Chapter III

AN OVERVIEW OF KHADI AND VILLAGE INDUSTRIES AND GANDHI ASHRAM
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AND GANDHI ASHRAM

(i) KHADI AND VILLAGE INDUSTRIES - AN OVERVIEW

Normally, during the course of the implementation of various modern developmental programmes, many organisations get so much ossified that their socially helpful impulses are completely denuded. A similar situation has arisen in the case of Khadi and Village Industries Commission. In historical overview of the KVIC would explain present day genesis of it by juxtaposition to start with, the historical background of the Khadi and Village Industries Commission made it a semi-political, quasi-commercial and monopolistic institution. Khadi, during the days of Indian freedom struggle was not only considered a key to swaraj but also considered a means of man’s education, a link between the masses and the different classes, a symbol of dignity of manual labour, a check on the drain of Indian wealth to foreign countries, an occupational therapy for psychic illness affecting the west, an emblem of non-violence, a force for International peace and an instrument for rural reconstruction. It was a programme for satisfying more the basic immediate needs of the surroundings based on local resources than catering to the needs of the urban and overseas markets.

In 1920, Mahatma Gandhi persuaded the Indian National congress to adopt hand spinning and weaving of Khadi as a “measure of discipline and
self-sacrifice for every man, woman and child”. And he also emphasized the importance of strengthening the rural economy. For this purpose in 1921, the All India Congress Committee launched a well-defined programme for the propagation of spinning wheel with a target of introducing two million spinning wheels in the country. The following year, in 1922, the All India Congress Committee accredited an All India Khadi Department for supervising the work carried out by the provincial Congress Committees. The programme was given an institutional support by the creation of the All India Khadi Department which in the following year was replaced by the All India Khadi Board for the purpose of production and sale of khadi in 1925.

In 1934, the All India Village Industries Association was constituted so that the requirements of the village industries could be served effectively. Khadi production touched the top level in the year 1934 and reached 6000 villages. But, due to the political arrests of the freedom movement during 1942, Khadi programme suffered a setback. The two associations separately concerned with khadi and village industries were combined together in 1951 when the new Akhil Bharat Sarvaseva Sangh was established. Meanwhile, the government had set up the Union Planning Commission which was to consider the nature of organizational support it should offer and which could encourage and develop different village industries. The constitution of the six boards was a significant step in this regard. The All India Handloom Board was set up in October, 1952, and the All India Handicrafts Board in November, 1952. In February, 1953 the task assigned to the Akhil Bharat Sarva Seva Sangh was taken over by the All India Khadi and village Industries Board. The Small-scale Industries Board was organized in November, 1954. The Silk Board was reconstituted in 1952 and a statutory
Coir Board was established in July 1954. Each of these boards had specialized responsibilities. The task originally contemplated for the two associations connected with Khadi and Village Industries was now fragmented into six segments; the movement that initially had relied on individual initiatives of the rural artisans now became centrally directed.

The All India Khadi and Village industries board was assigned the responsibilities for formulating and implementing the programmes for the production of Khadi and Village Industries. The board was expected to arrange for the training of personnel, manufacture and supply of equipments and raw materials, organize for market research and study of economic problems relating to the various industries assigned to it. Encouragement and promotion of researches in the techniques of production, cooperation among the manufacturers and certification of producers and of dealers in Khadi or the products of any of the assigned village industries to it. Soon after the constitution of the board, it began to experience difficulties in discharging its responsibilities. The procedural, financial and other institutional limitations inherent in government funded institutions were restricting the working of the board. In order to overcome these difficulties, it wanted more powers. To overcome these limitations, the Khadi and Village Industries Board, by an act of parliament in 1956, was transformed into a statutory commission. The Khadi and Village Industries Commission (KVIC) with its new powers began to function since April 1957.

A village industry may be defined as any industry located in a rural area with population that does not exceed twenty thousand and which produces any goods or renders any service with or without the use of power
and in which the fixed capital investment per head of an artisan or a worker does not exceed fifty thousand rupees. At present, the village industries, besides khadi, that come under the purview of the KVIC are: processing of cereals and pulses; ghani oil; village leather; cottage matches production; fire works and agarbatti; gur and khandsari; palm gur; non-edible oils and soap; hand-made paper; village pottery; bee-keeping; fibre; black smithy; carpentry; manufacturing and use of methane gas and manure; lime shell and other lime products.

Implementing Agencies

At present, Khadi and village industries programmes are implemented through 5549 registered institutions, cooperative societies, 33 state/union territories Khadi and Village Industries Boards and 27 public sector banks, their regional rural banks and a few selected cooperative banks. But Khadi programme is implemented only through institutions that are registered either with KVIC or KVIBs. At the same time, village industries programme is implemented through individual entrepreneurs also by availing credit from the banking sector.

Group of Industries

The Khadi programme is comprised of hand spun and woven cotton, woolen, muslin and silk varieties of cloth. The village industries programmes have been classified into seven broad groups. They are mineral based industry; forest based industry, agro and rural industry; polymer and chemical based industry; rural engineering and bio-technolgy; hand made paper and fibre industry and service industry.
Negative List

Industry connected with meat processing, sale of intoxicant items like beedi, pan, cigarette etc, any hotel or dhaba or sales outlet serving liquor, tobacco related goods, tapping of toddy for sales, manufacturing of polythene carry bags of less than 20 microns thickness are not assisted under KVI programme as these are against the ideology of Mahatma Gandhi.

Budgetary support to KVIC

The Government of India, both under plan and non-plan heads, provides funds for the activities of the KVIC. These funds are provided primarily by way of grants and loans and in turn KVIC reallocates them to implementing agencies under the same namely the state KVIBs, registered institutions and individual entrepreneurs.

The commission’s administrative expenditure, including pension payment, is also being met out of government budgetary support collection of forest plants and fruits for medical purposes; fruits processing and preservation; bamoo and cane work; manufacture of household utensils from aluminium; gums and resins and manufacture of rubber goods.

The main social objective of KVIC is to provide employment opportunities for the rural poor. The economic objective of the commission is to produce saleable articles. KVIC has also got a wider objective of creating self-reliance among the people and building up a strong rural community sprit.
Organisational set up

The KVIC functions with its central office at Mumbai and with two zonal offices at Mumbai and at Guwahati to facilitate the speedy implementation of KVI programmes. At the central office level, different directorates have been constituted to coordinate the functions like training, marketing, accounts, economic research, rural employment generation programme.

The KVIC also undertakes training activities through its 43 departmental and non-departmental training centres. Marketing is taken up through its 23 departmentally run Khadi Gramodyog Bhawans / Vastragaras and 7050 institutional sales outlets located in different parts of the country. As an endeavor to provide quality raw materials to khadi institutions, six sliver plants have also been set up.

Functions of KVIC

The functions of KVIC as prescribed under the KVIC Act, 1956 (No.61, 1956).

(i) To plan and organize training of persons employed or desirous of seeking employment in khadi and village industries.

(ii) To build up a reserve of raw materials and implements and to train persons engaged in the production of khadi or in village industries at such economical rates as may be suitable in the opinion of the commission:
(iii) To arrange the sale and marketing of products of village industries;

(iv) To encourage and promote research in the techniques of production of khadi or in the development of village industries or to provide facilities for the study of problems relating to khadi and village industries.

(v) To maintain or assist in the maintenance of institution for the development of khadi and village industries;

(vi) To undertake, assist or encourage the production of khadi or the development of village industries;

(vii) To promote and encourage co-operative efforts among manufacturers of khadi and persons engaged in village industries;

(viii) To ensure the genuineness of and grant certificates to producers or dealers in khadi or the products of any village industries and

(ix) To deal with any matter related to khadi and village industries.

In recent years, the KVIC has laid emphasis on the diversification of production in the fields of bakery products, manufacturing of papad, processing of pulses, introduction of power ghanis, tapping export potential for the Indian type footwear production of superior quality paper and extension of bee-keeping programme to more states.
Training

KVIC implements its training programme through voluntary institutions and the state boards of and khadi and village industries. The training for the artisans is organized locally and a stipend of Rs.350 per month is given in addition to conveyance charges provided to selected candidates. For a higher level training, there are central training and research institutes for each industry where to the candidates are sponsored for training.

Major schemes being implemented by KVIC

The Rural Employment Generation Programme (REGP) is the flagship programme being implemented by the KVIC to generate more employment opportunities, thereby pushing the organisation from the rural to urban areas. Under REGP capital subsidy, in the form of margin money, is provided for setting up labour-intensive projects in rural areas as well as in small towns with a population of upto 20,000.

Interest Subsidy Eligibility Certification (ISEC) scheme is the major source of funding for khadi programme. It was introduced in May 1977 to mobilize funds from banking institutions to fill the gap in the actual fund requirement and its availability from budgetary sources. Under the ISEC scheme, credit at the concessional rate of interest of 4 percent p.a. for capital expenditure as well as working capital in given as per the requirement of the institutions. The difference between the actual lending rate of 4 percent is paid by the central government through KVIC to the lending bank and funds for this purpose are provided under the khadi grant head.
Institutions registered with the KVIC / State Khadi and Village Industries Boards (KVIBs) can avail of financing under the ISEC scheme. Initially, the entire KVI sector was covered, but with the introduction of REGP for village industries, the ISEC scheme now supports only the khadi and poly vastra sector. However, all village industries units existing on 31.3.95 have been allowed to avail of this facility for the amount of bank finance availed as on that date or actual, whichever is less and funds for this purpose and provides under the village industry grant.

The institutions were able to improve their credit situation during the year under report. ISECs worth Rs.323 crore have been issued up to December 2004 to meet part of their working capital requirement during 2004-2005.

The government has been announcing rebate policy for the last many years so as to make the price of khadi competitive with other textiles producers. Normal rebate all over the year and an additional special rebate for 108 days is given to the customers. For this purpose, the institutions are supported by KVIC from funds available through budget of the ministry of agriculture and rural industry under khadi grant head. Rebate policy in announced on a year-to-year adhoc basis. The rate of normal rebate is @ 10 percent and on additional special rebate is @ another 10 percent for 108 days.

The rebate is allowed only on the sales made by the institution/centres run by the Khadi and Village Industries Commission, the Khadi and Village Industries Boards and also the sales-centres run by the registered institutions who are engaged in the production of khadi and polyvastra.
Under rebate scheme, the KVIC released Rs.118.84 crores and Rs.81.99 crores during the years 2002-03 and 2003-04. In the year 2004-05, Rs.59.18 crore was released towards rebate till January 2005.

The Production Development, Design Invention and Packaging (PRODIP) scheme was launched in November 2002 with a view to improve the quality of khadi products and also to diversify into new products. Capacity building programmes were organized under PRODIP scheme such as,

(i) Training for production of knitwear organized at khadi Gramodyog vidyalaya, Tamilnadu, Sarvodaya Sangh, Tirupur. (ii) Training for Readymade garments manufacturing at NID, Ahmedabad premises. (iii) training for readymade garments manufacturing, conducted at multi disciplinary centre, Patna, a departmental unit of the commission (iv) training for manufacturing readymade garments which includes design development, pattern making, stitching etc. were organized at Kshetriya Shri Gandhi Ashram, Varanasi and Meerut and Khadi Gramodyog Vidyalaya Tirupur.

The scheme has gained acceptance as would be evident from the progress achieved so far. During 2003-04, 121 projects were sanctioned under PRODIP. During 2004-05, a target of 202 projects were set under PRODIP against-which 40 projects were also sanctioned under KVI till January 2005.

The Rural Industries Service Centers (RISC) was started with a view to helping the artisans and entrepreneurs who are working in clusters and do
not have adequate facilities for complete processing, packaging, marketing, quality control, raw materials, training, etc. The KVIC is implementing a scheme known as Rural Industries Service Centres in the current year 2004-05 to provide infrastructural support and necessary services to the local units to upgrade their production capacity, skill upgradation and market promotion.

This scheme provides testing facilities by establishing laboratory to ensure quality of the products. It provides improved machinery and equipment to be utilized as common utility facilities by the nearby units to enhance production capacity or value addition of the product. Through this scheme, attractive and appropriate packaging facilities are also provided to the local units for better marketing of their products.

This scheme is to be implemented through KVIC/KVIBs, National level/State level Khadi and Village Industries federations. Khadi and village institutions affiliated to KVIC and KVIBs and NGOs who have already worked in the implementation of programmes relating to development of rural artisans in activities excluding the negative list of KVIC. Under this scheme, financial assistance for establishing the projects up to Rs.5 lakh will provide benefits to 25 individuals.

To provide insurance cover to khadi artisans, a scheme of group insurance in the name of Janashree Bima Yojana was launched with effect from 15 August 2003. Under this scheme, about 3.90 lakh artisans are to be covered during the 10th plan period. This scheme has been formulated by Life Insurance Corporation of India with an annual premium of Rs.200/- per beneficiary. Under this scheme 2.03 lakh artisans have already been covered.
by 31 January 2005. This scheme not only insures the life of artisans but also accounts for disabilities of a permanent nature. As an added benefit, school going children of the insured artisans between class IX to XII are also eligible to get a scholarship of Rs.100/- per month, i.e. up to two children per artisan.

Other Initiatives

Quality Control in Khadi

In order to increase the appeal of khadi while maintaining its handicrafted quality, KVIC forged tie-up arrangements with the National Institute of Design, Ahmedabad, Dastakar, Andhra Pradesh, IIT Delhi, and Textiles committee, Mumbai. The IIT, Delhi developed stiff and soft processing techniques as distinct characteristics for khadi. The process was implemented as a pilot project at Kshetriya shree Gandhi Ashram, Barabanki in Uttar Pradesh. Building on the success of the project, replication of such facilities as common facility centers in other parts of the country is also being done.

Marketing

In the wake of globalization and liberalization of the economy, it has become imperative to move with the demands of the market in the fast changing consumer preferences. In this backdrop it was essential for KVIC to redefine and redesign its strategy for its products to remain acceptable to the surging market demand. Major strategic changes have been initiated in the last few years focusing on the market-oriented approach instead of more
sales promotions. KVIC has taken various proactive moves further to the marketing of its products. The commission is also taking attention to brand promotion, better design of input and modernization of sales outlets to suit the customers’ taste and convenience. Further, vigorous efforts have been made in brand promotion, since KVI products had lacked umbrella brand coverage. The breakthrough made in earlier years was by launching ‘Sarvodaya’ brand for a range of products. Now, efforts have been made to essential oils, high fashion design garments, herbal products etc, through the exclusive ‘khadi’ brand.

Sales outlets

Keen attention has been paid to the customers’ need and convenience. The Khadi Gramodyog Bhavans located in important locations work without closing for lunch. An incentive scheme, linked to sales performance has also been introduced for the staff of departmental sales-outlets in order to encourage and motivate them for better result.

KVIC is taking steps to bring uniformity in the signage of Khadi Gramodyog sales outlets. There were large numbers of khadi without uniformity in their outlook earlier. It was felt necessary to create a uniform signage, which could be used by various Bhavans to impress upon the customers. Exhibitions are considered as a cost-effective publicity and market promotion instrument, so that consistent efforts were made to organize such exhibitions in different places.
Renovation and Modernisation

Most of the khadi Gramodyog Bhavans were designed and set up decades ago. Efforts have been made to modernize such outlets and improve the outlook so as to attract the customers. Under the UNDP KVIC project, computerization of inventory management and financial accounting is one of the important elements. In this regard, 10 major sales outlets are identified for upgradation and computerization.

Marketing Federations

Under the existing market scenario, KVI products were marked through a number of NGO’s, marketing federations of different industries, etc. Such situation to a certain extent contributed to the duplication of infrastructure facilities and efforts, in addition to operational cost.

Accordingly, to give boost to marketing of KVI products, it was decided to form a national level organisation in the name of Confederation for Production of Khadi and Village Industries (CPKVI). The main objective of the CPKVI is to procure and promote khadi products, getting bulk orders from government, public sector units, corporate houses. The federation would carry out market surveys and research and development activities.

With the full scale functioning of CPKVI, it is expected that the gap in having professionally competent experts from the marketing field would be filled and marketing of KVI products would reach a new hallmark.
Government Supply

The KVIC has been executing the supply of its products under rate contract of Director General of Supplies and Disposal (DGS & D) to various Governments. The ministry of Railway has issued circular to all zonal railways to procure bed sheets and pillow covers from KVIC for providing them to passengers in the first class AC coaches of all trains including Rajadhan express trains. The sales to various Government departments under rate contract was to the tune of Rs. 13.68 lakhs in the year 2004-05.

Research and Development

For the purpose of increasing the productivity, wages, quality, efficient use of local skills and raw materials KVIC undertakes research and development activities through in-house research and also by sponsoring projects to other R & D organisations.

Jamnalal Bajaj Central Research Institute now renamed as Mahatma Gandhi Institute for Rural Industrialization, Wardha, Central Bee Research and Training Institute (CBRTI) PUNE, Dr. Ambethkar Institute of Rural Technology and Management, Nashik, Kumarapapa National Handmade Paper Institute, Jaipur, Central Village pottery Institute Khanpur, Khadi Gramodyog Prayod Samiti, Ahmedabad are institutions in which khadi and village industries research and development infrastructure facilities are available.
Revamping of JBCRI, Wardha

An agreement was signed between KVIC and IIT Delhi, JBCRI, Wardha to convert it into an autonomous body under the ministry of ARI. The vision envisaged is “To upgrade and accelerate the process of rural industrialisation of our country so that we can move towards the Gandhian vision to sustainable village economy and the products of the KVI sector can have its pride of place amongst the large industrial sector and become popular in the country and abroad”. The revamping of the JBCRI is being carried out by IIT, Delhi.

MOU with technical Interface Institutes

The KVIC has built up a large net work of rural cottage industrial units producing a wide range of goods and articles catering the rural and partly urban markets. Some of them achieved high standards for export as well but majority of them lack support in maintaining standard quality for want of technical backup and to upgrade the quality of their products. Keeping this in view, it has been decided to set up technical back up units which will provide science and technology inputs to the entrepreneurs engaged in KVI activities.

The basic objectives of these units would be to strengthen rural industrialization through timely, continuous and appropriate S & T inputs, R & D support, innovative ideas and technologies for value addition as well as for strengthening academic industrial linkages. It has also been decided to set up these units in the major engineering colleges, IITs, technical universities etc consequently, to bring out better designed agro products.
which can satisfy consumers’ choice and sustain in the market competition. Arrangement have also been made with National Institute of Design (NID), National Institute of Fashion Technology (NIFT).

A franchise scheme for tapping the private showrooms for the marketing of branded KVI products was launched in Delhi.

At present KVIC have 30 state KVI boards, 3500 institutions and 29,000 cooperative societies. There are around 14,200 sales-outlets in the country under KVI sector. Moreover KVI boards assist over 5 lakhs artisans and it has reached out to more than 23.5 lakh villages all over India.

**Categorization of Khadi Institutions**

Categorization of Khadi and polyvastra Institutions into A, B, C & D on the strength of performance yardsticks has played a significant role in the elimination of chaff from the wheat. The first ever attempt was made in the year 2001. Since then a need was felt to rationalise parameters and include some more in the wake of the implementation of state level Artisan welfare Trusts and Khadi Artisan Janashree Bima Yojana. Accordingly 20 parameters are in place for categorization of the institutions, which are engaged in both production and sales of khadi and polyvastra. Only 10 parameters are applicable to institutions which are engaged in marketing functions.

**Objectives of categorisation**

(i) To facilitate automatic renewal of khadi / polyvastra certificate.
(ii) To reimburse rebate claims without prior inspection.
(iii) To approve annual budget.
(iv) To sponsor/recommend financial proposals to the financial agencies.
(v) To allow working fund for retention credibility and for taking up new schemes.
(vi) To weed out non-performing institutions.

Institution having A & B certificates are eligible for renewal of khadi and poly vastra certificates automatically for five years. The commission will in normal circumstances, continue to release rebate without pre-audit. These institutions are entitled to get benefits under credit policy in respect of supply of sliver and ravings from the central sliver plants. Purchase from A or B category institution will be made by the departmental khadi Gramodyog bhavans.

Institutions graded with ‘C’ are eligible to get rebate claims prior to the audit but before settlement continues credit facility for purchase to cotton/sliver will be allowed to these institution also, provided that there should not be any due in the previous years. Khadi products of the ‘C’ grade institutions will also be purchased for central/state khadi bhavans but there should not be unstable stock in the previous years.

‘D’ grade institutions will be reassessed by the commission. The objective of the exercise is to offer an opportunity to such institutions as the one that have infrastructure to purchase khadi programme in the interest of artisans or to weed out the hopeless ones and initiate action for the recovery of funds of the commission / KVIBs.
Sarvodaya

The magical word of “Sarvodaya” was coined by Gandhiji himself. It consists of two Sanskrit words “Sarva” and “Udaya”, which means “All” and “Rise” respectively. Sarvodaya means the growth and development of all. This concept of sarvodaya is congenial to the spirit of India.

In 1923 at the congress session at Kakinada, the All India Khadi board was formed under the Chairmanship of Sri. Jamnalal Bajaj with Sri. Sankarlal Baskar as the secretary. The board members toured Tamilnadu during the beginning of 1925 and they found Tirupur as a biggest center of khadi works.

With the advent of Bhoodan and Gramdan, khadi work took a different turn in Tamilnadu. Under the advice of Shir Vinobaji, the Sarva Seva Sangh handed over the activities to the local workers. When Shri. V. Ramachandran became the secretary of the Sangh, production and sales of KVI products were recognized and strengthened with the assistance of KVIC. In 1958, “Tamilnadu Sarvodaya Sangh” was established by having Tiruppur its headquarters. Then it was decentralized into 16 District Sarvodaya Sanghs during the period of 1961-62 to increase and spread over the khadi and village industries activities all over Tamilnadu.

To make administrative work more effective and spread over the KVI activities all over Tamilnadu, 16 Savodaya Sanghs were founded in the year 1975. In the year 1977, 51 Sarvodaya Sanghs were in Tamilnadu. Today 145 directly aided institutions are functioning in Tamilnadu.
It is very interesting to note that Tamilnadu state is considered a pioneer state in the decentralization of the Shangs district wise, and also a model for all other states in India. Moreover, Tamilnadu state is in the third position in khadi and village industries activities next to Uttar Pradesh and Gujarat.

Sarvodaya Shanghs’ sales centers are named as Khadi Gramodyog Bhavan, Khadi Vastralaya and Grama Shilpa. They are named so to denote whether they are in an urban area, semi-urban area and rural area respectively.

Physical Performance of KVIC

Performance of village industries was studied for the period of seven years from 1997-98 to 2003-04 and is presented in Table No.3.1, 3.2, 3.3 and 3.4. It was learned from the analysis that the production progress showed a good trend which was double in the year 2003-04 with 9681.77 crores when compared to the progress in 1997-98 with 4519.19 crores. The trend also witnessed positively throughout the study period. On the other hand, the sales progress showed a good volume of sales which ranged between 5065.38 crores during 1997-98 and 11575.21 crores during the year 2003-04. The trend analysis also showed positively during the study period. The performance of khadi and village industries was studied by selecting seven years, i.e. progress from 1997-98 to 2003-04. The study witnessed that a slow progress was seen and it had steadily increased from 2001-02 onwards.
TABLE NO. 3.1
PERFORMANCE OF KHADI & VILLAGE INDUSTRIES PRODUCTION & SALES

<table>
<thead>
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<th>Year</th>
<th>Production</th>
<th>Trend</th>
<th>Sales</th>
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<td>9681.77</td>
<td>12.9</td>
<td>11575.21</td>
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</table>

Source: Annual Report of KVIC, 1999 to 2005

TABLE NO.3.2
KVI EMPLOYMENT

<table>
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<tr>
<th>Year</th>
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<td>2002-03</td>
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<td>2003-04</td>
<td>71.19</td>
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Source: Annual Reports of KVIC, 1999 to 2005
### TABLE NO.3.3

**KHADI PRODUCTION AND SALES**

Rs. in Lakhs

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<tr>
<th>Year</th>
<th>Production</th>
<th>Trend</th>
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<th>Trend</th>
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10.18

Source: Annual Reports of KVIC, 1999 to 2005

### TABLE NO.3.4

**KVI EMPLOYMENT**

No. in Lakhs

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<tr>
<th>Year</th>
<th>Employment</th>
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<tr>
<td>2001-02</td>
<td>8.48</td>
<td>-11.29</td>
</tr>
<tr>
<td>2002-03</td>
<td>8.58</td>
<td>1.18</td>
</tr>
<tr>
<td>2003-04</td>
<td>8.61</td>
<td>0.35</td>
</tr>
</tbody>
</table>

Source: Annual Reports of KVIC, 1999 to 2005
Performance of Khadi

The production and sales performance of khadi items was studied by selecting seven years data from 1997-98 to 2003-04. It is observed that both in production and sales more fluctuations are found and it was noted that the volume of production has declined continuously after the millennium period and slowly rejuvenated from 2002-2003 onwards. It is highlighted clearly with the help of trend analysis. Similarly the sales performance showed continuous progress every year from 1998-99 to 2001-02. The growth has been slow from the subsequent period onwards.

Khadi Employment

The employment progress in khadi industry was studied and it was learnt that the employment opportunities have been downsized during 1998-99 to till 2001-02 and it slowly increased 2002-03 onwards, but the overall progress shows not a pleasant scenario.
(ii) ORIGIN AND DEVELOPMENT OF GANDHI ASHRAM

Eminent and enthusiastic selfless individuals who wanted to translate Gandhi’s constructive programme into action, organized institutions to bring together the workers, train them and carry out Gandhian activities in the rural areas. They utilized the then prevailing favorable atmosphere in the state and founded institutions and Ashrams on the pattern of Sabarmathi. They undertook pioneering activities in the field of Khadi, Harijan upliftment, prohibition of alcohol and providing basic education to all.

In this context, Gandhi Ashram at Puduppalayam village in the Tiruchengode Taluk of Namakkal District was founded by Mr. C. Rajagopalachari in the year 1925. It was the first and the oldest Gandhian institution in Tamil Nadu which started functioning as a branch of the Gandhi Seva Sangh, Wardha. During 1920’s there were following six ashrams in the country: (1) Sabarmathi Ashram at Ahmedabad, founded by Mr. M.K. Gandhi (2) Gandhi Ashram at Tiruchengode founded by Mr. K. Rajagopalachari (3) Sri Gandhi Ashram at Meerut, founded by Mr. Acharyakripalani (4) Sadaquat ashram at Patna founded by Mr. Rajendra prasad (5) Bardoli Ashram at Bardoli founded by Mr. Vallabhbhai Bhai Patel and (6) Kutir Ashram, Belgam founded by Mr. Deshpande.

Hence, the Gandhi Ashram at Tiruchengode Taluk occupies a foremost role in the history of Tamil Nadu and as well as in the history of Gandhian philosophy.

35 Report of Gandhi Ashram, Tiruchengode, 1925.
36 Annual Report, Gandhi Ashram, Tiruchengode, 1996.
It was during the Rowlatt Bill agitation in 1919 that Gandhiji came to Madras at the invitation of Kasturi Ranga Iyengar to enlighten the people of the south about the dangerous implications of the Black Bill. The man behind the Madras invitation was Mr. C. Rajagopalachari, who played the host to Gandhiji in Madras. His brilliance and selfless character had greatly attracted Gandhiji’s private secretary Mahadev Desai, who advised Gandhiji to cultivate this man\textsuperscript{17}. In August 1920, Mahatma Gandhi came to Madras to inaugurate the non-cooperation movement. At that time Rajaji was closely associated with him and his ideology\textsuperscript{38}.

At Gandhiji’s call, Rajaji gave up his lucrative legal practice in 1921 and he established a close touch with Gandhiji and actively involved in the non-co-operation movement.

Thus after becoming a conscience keeper of Gandhiji, Rajaji wanted to do something more effective than the activities of just freedom of the Nation from the British rule. He wanted to establish an institution to be run on the lines of Gandhiji’s constructive programme. It was this idea of Rajaji only gave way for the birth of Gandhi Ashram at Puduppalayam, Tiruchengode in 1925\textsuperscript{39}.

Ashrams were normally started in places of natural beauty, religious sanctity or to commemorate some historical events. But none of these normal and wise reasons operated in the selection of Puduppalayam village.

\textsuperscript{17} Roychandury, P.C, Gandhi and Rajaji, Rajaji - 93, Souvenir, Tiruchengode, 1971, P.181.
\textsuperscript{38} Santhanam, K, Seven Decades of Service, Rajaji – 93, Souvenir, Tiruchengode, 1971, P.20.
\textsuperscript{39} Roychandury, P.C, Gandhi and Rajaji, Rajaji – 93, Souvenir, Tiruchengode, 1971.
in Tiruchengode. The village of about 150 dwellings did not even boast of a letter box. The red rocky earth around it was responsive to rain, but the latter by no means made a yearly appearance. Thus it was a dry, backward and famine stricken area and even drinking water was very scarce in the village. There was a frequent migration of villagers to other areas seeking water, food and work. Some even migrated to Ceylon with the helps of money-lenders who actually acted as commission agents to acquire more profits in the form of high rates of interest. In addition to chronic poverty, illiteracy and diseases were other distressing features of the villagers.

It was under such a discouraging environment that Rajaji conceived the idea of founding the Gandhi Ashram as the nerve centre for rural upliftment work. It was founded on the lines chalked out by Mahatma Gandhi in Rajaji constructed this programme\[40].

Rajaji’s basic concept was not to develop this area as such but to improve the conditions of the people by giving them suitable work and there by enabling them to earn sufficient wages.

Mr. Rathinasabhapathi was a zamindar and an influential person in Puduppalayam village. He became an ardent admirer and follower of Rajaji. He wholeheartedly donated four acres of land to start the Ashram in the year 1924. To start the constructive rural upliftment activities in the Gandhian way, Rajaji stayed in this remote village for ten years from 1925 to 1935.

Seth Jamnalal Bajaj made available a loan of rupees forty six thousand through Gandhi Seva Sangh, Wardha, which served as initial capital of the Ashram. The Ashram was started on 6th February 1925. The inauguration was very simple. Many distinguished personalities were present on this occasion. Notable among them were Mr. E.V.Ramasamy Naicker (Later popularly known as “Periyar”), M.G. Vasudevayya, K. Santhanam and Ayyamuthu.

The very first inmates of the Ashram were four from the Harijan community. Rajaji had to manage the opposition of the villagers for quite sometime for the same. He convinced the villagers with the assistance of the Rathina Sabhapathy Gounder family and few of his other associates. In due course the Ashram grew into a big institution. In June 1959 the Ashram was registered as a separate institution under Societies Registration Act XXXI of 1860. The ashram moved from thatched roof to tiled roof. Rajaji’s son Narasimhan who was 15 years old and daughter Lakshmi, who was 12 years old were part of Rajaji’s new multi-caste family of 17 individuals.

OBJECTIVES OF THE GANDHI ASHRAM

The object of the Ashram is to serve people of the rural India as envisaged by Mahatma Gandhi. It had been a centre of progressive nationalization following the triples ideas of ‘Truth’, ‘Service’ and

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41 Personnel interview with S. Aravamuthan, Honorary Trustee Treasurer, Gandhi Ashram, Tiruchengode.
43 Reports – Gandhi Ashram Memorandum and articles of Associates.
‘Ahimsa’. The aims of the Ashram, which were unique in all respects, have been given below:

1. To provide employment opportunity for the landless laborers and the backward classes of the society through Khadi and other village industries.
2. To attain full social emancipation of the Harijans and the other depressed classes.
3. The propagation of total prohibition and the eradication of the evils of drinking.
4. To provide relief measures to the distressed during famine, fire or other natural calamities.
5. To spread the simple methods for public health, personal hygiene and village sanitation.
6. To provide medical relief to the rural people.
7. To teach the illiterate adults through night schools.
8. To provide the rural people drinking water through protected wells.
9. To serve the people according to the principles for a social order free from all forms of exploitation based on truth and non-violence as laid down in the teachings of Mahatma Gandhi.
10. To make villages self-sufficient in their primary needs of life namely food, clothing and shelter and to promote total development of each village along with the neighbouring villages of the region.
11. To develop self-reliance in the individuals and take initiative in enabling the people to manage their affairs themselves for the realization of “Gram Swaraj”.

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As per the objectives laid down in the memorandum of articles, the Ashram also follows them in practice. Thus the Ashram is functioning effectively irrespective of race, language, caste and religion, persons belonging to various caste and religion stay here. There is a common mess for all. Rajaji used to take food only in the company of the Ashram workers. He believed in the dignity of labour and held that no work is mean or degrading. So all the Ashram inmates were expected to clean latrines and maintain health conditions. In this respect Rajaji lived as an example to others.

Rajaji devoted almost all his talents and energy for the welfare of the poor people in the area. Joining with E.V.R. Periyar, he toured the neighbouring villages and gave long speeches and induced the people to wear only Khadar (Khadi). It was tremendous success.

Ashram was managed by the band of workers under the personal care and the chairmanship of Rajaji till 1959, in which the Ashram was registered as a separate institution. The first president of this Ashram was R.S.Dhotre. He continued in this post till his death in the year 1967. M.S. Narayana Rao succeeded him in the year 1967 and in the very next year he retired and resigned from the post. C.R. Narasimhan, Son of Rajaji succeeded to the presidency in the year 1968 and he continued in the said post till his death in the year 1989. Justice R. Sengottuvelappan, a former judge of the Madras High Court who succeeded C.R.Narasimhan in the year 1989 continues as president till date.

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16 Minutes Notebook, General Body Meeting, Gandhi Ashram, Tiruchengode.
The Ashram is governed by a Board of management known as 'Karyavahak Samithi'. This was formed in the year 1959 when the Ashram became an Independent Institution\textsuperscript{47}. The Samithi comprised of seven members in 1959. Later on it was increased to ten members. It is the supreme body among the ten members, three are life trustee and the rest of the members are being selected among twenty Sevahs once in two years\textsuperscript{48}.

Once in two months the Board of Management will meet and it will decide all the policy issues. No member has any right in the project as well as in ownership. The project will be utilized exclusively for the development of the institution. The general secretary has the power to appoint persons for the Ashram with the approval of the president. A general body meeting of all sevaks of the Ashram will be held once in every year at a convenient place mostly in the month of February to discuss the affairs of the Ashram and elect new members in the place of retiring members of the 'Karyavahala samithi'.\textsuperscript{49}

The Ashram’s activities were similar to that of a charitable trust without any profit motives. Hence, the Government, on understanding the Gandhi Ashram’s noble cause, did not collect income tax and also did levy any sales tax for the products made by the Ashram. The profits derived by all units of the Ashram were either directed to fulfill its objectives or to reinvest in the various units to expand their operations.\textsuperscript{50}

\textsuperscript{47} Ibid.
\textsuperscript{48} Reports : Gandhi Ashram Memorandum and Articles of Association, P.1.
\textsuperscript{49} Ibid. P.4.
\textsuperscript{50} Interview with A. Kuppusamy joint secretary, Gandhi Ashram, Tiruchengode.
From the beginning, the main work of the Ashram was the production of Khadi as this occupied one of the main programmes of the freedom movement of Gandhiji popularly named as Swadeshi. It aimed at the boycott of British textile goods and the use of Indian goods.\textsuperscript{51}

Though the main aim of the establishment of the Gandhi Ashram was centered on 'Khadi' upto three decades (1925 to 1959) it also started giving more thrust to various other employment potential of the village industries. The village industries stood on a different footing from that of Khadi.\textsuperscript{52}

Gandhiji pointed out that village economy could not be complete without the essential village industries.\textsuperscript{53} The scholars and economists repeatedly suggest that the unemployment problem could be eradicated only by the working of small scale, cottage and village industries. Like khadi, the other village industries were to provide employment opportunities to the rural people. The Gandhi Ashram has introduced several programmes with the assistance of the Khadi and Village Industries Commission, Bombay. All industries are unique in one aspect i.e., they all operate under less machineries and more manual labour. This is the highlight to all the village industries of the Ashram. It provides employment to the villagers and trains them in different industries to make them skilled labourers.

**Growth of the Ashram**

The growth of the Ashram can be seen through its Khadi and Village Industries activities by dividing its life span so far into five distinct periods.

\textsuperscript{51} Ibid
\textsuperscript{52} Ibid report of the Gandhi Ashram, since 1973.
The first period was between 1925 and 1937 when Rajaji had the Ashram as his head-quarters except for a period of his imprisonment and was out for political work.\textsuperscript{54}

The second period is that between 1938 and 1952. This was termed as the years of achievements, when Rajaji became the Chief Minister of the Madras Presidency. He introduced prohibition, state subsidy for Khadi products and agricultural debt relief act. All these measures were extremely pertinent to the situation and did immense good to the Khadi and village industries sector.\textsuperscript{55}

The third period is between 1953 and 1961 when the Ashram was assisted by the Khadi and Village Industries Commission and the Khadi and Village Industries Board. This was termed as the years of growth.\textsuperscript{56}

The fourth period is between 1962 and 1972 when the Ashram’s activities clearly showed that it had successfully expanded its economic activities and paved way for the employment opportunities for the rural poor.

The fifth period of the Ashram starts from the year 1973 to till date when the economic activity of the Ashram was expanded by starting new village industries. Numbers of production centres were started in and around the Ashram premises. The sales centres were also extended to other districts.
The Ashram has considered the period between 1975 and 1985, the Golden Jubilee period to the diamond Jubilee period of growth and expansion.57

The Ashram, which started its socio-economic activities in the four acres of land at Puduplayam in 1925, has grown tremendously and at present is the owner of twenty eight acres of land in the premises of Gandhi Ashram itself and it also owns few lands in the places of its production centres. It has at present forty six Khadi bhandars (sales centres) spread over 8 districts of Tamilnadu. It is also running twenty six production units and gives employment to the people residing in thirty-four villages in and around Namakkal Salem and Dharmapurid districts.58 The name of Rajaji and the Gandhi Ashram are entwined indissolubly in the history of Tamilnadu and in a measure in the history of India.59

PERSONALITIES WHO HAD DEDICATED THEIR LIVES TO THE GROWTH OF THE ASHRAM

K. Santhanam: He was one among the few lawyers who gave up the profession on Gandhi’s call in the year 1920 and joined the Non-cooperation movement.60 He also became a close associate of Rajaji very soon. Immediately after setting up the Ashram, Rajaji called him to join as the manager. Santhanam resigned the post of secretary from the Khadi Board at Tirupur and joined the Ashram in the year 1925. He joined as Manager for

58 Annual Report, Gandhi Ashram, Tiruchengode, 2000-2001, vide Appendix III.
60 Santhanam Kasturi, Kasturiranga Santhanam Instant printers, Chennai 1999, P.90.
service because salary given to him was only rupees fifty. He managed his family with the income from his ancestral property.61

M.S. Narayan Rao

Belonged to an aristocratic family earlier, he became a devoted constructive worker and a close associate of Rajaji. He spent his life for the development of the Gandhi Ashram since its inception. He learnt the art of dyeing the khadi clothes with the help of herbal plants and village products. In printing, he discovered new designs, borders and flowers to the khadi products.62 He was also a great administrator of the Ashram. Though he was the treasurer of the Ashram he had to act as the chairman of the board meeting for several years. He had served in the Ashram till the year 1968 and his unique service to the Ashram had been praised and recorded by the members of the Ashram in the meeting held in the subsequent years.

C.R. Narasimhan

C.R. Narasimhan was son of Rajaji and a Bachelor who dedicated his whole life for the development of the Ashram from the period of its inception. He served as a Member of Parliament for ten years from 1952 to 1962 elected through this constituency. He acted as Trustee President from the year 1968 till his death in the year 1989.63 The Golden Jubilee and Diamond Jubilee celebrations of the Ashram were held only during his period. Various village industrial activities were expanded due to his sincere efforts.

61 Ibid.
M. Sivagurunathan

He was an emigrant of Cyclon. But he became a devoted satyagrahi and dedicated his life for the development of the Ashram by concentrating on a large-scale of Gandhian publications.  

P.S. Ramadurai

He became a great constructive worker and devoted himself for the cause of the Ashram from its inception. He did a very difficult job of distributing cotton to rural women spinners and receiving the yarn from them. As the entire village population had no basic education, dealing with them regarding their wages and measuring the proportion of work done by them had been a very strenuous job. But he did this very interestingly and sincerely and also in his own humorous manner.

P. Krishnamoorthy

A great Tamil scholar and later known as Kalki Krishnamoorthy, he joined the Ashram in the year 1927 on Rajaji’s call. Rajaji wanted him to edit a monthly journal for prohibition and named it as ‘Vimochanam’. Rajaji selected this word as he thought the poor men could survive in their life only if the toddy shops were closed. The corner page, the short stories, small poems and cartoons were designed and composed by Rajaji himself and Krishnamoorthy was the editor of the magazine. This magazine came out only for ten months. But more than thousand copies

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were sold in every issue. The magazine focused on the spared of temperance movement. The Government under dyarchy was functioning in all the presidencies during the period. Each district had established a temperance committee to explain the evil effects of alcoholism. These committees found Vimochanam as very useful and so there was greater demand for the journal. But when Rajaji left for Vedaranyam salt Satyagraha and courted arrest, Krishnamoorthy had to stop the issue of Vimochanam.\textsuperscript{66}

\textbf{V.S. Thyagarajan}

He was a great nationalist and a freedom fighter. He joined the Ashram in the year 1930 after participating in the Vedaranyam salt Satyagraha March. He was the Assistant Director of hand-pounding industries, KVIC and he had left the job and served in the Ashram and treated the Leprosy patients for more than a decade till his death in 1976.

\textbf{C.V. Ayyamuthu}

Joined in the Ashram in the year 1925 and he a close associate of Rajaji. He became an expert in khadi activities during his stay in the Ashram. Later he became the secretary of the South India Spinners Association which was affiliated to All India Spinners’ Association for which Gandhiji was the president. He spread the Khadi programme in the nooks and corners of Tamilnadu.\textsuperscript{67}

Dr. Raguraman and Dr. Ranganathan were the great Sevaks. They served in the Ashram for several years and rendered medical services.

\textsuperscript{66} Kalki Krishnamoorthy – Op.cit. preface
\textsuperscript{67} Ibid
H. Viswanathan

Joined the Ashram in the early years he rendered meritorious service as a constructive worker, through bee-keeping. Ashram started the Bee-hives and honey making industry only with his assistance.

Added to the above G. Ramachandran M.S. Anantharaman, A. Krishnan, P.V. Ramachandran and “Kalki” Sadasivam were also to be mentioned who had rendered their valuable service for the development of the Ashram.68 S. Aravamudhan, the present honorary trustee treasurer of the Ashram has devoted his whole life for the development of the Ashram. He had resigned the Government job and is serving the Ashram since 1963.

The Hindu Kasturiranga Iyengar, Salem Vijayaragavachariar, Madras Mayor Sathyamoorthy, Srinivasa sastry, Madurai Vaidhyanatha Iyer and a host of others were the patrons and well wishers of the Ashram. The Ashram maintains a gallery of awe inspiring photographs of these and many more stalwarts and noble men associated with Rajaji’s life and work. There are also some rare photographys of Rajaji with his family members and the Salem bar association, the masonic league at his desk with a villager and radiating his dignity and decor with John Kennedy. A library of some very rare books is very engaging for any voracious reader.

Totally the Ashram consisted of a group of people, where rich and the poor, the orthodox Brahmans and the Harijans and many other people belonging to different castes and communities lived together, ate together

and involved their whole time in community service, economic development of the rural people living in and around the Ashram location.

**Current Scenario**

Gandhi Ashram Board of Management functioning effectively by 11 members. At present justice R. Sengotuvelu heading the trustee as President and Mrs. Soundra Kailasam nominated as EC member and P.C. Ramasamy one among the trustee. The overall financial activities are governed by Mr. S. Aravamuthan, Trustee Treasurer of Gandhi Ashram. The current year production and sales showed a good progress and its performance reached the maximum for non-edible oil and cake with 1820 lakhs, this if followed by Agarbathi with 725 lakhs turnover. Cotton Khadi and ready items together showed 354 lakhs turnover. Overall, Gandhi Ashram performance showed a positive trend in the current year (2006-07). The Gandhi Ashram concentrate to provide employment for mostly weaker section of the society particularly feminine gender. At present, Gandhi Ashram extended its production centres in 15 places and sales centres in 37 places in different districts of Tamilnadu, like Namakkal, Salem, Dharmapuri, Krishnagiri, Karur, Trichy and Erode.

KVIC advanced a direct loan of Rs.14.90 lakhs for developmental purpose. Further, the commercial banks enhanced Rs.75.86 lakhs as loan under Interest subsidy Eligibly Scheme.