



## **IMPACT OF COVID 19 ON COTTAGE INDUSTRIES IN VIRUDHUNAGAR**

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### **ABSTRACT**

Cottage Units are the one run by an individual with the help of his family members with very little amount of capital. Most of the cottage units do not use power. The products produced in Cottage Units are usually to satisfy the local demands. Number of labour hired in this sector is very limited and the capital investment is also small. Thus, cottage units are the small-scale, decentralized manufacturing business often operated out of a home rather than a purpose-built facility. They often focus on the production of labor-intensive goods but face a significant disadvantage when competing with factory-based manufacturers that mass-produce goods. Cottage Units also are an important source of employment, especially in rural areas. In this situation, in 25<sup>th</sup> March 2020, Government announced lockdown due to the spread of Novel Corona Virus pandemic disease. The business of cottage units declined during that lockdown period. The Cottage Units cannot continue the production process due to non-availability of labourers and raw materials. The earning capacity of the Cottage Units showed a negative trend. The present study will make an attempt to study the impact of Covid 19 on Cottage Industries and will suggest remedial measures to revamp from the declining stage.

**Keywords: Production, marketing mix, storage facilities, wide coverage, Covid 19**

### **INTRODUCTION**

Cottage Industries are the main source of income for many households in India. Cottage businesses have one benefit

that they can be started with very little opening investments, so this type of business is ultimate for people with low

incomes/villagers. In addition to that, the raw materials to produce cottage unit products are accessible effortlessly in their nearby environment. The Cottage and small scale industries hold enormous prospects for employment generation. Additionally, a person working in such an industry is basically a self-employed one. Cottage and small scale industries take part in about 40% of the total industrial output in India. There are approximately around 3,50,000 units within the state of Tamilnadu, providing employment to over 2.2 million people Fred, R. D. (2014). Furthermore, it has been empirically found out that this industry has provided economic independence to the women in developing and developed countries. Moreover, the whole family involves in producing items in this industry, hence it facilitates numerous families with an employment option throughout the year.

While business operating in Cottage Units may remain small, they still have to compete with other firms, whether other Cottage Units or larger-scale companies. This requires them to employ new technologies that will improve efficiency and productivity. They also will have to compete for sources of labor, which can be especially difficult as a country becomes more developed and wages rise. In this

situation, in 25<sup>th</sup> March 2020, Government announced lockdown due to the spread of Novel Corona Virus pandemic disease. The business of Cottage Units declined during that lock down period. The cottage units cannot continue the production process due to non-availability of labourers and raw materials. The earning capacity of the Cottage Units showed a negative trend.

The present study will make an attempt to study the impact of Covid 19 on Cottage Industries. The present study is planned to analyse the impact of Covid 19 on production, marketing, finance, maintenance of machinery, adoption of technology, storage of products, human resources and distribution of finished goods. Hence, the objective of the study is to analyse the impact of Covid 19 on Cottage Industries in Virudhunagar.

## **RESEARCH METHODOLOGY**

The methodology of the research covering methods of data collection, instruments used for data collection, sampling design, statistical tools used for data analysis are described as follows. The study Is based on both primary and secondary data. The primary data has been gathered from 171 Cottage Unit Proprietors distributing structured and pre-tested questionnaire. The secondary data has been

collected from books, magazines, journal and encyclopedias. Based on the pilot study, some of the unwanted and unsuitable questions will be removed from the instrument and few questions were simplified. The result of the pilot study will be useful for the researcher to frame the final questionnaire for collecting information from the respondents.

In Virudhunagar, among the 53 Revenue Villages (Krishnaorthy, 2015) 306 Cottage Units were selected for sampling. The population of 306 is fed in the Rao’s calculator. At 95 per cent level of significance, the sample size is determined as 171 Business Units. Communality, Normality and Homogeneity tests were used to check the validity and reliability of the data. Mean score analysis has been used to analyse the impact of Covid 19 on Cottage Industries.

**RESULTS AND DISCUSSION**

In this section, the business profile viz., years of running the business and products produced have been taken into account. The opinion of the respondents towards impact of Covid 19 on Cottage Industries has been checked by using Communality, Normality and Homogeneity test. It is analysed by using mean score analysis. Table 1 highlights the business

profile of the Cottage Industries. Out of 171 Cottage Industries, 71 (41.52%) have run the business for 5-10 years, 58 (33.92%) carry the business for below 5 years and 42 (24.56%) have run the business for above 10 years. Out of 171 Cottage Industries, 24 (14.04%) have manufactured temple ghee lamps, 22 (12.87%) have made pickles, 21 (12.28%) have prepared soap oil, 20 (11.7%) have produced snacks, 19 (11.11%) have manufactured home made jaggery sweets, 18 (10.53%) have made papads, 16(9.36%) have prepared parotta, 13 (7.6%) have manufactured honey candy, 12(7.02%) have prepared masala powder and 6 (3.51%) have packed dry fishes.

**Table 1 shows Business Profile of the Cottage Industries**

Business Profile		No. of Respondents	Percentage
Year of running the business	Below 5	58	33.92
	5-10	71	41.52
	Above 10	42	24.56
Products produced	Honey candy	13	7.60
	Snacks	20	11.70
	Pickles	22	12.87
	Masala powder	12	7.02
	Temple Ghee lamps	24	14.04
	Dry fish packets	6	3.51
	Papad	18	10.53
	Parotta	16	9.36
	Home made jaggery sweets	19	11.11
	Soap oil	21	12.28

Source: Primary data

**Table 2 shows the Impact of Covid 19 on Cottage Industries**

Impact	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Total
Fall in production	57	33	21	15	45	171
Fall in turnover	92	31	11	12	25	171
Fall in profit	80	12	47	12	20	171
Fall in demand	51	53	18	11	38	171
Unable to buy raw materials	71	69	13	6	12	171
Unable to service the machinery	52	49	31	23	16	171
Unable to change the parts of the machinery	63	40	32	12	24	171
Unable to sell the raw materials in wide coverage	45	41	53	11	21	171
Reduction in working time	70	35	19	16	31	171
Reduction in selling price	79	43	19	19	11	171
Unable to collect dues from retail shops	71	62	14	20	4	171
Unable to pay dues to the suppliers	49	42	44	16	20	171
Unable to retain the customers	45	39	31	30	26	171
Unable to invest more in business	60	56	19	17	19	171
Unable to expand the business	39	35	30	32	35	171
Unable to change the marketing mix	36	71	22	37	5	171
Non availability of labourers	51	45	29	27	19	171
Non availability of storage facilities	35	39	41	51	5	171

**Table 3 shows the Result of Analysis Commuality, Normality and Homogeneity Test**

Impact	Commuality	Normality		Homogeneity
		Skewness	Kurtosis	
Fall in production	0.667	0.452	2.683	0.082
Fall in turnover	0.799	0.753	1.457	0.069
Fall in profit	0.747	0.944	2.822	0.047
Fall in demand	0.712	0.520	1.942	0.024
Unable to buy raw materials	0.719	0.832	1.782	0.081
Unable to service the machinery	0.731	0.042	2.832	0.016
Unable to change the parts of the machinery	0.724	0.017	1.246	0.076
Unable to sell the raw materials in wide coverage	0.609	0.362	1.301	0.045
Reduction in working time	0.799	0.383	2.114	0.036
Reduction in selling price	0.702	0.103	2.178	0.029
Unable to collect dues from retail shops	0.765	0.018	2.201	0.040
Unable to pay dues to the suppliers	0.648	0.674	1.215	0.005
Unable to retain the customers	0.735	0.235	1.278	0.013
Unable to invest more in business	0.681	0.458	1.142	0.047
Unable to expand the business	0.674	0.165	1.549	0.021
Unable to change the marketing mix	0.715	0.014	1.148	0.056
Non availability of labourers	0.615	0.548	2.672	0.085
Non availability of storage facilities	0.704	0.173	1.732	0.093

**Table 4 shows the Mean Score Analysis.**

<b>Impact</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>No Opinion</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Total score</b>	<b>Mean score</b>
Fall in production	285	132	63	30	45	555	3.25
Fall in turnover	460	124	33	24	25	666	3.89
Fall in profit	400	48	141	24	20	633	3.70
Fall in demand	255	212	54	22	38	581	3.40
Unable to buy raw materials	355	276	39	12	12	694	4.06
Unable to service the machinery	260	196	93	46	16	611	3.57
Unable to change the parts of the machinery	315	160	96	24	24	619	3.62
Unable to sell the raw materials in wide coverage	225	164	159	22	21	591	3.46
Reduction in working time	350	140	57	32	31	610	3.57
Reduction in selling price	395	172	57	38	11	673	3.94
Unable to collect dues from retail shops	355	248	42	40	4	689	4.03
Unable to pay dues to the suppliers	245	168	132	32	20	597	3.49
Unable to retain the customers	225	156	93	60	26	560	3.27
Unable to invest more in business	300	224	57	34	19	634	3.71
Unable to expand the business	195	140	90	64	35	524	3.06
Unable to change the marketing mix	180	284	66	74	5	609	3.56
Non availability of labourers	255	180	87	54	19	595	3.48
Non availability of storage facilities	175	156	123	102	5	561	3.28

Higher communalities are essential for statement analysis and the acceptance level for establishing the communality of the data is 0.5. The communality value in respect of all the items exceeded the acceptable limit of 0.5 and hence all items were taken for the present study.

Normality specifies that the data are normally distributed. Normally distributed data indicates the formation of a bell-shaped

curve. It is essential and this test influence the goodness of fit indices and statement error. Hence, the normality of data has been tested.

The data in respect of all the items in the factors are executed under normality test as the Skewness value is in the range of + 1 to -1 and the value of Kurtosis ranges between +3 and -3. Hence all the items were normally distributed.

## HOMOGENEITY TEST

Homogeneity of data is required to apply any statistical technique. Homogeneous data can be attained from a unique population. The homogeneity test values of all the statements are not same. It is confirmed that those values that the homogeneity among the data is absent. Hence, it is proved that the data is obtained from heterogeneous population. Thus, the data available can be used for further statistical analysis.

## IMPACT OF COVID 19 ON COTTAGE INDUSTRIES – MEAN SCORE ANALYSIS

Due to Covid 19, the Cottage Industries are not able to buy raw materials and not able to collect dues from the retail shops. They are in a position to reduce their selling price and their turnover is reduced. As selling price is reduced and shortage of sales, they can not improve their business in the next level.

## SUGGESTIONS

On the basis of findings of the study, some suggestions are offered to improve the performance of Cottage Units to meet and the emergency situation like Covid 19.

1. The Cottage Industries have to use alternative raw materials in case of

mobility to buy raw materials during lockdown.

2. They have to modify their product mix by using available source of raw materials.
3. Cash discounts may be given to the retail shops for quick recovery of dues.
4. Instead of reducing selling price, sales promotional strategies have to be developed to boost up the sales
5. Routine maintenance of machinery avoids repair and it will enhance proper running of machinery.
6. Cottage Units have to focus on niche group of customers during lock down period to increase their profitability.
7. In case of non availability of labourers, they may involve their family members in services

## CONCLUSION

Challenges and Difficulties are unavoidable in life. Like the business also have lot struggles. Now the struggle is escalated due to Pandemic Disease Covid 19. Even though human lives and their business life are in trouble, this position may be positively changed. In order to revamp from business challenges, the business firms

have to change their strategies especially Cottage Units. They have to modify their product line and marketing mix to recover from loss. A correct formulation of strategy and effective execution of strategy by cottage industries will rehabilitate their business life.

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