

SIGNIFICANCE OF KHADI AND VILLAGE INDUSTRIES ON INDIAN ECONOMY “STATE OF ART”

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Abstract :-

This article focuses on present status of Khadi and Village Industries and the challenges faced by the under developing state of India such as Chhattisgrah and the globalized world of free market economy and apart from this several recommendation are also postulated for the development and improvement of economy statue. In India Chhattisgarh has an agrarian economy, apart from agriculture practice, khadi and village industries (KVI) plays a significant role in rural economic development. From earlier period KVI is an integral part of the village life and plays momentous role in sustainable and balance growth of a nation. Moreover it becomes an alternative weapon for the peoples of Ural area to overcome from unemployment and underemployment and deserve identical fostering as we are nurturing the culture of Multi National Companies in our country. The paper highlights the contemporary status of KVI in the background of globalization and the challenges faced in the form of sturdy market competition

Keywords:- KVI, economy, Globalization, Ural area

1. Introduction

India is principally an agrarian economy. A large percentage of its population earns their livelihood by agricultural practices. Besides from agriculture, KVI play a significant role in the rural economy. From centuries it was an fundamental part of village life; from prehistoric age to medieval period spinning and weaving were in practice. The Indian fabric was in high demand all across the world. During the 17th and 18th century the Indian exports succeeded in placing it among the affluent nations of the world. It was during the pre-British rule that the KVI witnessed boom and the Indian economy as a whole. The Handicrafts sector which is the part of village industries enjoyed a better position in comparison to other village industries. The KVI had an advantageous position during the 17th and 18th century. Then came the period of Industrial revolution. It was a crucial phase and a turning point in the history of KVI. It changed the entire gamut of international trade and similarly, the fate of Indian KVI. As a result of colonisation, Great Britain found a potential market and provider of raw material in India. During the 19th century, particularly in the mid of 19th century, it became difficult for KVI to compete with the machine- made goods as the latter was cheaper and the former was expensive due to its labour intensive character

The simple fabric of Khadi is no more 'Livery of Freedom' or 'Fabric of Freedom' but it is still a 'Fabric of Livelihood' for millions of people. It is need of the hour to review KVI by associating it with globalisation rather than viewing the globalised market as a threat to its survival. The objective of self reliant KVI which was a true spirit behind KVI since its conception needs revival. This could be achieved only through a whole new set of strategies which will equip KVI to take up the challenges rather than depending on subsidies and rebate.

2. The significance and role of Khadi and Village industries

The Khadi and village industries continue to be more pertinent in the globalized India till before the freedom of India. India is now reaping the benefits of demographic dividend. The average age of today's India is 24 years. India should provide /facilitate its youths to get the jobs, so that their energy is channelized in right direction towards economic development of nation. The already existing surplus labour and the new entrants to the job markets must be provided jobs;

otherwise it would prove disaster to the economy. Globalized India has welcomed FDI established SEZ, but it cannot provide jobs to all those who demand the jobs, except by developing and encouraging the MSME, Khadi and Village industries. Establishing and encouraging the Khadi and village industries will also solve the adverse impact of migration of rural labour to urban areas and cause severe strain and stress on the urban infrastructure.

“Khadi is the proud legacy of our national freedom movement and the father of the nation. Khadi and Village Industries are two national heritages of India. One of the most significant aspects of Khadi and Village Industries (KVI) in Indian economy is that it creates employment at a very low per capita investment. The KVI Sector not only serves the basic needs of processed goods of the vast rural sector of the country, but also provides sustainable employment to rural artisans. Khadi and Village Industries today represent an delicate, heritage product, which is „ethnic“ as well as ethical. It has a potentially strong clientele among the middle and upper echelons of the society” [MSME working group report, 2012]

3. Tribute of KVI: Production and Sales

There are five kinds of Khadi namely muslin, silk, woolen, cotton and polyvasta (combination of polyester and cotton).

Generally Khadi units are classified as 1) exclusive spinning units 2) exclusive weaving units 3) spinning and weaving units.

The khadi units also take up dyeing, starching of threads and other related tasks also. Village industries output of goods varies depending on the unit. The Khadi and village sector has registered a significant increase in terms of production and sales during the globalization period. The KVI undoubtedly is facing a stiff competition in the globalization period, but it has successfully shown the signs of withstanding it, but lacks consistency! The following table 1 gives the information about the production and sales from KVI.

Table 1

Year	Production (Rs. Crore)		Sales (Rs. Crore)		Cumulative Employment (in lakh persons)	
	Khadi	Village industry	Khadi	Village industry	Khadi	Village industry
1997-98	624.10	3895.21	745.90	4319.38	14.01	42.49
2001-02	416.69	7140.52	527.86	8383.49	8.48	54.16
2003-04	451.93	9263.98	589.96	11000.00	8.61	62.57
2006-07	491.52	13527.19	663.19	18888.21	8.84	80.08
2007-08	543.39	161.34.32	724.39	20819.09	9.16	90.11
2009-10	628.98	17508.00	867.01	23254.53	9.81	98.72
2010-11	673.01	19198.85	917.26	24875.73	10.15	103.65
2011-12	716.98	21135.06	967.87	25829.26	10.45	108.65
2012-13	569.30	17448.31	790.78	20320.73	10.69	111.04

Source: Compiled from various issues of MSME annual reports

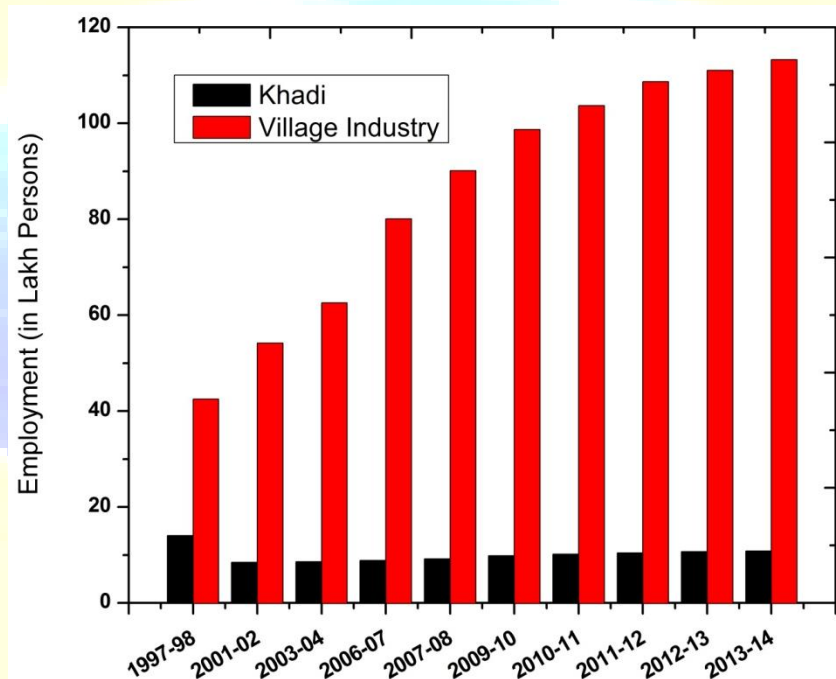
The KVI industry production was worth Rs.4519.31 crore in 1997-98 which increased to Rs.18018.29 crores in 2012-13. It had reached the height of Rs.21852.04 crore in 2011-12. The corresponding sales also increased from Rs. 5065.28 crore in 1997-98 to Rs. 21111.51 crore in 2012-13. The record sale of Rs. 26860.13 crore was reported in 2011-12. Khadi production after reaching Rs. 624.10 crores worth of production fell significantly to 416.69 crore in 2001-02 after which it increased continuously to Rs. 716.98 crore in 2011-12, but again declined to Rs. 569.30 crore in 2012-13. Khadi production which fell in 2001-02 took almost took 8 years to reach to the level of 1997-98. On the other hand, village industries grew consistently as its production grew from Rs.3895.21 crore in 1997-98 to Rs. 21135.06 crore in 2011-12. It declined to Rs. 17448.31 Crore in 2012- 13. The decline in the production of KVI can be attributed to decrease in the funds released as a part of budgetary support. Similar trends are observed in sales, as it depends on production, market and tastes of the consumers.

4. Employment Potential

Khadi and Village industries are persuaded in rural India due having enormous employment potential. Generally it has been observed that the real India lives in rural India as they safeguard the heritage and culture of India, but unfortunately still many of them are illiterates and unemployed which forces them to indulge them in some criminal offence . Farmers, Artisans and craftsman contribute significantly to the rural economic development, but many of them are

pitiable. Revitalizing and establishing Khadi and village industries facilitates them to get the sustainable employment and good live hood. In figure 1 shows the details of the employment generation of Khadi and village industries.

It has been seen that Khadi industries generated 14.012 lack employment opportunities in 1997-98 which declined to 10.39 lakh persons in 2012-13, whereas the village industry generates employment for about 42.59 lakh persons in 1997-98 which increased to 111.14 lakh persons in 2012-13. During XI five year plan period the Khadi and village industries provided employment opportunities to 16.07 lakh person (pib.nic.in)



5. Weaknesses

The major factor which affects the khadi production as enlisted in tenth five year plan report (2002)

1. Improbability over the continuation of the rebate policy for khadi, which upset the manufacture schedule and output of khadi producers;
2. High accumulation of unsold khadi products;

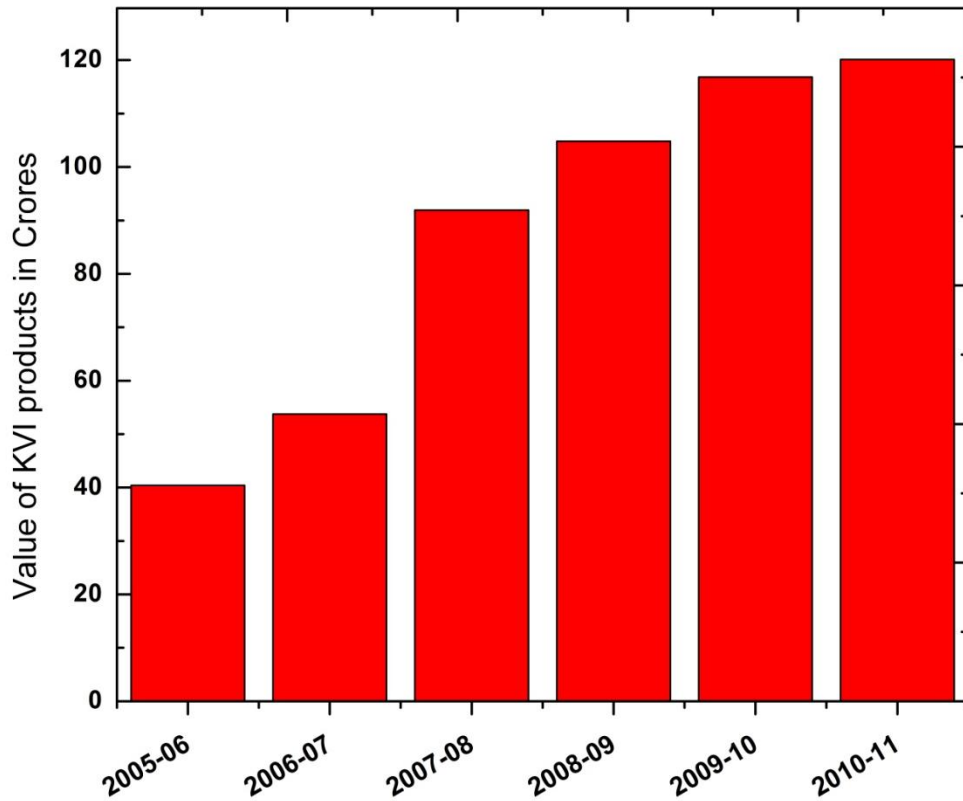
3. The project finance approach approved in place of existing pattern move toward the village industries units took the rural entrepreneurs some time to get used to;
4. Mismatch in khadi production;
5. There was a shortfall in availing funds from banks and budgetary resources

The other factors for the poor performance of khadi and village industries are as follows

- 1) Unable to diminish the cost of production
- 2) Lack of adopting new market techniques for promotion as well as production
- 3) Too much of reliance on budgetary sources,
- 4) Could not market the brand image utilizing the Indian "s national heritage.
- 5) Lack of product innovation and
- 6) Lack of having knowledge and skill people indulge KVI they didn't go through proper traing.

6. Exports

According to Ministry of Commerce, Government of India, has accorded deemed "export promotion council" for promoting KVI products. KVIC has developed a linkage with National Institute of Fashion Technology (NIFT) Mumbai, to avail professional expertise in the area of design and fashion. KVIC is working on MoU to get professional expertise from Indian Institute of Foreign trade. Gradually the exports of khadi and village industries are gaining the momentum, though it has got a long way to make its mark! The value of khadi and village industries products exported was Rs. 40.41 crore in 2005-06, which reached to Rs.116.84 crore by 2010-11. The following chart depicts the KVI products exported from India.



7. Conclusion

By concentrating upon design and quality of khadi enormous improvement can be achieved in the khadi production. Even though government also provides adequate financial assistance for the development of khadi and village industries in form of tax exemptions, mainly in sales tax, purchase tax, etc to overcome from unemployment and to improve the livelihood of people in rural areas.

When the issue of climate alteration is dominating the economic policies the clean and green techniques of production have to be promoted and adopted in such a way that the rate of production does not get affected. Therefore khadi and village industries have to be promoted. Moreover it has the potential to solve the unemployment problem of rural India to a greater extent.

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