

Powering Household Economies: Evidence from Eastern India

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ABSTRACT

Earning capacity of local households gradually increases with the help of small domestic businesses, particularly in semi-urban and rural regions. This study based on significance of small domestic businesses on local households with reference to Eastern India. This study examine how earning capacity of local households increases at the same time, how it helps in generating employment, and living standards. Two types of data are collected to analysis this study. Primary data were collected through questionnaires and personal interviews with the local entrepreneurs, while secondary data were collected from government reports, journals, and official records. This study concludes that small domestic businesses play a vital role in improving quality of local households as well as promote self-reliance among households. Nevertheless, there are certain challenges notably lack of financial support, formal training, marketing knowledge continue to hinder their full potential. This paper suggests that proper skill enhancement training, financial support, marketing accessibility will help in increasing economic stability among local households in the Eastern India region.

Keywords: *Entrepreneurs, Self-Reliance, Accessibility, Enhancement, Empowering.*

Introduction

Small-scale industries play an integral role in economic growth of India. These industries fill the economic gap between traditional sectors and modern industrial sectors. There is a great diversity among these industries: some industries use simple skills and traditional method, at the same time some industries use modern and Advanced technology. In order to accelerate economic growth in India, the two prominent sectors i.e. agriculture and industry must be developed through advanced technology. Small-scale industries play an important role in meeting these expectations and create a link between agriculture and medium as well as large-scale industries.

With a view to employment generation and equitable distribution of income, decentralization of economic activities is very necessary. Small-scale industries help in creating these socialistic patterns of society with wide distribution of entrepreneurship, income and economic opportunities across different reasons of India. At present, small-scale industries are one of the leading components of Indian economy. It leads to notably in employment generation, industrial output, exports and inclusive economic growth. Before discussing the different components of small-scale industry development, it is necessary to begin with introductory understanding of framework and importance of small-scale industries in India.

Thus, small and large-scale industries are two pipeline of industrialization process of a country. Hence, small-scale industries are found in existence in every country. Small-scale industries play an important role in the framework of Indian planning since beginning both for economic and

ideological reasons. Today, India operates the largest and oldest programs for the development of small-scale industries in any developing country. Small sector has now emerged as a dynamic and vibrant sector for the Indian economy there years.

Top 10 Small- scale Industries in Eastern India



Review of Literature

The contribution of small enterprises to rural development, emphasizing their role as pivotal economic agents in local economies, identifies how these enterprises reduce dependency on traditional farming by creating non-farm employment, thus helping to balance seasonal and underemployment challenges commonly faced in rural regions [1]. The comprehensive analysis of the challenges faced by small scale industries (SSIs) in the context of globalization. The author included in the edited volume Small and Medium Enterprises under Globalization. Challenges and Opportunities, explores how global economic integration has reshaped competitive conditions for SSIs, especially in developing economies such as India [2]. The role of small-scale industries (SSIs) in promoting rural development in Edo State, Nigeria, highlighting that SSIs significantly contribute to employment generation, income enhancement, and poverty reduction in rural areas. It emphasized their role in utilizing local resources, reducing rural–urban migration, and improving living standards. The paper also identified major challenges such as inadequate finance, poor infrastructure, and limited government support, which restrict the growth of these industries. The study concludes that strengthening small scale industries through policy support and financial assistance is essential for sustainable rural development [3]. The critical review of the performance of cottage and small-scale industries in Pakistan, highlighting their importance in employment generation, income creation, and poverty alleviation. The study discusses structural weaknesses such as limited access to finance, outdated technology, low productivity, and inadequate policy support, which hinder sectoral growth. It also points out the impact of globalization and competition from large-scale industries on the sustainability of small enterprises. The author emphasizes the need for institutional reforms, skill development, and targeted government interventions to strengthen cottage and small-scale industries and enhance their contribution to economic development [4]. The role of small-scale industries in India with a focus on the opportunities and challenges faced by the sector. The study highlights that small-scale industries contribute significantly to employment generation, balanced regional development, and utilization of local resources. However, the paper also discussed major challenges including financial constraints, technological backwardness, inadequate infrastructure, and intense competition from large industries. The study concludes that policy support, technological upgradation, and skill development are essential for strengthening small scale industries in India [5]. Strategy development practices adopted by small scale industries (SSIs) in India in a highly competitive and dynamic business environment. The study emphasized that effective strategic planning is essential for the survival and growth of SSIs. The authors highlight that Indian SSIs mainly focus on cost reduction, quality improvement, flexibility, and customer responsiveness as key strategic priorities. The limited resources, lack of professional management, and inadequate technological capabilities restrict the formulation and implementation of long-term strategies [6]. The level of awareness and utilization of central government schemes among MSME entrepreneurs. The research reveals that although the government has introduced numerous schemes for financial assistance, skill development, and technological upgradation, a significant proportion of entrepreneurs remain inadequately informed. The study finds variations in awareness levels based on factors such as location and nature of enterprise. The authors conclude that systematic awareness programs and institutional support are essential to enhance scheme accessibility and MSME development [7]. The importance of MSME in India examine the

classification and features of Micro Small & Medium Enterprises. This paper analyses various loan initiative schemes introduced by Government to promote small scale enterprises. The author gathered majority data and information through secondary sources such as published annual report, journals, books and official websites. The study finds that Government needs more attention towards scheme and gives maximum relaxation to the entrepreneurs. The author conclude that Small Medium Enterprise play an important role to increase the Indian economy. [8]

Objective of the Study

The main goal of this study to take initiatives to make critical evaluation in performance of MSMEs in promoting socio-economic development of poor in rural Eastern India. Some important objectives of this study are as follows.

- To study the role of small domestic businesses in improving household income in Eastern India.
- To analyze the contribution of small domestic businesses to employment generation at the household level.
- To study the impact of small domestic businesses on women empowerment and self-employment.
- To identify the major challenges faced by small domestic business owners mainly for the females in Eastern India.
- To suggest measures for strengthening small domestic businesses for sustainable local development.

Hypotheses of the Study

H₁: Small domestic businesses have a significant positive impact on household income in Eastern India.

H₂: Small domestic businesses significantly contribute to local employment generation.

H₃: Small domestic businesses play an important role in women empowerment.

H₀: Small domestic businesses do not have a significant impact on household development.

Research Methodology

Sources of Data

The present study is based on certain facts and data, which includes both qualitative and quantitative approaches. The primary data are collected from the questionnaire methods. The secondary data includes annual report of MSME, Economic Survey on Eastern India. MSME Department, Govt. of Odisha and other related research articles. This framework surveys how small domestic business helps in growth and development of the economy.

Tools and Techniques

Structured questionnaire for collecting socio- economic data. Main focus on different small-scale Group Discussion. The most appropriate research tools like: Bar graph, histogram, pie chart, percentage etc. are used to analyses the effectiveness of MSMEs in promoting the socio-economic condition of rural poor households in Eastern

Analysis & Interpretation of Data

Table 1: Growth of MSME Units in Eastern India

Year	During the year			By the end of the year (cumulation nos.)	Growth Rate
	No.	Employment	Investment (In Lakhs)		
2015-2016	53920	166731	267964	214087	3.36
2016-2017	57783	175221	303463	271870	2.69
2017-2018	50158	147252	232445.6	322028	1.84
2018-2019	69673	194770	319656.46	391701	21.63

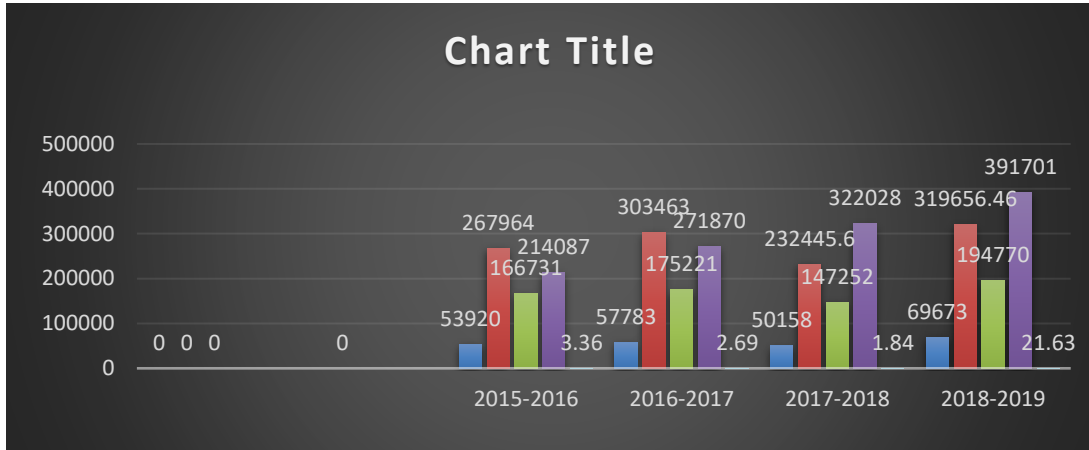


Figure 1: Year wise growth of MSME Units in Eastern India

Sources: <https://odisha.nic.in/>

Interpretation

The above graph shows in 2016-17, the MSME sector in Eastern India has higher growth with 57783 units going into production with an investment of 3034.64 crore and employment generation of 1.75 lakh persons. 2,61,400 MSM Enterprises have gone into production with total investment of INR.

Sl. No.	Different Sector Name	No. of units set up	Investment (Rs. In Lakhs)	Employment (Persons)
1	Chemical and Allied	4480	34942.2	29291
2	Food & Allied	41284	233427.23	201359
3	Electrical & Electronics	2393	13777.54	11292
4	Textiles	19520	43523.05	84822
5	Forest & Wood Based	19047	29201.91	75954
6	Glass & Ceramics	11333	78690.27	151413
7	Livestock & Leather	736	1745.84	3348
8	Paper & Paper Product	4425	19807.57	21505
9	Rubber & Plastics	2235	31008.6	13183
10	Misc. Manufacturing	29360	124839.81	108389
Total		134813	609218.18	703904

The above graph indicates that the food and allied category have the highest number of MSME units.

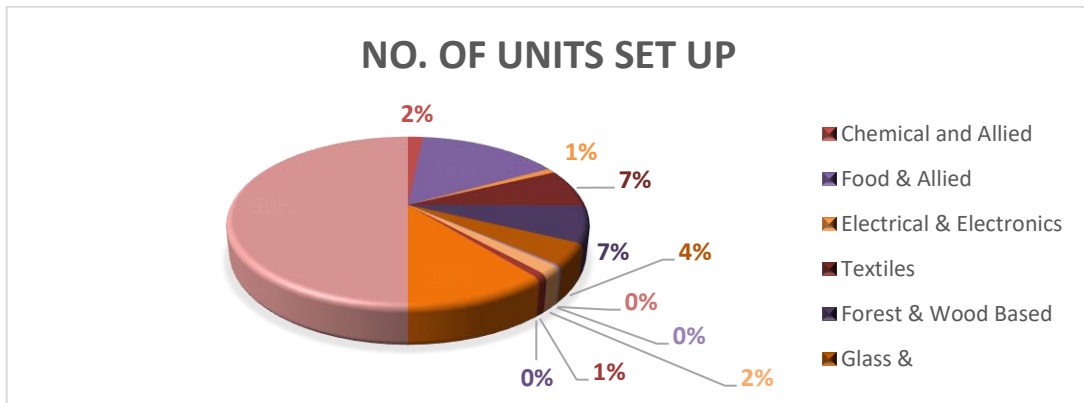


Figure 2: No of Units set up

Interpretation

The above graph indicates that the repairing & servicing category have the highest number of MSME units about 61%. The next 10% refers to the food and allied unit with the value 41284. The next category leads by Misc. Manufacturing which consist of 7% unit's setup. The 5% includes textiles, engineering & metal based, forest and wood based, whereas glass and ceramics consist of 3% only. The rest chemical and allied, electrical and electronics, paper & paper product and rubber & plastics contains only 1% in the above graph.

Sl. No.	Name of the Cluster (Product)	Location	No. of MSMEs (approx.)
1	Stone Carving	Arjunabania	30
2	Engineering cluster	Bhadrasahi	80
3	Tusar (value addition) cluster	Bhagamunda	2000
4	Jute craft	Sila Pokhari	30
5	Paper Mache	Fakirpur	50
6	Terracotta	Bata Harichandanpur	150
7	Stone carving	Dhakota	100
8	Jute craft	Dadhibamanpur	30
9	Badi (Keonjhar badi)	Keonjhar	25
10	Terracotta	Mahadevpur	30
11	Applique	Sandhiaposhi	30
12	Hand Loom	Fakirpur	149
13	Hand Loom	Ghasipura	159
14	Paper Mache	Keonjhar	580

Interpretation

The Government of India adopted cluster development approach as a key strategy for improving the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. Clustering of units also enables providers of numerous services including banks and credit agencies, to provide their services more economically. This table highlights the Tusar product has the highest no of MSME units.

The following are some products of MSME:

- **Agarbatti**

Agarbatti is a type of incense stick that is commonly used in religious and spiritual ceremonies, as well as for its fragrance in homes and offices. In Eastern India, where agarbatti making is a popular cottage industry.

Table 4: Status of Agarbatti

Name	Income (Annual)		Turnover		Employees	
	2019-2020	2021-2022	2019-2020	2021-2022	Male	Female
Brahamani Devi	108000	445000	285000	980800	15	10
Tarini Agarbatti (Anandpur)	126800	523000	306300	988900	16	12
Guptaganga Agarbatti (Keonjhar Court)	389500	1089000	658500	1460500	20	10

Table 5: Turnover for the year 2019-20

Name	2019-2020
Brahamani Devi	285000
Tarini Agarbatti (Anandpur)	306300
Guptaganga Agarbatti (Keonjhar Court)	658500

Interpretation

The above table shows the sales of agarbatti for the year 2019-20. Here, highest 53% turnover is made by Guptaganga agarbatti, followed by Tarini agarbatti having 24% turnover. Last 23% turnover made by Brahmani Devi agarbatti.

Table 6: Turnover for the year 2021-2022

Name	2021-2022
Brahmani Devi	980800
Tarini Agarbatti (Anandapur)	988900
Guptaganga Agarbatti (Keonjhar Court)	1460500

Interpretation

The above graph shows the sales of agarbatti for the year 2021-22. Here, highest 42% turnover is made by Guptaganga agarbatti, followed by Tarini agarbatti having 29% i.e., 988900 turnovers. Last 29% i.e., 98080.

Annual Income for the year 2019-20 and 2021-22.

- **BADI**

Badi manufacturing is another popular cottage industry in Eastern India. Badi is a type of sun-dried lentil cake that is made from soaked lentils and is commonly used in various dishes in Indian cuisine.

Table 7: Status of Badi

Name	Income (Annual)		Turnover		Employees	
	2019-2020	2021-2022	2019-2020	2021-2022	Male	Female
Haladharpur PG, Ranjeisuni Pg of Misson Shakti	122000	390000	348000	700000		52
Keonjhar Phula Badi	485000	860000	52400	1000000	6	55
Moong Dal Badi, Jhumpura	233000	308000	478000	600000		48

- **Terracotta**

Terracotta is a type of earthenware that is made from natural clay, and it is a popular art form in Eastern India. Terracotta works are made using traditional techniques and are widely used for decorative and functional purposes.

Table 8: Status of Terracotta

Name	Income (Annual)		Turnover		Employees	
	2019-2020	2021-2022	2019-2020	2021-2022	Male	Female
Bata Harichandanpur	325000	410200	560000	780000	70	20
Ujala Terracotta (Harichandanpur)	300200	685000	450500	950000	80	15
Bichitra Terracotta (Haladharapur)	255000	542000	420000	850500	65	15

Interpretation

The above table shows the sales of terracotta for the year 2021-22 was highest & 2019-20 was lowest.

Findings

Regular sources of income have been provided by Small domestic businesses to the local households. One of the major problems i.e. unemployment and underemployment has been reduced with the help of these businesses. Economic independence among the women has been increased

since large number of women actively involved in such businesses. The standard of living of rural households have been improved because they have additional income from domestic enterprises. There are some challenges in term of finance, marketing, skill which are faced by the entrepreneurs.

Suggestions

Financial inclusion should be provided to the rural and semi urban enterprises in order to provide easy access to financial services. Skill enhancement programs and training should be organized in rural areas of this country. Digital marketing services should include in their businesses in order to increase the marketing accessibility of large areas. Monthly or annually awareness programs, regarding various government schemes related to small businesses should be provided. In order to strengthen domestic businesses, formation of self-help groups and cooperatives should be encouraged.

Conclusion

Small domestic businesses are the backbone, which have a significant positive impact on local household economies in Eastern India. They contribute to income generation, employment creation, gender equality and socio-economic development, particularly for women and low-income families. Despite facing several constraints, these businesses possess strong potential to drive sustainable economic growth at the grassroots level. Effective policy support, financial assistance, and capacity-building initiatives can further enhance their contribution to household welfare and local economic development. Rural people can develop themselves by doing small scale businesses.

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