

# Khadi and Village Industries in India: A Theoretical Review

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## ABSTRACT

The unemployment growth rate in India was increasing with a rapid speed. To address this problem the development of the Khadi and Village Industries were important, Khadi and Village Industries Commission (KVIC) was established under the Khadi and Village Industries Commission Act, 1956. At present over 4.56 lakh people are engaged in their activities under KVIC, majority of them (over 70 percent) are women. In comparison to total unemployment in India the quantum of employment provided by these industries is low and overhead costs of providing the employment is very high, especially in the case of Khadi. The main problems of Khadi and Village Industries are scarcity of capital, marketing problems, competition from large scale industries, consumer unawareness, limited working hours of the Khadi bhandars, uneven quality and limited design patterns. This sector could be developed by addressing these problems and by creating awareness among consumers about the importance of KVIs.

**KEYWORDS:** Artisan, Employment, Khadi and Village Industries, Production and Rural

## INTRODUCTION

India is a country with abundance of resources which attracted many countries to utilize and enhance their economy to the upward level. This affects employment opportunities for the most of the people living in rural areas which enable them to go to other towns for employment purpose (Mahesh et.al, 2012). According to Mahatma Gandhi, 'Khadhi' is the sun of the village system around which all other Village Industries revolve (Harijan, 1934).

Khadi and Village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act, 1956, is a statutory organization under the aegis of the Micro, Small and Medium Enterprises (MSME). The total share of MSME in Gross Domestic Product (GDP) was 28.7 percent and its contribution in Gross Value Added (GVA) was 31.60 percent in 2015-16 (MSME, 2017-18).

Khadi and Village industries (KVIs) play a pivotal role in economic growth and generate employment opportunities at very low investment in the rural areas. This sector not only fulfills the basic needs of processed goods of the huge rural part of the country, it also serves sustainable employment to rural artisans. Traditional industries have a rich heritage in India, the place of KVIs assume credence for the upliftment of rural people, as it is serving the huge variety of eco-friendly goods mostly from locally accessible resources. (KVIC, 2017).

Khadi has moved from freedom-fighters' identity fabric to fashion garment. In other words, Khadi encompasses of hand spun and hand woven cotton, woolen, silk, polyvasta and

muslin varieties. Government of India (GOI) passed the Khadi and Village Industries Commission (KVIC) bill, 2005; Village Industries are those industries which invest fixed income from Rs. 15000 to Rs.1 lakh (Keshava, 2014). The Village Industries have been divided into seven categories which are mineral based industry (MBI), forest based industry, handmade paper and fiber industry, rural engineering and bio-technology industry, service and textile industry, agro based and food processing industries (Choudhury and Agrawal, 2012).

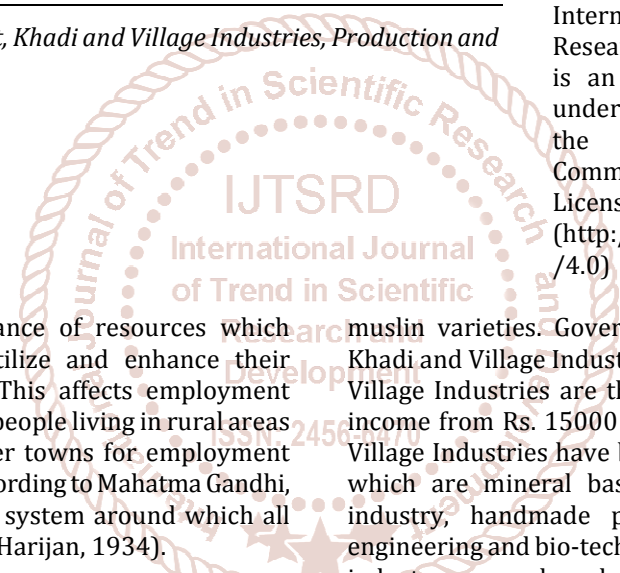
The growth of GVA of the manufacturing sector is 7.9 percent at constant prices (2011-12) out of that, the share of Khadi and Village Industries was 23 percent during 2015-16. Khadi sector has generated the employment opportunities for 8.64 lakh people in 2004-05 which increased to 11.07 lakh in 2015-16 with CAGR of 2.08 percent, whereas the Village Industries have generated employment for 68.14 lakh persons in 2004-05 which increased to 135.71 lakh persons in 2015-16 with CAGR of 5.03 percent.

The main products exported under Khadi are silk and muslin, khadi garments, textile based handicraft and charkha to USA, Italy, Japan, Australia, Poland, Canada, UK and Middle East Nations. Agro and processed food segment (like pickle, papad, jelly, jam, squash) is the major contributor to KVIs exports and it grows from Rs 38 Crore in 2013 to Rs 71 Crore in 2016. The main products exported under this segment are papad, wheatgrass and food items (IMaCS, 2017)

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### Objective of the study

The main objective of the paper is to analyse the ideas of other research scholars in Khadi and Village Industries.

### Methodology

The paper is based on secondary work. This information is taken from different journals and annual reports of Khadi and Village Industries Commission (KVIC), Ministry of Agro and Rural Industries (ARI) and Ministry of Micro, Small and Medium Enterprises (MSME).

### Theoretical framework

Many research studies related to the importance of the Khadi and Village Industries have been reviewed. The contribution of this sector in terms of production, sale, employment, problems along with its suggestions has been analysed.

Chandra, (2000) states that even recent technology has resulted in ending drudgery and it helped in the huge production of quality products, its main failure had been the replacement of humans by machines. In India, there is a shortage of capital and more unemployment, KVI sector was capable of playing an important role in creating large scale employment and also strengthening and diversifying in the rural economy. The KVI sector can be indirectly help urban areas by discouraging the migration from rural sector to cities in search of gainful employment.

Ramaswamy, (1989) found out that the productivity of KVI sector was low due to less use of machine power. After the independence, the importance of small scale and agro based industries has increased. KVI sector played a major role to provide employment as well as their tools and equipments in the course of production which did not give rise to ecological disturbances.

Mishra and Jain, 2012 found that in many branches of Sangrur district did not have any sale of Khadi items; the sangh was surviving on gramudhyog goods like dhoop, mehndi reason being, lack of durability, limited colours, less demand and other marketing problems, he is of the view that Khadi needs re-vitalization.

Goyal et.al, (2014) discussed that the highest CAGR was in Khani oil and employment was the highest in carpentry and black smithy in (1970-71 to 1990-91) pre-liberalization period while in the post- liberalization period employment grew at the highest rate in khani oil and lowest in gur khandsari. The unemployment growth rate in India was increased with a rapid speed. The share of industrial sector in employment was 7 percent to 7.16 percent during 1994 to 2010. Therefore, the development of the Khadi and Village Industries is important keeping in view the rate of growth of population in village areas so that employment opportunities can be provided to the labour force. The problems of Village Industries are like scarcity of capital, marketing problems and competition from large scale industries and lack of consumer awareness and support. Therefore, this sector could be developed by addressing these problems and by creating awareness to consumers about the importance of KVIs.

Goel and Jain, (2015) points out that only Rajasthan KVIs board have reviewed for the current marketing strategies. The sale of Khadi was 6 percent in 2013-14 and gain in

production was 6.45 percent, sale rose to 1081.04 crore in Rajasthan and the major reasons behind limited growth of the KVIC in India are less awareness, preference to foreign brands, limited working hours of the Khadi bhandars and uneven quality and limited design patterns and supply side problems like poor marketing linkages and obsolete weaving technology. The aim should be awareness of Khadi products to the masses for increase the demand for Khadi products.

Naidu, (2016) analysed the problems regarding production like storage, power shortage, health problems, distribution related problems, high interest rate and lack of financial support in production, market and finance process by surveying 200 members in Chittoor district. The 36 percent of the members faced the shortage of raw material, 6.5 percent lack of skilled labour in production process as well as 37.5 percent of the members faced the problem of lack of knowledge and 32.5 percent were expressed the non-availability of required finance.

### Theoretical review on Employment

Patil, (1968) stated that Khadi is a programme for providing gainful employment while the Village Industries are better for decentralized development. The employment provided by the KVI sector is largely supplementary and part time and none of person could subsist on the meager wages provided by these industries, unless he has some another source of income as a prime occupation. Secondly, comparison to total unemployment the quantum of employment provided by these industries is low and overhead costs of providing the employment is very high, especially in the case of Khadi. Therefore, all the existing institutions engaged in production of Khadi enterprises should come together and decide on the more possible ways of production which satisfy the three aims of Ashoka Mehta Committee report like producing a saleable article, increase in employment and make up a strong rural community spirit.

Ghosh, (1991) and Das, (2001) discussed that demographic decentralization was the important part of any meaningful local area planning. There were different industries in the rural areas like cotton textiles, jute textiles, woolen textiles, synthetic fibers and fabrics and it was possible to provide gainful employment to a lot of weavers in handloom and sericulture. Khadi and Village Industries provide employment to 8.01 lakh people. Out of this, 7.42 lakh people were employed in Village Industries and 0.59 lakh in Khadi Industries. After the REGP programme the states like Maharashtra, Orissa, Andhra Pradesh, Gujarat, and West Bengal have achieved higher production values in both sectors. There should be establishment of panachyat bodies with the greater availability of credit for the problems regarding marketing problems, raw materials, shortage of working capital and shortage of energy sources.

Shrivastava and Prasad, (2018) discussed the role of Khadi in employment generation and rural development in the period of pre-reforms and post reforms period. Khadi has moved from a freedom fighters identity cloth to a fashion fabric. The Khadi and Village Industries are the main source for generating employment opportunities. Before 1991, KVI sector did not face any big challenge, after the new economic reforms, KVIC has played the role of 'an intelligent advisor and assistant' for the promotion of rural industrialisation and provide rural entrepreneurs with excellent market skills.

The percentage of Khadi activity was 40 percent and rest 60 percent share contains by the fast moving consumer goods (FMCG) or Village Industry products such as soaps, match boxes, agarbatties, edible oil, pickle, honey etc.

### Conclusion

Khadi and Village Industries have good potential for generating gainful employment opportunities along with avenues of self - employment with less capital investment. However, this potential cannot be realised without addressing some basic weaknesses with regard to the production like storage, high interest rate, lack of financial support, marketing problems, lack of adequate finance, limited colours design and uneven quality. Efforts should be made to improve the quality of Khadi products by focusing upon different design inputs and improving the quality of Khadi cloth. The aim should be to increase awareness regarding the Khadi products among masses to increase the demand. KVIC have to gear up its strategies and schemes to tackle the new competitive challenges to support rural industrialization, provide rural entrepreneurs with marketing skills and help them to excel in quality and price norms.

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