

# **Financial Problems of Cottage Industries: A Study of Select Districts of West Bengal**

## **Abstract**

Cottage industries in India fall under the unorganised sector under the category of small scale industries. In fact, the term 'Cottage Industries' has not been separately and formally defined anywhere. Indian economy is dependent on cottage industries, not only in terms of economic contribution but also in terms of rich cultural heritage. India is a developing country and majority of the population represents the rural India which is still lagging behind. Developing countries like India have a comparative advantage in terms of labour as compared to capital that enables them to produce more labour intensive goods at a cheaper rate. All developing countries including India suffers from the perils of unemployment, underemployment and poverty. To this context, the need of cottage industries is huge.

In India, West Bengal is a prominent example of a region thriving with cottage industries, benefiting from a comparative advantage in labour over capital, which allows for the cost-effective production of labour-intensive goods. However, cottage industries have seen a decline in performance and growth due to various challenges. Out of several problems that the small cottage industries have been facing till date it can be said that 'financial problems' are standing as the hub of all other problems, either directly or passively. The research has aimed at identifying such financial problems and also in providing suitable remedial measures.

The study relies mainly on primary data, with secondary data used for a descriptive analysis of the financial issues affecting cottage industries in India and specifically in West Bengal. The state is divided into five administrative divisions and one district from each division has been chosen based on the concentration of cottage industries. Appropriate statistical tools have been used to analyse the data, leading to meaningful conclusions and constructive suggestions to address the challenges faced by these industries. The study has helped not only in identifying the challenges faced by the cottage industries, but has also helped in coming up with some constructive suggestions, thereby helping in sustainable development.

**Keywords:** Cottage Industries, West Bengal, Financial Problems, Sustainable Development

*Sreemoyee Datta*