



The Effect of Cottage Industries on the Indian Economy

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Abstract

The significance of cottage industries in the Indian economy is multifaceted, as these industries are integral to preserving culture, producing in multiple decentralized production units, creating livelihoods, and particularly, engaging women. This paper attempts to analyze the significance of cottage industries in the Indian economy from the perspective of secondary data. For this purpose, the author has treated cottage industries as a broad spectrum comprising household, artisan, village, handloom and handicraft, khadi, coir and informal micro enterprise activities. The analysis relies on the plethora of data released by the government, particularly the Ministry of Micro, Small and Medium Enterprises, the MSME dashboard, Press Information Bureau, as well as micro enterprises, mega enterprises and informal enterprises, and handloom livelihoods. The study highlights the contributions of cottage industries along five broad categories: employment generation, export growth and potential, rural income diversification and entrepreneurship, growth of output and sales. The data from KVIC highlights the rapid growth in production and employment coupled with sales during the period 2013-14 to 2024-25, while data from ASUSE demonstrate the growth of informal enterprises and employment. Despite these tribulations, the sector is plagued with challenges of credit access, technology, market linkages, design, innovation, quality, and price. The paper contends that future contributions of cottage industries hinge on the balancing act of upgrading cottage industries and modernizing without disrupting their labor-intensive cottage activities and socio-cultural characteristics. Thus, the author argues that the focus of policies should be on the integration of finance, access to digital markets, cluster facilities, skill development, and, to an extent, the formalization of the cottage industries and social security.

Keywords: cottage industries, Indian economy, khadi, village industries, handloom, handicrafts, MSME, rural development

Introduction: More than simple production units, cottage industries pertain to a large, decentralized economic system that allows for the production of goods and services, with low capital



intensity and high labor absorption, to be undertaken by households, artisans, self-help groups, rural entrepreneurs, craft workers, and micro-enterprises. Examples of cottage industries include the production of khadi, village industries, handicrafts and handlooms, coir, and the services of rural engineering, pottery, bamboo products, beekeeping and honey, processed foods, handmade paper, leather crafts, and goods and services of local repair and household activities. According to the Ministry of MSME, village industries are industries that establish themselves in rural areas, producing goods and services, with or without the use of power, and within listed capital investment limits, per worker or artisan (Ministry of Micro, Small and Medium Enterprises, 2025). The purpose of such industries is to employ and provide livelihoods, despite the small economic margins, crafts, and industrial goods. The importance of cottage industries is revealed when focusing on the challenges in the labor market due to the nature of the economy growth in India. While large industries and the modern service sector are important in the growth of productivity, they are not sufficient to absorb the large segment of the population that is moving out of the agriculture sector. The cottage industries provide non-farm subsistence activities to the rural, village, and small semi-urban areas. The industry has an important role to play in a country where a large segment of the population is dependent on agriculture and where a significant number of people need to supplement their income. The current policy setting has heightened the significance of this sector. Increased institutional significance of micro and artisan enterprises has been made possible by formalization with Udyam Registration and the Udyam Assist Platform, market support via GeM and ONDC, skill support via PM Vishwakarma, cluster advancement, credit guarantee schemes, and marketing initiatives for khadi and handicrafts. As of May 2026, the MSME dashboard recorded 7.94 crore Udyam and UAP registrations, with micro enterprises representing the largest share of registrations. This shows that cottage-type enterprises are not marginal and actually represent a significant part of India's productive structure. This paper studies the role of cottage industry in the Indian economy. It assesses the impact and the measurable effects on employment, production, sale, export, and entrepreneurship. This paper will also deal with the effects of cottage industry on structural engineering, environmental sustainability, social vulnerability, and cultural continuity, which are not directly measurable. The main focus of this paper is on how cottage industries act as a gap filler of the traditional skill system and the contemporary system. The operation and the socioeconomic effect of the cottage industries are the strongest when traditional forms are supported by the policy of finance, infrastructure, technology, and design, and when exiting the alternative economy/supporting factory system is avoided. **Table 1**

Analytical Scope of Cottage Industries in This Paper

Dimension	Meaning in this research paper	Examples from India
Scale and ownership	Household, family, artisan, cooperative, self-help group, or micro-enterprise units with low fixed capital and labour-intensive production.	Khadi institutions, weaver households, pottery units, bamboo workers, food processing micro-units.



Dimension	Meaning in this research paper	Examples from India
Location	Mainly rural, semi-urban, small-town, and cluster-based production with strong dependence on local skills and materials.	Bargarh handloom cluster, coir clusters, Kutch crafts, Varanasi weaving, village honey units.
Economic role	Employment generation, supplementary household income, local value addition, and links with domestic and export markets.	Handicrafts exports, village industries sales, GeM and fair-based marketing, local service enterprises.
Social role	Women's work, preservation of hereditary skills, entrepreneurship among weaker sections, and reduction of migration pressure.	Women artisans, SC/ST artisan groups, SHG-based production, cooperative weaving.
Policy interface	Support through MSME, KVIC, Ministry of Textiles, PM Vishwakarma, cluster development, credit guarantee, and marketing schemes.	Udyam/UAP, SFURTI, MSE-CDP, PMS, PMEGP, PM Vishwakarma.

Note. This scope stems from MoMSME (2025), Supekar and Dhage (2022), and the peer-reviewed literature pertaining to rural non-farm enterprises.

Literature Review

The theoretical justification for cottage industries derives from literature about small firms, rural non-farm employment, and collective efficiency. Lanjouw and Lanjouw (2001) argued that there are employment, poverty, and balanced development opportunities for rural non-farm sectors if they are linked to growing markets. Haggblade, Hazell, and Reardon (2010) noted that the rural non-farm sector can provide poverty reduction opportunities if the rural poor have access to growing market opportunities. These arguments can be applied to the Indian cottage sector, where the small firm sector and micro enterprises provide employment opportunities to rural households in the organized and informal agricultural sectors.

The microenterprise literature shows that small enterprises provide high marginal returns to capital, though they are generally capital-constrained. Unlike Lanjouw and Lanjouw, the other microcredit studies argued that there are investments to be made and profits to be gained even in the absence of direct national-level welfare. This literature suggests that cottage industries are of micro global importance and need to be understood in light of the trade policies of the cottage industries. These policies, with market entry points, will provide rewards to the borrowers and pay off the social and micro global policy dividends.

There is no direct connection between small businesses and macroeconomic growth. According to Beck, Demirguc-Kunt, and Levine (2005), there is a positive impact on small and medium enterprises and growth; however, they said that causation is not clear. Ayyagari, Demirguc-Kunt, and Maksimovic (2011) explained that small businesses are a major contributor to employment and creation of new jobs, particularly in developing countries. This is significant for India where cottage industries are potentially not a substitute to large industries, but rather add to large industries by way of employment and local supply and demand in areas where modern industries are not present.



Cluster theory adds a number of factors. Schmitz (1995) was the first to describe where small businesses are more likely to benefit from being in a dense area and having access to specialized labor and suppliers, as well as gaining knowledge and being able to take coordinated action. Many of the cottage industries in India are grouped together in a number of industries such as handlooms, handicrafts, carpets, coir, pottery, and agro-processing industries. The Sambalpuri Ikat handloom cluster is a positive example of how innovation, and the ability to engage in learning together foster resilience. This is clear that a better most development strategy is not to individualize cottage enterprises but to invest/establish cluster-situated services for the purposes of designing, and providing services like designing, testing, packaging, branding, and marketing logistics in a digital way.

Studies on India's handloom and village industries examine the industries' social aspect. For example, Supekar and Dhage (2022) explain that the establishment of khadi and village industries enables rural entrepreneurship, poverty alleviation, and the creation of employment. D'Costa (2022) suggests that there is a need to continue the handloom employment because the type of jobs that come as a result of technological displacement in the Global South are not necessarily better. Interestingly, Meher and Scaria (2025) show that the type of employment that weavers possess determines their income and socio-economic standing, whereby the most economically better off weavers are those who are not reliant on intermediaries. From the studies, cottage industries assist villagers in sustaining themselves, while the quality of that sustenance (and economic contribution) is a result of the power to negotiate that the artisans possess in the value chain.

Research Objectives and Methodology

The primary objectives of this study are: (a) the contribution of cottage industries in India toward employment, value and income generated (sales and exports) to rural populations; (b) the analysis of the social and interregional effects of cottage industries; (c) the determination of the main challenges facing cottage industries; (d) the formulation of recommendations to enhance the sector, within the framework of sustaining jobs in the sector.

The Ministry of MSME 2024-25 Annual Report, MSME dashboards, KVIC, ASUSE, and handicraft data have been used, analyzed, and compiled in this research, along with some previously published papers and articles. The research focuses on small business activities, rural employment, informal industry, and handicraft development. The purpose of this research is to present the impact of cottage industries on the economy of India using thematic analysis along with some descriptive indicators, charts, and tables, which will help to develop a framework for cottage industries.

The paper focuses on three areas of analysis. The first area deals with macro-level components, which include registrations, sales, production and exports, employment and industry analysis. The second area focuses on industry boundaries, which include industries such as khadi, village industries, handicrafts, handlooms, and unorganized sectors. The last area is the analysis of development, which focuses on the channels of participation, preservation of skill, local



entrepreneurship and rural diversification. This framework is ideal for this paper because the true impact of cottage industries goes beyond the metrics of the Gross Domestic Product. The true impact can be found in household sustainability, social integration and overall regional equilibrium.

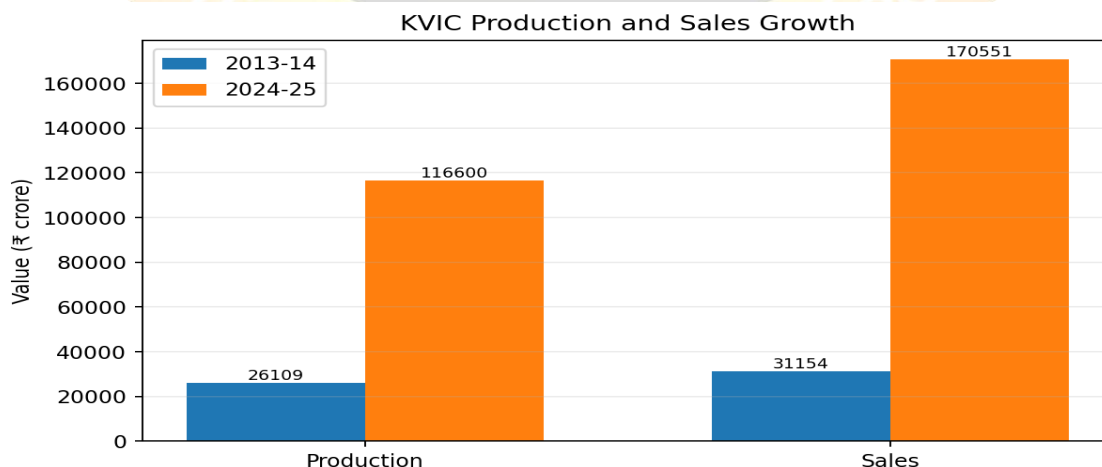
Results and Discussion

Contribution to Employment and Livelihood Security

The primary impact of cottage industries is the generation of employment. Cottage production is low on capital, uses family labour, takes advantage of local skills, and utilizes small tools. Therefore, it is suitable for those regions where there are little investments for large industries. The KVIC release for the year 2024-25 stated that employment in khadi and village industries increased from 1.30 crore persons in 2013-14 to 1.94 crore as of 2024-25 (Press Information Bureau [PIB], 2025a). The retention of measurement of bulk is vital, as it encompasses the livelihoods of the masses from the villages and small towns, as contrasted to small employment of the masses in the big industrial corridors.

The ASUSE results highlight the significance of the unincorporated non-agricultural sector, which coincides almost entirely with cottage and micro- enterprises. According to the 2025 ASUSE, around 7.92 crore establishments and roughly 12.81 crore workers were reported, showing an employment growth of 6.18% as compared with the ASUSE of 2023-24 (PIB, 2026). These enterprises include manufacturing, trade, and services that are often organized through household or small-unit systems. The available data suggests cottage-based enterprises as one of the largest labour-absorbing economic systems in India.

Cottage industry employment is unique in that it is able to hire women, older workers, semi-skilled workers, and people with low mobility. It provides an avenue to even the most marginalized groups in society to gain employment. It can combine production with other responsibilities and provides for flexible participatory work. Exploitation is not uncommon in this industry. Artisans are often found to have low wages and reliance on intermediaries. The cottage industry acts as the economic floor for millions. The employment opportunities can become a dignified source of work, especially with the provision of formal market access, social security, and bargaining which empowers workers.



**Figure**

1

KVIC Production and Sales Growth, 2013-14 to 2024-25*Note. Values are based on PIB (2025a). Figures are in ₹ crore.***Table**

2

Recent Indicators Showing the Economic Contribution of Cottage-Linked Sectors

Indicator	Recent value	Economic meaning
Udyam and UAP registrations	7.94 crore total registrations as of 06 May 2026	Indicates the size of formalized and semi-formalized micro and small enterprise activity.
KVIC production	₹1,16,599.75 crore in 2024-25	Shows rising output from khadi and village industries.
KVIC sales	₹1,70,551.37 crore in 2024-25	Shows strong domestic and market-linked demand for cottage-linked goods.
KVIC employment	1.94 crore persons in 2024-25	Represents rural livelihood generation across village industries and khadi.
ASUSE establishments	7.92 crore establishments in 2025	Shows the broad scale of unincorporated enterprise activity.
ASUSE employment	About 12.81 crore workers in 2025	Highlights the labour-market importance of unincorporated and microenterprise sectors.
Handicrafts employment	64.66 lakh artisan workers	Shows the livelihood role of handicrafts, especially in rural and semi-urban India.
Handicrafts exports	₹33,122.79 crore in 2024-25	Indicates foreign-exchange and global market contribution of handmade products.

*Note. Collated from MoMSME (2026), PIB (2025a), PIB (2025b), and PIB (2026).***Contribution to Output, Sales, and Market Demand**

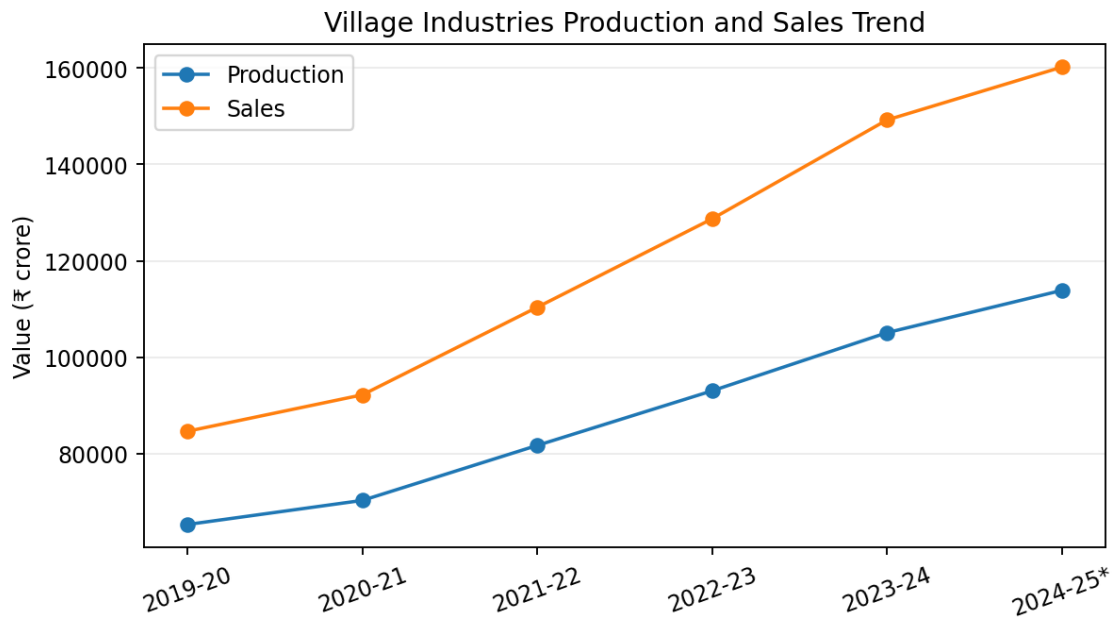
The economic impact of cottage industries' production and sales can be seen in the growth of Khadi and village industries. From 2013-14 to 2024-25, the production volume increased from ₹26,109.07 crores to ₹116,599.75 crores, and the sales volume increased from ₹31,154.19 crores to ₹170,551.37 crores (PIB, 2025a). This growth indicates that cottage industries are not purely welfare initiatives. There is a growing market for the saleable goods and services cottage industries offer.

The Agro-Processing, Honey, Bamboo, Pottery, Handmade Paper and Natural Fibres, Leather, Rural Engineering and other Service Industries segment of village industries has also steadily grown. The Ministry of MSME Annual Report 2024-25 predicted that production from village industries will increase from ₹65,343.07 crores in 2019-20 to ₹113,855.88 crores in 2024-25, and sales will increase from ₹84,664.28 crores to ₹160,132.37 crores (MoMSME, 2025). This



indicates that the economic impact of cottage industries and the services employment they create are not of a short term nature.

The output contribution also counts because these industries add value to the available local raw materials. Natural Fibres, Handmade Paper, Bamboo, Honey, Pottery and other items incorporate locally available resources to create a sellable end product. This is important in rural economics as it retains a portion of the value chain in the local economy. The impact of the artisan's spending (often) locally provides a strong employment impact.



Figure

Village Industries Production and Sales Trend, 2019-20 to 2024-25

Note. Based on MoMSME (2025). Asterisk indicates projected figures up to 31 March 2025.

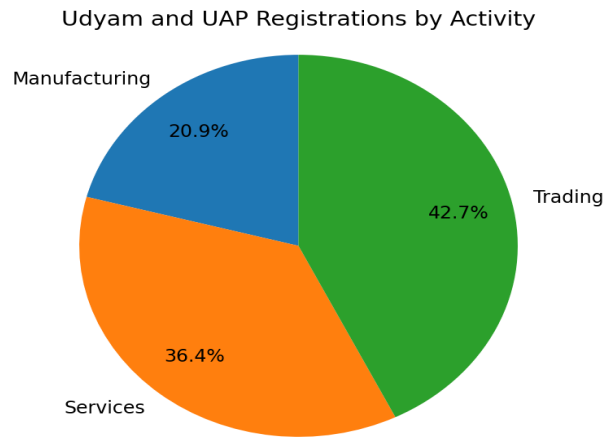
Formalization and Enterprise Structure

Formalization has been an important development in recent times. Cottage enterprises have traditionally operated outside formal registration due to multiple factors like small scale, absence of paperwork, tax issues, or lack of knowledge. Simplified registrations and the incorporation of Udyam Assist have moved informal microenterprises to a recognized policy system. Per MSME dashboard that was launched in May 06, 2026, there are 7.94 crore registrations, including Udyam and UAP registrations. By area of activity, the highest proportion was in trading, followed by services and manufacturing (MoMSME, 2026).

From an economic perspective, formalization has two effects. First, extended access to priority-sector lending, credit guarantee, government procurement, and even training and business development marketing is available. Second, the government can shape the policy through various means to make the sector more visible. Nevertheless, the focus on simplification of formalization stronger. If complexities of compliance become too daunting, informal enterprises will remain outside the system or simply shut shop. The focus should be on creating a balance, enabling, but not punitive, formalization. Producers in the cottage and micro enterprises must



be provided a simplified system that includes registration, banking, digital identity and market access.



Figure

3

Udyam and UAP Registrations by Activity as of 06 May 2026

Note. Based on MoMSME dashboard data (MoMSME, 2026).

Exports, Local Products, and Global Value Potential

Handicrafts, textiles, and metal and leather work, among others, are among the major contributors of cottage industry goods to exports. In the year 2024–2025, the value of handicrafts exports was ₹33,122.79 crore (PIB, 2025b) and employed 64.66 lakh artisans. These numbers underline the fact that there is a vast export market for these products and that artisan goods are not limited to local markets. Handmade goods acquire demand if the appropriate quality, packaging, and branding are achieved.

There are ample opportunities for exports when artisan goods combine traditional practices with contemporary innovation. Many international markets are looking for authentic, sustainable, artisan goods that are made using natural materials. India, with its numerous artisan goods, has a comparative advantage in this global market, leaving abundant supply and export opportunities. The gap, however, in the artisan goods remains the quality regulations and protection of intellectual property along with other export requirements that individual craftspeople cannot meet alone, explaining the existence of cooperatives, producers' companies, and the like that work to translate artisan goods into income. Other cottage crafts such as those mentioned above remain representative of India and of the economy and culture and are among the country's greatest means of soft power. They export a way of life that is representative of the easy and emphatic life of craftspeople. These traditions cannot be reflected in artisan goods alone and are an expression of the rural economy.

Cottage industries have demonstrated a positive impact on inclusion due to a considerable amount of participation by women as artisans, weavers, and home-based workers/micro-entrepreneurs. Handicrafts data from PIB reported that women accounted for 64% of total artisans and 71% of total handloom weavers (PIB, 2025b). The MSME dashboard reported that 3.11 crore out of 7.94 crore Udyam and UAP registrations were women, which is approximately



39.2% (MoMSME, 2026). ASUSE 2025 reported that women-owned proprietary units increased from 26.2% in ASUSE 2023-24 to 27% in ASUSE 2025-26 (PIB, 2026).

Women choose to participate in these industries and undertake these roles because they want to improve their income and positive consumption decisions for the family, e.g. nutrition, education, and savings. The home-based and cluster-based production options proved to be particularly useful for women who are not able to find non-home-based employment due to mobility constraints. However, the sector needs to avoid romanticizing women’s unpaid or underpaid work, as it is extremely important to bear in mind that women artisans, especially those working in family units, contract work, or work with intermediaries, have little or no income. Thus, policies must be created to directly address this.

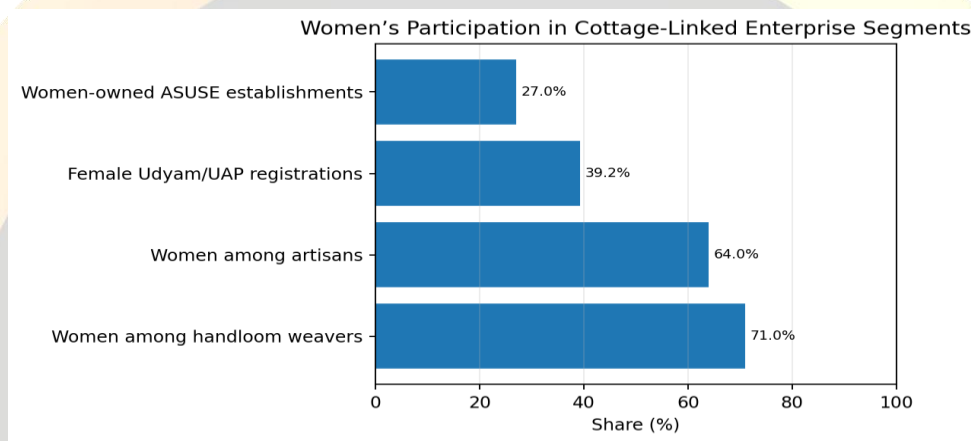


Figure
Women's Participation in Cottage-Linked Enterprise Segments

Note. Compiled from PIB (2025b), MoMSME (2026), and PIB (2026).

Transmission Channels of Economic Impact

Table
Transmission Channels Through Which Cottage Industries Affect the Indian Economy

Channel	Mechanism	Observed or expected effect
Employment	Labour-intensive production uses family labour, artisan skill, and local workers.	Absorbs surplus labour and provides rural non-farm income.
Income diversification	Households combine agriculture with weaving, crafts, processing, services, or trade.	Reduces income risk and seasonal dependence on agriculture.
Local value addition	Local raw materials are converted into higher-value products.	Keeps more income within village and small-town economies.
Exports and branding	Handmade, sustainable, and GI-linked products reach domestic and foreign markets.	Generates sales, foreign exchange, and cultural value.



Channel	Mechanism	Observed or expected effect
Women's empowerment	Home-based and group-based production creates work opportunities for women.	Raises female labour participation and household decision-making power.
Regional balance	Clusters develop in smaller towns and rural districts.	Reduces concentration of growth in large metros and industrial corridors.
Cultural preservation	Traditional skills are maintained through commercial demand.	Protects intangible heritage while creating livelihoods.
Sustainability	Low energy use, local materials, repair work, and handmade production can lower environmental intensity.	Supports circular and sustainable production models when properly managed.

Note. Synthesized from Lanjouw and Lanjouw (2001), Schmitz (1995), Supekar and Dhage (2022), and MoMSME (2025).

Challenges Facing Cottage Industries

Cottage industries have serious, intrinsic, and structural problems, and yet they significantly contribute to the overall economic development of their respective regions. The first problem relates to the access to credit. Many artisans do not have collateral, a banker's account, and a cash flow that a bank can rationally predict. Even if the market demand is there, producers may not be willing to borrow. Cautious lending to artisans should be accompanied with confirmed orders, working capital, credit guarantees, and business mentorship.

Another problem relates to the market and the heavy reliance on intermediaries. All artisans niche to contractors who design, price, provide raw materials, and control market access. With the initiative of the artisans' cooperatives and public procurements, they have the potential of minimizing the reliance of artisans on intermediaries. In such contracts, artisans should be trained to gain the necessary skills. An artisans cooperative is not functional if the artisans do not possess the necessary market skills.

The third problem relates to technology and productivity. The cottage industries have the potential of moving out of the artisan nature without losing the charm and the financial impact of the technology. In this case, the important question is not whether the cottage industries should move from their artisan nature to the modern industrial world. The relevant question is which technology will provide artisans with a more decent income while maintaining the skill-based aspect and employment nature.

The fourth challenge is social security. Most cottage workers lack pensions, health insurance, accident cover, maternity benefits, and predictable wages. The informally employed self-workers of the cottage sector lack social security and are often concerned about the lack of benefits, especially the maternity benefits and predictable wages. The sector becomes vulnerable during



shocks such as pandemics, inflation of raw materials, or a decline in demand. Thus, social protection is a key economic policy and not just a welfare measure, as it enables artisans to maintain the production of goods and products during the economic crisis.

The fifth challenge is the loss of quality, design, and the rights of artisans and crafts persons. Indian crafts and handlooms face competition from machine-made substitutes and low cost imports. Design innovations and legal protection are needed to protect the traditional products and crafts from losing their competitive edge in the market. The use of Geographic Indications, brand and design labeling, and materials supervision can allow artisans to enter the high price-ranged markets. Mishra, Mohapatra, Pattnaik, and Satpathy (2022) argue that craft identity and artisan rights can only be guaranteed through legal protection.

Table

4

Major Constraints and Policy Recommendations

Constraint	Effect on cottage industries	Policy response
Limited credit and working capital	Prevents bulk purchase of raw material, technology upgrade, and order fulfilment.	Expand collateral-free credit, invoice financing, and credit guarantees linked with market orders.
Dependence on intermediaries	Reduces producer margins and weakens bargaining power.	Strengthen producer companies, cooperatives, SHGs, GeM/ONDC onboarding, and direct buyer networks.
Weak technology and design support	Leads to low productivity, inconsistent quality, and outdated products.	Set up common facility centres, design clinics, testing labs, and tool modernization support.
Poor branding and packaging	Limits domestic premium pricing and export readiness.	Support GI branding, quality labels, packaging grants, digital catalogues, and storytelling-based marketing.
Low social security	Creates vulnerability during illness, old age, accidents, and market shocks.	Integrate artisans with health insurance, pension, accident cover, and portable social-security databases.
Limited digital capacity	Restricts access to e-commerce, digital payments, and online procurement.	Provide digital literacy, account-management support, language-localized cataloguing, and logistics partnerships.
Skill gaps among youth	Traditional skills may decline if younger workers see low income prospects.	Create apprenticeship incentives, design schools-cluster links, and market-linked training.



Constraint	Effect on cottage industries	Policy response
Environmental and raw-material stress	Threatens natural fibre, dyeing, woodcraft, and agro-based activities.	Promote sustainable sourcing, natural dyes, waste recycling, and certification for green products.

Note. Policy synthesis based on MoMSME (2025), MoMSME (2026), D'Costa (2022), and Meher and Scaria (2025).

Policy Discussion

Cottage industries must find a balance between protection and competitiveness. Complete protection could lead to no innovation and stagnation in the industry. The market-driven approach promotes sales for a few businesses at the cost of others. The correct path forward is upgrade and include. Artisans must be given modern resources. These may be financial resources, the latest technology, design, and markets. Most importantly, those in the middle, the traders and large market holders, must not be the only beneficiaries of these developments.

The focus of these integrated clusters can be collective resource pooling, product design, and market promotion. Individual artisans cannot afford facilities for dyeing, design, and storage. Meeting these basic needs can reduce collective market absences. Based on Schmitz's (1995) arrangements, these facilities x create competitive value for artisans. Based on these arrangements, the focus must also shift to collective market funding as a primary need, and only individual investment as a secondary need.

Because of these arrangements, trade is promoted. Reduce Market Collaborative Network for Innovations in Technology, Trade, and Integration. Plus, the services provided for artisans will help to educate them further on trade, business, services, and innovation. This will keep them from losing control over their business due to reliance on outside large business services.

Finance must become part of the organization capability of enterprises. Cottage producers require starter capital loans, business plans, raw-materials, and markets. Linking PMEGP, credit guarantees, and priority sector lending to producer groups, verified orders, and digital transaction history can address business concerns. It would improve producers' ability to repay loans and lower associated risks for banks.

Social security investments help community resilience. Artisan households may begin product upgrades, if illness, age, and seasonal risks of economic dislocation are addressed. Portable artisan social security cards could be supported using existing user IDs throughout social security, as well as through modern handloom IDs, and would producers' welfare and social security data. It may also help government to recognize the producer groups, and identify the credit, technology, training, and social assistance that the groups may require.

Cottage industries contribute to almost every dimension of the Indian economy. They provide rural employment at low costs, diversify rural incomes, provide outlets for women's employment, preserve local skills, add to exports, and promote decentralized development. The most recent



data demonstrates that the co-linked cottage industries are increasing production, sales, and formalization of employment. Cottage industries are most definitely neither traditional nor cultural in modern-day India – they are economically viable.

Conclusion

Their contribution is also restricted by credit-related obstacles, the dependence on middlemen, the quality of technology, the quality of branding, the lack of social security, and the lack of market capabilities. Once the transition from production to socially protected, market oriented production with value added to the production, the sector will begin to progress from production based on the needs of the market and the social demands. The best policy model is not the replacement of cottage industries by big factories, but the upgrading of the industries through clusters, common facilities, design support, digital platforms, affordable credit, export readiness and social protection.

Cottage industries can also meet the identified needs of the Indian economy. The integrated approach to the upgrading of cottage industries ensures the flexible and sustainable development of the economy and the spread of regional industrialization and backward linkages as well as the promotion of balancing development, rural industrialization, the empowerment of women, and socially protected production. The growth of cottage industries also depends on the policy shift from viewing cottage industries as welfare recipients and cultural symbols to treating them as productive units of the economy. A renewed cottage industry strategy can therefore contribute to a more employment intensive, locally rooted and inclusive Indian economy.

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