



A Study of Khadi and Village Industries Commission as a Mean of Rural Development

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Abstract

The main purpose of this paper is to study the performance of KVI sector in the district in terms of production, employment and sales. The paper also attempts to study the production behavior of KVI units. It has been found that KVI unit's exhibits increasing return to scale. The paper presents a comprehensive picture of the performance of the sector. **Keywords:** KVI, Sales, Production, and employment generation 1.0 Introduction: Khadi and Village Industry (KVI) play a pivotal role in overall industrial economy of the country. It has been playing an important role as an instrument to generate large scale employment in the rural areas with low per capita investment. It is an important instrument in absorbing the ever increasing additional labor force in the rural non-farm sector. In India, the growth and development of KVI has been started during the British period. But during the pre-independence period, KVI occupied almost an insignificant role in the national economy and it was mainly linked with freedom movement only. It was only after the post-independence period where KVI turn out to be an effective instrument for promoting rural enterprises and tackling unemployment problem. This is mainly due to the active interest of the government in the development of rural industries in the post-independence era. KVI serves the basic needs of processed goods of the vast rural sector of the country and also provides sustainable employment to rural artisans. The KVI is functioning under the administrative control of Ministry of MSME. The main aim of KVI is to plan promote organize and assist in implementation of the programmes for generation of employment opportunities.

Keywords: KVI, production, employment, rural artisans etc.

Introduction:

Khadi was started by Gandhiji for the self-reliance and self-sustainability of spinners and weavers of Rural India. Khadi is considered as the authentic clothing of india. During the Freedom Struggle, the development of Khadi and Village Industries was an instrument to meet the twin objective of self-reliance through local production and seeking active participation of the poor in the struggle for Independence through removal of hunger and unemployment. Their potential as an instrument of poverty alleviation was also recognised by our early planners. Accordingly, the Khadi and Village Industries Commission (KVIC) was created by an Act of Parliament to plan, promote and organise their systematic development and expansion. The research work is undertaken with a focus on promotion of Khadi for the purpose of employment generation and to facilitate rural development. While the output and employment of Khadi and Village Industries have grown manifold during the last four and a half decades, their role in the context of the new paradigm of development has been questioned. KVIC has been identified as one of the major organisations in the decentralized sector for generating sustainable non-farm employment opportunities in rural areas at low per capita investment.

Methodology

We all are going through a critical period of COVID-19, but the teaching-learning is a continuous process. Considering this and Keeping in view the objective of the study this study is based on secondary data. 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 Analysis:

Indian industry at the beginning consisted of village handicrafts. The rural industries were closely linked with agriculture, as well as handicrafts. The system of hereditary specialization in certain crafts ensured good quality products; however, the division of labour was of low level, which was responsible for comparatively low productivity. The Khadi and Village Industries Commission (KVIC) have contributed significantly to the rural development of the Indian economy through its presence – prior to independence in an unorganized, unstructured manner; as well as in the post-independence era in a structured, organized manner. 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). It is an all India level organization established for the development of Khadi and Village Industries in the rural areas. It aims at providing financial support to rural artisans to retain and develop their skills, so as to produce marketable goods, thereby contributing to the family income. Since its inception, KVIC has been working in a dedicated manner, to bring about rural development in India.

Definitions of Key Concepts in Khadi and Village Industries

1. 'Khadi':

Khadi is a household name reflecting spinning and weaving in the rural areas. The term Khadi means "any cloth woven on handlooms in India from cotton, silk or woolen yarn hand spun in India or from a mixture of any two or all of such yarns". The handlooms used for this purpose are termed as Charkhas. The New Model Charkhas have been introduced in spinning of Khadi yarn in a bid to ensure better living wage to spinners.

2. 'Handloom':

Handloom is defined as "a loom for weaving of cloth by using yarn made of cotton, silk or woolen, or any type singly or in blends and used normally without the aid of power". Various numbers of handlooms are in operation for weaving Khadi cloth. Khadi is very comfortable to wear since air can pass through it easily. It prevents any skin rash etc., and is more comfortable when compared to the artificially made synthetic fabrics like Nylon, Rayon, Terylene, etc. Khadi is no longer identified with coarse varieties of fabric which was known as Khaddar. Khadi has now reached a fine variety of 400 counts of muslin cloth. Soft and stiff varieties of khadi have been evolved. Khadi Institutions produce very fine variety to coarse varieties of hand spun and hand woven materials in cotton, woolen, silk, and mixture of both i.e. cotton and silk, cotton and polyester, woolen and polyester etc.

3. Women Enterprises –

Women Enterprises are those small-scale units where one or more women entrepreneurs have not less than 51 % financial holding. Such units are given more concessions and encouragement. Hence it can be said that the scope of small-scale industry is wider than that of the other types. In the case of small scale industries power is used and some hired labour is employed while in the case of cottage industries the work is carried on in the home of the producer with simple tools and without any power or hired labour.

4. Handicraft

Handicraft is defined as all articles, which are made by hand or with the aid of small mechanical devices and are artistic in nature either by way of artwork or form, shape and design. 'Handicrafts' involve skilled craftsmanship. The handicraft products are known for their artistic merit, excellence in quality and rare beauty. The production of handicraft goods involves a lot of time and labour of the artists, for creating the product. The products are attractive & relatively sophisticated but the tools, which are used for manufacturing purposes, are simple and modest. The artisans, through middlemen, generally sell the handicraft products. The All India Handicrafts Board looks after the overall development of handicraft industries.

5. Traditional Industries:

Traditional Industries include the khadi, village industries, handloom, sericulture, handicrafts and coir industrial units. These constitute an important segment of the economy. They facilitate self-employment, wider dispersal of industrial and economic activities, maximum utilization of local resources both physical and material resources. The traditional industries are mostly rural and semi urban in character and help in sustaining and creating employment opportunities, increase income generation and preserve craftsmanship, as well as art and heritage of the country. In simple words, a 'Village Industry' means any small industry, which forms the main integral part of a village economy. Village industries are generally speaking of a traditional nature catering to local markets. They come within the jurisdiction of KVIC.

The main objectives of KVIC:

1 Social objective:

To provide employment in rural areas.

2. Economic Objective:

To produce salable articles.

3. Wider objective:

To create self-reliance amongst the poor and building up of a strong rural community spirit.

To fulfill the abovementioned objectives, it undertakes activities like skill development of artisans, research and development, transfer of technology to the entrepreneurs engaged in Khadi and Village industries activities established. Linkages with potential organization, agencies for marketing of Khadi & Village industries products, financing institutions for providing loans to the needy youth for establishing their enterprises. KVIC as a part of its commitment to the rural industrialization, has been assessing rural resources and formulating plans, programmes and schemes for their most effective and balanced utilization helping the rural workforce to earn a sustainable livelihood either self-employment or wage employment through establishing micro industries in the hinterland of country, at very low per capita investment. The growth of KVI sector has continued unabated, with the catalytic support of KVIC.

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 ecofriendly goods mostly from locally accessible resources.

The Functions of KVIC:

The Commissioner for KVI has been charged with the function of planning, promotion, organization and implementation of programmes for the development of khadi and other village industries in the rural areas in coordination with other agencies engaged in rural development, where ever necessary. Its functions are:

- a) To Plan and organize training of persons employed or hopeful of seeking employment in KVI
- b) To Supply raw materials to concerned agencies at an appropriate rate
- c) To encourage and assist in the creation of common service facilities for the processing of raw materials or semi-finished goods and for otherwise facilitating production and marketing of khadi or products of village industries
- d) To promote the sale of marketing of khadi or products of village industries or handicrafts and for this purpose forge links with established marketing agencies wherever necessary and feasible
- e) To encourage and promote research in the technology used in khadi and village industries, including the use of non-conventional energy and electric power with a view to increasing productivity, eliminating drudgery and otherwise enhancing their competitive capacity and to arrange for dissemination of salient results obtained from such research
- f) To undertake directly or through other agencies studies of the problems of khadi or village industries
- g) To provide financial assistance to institutions or persons engaged in the development and operation of khadi or village industries and guide them through supply of designs, prototypes and other technical information for the purpose of producing goods and services for which there is effective demand in the opinion of the Commission
- h) To undertake experiments or pilot projects which in the opinion of the Commission are necessary for the development of khadi and village industries;

i) To promote and encourage cooperative efforts among the manufacturers of khadi or persons engaged in village industries

j) To ensure genuineness and to set up standards of quality.

For analysis:

Table 1.1
Performance of Khadi & Village industries
(Rs in crore, Employment in lakh person)

Sr. No.	Performance Parameters	Industry	Year		
			2013-14	2014-15	2015-16
1	Production				
		Khadi	811.08	879.98	1065.6
		VI	25298	26689	33424.62
		Total	26109.08	27569.37	34490.22
2	Sales				
		Khadi	1081.04	1170.38	1510
		V I	30073.16	31965	40384.56
		Total	31154.2	33135.9	41894.56
3	Employment				
		Khadi	10.98	11.06	11.07
		V I	119.4	123.19	126.76
		Total	130.38	134.25	137.83
4	Earnings				
		Khadi	469.56	483.37	604.29
		V I	10767.09	11208.54	14875.53
		Total	11236.65	11654.52	15479.82

Source: <https://www.kviconline.gov.in/> <https://www.msme.gov.in>

Figure 1.1

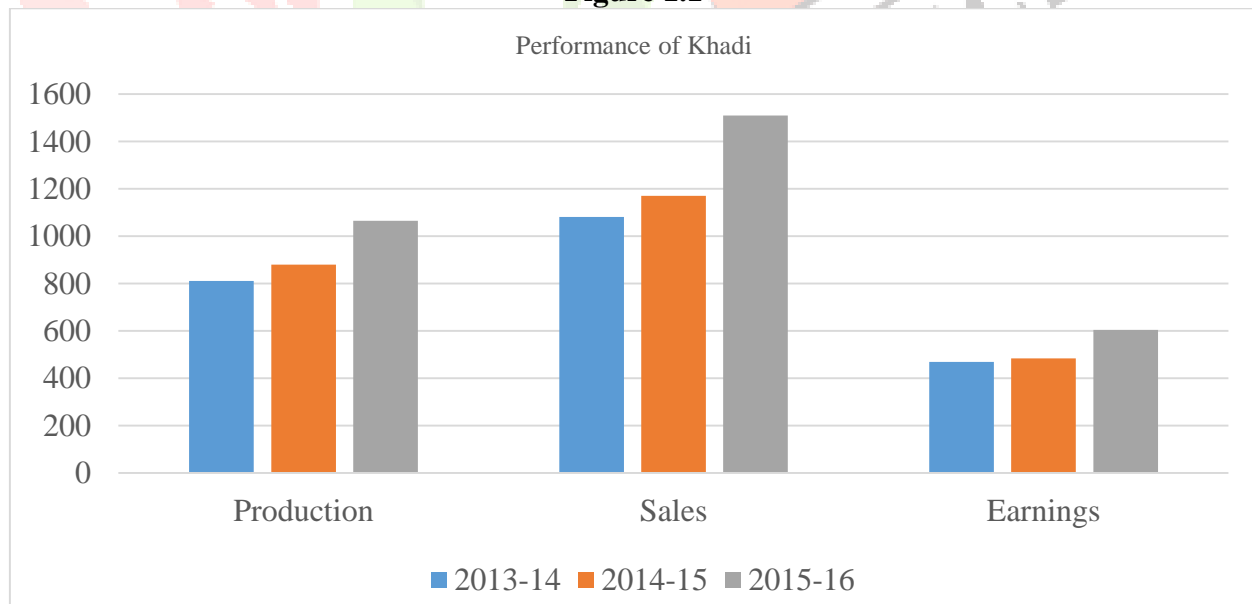


Figure 1.2

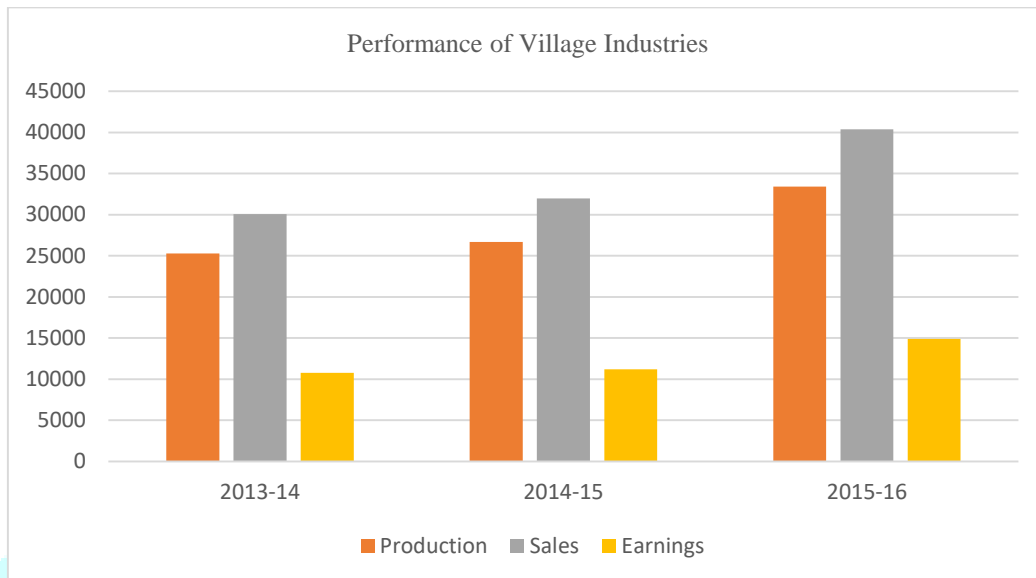


Table 1.2 Performance of Khadi & Village industries
(Rs in crore, Employment in lakh person)

Sr No	Performance Parameters	Industry	Year		
			2016-17	2017-18	2018-19
1	Production	Khadi	1404.84	1465.21	1765.51
		Polyvastra	118.99	159.67	191.70
		Solarvastra	-	1.78	6.09
		Total	1520.83	1626.66	1963.30
		VI	41110.26	46454.75	56167.04
		Total	42631.09	48081.41	58130.34
2	Sales	Khadi	2007.61	2249.18	2854.19
		Polyvastra	138.99	259.32	355.47
		Solarvastra	-	1.71	5.47
		Total	2146.60	2510.21	3215.13
		V I	49991.61	56672.22	71076.96
		Total	52138.21	59182.43	74292.09
3	Employment	Khadi	4.28	4.34	4.60
		Polyvastra	0.28	0.29	0.30
		Solarvastra	-	0.02	0.06
		Total	4.56	4.65	4.96
		V I	131.84	135.71	142.03
		Total	136.40	140.36	146.99
4	Earnings	Khadi	730.08	761.83	916.31
		Polyvastra	62.65	81.67	98.06
		Solarvastra	-	0.91	3.01
		Total	792.73	844.41	1017.38
		V I	18662.51	21549.79	26103.82
		Total	19455.24	22394.20	27121.20

Source: <https://www.kviconline.gov.in/>

The achievements made in terms of production, sales and employment by KVI is presented in Table 1.2. Production of Khadi is increased by 6.96% in 207-18 and increased by 20.70% in 2018-19 if compared with the production in 2017-18. And sales of khadi increased by 16.94% in 2017-18. Its good indicator but again the data reflects that the same sector shows 28.08% higher sales in 2018-19. The better thing is that employment generation is also increasing year by year through Khadi & Village Industries. Only 4.35% increase means negligible percentage is showed in 2017-18. But again it has a better improvement in 2018-19. The same results are here related to village industries.

This reflects that Khadi and Village Industries have good potential for generating gainful employment opportunities along with avenues of self - employment which requires 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, lack of division of labor and uneven quality.

Conclusion:

The Khadi and Village Industries play a dominant role in determining the economic wellbeing of the villages. KVI occupies a unique position in the rural economy of our country by not only contributing substantially towards strengthening the economic base of the village but also by effecting utilization of the vast natural resources and significant manpower.

The KVIC provide employment to the rural poor, unemployed youth and down trodden artisans of the state by providing financial and technical assistance for setting up micro and small industrial production units under various schemes which come under purview of all India Khadi and Village Industries Commission Govt. of India. These schemes are expected to increase the value of production, sales and employment of entrepreneurs. Over the years there has been considerable increase in production and employment in KVI sector.

It can be said that KVI sector plays a vital role in generating employment opportunities to the unemployed youth in the district by providing financial and technical assistance under its various implemented scheme for setting up small and micro enterprises. The growth rate of KVI sector in terms of production, sales, employment, and earnings is significant. But Government support is necessary for continuous progress of KVI sector. KVI is the important way for unemployed masses to realize their dreams and to give their best for development of themselves and the nation. KVIC have to gear up its strategies and schemes to tackle the new competitive challenges to support rural industrialization.

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