denote standard error

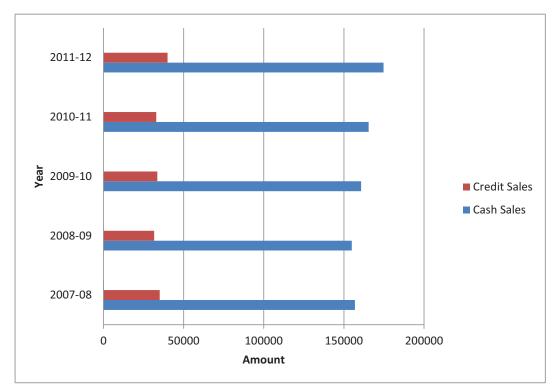
NS – Not Significant

The annual growth rate of credit sales made by the cottage business units during the study period is 0.013 which is not statistically significant. It reveals that there is no significant growth of credit sales made by the cottage business units. It is also

supported by the low compound growth rate of 3.039 per cent. The co-efficient of variation (9.335 per cent) reveals that there is a moderate level of consistency in the credit sales made by the cottage business units during the study period.

Figure 6.4

Comparison of Cash Sales and Credit Sales of Cottage Business Unit



6.1.32 Growth of Profit in the Cottage Business Units

The profit earned by the cottage business units is one of the important financial indicators / performance to assess the growth of cottage business units. Hence, it is included as one of the performance variables in the present study. It is imperative to examine the growth in the profit of cottage business units for some future policy implications. The growth of net profit in the cottage units is initially examined by the estimation of annual profit, increase / decrease in the profit, percentage of increase /

decrease and the trend value. The relevant data were collected from the cottage business units for the analysis. The results are given in Table 6.32.

Table 6.32

Growth of Net profit earned by Cottage Business Units from 2007-08 to 2011-12

Year	Net Profit (in ₹)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	68476			61722.2
2008-09	58713	-9763	-14.26	63970.7
2009-10	61537	2824	4.81	66219.2
2010-11	66590	5053	8.21	68467.7
2011-12	75780	9190	13.80	70716.2

Source: Primary Data

The average annual net profit of the cottage business unit is increasing from ₹ 68,476 in 2007-08 to ₹ 75,780 in 2011-12. The higher rate of increase in the net profit is seen in 2011-12 since its increase is ₹9,190. The rate of increase (13.80) is noticed in the year 2011-12. The trend value of annual net profit of the cottage unit is increasing from 61722.2 in 2007-08 to 70716.20 in 2011-12.

6.1.33 Growth rate on Net Profit of the Cottage Business Units

The growth rate of net profit in the cottage business units during the study period is examined with the help of annual and compound growth rate. The growth rates are computed with the help of regression analysis. The data related to net profit of the cottage business units from 2007-08 to 2011-12 have been used for this purpose. The level of consistency in the net profit achieved by the cottage business units are examined with the help of co-efficient of variation. The results are given in Table 6.33.

Table 6.33

Trend, Growth and Magnitude of variability of Net Profit earned by Cottage

Business Units in Tirunelyeli district

	Semi-log			CGR	CV
Particulars	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Net profit	4.777 (0.045)	0.014 NS (0.013)	0.272	3.276	9.986

Source: Computed from table 6.32

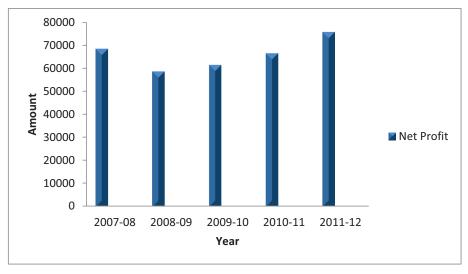
Figures in parentheses denote standard error

NS – Not Significant

The annual growth rate of net profit in the cottage business units is 0.014 which is not statistically significant. The R² (0.272) also reveals that the changes in time period explain the change in net profit of the cottage business units to an extent of 27.20 per cent. It reveals that the growth of net profit in the cottage business units is not at a significant level. It is also confirmed by the compound growth rate of 3.276 per cent. The co-efficient of variation (9.986 per cent) reveals that the level of consistency in the net profit among the cottage business units during the study period is only at a moderate level.

Figure 6.5

Net Profit of Cottage Business Unit



6.1.34 Growth of Capacity Utilisation at the Cottage Business Units

The capacity utilization is one of the indicators for the growth. The growth of capacity utilisation is examined with the help of capacity utilisation, increase / decrease in the previous year, percentage of increase / decrease and the trend value of capacity utilisation in the cottage business units. The results are shown in Table 6.34.

Table 6.34

Growth in the Capacity Utilised by Cottage Business Units in Tirunelveli district from 2007-08 to 2011-12

Year	Capacity Utilised (in percentage)	Increase / Decrease	Percentage Increase / Decrease	Trend Value
2007-08	56			56.8
2008-09	59	3	5.36	58.2
2009-10	60	1	1.69	59.6
2010-11	61	1	1.67	61
2011-12	62	1	1.64	62.4

Source: Primary Data

The average capacity utilised by the cottage business units is increasing from 56 per cent in the year 2007-08 to 62 per cent in 2011-12. The higher increase is seen in the year 2008-09. The higher percentage of increase in capacity utilisation is noticed in 2008-09 since it is 5.36 per cent. The trend value in capacity utilisation is increasing from 56.80 per cent in 2007-08 to 62.40 per cent in 2011-12.

6.1.35 Growth rate of Capacity Utilisation in Cottage Business Units

The growth rate of capacity utilisation in cottage business units has been examined with the help of annual and compound growth rate. It is estimated with the help of regression analysis. The level of consistency in capacity utilisation of cottage business units have been examined with the help of co-efficient of variation. The results are shown in Table 6.35.

Table 6.35

Trend, Growth and Magnitude of variability of percentage of Capacity Utilized by

Cottage Business Units Tirunelveli district

Particulars	Semi-log			CGR	CV
	Constant	Regression Co-efficient	\mathbb{R}^2	(Percent / annum	CV (Percent)
Capacity Utilised	1.744 (0.006)	0.010* (0.002)	0.910	2.329	3.863

Source: Computed from table 6.34

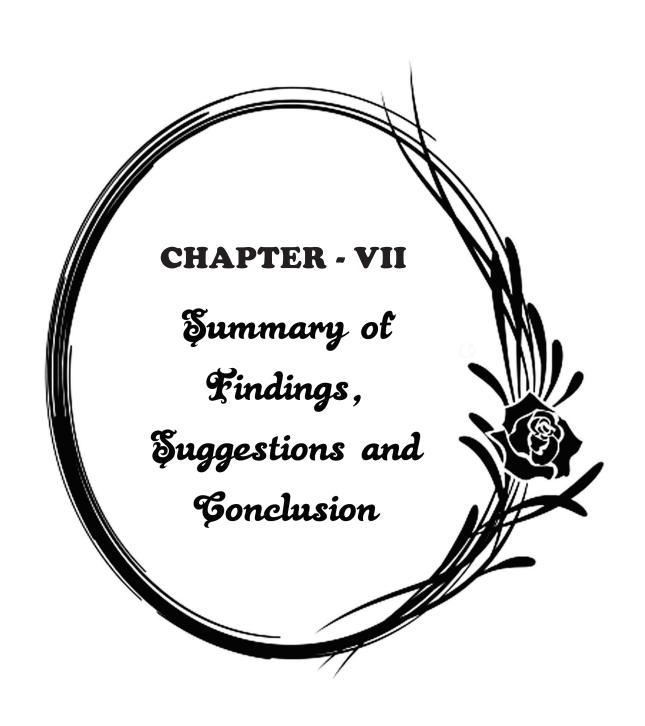
Figures in parentheses denote standard error

*Significant at five per cent level

The annual growth rate of capacity utilisation in cottage business units during the study period is 0.010 which is significant at five per cent level. The R² (0.91) reveals that the changes in time explain the changes in capacity utilisation to an extent of 91.00 per cent. The compound growth rate is only 2.329 per cent. The co-efficient of variation of capacity utilisation is 3.38 per cent which reveals the higher consistency in the level of capacity utilisation in the cottage business units.

6.2 CONCLUSION

In this chapter the growth of cottage business units in Tirunelveli district have been measured for the period of five years commencing from the year 2007-08 to 2011-2012. The important indicators of growth were used to analyse the growth of cottage business units in the study area. In addition to the percentage increase or decrease in the various components of growth, compound growth rate was computed to assess the trend in the growth. The magnitude of variability in the growth was assessed with the help of coefficient of variation. On the whole this chapter throws light on the trend in the growth of the cottage business units. The analysis reveals that there is a moderate growth in the cottage industries in Tirunelveli District.



CHAPTER - VII

SUMMARY OF FINDINGS, SUGGGESTIONS AND CONCLUSION

7.0 Introduction

7.1 Summary of Findings

- 7.1.1 Findings relating to Socio-Economic conditions of the Cottage

 Entrepreneurs
- 7.1.2 Findings about Cottage Industries
- 7.1.3 Factors influencing the Growth of Cottage Industries
- 7.1.4 Findings about Problems of Cottage Industries
- 7.1.5 Findings about the level of Growth of Cottage Industries

7.2 Suggestions to the Growth of Cottage Industries

- 7.2.1 Suggestions to the Cottage Entrepreneurs
- 7.2.2 Suggestions to the Supporting Institutions
- 7.2.3 Suggestions to the Government

7.3 Conclusion

CHAPTER - VII

SUMMARY OF FINDINGS, SUGGGESTIONS AND CONCLUSION

7.0 INTRODUCTION

This section of the research thesis shows you overall summary of findings, suggestions and conclusions of the study. In this chapter, the important findings, suggestions and conclusions arrived at after analyzing the collected data with the help of appropriate statistical tools. This chapter would be of immense help to the common people, the policy makers, government officials, researchers and also to other nongovernmental organizations and who are all want to take part in the growth of cottage industries. This chapter is divided into three broad categories namely,

- 7.1 Summary of Findings
- 7.2 Suggestions to the Growth of Cottage Industries
- 7.3 Conclusion

7.1 SUMMARY OF FINDINGS

7.1.1 Findings relating to Socio-Economic conditions of the Cottage Entrepreneurs

- ➤ It is found that most (70.3 per cent) important gender among the respondents is male. In which most (43.22 per cent) of the respondents belong to the manufacturing sector.
- ➤ It is observed that many (30.8 per cent) respondents belong to the age group of 36 to 45 years. Among them most (48.85 per cent) of the respondents come under service sector.

- ➤ It is identified that maximum (53 per cent) number of respondent belongs to the Hindu religion.
- > It is found that most (37.8 per cent) important community among the respondents is backward class.
- \triangleright It is inferred that more (29.1 per cent) number of respondents have completed up to 8^{th} standard only.
- ➤ It is identified that maximum (60.6 per cent) number of respondents are married.
- ➤ It is found that most (41.6 per cent) of the respondents are having two children.
- ➤ It is inferred that maximum (83.6 per cent) number of respondents are having school going children.
- ➤ It is observed that most (83.7 per cent) important family system among the respondents is nuclear family.
- ➤ It is identified that many (33.2 per cent) respondents are having four members in their family.
- ➤ It is found that maximum (51.8 per cent) numbers of respondents are having only one earning member in their family. In which many (46.8 per cent) respondents belong to the service sector.
- ➤ It is observed that most (39 per cent) of the respondents are having family income of `5000 to `10000 per month.

- ➤ It is identified that many (36.4 per cent) respondents spent `6000 to `9000 per month to meet their family expenses.
- ➤ It is inferred that many (29.7 per cent) respondents are having family saving of less than `2000.

7.1.2 Findings about Cottage Industries

- ➤ It is found that most (57 per cent) important entrepreneurial category among the respondents is hereditary. Among them maximum (43. 96 per cent) number of respondents belong to the service sector.
- ➤ It is observed that most (64.1 per cent) important form of organization among cottage business unit is proprietorship. In which service sector constitute the maximum (41.05 per cent).
- ➤ It is identified that more (34.8 per cent) number of cottage business units are situated in the semi-urban areas.
- ➤ It is observed that most (42.8 per cent) of the cottage business units are functioning from their own house.
- ➤ It is inferred that most (43.6 per cent) of the cottage business units are 11 to 15 years old. Among them maximum (48.58 per cent) number of cottage business units belong to the service sector.
- ➤ It is found that many (25.1 per cent) cottage business units are having initial investment of `25000 to `50000. In which maximum (61.27 per cent) number of cottage business units fall under service sector.

- ➤ It is identified that, borrowed capital is the most (50.9 per cent) important source of initial investment among the cottage business units. In which maximum (42.71 per cent) number of cottage business units come under service sector.
- > It is observed that more (34.7 per cent) number of cottage business units borrowed their capital amount from friends and relatives.
- ➤ It is inferred that most (40.5 per cent) of the cottage business units utilize its initial capital for the purpose of working capital needs.
- ➤ It is found that maximum (80.6 per cent) number of cottage business units employed workers in their units. Among them many (41.45 per cent) cottage business units belong to the service sector.
- ➤ It is identified that most (39.69 per cent) of the respondents utilize 25 to 50 per cent skill only in the initial stage of their business.
- ➤ It is observed that maximum (56.5 per cent) number of respondents is feeling that they need entrepreneurial training to improve their skills.

 Among them many (45.94 per cent) respondents belong to the service sector.
- ➤ It is found that maximum (74.4 per cent) number of respondents is not at all receiving any assistance from the government. In which more (44.89 per cent) number of respondents fall under service sector.

- ➤ It is inferred that more (41.2 per cent) number of respondents spend 6 to 8 hours per day to look after the cottage business units. Among them many (39.54 per cent) respondents belong to the trading sector.
- ➤ It is found that maximum (54.1 per cent) numbers of cottage business units are working 25 to 28 days per month. In which many (39.54 per cent) cottage business units belong to the service sector.
- It is identified that most important factor which motivate to start cottage business unit is personal factor since its mean score is 3.6472. There exists significant difference among manufacturing, trading and service sector respondents as regards 'skill and experience', 'personal factors' and 'market factors' since their 'F' statistics are significant at five per cent level.
- There is significant impact of factors leading to start cottage business units on the initial investment made by the different types of cottage entrepreneurs as regards family factors, economic factors and market factors.

7.1.3 Factors Influencing the Growth of Cottage Industries

- ➤ It is observed that 'planning and development factor' influence more on the growth of service units since its mean score is 3.4541. It reveals that among the three type of cottage business units, growth of the most of the service sector units is influenced by the 'planning and development factors'.
- It is inferred that among the three types of cottage business units most of the manufacturing units' growth is influenced by 'basic requirement factor'

- since its mean score is 3.8642. It shows that 'basic requirement factor' play vital role in the growth of manufacturing units.
- ➤ It is identified that 'entrepreneurial factor' influence more on the growth of manufacturing unit since its mean score its 3.6068. It reveals that among the all three types of cottage business units' growth of the most of the manufacturing unit is accelerated by 'entrepreneurial factor'.
- ➤ It is observed that 'changes in financial institution policies' play a significant role on the growth of trading units since its mean score is 3.8084. It shows that among the all the three types of cottage business units' growth of the most of the trading unit is influenced by 'changes in financial institution policies'.
- ➤ It is inferred that 'power factor' play a significant role on the growth of manufacturing units since its mean score is 3.8143. It shows that among the all the three types of cottage business units most of the manufacturing units depend 'power factor' for their growth.
- ➤ It is identified that 'government role' influence more on the growth of the most of the manufacturing units since its mean score is 3.5141. It reveals that among the all three types of cottage business units most of the manufacturing unit need government role for their growth.
- ➤ It is found that 'power factor' and 'basic requirement factor' play highly important role on the overall growth of all three category cottage business units since their mean scores are 3.6084 and 3.4171 respectively. There exist significant difference among the three group of respondents as regards

'planning and development factor', 'entrepreneurial factor', 'changes in financial institution/boards' and 'Government role' since their respective 'F' statistics are significant at five per cent level.

- It is observed that 'trust one another' is found to be significant group skill since its mean score is 2.5919. There exists significant difference among three groups of respondent as regards 'openness' and 'support one another' since their 'F' statistics are significant five per cent level. It shows that most of the respondents are lacking of above mentioned group skill.
- ➤ It is inferred that the highly important business management skill among the respondent is 'marketing' since its mean score is 2.7420. Among them significant difference has been noticed in the case of 'planning and goal setting', 'marketing', 'accounting' 'management' and 'managing growth' as their 'F' statistics are significant at "five percent level. It reveals that many respondents are lacking of above mentioned business management skill.
- ➤ It is found that 'creating / setting new direction and vision' is a significant enterprise skill of the respondents as its mean score is 2.7845. There exist significant difference among the three group of respondents as regards 'creating / setting new direction and vision', 'maintain physical infrastructure', 'inculcating ethics', 'establishing network alliance', 'never waiver in your belief that you can achieve them' and 'preserve when a diversity strikes' since their 'F' statistics are significant at five per cent level. It shows that most of the respondents need to develop above mentioned skill.

- It is identified that highly important behavior skill of the respondent is 'motivation' since its mean score is 2.8127. The significant difference among the three groups of respondents have been noticed in the case of 'judgment', 'initiativeness' and 'self-management' since their 'F' statistics are significant at five percent level. It infers that many respondents are lacking of above mentioned behavioural skill.
- ➤ It is observed that more number of respondents always try to 'Identify an opportunity to communicate with consumers' as its mean score is 2.90. There exist significant differences among the three groups of respondents as regards 'identifying an opportunity to communicate', 'put intelligence into words' and 'interact effectively' since their 'F' statistics are significant at five percent level. It shows that respondents are lacking in above mentioned communication skill.
- ➤ It is inferred that 'effective reading' soft skill is found to be significant as its mean score is 2.7473. Among the three groups of respondents significant difference has been noticed in the case of 'clarity in expressions', 'effective reading' and 'rapport building' since their 'F' statistics are significant at five per cent level. It shows that most of the respondents are lacking of above mentioned soft skill.
- ➤ It identified that most of the respondents are 'keen to introduce new products and practices' in their area of business since its mean sore is 2.8816. There exists significant difference among the three groups of respondent as regards 'Keen in introducing new products and practices' under innovative skills since its 'F' statistics are significant at five per cent

level. It reveals that respondent need to concentrate on above mentioned innovative skill.

- ➤ It is found that 'prefer to do risky things' is to be significant risk bearing ability of respondents as its mean score is 2.7473. There exists significant difference among the three groups of respondent as regards 'take challenges in a positive way' and 'prefer to do risk things' since their 'F' statistics are significant at five percent level. It infers that respondents are lacking of above mentioned risk bearing ability skill.
- ➤ It is observed that among the three groups of respondents most (60 per cent) of the respondents from trading sector are having 51 to 75 per cent of group skill index. The analysis reveals that the level of group skill among the respondents of trading units is above average.
- ➤ It is inferred that maximum (65.8 per cent) number of respondents from the trading sector are having business management skill index of 51 to 75 per cent. It reveals that the level of business management skill index among the respondents of trading units is above than the moderate level.
- ➤ It is found that more (68.3 per cent) number of the respondents are having 51 to 75 per cent of enterprise skill index and they belongs to manufacturing sector. The analysis concludes that the level of enterprise skill among the respondents of manufacturing units is more than the average level.
- ➤ It is identified that among the three groups of the respondent most (59.5 per cent) of the respondents from the trading sector are having 51 to 75

- per cent behavioural skill index. The analysis shows that behavioural skill among the respondents of trading sector is more than the moderate level.
- ➤ It is found that maximum (66 percent) number of respondents from service sectors are having communication skill index of 51 to 75 per cent. It infers that communication skill among the respondents of service sector is more than average.
- ➤ It is inferred that among the three groups of the respondents most (56.9 per cent) of the respondents from the manufacturing sectors are having 51 to 75 per cent of soft skill index. It reveals that among the respondents of manufacturing sectors soft skill is above average level.
- ➤ It is found that maximum (56.3 per cent) number of respondents from manufacturing sectors are having 51 to 75 per cent innovative skill index.

 The analysis shows that respondents of manufacturing sector having more than moderate level of innovative skill.
- ➤ It is observed that among three groups of respondents most (56.8 per cent) of the respondents from service sector are having 51 to 75 per cent risk bearing ability index. The study infers that the risk bearing ability among the respondents of the service sector is above average.
- ➤ It is identified that in the case of 'overall entrepreneurial skills' of respondents most (85.4 per cent) of the respondents from trading sector are having 51 to 75 percent entrepreneurial skill index. It reveals that, compared manufacturing and trading sector the overall entrepreneurial skills among the respondents of trading sector is above average.

There is a significant impact of entrepreneurial skills on the success of different types of cottage industries as regards business management skills, enterprise skills and risk bearing ability.

7.1.4 Findings about Problems of Cottage Industries

- It is observed that 'lack of awareness about the market' is found to be significant marketing problem as its means scores is 3.8816. There exists significant difference between the three group of respondents as regards 'competition from large scale units and 'lack of storage facilities' since their F statistics are significant at five per cent level. It shows that all three type of cottage business units are don't have above mentioned marketing problem in the same level.
- ▶ It is inferred that the most important financial problem among the cottage business units is 'procedural stagnation of financial institutions' since its mean score is 3.8392. There exist significant difference among the three group of respondents as regards 'high rate of interest' and 'procedural stagnation of financial institutions' since their respective 'F' statistics are significant at five per cent level. It reveals that all three type of cottage business units are having above mentioned problems but not in the same level.
- ➤ It is found that 'high price of the raw materials' is found to be significant raw material problem among the cottage business units since its mean score is 3.9269. The significant difference among the three groups of cottage business units has been noticed in the case of 'low quality' and 'high price' since their respective F statistics are significant at five per cent level. It

infers that all the cottage business units don't have above mentioned raw material problems in the same level.

- It is identified that the highly important labour problem among the cottage business units is 'absenteeism' since its mean score is 3.7951. There exists significant difference among the three groups of cottage business units as regards 'high wages' and 'absenteeism' since their respective 'F' statistics are significant at five percent level. It reveals that all the cottage business units having above mentioned labour problems in the same level.
- It is found that 'power failure' is the significant power problem in cottage business units since its means score is 3.8039. There exist significant difference among the three groups of cottage business units in the case of 'power failure' and 'low voltage' since their respective 'F' statistics are significant at five per cent level. It shows that the level of above mentioned power problems of cottage business units is different from one to another.
- It is inferred that highly important entrepreneurial problem among the respondent is 'lack of analytical skills' since its mean score is 3.8516. There exists significant difference among the three group of respondents as regards 'lack of knowledge on programmes', 'lack of initiativeness', and 'lack of inner drive' since their respective 'F' statistics are significant at five per cent level. It shows that all the three category of cottage business units are having above mentioned entrepreneurial problems but not in the same level.
- ➤ It is found that 'poor forecasting effort' is found to be significant general problem of respondents as its mean score is 2.7597. The significant difference among the three groups of respondents has been noticed in the

case of 'lack of credit orientation', 'poor forecasting efforts' and 'lack of managerial skills' since their respective 'F' statistics are significant at five per cent level. It infers that all the three category of cottage business units are having above mentioned general problems but in the different level.

- It is observed that highly important knowledge problem of the respondents is 'lack of idea on government assistance' since its mean score is 2.8286. There exists significant difference among the three group of respondents as regards 'lack of idea in investments', 'lack of idea in modernisation', 'lack of idea on government assistance' and 'lack of idea on innovation' since their respective 'F' statistics are significant at five per cent level. It shows that all cottage business unit are having above mentioned knowledge problems but that is different to one another.
- It is found that most of the respondents are having the problem of 'multi responsibility in the society' as its mean score is 3.2032. There exists significant difference among the three groups of respondent in the case of 'family problem', 'number of social issues' and 'non co-operation of others' since their respective 'F' statistics are significant at five per cent level. It reveals that all the cottage business units are having above mentioned social problem but the level is different to one another.
- ➤ It is inferred that 'no faith on individual skills' is found to be a significant psychological problem as its mean score is 2.8428. The significant difference among the three groups' of respondents has been noticed in case of 'lack of the resource sharing ability', 'fear on future' and 'no faith on personal skills' since their respective 'F' statistics are significant at five per

- cent level. It shows that all cottage business units are having above mentioned psychological problems but not to the same level.
- ➤ It is found that among the three groups of respondents most (72.4 per cent) of the respondents from manufacturing sector are having 51 to 75 percent marketing problem index. The study reveals that marketing problems among the manufacturing sector are more than the average.
- ➤ It is identified that more (70.2 per cent) number of cottage business units from trading sector are having financial problem index of 51 to 75 per cent.

 The analysis shows that financial problems among the trading sector are above than the moderate level.
- ➤ It is observed that among the three groups of cottage business units most (69 per cent) of the cottage business units from trading sector are having 51 to 75 per cent raw material problem index. The study infers that raw material problems among the trading sector are above average.
- ➤ It is inferred that maximum (63.9 per cent) number of cottage business units from trading sector are having 51 to 75 per cent of labour problem index. The analysis reveals that labour problems among trading sector are above average.
- ➤ It is found that among the three group of cottage business units, most (70.1 per cent) of the cottage business unit from manufacturing sector are having 51 to 75 per cent power problem index. The analysis reveals that the power problems in manufacturing units are more than the moderate level.

- ➤ It is observed that most (62 per cent) of the respondents from trading sector are having entrepreneurial problem index of 51 to 75 per cent. The analysis shows that the level of the entrepreneurial problem among trading unit is above than the average.
- ➤ It is inferred that in the case of all the three groups of respondent, most (64.1 per cent) of the respondents from manufacturing unit are having 51 to 75 per cent general problem index. The study shows that manufacturing sector is having general problems above than the average level.
- ➤ It is identified that among all the three groups of the respondents, many (67.1 per cent) respondents from trading sector are having knowledge problem index of 51 to 75 per cent. The analysis reveals that knowledge problem among the trading units is above average.
- ➤ It is found that most (62.3 per cent) of the respondents from manufacturing units are having 51 to 75 per cent of social problem index. The analysis reveals that social problem among the manufacturing units is more than the average.
- ➤ It is observed that most of the respondents from manufacturing unit are having psychological problem index of 51 to 75 percent. It shows that psychological problem among the manufacturing units is more than the moderate level.
- There is a significant impact of problems faced by the cottage entrepreneurs on the performance of the manufacturing units as regards marketing problems, financial problems, labour problems and power problems. Among

the trading cottage business units there is a significant impact of problems faced by the cottage entrepreneurs on the performance as regards marketing problems and financial problems. Among the service cottage units there is a significant impact of problems faced by the cottage entrepreneurs on their performance as regards financial problems.

7.1.5 Findings about the level of Growth of Cottage Industries

- It is observed that the manufacturing units have increased from 4539 in 2007-08 to 5793 in 2011-12. The high (7.54 per cent) rate of increase is reported in the year 2011-12. It is supported by the trend value (5734.4) in the year 2011-12. The analysis reveals that there is a consistent growth of manufacturing units in the district during the study period it is revealed through compound growth rate (6.29 per cent).
- It is identified that the trading units have increased from 4229 units during 2007-08 to 5480 units in 2011-12. The high (8.24 per cent) rate of increase is seen in the year 2011-12. It is supported by the trend value (5413) in the year 2011-12. The compound growth rate (6.72 per cent) also shows that there is a consistent increase in trading units during the study period.
- It is found that the number of service units have increased from 6987 in 2007-08 to 8357 in 2011-2012. The higher (5.59 per cent) amount of the increase is reported in the year 2010-11. The trend value on the service units reveals that there is a consistent increase in the number of service units i.e., from 6923.4 in 2007-08 to 8312.60 in 2011-12. It is further supported by compound growth rate (4.60 per cent).

- It is inferred that the average amount of owned capital invested in cottage business units have increased from ₹ 47,331 in 2007-08 to ₹ 56,413 in 2011-12. The higher percentage is reported (17.42 per cent) in the year 2008-09. The trend value indicates that there is a consistent increase in average amount invested in cottage units. It is revealed through compound growth rate (3.28 per cent).
- It is identified that the average borrowed capital from the friends and relatives has increased from ₹35,750 in 2007-08 to ₹40,618 in 2011-12. The high (15.65 per cent) rate of increase is reported in the year 2011-12. It is supported by the trend value (38615) in the year 201 1-2012 The compound growth rate (3.28 per cent) indicates that there is a consistent increase in the borrowed capital from friends and relatives among the owners of cottage units.
- It is found that the average amount of capital borrowed from private money lenders has increased from ₹21,789 in 2007-2008 to ₹35,747 in 2011-2012. The high (18.12 per cent) rate of increase is noticed in the year 2008-09. The trend value has increased from 22151.6 in 2007-08 to 36302.8 in 2011-12. The analysis shows that there is an increase in average loan borrowed from private money lenders it is revealed through compound growth rate (13.24 per cent).
- It is observed that the average amount of capital borrowed from commercial banks has increased from ₹15,899 in 2007-09 to ₹18,122 in 2011-12. The high (10.17 per cent) rate of increase is seen in the year 2010-11. The trend value of loan amount borrowed from commercial banks

has increased from 15987 to 17844.20 during the study period. Further the compound growth rate (2.80 per cent) shows that there is a growth in the amount borrowed from commercial banks.

- It is observed that the average amount of cash in hand at the cottage business units has decreased from ₹22,670 in 2007-08 to ₹13500 in 2011-12. The high (-26.95 per cent) rate of decrease is reported in the year 2008-09. The trend value indicates the rate of decline from 20646 in 2007-08 to 11806 in 2011-12. The analysis shows that there is a decline in cash in hand used by the cottage business units during the study period. It is revealed through compound growth rate (-13.76 per cent).
- It is identified that the average amount of cash at bank maintained by the cottage business units has increased from ₹9056 in 2007-08 to ₹10,500 in 2011-12. The high (20.12 per cent) rate of increase is noticed in the year 2009-10. The trend value of the cash at bank maintained by the commercial banks has increased from 8503.60 in 2007-08 to 9968.80 in 2011-12. The compound growth rate (3.99 per cent) reveals that there is a growth in the cash at bank maintained by the cottage business units.
- It is inferred that the average amount of sundry debtors in the cottage business units has increased from ₹8,655 in 2007-08 to ₹11,569 in 2011-12. The high (31.29 percent) rate of increase is noticed in the year 2011-12. It is supported by the trend value (10631.8) in the year 2011-12. The analysis shows that there is an increase in sundry debtors at the cottage business units and it is supported by compound growth rate (4.95 per cent).

- It is observed that the average amount of sundry creditors at the cottage business units has increased from ₹ 17,454 in 2007-08 to ₹ 27,687 in 2011-12. The higher (22.66 per cent) amount of increase is reported in the year 2010-11. The trend value indicates that there is an increase in sundry creditors since it has increased from 16625.40 in 2007-08 to 26259.80 in 2011-12. It is further supported by compound growth rate (4.95 per cent).
- It is identified that the average amount of raw materials consumed by the cottage business units has increased from ₹46,370 in 2007-08 to ₹58,805 in 2011-12. The high (19.42 per cent) rate of increase is noticed in the year 2008-09. The trend value analysis indicates that the trend value has increased from 49785.80 in 2007-08 to 60891.80 in 2011-12. The compound growth rate (5.44 per cent) indicates that there is a consistent increase in the raw materials consumed by the cottage business units during the period of the study.
- It is found that the average value of production by the cottage business units has increased from ₹1,23,560 in 2007-08 to ₹1,38,990 in 2011-12. The high (5.46 per cent) rate of increase in production is noticed in 2011-12. It is supported by trend value (137954) in the year 2011-12. The study shows there is a consistent increase in the value of production in the cottage business units. It is revealed through compound growth rate (2.80 per cent).
- It is inferred that the average amount of cash sales made by the cottage business units has increased from ₹1,56,900 in 2007-08 to ₹1,74,780 in 2011-12. The high (5.67 per cent) rate of increase is reported in the year 2011-12. It is supported by trend value (171798) in the year 2011-12. The

- compound growth rate (2.80 per cent) reveals that there is a gradual increase in the cash sales of the cottage business units during the study period.
- It is observed that the average amount of credit sales made by the cottage business units has increased from ₹35,136 in 2007-08 to ₹39,990 in 2011-12. The high (21.26 per cent) rate of increase in credit sales is reported in the year 2011-12. It is supported by trend value (36872.2) in the year 2011-12. The analysis indicates that there is a consistent increase in the credit sales of the cottage business units. It is revealed through compound growth rate (3.04 per cent).
- It is found that the average amount of annual net profit of the cottage business unit has increased from ₹68,476 in 2007-08 to ₹75,780 in 2011-12. The higher (13.80 per cent) rate of increase is reported in the year 2011-12. It is supported by trend value (70716.2) in the year 2011-12. The compound growth rate (3.28 per cent)also shows that there is a consistent increase in the net profit of the cottage business units during the period of the study.

7.2 SUGGESTIONS TO THE GROWTH OF COTTAGE INDUSTRY

7.2.1 Suggestions to the Cottage Entrepreneurs

❖ The government and other financial institutions are offering assistances for the development of micro and small scale enterprises. Moreover, all the information relating to the developmental schemes and assistances are available in their websites too. But it has not reached the people to whom it is given. It clearly shows the lack of awareness on the part of the entrepreneurs of cottage business units. The entrepreneurs must make use of the available information in the websites and try to avail the assistances from the supporting institutions.

- ❖ The cottage business units' entrepreneurs must join together and start association and link it with the towns and city entrepreneurs association for developing their business. Through the association the awareness camps and training programmes can be organised in their locality based on the need and requirement in collaboration with the supporting institutions.
- The cottage business units networking with other bigger business houses to enlarge their business networks. Most of the bigger concerns are out sourcing their business. This opportunity can be tapped if the cottage business units are having contact with the bigger concerns and get the orders regularly.
- ❖ The cottage business entrepreneurs must adapt to the situation and use the assistances available for the up gradation and modernisation. The up gradation/ modernisation will definitely help the cottage entrepreneurs to compete with their counterpart.
- ❖ The entrepreneurs must take the advantage of skill development training programmes organised by Micro Small Medium Enterprises Development Institute (MSMEDI) for different trades and acquire the necessary skills. The entrepreneurs should not hesitate to enrich their skills, and knowledge in order to promote and to sustain their business.

- The District Industries Centre, Khadi Village Industries Commission, MSMEDI and other supporting institutions are organsing exhibitions to display the products produced by the micro entrepreneurs. The cottage business entrepreneurs must use these opportunities to popularise their products.
- Networking with the Self Help Groups which are functioning in all the areas for selling the products in the nearby areas will help the cottage business units to increase the turnover. Selling the product through the SHG members will help them to earn some income also. Instead of following the conventional methods of marketing the products newer methods need to be identified and implemented. New markets in the neighbouring districts and nearby states could be identified to introduce the products and thereby to increase the turnover.
- Cottage business entrepreneurs must take part in the international trade fairs organised by the Government of India to display their products and attract the foreign buyers.
- ❖ As the market is flooded with new products and the customers' taste, preference and expectations are changing very fast cottage business entrepreneurs must try to introduce some new features in the existing products to retain the existing customers and to attract new customers. This will also help them to ease the competition in the market and to sustain the business.

- The workers should be given skill up gradation training in order to introduce newer methods in the production process. This will enhance the workers skills and work performance. Ultimately this will lead to increased productivity and profitability.
- ❖ Computers are used in the business to take advantage of the speed, accuracy and multitasking capabilities. The cottage entrepreneurs must acquire this skill to operate the computers and to use the internet for sending the mails and searching the websites. This is very essential as we are living in an information technology explosion era.

7.2.2 Suggestions to the Supporting Institutions

- ❖ The government is helping the entrepreneurs through different departments and supporting institutions. But the support extended by the supporting institutions is not known to the people for whom it is being offered. The supporting institutions must consider this and proper steps must be initiated to benefit the entrepreneurs.
- * Micro Small Medium Enterprises Development Institute is organising training programmes to the prospective entrepreneurs and they are also extending services to the entrepreneurs through Business to Business Meet, Buyer Seller Meet and E-club etc. But entrepreneurs of the cottage business units are knowing these support services rendered by the MSMEDI. So the District Industries Centre in collaboration with the MSMEDI can offer the same services to the entrepreneurs in the places where the cottage business units are concentrated. By doing this, the support services will reach the

entrepreneurs for whom it is offered. This will help the entrepreneurs to make use of these services and to benefit out of the same.

- ❖ Khadi and Village Industries Boardis helping the cottage and traditional entrepreneurs by extending the seed money facility to the needy entrepreneurs. The KVI through its officials must undertake regular visits to the cottage units to guide and support them to overcome the problems they face time to time. In tune with the words of Mahatma Gandhi, our father of nation the KVI which is following the Gandhians Principles must extend the services to the vigorously to the rural entrepreneurs. This will help us to achieve the dreams of Mahatma Gandhi.
- Some colleges are having outreach programmes to the students. As a part of this programme the students used to go to the villages for creating awareness and to extend some services to the villagers. DIC which acts as a nodal agency for most of the government schemes and assistance programmes must collaborate with those colleges and organise some programmes in the villages to disseminate the information about the various schemes and assistances to the grass root level people. This will create awareness to the students as well as the villages.
- The institutions which are supporting the entrepreneurs should organise awareness programmes in the colleges. This will help the students to know about the various programmes and to think while they study. Instead of searching for jobs this awareness programmes will inspire them and help them to provide jobs to others.

- ❖ At the block level resource bank can be created with necessary information about the raw material availability, products suitable for the area, infrastructural facilities available, human resources and model viable projects. The availability of the necessary information will inspire the potential entrepreneurs to start the concern of their own.
- Entrepreneurs whether micro, small or medium, face problems in the entrepreneurial venture. The problems if it is solved at right time will help the entrepreneurs overcome their problems and pave the way for success. For this purpose the DIC could form a grievances redressal forum comprising of most important service providers like electricity board, banks, and monitoring agencies to solve the problems faced by the entrepreneurs.

7.2.3 Suggestions to the Government

- The government should give directions to the supporting institutions to give report about the cottage business units at the regular intervals after assessing the unit's performance. This will create a moral pressure on the part of the supporting institutions and they will take extra care to extend the possible help to the cottage entrepreneurs.
- Separate cottage industry clusters with all infrastructural facilities could be created for the development of cottage business units and encourage the cottage business units to export their products. Export assistance could be given to the cottage business units to promote export.

- ❖ As most of the cottage business units are facing power problem, the government should provide zero percent interest assistance with subsidy to install and generate solar power for all the cottage business units. This will help the cottage business units to overcome the power problems.
- Government must insist the banks and financial institutions to provide soft loans with low interest to the cottage business units.
- A separate industrial policy can be formulated for the development of cottage industries. This will definitely help the cottage industries to grow all over the country.
- ❖ To facilitate the cottage business units to market their products a common marketing complex in every block has to be established by the government.

 This will help the cottage entrepreneurs to bring their products for the sale.
- Separate funding agency namely 'National Bank for the Development of Cottage Industries' can be established to provide necessary assistance and to develop cottage industrial units all over the country.
- Ministry of Micro Small Medium Enterprises can provide National Award yearly for the cottage entrepreneurs for their achievements. This will motivate the entrepreneurs to do their best.

7.3 CONCLUSION

Cottage Industries are of cultural and economic importance to the nation. They keep the old age traditions alive and also provide employment to a number of households. The study shows that the cottage business units are increasing in Tirunelveli district. The growth indicators also confirm the growth of cottage industries in the study area. Further the study shows that significant relationship exist between the factors leading to start the cottage business units and the type of cottage industry. Moreover, there is an impact of entrepreneurial skills on the success of different types of cottage industries. The study also reveals that there is a significant relationship between the factors influencing the growth of cottage business units and the growth of different types of cottage industries. It is also inferred from the study that the problems faced by the cottage entrepreneurs also having an impact over the growth of cottage industries in the study area. So the government must play a proactive role to accelerate the growth of cottage industries in the study area.



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APPENDIX - I

A STUDY ON THE GROWTH OF COTTAGE INDUSTRIES IN TIRUNELVELI DISTRICT

INTERVIEW SCHEDULE

Socio-Economic Conditions

1.	Name:						
2.	Address:						
3.	Gender:						
	a) Male		b) Female				
4.	Age:						
	a) Less than 25 years		b) 25 to 35 years		c) 35 to 45 years		
	d) 45 to 55 y	ears	e) Above 55	years			
5.	Religion:						
	a) Christian		b) Hindu		c) Muslim		
6.	Community						
	a) OC		b) BC		c) MBC	d) SC/S7	
7.	Educational Qualification:						
	a) Upto 5th std		b) U	b) Upto 10 th std			
	c) Higher Secondary Level		d) D	iploma	e) l	Degree	
8.	Marital statu	s:					
	a) Married	b) Single	c) Divorced	d) Wido	owed		
9.	If married state number of children						
	a) One	b) Two	c) Three	d) Four	r e) Five a	and above	
10.	If you have children, are they studying?						
	a) Yes	b) No					
		The second secon					

11.	Nature of family: a) Nuclear b) Joint						
12.	State size of the family: a) Two b) Three c) Four d) Five e) Six f) Above six						
13.	Earning members in your family: a) One b)Two c) Three d) Four and above						
14.	Family income per month: a) Less than ₹ 5000 b) ₹ 5000 to ₹ 10000 c) ₹ 10,000 to ₹ 15,000 d) Above ₹15,000						
15.	Family expenditure per month: a) Less than ₹3000 b) ₹3000 to ₹6000 c) ₹ 6001 to ₹9000 d) ₹9001 to ₹12000						
16.	Saving per month: a) Negative b) Nil c) Less than ₹ 2000 d) ₹ 2000 to ₹ 5000 e) ₹ 5000 to ₹ 10000 f) Above ₹ 10000						
17.	Primary occupation of the respondent: a) Business b) Government employment c) Private employment d) Agriculturist						
18.	Do you belong which category of entrepreneur a) Hereditary b) First generation						
Profile	e of the Cottage Industries						
19.	Nature of business a) Manufacturing b) Trading c) Service						
20.	Form of organisation: a) Proprietorship b) Partnership c) Joint family firm						
21.	Location of the unit a) Rural b) Urban c) Semi urban						

22.	The place where the business unit is functioning						
	a) Own House	b) Rented Pla	ce	c) Leased Place			
23.	Aga of the Rusiness Unit						
23.	Age of the Business Unit a) Upto 5 years b) 5 to 10 years						
	a) Upto 5 years	,					
	c) 11 to 15 years d) Above 15 years						
24.	Initial investment in business.						
	a) Less than ₹ 25,000		b) ₹ 25,000 to ₹ 50,000				
	c) ₹ 50,000 to ₹ 75,000		d) ₹75,000 to ₹ 1,00,000				
	e) Above ₹ 1,00,000						
25	Carres of initial inve	atus aut.					
25.	Source of initial investment:			10 41			
	a) Owned Capital		b) Borrowed Capital				
26.	If 'borrowed' state the source of borrowing						
	a) Friends and Relative		b) Private Moneylenders				
	c) Bank		d) Go	vernment			
27.	Purpose for which the amount has been Utilised						
27.	a) Acquisition of machinery		b) Construction of building				
	c) Working capital needs		d) Upgradation of business unit				
	a) Opgradation of business unit						
28.	Percentage of Capacity Utilized at the beginning:						
	a) Below 25	b) 25 to 50		c) 51-75	d) 75-100		
29.	Do you have different Product (or) Service line						
2).	a) Yes b) No						
	<i>a)</i> 1 <i>cs</i>	0) 110					
30.	Do you employ any workers in your unit.						
	a) Yes	b) No					
31.	If 'Yes' mention type of workers employed						
51.	a) Skilled	b) Semiskille		Unskilled			
	a) Skilled	o) beiliskille	u ()	Chiskined			
32.	Did you get any assistance from government						
	a) Yes	b) No					

33.	Do you	need any entrepreneurship training										
	a) Yes	b) No										
34.	Numbe	rs of days will your industry functio	n per mo	nth								
35.	Time s _j	pent per day to look after your busin	ess									
36.	State fa	ctors motivating to start cottage bus	iness uni	t.								
i)	Skills a	Skills and Experience factor										
	Sl.No	Variables	SA	A	M	DA	S DA					
	1	Technical knowledge										
	2	Organisational skills										
	3	Entrepreneurial skills / experience										
ii)	Persona	al Factors										
	Sl.No	Variables	SA	A	M	DA	S DA					
	1	Technical knowledge										
	2	Organisational skills										
	3	Entrepreneurial skills / experience										
	4	Prestige										
iii)	Family	Factors										
	Sl.No	Variables	SA	A	M	DA	S DA					
	1	Aspiration about children										
	2	Encouragement of family members	,									
	3	Family background										
	4	More dependent in the family										
iv)	Econon	nic Factors										
	Sl.No	Variables	SA	A	M	DA	S DA					
	1	Economic independence										
	2	Use of idle funds										
	3	Financial assistance										

v) Employment Factors

Sl.No	Variables	SA	A	M	DA	SDA
1	Self-employment					
2	Avoiding under employment					
3	Providing employment opportunities					

SA - Strongly Agree; A - Agree;
M - Moderate; DA - Disagree;

SDA - Strongly Disagree

Assessment of Entrepreneurial Skills

37. Group Skills

Sl.No	Skills	SA	A	M	DA	SDA
1.	Work together					
2.	Openness					
3.	Trust group members					
4.	Support one another					

38. Business Management Skills

Sl. No	Skills	SA	A	M	DA	SDA
1.	Planning and goal setting					
2.	Decision making					
3.	Human relations					
4.	Marketing					
5.	Finance					
6.	Accounting					
7.	Management					
8.	Control					
9.	Negotiating					
10.	Managing growth					

39. Enterprise Skills

Sl. No	Skills	SA	A	M	DA	SDA
1.	Market sensing skill					
2.	Creating / setting new direction / vision					
3.	Physical infrastructure					
4.	Selecting the right people					
5.	Inculcating ethics					
6.	Encouraging departments/functions					
7.	Establishing networks and alliance					
8.	Set clearly defined goals					
9.	Never waiver in your belief that you can achieve them					
10.	Manage your attitude and discipline					
11.	Persevere when adversity strikes					

40. Behavioural Skills

SI. No	Skills	SA	A	M	DA	SDA
1.	Motivation					
2.	Judgement					
3.	Resilience					
4.	Initiativeness					
5.	Self management					
6.	Trust yourself					

41. Communication skills

SI. No	Skills	SA	A	M	DA	SDA
1.	Identifying an opportunity to communicate					
2.	Put your intelligence into words					
3.	Emphasise on the issue					
4.	Communicate well with illustrations					
5.	Interact effectively					

42. Soft Skills

SI. No	Skills	SA	A	M	DA	SDA
1.	Using knowledge effectively					
2.	Clarity in expressions					
3.	Reading effectively					
4.	Rapport building					
5.	Be alive and alert					

43. Innovative Skills

Sl. No	Skills	SA	A	M	DA	SDA
1.	Creative in venture					
2.	Cost effective through new ideas					
3.	Keen in introducing new products and practice					

44. Risk Bearing

Sl. No	Risk bearing skills		A	M	DA	SDA
1.	Take challenges in positive way					
2.	Prefer to do risky things					
3.	Capable of converting risk into profit					
4.	Like to take calculated risk in business					

45.	Factors	Influence	cing the	Growth	of the	Cottage	Industries

i) Planning and Development factors

Sl. No	Variables	SA	A	M	DA	SDA
1	Innovative plans and thinking in the field					
2	Restriction on Multi-National corporations					
3	Advance technologies and plans in production and marketing					
4	Proper training on good material handling system					

ii) Basic requirement factors

Sl. No	Variables	SA	A	M	DA	SDA
1	Timely supply of raw materials					
2	More investments on machinery and equipment					
3	Plant layout and location of the business unit					
4	Availability of skilled labours					
5	Effective infrastructure facilities in the business unit					

iii) Entrepreneurial factors

Sl. No	Variables	SA	A	M	DA	SDA
1	Habit of production planning and control to the entrepreneurs					
2	Entrepreneurial development programmes for the cottage unit					
3	Successful entrepreneurs meet					

iv) Required changes in the industrial units

Sl.No	Variables	SA	A	M	DA	SDA
1	Seperate industrial estate for cottage industries					
2	Changes in Khadi and village industries corporation policies					
3	Establishment of effective network / alliance for cottage industries					
4	Exclusive bank for cottage industries					

v) Power factors

Sl.No	Variables	SA	A	M	DA	SDA
1	Subsidised rate of fuel and electricity					
2	Consistent power supply					

vi) Government role

Sl.No	Variables	SA	A	M	DA	SDA
1	Government loans and assistance					
2	Government efforts in providing free entrepreneurial skill training					

SA - Strongly Agree; A - Agree;
M - Moderate; DA - Disagree;

SDA - Strongly Disagree

Problems faced by Cottage Industries

46. Problems of Marketing

Sl.No	Problems	SA	A	M	D	SDA
1	Competition from Small-scale Units					
2	Competition from Large-scale Units					
3	Slackness in Demand					
4	Lack of Awareness about Market					
5	Lack of Storage Facilities					

47. Financial Problems

Sl.No	Problems	S A	A	M	D	SDA
1	Lack of Working Capital Financing					
2	Lack of Capital Market					
3	High Rate of Interest					
4	Meagre Assistance from Government Agencies					
5	Procedural Stagnation of Financial Institution					
6	Lack of Security					

48. Raw Material Problems

Sl.No	Problems	SA	A	M	DA	SDA
1	Scarcity					
2	High Transport Cost					
3	Low Quality					
4	High Price					
5	Other Difficulties					

49. Labour Problems

Sl.No	Problems	SA	A	M	DA	SDA
1	Scarcity of Skilled Labours					
2	High Wages					
3	High Labour Turnover					
4	Absenteeism					

50. Problems of power

Sl.No	Problems	S A	A	M	DA	SDA
1	High Cost					
2	Power Failure					
3	Low Voltage					

SA - Strongly Agree; A - Agree;
M - Moderate; DA - Disagree;

SDA - Strongly Disagree

51. Entrepreneurial Problems

Sl. No	Problems	Highly serious	Serious	Moderate	Not serious	Not at all serious
1.	Lack of risk orientation					
2.	Lack of knowledge on programmes					
3.	Lack of work responsibility					
4.	Lack of self confidence					
5.	Lack of initiativeness					
6.	Lack of sociability					
7.	Lack of inner drive					
8.	Lack of analytical skill					

52. General Problems

Sl.No	Problems	Highly serious	Serious	Moderate	Not serious	Not at all serious
1.	Lack of leisure time					
2.	Lack of systematic planning					
3.	Lack of credit orientation					
4.	Excessive tension					
5.	Poor forecasting effort					
6.	Health problems					
7.	Excess of work and burden					
8.	Lack of emotional stability					
9.	Lack of managerial skills					

53. Knowledge Problems

Sl.No	Problems		Serious	Moderate	Not serious	Not at all serious
1.	Lack of idea on investment					
2.	Lack of idea on cost benefit analysis					
3.	Lack of idea on marketing					
4.	Lack of idea on modernization					
5.	Lack of idea on government assistance					
6.	Lack of idea on innovation					

54. Social Problems

Sl.No	Problems		Serious	Moderate	Not serious	Not at all serious
1.	Family problems					
2.	Multi-responsibility					
3.	Lack of family support					
4.	No social recognition					
5.	Lack of social contacts					
6.	No appreciation of independent decision					
7.	Non-co-operation of others					

55. Psychological Problems

Sl.No	Problems	Highly serious	Serious	Moderate	Not serious	Not at all serious
1.	Lack of resource sharing ability					
2.	Lack of networks					
3.	Fear on future					
4.	Lack of self motivation					
5.	Unbelievable attitude on others			_		
6.	No faith on personal skills					

56. State the amount of investment generated from various sources (in the last five years)

Sl. No	Years	Own capital	Friends & relatives	Private money lenders	Banks	Total
1	2007-08					
2	2008-09					
3	2009-10					
4	2010-11					
5	2011-12					
	Total					

57. Details of Assets and Liabilities (for the last five years)

Sl. No	Category	2007-08 ₹	2008-09 ₹	2009-10 ₹	2010-11 ₹	2011-12 ₹	Total
1	Cash in Hand						
2	Cash at Bank						
3	Sundry Debtors						
4	Bills Receivable						
5	Bills Payable						
6	Sundry Creditors						
7	Short-term Loan						
	Total						

58. Details of raw-material consumed in the business unit in the last five years:

Doutionlan		Amount							
Particular					2011-12	Total			
Raw-material									

59. Production (for the last five years)

Category	2007-08 ₹	2008-09 ₹	2009-10 ₹	2010-11 ₹	2011-12 ₹	Total
Production						

60. Details of Sales turnover in the last five years:

Sl.No	Particulars	2007-08 ₹	2008-09 ₹	2009-10 ₹	2010-11 ₹	2011-12 ₹	Total
1	Cash sales						
2	Credit sales						
	Total						

61. Details of Net Profit in the last five years:

Sl.N	Particulars	2007-08 ₹	2008-09 ₹	2009-10 ₹	2010-11 ₹	2011-12 ₹	Total
1	Net Profit						

62. State the capacity utilised in the last five years

Sl.No	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1	Percentage of Capacity Utilised					

APPENDIX - II

LIST OF PUBLICATIONS

Sl. No.	Title	Journal / Seminar Name	Organiser and Date
1.	A study on the growth of cottage and small scale Enterprises in India	Interdisciplinary Research Journal for Humanities (ISSN 2249-250X)	St. Xavier's College (Autonomous), Palayamkottai – 627002. South India, April 2013
2.	A study on Problems encountered by Cottage Entrepreneurs in Tirunelveli District	Entrepreneurship and Socio-Economic Development (ISBN No. 978-81- 928901-0-4)	Xavier Institute of Business Administration, St. Xavier's College, Palayamkottai – 627002 2014