CHAPTER I
INTRODUCTION

"India lives in its villages" were the words of Mahatma Gandhi. Around 65 per cent of the India's population is living in rural areas. Rural people need the same quality of life that is enjoyed by people living in sub-urban and urban areas. Rural development which is concerned with economic growth and social justice need improvement in the living standard by providing adequate and quality social services and minimum basic needs. Most of the people draw their livelihood from agriculture and allied sectors. Accordingly, the strategies of the Government is to improve the economic and social conditions of the underprivileged sections of the rural population with emphasis on agricultural production and also on the non-farm sector to promote productive employment opportunities by integrating traditional production infrastructure, skills and locally available raw materials. The rural non-farm sector in India has been growing in aggregate size and increasingly contributing to rural income generation. The growing pace of international trade and globalisation presents both opportunities and challenges for the Indian economy. It also affects the functioning of small sector consisting of small scale industries, agro and rural industries. The long-term development of the Indian economy depends critically on the effective exploitation of productive potential of the rural non-farming sector and also for the development of village industries.

Economic growth in contemporary India is marked by considerable disparities with more people doomed to live under poverty line especially in rural areas. It has been estimated that 25.7 per cent of rural population live under poverty line and 13.7 per cent in urban areas with income less than Rs.26 per day in rural areas and Rs.32 per day in urban areas as per census 2011.\(^1\) As the economy develops, more and more rural people

are migrating to urban areas to improve their standard of living. These issues give way to the development of non-farming sectors. A large fraction of this class constitutes of home-grown artisans engaging in labour intensive industrial activities like making handlooms and handicrafts. The Government also provides greater support to the underprivileged artisans from procurement of raw material to sale of product in domestic as well as international markets. Acceptance of these products by the market is a biggest challenge in the modern and competitive economy of today. People are crazy about fashion, luxury, esteem and social status. To realize the potential market by way of understanding the consumers is the main task of the village non-farming sectors.

Marketing is the only power-pack tool in converting the productivity of rural non-farming units into a reasonable livelihood. Inspite of government taking many subsidy schemes in promoting the products of small and village industries, it becomes inevitable to focus on consumer satisfaction strategies for the product to survive in the competitive market. The key to ensure consumer satisfaction lies in understanding, the consumer's likes, dislikes expectation, motivation and overall behaviour.

The study of consumer behaviour for any product is of vital importance to marketers in shaping the fortunes of the organisation and also to bring in economic stability. Consumer behaviour is the study of how people buy, what they buy, when they buy and why they buy. It is a subcategory of marketing that blends elements from psychology, sociology, anthropology and economics. It attempts to understand the decision making process of the buyer, both individually and in groups. It studies the characteristics of individual consumers influenced by demographic, psychographic, and behavioural variables in an attempt to understand people's need, wants and desire. It also tries to assess the impact from groups such as family, friends, reference groups, sociocultural bondages.²

India is a country with colossal resources which attracted many countries to utilize and augment their economy. This affects employment opportunities for most of the people living in rural areas who are forced to move to urban areas for employment purpose. The focus of this study is to look into a social security perspective, which ought to be the basis for future studies. It identifies areas of potential growth in the rural non-farming sectors especially with reference to Khadi Industry. The rapid development of such industries in the village area is necessary for the development of India as well as to make people economically independent. Rural development is the backbone of Indian economy. Government is trying its best to overcome the problem of rural unemployment through various means. One such attempt is the formation of Khadi and Village Industries Commission (KVIC) at central level which is presently known as Commissionerate of Khadi and Village Industries. The Commissionerate of Khadi and Village Industries works at apex level under the guidance of Central Government.

In the past centuries the village artisans had command over raw materials, assured demand for their products and services and an assured return. It was the British who destroyed not only the glorious Indian trade but also the rural industries. The East India Company pursued a policy which was harmful to the development of industries in India. The Industrial revolution in England thrived at the cost of India while the artisans of the country were out from the industrial scene. Only at this stage, Khadi was introduced by Mahatma Gandhi as an important instrument for remaking the Indian economy. It was the congress movement that introduced Khadi in 1920, primarily with a political interest to boycott foreign goods in general and in particular to generate employment in the rural sectors. This will give an opportunity for every human being to learn about the self discipline and self-sacrifices as a part of non-cooperative movement.

A large section of rural populace depends on this self equipped sector with the assistance of the Central Government. But the important consideration is that all the efforts and handwork of this sector have to be rewarded with considerable amount of
market potential and market share. This study focuses on consumer potentiality and other aspects of marketing that has a direct impact on the growth and expansion of Khadi Industry and ultimately benefit its labour. A high level of marketing activity is a pre-requisite for a high level of economic activity. Marketing of products helps in the wider distribution of surplus goods transferred to places where people are in need. The object of marketing of all productive activities is to satisfy human needs and wants. It is essential to make the people aware of the various products produced.

A unique feature of the study is to achieve an alliance between consumer preference and Khadi sales and an effort to reach and widen customer circle, which is considered as an ultimate solution for the overall development of the sector.

Khadi Gramodyog Bhavan is not a mere marketing outlet for Khadi and Village Industry’s products but a landmark of the economy radiating the message of Mahatma. The main objective of the Bhavan is to work for a non-exploitative social order as envisaged by Mahatma Gandhi. Towards attaining the most important objectives of relieving the rural people from their poor status, sales from Khadi and Village Industries is being stepped up steadily to provide employment to the rural masses. One of the main objectives of the Bhavan is to promote sales of products from Khadi and Village Industries. They offer training and salesmanship. All the workers, weavers, the bleacher, the dyer and printers are given reasonable living wages.

The study about Khadi Sector and its valued customers, proves to be a challenging task in the process of understanding the credibility of the traditional skill industry in this 21st century, giving a new insight into the thought and behavioural pattern of its customers which helps Khadi in its progress of improving its marketing strategies and inviting more customers both from the domestic and international sectors.
1.1 NEED FOR THE STUDY

Khadi stood as a testimony of India's past and is a proof that it is everlasting. Despite the competition from other fabrics, Khadi is and has been surviving. What distinguishes Khadi from handloom is that, Khadi is made of hand-spun thread with the help of a charkha or the spinning wheel, whereas handloom yarn, on the other hand, is processed in the mill. This makes Khadi unique and flexible as it keeps the wearer warm in winter and cool in summer. To enrich this industry is a kind of reverence and making it sustainable is of prime concern.

Mahatma Gandhi's principle for promoting Khadi was to increase employment in the non-farming sector with an intention to reduce migration of rural people to urban areas in search of employment opportunities by providing self sufficiency. Khadi has been linked with India's fight for freedom, but today it is perceived as one of the major agents in a battle against global warming and climate change. The designers not only consider the garment as being eco-friendly but also as a fashion design accepted worldwide.

Jawaharlal Nehru once called Khadi as the "livery of our freedom" which meant that it was a costume associated with the freedom struggle, but now it is not. The product that symbolized self-reliance and liberation during the freedom struggle had lost its lustre over the years. In the post independent period, India opted for state-led large scale industrialization, with many Indian industrialists setting up huge textile mills, the mass production of fine cloth led to the availability of cloth at lower prices. People began to buy machine made textiles and thus Khadi began losing out to the mill fabric. Its importance diminished and it was neglected and pushed to the background by the more fashionable garments such as silk, denim, leather and fur. The competition from mill-made textiles and imported fabrics are one of the reasons for the decline of Khadi sales.
The salability of any textile depends on its users' preference and product performance. For many years, the promotion of Khadi had been on emotional and political grounds while its quality and variety had been ignored completely. Unlike other fabrics, Khadi has very little to offer in terms of fabric performance or versatility, that is why consumers and designers prefer to patronize other fabrics. Khadi requires maintenance. Another factor that is threatening the existence of Khadi is the cost. Most handloom products are expensive because the manufacturing process is extremely lengthy and physically demanding. Hand-made fabrics are becoming more and more expensive because their production capability is low. A fabric that depends on labour is expensive. Inspite of various challenges over centuries the originality of Khadi remains ever as a patent and a treasure symbolising Indian heritage that makes it adorable. This leads to a concern to cherish this sector both qualitatively and quantitatively as a measure of social responsibility.

India has a rich culture and heritage which unfortunately is under-valued by people. Indian garments that are exceptionally rich and beautiful, stuffed with intricate embroideries and designs, defining innumerable cultures of different states. They are often not acknowledged by Indian designers. The necessity of bringing Khadi into the market is essential not only because it is sustainable, but also because it is inherent in the history and culture of India.

Khadi is nourishable as it does not harm the environment and also provides employment. It is clear that because Khadi is hand spun, it will not be able to meet the total clothing requirements of the world's population, but even if one fourth of the demand is met through this clean energy technology of Khadi, India's contribution to slow down the global warming will be substantial.
1.2 STATEMENT OF THE PROBLEM

The study is on the consumer behaviour of Khadi products and its demand which in turn reflects upon the sales factor. Consumer behaviour refers to the act of consumer in obtaining and using goods and services and the decision making process that determines the act. Demand refers to the quantity of the product which a consumer purchases. The study of demand is essential in a way to answer the question how much the consumer buys, which is in need and the quantity preference aspect of consumer preference. The approach to the problem is in the manner of integrating two topics rather than understanding individually. The aspects covered in the study are consumption pattern, consumer preference, consumer motivation, consumer buying process and consumer shopping behaviour. Improving the sale of Khadi Industry by increasing the market potential is a way to find a solution to the problem. Identifying the market is to acknowledge the importance of consumers. Consumers are the King for any product. Therefore identifying the potential consumer, targeting, understanding their preference and satisfying the consumer complete the research process.

1.3 OBJECTIVES OF THE STUDY

The following are the objectives of the study:

1. To study the socio-economic profile of the consumers.
2. To examine the level of awareness of consumers about Khadi.
3. To study the factors influencing the purchase and consumption pattern.
4. To understand the problems faced by Khadi Consumers.
5. To analyse the satisfaction level of Khadi consumers.

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1.4 SCOPE OF THE STUDY

The study covers the basic products under the blanket name of Khadi. These include clothing, medicinal products, food-items, edible oil, honey, toiletries, decorative and ritual items. The study focuses on the marketing perspective of existing individual consumers. This research studies retail sales. The study of village industries which is a part of Khadi and Village Industries is not studied.

1.5 RESEARCH METHODOLOGY

Research methodology is a scientific and systematic way to solve research problems. It deals with the methods, techniques and takes into consideration the logic behind the method. This research is an endeavor to study the consumer behaviour for Khadi products through consumer survey.

Both primary and secondary data were collected for the study.

(i) Primary Data

Data observed or collected directly from first-hand experience for a specific purpose.

Population of the study

Population is defined as the target group on which research has been carried. The population of the study constitutes individual consumers of Khadi products within the region of Tamilnadu. The word 'consumer' refers to a person who actually consumes the product. The population consists of all categories of consumers buying Khadi products. Tamilnadu being a mixed society with people of all walks of life with better literacy rate

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compared to other states in India and its representation is expected to be an ideal one for a
detailed study proposed. Consumers above the age of 18 years are considered as
respondents.

1.5.1 Method of Data Collection

Sampling method is used for collecting primary data. Under sampling method, data are collected from only a part of the population called a sample and on the basis of the data, conclusion is drawn for the whole population. The sample unit contains the consumers of Khadi product from the population. Convenience sampling method was used.

Sample Size

The sample size was determined to be 400 numbers. The sample was chosen from Chennai, Madurai, Coimbatore and Tiruchirapalli districts in Tamilnadu.

1.5.2 Technique of data collection

The technique refers to the usage of specific tools of data collection. The various techniques are questionnaire, interview, observation and interview schedule. In this study interview schedule technique is adopted at the point of purchase.

Interview Schedule

A structured interview schedule was prepared and each and every consumer was met personally in the process of collecting the data. Through conversation and observation the response for the pre-designed questions were noted in the schedule. The design of the interview schedule was framed under five broad categories. The first part was sequentially arranged for the information about socio-economic profile of the consumers. The second part was framed to understand the level of awareness. The third
part comprises of purchase preference and pattern. The fourth part was constructed to measure the satisfaction level and finally the fifth part consists of the problems faced along with the measures to improve sales supported by valid suggestions of the consumers. The framework was incorporated in the process of studying the nature, importance, behaviour, expectations, knowledge, differences and many inbuilt characteristics of the consumer. The design was in coherence with the objectives of the study.

**Pilot Study and Pre Testing**

Preliminary or Pre-testing of the interview schedule was conducted to test the comprehensiveness. Field test of the drafted interview schedule was conducted to confirm the feasibility, validity and reliability of the variables focused in the schedule. The preliminary data were collected from 50 consumers of Khadi products using convenient sampling method. Based on the feedback, necessary modifications were carried out to make the schedule more effective, clear and competent.

**Reliability of the study**

Reliability analysis studies the properties of measurement scales and the items that compose the scales. Reliability analysis is used to determine the extent to which the items in the interview schedule are related to each other. Alpha (Cronbach) is a model of internal consistency based on the average inter-item correlation. The designed Interview schedule consisting of five major sub divisions are put to reliability test using Cronbach alpha method. The alpha value is found to be 0.798.

**(ii) Secondary data**

The Secondary data were collected from already existing study. Books, Journals, research papers, magazines, Government Reports, Working papers, Annual reports of Micro, Small and Medium Enterprises, web-sites and leading Newspapers.
1.6 HYPOTHESES OF THE STUDY

The following research hypotheses were formulated and structured for the study:

1. There is no association between demographic variables of consumers and their awareness level.

2. The consumers do not differ in their perception and pattern of purchase.

3. There is no association between demographic variables of consumers and overall satisfaction level.

4. There is no association between price and satisfaction level.

5. Consumers do not differ in their consumption pattern and satisfaction level.

1.7 STATISTICAL TOOLS APPLIED

The present study is analysed with the help of Statistical Package for Social Science (SPSS). The following Statistical tools were applied for the study.

i) Descriptive and Percentage Analyses

Percentage analysis is one of the statistical measures used to describe the characteristics of the sample or population in totality. It analyse one variable at a time by preparing the frequency distribution of each variable. The frequencies are further converted into percentages as they are more meaningful. Percentage analysis gives an overall assessment of the primary data.

ii) Mean

Measuring the central tendency is the most representative analysis for the entire data. Mean is an arithmetic average commonly used to measure the central tendency. Mean is a unique technique because every data set has only one mean. It sum up the
values of all the terms and divide it by the number of terms. This expression is also called the Arithmetic Mean.

iii) **Standard Deviation**

The most important measure of dispersion is standard deviation. It is found by taking the difference of each item in the series from the arithmetic mean, squaring the difference, summing all the squared difference, dividing by the number of items and then extracting the square root. In a normal distribution it is used as a unit for measuring the distance between the mean and any given value of X. A small standard deviation means a high degree of uniformity of the observations as well as homogeneity of a series. A large standard deviation means the greater the amount of dispersion the greater will be the magnitude of the deviation of the values from their mean.

iv) **Mean rank rating analysis**

Ranks are assigned to different attributes based on sample opinion. The attribute with the first rank is given the lowest number and the least preferred attribute is given the higher number. The summarised rank order is obtained and the mean rank rating is determined. The attribute with the lowest mean rank rating is considered the most preferred attribute.⁵

v) **Friedman's test analysis**

Friedman's test has been applied to determine whether there is a significant variation in the rank of reasons for some variables of interest.

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vi) **Independent sample t-test**

Given two independent random samples of size $N_1$ and $N_2$ with mean $X_1$ and $X_2$ and standard deviation $S_1$ and $S_2$, 't' test is used to test the difference in average.

vii) **Chi-square Test:**

Chi–square test is one of the simplest and most widely used non–parametric tests in statistical work. Chi–square test can be used to test the independent characteristics of two variables each having at least two categories. The test makes use of contingency table is also referred to as cross tabs with the cells corresponding to a cross classification of attributes or events.

viii) **Karl Pearson's Correlation:**

Karl Pearson Correlation coefficient ($r$) is a common measure of the correlation between two variables $X$ and $Y$. Pearson's correlation reflects the degree of linear relationship between two variables. It ranges from +1 to -1. A correlation of (+1) means that there is a perfect positive linear relationship between the variables. A correlation of (-1) means that there is a perfect negative linear relationship between the variables. A correlation of zero means there is no linear relationship between the two variables.

ix) **Analysis of variance (ANOVA)**

This Statistical method is applied to infer whether populations from which more than two samples are having the same mean values. ANOVA enables to investigate factors which influence a dependent variable and test for the existence of difference between them. It is also called as F-test.

x) **Duncan's Post Hoc Test**

Post–hoc analysis is performed with the aim of finding out the extent of difference between the sample groups in the patterns of dividing into sub – sets. In, Latin
Post–hoc means “after this”. Post hoc test is done whenever there is a significant difference within the sample groups which is proved after testing it using ANOVA.

**xi) Factor Analysis**

It is a multivariate technique specially pertaining to social and behavioural science. It is applied when there is a systematic interdependence among a set of observed manifested variables. Factor analysis attempts to identify underlying variables that explain the pattern of correlations within a set of observed variables. It is often used in data reduction to identify a small number of factors that explain most of the variance that is observed in a much larger number of variables. It resolves a large set of measured variables in term of relatively few categories known as factors. These derived factors may be treated as new variables and their values are derived by summing the values of the original variables that are grouped as factors.

**1.8 OPERATIONAL DEFINITIONS**

**Consumer** means individuals, those who consume or use Khadi products for satisfying their own want, need or desire.

**Consumer behaviour** refers to the manner by which the action or conduct of a consumer changes. Consumers display their search in the process of purchase and evaluate the findings about the products or services they expect.

**Consumer Awareness** is referred as the knowledge, understanding, perceived notion about Khadi products and about the industry.

**Consumer Perception** means an opinion, based on the awareness level and identity created in the minds of the consumer about the product.
**Consumption Pattern** used in relation to purchases, means the model procedure in accordance with behavioural variation. It expresses the design that guides in the process of purchase.

**Eco-friendly** refers to, the environmental friendly nature of Khadi product. It accepts Khadi as degradable, organic, safer and non-toxic with no hazardous chemicals and waste.

**Consumer Satisfaction** means the contentment or fulfillment enjoyed by the consumer after using Khadi products. The agreement of perceived expectancy with actual result on consumption of a product is measured as satisfaction.

**Khadi Products** means all those products which are sold under the brand name 'Khadi'.

**Price** refers to the monetary value associated to Khadi products.

**Khadi** is the name of clothing produced using cotton yarns or a combination of cotton, silk and woolen yarn. Khadi is a handloom product produced by spinning the cotton into yarn using charka, a spinning well. Initially between 1920 and 1943 Khadi was associated with a single clothing product. After 1944 under the name of Khadi many village products were produced. In 2012 'Khadi Mark' became a brand name.

**Khadi and Village Industry**, is an industrial unit of Micro Small and Medium Enterprises (MSME) comprises of hand spun, hand woven cotton, woolen, muslin, silk
varieties and other village industrial products under the blanket name of Khadi. These products are produced under the industry program.

**Khadi sales outlet** refers to the retail distribution system that sells only the products approved by Khadi and Village Industries Commission under the Brand name 'Khadi'.

**Khadi Gramodyog Bhavan,** is the name given to the retail sales outlet registered under Khadi and Village Industries Commission directly controlled by the Central Government of India.

**Khadi Kraft,** are retail sales outlets under the Tamilnadu Khadi and Village Industries Board Act, 1959.

1.9 **LIMITATIONS OF THE STUDY:**

The following are the limitations related to the study

1. The field study was carried out only in four major places in Tamilnadu.

   (Chennai, Madurai, Coimbatore and Tiruchrapalli).

2. The Khadi products taken for the study are limited.
1.10 CHAPTERISATION

The present study comprises of five chapters.

**Chapter One** covers an introductory note about the conceptual discussion in relation to the formation of the topic specified. It elaborately persists on the area focused through its need, objectives, scope, research methodology, hypotheses, sampling methods, techniques and tools for the study along with its limitations.

**Chapter Two** encompasses the related literature in support of the study area and subject. This chapter gives a brief historical perspective of the theory of consumer behaviour and reviews the available literature on Khadi products and related products.

A profile of Khadi Industry is presented in **Chapter Three**. This Chapter explains the life span of the industry from the date of its incorporation to the present day and how it is supported by the government with its schemes to revive the sector for the benefit of rural artisans. This chapter gives a detailed account of the features, significance and status of the Industry.

**Chapter Four** consists of an elaborate evaluation of the collected primary data using quantitatively measurable statistical methods. Further, the analysed data are interpreted and inferences are drawn to frame conclusion.

Lastly **Fifth Chapter** presents the findings of the analysis and based on the findings, suggestions and conclusion are framed.