CHAPTER II

REVIEW OF LITERATURE

Review of literature forms the basis for research as it enables one a detailed understanding of the research problem. A thorough insight on the reviews gives a clear idea in formulating the methods and techniques of the study. Moreover, review helps in identifying the research gap by providing additional knowledge about the study. This chapter summarizes the reviews of the literature based on secondary information relating to the present study. This chapter focuses on two broad areas i.e. reviews relating to Khadi and consumer behaviour.

2.1 Reviews relating to Khadi

2.1.1 The need for Small scale, non-farming sectors and handloom industry in economies like India has been viewed under different aspects.

Economic growth and development lies on eradication of poverty and unemployment. For a sustainable growth, the inclusive sectors in industrialization need to be focused. Many policies and procedures were formulated in developing the sectors like small scale and non-farming industries. Growth in labour intensive units generates more employment and promotes industrial development in rural sectors. The theoretical reviews presented are related to non-farming sectors, small scale units and industrial prospects and problems of Khadi.

W.A. Lewis has strongly advocated the application of labour intensive techniques of production to have a steady and smooth economic growth. He opines that many important works can be done by human labour with very little capital. Efficient labour could be used to make even capital goods without using any scarce factors. Hence, small scale and cottage industries should be developed and promoted especially in an
economy where capital is scarce. He recommends the use of capital intensive techniques only when they are necessary.¹

Rural-urban migration is seen in terms of free flow of labour to areas where it can be more productive and earn a higher income. Rural-urban migration contributes to economic growth and reduces income disparities. People move from rural to urban areas because incomes are higher in urban areas, having greater per capita than other areas. Productivity increases in proportion to the size of the city. Mega-cities are more productive because they have large labour markets. The larger the labour market, the higher the probability of finding the workers it wants for an enterprise and in turn, the workers can also find the jobs they want. The study condemns rural-urban migration and rapid urbanization as obstacles for development that generates poverty, unemployment, crime, social disorder, slums and improper settlements in the urban areas. Many Asian countries have adopted policies that aim at stopping the rural population from migrating to the city. These policies tried to reduce urbanization or redirect rural-urban migration to secondary towns and rural areas through transmigration, migration controls, deurbanization and industrial dispersal policies, sometimes at the expense of human rights and the environment.²

Dhar and Lydall (1961) made their study on the data collected from Census of Indian Manufactures, 1956 and the study prepared by the Perspective Planning Division of the Planning Commission is in respect of capital, labour and output relations in various industries. They concluded that the issue of choice between large and small industries for the purpose of an employment-oriented industrialization strategy is largely irrelevant,

¹ Mohandhas B, Dr.Prabakaran.G, *Government’s Assistance Towards the Development of Small Scale Industries in India with Special Reference to Krishnagiri District*, Indian Journal of Applied research, June 2012, Vol.1, Issue.9, p.139

and it should aim at making the best use of scarce resources, instead of aiming at creating employment for the sake of employment.³

A report by United Nations Industrial Development Organisation (UNIDO) (1969), states that in developing countries small enterprises with a lower level of investment per worker tend to achieve a higher productivity of capital than the larger capital intensive enterprises.⁴

Rajendran (1999) examine the various kinds of assistance given to small scale industries with the prime objective of identifying institutional assistance for the development of small scale industries and the problems faced by these industries in Tiruchirapalli district of Tamilnadu. He concluded that the greatest problem faced by the small entrepreneurs was non-availability of adequate financial assistance. Moreover, the small enterprises also face problems relating to the acquisition of raw material, marketing of products and technological and administrative problems. There were complicated procedures in availing loans from financial institutions and there is no coordination between the promotional institutions and government agencies.⁵

Dilip Shah marked the value insisted by Gandhiji on development of Khadi and rural economy. Gandhi wanted to develop a New Social Order (NSO) which was based on the foundation of non-violence and truth, where economic progress and moral progress go together and the focus is on the development of human values. Gandhi's emphasis on village reconstruction was relatively viewed as 'Rural Industrialization'. Two basic components of Gandhian development, self-sufficient villages and decentralization of economic and political powers, gave a very important place to the development of Khadi and Village Industries. According to the study Khadi movement

was not only a mass mobilization movement against anti-imperialist struggle, it was also a social movement of recognizing women's capacity as economically and politically active beings without whose support the goal of freedom or Swaraj would be unattainable and meaningless. The concept of 'Living Wage for Spinners' originated in realizing the danger of women being paid low wages. The singular secret of Khadi lies in its salability in the place of its production and use to the manufacturers themselves. However, finding a market for Khadi is accepted in 1946 by Gandhi stating “Commercial Khadi” as a “go-cart”.

A senior Economic investigato, Dr.Pulak Chakravarthy pointed the importance of Khadi and Village Industrial Sector as a non comparable sector, as it cannot be compared to any other sector. The study insists that, even though hand-operated implements cannot compete with sophisticated huge machines, the economies of this sector lie in providing gainful employment to rural masses in areas, where no other large or small industries can be started. A developing country with millions of unemployed people in its rural areas which does not have huge capital to provide employment to all the rural masses, can find the solution to the problem of unemployment only by developing and concentrating on non-farming and village industrial sectors.

The revival of Khadi from freedom fabric to fashion fabric is discussed in the management case study. In 1985, designer Devika Bhojwani pioneered the Swadeshi label of Khadi into fashion fabric. It was distributed through 5000 Khadi Emporiums. As per the review it was the first step towards changing Khadi's earlier image of being unfashionable to a different identity. Devika Bhojwani claimed that the failure in the Khadi sector were result of redtapism and bureaucracy prevalent in the Indian system. Though the Government was taking initiatives to revive Khadi, nothing much would

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improve until the implementation and the cost per garment were controlled. Intensive efforts were made to root out corruption in the payment of rebate. Regular vigilance raids were conducted in various parts of the country to detect malpractices in claiming of Khadi rebates and to distinguish between genuine and bogus Khadi products. In May 2000, the Ministry of Small Scale Industries announced a special package of Rs.12.15 billion for KVIC. Though the Government of India provided huge financial assistance to KVIC, the funds did not produce the desired result. It was also being felt that the structure of KVIC needed to be changed to enable it to face the challenges of globalization.  

The importance of Khadi is more associated as a clothing of political man. The white colour in public life and the value behind it were described in this study. The phenomena of the historical survival of shared values, beliefs and desire was explained. It has been noted for years and generations the most common uniform for the respectable public servant in India is the safari suit, but for the politician, white Khadi, the homespun coarse cotton that Gandhi popularised. The white of Khadi stands for the Hindu idea of purity meaning lack of pollution and faults. Its coarseness symbolizes simplicity and poverty; together imply the politician's capacity to renounce his own material well-being and to make sacrifices in public or national interest. Khadi indicates the person's capability to serve the country. It was also considered as a practiced belief involved in the wearing of Khadi as a Hindu tradition. The author also pointed out that Khadi convinces not only Gandhian convictions of wearing the clothing, but also felt the disappearance of its deeper structure of desire.

Khadi continued its identity as a political symbol. During Thiruvananthapuram Assembly elections in 2011, there was a boost in the sale for Khadi in the city. Khadi

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outlets in the city showed a 20-30 per cent increase in the sale of Khadi, particularly cotton whites. The increase in the demand started in March and peaked just before the declaration of the election results. The Government of Kerala provided incentives to Khadi artisans to improve Khadi productivity. Quality of cotton and muslin Khadi products was extremely good in terms of its texture, colour, and spinning, focus was more on readymade Khadi garments and the sales improved after some of the clothing has been branded. The review concludes that old-fashioned white Khadi garments are slowly changing, and the new generation prefers more elegant wear. Fashion shows were conducted to draw the attention of new generation.\(^\text{10}\)

Emma Tarlo in her literature pointed out a mistake to assume that there was only one meaning of Khadi and that the meaning was available to every Indian in a transparent way. She argued that various kinds and designs of Khadi could be used to express not only different understanding of its meaning but to make visible social distinction. The history of Khadi's revival in the 20\(^{th}\) and 21\(^{st}\) centuries reveals an ongoing tension between capitalist development and a Gandhian-style modernity, based on alternative economic and moral principles. Khadi was never considered to become popular as everyday wear that Gandhi dreamt of. But retain its important symbolic role in providing an alternative vision of modernity and evoking the texture and uniqueness of India's Freedom Struggle.\(^\text{11}\)

The role of Khadi in the economic development has a major contribution as per this study. It is described that Khadi has some additional advantage in generating income in rural areas which would create internal demand. This in turn is beneficial to the organised counterparts in urban areas. The produced goods have common necessity and hence they are anti-inflationary in nature. Serious experiments conducted in Tamilnadu


and Gujarat at the instance of Khadi and Village Industries Commission, showed that a mini textile mill equipped with 48 spindle power operated ring spinning frames and 16 improved Nepal type and semi-automatic looms are capable of producing Janata Cloth, i.e. common variety of cloth, with competitive process for mass consumption especially among the weaker sections of the community. In this way, efficiency and economy of the small scale units can be improved. These suggest that small scale units can survive not by competition but by interdependence.\(^{12}\)

An article in THE HINDU explains the role of the fabric as a national belongingness. The fabric was once associated with the freedom movement and in recent years had to makeover with fashion designers giving it a vibrant spin. For centuries Khadi continues to rule in its humble form. Indian National leaders and politicians ever prefer the crisp white shirts, trousers and dhotis. The clusters of Khadi stores are busy making shelf space for fresh collections to meet the summer demand. Khadi-cottons and Khadi-linens are summer-friendly fabrics and are usually witnessing good sales. The elections further helped to boost sales. In the national platform, younger politicians like Omar Abdullah, Sachin Pilot, Rahul Gandhi and Jyotir Aditya have made Khadi look cool. Omar Abdullah likes to wear Khadi garments in different hues and Rahul Gandhi teams up his white Khadi outfit with a sleeveless black jacket, Leaders in Andhra Pradesh prefer fuss-free white shirts and trousers. Telugu Desam workers prefer Khadi in cream and off-white tones to match their identity of yellow flag. Politicians in the age group of 30 to 50 years like to wear shirts and trousers or kurta-pyjama sets and the older group dhotis. The Leaders prefer plain shirts and people in general buy readymade shirts with embroidery in Khadi-cotton and Khadi-silk for weddings and special occasions. In this study Khadi is associated with political identity. The Khadi-linen blend has many takers since it helps the party workers cope with the summer heat while campaigning.\(^{13}\)

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A Report given by National Information Centre on its compilation of 50th year of Indian Education (1947-1997), reflects the decline in the growth of Khadi subsector is attributable to several factors. Spinning on traditional charkhas could not be expanded due to low level of earnings and consequent decline in the number of traditional home spinners as well as preference of weavers for yarn produced by New Model Charkha (NMC). In some States adequate numbers of weavers are not willing to take up Khadi weaving. The present structure as well as guidelines regarding lending to Khadi institutions does not permit the Khadi and Village Industries Commission (KVIC) to advance loans to those institutions which have received over Rs. 3 crore. These institutions have requisite infrastructure and expertise to increase the production of Khadi, whereas new institutions which are eligible for funding take a lot of time to develop infrastructure and expertise. Further, as the production of Khadi is bound by several restrictions such as certification, cost chart and its sale criteria, very few voluntary organisations come forward to take up this programme. It is, however, relevant to note that the production of polyvastra which is a blend of polyester and cotton presently covered under village industries was increased from Rs. 2.17 crore in 1984-85 to Rs. 16.61 crore in 1989-90.14

The main objectives of Khadi and Village Industries (KVI) programmes during the Eighth Five-year Plan was to create additional employment opportunities in the non-farm sector and to ensure increased wages and earnings to rural workers. For this purpose, the necessary was felt to reorient Khadi programme and identify trusted areas keeping in view the growth potential, the consumer demand, providing distribution services to artisans and adopt aggressive marketing approach.15

An article “The Pride of India” brought out the significance stating that Khadi has gained worldwide appreciation as it is handmade, durable, long lasting and organic in

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15 Ibid.
nature. The fabric is produced by the masses for the masses. It is associated with Gandhian philosophy as well as makes a fashion statement. Through the medium of Khadi weaving, the weaver expresses art and designing by the spindle and loom. It is widely accepted in the Indian fashion circle. Leading fashion designers include it in their collection by designing clothes with Khadi material. There is a huge demand of it in international market, especially in western countries.\textsuperscript{16}

In 1990, the Delhi based designer, Ritu Kumar presented Khadi collections, with increase of western world in handloom and Khadi. Many Indian designers began to use Khadi for their designs. The Government also made efforts to promote Khadi. In September 2000, Vasundhara Raje, the then Minister for Small Scale Industries, initiated a movement to revive all the 7050 KVIC shops in India and make Khadi more fashionable and affordable. The KVIC board hired the services of leading fashion designers to help create a new range and brand of Khadi wear.\textsuperscript{17}

A review in Business Standard Magazine discuss about the brand Khadi, capturing the world fashion economy. A leading mill company, Arvind Limited planned its works with weavers in Gujarat to develop and market 'Khadi Denim'. Arvind limited extensively market the innovative Khadi Denim quoting Mahatma Gandhi's views about the conventional fabric. Khadi Denim was first developed by Saurashtra Rachnatmak Samiti, a Khadi organisation located in Rajkot way back in mid-1990s. After over a decade, Khadi Denim's market penetration has been microscopic. As part of its Research and Development, Denim major Arvind Limited approached Gujarat State Khadi Gramodyog Board (Khadi Board) to seek support for developing Khadi Denim for the company. In December 2010, they showcased garments in Paris Fashion show held in France. The company officials proposed to join hands for Khadi Denim, shared by

\textsuperscript{16} Doshi Gaurav, \textit{Khadi- The Pride of India}, posted on 10.09. 2011, \(<www.fibre2fashion.com /industry article>\) retrieved on 18\textsuperscript{th} May 2012.

\textsuperscript{17} \textit{Glamour platform for Gandhian cotton}, British Broadcasting Corporation, (BBC), London, January 30, 2012, retrieved on 22.05.2012, \(<http://news.bbc.co.uk>\)
Deepak Patel, development officer, Khadi Board. Several enhancement in handloom as well as production process were suggested by Arvind Limited. Over several months, the team from Arvind worked with the weavers in the hinterland of Saurashtra and other regions of Gujarat, right from spinning, weaving and dyeing.\textsuperscript{18}

The Textile Magazine (2008) reports that reviving of Khadi Industry is expected to strengthen employment opportunities particularly in rural areas where 73 per cent of the country's poor live. India's 11\textsuperscript{th} Five year plan notes that Khadi production has huge employment prospects, particularly for women and minorities. A $2 million grant by Japan Special Fund, through Asia Development Bank was granted to support the implementation and monitor the progress of the Khadi industry reform. The objective was proposed to be achieved by facilitating the purchase and processing of raw materials to address the high cost of input, processing inefficiency, inadequate testing capability that brings down production. Institutional reform was also perused for the restructuring of Khadi industries to enhance development role.\textsuperscript{19}

A leading magazine circulated across India and abroad brought out very significant features of Khadi from the words of Modern International Fashion Designer Christina Kim, a Los Angles based Designer whose clients are Jenifer Aniston and Michelle Obama, who recently brought her collections to India with a message of Khadi becoming a way of being and feeling. Khadi's appeal has become more international, the craze is not limited to clothes, in London Conran shop there is a huge demand for hand-made Khadi products.\textsuperscript{20}

\textsuperscript{18} Rutam Vora and Vinay Umarji, \textit{Brand Khadi: Moves from Sabarmati to the wild west}, Business Standards, Mumbai, Issue: August 22, 2011.

\textsuperscript{19} Report on \textit{ADB offers $150 million loan for Khadi industry revival}, The Textile Magazine, Vol:49, Issue: 12.10. 2008, p.120.

An exhibition hosted in London of contemporary design named 'Inspired by India' featured textiles, ceramics, jewellery, furniture and photography by established designers such as Alice Cicoline, Rahul Kumar and Sabyasachi Mukherjee and also works of upcoming artisans, who are all inspired by the culture, colours and crafts of India. The organisers proudly stated that the selected designers all share a passion for India and the message is simplicity and cleanness in trend.\textsuperscript{21}

As per report in Jagran periodical edition, Fashion designer Nitish Chandra showcased his collection 'Khadiology' and claims that his aim is to popularise Khadi among the youth. He also pointed that, people feel that only old people, bureaucrats or politicians wear Khadi. His latest collection had 42 pieces, which were internationally acclaimed and sold. It was also proposed to impart free education to the children of the poor weavers from whom the Khadi raw materials are brought. Khadi can be taken from small weavers in Bihar's Gaya and Madhubani districts, where they get only Rs.5 for their product but it is then sold for almost Rs.50. If the retailing increases then free education to the children of these weavers can be provided with that money.\textsuperscript{22}

Realizing the significant growth potential of KVI sector, a comprehensive Khadi Reforms and Development Programme (KRDP) was initiated by the Government with assistance to KVIC from Asian Development Bank. KRDP envisages re-vitalisation of KVI sector with enhanced sustainability of Khadi, increased employment and income, increased artisans welfare through their capacity building, empowerment and enhanced earnings and also development of select traditional village industries. It provides assistance to 300 selected Khadi Institutions with an initial assistance of 96 crores from 2010. Further each reform implementing Khadi Institution (KI) has been provided assistance of around Rs.1.19 crore to implement the identified set of reform activities.

\textsuperscript{21} Ibid.

\textsuperscript{22} \textit{Aim to popularize Khadi in youth}, Dainik Jagran, posted on 13.02.2013, retrieved on 15.08.2013, <http://post.jagran.com/Designer-Nitish-Chandra-aims-to-popularize-Khadi-in-youth-1360766824>,
Reforms are envisaged in raw material production leading to improved quality and reduced cost of Khadi products, effective marketing with sophisticated professional support in the form of sales networking, better inventory management and design improvement. The unique brand image of Khadi as an environment friendly heritage product was powered through development of 'Khadi'brand. Gandhian values continue to be guiding principles in the entire reform process with focus on sustainability and growth. Around Rs.720 crore were spent through KVIC on this programme between 2009-10 and 2011-12. The budget allocation for Khadi and Village Industries sector has been enhanced substantially from Rs.261 crore in 2009-10 to Rs.542 crore in 2010-11 which means an enhancement of around 107 per cent.  

Sarah Elton presents the plight of Khadi in crisis. The decline of Khadi means more to India than the end of fashion line. This cottage industry became the staple of the country's rural economy. After the liberalization policy the country's economy opening its doors to foreign companies, had created the existence of private players and growing middle class disposable income to spend on consumer goods. But unfortunately most of the country remains untouched by the economic prosperity, more than 35 per cent of the country's billion people live below the poverty line.

Ruddar Datt and Sundaram (1979) strongly advocated that the small scale and house hold enterprises as an important component of an employment- oriented strategy of industrialization. They found that employment-output ratio is the lowest in the small scale sector while that employment generation capacity is eight times higher than that of large sectors.

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2.1.2 Reviews relating to production and Technological aspects of Khadi

Planning commission report pointed out the decline in utilisation of Science and Technology funds by KVI sector. The need to use new types of tools, equipment and machines was also pointed out. Micro, Small and Medium Enterprises (MSME) initiated the process of using new tools and were tested on pilot basis before being recommended for adoption on a wider scale. The report brought the attention towards the technical problems of this sector that should be recognised by national laboratories and help this sector in a big way to produce marketable products. The role of Research and Development also needs to be widened in its attention not only to production process but also to quality finishing, packaging etc.26

Press Information Bureau 2000, reported on the revival of Khadi industry by retaining its particular moral and nationalist character. It remains as a challenge for the Industry that has been pursued in several directions. On the one hand the National Institute of Fashion and Technology (NIFT) and National Institute of Design (NID) have been charged with the role of updating Khadi and introducing “new and trendy designs” to be taken up by the Khadi sector. This strategy of making Khadi more desirable by contemporary standards is to be matched by more aggressive marketing strategies, including the promotion of Khadi abroad in countries like United States, United Kingdom, Germany and South Africa. Techniques of global capitalism such as e-commerce and the registration of Khadi as a brand name and geographical indication have also been recommended.27

The Founder of ‘Moral Fiber’ presented a detailed outlay of the present scenario of Indian Textile Industry. India has a significant role to play with or without global

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pressure. The study expected to believe that new growth in the textile industry can be primarily based, on people's energy, and, renewable energy. By promoting sustainable textile industry and Fair trade in a committed way, India can emerge as a world leader. This can be achieved without costing the natural resources and harming the environment. The New 'Kaaddi Pluss' and KVIC at this point can play a decisive role, just like Khadi did for the nation's independence movement.²⁸

Khadi was depicted as a fashion trend to capture younger generation. There is a need to re-educate the people about Khadi. Khadi is very relevant to time. It is an eco-friendly, non-synthetic, healthy fabric that makes good dressing sense. The study speaks of the quality and its inherent defects as a real beauty welcomed by some buyers at some point of time. Khadi has many faces which are not just restricted to cotton. Khadi is quite competitive in the 21st century depending on the style of the garment. Many Indian fashion designers believe that Khadi is India's answer to Egyptian cotton and linen. It falls well and becomes second skin after two washes. It breathes, it has a self-texture. It has been blended with denim, wool, polyester and silk with good results. As fashion changes as per trend market prefer for good quality Khadi products. Khadi serves both purposes - of satisfying the demand of fashion as well as making people proud of wearing local product. The main aim is to motivate the youth to wear Khadi and this innovation is requires from the designer's part. Khadi kurta designed in a new looks to be worn with jeans as fashion statement among youth. This fabric can bring in a positive revolution in the country and can also bridge the disparity in society.²⁹

MSME report states that growth opportunities for export of Khadi sector after liberalisation of textile sector has been an area of research and paved the way for export promotion of Khadi. This study was carried out by selecting 200 Khadi institutions from

different states with an annual turnover of more than Rs.30 lakhs for the purpose of promoting them as export-oriented unit. With the available resources and technical support, the opportunities in the global market for Indian handmade industry is well analysed and suggested the policy measures and support in increasing the competitiveness by these selected institutions to emerge as an export oriented unit.30

A case study documented by Mahatma Gandhi Institute of Rural Industrialization (MGIRI) on an experimental transformation process by research team. A clustered approach under the qualitative research technique was used to document the experiment and its outcome spread over a period of one year from January to December 2011 in clusters at Varur, Wardha, a joint effort by Senior Scientific Officer (Craft & Engineering), Mahatma Gandhi Institute of Rural Industrialization (MGIRI), Designer., District Rural Development Agency (DRDA) and Professor in Indian Institute of Technology (IIT) New Delhi. MGIRI decided to focus on the strategies to make it voluntarily acceptable with a popular appeal. It decided to conduct Research and development on product diversification with new designs and fashion appeals for Khadi. A flash market survey was conducted to assess the needs and requirements of different customer segments of the society, and accordingly a series of new designs of Khadi handbags were prepared at MGIRI. The MGIRI has twin objectives (i) to finalise the pathway for creation of more and more employment for the general masses and, (ii) to give new dimensions to fashion accessories with the help of Khadi. The outcome of the experiment was that the group acquired excellent capacity to identify problems, designing of products with good finishing with in 4 to 5 months time, technology advisers started working independently after the training. Trained with more than seven Self Help Groups (SHGs) and eleven individuals, of which six groups and five individuals were engaged in the production activity. Before their training these ladies were just housewives without any independent source of their earning. After training they are the earning members of the family. They discharge their house hold duties as usual and in

between squeeze their time to supplement the family income by an average earning of Rs.100 per day. The idea is to enhance the present earnings and produce worthwhile supplementary fashion accessories through Khadi.\(^{31}\)

Department of Textile Technology and Mahatma Gandhi Institute of Rural Industrialization jointly prepared a report on quality assurance of Khadi. The report states that due to stiff competition from mass-produced fabrics from India and foreign countries, the attraction of Khadi is decreasing day by day. There is danger that the Khadi production may reduce to insignificant level. To protect the Khadi production, Quality Assurance inputs have to be provided so that quality Khadi products are produced to meet the requirements of the customers. Khadi yarn needs much improvement in terms of consistency in count, strength, uniformity, appearance, etc. Poor quality of yarn results in poor performance in looms, poor fabric appearance and inferior fabric properties.\(^{32}\)

Vanaja Menon focuses on the current product mix of village artisanal units with an exploratory research on the reasons limiting them from implementing quantitative marketing approach. Divided into two stages, at first the study analyses the product concentration index of craft units and then explores the reasons limiting their ability in adopting quantitative marketing approach. The market performance of village crafts shows that the Kerala artisanal industry has to travel a long way to adopt possible marketing approaches to survive competition. It also point out that, heading the markets with quantitative approach would benefit small scale industry to improve its performance globally. Quantitative marketing approach would facilitate the village artisanal units to meet the challenge of diversified demands for hand-made crafts by craft units introducing value oriented versatile designs, driving the cautious customer to open even during the time of economic downturns. In order to gain this objective, constant


training in accounting and marketing analysis with computer literacy campaigns should be listed with priority in management plan. The rural units should be facilitated with scientific managerial infrastructure, assuring easy access to up-to-date market information with internet linkages. An action plan should be developed to train the functionaries in each unit. This system should be subjected to periodical monitoring till the units achieve self sufficiency in recording, storing, analyzing and dissemination of data to marketers as well as for collecting data from markets.

A study brings out the great market opportunities far ahead of the handloom industry. Products made by using organic cotton yarn and natural dyes are in high demand in the developed nations and upper segment that are health conscious. For these kinds of products, research and development, training and knowledge sharing are crucial things. Decentralized spinning mills are another area of concern to chase away the raw material supply problem. Therefore Research & Development, training, information centres and mini spinning mills if implemented at weaving centre level the weavers can have easy access to primary business needs.

The economic situation of Khadi industry as per the study points out the technical possibility and opportunity ahead with extremely sharp worldwide competition with textile industry forced the Khadi industry to use all possibilities of cutting cost. Higher production at each stage of Khadi manufacturing gains more importance. The paper attempts to focus and try a developed mechanized system to replace manual method of sliver producing and the functional enhancement of Pinjanalaya carding machine to produce sliver and use to discover a new tool to shorten the sequence for producing the sliver. This leads to significant saving of time and cost, and thus improve the competitiveness of the Indian Khadi Udyog as well as provide more profit to the farmer.


The objective is to try decentralization of carding machine and provide a mechanism to specially “Vidarbha” region farmer so that they will directly able to sell Sliver to Khadi industry and get more profit. This project also leads to shorten the sequence of Khadi production. With the help of this mechanism it will be able to produce sliver more efficiently and economically and this helps Khadi industry to increase production rate as well as reduce the cost. In case of textile industry carding machine is very costly and for Khadi industry this operation is done manually. The survey was conducted on various Panjanalaya Centre, Pinjanalaya Carding machine Maharashtra Khadi Udyog, Sewagram, and Gram Sewa Mandal, Gopuri, Wardha, in order to find out range of speed in which carding is been performed.35

Market survey stress that, KVIC needs to focus its efforts on exports of the products. The products produced in KVI sector are eco-friendly and purity is the hallmark of such products. The Committee in collaboration with Indian Institute of Foreign Trade (IIFT) and is making arrangements to export various eco-friendly products to foreign countries. To boost Khadi exports, an export consortium has been formed by 25 export oriented units, which act as catalysts for boosting Khadi exports. KVIC set up a 'show window' at Ghana in Africa to organise exhibitions and disseminate information about KVI sector and technology transfer, which boost Khadi as well as village industries exports to African countries. Government has given priority to address infrastructure and basic needs of rural people through creation of sustainable employment opportunities, exploitation of local resources, increasing production and offering opportunities to all, for employment. KVIC as a part of its commitment to rural industrialisation has been assessing rural resources, augmenting deficient resources and formulating plans, programmes and schemes for effective and balanced utilisation of these parameters and determining priorities. From a highly centralised urban planning system, the Indian economy is gradually moving towards the rural sector and it is here

that the KVIC concerns itself with the building of a long term strategic vision of the
future rural strategy and decide on priorities of the rural sector. KVIC has been working
out sectoral strategies for providing promotional stimulus to the rural economy to grow

Vimal Priyan insists on the technical aspect of improving the production process
and effective cost cutting methods. As per Khadi and Village Industries Associations
survey the sales of Khadi in 2000-2001 was Rs. 213.95 lakh and it massively increase
year by year. In 2010-2011 the sales of Khadi was Rs.725.66 lakh. To meet such an
increasing demand with lower cost, Khadi industries needed some mechanized system to
increased productivity. In Khadi industries the sliver are produced manually. It is time
consuming process which directly effect on cost of Khadi. A developed mechanized
system is needed to replace manual method of sliver production. In case of manual
method one man can produce 12 slivers per minute, by using this mechanism 30 slivers
per minute with uniform quality can be produced. This is helpful to Khadi industry to
increase production rate as well as reduce the cost. This project seeks to analysis and
Functional enhancement of Pinjanalaya carding Machine to produce sliver and use to
discover a new tool to shorten the sequence for producing the sliver. This direct to
significant savings of time, cost, shorten the sequence of Khadi manufacturing and thus

2.1.3 Reviews relating to marketing of Khadi

The birth and recognition of consumer behaviour is a phenomenon of the 1960's.
Earlier study by Adam Smith, the economic theorist of consumption, states that as the
number of manufacturers increases, there is a growth of stiff competition to build consumer value. Economic theories do threat consumers as purely rational being. In real life consumers are as much emotional as they are rational.\(^{38}\)

A study on Consumer preference towards Khadi products insists on the importance of quality which is a hallmark to draw and retain consumers. The study insists on strengthening Khadi and Village Industries as the economy is fast integrating itself with the global economy. The study also points out the influencing factor on sale of Khadi as there is no adulteration and no duplication. The sector plans its production as per market demand, taste and trend. It also expresses the feeling and expectation of the consumers that should be fulfilled in close relation to the present global competition.\(^{39}\)

Trivedi Lisa (2007) presented Khadi in a different dimension with respect to tradition and modern Indian exposure. From the period of Swadeshi, the annual report of Spinners Associate 1927 revealed a 40 percent increase in the sale of Khadi as compared to 1926. In 1934 the employment created by Khadi doubled when compared to initial periods indicating the new phase of development. The study explains about the shift of Khadi more as a symbol of nationalism rather than a product. This literature gave a detailed history of Khadi and the motto behind the marketing strategy in satisfying the consumer preference. Moreover, Khadi has been used to propagate the philosophical significance of Gandhiji’s Swadeshi movement for self-help. The Spinning Association's effort was brought out in consideration with the production of Khadi with regional pattern, prints, and colour that were popular among customers. To increase Khadi production and to satisfy consumer, the technical department increased its efforts to train Khadi workers by sending demonstration parties to villages. The study stresses on


regular distribution of Khadi goods with Khadi production centres at each major region
of the subcontinent to facilitate consumers demand.\textsuperscript{40}

In a National seminar, an attempt was made to characterise the Rural Industrialisation evolved through Gandhian Philosophy. Some specific policy suggestions were also attempted in the light of most dominant issues experienced in the last fifty years. The marketing of Khadi was considered one among the crucial issues. It has been strongly put forward that if there had been intervention of voluntary agencies, then Khadi products would have sold in the local markets. Apart from aggressive marketing, taking into account the consumer's preference, taste, price and other related factors including cost of production, consumers should be educated and directs on the social responsibility. Consumers should be oriented to think on the origin of Khadi, production process, relevance of buying it, ecological significance etc. The Government itself could help in the promotion of Khadi by becoming a bigger buyer than just 5 per cent mostly in the form of woolen blankets. The performance of Khadi and Village Industries Commission (KVIC) in the technological development sector is very poor. It is the key to the development of KVIC. The study insisted on a very strong links with national laboratories, research organisations and manufacturing institutions for transference of technology. This article gave a detailed idea as to how Khadi can improve itself and survive in this modern mechanical environment.\textsuperscript{41}

T.M.Dak views the working of Khadi and its barriers in the path of progress with the strength of technology, marketing, organisation framework etc. The author had explained about the necessity of identifying the market segment and the importance of marketing service centres. The Rural Marketing Service Centres, which were to serve as base points in providing services were not standardized. There were less than four

\textsuperscript{40} Trivedi Lisa, Clothing Gandhi's Nation : homespun and modern India, Indiana University press, Indiana, U.S., 2007, p.28.

\textsuperscript{41} Reddy Angadi Ranga, Impact of Gandhian Thought on Globalisation, Gandhi and Globalization, Mittal Publications, New Delhi, 2009, p.246
hundred such centres against the need for over five thousand. Khadi, to some extent depends on the private marketing service system which proves to be exploitative. Thus lack of proper market outlets found to be a strong barrier to rural industries and dilute the enthusiasm of talented artisans. Rural artisan need attention in terms of product designing, consumer preference, latest styles, designs etc., but unfortunately these supports are lacking. The idea of building up an effective marketing infrastructure is to procure products to strengthen rural industries. The author had stressed on the importance of marketing of Khadi and other village industrial products for the upliftment of the rural economy.  

Due to the traditional character, Khadi products are unable to withstand the competition from the organised textile sector. It was suggested to adopt an aggressive marketing approach which takes into account the consumer's preference factors and other related market factors for increasing production of Khadi. This would necessitate diversification of markets and also the product mix, introduction of modern marketing techniques, better inventory control, and better management practices etc. Regarding the rebate on the sales of Khadi, it was examined in depth by the Committee headed by Shri M. Ramakrishnayya and Shri Abid Hussain. Restructuring of silk Khadi to be considered but any decision should cover both handloom and Khadi sectors. In providing thrust to Khadi sector, greater emphasis were given in the Eighth five year Plan for activities for economic viability without the support of subsidies. To achieve these objectives the study point out the necessity to popularising the New Model Charkha, diversify production of cloth so as to improve its blending with polyester, wool as well as silk and produce readymade garments in accordance with the customer's taste and latest trends in fashion.

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Along with technology, the quality should not be compromised is emphasized in the study mentioned below.

A project report on consumers attitude towards Khadi readymade shirts, states that all the respondents are aware of Khadi (100 per cent) and rated as it is having best quality comparing to other company shirts. Further suggested that Karnataka Khadi Gramodyog Samyukta Sangha Federation (KKGSS [F]) may open some more outlets in the city, so that customers can purchase and it will positively impact on sales. The network of sales outlets set up by KVIC and State KVIB's is not adequate in terms of number of retail sales outlets located at different parts of the country and the cost of rendering marketing assistance to artisans is high. While product diversification, design and fashion development and fashion shows in major cities would assist marketing of Khadi, marketability of products could be enhanced by improving quality and packaging. Greater stress on Research and Development, and also ensures improvement in quality that helps increase productivity and thereby reduce cost.\(^{44}\)

Report by Minister of Small Scale Industries states that, Khadi brand was introduced exclusively for exports and up markets. The fabric was promoted as a fashion fabric. Nearly 110 varieties were a part of exhibition organised in New Delhi during March 2000. The designers insisted in the article, the importance of Khadi going internationally with its quality packing. Further in 2002, the official designer of Khadi launched "The Khadi Range Collection-2002." In the collection, Khadi was used to create apparel such as, casual shirts, waist coats, skirts, wrap-around, trousers, parallels, and tops for women. KVIC allotted huge funds into research and development to improve the quality of \textit{Khadi}. It also allotted around Rs. 0.4 billion for promoting the fabric emphasizing its Unique Selling Proposition (USP) and eco-friendliness. The

discussions were also about emphasis on variety designs, new colours and eco-friendly vegetable dyes.\textsuperscript{45}

The review presented by Moralfibre depicts fair trade and better price, decent working conditions, local sustainability, and fair terms of trade for farmers and workers. By requiring companies to pay sustainable prices which must never fall lower than the market price. Fair trade addresses the injustices of conventional trade, which traditionally discriminates against the poorest and the weakest producers. It enables the people involved to improve their position and have more control over their lives. More importantly, the inherent transparency of this market helps creating social sustainability and equality. It encourages tracing the roots of each product from farmers, to spinners, weavers, dyers, printers and to manufacturer as well as traders. It concludes that Indian industry can take a lead to become a clean and fair trade industry which will help millions of workers in the textile industry living a life of dignity and well being.\textsuperscript{46}

An article in periodical Yojan had presented detailed information about the committee appointed by the Government of India to look into the loopholes and further promote development of Khadi products. On the recommendation of the committee, a KVI package has been proposed to strengthening of quality assurance labs, Cluster Development programme, marketing promotion of KVI sector, conversion of Consortium of Bank Credit to Khadi institutions into working capital loan and insurance to workers. The Ministry of Agro and Rural Industries has launched a comprehensive group insurance scheme to cover about four lakh artisans working for Khadi and Village Industries and Government has subsidized by reducing the premium burden on poor artisans. Thus gives a clear picture on the successive, initiatives taken by Central Government through various schemes and programmes since independence.\textsuperscript{47}

\textsuperscript{45} Report by Minister of Small Scale Industries, \textit{Corporate Restructuring}; Case Study, 2003, ICMRI, p.9

\textsuperscript{46} Amin Shallini Sheth, loc.cit. p.10.

The government and allied agencies try to promote Khadi but more of product development and Research and Development were needed. The sector provides employment to numerous artisans, but a fresh perspective is needed. The redtape of the Khadi Gramudyog is also responsible for stifling its development. In a message to the “Khadi Parivar,” Devendrakumar R. Desai, chairman of the re-constituted KVIC, initiated the need to strengthen Khadi activities across the country to bring smiles to spinners, weavers, artisans and entrepreneurs living in rural India. Gandhji admits that the fabric is expensive. It is hand-woven and needs intricate workmanship. As it is Indian national fabric, the government has to come to its aid. Promotions, subsidies are offered and the weavers are paid what they deserve. It was observed that increased pressure of volume production has lowered the quality. Weavers can only benefit if better quality is produced. Introducing new patterns provide design inputs and ultimately better wages.46

Indian research journal presents a research paper with a primary objective based on awareness about Khadi among urban youth and also measuring the extent of use of Khadi Gramodyog products by the people of Mumbai. The results of the study revealed that majority (98 per cent) of the respondents are aware of Khadi and Gramodyog products and 86 per cent are aware that Khadi and Gramodyog is meant for rural and handmade products. From the various products highest preference was given for cotton (59 per cent) Khadi clothes. The fact revealed that 85% respondents are not regularly using Khadi. People find products expensive (49 per cent) and large number is not aware of annual sale (60 per cent) where they can be benefitted by discounted prices. A large percentage of people don't find Khadi products consumer friendly. People also feel that Khadi products are not substantially marketed. Due to its difficulty in maintenance and higher price the preference for regular use is not seen. It offered constructive suggestions for improving the range of customers. The research suggested the need for large scale advertisement, introduction of friendly goods and attractive package which will help

expand its urban customers. More awareness among youth is expected and many consumers prefer to use homemade and traditional products to protect themselves from pollution and contamination and to avoid side effects, which is a growth sign for Khadi industries.49

Research journal in Asian Journal of Management and Science highlights a field survey conducted in Gobichettipalayam reveals, the consumer's attitude towards Khadi products. It was observed using Fishbein's attitude model. The factors influencing the attitude and the association between attitude and consumers satisfaction were examined. The study covers the opinion of both male and female respondents on the use of Khadi and Gramodyog products and also their opinion about extending Khadi market in urban areas. The results indicated that the consumers have a positive attitude towards Khadi products and have more satisfaction. As majority of the young and educated consumers have high level of attitude towards khadi products, it was suggested that more number of Khadi outlets may be opened especially at commercial area, Bazaars, airport etc. This would help in increasing the sales of Khadi products and in turn, it would improve the workers, artisans living condition. Moreover, revamping of khadi outlets is the need of the hour. Further marketing strategies to enlist new khadi institutions by relaxing the restrictions on registration, particularly to private sector, advertising campaigns to make all classes of people aware of Khadi and to project it as a fashion statement for the youth, different colours and designs to be introduced, Packaging of to be improved and made attractive as package is the determining factor in the point of purchase decision. Khadi and Village Industries Commission (KVIC) can promote their products by participating in national level exhibitions, trade fairs and also by providing financial assistance in conducting such exhibitions. This brought a message that young and trendy generation can buy Khadi products not as a, national duty or act of charity but as a product having high intrinsic value.50


A press report by MSME talks on various points and views, shared by members and Minister on the prospects and the steps to improve Khadi sales. KVIC is aware of the present market scenario and have proposed to set Khadi plaza and Khadi Hut to compete with malls and supermarket. It has also intended to create franchise for marketing products through reputed stores including malls and supermarket. To promote Khadi the producing units are being encouraged to participate in domestic and international trade fairs. KVIC has also extended support in terms of policy and finance in organising buyers and sellers meeting in foreign countries. Moreover a new scheme of providing 5 per cent export incentives to units engaged in direct export of KVIC products. These were some of the important point's shares by the authorities.51

A study about consumer motive distinguishes the customers based on their knowledge and awareness level about the product they buy in order to satisfy their need and want. It brings out that a well informed consumer is one who can recognize and interpret the inherent characteristic of a textile fabric in the light of its intended use with knowledge of facts about the goods. Many factors like suitability, versatility, convenience, durability, comfort, care, and safety are being considered for making a purchase. So each consumer is unique in their nature and presence in the market which has to be identified with the help of marketing strategies.52

Academy of Marketing Science Review assumes the existence of underlying prestige, influenced by personal and interpersonal perceptions toward the brands. Emphasis was also given on issues such as how to maintain brand prestige once it is established. From a market segmentation point of view, clustering groups according to their primary perceived values of prestige for a brand may reveal demographic or psychographic characteristics which may better represent the consumers and their behaviour.53

51 Press Realese RAILBANBHUK, January 2012, p.96.
An article on rural marketing attempts to bring focus on the role of rural marketing in bridging the widening disparity between rural and urban economies in India. Dual perspectives of 'producers' empowerment' and 'strategic marketing' are discussed in this study. This complex task can be achieved by helping rural producers to effectively compete in the marketplace based on competitive and comparative advantage through consolidation of agriculture and rural enterprises. More specifically, agriculture and rural enterprises need to be linked to rural or urban markets through 'minimizing market resistance to rural products' and 'maximizing market orientation of rural enterprises'.

United States Agency Industrial Development study provides an analysis of the global market for handicrafts and reveals the trends in the marketplace that impact handicraft producers in developing countries. This publication was produced for review by the United States Agency for International Development. It had clearly brought out the Global scenario of handicrafts industry and its major part in the form of employment in many developing countries and a significant part of the export economy. The demand in the market for handcrafted goods is strongly influenced by fashion, consumer purchasing patterns, and economic conditions in end markets. Frequently changing market trends presents a major challenge for handicraft exporters, and many observers fear that the advance of globalization has intensified this challenge and the uncertain nature of work and existence in artisan communities. New opportunities bring new challenges. This Industry must focus to be more responsive in adapting designs to buyer requirements, provide timely production and delivery, and improve quality and efficiency in view of increased price competition and consumer expectations.

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55 Ted Barber and Marina Krivoshlykova, *Global Market Assessment for Handicrafts*, United States Agency Industrial Development (USAID), July 2006, p.21
A case study on customer attitude and preference was carried out in Coimbatore District to find out the consumers perception towards the Khadi and Village Industrial products. The study aims at providing an insight on consumer's attitude and other factors which influence the consumers to buy the Khadi and Village Industrial products and Preference towards the local brand. It is an attempt to study the KVI product and its awareness and preference towards the KVI products. It is also aimed at helping the District Supply and Marketing Society with a marketing retail outlet in improving the sales and various other Promotional activities. The Customer Attitude towards the purchase decisions are influenced more by the way of trust worthy service, price and quality. As a result, it has been observed from the respondent that the KVI products are qualitative and pricing is reasonable and affordable. But the customer also expressed the need of improvement in packing. It is an idea of bringing a social change in the economy exclusively for the middle class community.\(^{56}\)

As per the 10\(^{th}\) Five year plan report KVIC was provided the necessary marketing inputs to the Khadi and village industries sector for both domestic as well as export marketing. Financial assistance were provided to directly aided institutions, State and Union Territory KVI Boards and their aided organisations for setting up sales outlets, renovation or expansion of existing sales outlets, purchase of mobile vans and organising exhibitions to create awareness about Khadi and village industries products. KVIC has been participating in international exhibitions being organised by the India Trade Promotion Organisation (ITPO). Representatives of non-government organisations (NGOs) and KVI Boards are provided financial assistance for ITPO exhibitions. Khadi Gramodyog Bhawans are opened in countries like the United States, the United Kingdom, Germany, South Africa, etc. for export promotion.\(^{57}\)

\(^{56}\) Dr.D.Mahesh , Dr.S.W.Rajamanoharane and Dr.B.Sudhakar, *A Case Study on Customer Attitude and Preference towards the Brand of Khadi and Village Industrial Products in Coimbatore District*, Journal of Research in Commerce & Management <www.abhinavjournal.com>

\(^{57}\) Report of Tenth Five Year Plan 2002-07, Ch.5, p.598
2.2 Consumer Behaviour Reviews

The term consumer refers to all individuals who buy goods and services either for themselves or for their households. Consumers buy products or services in order to meet their physical demands, to express their personalities, communicate their attitudes and opinions. This means that the products and services purchased by the consumers not only satisfy their physiological needs but also their psychological and sociological needs.

Analysing the ethical consumer attitude highlights the fact that consumers are more informed and educated than before, and are aware of what is required of products as well as their rights and responsibilities as consumers. However, this study also stress that the awareness does not necessarily imply better consumption decisions or more ethical choices. The purchase and consumption of ethical products requires a large amount of effort to be invested in information acquisition and decision making. In addition, consumers must be willing to pay higher prices for the products considered ethical. To realize the ethical markets' true potential, the efforts of businesses and Governments must help consumers to change their behaviour by removing the hurdles and barriers between intentions and actions.\(^{58}\)

The marketers try to look into the need for understanding different consumers and formulate their plans for marketing. It was during the 1950's, that marketing concept developed, and thus the need to study the behaviour of consumers was recognised. Marketing starts with the needs of the customer and ends with his satisfaction. When everything revolves round the consumer, the study of consumer behaviour becomes a necessity.

It starts with buying of goods. Goods can be bought individually, or in groups. Goods can be bought under anxiety to satisfy an immediate need or for comfort or for

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luxury. For all this, exchange is required. This exchange is usually between the seller and the buyer. It can also be between consumers. Marketers try to figure out the consumer psychology and in the process, they make every effort to understand how the consumer thinks and behaves before purchase, during and after making any purchase. Finally the sellers try to retain the customers. The Challenges faced by the marketers comprehends the consumer mind. ⁵⁹

**Relationship between “marketing and consumer”**

The relationship between marketing and consumer as a business philosophy is concerned with creating and keeping profitable consumers. Creating consumers requires the organisation to continuously monitor the consumer environment, identify the opportunities presented by the changing consumer needs and make efforts to convert into prospect customers. Keeping consumers implies that, organisation make all efforts to minimize threats to their existing customer base which could be affected due to changing customer needs or competitor's activities. Profitable customers are those who have the potential to generate revenues which can offset the costs of the business. ⁶⁰

Consumer behaviour is the study of when, why, how, and where people do or do not buy a product. It blends elements from psychology, sociology, social anthropology and economics. It is an attempt to understand the buyer in the decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's needs and wants. It also tries to assess the influences on the consumer from groups such as family, friends, reference groups, and society in general. The reviews on behaviour study are based on consumer's buying behaviour, with consumers playing the three distinct roles of user, payer and buyer. ⁶¹

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⁵⁹ Ramanuj Majumdar, *Consumer Behaviour – Insight from Indian Market*, PHI Learning Private Limited, New Delhi, 2010, p.4


Definition of Consumer Behaviour

Consumer behaviour means the activities that consumer display in their search for purchasing, evaluating and disposing of products and services that they expect, will satisfy their needs. Consumer behaviour tries to understand how consumers make decisions on consumption, evaluation about the purchase or consumption, the impact on such evaluation that affects future purchase behaviour and finally on how they dispose it. Robertson and Kassarjian have defined consumer behaviour as physical, emotional and mental activity that people do when select, purchase, use and dispose of services and goods to satisfy their needs.  

According to Sheth and Mittal, Consumer behaviour is the mental and physical activities undertaken by household and business customers that result in decisions and actions to pay for purchase and use of products or services. The definition includes the behaviour of the household, business and organisational customers. The mental activity undertaken by the customer includes assessing the suitability of the product or service brand, making inferences about a product or its service quality from information and evaluating its performance after consuming the product or service. The physical activities includes visiting the stores, searching for information on the product or services, reading various reports or business magazines to have an idea about the product or services, its actual performance, talking to sales person and finally issuing a purchase order.

From a marketer's point of view, end-use consumption is perhaps the most pervasive of all types of consumer behaviour, because it involves every person of all age group and background carrying out the role of either a buyer or user or both. Consumer

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behaviour is all psychological, social and physical behaviour of potential consumers, as they evaluate, purchase, consume, and tell others about product and services.  

The success or failure in marketing depends upon the individual’s reactions, expressed in the form of buying pattern. Mainly the buyer behaviour has many approaches: the economic, the psychological, the social-cultural etc. A buyer is subjected to many influences before the actual purchase.

Consumer behaviour is thus a decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. This definition clearly brings out that it is not just the buying of goods or services that receives attention in consumer behaviour but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research. Then follows a process of decision-making for purchase and for using the products, and finally the post purchase behaviour which is also very important, because it gives a clue to the marketer whether his product has been a success or not. To understand the likes and dislikes of the consumer, extensive consumer research studies are being conducted.

The study of consumer, helps firms and organizations to improve their marketing strategies by understanding issues such as the psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products, and retailers) further the influence by the environment (e.g., culture, family, media) in addition, the behaviour of consumers while shopping or making other marketing decisions subject to limitations in consumer knowledge or information processing abilities that influence decisions and marketing outcome.

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65 Ibid., p.280.
66 Ramanuj Majumdar, loc.cit., p.6
Thus consumer behaviour is a process used to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impact is that these processes have an effect on the consumer and society. Consumer behaviour involves services and ideas as well as tangible products.

**Factors Influencing Customer Behaviour**

Customers' buying choices are influenced by the psychological factors of motivation, perception, learning, beliefs and attitudes (Kotler, 2012). It is important to understand the relevance of human needs and buyer's behaviour. When a need is aroused to a sufficient level of intensity, it becomes a motive. Motive leads the behaviour process along with other factors for the purpose of decision making. The following are the various influencing factors

Personal factors like (a) age, family life cycle (single, married, solitary survivor) (b) occupation that affects consumption patterns, economic situation, lifestyle and personality (c) psychological characteristics which lead to relatively consistent patterns of behaviour towards the environment and self concepts.

Culture is a sum total of values, beliefs, knowledge, language, myths, customs, rituals and traditions that governs a society. Culture exerts the deepest and the broadest influence. Cultural influences are handed down from one generation to the next and are learned and acquired, Sub-culture is a smaller group of people within culture with shared value systems within the group but different from other groups which are identifiable through demographics.67

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67 Ibid.
Social class is ordered and relatively permanent divisions or stratifications in the society into upper, middle and lower classes is a influencer in the behavioural changes. Members in a class share similar values, interests, lifestyles and behaviour, this division is based on combination of occupation, education, income, wealth, and other variables.  

Psychological motivation and perception are the ability to sense the environment through learning, which is relatively a permanent change in the behaviour as a result of experience or that relates to memory. Learning could be experiential based on direct experience or conceptual based on indirect experience. Consumer learning could be based on marketing communication or seller provided information, personal word of mouth or personal experience.

**Consumer Learning**

Learning involves changes in an individual's behaviour arising from experience. Learning theorists believe that learning is produced through the interplay of drives, stimuli, cues, responses and reinforcement. The theory teaches marketers that they can build demand for a product by associating it with strong drives, using motivation, cues, and providing positive reinforcement. A new company can enter the market by appealing to the same drives that competitors use and by providing similar cue configurations, because buyers are more likely to transfer loyalty to similar brands or the company might design its brand to appeal to a different set of drives that offers strong inducement to switch from competitors.

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68 Ibid.

69 Ibid., p.167

Product and its Brand

Product and its brand also have a personality and can influence behaviour. Consumers are likely to choose the brands in the products, which personality matches their own self.\(^\text{71}\)

The basic premise behind a customer's attention is the power of a brand that lies in the minds of the consumers and what they have experienced and learned about the brand over time. Broadly, brand equity provides marketers with a strategic bridge from their past to their future. All the money spent each year on manufacturing and marketing products should not be thought of as expenses but as investments. Investments in what consumer know, feel, recall about the brand. If not designed properly and implemented, these expenditures may not be a good investment and a right knowledge structure may not have been created in consumers' minds. At the same time, the knowledge which it had created over times by the marketer suggests appropriate and inappropriate future directions for the brand. Consumers will decide, based on their brand belief, attitudes etc., therefore the true value and future prospects of a brand rests with consumers and their knowledge about the brand.\(^\text{72}\)

Consumer Motivation

Motivation is the driving force behind any action. It is defined as the psychological force that determines the direction of a person's behaviour, the level of effort, and the level of persistence in the face of obstacles. A motive is the inner force that simulates and compels certain behavioural response and provides specific directions. Customers have different motivations for buying a variety of products or availing of many services.\(^\text{73}\)

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\(^{72}\) Kevin Lane Keller, *Understanding Brand Equity, Strategic Brand Management: Building, Measuring and Managing Brand Equity*, Prentice-Hall, university of California, 2003, p.48

\(^{73}\) Ramanuj Majumdar, op.cit., p.36.
Drive Theory of motivation focuses on biological needs, the desire for a product, service or experience that arises from some inner drives both physiological and psychological, which led to the purchase act.\textsuperscript{74}

According to Expectancy Theory, consumers' action is mainly driven by expectations of desirable outcomes rather than a push from inside. The specific manner in which a need is satisfied depends on the consumer's unique history, personal belief, learning or experiences and the environment.\textsuperscript{75}

Psychologist Abraham Maslow described motivation as a means of satisfying human needs. Maslow explained personal growth through the identification and satisfaction of a hierarchy of human needs, from the basics of food and shelter to sophisticated psychological desires.\textsuperscript{76}

Mc Guire in his theory proposed a motive classification system divided into various needs as consistency, attribute causation, categorical, cues, self-expression, ego-defense, reinforcement, affiliation, role model, novelty and assertion.

**Consumer Perception**

Perception is the process of attaining awareness or understanding of sensory information. It explains how a person recognizes, selects, organizes and interprets each stimulus based on the need, value and expectations. Theories of perception mainly suggest that people make their own picture of the world. Similarly, a consumer perceives brands or products in his own way and takes decisions based on his perception rather than objective reality.

\textsuperscript{74} Ibid. p.37.
\textsuperscript{75} Ibid.
\textsuperscript{76} Parameswaran, _Understanding Consumers: Building Powerful Brands Using Consumer Research_, Tata Mc Graw- Hill, New Delhi, 2003, p.17
Belief and Attitudes

Behaviour and learning play an important part in forming people's beliefs and attitudes. A belief is a descriptive thought regarding the truth or validity of a proposition. Marketers are interested in learning about the beliefs that people have about their products, because beliefs influence the attitudes that a person has towards a product.

Attitudes are a person's favourable or unfavourable dispositions towards an idea or a person, a thing or a situation. Attitudes are based on evaluations and judgments regarding an attitude of the object, which results in the individuals like or dislike for that object. Thus, attitudes may be positive, negative or neutral. Psychologists state that attitudes have three components – cognitive, affective and behavioural. Enduring attitude results when all the three components are consistent.

The cognitive component of attitude comprises of the beliefs and knowledge a person has about the attitude object. For instance, an individual may believe that Handicraft products are manmade, attractive, costly, a traditional art etc. These beliefs may be backed by knowledge about various characteristics of the product. A composite of all these beliefs forms the cognitive component of the attitude towards the products.

Behavioural attitudes may include actions like trying a product or buying a product, recommending it to others, giving feedback, etc. Marketers are interested in gaining people's attitude towards their products because attitudes indicate a consumer's disposition towards the product, as well as his behavioural tendencies. However, how accurately attitude can predict behaviour depends on environmental factors as well. Thus even positive attitude towards a product may not lead to favourable consumption behaviour towards it. In the same way, sometimes, in spite of holding negative attitudes towards a product, a person may be compelled to purchase.
Although attitudes are long lasting and difficult to change, communication can play an important role in shaping people's attitudes. Through advertisement and promotion information can be given to influence belief and knowledge, emotions can be used to influence feeling and incentives can be given to influence behaviour, thus impacting the overall attitude towards a product.  

**Consumer Acceptance**

Acceptance describes consumer willingness to receive or to tolerate. Consumer acceptance and satisfaction are related, despite the fact that acceptance does not automatically lead to satisfaction. Weighing needs or preferences against provided products or services attribute results in the balance of satisfaction pointing in a negative or positive direction, depending on whether interests are conflicting or corresponding. This determines the way in which people evaluate companies' or utilities' performance. Consumer satisfaction can be enhanced when their need are met and accord with their preference.

**Customer Perceived Value (CPV)**

It is the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering and the perceived alternatives. Total Customer Value is the perceived monetary value of the bundle of economic, functional and psychological benefits customers expect from a given market offering. Total Customer Cost is the bundle of costs customers expect to incur in evaluating, obtaining, using and disposing of the given market offering, including monetary, time, energy and psychic costs.

Customer perceived value is thus based on the difference between what the customer gets and what he or she gives for different possible choices. The customer gets

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benefits and assumes costs. The marketer can increase the value of the customer offering by some combination of raising functional or emotional benefits by reducing one or more of the various types of costs.\textsuperscript{78}

**Total Customer Satisfaction**

Satisfaction means a measure in terms of performance in relation to the buyer's expectations. In general, satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted.

Customer-centred firm seeks to create high customer satisfaction, even though that is not its ultimate goal. If the company increases customer satisfaction by lowering its price or increasing its services, the result may be lower profits. The company might be able to increase its profitability by other means than increased satisfaction, by improving manufacturing process or investing more in Research & Development. Spending more to increase customer satisfaction might divert funds from increasing the satisfaction of other members of the organisation. Ultimately, the company must operate on the philosophy that it tries to deliver a high level of customer satisfaction subject to delivering acceptable levels of satisfaction to the other stakeholders, given its total resources.\textsuperscript{79}

\textsuperscript{78} Ibid.,p.133.

\textsuperscript{79} Ibid,p.136.
Measuring Satisfaction

Many companies are systematically measuring customer satisfaction and the factors shaping it. A company would be wise to measure customer satisfaction regularly because one key to customer retention is customer satisfaction. A highly satisfied customer generally stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favourably about the company and its products, pays less attention to competing brands and is less sensitive to price, offers products or service ideas to the company and costs less to serve than new customer because transactions are routine.

The link between consumer satisfaction and customer loyalty, however, is not proportional. Suppose customer satisfaction is rated on a scale from 1 to 5. At a very low level of customer satisfactions level 1, customers are likely to abandon the company. At levels 2 to 4, customers are fairly satisfied but still find it easy to switch when a better offers comes. At level 5, the customer is very likely to repurchase and even spread good word of mouth about the company and its product. High satisfaction creates an emotional bond with the brand or the company which is not considered as rational preference.80

The role of value in customer satisfaction and the dynamics of value assessment have been considered important for understanding the critical linkage between consumer and their ever-expanding application in customer satisfaction research. The study of measuring customer value gaps in maximising total customer value and customer satisfaction exhibits significant importance in the buyers decision making process. A research study on the conceptualisation of perceived value established that perceived value is a complex and multi-dimensional construct.81

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80 Ibid, p.137
According to study by Sproles and Kendall (1986), the Consumer Decision Making style can be defined as a mental orientation characterizing a consumers approach to making choices. The consumer decision making style can be broadly classified into three types of approaches such as (i) the Psychographic / Lifestyle Approach (ii) Consumer Typology Approach (CT) (iii) Consumer Characteristics approach.

A study presented in Asian Journal of Research in Social Science and Humanities (AIJSH) gives the importance of product packing and its influence on consumers' buying choice that impulse buying. Packaging plays an important role in the marketing context. Packaging can even drive the brand choice. Packaging could be treated as one of most valuable tool in today's marketing communication. The role of package has changed due to increasing self-service and changing consumers' lifestyle in today's competitive world. The study aims at understanding the consumer behaviour and preference towards packaged food products. The study was conducted to identify the key packaging that influences purchase decision and to analyse the behaviour of consumers towards packed food products. The finding states that there was a strong positive relationship between Nutritional elements and Consumer Behaviour (67.3 per cent) and Informational elements and Consumer Behaviour (60.4 per cent). There is a weak relationship between Promotional elements and consumer behaviour (44.3 per cent). It serves as advertising to the consumers, which therefore means that when organizations embark on good and attractive packaging without compromising product quality, it could cut down on promotional cost to a large extent. It could be stated that detailed evaluation of package elements and their impact on consumer's purchase decision, taking into consideration the

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individual characteristics and behaviour of the consumers, will help to implement efficient packaging decisions.

In the context of Consumer behaviour towards Khadi products, it is a continuous process and is important from various perspectives. This study attempts to identify the gaps and analyse the consumer's behaviour with reference to Tamilnadu through its existing consumers.