

PERFORMANCE OF KHADI AND VILLEGE INDUSTRIES IN INDIA

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Abstract: Khadi and Village Industries productivity became the grand symbol of nationalism. Khadi activity is considered as potential tool for creation of employment opportunities at the doorstep of rural Artisans at very low capital investment. 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. As a part of MSMEs, KVI sector has playing vital role in the production and in the employment generation. Also this sector contributing to the economic development of the country. This paper made an attempt to examine the performance of KVI sector in terms of production, sales, and employment. For the purpose of studying the performance of KVI sector, the data has been collected from secondary sources such as journals, annual reports and other websites. The collected data has been presented in the tables with the help of statistical tools.

Key Words: KVI sector, performance, India.

Introduction

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 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 in 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 and Village Industries (KVI) programmes are implemented through 34 States / 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. Village Industries comprise six different sectors. 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. KVIC has been identified as one of the major organizations in the decentralized sector for generating sustainable non-farm employment opportunities in rural areas at a low per capita investment. Village industries are generating employment in a good extent.

Literature Review

Dilip Kaur and Dr. Vazir Singh Nehra (2017), in their article, "Khadi and Village Industries Commission-Physical Performance" they felt that, a dominant problem in India is the legitimate implementation of the schemes which must be addressed first. More budgetary support should be provided to it for it would help in economic development of the whole nation.

K. Murugan & Dr.P.S. Nagarajan (2019) in their study “ Sales Performance of Khadi and Village Industries Products in Pudukottai District – Sarvodaya Sanghs”, they concluded that, the growth rate of KVI sector in the district in terms of employment, production and profitability is significant during the study period. The development of KVI is necessary for generating employment because limitation of organized sector in absorbing growing labour force. It is for this reason 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 their own and the nation.

Dr. G. Nedumaran and M. Manida (2020), in their study “Performance of Khadi and Village Industries Commission through Micro, Small, & Medium Enterprises” they concluded that, the dogmatic establishment and industrialized bodies, including banks and financial institutions need to work together to develop the institutional and regulatory framework to support MSME sector. The infusion of equity capital will bring vigor to the MSME sector by reducing the dependency of bank funds. The triple spiral approach has a great potential to convert the ingenious talent and the energy of the students to provide technical and management consultancy along with production and the government uphold for capital, intellectual property, training, industrial society for growth of MSME sector.

Reetu Murlidhar Tanwani. Dr. Mahendra. H. Maisuria (2020), according to their study, “Performance of Khadi and Village Industries (KVI) of MSME sector”. The production and sales are growing and the sector is performing well however if we compare the KVI with other brands and sectors the KVI is growing slow in comparison to them. KVI contributes largely to the rural economy by providing employment and educating the rural unskilled workforce. KVI’s potential is more than what can be seen in the data and efforts should be made to utilize this potential and overcome challenges then KVI would be on the top of the other brands or other sectors.

Pradeepa. V. M1, Dr. P. C. Jose Paul (2020), in their study “Performance of Khadi and Village Industries in Kerala” they suggested that, The Government should take necessary steps for the improvement of Khadi and Village Industries in Kerala as to promote the growth of this industry. New initiatives should be established for the value added products, training to the workers and marketing, production and financial assistance to the workers. These will definitely give the strength to the growth of Kerala Khadi and Village Industries.

Statement of the Problem

Khadi& Village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act, 1956, is a Statutory Organization under the aegis of the Ministry of MSME, engaged in promoting and developing Khadi and Village Industries for providing employment opportunities in the rural areas, thereby strengthening the rural economy. KVIC has been identified as one of the major organizations in the decentralized sector for generating sustainable non-farm employment opportunities in rural areas at a low per capita investment. The aims of KVIC are providing employment in rural areas, producing saleable articles, and creating self-reliance amongst people and building up a strong rural community spirit. 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 Ministry of (MSME) provides funds to KVIC for undertaking its various activities. In spite of the potential support by the central government as well as KVIC, the KVI sector has performing significantly in production and sales. The purpose of the study is to identify the recent performance of Khadi and Village Industrial Sector in terms of production, sales, employment generation and also funds requirement. Hence, this study has taken place.

Objectives of the study

The following are the specific objectives of the study:-

- 1).To know the performance of Khadi and Village Industries Sector performance in terms of production and sales.
- 2).To know the employment generation by the Khadi and Village Industrial sector.

3).To identify the budget support to the KVIC Sector by the Government.

Methodology

This paper is purely based on descriptive nature and is an analytical study. The data has been collected from the secondary sources such as previous literature, journals, annual reports of concern ministry, and annual reports of concern board etc. The data have been collected for ten years period from 2010-2011 to 2019-2020. The collected data have been analyzed and presented in the tables with the help of the statistical tools like percentages, averages, compounded annual growth rates, etc.

Analysis of Data

The data analysis gives the clear information about the performance of KVIC sector in terms of the production, sales, employment during the years 2010-11 to 2019-20 and also budget support to khadi and village industrial sector by the government. The data have been collected for ten years period from 2010-2011 to 2019-2020. The collected data have been analyzed and presented in the following tables and interpretation has been given along with the tables.

Table no: 1 Production, Sales and Employment of khadi sector

YEAR	PRODUCTION (Rs.in Crores)	AGR (%)	SALES (Rs.in Crores)	AGR (%)	EMPLOYEMENT (Cumulative) in Lakh Persons
2010-2011	673.01	-----	917.26	-----	10.15
2011-2012	716.98	6.53%	967.87	5.52%	10.45
2012-2013	761.93	6.26%	1021.56	5.55%	10.71
2013-2014	811.08	6.45%	1081.08	5.83%	10.98
2014-2015	879.98	8.49%	1170.38	8.26%	11.06
2015-2016	1065.60	21.09%	1510.00	29.02%	11.07
2016-2017	1520.83	42.73%	2146.60	42.16%	4.56
2017-2018	1626.66	6.95%	2510.21	16.94%	4.65
2018-2019	1963.30	20.70%	3215.13	28.08%	4.96
2019-2020	2324.24	18.38%	4211.26	30.98%	4.97
TOTAL	12343.61	-----	18751.35	-----	83.56
AVERAGE	1234.36	-----	1875.13	-----	
CAGR	14.76%	-----	18.46%	-----	

Source: Ministry of MSMEs, GOI.

Interpretation: The above table no 1 reveals the details about the production, sales, and employment of khadi sector. It is observed that the positive growth in production during the period from 2010-11 to 2019-20. The production has increased from Rs.673.01 crores to Rs.2324.24 crores, from the study period 2011-10 to 2019-20. The sales value also increased linearly, that is from Rs.917.26 crores to Rs.4211.26 crores during the study period. From the above table it is analyzed that, the overall production and sales performance of Kahdi sector is satisfactory during the study period 2010-11 to 2019-20. At the same time, the employment growth is not up to the mark. The average production value for ten years period is Rs.1234.36 crores and the average sales value for ten years period is Rs.1875.13 crores. The compounded annual growth rate of production is registered as 14.76%. Again the compounded annual growth rate of sales is registered as 18.46%. At the same time, the employment growth is not up to the mark.

Table no: 2 Production, Sales and Employment of Village industrial sector

YEAR	PRODUCTION (Rs.in Crores)	AGR (%)	SALES (Rs.in Crores)	AGR (%)	EMPLOYEMENT (Cumulative) in Lakh persons
2010-2011	19198.85	-----	24875.73	-----	103.65
2011-2012	21135.06	10.08%	25829.26	3.83%	108.65
2012-2013	23262.31	10.07%	26818.13	3.83%	114.05
2013-2014	25298.00	8.75%	30037.16	12.00%	119.40
2014-2015	26689.39	5.50%	31965.52	6.42%	123.19
2015-2016	33424.62	25.23%	40384.56	26.34%	126.76
2016-2017	41110.26	22.99%	49991.61	23.79%	131.84
2017-2018	46454.75	13.00%	56672.22	13.36%	135.71
2018-2019	56167.04	20.91%	71076.96	25.42%	142.03
2019-2020	65343.07	16.34%	84664.28	19.12%	147.76
TOTAL	358083.35	-----	442315.43	-----	1253.04
AVERAGE	35808.33	-----	44231.54	-----	
CAGR	14.58%	-----	14.58%	-----	

Source: Ministry of MSMEs, GOI.

Interpretation: The above table no 2 states that the information about the production, sales and employment village industrial sector. It is analyzed that, the production value stood at Rs.19198.85 crores during the year 2010-11 and rose to Rs.65343.07 crores during the year 2019-20. The sales value was Rs.24875.73 crores during the year 2010-11, it has increased to Rs.84664.28 crores during the year 2019-20. The total production value for ten years period is Rs.358083.33 crores.

The CAGR of production is registered as 14.58%. The same CAGR is registered in case of sales also. The total cumulative employment up to 2019-20 is registered as 1253.04 lakh persons. The average production value of khadi sector for ten years is Rs.35808.33 crores. The average sales value of khadi sector for ten years period is Rs.44231.54 lakhs.

Table No 3 Comparative performance of khadi and village industries during the years 2017-18 to 2019-20

SL No	INDUSTRY	2017-2018	2018-2019	2019-2020
I	PRODUCTION	Rs.in crores	Rs.in crores	Rs.in crores
A	Khadi	1465.21	1765.51	2058.53
B	Polyvastra	159.67	191.70	258.94
C	Solavastra	1.78	6.09	6.77
Total : Khadi, Polyvastra & Solarvastra		1626.66	1963.30	2324.24
D	Village Industries	46454.75	56167.04	65343.07
	TOTAL KVI PRODUCTION	48081.41	58130.34	67667.31
II	SALES			
A	Khadi	2249.18	2854.19	3634.41
B	Polyvastra	259.32	355.47	570.92
C	Solavastra	1.71	5.47	5.93
Total : Khadi, Polyvastra & Solarvastra		2510.21	3215.13	4211.26

D	Village Industries	56672.22	71076.96	84664.28
	Total KVI SALES	59182.43	74292.09	88875.54
III	EMPLOYMENT			
A	Khadi	4.34	4.60	4.61
B	Polyvastra	0.29	0.30	0.30
C	Solavastra	0.02	0.06	0.06
	Total : Khadi, Polyvastra & Solarvastra	4.65	4.96	4.97
D	Village Industries	135.71	142.03	147.76
	TOTAL KVI EMPLOYMENT	140.36	146.99	152.73

Source: Ministry of MSMEs, GOI.

Interpretation: The above table no 3 reveals that the comparative performance of khadi and village industries from the year 2017-18 to 2019-20. It can be observed that the total KVI production stood at Rs.48081.41 crores in the year 2017-18 and rose to Rs.67667.31 crores in the year 2019-20. It can also be seen that the total KVI sales were Rs.59182.43 crores and it has been increased to Rs.88875.54 crores in the year 2018-19. In case of employment 140.36 lakh persons (cumulative) in 2017-18 and increased to 152.73 lakh persons (cumulative) in 2019-2020. The notable feature that, while comparing the employment opportunities, it is very high in Village Industrial Sector than khadi sector. There is a tremendous performance of village industrial sector in production and sales. It shows that the production of village industries was Rs.46454.75 crores in the year 2017-18 and rose to Rs.65343.07 crores in the year 2019-20. Village industries sales also increased surprisingly, that was Rs.56672.22 crore in the year 2017-18 and it has increased to Rs.84664.28 crores. The total KVI sector employment increased from 140.36 lakh to 152.73 lakhs as on 31 March 2020.

**Table No 4 Budgetary Support to KVIC during the years
2010-11 to 2019-20**

(Rs.in Crores)

YEAR	ALLOCATION (RE)		FUNDS RELEASED	
	Plan	Non-Plan	Plan	Non-Plan
2010-2011	1543.96	172.64	1452.46	171.64
2011-2012	1494.22	185.22	1258.46	184.72
2012-2013	1543.79	162.85	1466.20	160.85
2013-2014	1395.67	219.28	1204.88	218.23
2014-2015	1452.00	229.09	1384.40	227.31
2015-2016	1579.65	244.71	1520.49	244.18
2016-2017	1647.40	258.74	1591.08	258.74
2017-2018	2395.08	-----	2130.57	-----
2018-2019	3085.78	-----	3200.65	-----
2019-2020	3461.70	-----	3453.78	-----
TOTAL	19599.00	1472.50	18663.00	1456.70

Source: Ministry of MSMEs, GOI.

Interpretation: The table no 4 provides the details of funds provided from Budgetary Sources (both under Plan and Non-Plan head) to the KVI Sector during the last ten years. The government has provided remarkable financial support to the KVI Sector. Out of Rs.1543.96 crores (revised budget allocated) under plan head Rs.1452.46 crores funds have been released in the financial year 2010-11. In the same financial year under non-plan head, out of Rs.172.64 crores allocated, Rs.171.64 crores funds have been released. In the financial year

2019-20 out of Rs.3461.70 crores allocated for plan head, Rs.3453.78 crores funds have been released. From the financial year 2017-18 there is no budget allocation for non-plan head.

Findings

1. It is observed from the table no 1 that is production and sales performance of khadi sector is quite good.
2. 14.76% CAGR registered for production of Khadi sector.
3. 18.46% CAGR registered positively for sales of Khadi sector.
4. Annual growth rates of production as well as sales are showing linear growth continuously in case of khadi sector.
5. It is found that the village industrial sector production, sales and employment are tremendously increased.
6. There is a tremendous growth in the employment in village industrial sector.
7. It is also observed that the budget support is very good for KVI sector.
8. It is found that, out of total employment of KVI Sector, khadi sector employment rate is poor.

Conclusion

As part of MSMES, the KVI sector has maintained sustainable development in terms of production and sales. In case of employment, village industrial sector is performing well, when compared to khadi sector. Khadi sector employment rate is not up to the mark. Khadi and Village Industrial commission promoting in production and sales through implementing various schemes to the KVI Sector. It is observed that, there is a potential growth in production and sales. Out of allocated budget, more than 95% yearly budget have been released. The government has implemented various policies towards KVI Sector to provide rural employment and to improve rural economy. In spite of the severe competition, the overall performance of Khadi and Village Industrial Sector (KVI) is excellent.

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