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GROWTH OF THE KHADI INDUSTRY IN INDIA

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ABSTRACT

Micro, small, and medium-sized enterprises (MSMEs) are developed in India to boost economic growth and enhance income by creating a large number of simpler jobs. The study's goal is to investigate the most recent changes to the Indian khadi industry. This essay is based on secondary data that was taken from reports and academic articles about KVIC and MSME. The years 2015–16 to 2020–21 have been taken into account. The data is analyzed using tables and graphs. The outcome demonstrates that the MSME sector's Khadi industry experienced significant expansion over the study period.

Keywords: MSME, economic, growth, KVIC, khadi

INTRODUCTION:

Micro, small, and medium-sized businesses mobilize economic resources and provide employment, which contributes significantly to the economic development of any nation. MSMEs have a substantial impact on economic growth in developing nations like India, where they account for about 20% of all MSMEs and consistently create employment possibilities for 40% of the workforce (Mukherjee, 2018). India divides its industries into three groups: the primary sector, the secondary sector, and the territorial sector. Exploiting natural resources is the focus of primary sector industries, turning raw materials into finished items is the focus of secondary sector industries, and providing services is the focus of industries in territorial sectors. The MSMEs engaged in the production and sale of commodities come under the secondary sector, the concept of MSMEs is governed by the Micro, Small and Medium Enterprises Development Act, 2006 which classified MSMEs on the basis of investment on plants and machinery and annual turnover as-

Categories	Investment	Turnover
Micro	Rs. 1 Crore	Rs. 5 Crore
Small	Rs. 10 Crore	Rs. 50 Crore
Medium	Rs. 50 Crore	Rs. 250 Crore

The Khadi industry holds a significant place in the rich cultural and historical heritage of India. It is a symbol of the country's struggle for independence and its commitment to self-reliance, sustainability, and empowerment. Khadi, often referred to as the "fabric of freedom," represents a traditional form of handspun and handwoven cloth that is deeply ingrained in the Indian ethos.

The roots of the Khadi industry can be traced back to the early 20th century when India was under British colonial rule. During this time, Mahatma Gandhi, the father of the Indian independence movement, recognized the immense potential of Khadi as a tool for economic self-sufficiency and liberation from foreign domination. He believed that the production and use of Khadi would not only provide a means of livelihood for millions of Indians but also foster a sense of unity and national pride. Khadi is predominantly made from cotton, although other natural fibers like silk and wool are also used. The manufacturing process involves spinning the raw fibers into yarn using a charkha (spinning wheel) and then weaving the yarn into the fabric on traditional handlooms. This meticulous and labor-intensive method ensures the uniqueness and quality of each piece of Khadi, making it an embodiment of skilled craftsmanship. The Khadi industry played a pivotal role in India's freedom struggle, as Mahatma Gandhi encouraged Indians to boycott British-made textiles and wear Khadi instead. This act of defiance had a profound impact on the nation, rallying people together and promoting a sense of self-sufficiency. Khadi became a symbol of resistance, an expression of national pride, and a reflection of the Swadeshi movement advocating for the use of domestically produced goods. Today, the Khadi industry continues to flourish and evolve, keeping the spirit of independence and sustainability alive. The Khadi and Village Industries Commission (KVIC), established in 1956, plays a crucial role in promoting and supporting the Khadi sector. It provides financial assistance, training, and marketing support to artisans, ensuring their socio-economic upliftment.

The resurgence of Khadi has gained momentum in recent years due to its eco-friendly and sustainable nature. The handspun and handwoven fabric resonates with conscious consumers who value ethical production methods and support local artisans. Khadi has also transcended its traditional boundaries and is now incorporated into contemporary designs, making it fashionable and appealing to a broader audience. The Khadi industry has become a source of livelihood for numerous rural artisans, especially women, empowering them and fostering inclusive growth. It has contributed significantly to rural development, poverty alleviation, and preserving India's cultural heritage. In conclusion, the Khadi industry of India stands as a testament to the nation's rich history, cultural identity, and struggle for independence. It embodies the values of self-reliance, sustainability, and social empowerment. With its timeless appeal and commitment to artisanal craftsmanship, Khadi continues to weave a vibrant tapestry connecting the past, present, and future of India.

Vasundhara Raj, a former minister of small-scale industry, took action in September 2000 to revive all KVIC shops to promote khadi. In December 2015, Air India ordered khadi garments for their uniforms worth Rs. 1.21 crore. In July 2016, IIT Bombay ordered 3500 Khadi uniforms for their convocation ceremony. In October 2016, the Hon'ble Prime Minister of India said in a speech in Lucknow, "Khadi for Nation and Khadi for Fashion the Indian government offers amenities like an internet platform that distributes funds to the khadi and rural industries to make conducting business easier. Khadi industry surpasses all fast-moving consumer goods companies in India in the financial year 2021–2022 and registers growth of 20.54 percent compared to the previous year. Between 2014–15 and 2021–2022, khadi production has increased by 191 percent, and its sales have increased by 332 percent. (Press Information Bureau).

REVIEW OF LITERATURE

Shelly, et. al. (2020) analyzes the role of micro, small, and medium enterprises in the Indian economy. The study is based on secondary data collected from reposts of RBI, the ministry of MSME, KVIC, and various published papers related to MSME for the time period from 2006-07 to 2016-17 and found that the MSME sector significantly contributes to GDP, employment generation and exports of India.

Buragohain (2017) made a study with the aim to understand the role of khadi and village industry in promoting micro enterprises during the period from 2013-14 to 2015-16 by using data from both primary and secondary sources and concluded that there is a high positive relation between KVI and growth rate of employment, production, and profitability during the study period.

Nautiyal et. al. (2020) made an evaluative study on khadi and current factor that leads to potential opportunities in khadi sectors, the aim of the study is to study the evolution of khadi over the period of time

and discusses various key factor which is leading to growth in this sector.

Bhoghanadam, et. al. (2017) analyze the existing literature on various challenges faced by the Indian MSME sector and divide them into internal and external factors. The study also provides a literature matrix in which all the challenges are bifurcated into external issues, environmental issues, sociocultural issues, marketing issues, financial issues, HR development issues, and infrastructure issues.

Mukherjee (2018) analyzes the Indian coir industry with respect to its export trend for five years. The major reason for its deteriorating export competitiveness was found to be the absence of appropriate technology. She concludes that higher investment in advanced technology and R&D, higher usage of the digital platform, transfer of technology, higher investment in HR, improved access to finance, and liberal business regulations can improve its global competitiveness. The study also includes a detailed analysis of the several measures taken by the Indian government for the technological development of Indian MSMEs.

Badatya (2016) has made an empirical study on the challenges and prospectus of small-scale industries in Odisha. The study is an attempt to understand the growth of SSI from 2000-01 to 2013-14 within the region of Odisha and found that SSI in Odisha hardly showed any sign of growth during the study period.

Busenna et. al. (2011) This study is an attempt to study the Khadi institution in India, the main objective of the study is to assess the employment generation potential of the Khadi institution. Data was collected for the period from 2003 to 2008 about a total of 200 Khadi institutions and based on that projection of employment generation for 2012 was made.

Barman et al. (2014) made an empirical study on KVI in India during the period 1994-2014 with respect to production, sales, and employment. The study found a strong positive correlation among the performance variables. The projected growth of employment, production, and sales was also found satisfactory. It reflects positive expectations and scope for further growth of the variables in the country.

Pathak, et. al. (2016) This study is an attempt to understand various issues of MSME and government initiatives to solve this issue by using primary and secondary information and found that there is an issue faced by MSME a lack of credit facilities, equity capital, infrastructure, government support, technology, and skill gaps.

Gupta, et. al. (2018) This study is an attempt to explore the evaluation of khadi fabric and its contribution to the national freedom struggle and found that khadi fabric has gone through various faces from the establishment of KVIC to its expansion and the study recommended that people should know its uniqueness of khadi fabric and adopt in there are daily uses.

OBJECTIVES OF THE STUDY-

1. To study the performance of the Khadi sector in respect of the production and sale of Khadi during the period from 2015-16 to 2020-21.
2. To study the role of the khadi sector in employment generation.

RESEARCH METHODOLOGY

The research is supported by secondary data. The annual report of the Khadi and Village Industry Commission as well as the websites for Micro, Small, and Medium Enterprises were used to gather statistics on production, sales, and employment in the khadi industry. The study will run from 2015–16 through 2020–21.

Performance of khadi sector in respect of the production and sale of khadi

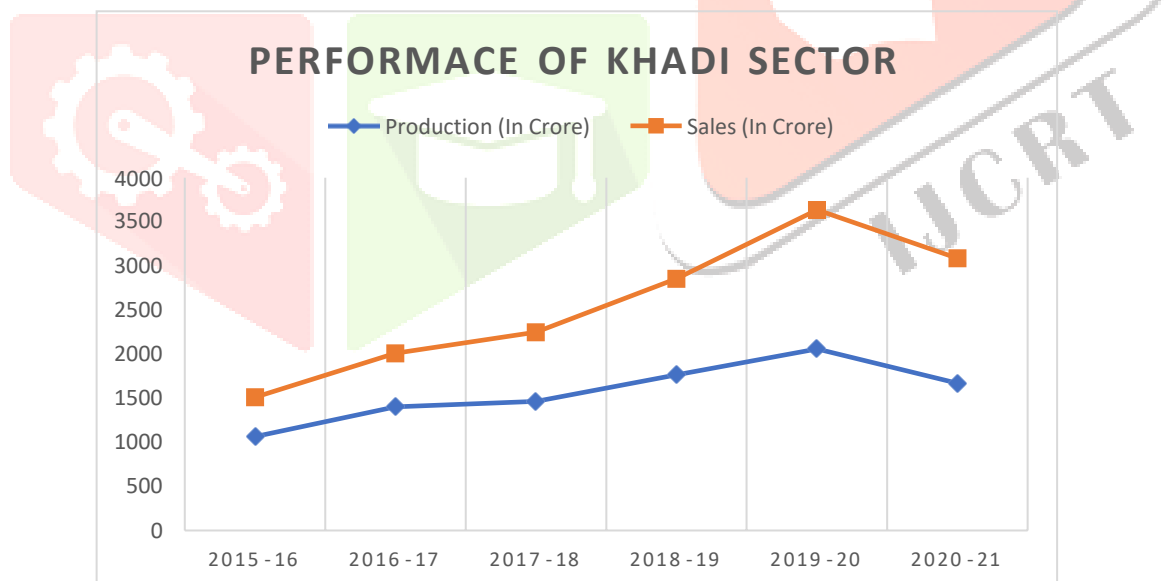
Table no - 01 shows the value of production and sales of khadi sector during the period from 2015-16 to 2020-21. The highest value of production of khadi was witnessed in the year 2019- 20 with Rs. 2058.53 crore and the lowest value in the year 2015-16 with Rs. 1065.6 crore. Whereas the highest value of the sale of khadi was witnessed in the year 2019-20 with Rs.3634.41 crore and the lowest value in the year 2015-16 with Rs. 1510 crore.

Table No. 01 – Production and sale of khadi sector

Year	Production(In Crore)	Annual Growth (In %)	Sales (In Crore)	Annual Growth (In %)
2015-16	1065.6	-	1510	-
2016-17	1401.84	31.55	2007.61	32.95
2017-18	1465.21	4.52	2249.18	12.03
2018-19	1765.51	20.49	2854.19	26.89
2019-20	2058.53	16.59	3634.41	28.38
2020-21	1668.61	-18.94	3085.53	-17.78

Source: Annual report of KVIC and MSME

The value of production of khadi in the year 2015-16 was Rs. 1065.6 crore which was increased by 31.55 % (Rs. 336.24 crore) in 2016-17 from the previous year (PY). Further, there was a 4.52 % (Rs. 63.37 crore) increase in 2017-18 from PY, 20.49 % (Rs.300.3 crore) increase in 2018-19 from PY, 16.59 % (Rs. 293.02 crores) in 2019-20 from PY, but there was 18.94 % (Rs. 389.92 crore) decrease in the value of production of khadi from the PY. The value of sale of khadi in the year 2015-16 was Rs. 1510 crore which was increased by 32.95 % (Rs. 497.61 crore) in 2016-17 from PY. Further, there was a 12.03 % (Rs. 241.57 crore) increase in 2017-18 from PY, 26.89 % (Rs. 605.01 crores) increase in 2018-19 from PY, 28.38 % (Rs. 780.22 crore) in 2019-20 from PY, but there was 17.78 % (Rs. 548.88 crore) decrease in the value of production of khadi from the PY.

Graph – 01 showing the performance of khadi industry with respect of production and sale

Role of khadi sector in employment generation

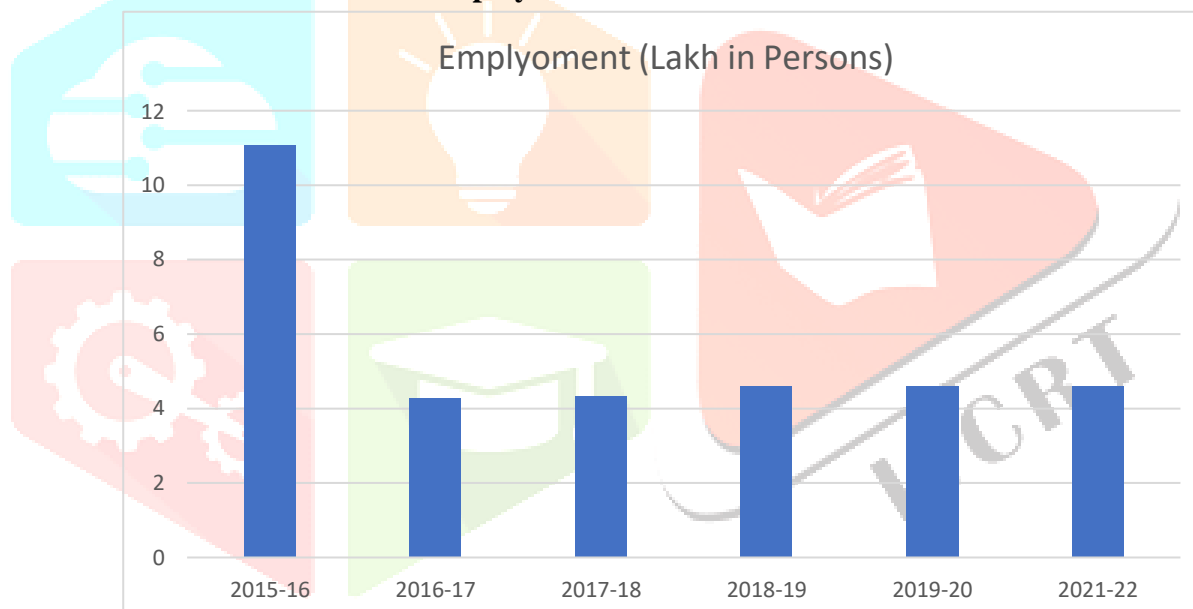
Table no- 02 shows the data related to total employment provided by khadi sector during the period from 2015-16 to 2021-22. The highest employment provided was witnessed in the year 2015-16 and the lowest employment provided was witnessed in the year 2016-17.

Table No 02- Employment generation by khadi sector

Year	Employment (In Lakh Persons)	Annual Growth(In %)
2015-16	11.07	-
2016-17	4.28	-61.34
2017-18	4.34	1.40
2018-19	4.60	5.99
2019-20	4.61	0.22
2021-22	4.61	00

Source: Annual report of KVIC and MSME

In the financial year (FY) 2015-16 total of 11.07 lakh employment in person was provided by khadi sector, but immediately in FY 2016-17 this number decreased to 4.28 lakh which was 61.34% (6.79 lakhs) less from the PY thereafter in next FY 2017-18 there was 1.40 % (0.06 lakh) increase from PY, 5.99 % (0.26 lakh) increase in the year 2018-19 from PY which was greater than the rate of increase in the FY 2017-18 then 0.22% (0.01 lakh) increase in the FY 2019-20 from the PY, but in the FY 2020-21 there was no increase in the number of employment generated by khadi sector.

Graph No – 02 shows the number of employments in khadi sector**Conclusion:**

According to the analysis, khadi production and sales values increased annually between the fiscal years 2015–16 and 2019–20, though at different rates. However, during the lockdown period in the following fiscal year (FY 2020–21), both of these values significantly decreased. Overall, the country's khadi sector had tremendous growth in terms of both production and sales. The number of jobs created by the khadi sector decreased significantly during the fiscal years 2015–16 and 2016–17, however after that, employment increased yearly. Although there was increase in employment but rate of increase is not significant.

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