

PERFORMANCE OF KHADI AND VILLAGE INDUSTRIES (KVI) OF MSME SECTOR

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Abstract

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, Performance of KVI over the years and identify the role of KVIC in developing the particular industries. There are some challenges for KVIC due to which it is struggling and it is necessary to overcome these challenges to achieve overall growth and development of KVI.

Keywords: KVI, KVIC, MSME Sector, Employment generation, Rural Economy.

INTRODUCTION

KVI comes under the ARI- Agricultural and Rural Industries division of the MSME Sector. KVI is the major division which supports the rural economy by providing employment to the unskilled rural youth and connects the rural communities through small businesses hence overall development at the village level. There are seven different industries included in KVI,

1. Food processing and Agro Industry.
2. Mineral based industry.
3. Cosmetic & Wellness industry.
4. Leather, Plastic, Handmade paper Industry.
5. Engineering & New technology industry.
6. Service Industry.
7. Khadi Industry.

Among all these khadi industry is most renowned since the independence era. KVI covers 2.48 lakh villages in India. In the recent years it has witnessed the major gains globally via exports also and actively participating in the Research and Developmental activities.

LITERATURE REVIEW

(Balasubramanyam, 2015) The author has illustrated the budgetary support provided by the government to KVI and performance of the sector. The research paper has also focused on the many schemes which are implemented for the growth of KVIC and concluded that KVIC helps in the stopping the migration of rural unskilled workers to urban areas and develops the rural unskilled work force.

(Dhanuraj, 2016) The research is contrary to all other researches and challenges all other researches. The research is focused on khadi industry among other industries of KVI and explains that khadi sector is over regulated by the government in India and all functions of the khadi from production to sales are in control of government and this has led to inefficiencies in the sector further the research suggests to allow the artisans to work with private textile designers and some of the privatization is required in the sector. The author has explained that there is wastage of public funds in the khadi sector through the data as government spent crores of rupees to develop the khadi sector.

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(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.

(M, 2018) The research paper has analysed the performance of KVI sector from the viewpoint of employment, production and sales. The author has compared the data of the eight years starting from 2012 to 2018 which shows the gradual increase in the production and sales of the KVI.

(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.

(Goel, 2019) The author has highlighted a concept for KVI which is KVI provides self-employment with less capital investment in spite of many hurdles KVI continue to grow. The research paper has also highlighted many challenges the industry has to overcome to increase the demand and sales of its products.

(Saluja, 2020) The article illustrates the turnover figures of KVI in the financial year 2019-2020 the cumulative turnover reaches to Rs. 90,000 crores approx. with the growth of 31% from the last year 2018-2019 further the data shows that production has gone doubled after 2015-2016 and KVI is continue to grow with the rapid speed.

(PTI, 2020) In order to boost the production, develop village industries and develop the artisans. The government has launched a programme for the manufacturing of agarbatti (Incense sticks) which is targeted to support with 200 automated machines for its making and 40 mixing machines which will help the industry.

(Saluja, KVIC seeks international trademark for khadi items, 2020) KVIC is struggling in many countries including Germany for the violation of the khadi mark regulations. These regulations were issued to protect the interest of khadi and genuine products in the year 2013 by the MSME sector for getting royalties from the manufacturers using khadi mark. In 2015 Fab India was charged 600 crore rupees for the same.

(PTI, 2020) Pradhan Mantri Employment Generation Programme- PMEGP is aims to generate employment and according to the data of the article KVIC is on the top list which provide employment on the large scale. It not only provides employment but also helps the artisans, educates the unemployed.

OBJECTIVES OF THE STUDY

1. To evaluate the role of KVIC in developing Khadi and Village Industries.
2. To analyse the performance of KVIs over the years.
3. To identify the role of KVI in employment generation and rural development.
4. To identify the challenges of KVI.

RESEARCH METHODOLOGY

The research has been carried out using secondary data sources. The annual reports of the MSME Sector from 2006-07 to 2019-20 has been analysed and evaluated to draw the conclusion and other supporting data has been taken from the MSME site and its other publications.

KHADI AND VILLAGE INDUSTRIES COMMISSION- KVIC

KVIC is the statutory organisation under the MSME ministry, was formed under Khadi and Village Industries Commission Act 1956. It works for the all industries and institutions of Khadi and village industries. It has the network of 8058 sales outlets and 38 departmental and non-departmental training centres.

Functions of KVIC

- Provides employment opportunities in the rural areas.
- Frames different programmes and implements that programmes.
- Makes rural unskilled workers self-sufficient.
- Organizes training for the workforce.
- Markets and promotes the products of khadi and village industries.
- Gives efforts in Research & Development activities for KVI.
- Solves the problems of KVI.

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- Provides financial assistance to the KVI.

RECENT INITIATIVES OF KVIC

Convergence

KVIC has made convergence with many big retail chains like Raymond ltd, Aditya Birla Fashion Ltd, Arvind mills etc. to promote the sales of Khadi cloth. It has developed the khadi cloth more designed and fashionable with this convergence.

Tie-Ups with the designers

KVIC has made tie ups with internationally recognized famous designers to design the Khadi and make it more as per the fashion trends.

Khadi Lounge

To sell the premium products of KVI, the khadi lounge has launched. Khadi Lounge are stores which sells the premium goods of KVI. Initially established in New Delhi, Jaipur, Mumbai and gradually it will come to other metropolitan cities which can generate good sales.

Khadi Outlets at Airports

In order to increase the sales, khadi outlets are successfully opened at the airports. Initially there are three airports at where the outlets has been opened namely Ahmedabad airport, Varanasi airport and Vishakhapatnam airport.

Khadi supply to PSUs.

Khadi has been supplied to most of all Public Sector Units like ONGC-Oil and Natural Gas Corporation, Ministry of health, Ministry of defence, Indian Oil Corporation-IOC and many more Government departments and Banks to increase its sales and consumption.

KIMIS-Khadi Institution Management & Information System

It is a billing software that shows the sales and purchase stocks of KVI products. 480 khadi institutions are using this e-marketing system to boost the supply and demand of the products.

KIRCS- Khadi Institution Registration and Certification Sewa.

To enrol the new khadi institution and expand the chain of KVI, this registration is done through online.

Franchise system

The KVI has also started franchise system with zero investment to boost the sales of the products. Franchise system of KVI is very successful in cities such as Pune, Kolkata, Aligarh and Navi Mumbai.

Sales outlet locator application

The KVI has launched mobile application which locates the sales outlet nearby with the help of GPS system and pin code search and 3550 stores location is added on the app.

E-wallet

KVI has developed the own e-wallet for the online payments and to go digitalized when payments are concerned.

Apart from these, there are many schemes and programmes implemented by KVIC however the research focuses to highlight the recent initiatives.

DATA ANALYSIS AND DATA DISCUSSION

The activities of KVI has separated into two parts, Khadi sector and Village sector where khadi sector comprises of only khadi material products and village sector comprises of all other products of KVI.

Production and Sales of Khadi Sector

Year	Production in crores	Sales in crores
2015-16	1158.44	1663.98
2016-17	1520.83	2146.60
2017-18	1626.66	2510.21
2018-19	1963.30	3215.13
2019-20 up to 31-12-19	1787.19	2883.71

Source: MSME Annual Report 2019-20

Production and Sales of Village Industries

Year	Production in rupees	Sales in rupees
2014-15	26689.39	31965.52
2015-16	33424.62	40384.56
2016-17	41110.26	49991.61
2017-18	46454.75	56672.22
2018-19	56167.04	71076.96

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2019-20 up to 31-12-19	46980.59	60343.69
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Source: MSME Annual Report 2019-20

Employment under Khadi sector

Year	Employment in lakhs
2016-17	4.56
2017-18	4.65
2018-19	4.96
2019-20 up to 31-12-19	4.98

Source: MSME Annual Report 2019-20

Employment under village industries

Year	Employment in lakhs
2014-15	123.79
2015-16	126.76
2016-17	131.84
2017-18	135.71
2018-19	142.03
2019-20 up to 31-12-19	144.60

Source: MSME Annual Report 2019-20

There is major contribution of khadi alone in KVI when production and sales of products are concerned. In khadi sector the production and sales has been increasing constantly from 2015-16 to 2018-19 and production in 2018-19 is 1963.30 crores and sales in the same year is 3225.23 crores are at the peak and from figures of khadi sector only it perfectly prove that khadi contributes number one in KVI products.

Looking to the production and sales of village industries which includes all other industries products production and sales. The data shows that village industry production and sales of the products are growing by heaps and bounds and achieved great success in the 2018-19 year with 56167.04 production and sales of 71076.96.

When employment is concerned both khadi and village industries contribute great towards employment. It employs the rural artisans and not only employs but also gives training to the unskilled labour force. The employment under khadi, according to the data is constant with an average of 4.79 lakh from 2016-17 to 2019-20. The village industries alone provides 134.038 lakh employment on an average.

CHALLENGES OF KVI

1. Branded clothes / things
2. KVIC products whether khadi clothes or other products are unable to survive the competition against the branded one as everyone now a days believe in the brands, what we see in advertisement is what we buy.
3. Lacking in technology & fashion oriented goods
4. Most of the goods of KVIC are labour oriented it is good for the employment but other goods can't stand up against the goods which are produced with the latest technology another challenge is youth of India is attracted to the fashion and glamour which KVIC can't compete as khadi is generally ethnic wear segment and does cover more fashion and glamour.
5. Modernisation of stores
6. When we have to buy anything we just go to mall or store which is kind of more modernised all stores are now being very modernised whether its interior or lights or every aspect but the stores of KVI have no modernisation.
7. Wages to artisans
8. KVIC is artisan based industry & thus work of artisans is very tough and unique and as the time of inflation there is now artisans need more wages which sometimes KVIC is difficult to pay to them because of limited sales, profit margins and returns in the sector.
9. Ethnic Segment
10. The main focus of khadi sector is ethnic segment and now a days ethnic segment is flooded with many products and various brands. Daily styles are changing so this segment itself is challenge.
11. Lack of Marketing
12. KVIC is organizing many exhibitions to market the products but still many small entrepreneurs face many problems while marketing the goods. There are some weak khadi institutions which face many problems related with marketing.
13. GST-Goods and Service Tax

14. In the previous tax structure many of khadi items were not charged any of tax but in the GST system all that items have come into tax net and some of the items have become very expensive after GST so this can be very challenging for the khadi sector.
15. Advertisement
16. Advertisement is the biggest challenge for the KVIC units as it is always very expensive affair and now it is very necessary to market and advertise goods in order to get the products sold easily however there is lack of advertisement efforts and support by the government.
17. Competition
18. Competition is growing day by day whether it is local market or international market and to survive in this competition it is very difficult for the KVIC units/enterprises. China has increased the low price exports thus KVIC is unable to stand against these cheap goods. On the other side there are giant brands and modern goods which are more popular so to beat them is very difficult for KVIC.
19. Look alike / similar/ copy goods
20. There are many goods which are copy of the khadi goods so these goods are sold as original khadi products but actually they are copy of these. These look alike goods are threat to the khadi and village industries and create wrong quality impression in the mind of the customers.

CONCLUSION

When employment is concerned the KVI Sector significantly contributes 149.58 lakh persons up to 31-12-19 as per data. 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. The reason can be the challenges of the sector and according to the literature reviews the fact can't be denied that the KVI Sector is over regulated by the government and some part of it should be privatized. Every year government provides budgetary support to KVIC and has provided 3433.73 crore rupees till 31.12.2019 which is too much so these funds are not utilised properly or there are loopholes in the system because of which actual benefit is not seen. 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.

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