

# Economic Development of India & Cottage Industries

*Their role and contribution in the development.*

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## ABSTRACT

*For the balanced economic growth in the country, the era of economic planning started in India on April 1, 1951, when the first five-year plan was launched. Since then, nine five year plans have been completed and the tenth five-year plan is in progress. All these plans have stressed upon balanced economic growth in all the sectors of economy. Though agriculture is the largest source of livelihood for the people in India yet only this source is not sufficient for development of the Indian economy. It is believed that cottage industries can generate employment to the villagers and they can utilize their idle time and can be successful in improving their economic status.*

## 1. INTRODUCTION

Soon after independence, India adopted the path of planned economic development. For the balanced economic growth in the country, the era of economic planning started in India on April 1<sup>st</sup>, 1951, when the first five-year plan was launched. Since then, nine five year plans have been completed and the tenth five-year plan is in progress. All these plans have stressed upon balanced economic growth in all the sectors of economy. In the economic development of India, agriculture occupies an important place and is called the backbone of Indian economy. Though agriculture is the largest source of livelihood for the people in India yet only this source is not sufficient for development of the Indian economy. It has been observed that cultivators remain underemployed or unemployed for a major part of the year, especially during the periods when the crops are getting ready to be

harvested. During this period they need such type of non-agricultural work, which they can accomplish without leaving their villages and this can be done only by promoting cottage industries in villages. For the balanced economic growth in the country, the era of economic planning started in India on April 1<sup>st</sup>, 1951, when the first five-year plan was launched. Since then, nine five year plans have been completed and the tenth five-year plan is in progress. All these plans have stressed upon balanced economic growth in all the sectors of economy. Before independence the cottage industries were flourishing on a large scale, as large industries were not established during that period. People were habitual to depend on the products of cottage industries for satisfying their day-to-day needs. During that era this industry had provided high employment potentials to the people in the country. After independence, when large industries

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started, the growth of cottage industries started downward for a short period. But it doesn't mean that it lost its entity by roots. Even today cottage industry has an eminence importance in the economic development of India because in place of old rural cottage industries new types of small units took place and these are developing rapidly.

**2. THE ROLE**

Cottage industry involves operations mostly by local hands, which are carried on primarily with the help of the members of the family. These are generally artisan-based and involve low investment and provide largely part-time employment. Cottage industry contributes a high employment and in result this enables a vast majority of people to share the fruits of economic development. Thus the problem of disguised unemployment is solved to a large extent with the establishment of cottage industries in the country and it can prove the boon to generate employment opportunities to the people of the country and thus, to raise their standard of living and ultimately the development of Indian economy.

Cottage industries require very little amount of capital and technical knowledge due to which a mass of rural population can run small units without much problem. In fact cottage industries can contribute a lot towards prosperity and economic well being of the people living in rural areas of India. As this industry is set up in rural areas, it can provide part-time job to the people engaged in agriculture and whole-time job to village artisans and

craftsmen. Development of this industry offers a solution to all the problems of unemployment, poverty and economic oppression in India. In most of the cases cottage industrial units are set up in residential houses and are run by the family members including women and children. With the help of these small units people get subsidiary income beside agriculture, which help in improving their standard of living.

It is a well-known fact that cottage industries also promote our culture and protect our National heritage. The hand made goods produced by Indian artisans and craftsmen are very popular in the national and international markets. During the survey it is observed that the foreign tourists like to purchase our artistic hand-made articles, which helps in earning foreign currency for the country. Thus these industries are also helpful in making the balance of payment favourable of our country.

Further, Cottage industries are the most significant segment of the Indian Economy as the expansion of such industry would increase the demand for rural labour. Recognising the importance of contribution of cottage industries in the Indian economy it can be said, "In a country like India, the workers have choice not between the high paid job and a low paid job but between a low paid job and no job at all. So even if cottage industries provide low paid jobs, these would be of vital importance in an economy like India where millions are in search of employment."

### 3. CONCLUSION

After engaging in the cottage industries the people have now started thinking about their needs and have the desire to satisfy them. Effective utilisation of manpower will undoubtedly generate income for their family and poverty and unemployment will be eliminated to a large extent.

These industries help in mobilizing the capital and entrepreneurial skills of the country where it remains unutilized. There is a large amount of concealed potential and untapped entrepreneurial skill in our country, which can be utilized by setting up cottage industries in rural areas of

India. Hence, it can be said that cottage industries occupy an important place in the economic development of India.

The Census Report, 2001 provides the following facts about the role of cottage industry in the economic development of India :

Thus Cottage Industries of India provide the employment to 1.65% population of the country. On computing it on the working population, it comes to 2.11%, which shows that the Cottage Industries have their immense importance in providing employment opportunities to lacs of persons and are becoming the source of their income in direct manner.

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