



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Micro, Small and Medium Enterprises (MSMEs) – A Study on Khadi and Village Industries Commission (KVIC).

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Abstract:

Micro, Small and Medium Enterprises (MSMEs) sector plays a major role in the growth and development related to financial aspect. Their contribution for the development of the nation is more valuable. They encourage low skilled workers and generating employment opportunities to start their own enterprise in rural areas. This gets reflected in the form of their increase in the number and rising proportion in overall product manufacturing, exports, manpower, promotions. It reduces the regional imbalances and assure equitable distribution of national income. Khadi and Village Industries (KVI) is a major wing in MSMEs. Khadi and Village Industries (KVI) increases the employment, exports of products, development of the rural areas. Khadi and Village Industries Commission made many efforts with MSMEs to develop the Khadi and Village Industries. As a result, the Khadi and Village Industries (KVI) is a very successful sector of MSMEs. The study aims at the Khadi and Village Industries on Employment, Production and Sales. The aim of this article is to compute and compare performance variables of Khadi and Village Industries Commission (KVIC) through MSME between the Khadi industry Performance and Village industry Performance as well as to examine the interrelationship among variables plus the functional relationship between variables.

Keywords: KVIC, Employment, production, sales, MSMEs

Introduction:

The Khadi and Village Industries Program played a significant impact in providing rural artisans with more targeted service opportunities for the weaker strata of the culture (Gaurav Katoch) (2018). KVIC is charged with organising, developing, coordinating, and using projects for the improvement of Khadi and other town ventures in rural areas in collaboration with other offices involved in rural progress wherever necessary. Additionally, it develops a stockpile of raw materials and finished goods for distribution to manufacturers, establishes standard support offices for handling raw materials as semi-finished goods, and sets up offices for the marketing of KVI products apart from the preparation of craftsmen engaged in these enterprises and the facilitation of cooperative efforts among them.

In executing KVI exercises, the KVIC may make such strides as to guarantee the validity of the items and to set principles of value and guarantee that the results of Khadi and town enterprises do fit in with the benchmarks. The KVIC may likewise attempt legitimately or through different organizations thinks about concerning the issues of Khadi or potentially town businesses other than investigate or setting up pilot ventures for the advancement of Khadi and town enterprises.

Khadi Village Industries Commission (KVIC)

The Khadi Village Industries Commission (KVIC) Khadi & Village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a statutory organization under the aegis of the Ministry of MSME.

The main objectives of KVIC

- The communal aim of on condition that employ in rustic areas;
- The trade and industry goal of producing commercial articles; and
- The wider intention of creating self-reliance among people and construction up a strapping rural village strength.

Functions

The elements of KVIC as recommended under the KVIC Act, 1956 and the Rules made there under, include:

- To design and sort out preparing of people utilized or envious of looking for work in KHADI and town ventures.
- To develop straightforwardly or through indicated organizations stores of crude materials and actualizes and supply them or mastermind supply of crude materials and executes to people connected with or liable to be occupied with generation of hand spun yarn or KHADI or town businesses at such rates as the Commission may choose.
- To empower and aid the formation of basic assistance offices for the preparing of crude materials or semi-completed merchandise and generally encourage creating and showcasing of khadi or results of town ventures.
- To advance the deal and advertising of khadi or results of town enterprises or handiworks and for this reason the manufacture joins with set up promoting organizations any place fundamental and possible.
- To support and advance research in the innovation utilized in khadi and town enterprises, including the utilization of non-traditional vitality and electric power with the end goal of expanding efficiency, wiping out drudgery and generally upgrading their aggressive limit and to orchestrate dispersal of notable outcomes got from such research; Statutory bodies.

Khadi Sector in India

Khadi movement is considered as a potential apparatus for making of business opportunities for low-risk investments at the doorstep of regional artisans. After independence, Khadi and Village prosperity became a shining example of patriotism. In this way, Khadi began to be regarded as a piece of property but also as a symbol of freedom and potential.

The largest provincial profitability initiative in history is by far the generation of Khadi and polyvastra. It provides the clients with an incentive to spend money while providing the rural networks with a strong incentive for their labour. KVIC is a statutory organisation tasked with improving Khadi production and closeout. The enormous system that is carrying out KVIC's goals and programmes in India is composed of more than 2375 companies. More than 4.56 lakh people are participating in KVIC-sponsored activities, with more than 70% of them being women. The 2375 Khadi Institutions that make up the KVIC's one-of-a-kind

Khadi Program are a powerful tool for creating jobs at the doorstep of artisans. 4.56 lakh traditional craftsmen who live in rural areas are being given employment opportunities thanks to support provided through the Market Development Assistance (MDA) and Interest Subsidy Eligibility Certificate (ISEC) Scheme.

Review of Literature:

Akshita Rana, and Rajesh Tiwari (2014), in their paper entitled “MSME Sector: Challenges and Potential Growth Strategies” concluded that the MSME sector has been growing based on the entrepreneurial zeal of the promoters. In the era of globalization, the MSME sector has to grow in size, become more efficient and adopt the latest technology to be relevant to its customers and society. The credit flow needs immediate attention. Capital is the lifeline of any business.

Bhoomika Garg (2014), “Role of MSMEs In Economic Development”, concluded that is the major constituent sector in employment generation, production system, enhancing exports and GDP. But, there is a need to carefully nurture and support this sector. Joint effort is needed from the Govt. And MSMEs to acquire technological effectiveness. Financial support needs to be ensured taking into consideration the growing investment demand, including the requirements of technological transformation. This sector needs to adopt a proactive approach where the Govt. Should propose a long term strategy to sustain themselves in the changing economic scenario and progress beyond the current GDP growth.

Barki, Vibhuti (2015), in their paper entitled “MSME’s in India- An overview”, observed that Micro and small industrial unit by providing the essential service and requirement and encourage the entrepreneurs make them stand on their own and provide the employment opportunity through the innovative skills and ideas. In the light of the above factors the

Government of India is set up the exclusive institution for the growth and development of the small and micro enterprises. Over a decade MSME’s major contributor in the development of small and medium industries and entrepreneurs in particular. The present paper focuses an introductory aspect relating to MSME’s in India and its organizational setups.

Srivastava, (2017) The research has been done in the state of Rajasthan focusing only on khadi cloth product. Based on the survey the research has revealed that there has been wider variety in the khadi material and it has been very popular among all the generations even in young generation also and the research has concluded that khadi has a bright future in the coming years if it focuses to the fashion trends.

Sugandha, (2017) The authors have illustrated the revival of khadi from 1985 and efforts taken for such revival, the survey was conducted among the youngsters aged 18 to 22 years to know the awareness of khadi in youngsters. The survey has come up that young generation is fully aware of khadi sector but not ready to buy the khadi fabric due to less fashionable, less availability of colours and designs. This can be arrested by producing the khadi products focusing on the needs of young generation.

Venkatesh, (2019) The author has focused on the glorious history of the khadi since the independence, materials and methods of Khadi, quality of it and value additions by the rural artisans. The research paper suggests the different ways to make khadi more sustainable, ways include brand repositioning, research and development efforts, different promotional strategies etc.

Objectives:

- To evaluate the performance of Khadi and Village Industries (KVI) Sector in terms of production and sales.
- To study the growth of Khadi and Village Industries (KVI) Sector.
- To know the employment generation by the Khadi and Village Industrial sector.

Methodology:

The present study is totally based on secondary sources. The data collected from the various sources from annual reports, journals, websites, etc.,. The annual reports of the MSMEs from 2017-18 to 2021-22 are considered for the analysis. The various websites of Micro, Small and Medium Industries and Government of India etc. are also considered for analysis.

Analysis and findings:

In the present study to analyze the performance of Khadi and Village Industries Sector percentage were calculated for production, sales and employment to know the trend. The analysis were presented in the following tables along with the interpretation and figures.

Table No 1: Production & Sales (Rs. in Crore) of Khadi Sector

Khadi Sector: Production & Sales (Rs. in Crore)		
Year	Production	Sales
2017-18#	1626.66	2510.21
2018-19#	1963.3	3215.13
2019-20#	2324.24	4211.26
2020-21#	1904.49	3527.71
2021-22 # (up to 31-12-2021)	1809.86	3030
2021-22 # (projected up to 31-03-22)	2617.56	4632

@ Including Polyvastra # Including Polyvastra & Solarvastra

Source: Annual reports

The table no 1 reveals the information related to production and sales (Rs. In Crore) of khadi sector from the financial year 2017-18. The production during the year 2017-18 was 1626.66 (Rs. In Crore) and sales were 2510.21 (Rs. In Crore). The table clearly shows that there is an increase in production as well as sales from the financial year 2017-18. It is also observed that as the production increases sales are also increased. The total production for khadi sector during the financial year 2021-22 is 2617.56 (Rs. In Crore) and sales for khadi sector during the financial year 2021-22 is 4632.

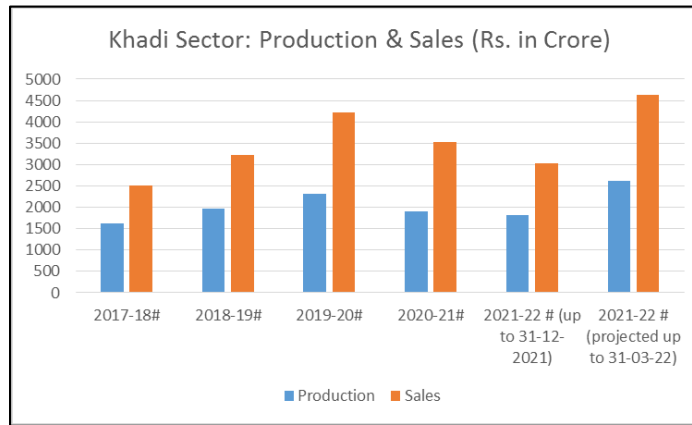


Figure 1: Production & Sales (Rs. in Crore) of Khadi Sector

Table No 2: Employment (Artisan in Lakh) of Khadi Sector

Khadi Sector : Employment (Artisan in Lakh)	
Year	Employment
2017-18#	4.65
2018-19#	4.96
2019-20#	4.97
2020-21#	4.97
2021-22 # (up to 31-12-2021)	4.97
2021-22 # (projected up to 31-03-22)	4.97

@ Including Polyvastra # Including Polyvastra & Solarvastra
 Source: Annual reports

From the table no 2, the table shows the percentage of employment under khadi sector. From the financial year 2017-18 it is observed that there is an increase in the employment rate. And stood constant from the financial year 2019-20 to financial year 2021-22 with the same percentage of 4.97.

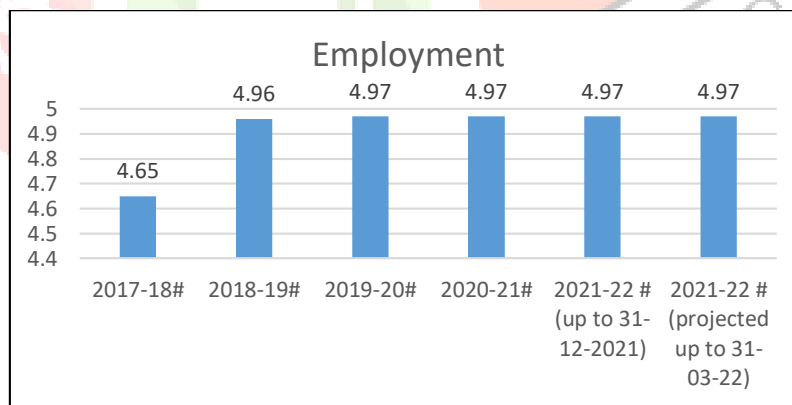


Figure no 2: Employment (Artisan in Lakh) of Khadi Sector

Table No 3: Production & Sales (Rs. in Crore) of Village Industries Sector

Village Industries : Production & Sales (Rs. in Crore)		
Year	Production	Sales
2017-18	46454.75	56672.22
2018-19	56167.04	71076.96
2019-20	65343.07	84664.28
2020-21	70330.66	92213.65
2021-22 (up to 31-12-2021)	60694.43	81375.16
2021-22 (projected up to 31-03-22)	83315.41	108446.21

Source: Annual reports

The table no 3 reveals the information related to production and sales (Rs. In Crore) of village industries from the financial year 2017-18. The production during the year 2017-18 was 46454.75 (Rs. In Crore) and sales were 56672.22 (Rs. In Crore). The table clearly shows that there is an increase in production as well as sales from the financial year 2017-18. It is also observed that as the production increases sales are also increased. The total production for khadi sector during the financial year 2021-22 is 83315.41 (Rs. In Crore) and sales for village industries sector during the financial year 2021-22 is 108446.21.

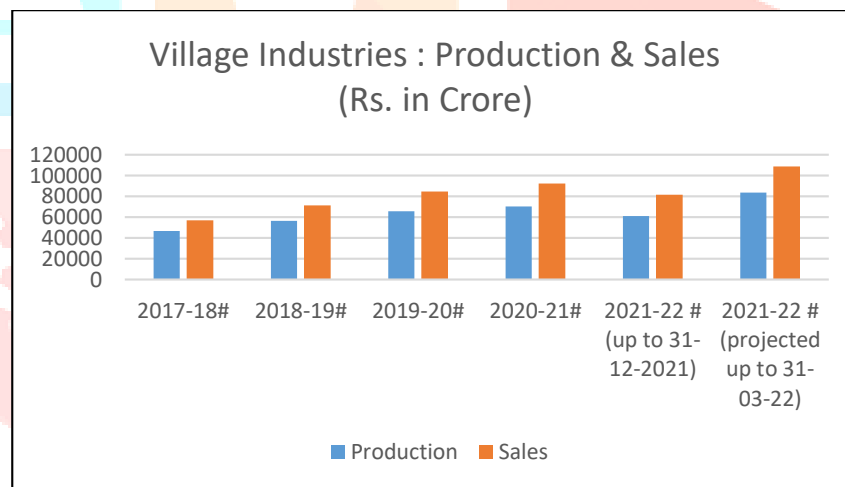


Figure no 3: Production & Sales (Rs. in Crore) of Village Industries Sector

Table No 4: Employment (Artisan in Lakh) of Village Industries Sector

Village Industries : Employment (Artisan in Lakh)	
Year	Employment
2017-18	135.71
2018-19	142.03
2019-20	147.76
2020-21	154.09
2021-22 (up to 31-12-2021)	159.1
2021-22 (projected up to 31-03-22)	161.47

From the table no 4, the table shows the percentage of employment under Village Industries Sector. From the financial year 2017-18 it is observed that there is an increase in the employment rate. In the financial year 2017-18 the employment rate of village industries (Artisan in Lakh) was 135.71, and it is observed that there is an increase in the employment rate from 2017-18 to 2021-22. In the financial year 2021-22 the village industries (Artisan in Lakh) was 161.47.

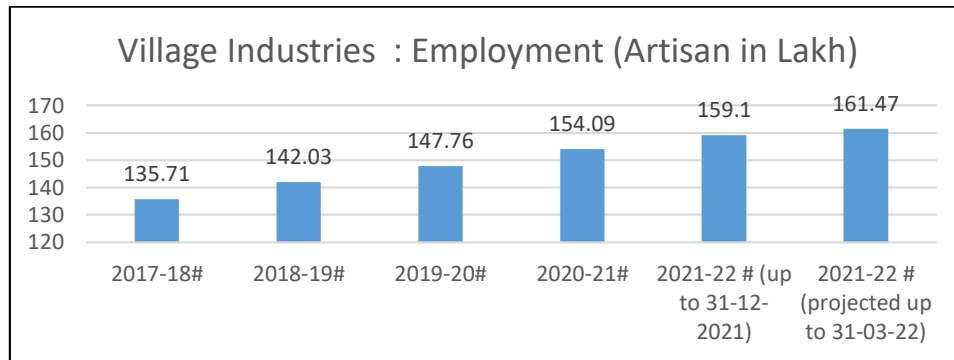


Figure no 4: Employment (Artisan in Lakh) of Village Industries Sector

Table No 5: Total Production & Total Sales of Khadi and Village Industries (KVI) Sector

	2020-21	2021-22 Actual up to 31-12-2021	2021-22 Estimated up to 31-03-2022
KVI PRODUCTION	77235.2	62504.29	85933.52
KVI SALES	95741.4	84405.16	113078.21

Source: Annual reports

From the table no 5, the table reveals the information about the total production and total sales for the financial year 2020-21 to 2021-22. During the financial year 2020-21 the total production was 77235.2 and increased to 85933.52 in the financial year 2021-22. The total sales for the financial year was 95741.4 in the financial year 2020-21 and total sales increased to 113978.21 for the financial year 2021-22.

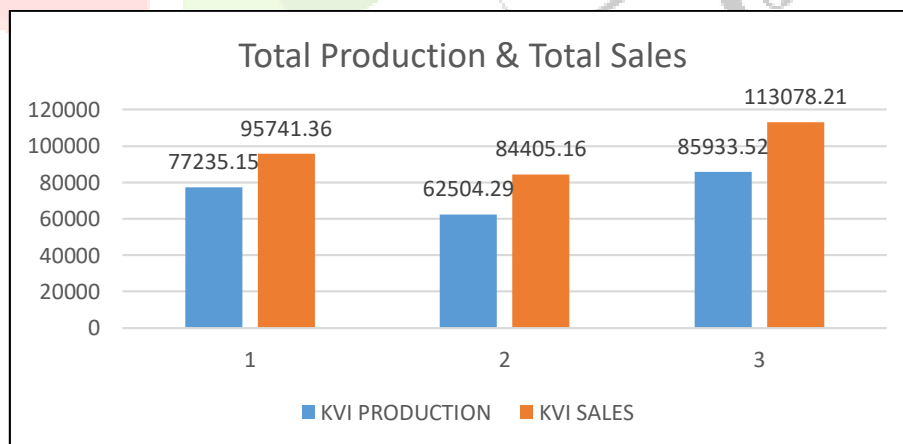


Figure no 5: Total Production & Total Sales Khadi and Village Industries (KVI) Sector

Table No 6: Total Employment of Khadi and Village Industries (KVI) Sector

	2020-21	2021-22 Actual up to 31-12-2021	2021-22 Estimated up to 31-03-2022
KVI EMPLOYMENT	159.06	164.07	166.57

Source: Annual reports

From the table no 6, the table shows the details about employment. It is found that there is an increase in the employment of Khadi and Village Industries (KVI) Sector. In the financial year 2020-21 the total employment of Khadi and Village Industries (KVI) Sector was 159.06 and increased to 166.57 during the financial year 2021-22.

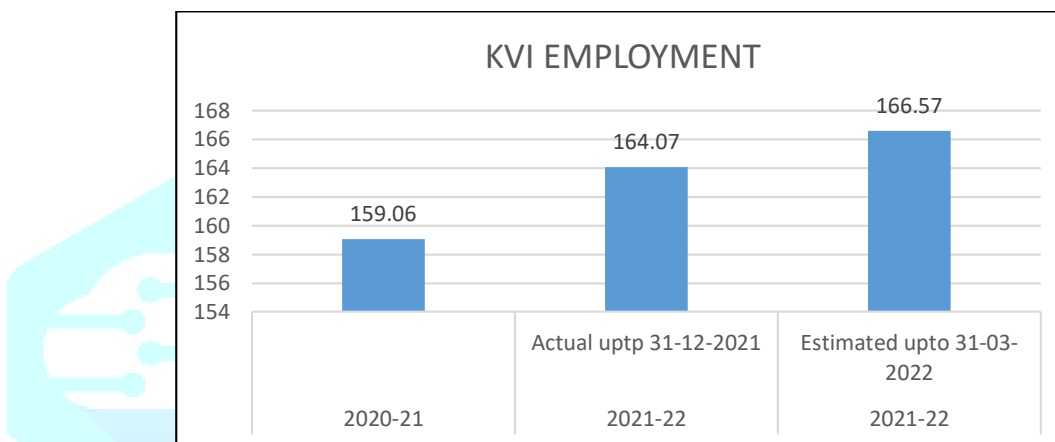


Figure no 6: Total Employment of Khadi and Village Industries (KVI) Sector

Conclusion:

According to data, the KVI Sector significantly contributed to employment. Although the sector is doing well and both production and sales are increasing, the KVI is growing more slowly than other brands and sectors. The issues facing the industry may be the cause, and it is undeniable—according to literature reviews—that the KVI Sector is highly regulated by the government and should be partially privatized. The KVI sector has maintained consistent development in terms of production and sales as a component of MSMEs.

When compared to the khadi industry, the village industrial sector is performing well in terms of employment. The rate of employment in the khadi industry is below average. By implementing various schemes for the KVI Sector, the Khadi and Village Industrial Commission promotes sales and production. It is observed that, there is a potential growth in production and sales.

By implementing various schemes for the KVI Sector, the Khadi and Village Industrial Commission promotes sales and production. It is observed that, there is a potential More than 95% of the annual budget has been released from the allocated funds. To strengthen the rural economy and provide employment in rural areas, the government has implemented a number of measures toward the KVI Sector. The Khadi and Village Industrial Sector (KVI) has great overall performance despite the intense competition.

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