

# EVALUATION OF PERFORMANCE OF KHADI AND VILLAGE COMMISSION IN MSME SECTOR

## Abstract

Government of India is making continuous efforts by implementing various scheme for the growth of MSME sector as it is considered as a backbone of Indian economy. MSME sector accounts for taking rural people together and provide them the opportunity of employment. Women are taking part in the production of goods and services and generate an income from their work.

This study, analysis the Khadi and Village Industry from 2017-18 to 2020-21. The aim of the study is to answer the sale and production of khadi and village industry in the respective year, the challenges faced by these industries and at last some suggestions are made for the improvement in the respective industry.

**Keyword:** MSME in India, Khadi and Village industry, small industry.

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## I. INTRODUCTION

India is a country where population is divided into urban sector and rural sector. For their living each sector contributed certain percentage towards the GDP. For the development and enhancement of rural people government of India introduced MSME or Micro, Small and Medium enterprises. In 1999, Ministry of small-scale industries and Argo and rural industries was established. In 2001, the ministry was divided into two segments the ministry of small-scale industries and the ministry of Argo and rural industries. With the rule of government of India 1961 they were merged into one ministry. The aim of the ministry is to promote and encourage the micro and small enterprises. MSME sector is emerged as a driving component for the development of the Indian economy. The MSME focus on eliminating the income gap among the individuals and providing the opportunities for growth and employment. In India, MSME contribute about 8% towards the country GDP, around 45% of the manufacturing output and 40% of the country's export. (Chauhan., 2013) It can be proudly denoted as a backbone of the country. MSME is divided into various sector and khadi and village industry is one of them. After independence, government of India took the opportunity to promote the village industry with the framework if five-year plan.

## II. DEFINITION OF MSME

The Government of India introduced Micro, Small and Medium enterprise in 2006 under the act Micro, Small and Medium Enterprises Development (MSMED) act 2006. These enterprises are engaged in production, manufacturing, processing of good and services.

Kind of Enterprise	Act of 2006		Bill of 2008
	<b>Manufacturing</b>	<b>Service</b>	<b>All enterprises</b>
	<i>Investment towards plant and machinery</i>	<i>Investment towards equipment</i>	<i>Annual turnover</i>
Micro	25 lakhs	10 lakhs	5 crores
Small	25 lakhs to 5 crores	10 lakhs to 2 crores	5 crores to 75 crores
Medium	5 crores to 10 crores	2 crores to 5 crores	75 crores to 250 crores

Classification of enterprises into micro, small and medium enterprises (in Rs)

## III. OBJECTIVES

1. To study the relationship between sale and production of khadi and village sector from 2016 to 2021.
2. To evaluate the challenges faced by Khadi and Village Industries Commission through MSME's in India.
3. To suggest the strategies towards the improvement in khadi and village sector.

## IV. METHODOLOGY

This paper is based on secondary data sources. The data is collected from:

1. Annual reports published by reserve bank of India

2. Annual report of Micro, Small and Medium Enterprise (MSME)
3. Annual reports of Khadi and Village commission (KVIC)
4. Various research paper published in related journal, magazines and website.
5. Correlation method.

The time period taken is from 2017-18 to 2020-21.

## V. REVIEW OF LITERATURE

Before independence, khadi and village industry was entirely a non-governmental activity. After independence, the government of India promote village products and established khadi and village industry commission (KVIC) which is a statutory organization by an act of parliament (Balasubramaniam, 2014). This organisation was established in 1956 with the objective of strengthening the role of rural products and creating employment and income source of the people.

Khadi and village industry play an important role in the increase in GDP of the country. The aim of this industry is to connect people with the traditional history of our country through products. They preserve our real history in their artwork. (Yadav et al., 2022) one station one product scheme will give a new ideology and raise the skill motivation, promotion and export of handmade products. With the development in skills the GDP will also increase and these products are heritage based hence government should more focus on the production of these products. Covid 19 impacted each and every sector of the economy. When we talk about the labour class workers and artisans we can remember the crowd at railway station, buses and people walking down to the native place by their own. The moment to their homes connects them with the local craft work. In order to boost the economy one product one scheme was launched and even declared in the union budget 2022-23. Artisans and worker return to their home engaged in handmade products and in this situation the handicraft sector have the potential of creating jobs and upgrade their skills.

**1. Data Analysis:** Table 1 presents the comparative performance of khadi and village industries of MSME's in India from 2017-18 to 2020-21. The production of khadi in 2017-18 is 1465.21 whereas polyvastra production is 159.67 and solarvastra production is 1.78. the total production in all the category named Khadi, Polyvastra and solarvastra is 1626.66. in the same year the production in village industries is 46454.75. sales of khadi in 2017-18 is 2249.18, polyvastra is 259.32 and solarvastra is 1.71. the total sales for the year 2017-18 are 2510.21. the sales of village industry are 56672.22. the total KVI sales is 59182.43.

In the year 2018-19 the production of khadi is 1765.51 and the sale of this is 2854.19. the production of polyvastra is 191.70 and the production of solarvastra is 6.09. the total production of khadi, polyvastra and solarvastra is 1963.30. in terms of sales the polyvastra and solarvastra is 355.47 and 5.47 respectively. The sales of village industries are 71076.96. the total KVI sales is 74292.09.

In the year 2019-20 the production of khadi, Ployvastra and Solarvastra is 2058.53, 258.94 and 6.77 respectively. Total production of khadi, polyvastra and solarvastra is 2324.24. the village industry produced 65343.07. in terms of sales, the sale of khadi is 3634.41. the sale of polyvastra is 570.92 and the sale of solarvastra is 5.93. the total sales of

khadi, polyvastra and solarvastra is 4211.26. the village industry sales are 84664.28 and the KVI sales is 88875.54.

In the year 2020-21, the production of khadi is 1668.61. the production of polyvastra is 230.51 and the production of solarvastra is 5.37. the total production of khadi. Polyvastra and solarvastra is 1904.49. the production of village industries is 70330.66. the sales of khadi is 3085.53, the sales of polyvastra is 436.52 and the sale of solarvastra is 5.66. the total sales of khadi, polyvastra and solarvastra is 3527.71.

**Table 1: Comparative Performance Of Khadi and Village Industries  
(Rs. in crore and Employment in lakh persons)**

Serial No.	INDUSTRY	2017-18	2018-19	2019-20	2020-21
<b>I</b>	<b>PRODUCTION</b>				
A	Khadi	1465.21	1765.51	2058.53	1668.61
B	Polyvastra	159.67	191.70	258.94	230.51
C	Solarvastra	1.78	6.09	6.77	5.37
	<b>Total Khadi, polyvastra and solarvastra</b>	<b>1626.66</b>	<b>1963.30</b>	<b>2324.24</b>	<b>1904.49</b>
D	Village industries	46454.75	56167.04	65343.07	70330.66
	<b>Total KVI production</b>	<b>48081.41</b>	<b>58130.34</b>	<b>67667.31</b>	<b>72235.15</b>
<b>II</b>	<b>Sales</b>				
A	Khadi	2249.18	2854.19	3634.41	3085.53
B	Polyvastra	259.32	355.47	570.92	436.52
C	Solarvastra	1.71	5.47	5.93	5.66
	<b>Total khadi, Ployvastra and solarvastra</b>	<b>2510.21</b>	<b>3215.13</b>	<b>4211.26</b>	<b>3527.71</b>
D	Village industries	56672.22	71076.96	84664.28	92213.65
	<b>Total KVI sales</b>	<b>59182.43</b>	<b>74292.09</b>	<b>88875.54</b>	<b>95741.36</b>

Source: MSME Annual Report(2017-2021).

**Table 2: Correlation in the performance of production and sales of khadi and village industries.**

<b>Correlation in the performance of production and sales of Khadi and village sector</b>	<b>0.83417141</b>
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In table 2 the correlation between the performance of production and sales of khadi is 0.834.

## 2. Challenges faced by khadi and village Industry

- Khadi products are known for their traditional and heritage value. Developing a product-oriented market only related to traditional and original khadi and on the other hand satisfy the fashion-oriented youth is a challenge to meet.
- In order to sustain in the market regular sale and high return are essential to remunerate the artisans well on time. Also, an increase in wages is required on the regular intervals.
- Updating outdated technology and equipment of the khadi institutions and renovation of stores are the other big challenge.
- Aware the consumer about the original and competing with the large-scale industry that produce same product at low cost.
- Balance between the demand and supply for handmade products are difficult to make.
- Earlier, khadi and village industry enjoy the advantage of tax exemption but now GST of 5% is mandated on the products.

## 3. Strategies

- To attract the youth the KVIC has started making readymade garments, including jeans, kurta, t-shirts, and many more products.
- For the awareness and as a mark of authenticity KVIC registered Khadi Mark and created an identity of genuineness of khadi.
- Collaboration with the brands to create a confidence in brand conscious consumers. For example, Raymond created a dedicated apparel line with khadi products.
- Start the business on e-commerce platforms also.
- Under SAHYOG Yojana, KVIC has collected Rs. 1 crore to distribute the charkha among artisans.
- Tie up with the retailers. This is providing a suitable platform to the product and come in everyone eyes.

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