Chapter II

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Reports of the evaluation committee for Khadi and Village Industries (1959)\(^1\), report of the working group on Khadi Village Industries (1965)\(^2\), report of the Khadi and Village Industries Committee (1968)\(^3\) and Ramakrishnaiya Committee report of Khadi and Village Industries (1987)\(^4\) had examined the overall performance of khadi and village industries and recommended measures like financial assistance, incentives and infrastructural facilities for strengthening the KVI programmes.

All India Saranjam Samadan Report (1968)\(^5\) and the report of Science and Technologies Planner for Khadi and Village Industries (1975)\(^6\) threw light on the need for the possibilities of improvement in the technology of KVI. The report on Khadi and Village Industries Review Committee (1983)\(^7\) have observed the following defects in KVI units. (i) frequent changes in the composition of State Boards. (ii) Non-availability of Technical and

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\(^1\) Khadi and village industries commission report of evaluation committee, Bombay 1959.
\(^3\) Khadi and village industries commission Report of the working group on KVI Bombay, 1968.
\(^5\) Khadi and village industries commission : All India Sarnajam Samndan Report, (KVIC, Rajkot, 1968)
\(^7\) Khadi and village industries commission : Report of the Khadi and Village industries review committee, (KVIC, Bombay, 1983)
organisation can improve itself by adopting suitable models, methods, strategies and management techniques. It is not the tool which matters but the ways and methods in which tools are being adopted by the organisation. Further, any organisation cannot avoid decay unless it keeps on improving its performance and efficiency. Hence, he suggested that Kaizen strategy could be successfully adopted by KVIC for improving the efficiency of khadi and village industries units.

Sudalaimuthu (1981)\textsuperscript{10} in his study on adoptability of accepted marketing practices in khadi and village industries studied the marketing practices as adopted in khadi and village industries. He has recommended modernization in the form of attractive packing and to be imaginative in advertisements besides expansion of the varieties of products especially in khadi.

Arumukham (1990)\textsuperscript{11} in his study entitled Tamil Nadu khadi and village industries board - A study of financial management dealt with the financial conditions and village industries run by Tamil Nadu Khadi and Village Industries Board. Arumukham and Meenakshi Sundaram\textsuperscript{12} have recommended the introduction of production planning, inventory control and collection drive for rejuvenating the management of working capital and improving them by devising norms for working capital.

\textsuperscript{10} Sudalai Muthu.S: A study on adoptability of accepted marketing practices in khadi and village industries Ph.D thesis (Annamalai University, Chidambaram, 1981).


Radhakrishnan (1998)\textsuperscript{13} in his study “Khadi and village industries in Tiruchirapalli district – A study of financial management” has suggested the introduction of common marketing organisation catering to the needs of khadi institution in order to reduce the cost of marketing.

Sharma, (1998)\textsuperscript{14} critically examined the marketing problems of khadi in his paper ‘Khadi marketing at crossroads’. He pointed out that there is no effective coordination between marketing institutions and producing institutions. He also suggested some ways and means to improve the khadi marketing like, (i) changes in patterns of assistance (ii) defects in wholesale commission provided for khadi Institutions and (iii) unwarranted deductions and delay in the payment of interest subsidy claims.

Das (1998)\textsuperscript{15} evaluated the performance of khadi and village industries in 2001 and found out some significant points: “There is no significant relationship between resources being spent and employment generated either in kahdi or in village industries. Resources are not the main binding constraint to employment generation especially in the khadi sector”. He also found that the khadi production in terms of cloth per employee remained stagnant in the study period. But the value of production showed an increase of 1.7 times and sales per employee increased to 1.5 times.

Reddy and Reddy (1990)\textsuperscript{16} examined the role of village industries in Pakala Mandal, Chitoor District of Andra Pradesh and concluded that there

\textsuperscript{13} Radhakrishnan, S : Khadi and village industries in Thiruchirappalli district – A study of financial management’ Ph.D Thesis (Gandhigram Rural Institute, Gandhigram, 1998).


\textsuperscript{15} Das, D. Khadi and Village Industries programme : employment, Yojana, October, 2001.

is a vast scope for the growth of agro and forest based industries. Because, in the study area, considerable variations were observed in the aggregate economic characteristics like fixed capital, employment, output and value added wages.

Swadeshi Forum for khadi (2000)\textsuperscript{17} threw a bird’s eye-view on the performance of 75 years of khadi and suggested the following points, (i) limit of KVIC individual unit loans be increased and KVIC should allow 35\% rebate on khadi (ii) The central Government should immediately reconstitute KVIC (iii) The CBI / CVC (Central Vigilance Communication) should be asked to probe into the various scams in KVIC (iv) The salaries of khadi Bhawan workers salary should be brought at par with the salary of KVIC employees. (v) The women khadi workers should be given atleast the minimum prescribed daily wages. (vi) Khadi organisaitons should work for reducing the price of khadi. The Swadeshi Forum for khadi also strongly believe that, the khadi Gramodyog is the most effective instrument to face the problems of economic liberalisation.

Gunnar Myrdal (1968)\textsuperscript{18} who is universally regarded as an authority on the development problems of under-development countries, particularly of Asia, recommended the adoption of a strategy based on predominantly labour intensive techniques on the ground that “the large volume of unutilized labour possessed by these countries”.


The NCST report on khadi and village industries\(^\text{19}\) gave statistical data on the growth of production and employment in several industries, paints a gloomy picture of these industries as a source of employment in industrialisation. The report showed that the compounded rates of growth of employment in these industries, as compared to the growth of output, are very meagre”.

Ramasamy, and Chandrasekaran, (1983)\(^\text{20}\) have studied the select rural and cottage industries in the west Arni block of North Arcot district of Tamilnadu and explored the potentials of these industries. They came to the conclusion that the cottage industries labourers in general get higher wages than the labourers in the agricultural sector.

Somayajulu, V.V.N and others (1983)\(^\text{21}\) analysed the changes in the structure of khadi and village industries (KVI) by way of comparative analysis of growth rate in development indicators and in the structural ratios of individual KVI in Andhra Pradesh state during 1980. Sample statistics of structural ratios, period-wise and long-term growth rates, production functions of discrete and continuous type, returns to scale, total factor productivity measures are estimated and analysed to check the employment potentialities, economic viabilities and sustained growth of KVI in the state and have found that the decreasing returns to scale is the normal features of KVI.

\(^{19}\) National Committee on Science and Technology, 1975, Report of the Science and Technology Panel for Khadi and village industries, Government of India, August.


Singla, Rakesh Kumar and Nirmal Singh (1983)\(^{22}\) have employed a regression analysis to study the impact of government assistance on production and employment in the Punjab Khadi and Village Industries (PKVI), using both linear and log-linear functional forms. Their analysis proved that the impact was more predominant in the case of gur and khandasari, fibre and leather industries on production, whereas, in the case of employment, highly significant regression coefficients were observed for neo-soap, gur and khandasari and fibre industries. Thus the PKVI board have significantly helped the development and growth of these industries in the state.

Khadi programme is implemented in violation of the ideologies. Instead of limiting assistance to khadi by promoting voluntary entrepreneurship, providing technical and financial aid, the state KVIB directly take part in khadi production and provide subsidies for its sale. It is organised as a workshop based full time occupation with predetermined working hours and holidays suitable to unemployed rather than to under employed.

Mareen Lieble and Tirthankar Roy\(^{23}\) identified some defects in the handicraft industries of India, including khadi and village industries sector. The defects were as follows (i) handicraft production is dispersed in nature and their poor level of education, (ii) poor access to information to them creates a host of distortions.

\(^{22}\) Ibid
Asokan, T (2002)\textsuperscript{24} analysed the khadi programmes implemented in Kerala and found that the khadi and village industries board in Kerala Khadi as a solution to rural unemployment. However a majority of unemployed prefer to be idle than to engage them in khadi. The hypotheses set for the study were found correct and accepted. Khadi industry appeared to be losing its relevance as a means of employment and as clothing among the villagers in Kerala. Promoting spinning for self sacrifice and thereby creating a khadi culture was the long-run objective. KVIB failed to achieve this objective even after four decades of its operation.

These problems not only held down returns to craftsmanship, but also restricted access to means of value - addition such as training in skill – upgradation, design input & technical design input and technical advancement. Rapid globalization and changing domestic references have also brought the handicrafts face to face with a unique set of challenges.

Mahabub Hossain (1987)\textsuperscript{25} critically examined the cottage industry sector in Bangladesh and came the conclusion that the cottage industries occupy an important role in the rural economy of Bangladesh. Labour productivity in cottage industries is low, particularly in those industries where the poor are involved. In fact, in a number of industries’ labour productivity is found to be lower than the wage rate in agriculture. These are the industries which have a large proportion of female workers. The low productivity may be accepted in these industries, because female workers in

\textsuperscript{24} Asokan, T “For whom the khadi industry continues: A micro study” southern economist, January 1, 2002

Muslim societies have few alternative job opportunities and whatever they can earn through cottage industries adds to the family income. However, in some industries whose products and services are in more demand more by the economically better off people such as carpentry, tailoring, dairy products and sweet meats, gold smithy and handlooms the level of labour productivity is high and has increased over 1961-80. In same the industries’ employment is also found to be increasing at a rapid rate.

Rizwanul Islam and Ram Prasad Shrestha\textsuperscript{26} examined the employment potentials, capital and labour productivities of cottage industries in Nepal. They found that 95 percentage of Nepals employment was from cottage industries. The potential for employment expansion through rural industrialization was indicated by the low capital requirement of cottage industries. The capital requirements per unit were much higher in the organized cottage industries but they compared very favourably with those of large scale industries. Although the employment potential per unit of capital was the highest in house hold level cottage industries, in respect of both capital and labour productivity, the organized ones appeared to be more efficient.

In general, labour productivity appeared to be very low in the cottage industries. This, however, was not universal phenomenon; labour productivity in organized industries was found to be much higher than the household industries.

\textsuperscript{26}Rizwanul Islam and Ram Prasad Shrestha, “Employment Expansion through cottage” industries in Nepal : potential and constrain rural industrialization and employment in Asia Ed. Rizwanul Islam, ILO ARTEP.
Hendrika A. Romijn\textsuperscript{27} made an exemplary attempt on cottage industries in rural Thailand. He concluded his analysis with the following findings,

(i) Thailand's rural cottage industries used mostly local raw materials and skills, for legal consumption and for their local markets

(ii) Agriculture in Thailand is highly seasonal. As a result, cottage industries have developed predominantly as subsidiary activities, providing an additional source of income and employment during the agricultural slack seasons.

(iii) The modus operandi is great towards flexibility of labour input. Most cottage activities can be easily carried out on an-on and-off basis.

(iv) Involvement in cottage industries is particularly high among certain disadvantaged groups of the population who do not have any access to agricultural employment.

(v) The labour productivity of the most of the industries is very low.

Rajula Devi, (1989)²⁸ observed certain points regarding khadi and village industries in her study on whether rural industrialization Khadi and village industries were concentrated in some developed states. Sixty percent of khadi and village industries cooperatives were reported to be stagnant. The share of KVIs sector had been very meager percentage to public sector outlay.

Srivastava, (1989)²⁹ pointed out that the non-farm activities introduced through various schemes did not attract the young rural population especially the educated ones, as these could not provide sustained and full employment with attractive economic returns. The khadi and village industries commission, the custodian of khadi and village sector, covers only a small part of the total artisans class and others engaged in traditional village industries. It advocated mostly relief / survival technologies and had very limited impact on rural house holds and the per capita earnings. The reasons were not far to seek: the KVIC lacked SRT support and was not equipped to provide any model for further employment.

Murugesan, (1999)³⁰ analysed the human resource development in khadi and village industries. He concluded that the human resource development in KVI institutions was one of the emerging thrust area as it provided employment to 20 lakh persons in India. Such vast employment

potential activity had been neglected in the past decades. There were many N.G.O.’s and voluntary agencies were established which undertook KVI activities in their income generating programmes for their success and self-reliance. Human resource development strategies would assume greater role in the years to came. Further, there was a need for establishing human resource development department, in every KVI institutions for its sustained growth.

Pushpalatha\(^3\) focused her paper on production, employment and income earned during the plan period at all India level. It was evident from her study that the production from khadi and village industries from first five year plan to eighth five year plan had increased and the employment generated by KVI from first five plan till Fifth Five Year Plan was noticeable and high. But after Fifth plan onwards employment generation was on the declining trend. Income earned by KVIC over its production was also only marginal. She did not find much significant difference between the production made and the income earned.

Madasamy (1999)\(^3\) conducted a study on the khadi and village industries board’s financial assistance to cottage match industry. His findings are summarized as follows (i) cumbersome procedure of KVIB is the chief reason for not getting assistance by the sample units. (ii) If the KVIB simplifies the procedures for financial assistance, cottage industries like match industry may get more finance and provide more employment to the rural poor.

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\(3\) Pushpalatha, A “Role of KVIC in Rural Industrialisation”, Ibid, pp.180-184

\(3\) Madasamy, V. “Khadi and Village Industries Board and Development of Cottage match industry”. Ibid, pp.185-189.
Seerangarajan (1999) evaluated the 50 years of khadi development and found that the khadi had gone through many stages of modernization and development since the introduction of ring frame spindles and top arm drafting in amber charkha, productivity and progress. The suggestions made in the text were indicative. Between instalments of upgradation of technology there was a definite possibility to enhance quality and continuous process and development of khadi would make leaps and bounds.