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KHADI AND VILLAGE INDUSTRIES AS A STATUTORY BODY OF MSMEs

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ABSTRACT: MSME (Micro, Small and Medium Enterprises) are the heart of Indian Industry. Their contribution especially to a developing country like India is very valuable. They not only contribute in generating employment but also encourage low skilled level workers to start as entrepreneur level in rural areas. This position gets reflected in the form of their increasing number and rising proportion in the overall product manufacturing, exports, manpower employment, technical innovations and promotion of entrepreneurial skills. It helps in industrialization of rural and backward areas, reducing regional imbalances and assuring more equitable distribution of national income and wealth. Khadi and Village Industries is one of the significant wing of MSME (Micro, Small and Medium Enterprises) Sector in India. The contribution of KVI in increasing employment, exports of products, developing rural areas is incomparable. Over the years, Khadi and Village Industries Commission-KVIC had many efforts with the MSME Ministry to develop the Khadi and Village Industries and as a result of this, KVI is one of the successful sectors of MSME. It has developed many indigenous industries in India. The research paper focuses to evaluate the contribution of KVI in employment, production and sales of KVI and about its budgetary fundings.

Index Terms - KVI, KVIC, EMPLOYMENT, MSMEs, PRODUCTION AND SALES.

I. INTRODUCTION

OVER THE LAST FIVE DECADES, THE MICRO, SMALL, AND MEDIUM ENTERPRISES (MSME) SECTOR HAS EVOLVED AS A VERY LIVELY AND DYNAMIC SEGMENT OF THE INDIAN ECONOMY. IT CONTRIBUTES CONSIDERABLY TO THE COUNTRY'S ECONOMIC AND SOCIAL GROWTH BY ENCOURAGING ENTREPRENEURSHIP AND CREATING VAST JOB POSSIBILITIES AT A LOWER CAPITAL COST, SECOND ONLY TO AGRICULTURE. MSMEs SERVE AS AUXILIARY UNITS TO MAJOR BUSINESSES, AND THIS SECTOR CONTRIBUTES CONSIDERABLY TO THE COUNTRY'S INCLUSIVE INDUSTRIAL GROWTH. MSMEs ARE EXPANDING THEIR DOMAIN ACROSS SECTORS OF THE ECONOMY, GENERATING A VARIED VARIETY OF PRODUCTS AND SERVICES TO SUIT DOMESTIC AND GLOBAL DEMANDS. THE MINISTRY OF MICRO, SMALL, AND MEDIUM ENTERPRISES (M/O MSME) ENVISIONS A PROGRESSIVE MSME SECTOR BY PROMOTING GROWTH AND DEVELOPMENT OF THE SECTOR, INCLUDING KHADI, VILLAGE, AND COIR INDUSTRIES, IN COLLABORATION WITH CONCERNED MINISTRIES/DEPARTMENTS, STATE GOVERNMENTS, AND OTHER STAKEHOLDERS, BY PROVIDING ASSISTANCE TO EXISTING ENTERPRISES, ADOPTING CUTTING-EDGE TECHNOLOGIES, AND ENCOURAGING THE CREATION OF NEW ENTERPRISES. THE MINISTRY OF MSME OVERSEES A VARIETY OF STATUTORY AND NON-STATUTORY ORGANISATIONS. THESE INCLUDE THE KHADI AND VILLAGE INDUSTRIES COMMISSION (KVIC) AND THE COIR BOARD, AS WELL AS THE NATIONAL SMALL INDUSTRIES CORPORATION (NSIC), THE NATIONAL INSTITUTE FOR MICRO, SMALL, AND MEDIUM ENTERPRISES (NIMSME), AND THE MAHATMA GANDHI INSTITUTE FOR RURAL INDUSTRIALISATION (MGIRI)

PURPOSE OF THE STUDY

1. To know the KVIC in perspective of MSMEs.
2. To check the production and sales of KVIC.
3. To reveal whether the KVIC is capable to give employment.
4. To know about KVIC's fundings.

Khadi & Village Industries Commission (KVIC) formed beneath the khadi and Village Industries Commission Act, 1956 (61 of 1956), could be a Statutory Organization beneath the aegis of the Ministry of MSME, engaged in promoting and growing khadi and Village Industries for offering work options inside the rural communities, so improving the agricultural economy. KVIC has been known together among the biggest organisations within the redistributed sector for producing property non-farm employment prospects in rural areas at a modest per capita investment. It undertakes operations including ability improvement, transfers of technology, analysis & development, marketing, etc.

THE MAJOR GOALS OF KVIC ARE AS FOLLOWS

- i. the social goal of creating work in rural areas;
- ii. the economic goal of generating saleable items; and
- iii. The broader goal of fostering self-sufficiency and fostering a strong rural community spirit.
- iv. to encourage and assist in the creation of common service facilities for the processing of raw materials or semi-finished goods and otherwise facilitate production and marketing of Khadi or products of Village Industries;
- v. to promote the sale and marketing of Khadi or products of Village Industries or handicrafts and for this purpose forge links with established marketing agencies wherever necessary and feasible;

KVIC undertakes training activities through its 35 Departmental and Non-Departmental Training Centres. Marketing of KVI product produced by Khadi & Village Industries Institutions and Units, Khadi Gramodyog Bhandar and Bhavans, run by KVI Institutions is done through vast network of 8 Departmental Sales Outlets (Khadi India) and its 15 branches of KVIC, and 8035 sales outlet belonging to the Khadi Institutions throughout the Country. KVIC also makes available quality raw material to Khadi Institutions through its five Central Sliver Plants (CSPs). Khadi and Village Industries (KVI) programmes are implemented through 34 State / Union Territories (UTs), Khadi and Village Industries Boards (KVIBs); and Registered KVI Institutions. The Khadi programme is implemented through Institutions registered either with KVIC or State / UT KVIBs.

KHADI SECTOR IN INDIA

Khadi activity is considered as potential tool for creation of employment opportunities at the doorstep of rural Artisans at very low capital investment. Immediately after 39 Annual Report 2020-21 independence, Khadi and Village Industries productivity became the grand symbol of nationalism. As such, Khadi came to be known not just a piece of cloth, but as a symbol of freedom and self-reliance.

KVIC is a Statutory Organisation tasked with the role of promoting the production and sale of Khadi. Over 2737 Khadi Institutions form the vast network are implementing the programmes of KVIC in India. Over 4.97 Lakh people are engaged in this activity. Out of which, over 80 percent are women Artisans.

Khadi is the unique programme of KVIC and a potent tool for creation of employment at the Artisans' doorstep being implemented by Khadi Institutions. The assistance provided through Modified Market Development Assistance (MMDA) and Interest Subsidy Eligibility Certificate (ISEC) Scheme are enabling Khadi Institutions to provide employment opportunities. Khadi sector production and sales have grown during previous year. Production and sale of Khadi sector during last 4 years and current year 2020-21 (up to December, 2020) & anticipated up to 31.03.2021 are given below :-

Table 1. Production and Sales**(Rs. in Crore)**

YEAR	PRODUCTION	SALES
2016-17 #	1520.83	2146.60
2017-18 #	1626.66	2510.21
2018-19 #	1963.30	3215.13
2019-20 #	2324.24	4211.26
2020-21 # (UP TO 31-12-2020)	1344.69	1877.19
2020-21 # (PROJECTED UP TO 31-03-2021)	2104.01	3856.50

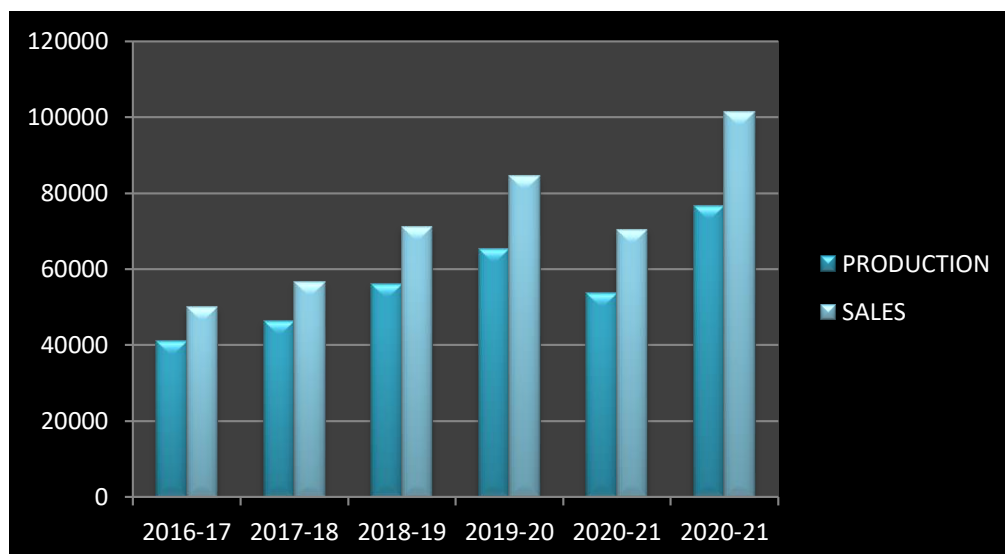
Table 1 Annual Report 2020-21

Figure No. 1

Khadi sector's employment during last 4 years and current year 2020 are given below :-

Table 2 Khadi Sector : Employment

YEAR	EMPLOYEMENT
2016-17 #	4.56
2017-18 #	4.65
2018-19#	4.96
2019-20#	4.97
2020-21# (UPTO 31-12-2021)	4.97
2020-21#(PROJECTED UPTO 31-03-2021)	5.00

(Artisan in Lakh)

Table 2 Annual Report 2020-21

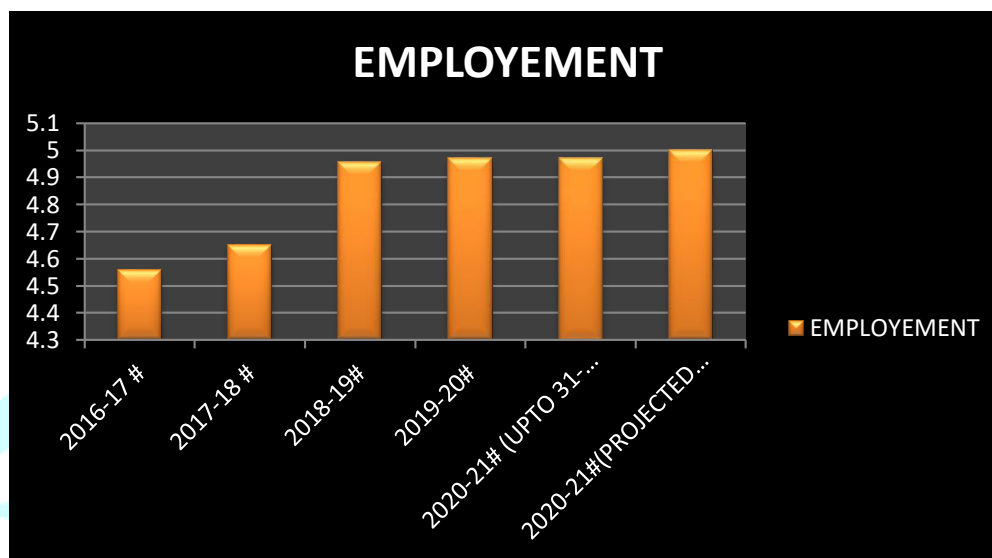


Figure No. 2

Village Industry means any industry located in a rural area which produces any goods or renders any service with or without the use of power in which the fixed capital investment per head of an artisan or a worker does not exceed Rs. 1.00 lakh in plain area and Rs. 1.50 lakh in hilly area . Village industry unit can be set up anywhere in the Country . These industries have enhanced the capability of providing livelihood to the unemployed masses .

The primary objectives of developing Village Industries are to create employment opportunities , raise income and standard of living of un - employed youth in rural area . Though Village Industries are tiny / micro units but constitute an important segment of our economy . Support of KVIC for Village Industry units encompass provision of modern tools , equipments and training to churn out better products and also facilitation for effective marketing of those products by organizing buyer - seller meets and exhibitions . Traditional industries like , pottery , beekeeping & honey production , carpentry & black smithy , leather , hand made paper , ghani oil , soaps , jam & jelly , pickles , readymade garments etc. are thriving in rural India . Every village in the Country has its own share of potters , carpenters , blacksmiths , leather artisans and other traditional artisans . Village industry mostly utilizes local raw materials and produce exquisite products with simple technique, to cater the need of domestic and global markets. Earlier, village industries programs were implemented through Directly Aided Institutions of KVIC as well as the units aided by State Khadi and Village Industries Boards (KVIBS). With the introduction of Rural Employment Generation Program (REGP) and subsequent Prime Minister's Employment Generation Program (PMEGP), there has been significant progress in establishing large number of micro units/enterprises across the country, which in turn, facilitated creation of employment opportunities for millions of unemployed youth , in our Country and increased volume of production manifold . KVIC has also repositioned its strategies towards expanding presence of Village Industry products in domestic and international markets , by devising standards for those and assuring quality and linking them with well equipped laboratories The Village Industries under purview of KVIC are broadly classified under seven groups for the purpose of implementation of its programmes. The list of Village Industries groups is as under :

1. Agro Based and Food Processing Industry (ABFPI)
2. Mineral Based Industry (MBI)
3. Wellness & Cosmetics Industry (WCI)
4. Hand Made Paper, Leather and Plastic Industry (HMPLPI)
5. Rural Engineering and New Technology Industry (RENTI)
6. Service Industry
7. Polymer and Chemical Based Industry(PCBI)

Village Industries have shown growth over the previous years. Production and sales of Village Industries Products during last 4 years and current year 2020-21 (up to December, 2020) & anticipated up to 31.03.2021 are given below :-

Table 3 Village Industries : Production & Sales

(Rs. in Crore)

YEAR	PRODUCTION	SALES
2016-17	41110.26	49991.61
2017-18	46454.75	56672.22
2018-19	56167.04	71076.96
2019-20	65343.07	84664.28
2020-21	53705.04	70459.28
2020-21	76582.43	101306.87

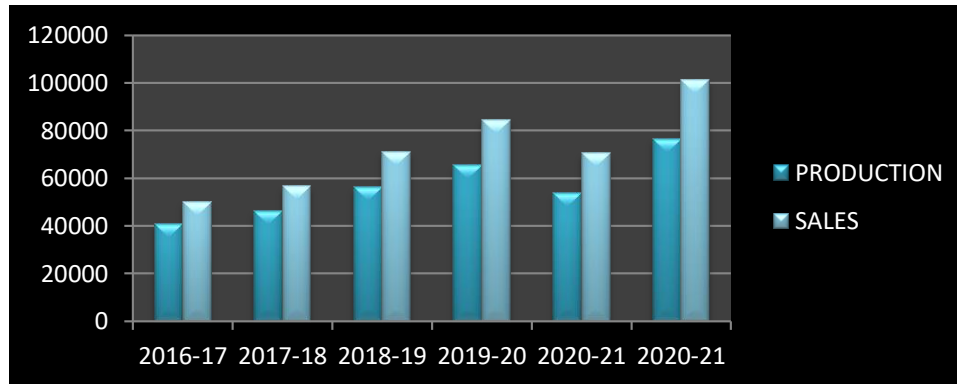
Table 3 Annual Report 2020-21

Figure No. 3

Village Industries employment during last 4 years and current year 2020-21 upto December 2020 and anticipated upto 31.03.2021 are given below :-

Table 4. Village Industries : Employment

(Artisan in Lakh)

YEAR	EMPLOYEMENT
2016-17	131.84
2017-18	135.71
2018-19	142.03
2019-20	147.76
2020-21(UP TO 31-12-2020)	150.31
2020-21(UP TO 31-03-2021)	154.12

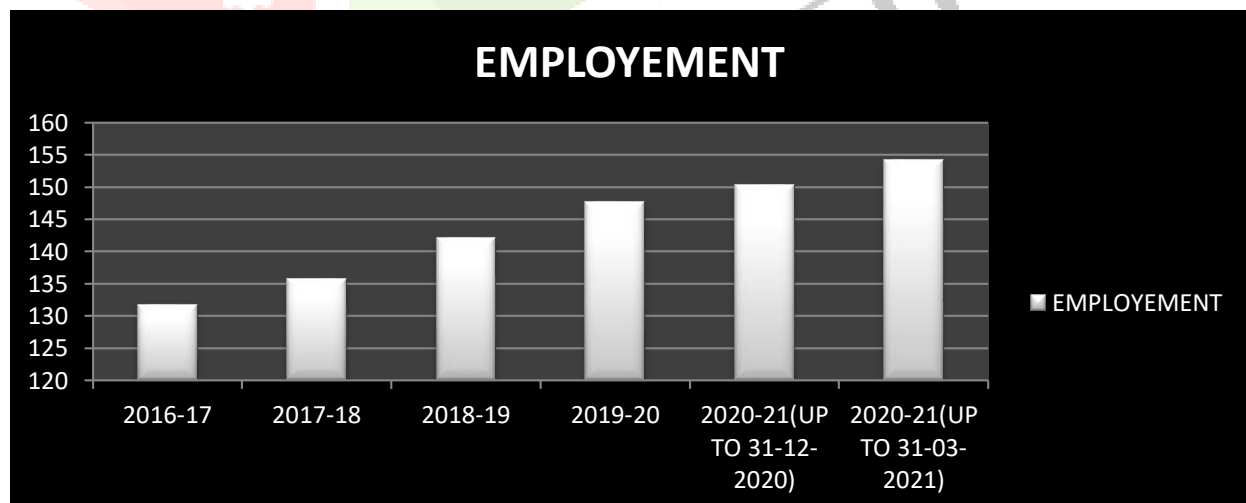
Table 4 Annual Report 2020-21

Figure No. 4

GROWTH IN THE KHADI INDUSTRY

Khadi and Village Industries activities are the key source of livelihood for rural and urban people who largely include Spinners, Weavers and other Artisans spread across the Country. The comparative performance of Khadi and Village Industries during 2019 - 20 & 2020 - 21 (actual up to 31 - 12 - 2020 and estimated up to 31 - 03 - 2021) is given in the following table and shows the robust growth :-

COMPARATIVE PERFORMANCE OF KHADI AND VILLAGE INDUSTRIES

(Rs. in crore and Employment in lakh persons)

Sl.NO.	INDUSTRY	2019-20	2020-21(Actual up to 30.12.2020)	2020-21(Estimated up to 31.03.2021)
1	PRODUCTION			
A	Khadi	2058.53	1186.46	1850.76
B	Polyvastra	258.94	156.73	250.25
C	Solarvastra	6.77	1.50	3.00
Total Khadi, Polyvastra & Solarvastra		2324.24	1344.69	2104.01
D	Village Industries	65343.07	53705.04	76582.43
TOTAL KVI PRODUCTION		67667.31	55049.73	78686.44
2	SALES			
A	Khadi	3634.41	1649.13	3441.51
B	Polyvastra	570.92	226.65	410
C	Solarvastra	5.93	1.41	4.55
Total Khadi, Polyvastra, & Solarvastra		4211.26	1877.19	3856.49
D	Village Industries	84664.28	70459.28	101306.87
TOTAL KVI SALES		88875.54	72336.47	105163.36
3	EMPLOYMENT			
A	Khadi	4.61	4.61	4.63
B	Polyvastra	0.30	0.30	0.31
C	Solarvastra	0.06	0.06	0.06
Total : Khadi, Polyvastra, Solarvastra		4.97	4.97	5.00
D	Village Industries	147.76	150.31	154.12
TOTAL KVI EMPLOMENT		152.73	155.28	159.12

Table 5 Annual Report 2020-21

Budgetary Support to KVIC

The Ministry of (MSME) provides funds to KVIC for undertaking its various activities. These funds are provided primarily by way of Grants and KVIC in turn re-allocates fund to States Offices, its implementing agencies, namely the State KVIBs, Institutions registered under the Societies Registration Act - 1860, and Co-operative Societies registered under the Cooperative Acts of the State Governments, District Industries Centres, etc. The Commission's Administrative Expenditure including Pension payments is met out of NonPlan Government Budgetary Support. The details of funds provided from Budgetary Sources (both under Plan and Non-Plan head) during the last four years and those earmarked in the Budget Estimate 2020 - 21 are given in the following Table :-

BUDGETARY SUPPORT TO KVIC

(Rs. in Crore)

YEAR	REVISED ESTIMATE(RE)		FUND RECEIVED FROM MINISTRY	
	PLAN	NON-PLAN	PLAN	NON-PLAN
2016-17	1642.40	285.35	1591.08	285.35
2017-18	2395.08	-	2130.57	-
2018-19	3085.78	-	3200.65	-
2019-20	3461.70	-	3453.78	-
2020-21	2072.91	-	1508.89	-

Table 6 Annual Report 2020-21

Note: (1) From FY 2017-18 onwards there is no separate budget allocation for Non-Plan.

(2) No Budgetary allocation for SFURTI and ASPIRE but the payments made under these schemes are included in the released amount.

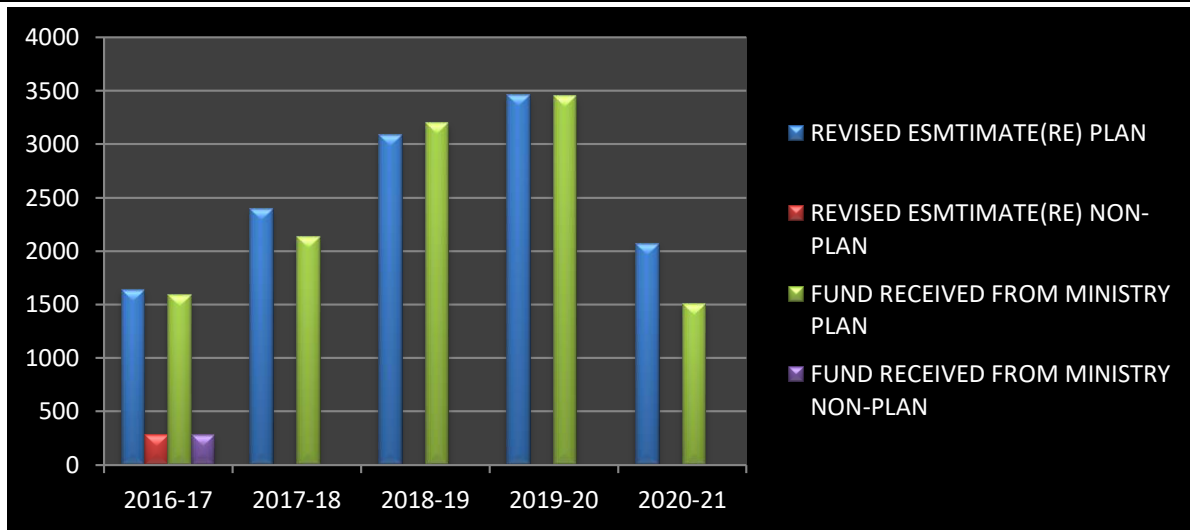


Figure No. 5

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