CHAPTER III

KHADI - INDUSTRY PROFILE

The term 'Khadi' as per Devanagari script is 'Khaddar' meaning cotton. Khadi is an Indian handspun and hand-woven cloth. The raw materials are cotton, silk and wool which is spun into threads on a spinning wheel called 'Charkha'. According to the Protection of Name Act, 1934, “Khadi or Khaddar whether in English or in any Indian vernacular language, when applied to any woven material shall be deemed to be a trade description within the meaning of the Indian Merchandise Marks Act, 1889, indicating that such material is cloth woven on hand-looms in India from cotton yarn handspun in India”.

Khadi is defined as “any cloth woven on handlooms in India from cotton, silk, or woolen yarn, handspun in India or from a mixture of any two or all of such yarns.” There are three varieties of Khadi: Cotton Khadi, Silk Khadi and Woolen Khadi.

History

Khadi's earlier avatar was fashioned some 5000 years ago in India, the original home of cotton, handspun and hand woven by crafts persons involved in all livelihood followed the precise instructions on weaving, spinning and dyeing laid out in the Vedas. The hand-made cotton fabric segment of the Indian textile industry was a very significant manufacturing activity during the mercantile era. There is a historical record in around 1750 A.D from when India has a long history of textiles. In the Vedic period, Aryans used to produce their own Khadi cloth. Khadi had an important role in marriage functions. Khadi charkhas were presented to brides in their weddings to encourage spinning of the yarn. As per the historians, Alexander the Great was mesmerized by the art of fabric

1 Khadi and Village Industrial Commission, May, 10, 2011, http://www.kvic.org.in
making and printing. The renowned traveler Marco Polo was also dazzled by this Indian beauty. But it was the Father of the Nation who gave it real importance which was long due. The launching of the movement “Spin your own cloth and buy hand spun cloth” had made the whole country flocking to wear Khadi and rejecting all other types of textiles. India produced nearly 25 per cent of the world's manufactured output and was next to China, whose contribution was 32.8 per cent.\textsuperscript{4} Cotton was widely grown and almost every village had looms for manufacturing hand-spun and hand woven cloth. The hand-made textile industry exported largest quantities of cotton and silk items from Gujarat to Western Europe, Arabian regions and South Africa. Bengal excelled in variety of its finer hand-crafted textiles known as muslin which was exported to Paris, Germany, Spain and South-East Asia.\textsuperscript{5}

The hand-made fabric has its own charm and distinct character and that fascinated the designers and users over the years. The process of turning fibre of cotton, silk or wool into yarn on a charkha leads to an unmatched textural quality. Khadi has an individuality of its own as a hand-woven short-spun fibre with varied textures, and uses different kinds of techniques and skills. Each metre of Khadi differs from the other.\textsuperscript{6} The wonder is that Khadi is being considered as the fabric of the freedom struggle even in the 21\textsuperscript{st} century.

Khadi is not just a cloth, but has sentimental value to the people of India. Khadi also symbolises the need and importance of indigenously manufactured goods. Khadi represented India's resistance and revolution during the freedom struggle. Khadi is also regarded as the face of Indian identity. Khadi once considered as a movement started by

\begin{footnotesize}


\end{footnotesize}
the Father of Indian Nation, Mohandas Karamchand Gandhi. The Khadi movement aimed at boycotting foreign goods and promoting Indian goods, thereby improving Indian economy. In 1920 Mahatma Gandhi began promoting the spinning of Khadi for rural self-employment and self-reliance and avoids using clothes industrially manufactured by the British. The first true Indian designer was Mahatma Gandhi who used Khadi and promoted its use. The aim was to create self reliance and proving the unity among Indians to the Englishmen. India was thus making Khadi an integral part and an icon of the Swadeshi movement. The freedom struggle focused on the use of Khadi fabrics and the abandoning of foreign-made clothes. Mahatma Gandhi himself started wearing loincloths made of Khadi. Thus it symbolised the political ideas and independence, and from that day most politicians in India were seen only in Khadi clothing. The Indian Flag is allowed to be made only from this material.

Gandhiji presented Khadi as a symbol of nationalism, equality and self-reliance. Gandhiji believed that reconstruction of the society and effective Satyagraha against the foreign rule can be possible only through Khadi movement. Khadi is the core of the constructive activities. According to Gandhiji there could be no swaraj without universal and voluntary acceptance of Khadi. In his words, "I am a salesman of swaraj. I am a devotee of Khadi. It is my duty to induce people, by every honest means, to wear Khadi".  

Gandhiji started his movement of Khadi in 1918 emphasizing relief to poverty stricken masses. In 1935 the objective of Khadi changed, insisting the villagers about own use of it rather than selling to others. After the period of Gandhiji's imprisonment in 1942-1943, a new thought arose over the Khadi movement with a determination of giving a new turn to Khadi work, in order to make Khadi serve the needs of villagers themselves. Gandhiji struggled and urged the workers to effect the change during 1944.

---

The spinning wheel was at one time the symbol of India's poverty and backwardness. Gandhiji turned it into a symbol of self-reliance and non-violence. Khadi enabled Gandhi to carry his message of Swadeshi and Swaraj to the people and to establish connection with them.

**Khadi - The Journey**

The All India Spinners Association was established in 1925. After Independence, the Government of India had committed to the development of the rural sector through Khadi and Village Industries. In 1953, the All India Khadi and Village Industries Board were set up under the Ministry of Commerce. Later, in order to ensure autonomy in its functioning, the Khadi and Village Industries Commission Act was passed in the Parliament in 1956 (61 of 1956) and the Khadi and Village Industries Commission (KVIC) was born in 1957, functioning under the administrative control of the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India. The Commission functions with its headquarters in Mumbai and six zonal offices located at New Delhi, Bhopal, Bengalure, Kolkata, Mumbai and Guwahati and 29 State divisional offices spread all over the Country to facilitate speedy implementation of Khadi and Village Industries (KVI) Programme.

Initially it had only 156 registered institutions. Later every village in the farthest parts of the country has its own Khadi institutions. The range of Khadi products usage have also changed manifold from garments to household linen like furnishings, home decors, Corporate usage showing their corporate social responsibility for hospitality services, industrial purposes etc.

**RURAL INDUSTRIES**

Industries that cater to the need of rural sectors that can generate large scale employment and provide sustainable income with self-sufficiency are rural Industries.
Rural industries are broadly classified as cottage, small scale and agricultural industries. Based on the nature of the industry, grouping of industry distributed as handlooms, handicrafts, sericulture and Khadi and Village Industries.

**Classification of Rural Industry**

- **Rural Industry**
  - Cottage Industry
  - Small Scale Industry
  - Agro-based Industry
    - Handloom
    - Handicraft
    - Sericulture
    - Khadi and Village Industry
      - Tiny Industries
      - Rural Artisans
      - Ancillary Industry

**Khadi and Village Industries**

The Khadi and Village industries are established with certain objectives in view. These objectives are:-

1. To reduce unemployment and under employment problem in the country.
2. To promote Khadi products more and more.
3. To provide job opportunities to the weaker sections of the society especially women, widows and less educated in rural areas.
4. Khadi programmes mainly provide a source to earn the daily bread of artisans.
5. To help in achieving better standard of living and culture in the country.
6. To provide Gandian attitudes to the society as a part of social objective.
7. To ensure the maximum utilization of locally available raw materials in the country.
8. To achieve the regional balance in the country.
9. To ensure that the eco-friendly products reach the consumers in the country which means, it is a function of preserving ecological stability and providing healthier products.

10. To promote the export of the country and to reduce poverty and achieve economic stability.

11. To establish a prestigious position among other countries in the world.

12. The main basis of Khadi programme was its economic value which is not divorced from human values.

13. To preserve craftsmanship and Art heritage of the country.

14. To spread Sarvodaya ideology amongst the people through establishing libraries, holding meetings, conference, exhibitions etc.

15. To organize and establish village industries.

The Distinguishing Features of Khadi and Village Industries

1. In an economy like India with more abundant labour supply and the concomitant unemployment and under employment and rapidly rising labour force, Khadi, village and small industries assume special significance because of its high employment potential.

2. Another important feature is their ability to provide employment in the off-season. To a large number of people, agriculture provides only seasonal employment. Khadi, Cottage and some other village industries provides employment opportunities during the off-season and help many household to mitigate their problems during the off-season.

3. Khadi, Cottage and certain other village industries provide vast scope for employment of special categories of people like women, children, old people, physically handicapped etc. It is also an avenue for part time employment for those who are employed elsewhere either full time or part time.
4. Some of the industries provide employment opportunities within the household premises and some others near the place of residence. The locational advantages of these industries are thus very great.

5. The major highlight of these industries is that the capital output and capital labour ratio's are comparatively very low. The Khadi and Village Industries in particular and the small scale units in general maximize employment output for a given amount of capital. This is of particular importance to a labour abundant and capital scare economy.

6. Because of the low capital output ratio and low gestation period they promote Non-inflationary growth.

7. Khadi and Village industries have been found to be of particular help to the weaker sections of the society. The participation of the scheduled castes, scheduled tribes, women and other weaker sections of the society in this sector is significant.

8. These industries promote economizing of resource utilization and conservation of resources. They are expected to ensure maximum utilization of locally available raw materials by adopting easily adaptable techniques. In some cases, non-conventional raw materials are used, thereby converting waste into wealth.

9. These industries can develop in almost all areas including backward, tribal, hilly and inaccessible areas.

10. The small industries have acquired more attention in recent years due to the very less ecological problems they create, compared to the large industries.

11. As Khadi and Village Industries do not use or use only very little electric power or oil, they do not cause energy crisis and foreign exchange crisis.
GROUPING OF INDUSTRIES

While the Khadi Industries comprise hand spun and hand woven cotton, woolen, muslin and silk varieties, the Village Industries (VI) Programmes have been classified into seven broad groups. These are: (i) Mineral Based Industry; (ii) Forest Based Industry; (iii) Agro Based and Food Processing Industry; (iv) Polymer and Chemical Based Industry; (v) Rural Engineering and Bio-Technology Industry; (vi) Hand Made Paper and Fibre Industry; and (vii) Service Industry.9

Industries connected with meat (slaughter) i.e. processing, canning and/ or serving items made therefrom; production/ manufacturing or sale of intoxicant items like beedi/ pan/cigar/cigarette, etc., any hotel or dhaba or sales outlet serving liquor; preparation or producing tobacco as raw materials; tapping of toddy for sale; manufacturing of polythene carry bags of thickness less than 20 microns and manufacturing of carry bags or containers made of recycled plastics for storing, carrying, dispensing or packaging of food-stuff, etc., are not assisted under KVI programme as these are either not eco-friendly or against the ideology of Mahatma Gandhi.

ORGANISATION AND MANAGEMENT

Khadi and Village Industries are under the management of Khadi and Village Industries Commission (KVIC). It is a statutory body established by an Act of Parliament under No. 61 of 1956, amended by Act no. 12 of 1987 and Act No.10 of 2006. In April 1957, it took over the work of former All India Khadi and Village Industries Board. It plays an important role in the strengthening rural economy by promoting and developing Khadi and Village Industries.10 Until 13th September, 1969, the Bhavan was directly run

9 Loc.cit.
by Khadi and Village Industries Commission, a statutory body of Government of India. But on 14 th September, 1969 the Bhavan was handed over to the workers due to the decentralisation policy of the KVIC, the “Khadi Gramodyog Sangh”, a registered institution (Under Societies Registration Act, 1860) consisting of the worker community.

KVIC is functioning under the administrative control of the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India. The Commission functions with its Head Office in Mumbai and six Zonal Offices. At the Central Office level, different Directorates have been constituted for coordinating the functions like training, marketing, funding, economic research and the Prime Minister's Employment Generation Programme (PMEGP).

KVIC undertakes training activities through its 39 departmental and non-departmental training centres. Marketing is taken up through its 12 departmentally-run Khadi Gramodyog Bhavans located in urban areas and 7,050 institutional and retail sales outlets located at different parts of the country. KVIC also makes available quality raw material to Khadi institutions through its six Central Sliver Plants (CSPs).

**Objectives of the Commission**

1. The social objective of providing employment.
2. The economic objective of producing saleable articles.
3. The wider objective of creating self-reliance amongst the poor and building up of a strong rural community spirit.


Functions of KVIC

The KVIC is charged with the planning, promoting, organising and implementing of programmes for the development of Khadi and other village industries in the rural areas in coordination with other agencies engaged in rural development. Its functions also include building up a reserve for raw materials and supply them to persons engaged in production of handspun yarn or Khadi at a rate as the commission may decide. Creation of common service facilities like processing of raw materials as semi-finished goods and provision of facilities for marketing of KVI products apart from training to artisans engaged in these industries and encouraging co-operative effort among them.

It promotes the sales and marketing of Khadi with established marketing agencies wherever feasible and necessary. The KVIC is also charged with the responsibility of encouraging and promoting research in the production techniques and equipment employed in the Khadi and Village Industries sector. It includes the use of non-conventional energy and electric power with a view to increase productivity, eliminating drudgery and enhancing their competitive capacity and arranging for dissemination of salient results obtained from such research.

Further, the KVIC is also entrusted with the task of providing financial assistance to institutions and individuals for development and operation of Khadi and village industries and guiding them through supply of designs, prototypes and other technical information. In implementing KVI activities, the KVIC takes steps to ensure genuineness of the products and to set standards of quality and ensure that the products of Khadi and village industries do confirm to the standards.

The KVIC, also directly or through other agencies, study the problems of Khadi or village industries, in addition to the research and establishing pilot projects for the development of Khadi and village industries. The KVIC is authorised to establish and
maintain separate organisations for carrying out any or the entire matters incidental to its activities.\textsuperscript{13}

According to the Khadi and Village Industries Commission (KVIC), Khadi manufacturers currently employ around 83 lakh people.\textsuperscript{14} Khadi and Village Industries (KVI) programmes are implemented through 33 State and Union Territories (UTs) Khadi and Village Industries Boards (KVIBs); 5,000 registered institutions; 30,129 cooperative societies and banks/financial institutions. The Khadi programme is implemented through institutions registered either with KVIC or State/UT KVIBs. KVIC is implementing with effect from 2008-09, the Prime Minister's Employment Generation Programme (PMEGP) which is a highly attractive scheme for prospective entrepreneurs with higher subsidy levels than the erstwhile Rural Employment Generation Programme (REGP) and Prime Minister's Rozgar Yojana (PMRY). KVIC also implements cluster development activities in traditional industries of Khadi and village industries under Scheme of Fund for Regeneration of Traditional Industries (SFURTI) as a nodal agency.\textsuperscript{15}

**SWOT Analysis of Khadi**

Strengths: The basic motto is to generate employment within the country and promotion of Indian culture abroad. Khadi has certainly come of age. The Indian and International markets are becoming more aware of this traditional fabric. It is classic, eco-friendly and natural. Khadi is one fabric that never really is in or out of fashion. It has a great international appeal and Khadi is a brand which speaks for itself.


\textsuperscript{15} MSME Annual Report 2012-2013.
Figure 3.1

KVIC Organisational Frame Work

Chairman

Member North
Member Central
Member West
CEO
Financial Adviser
Member East
Member Northeast
Member Khadi Export

Member South

Financial Adviser

Joint Chief Executive Officer

Deputy CEO
(Finance, Accounts, Budget, Audit)

Director Finance
Director Accounts
Director Budget
Director Inspection
Director Bank Finance

Chief Vigilance Officer
Dy.CEO (K&GA)
Dy.CEO (NCE/HRD)
Dy.CEO (Eco.Res.Mkt.Publ)
6 Zonal Centre
Marketing & Training Centre

Director Vigilance
Director Admin
Director Admin
Directorates of Khadi (16)
Directorates of V.J (20)
Directors 30 States / UTs
Directors/ Dy.Director/ Principal

Supporting Staff

Directorates of V.I (20)
30 States / UTs

Directorates

Directorates

Directorates
Weaknesses: The exclusivity of Khadi is that it is hand-made. The weakness is that, it is labour-oriented. The product Khadi operates at the root level, which lacks infrastructure. It was only after the western countries realised the importance of Khadi, Indians have started appreciating it. So it lacks awareness.

Opportunities: Khadi as a product is a social concept, which generates employment. There lays a great potentiality to capture the untapped foreign market as the concept of Khadi originally was within India. Khadi as a brand is gaining popularity. As Khadi is now becoming a trend, Indians as well as foreigners prefer it. Thus, lays a great potential for growth.

Challenges: Khadi is still in the introduction stage and, is now becoming a brand. Many people and regions are still not aware of Khadi and also people who are aware of Khadi still prefer the mill cloth because of the price-factor. Thus, Khadi has to face a great challenge of competing with other cloth, and also because of technology upgradation.  

Khadi Institutions

Khadi Institution is an economic organisation, bodies of persons together in corporate life under a system, with a view to help or work together for the joint material prosperity or monetary gain. Among the various kinds of economic organisations, the cooperatives rank front in contrast to all other huge and mighty companies. Cooperative societies have a higher ideal and a broader basis of serving their constituents and keep an equitable distribution of profits as objective. Khadi institution is formed by a group of persons who are motivated by a sense of service to the self employed artisans mainly the spinners, the weavers, the dyers, the printers, the washermen, the tailors, etc. The member-workers of this organisation come together for the benefit of the self employed village artisans. This is a higher form of cooperative with a higher ideal of bettering the lot of the poor. These institutions are mostly Trusts and Societies. Some of the institutions

---

16 Paluk Chakravarthy, loc.cit., p.21.
are as old as the freedom movement itself and many great leaders of the stature of Mahatma Gandhi, Pandit Jawaharlal Nehru, Acharya Vinoba Bhave and others were involved in the creation of these institutions.

The Khadi institution system differs from other forms of trading, in many aspects respects, such as:

1. No individual in the organisation has any dominant financial interest or any other material benefit.

2. There is no personal ownership of capital or other means of production.

3. The first ever Khadi institution was started by Mahatma Gandhi. He made it a point to limit the share of all working personnel high or low in the organisation. An overhead margin of 20 percent is permitted in the costing of cloth. More than 50 percent of this goes to trading expenses such as postage, rent, freight etc. Real administrative overhead is not more than 30 percent each for production and sale respectively. The conception of profit sharing is conspicuous by its absence in the Khadi institutions.17

4. Costing and pricing of commodities are done in a manner as not to allow any profit or surpluses to accrue to an institution. Nevertheless, under the free market conditions, it is not always possible to have this control. So surpluses accrue. In such situations, an attempt is made to trace the source of profit and the amount is reserved for the collective welfare of the artisans by starting schools, distributing medicines, digging drinking water wells, etc., and sparingly by giving rebate to the consumer who helps to dispose of the artisans' production. It is never permitted to be used by any other constituent of the business operation.

---

5. Free, frank and open air methods are adopted in business. There is no room for any secrecy.

6. The Khadi institution is registered under the Charitable Societies Act 1860. It is also certified by the certification committee of the Khadi and Village Industries Commission. And as such, a Khadi institution is bound to abide by the rules and regulations of the Certification Committee. It does not distribute alms— it gives employment and pays for the work done. The work is of a nature which can be done even by those who are physically disabled. The Khadi institution does not encourage idleness and laziness. On the contrary, it acts as an incentive to employ the idle hours in a useful and beneficial manner.

7. In the earlier years of the Khadi movement the effort of all production centres used to get Khadi produced at low cost as possible and the branches of All India Spinners Association (A.I.S.A) tried to sell it at the cheapest possible price. This naturally resulted in paying low wages to the spinner and the weaver. Gandhiji felt that the possibility of removing poverty was weak and therefore suggested that the spinners who were paid the lowest in the whole process should be paid a living wage. At the insistence of Gandhiji, spinner’s wage was raised from 1 anna a day to 3 annas. This was done in 1935. This continued for many years. At the insistence of Vinobhaji, the wage rate was once again revised to a minimum of a rupee a day.

8. Another important uniqueness of Khadi institutions is that they work in a decentralised manner. Gandhiji discovered the spinning wheel as early as in 1908. At that time he had not even seen a charkha. It was only in 1918, when he started his experiment, he saw the spinning wheel. The Indian National Congress accepted the Khadi Programme and the Charkha was given a place of pride in the national flag. It became the “Livery of freedom” and a symbol of nonviolence ever since.\textsuperscript{18}

\textsuperscript{18} Ibid.
Functional Departments of Khadi

Most of the functions are brought under the domain of Khadi units. The degree of vertical integration is high. High volume is handled by Khadi units. The raw material for Khadi units is supplied by Khadi and Village Industry Commission (KVIC) in the form of slivers. Raw material inventory are held by KVIC whereas the finished Khadi products are held by Khadi units.

Making of Khadi

Cotton is first handpicked and the fibre is separated from the seeds by a sharp comb-like object. It is then ginned into slivers. These are spun into yarn on a spinning wheel. It was this hand-cranked spinning wheel called charka that became a symbol of free India. The spun yarn is wound onto reels which then go to the weavers. Handlooms are used to weave the yarn into fabric.\(^19\) KVIC has been promoting the use of organic cotton and natural dyes. It deals with traditional rural industries such as pottery, leather, hand-made paper, non-edible oils and soaps, processing of cereals and pulses.\(^20\) This entire process uses zero electricity and is very eco-friendly.

Production Process of Khadi:

1. Hand picking of the cotton bolls - Handpicked cotton bolls, collected for further process.

2. Ginning- The process of separating fibres from the cotton seeds. It is done by hand using a sharp comb like object like a fish bone which also removes the larger fragments of trash. The other method involves the use of small wooden device with toothed rollers.

---

\(^{20}\) Singh, Awadhes Kumar, Pandey Satyaprakash, *Rural marketing- Indian Perspective*, New Age International Publishers, New Delhi, 2005, p.76
3. Carding – The mechanized carding machine consists of a very fine wire that separates the fibres almost individually and then passes it through moving steel bars that remove the very short fibres and tangles. The carded material is then collected as slivers.

4. Roving and spinning - The drafted slivers are further thinned out and twisted slightly at the same time to strengthen it. This process is called roving which is directly spinning the slivers to produce yarn, during which the diameter of the yarn is controlled and calculated. Roving is wound onto bobbins ready for spinning. The spinning of fibre into yarn is the most symbolic of textile production. The yarn is spun using a spinning wheel. Although most of the
spinning is done on the new model charkha (NMC), in some remote villages the traditional spinning wheel is still being used. The spun yarn is wound into reels of thousand metres each. In order to organise and systematize the spinning process, the spinning is done by spinners at the spinning centers.

5. Sizing – The process involves starching or application of sizing solution to the warp prior to warping or after warping to resist the weaving abrasion.

6. Weaving – It is done on a pit loom, especially with a fly shuttle, which is one of the most ancient type of looms

7. Finished Product ready for market

The basic step is spinning of the thread on the charkha which is followed by bobbin winder, then sized and finally the weaving process. Under the system, a weaver does all the weaving at his place in an individual capacity whereas spinning is organised by the Khadi Board. Weaving is most often done by men whereas spinning is performed by women and girls of the villages. There is a lot of work involved in the process and that explains its price which is comparatively higher than mill or handloom cloth.

Characteristics of Khadi

Khadi is light and soft, making it comfortable to wear. Its weave creates air pockets which make it cool in summers and warm in winters. It has a handcrafted self-texture, making each Khadi cloth unique and luxurious. Its inherent strength makes it highly durable. Certain fine Khadi, such as mul-mul has a transparent quality. Khadi silk which has upto 50 per cent silk is priced for its richness and shine. Different states produce different varieties of Khadi. In colder northern states woolen Khadi is produced whereas in Madhya Pradesh special weaves such as Tussar Silk are made. The fabric is dyed in a variety of colours and decorated by block prints or it is tie-dyed. In Gujarat, Khadi is blown up with embroidery and mirror-work. Khadi has travelled a long way
since the days of being identified with freedom fighter's fabric. With changing times, it has turned into a fashion garment. Once it was reserved as a fabric for the farmer and the rural wearer. Now there are millions of weavers all over India, still demands are never met. Khadi gets softer with each wash which makes it an ideal tropical fabric.

**Type of Products Available under Khadi Brand**

1. Khadi cotton: Printed and Woven furnishing, Carpets, Kalins, Bedsheets and Bedspreads both Woven and Printed, Printed Screens, Kalamkari Prints, Jaipur and Bombay Prints, Jacquard designs etc. Dhothies, Lunghies, Towels, Turkish Towels, Shawls Superfine and Fine Shirtings, Sarees.

2. Readymade clothings: Cotton and Polyvastra Shirts, Slacks, Jubbas, Pyjamas etc. Chudidhars, Salwar Kammis, Midi, Nighties, Fancy Market Bags, Pillow Covers, Mirror Work Square and Round Cushion covers etc, Mattresses, Pillows, Quilt, Square Cushion, Bolster with Pure Silk Cotton.


4. Silk: Kancheepuram Jari Sarees, Printed Silk Sarees, Scarf, Reeled, Raw, Ketia, Tassar, Bafta, Softa Silk Shirtings, Dhothies, Angavastrams, Kurthas, Shirts, etc.

5. Handicrafts: Jewellery, Rosewood Panels, Teapoys and Brass Pooja Articles, Sandal Wood and Leather Articles, Dolls and Gift Articles, Steel Cupboards, Cots and Wooden Furnitures.


7. Sandalwood: God Figures, Elephants, Paper Cutters, Book Marks, Key Chains,
Gift Cards, Japa Malas Jewellery Boxes, Photo Frames, Pocket Mirrors, Cart Elephants, Log Elephants, Pen Stands, Bathi Stands, Table Decoratives, Kum Kum Boxes, Mantaps, Fancy Articles, Powder, Paste, Flower Dust, Billets, Cardamom Garlands, etc.


10. Brass Articles : Kuthuvilakku, Kamatchi Vilakku, Bowls, Flowervase, Peacock, Pooja Bells, Uruli Items, Pancha Loga God Figures, Kum Kum Box, Curtain Belts, Bathi and Candle Stands, Dhoop Arathy, etc.


15. Toys: Chennapatna Toys, Kondapally Toys, Cone Dolls.


17. Bamboo Items: Peacock, Wall Panels, Table Mats sets Coir Mats and Korai Mats, Straw Panels, Patch wprk Panels, Wall Paintings, Coconut Shell Items, Silk Garlands.

18. Steel Furniture's: Steel Almirah, Cot, etc.


20. Wooden Furniture: Cot, Sofa set, Dining Table and Teapoy.

21. Leather: Coin Purse, Gents Wallets, Gents Cash Bags Big and Small, Travel Bags, Executive Bags, Laptop Model Bag, Brief Case, Ladies Hand Bags, Ladies Shopping Bags, College Bags, Passport Covers, Key Case, Cell Phone covers, Glouse, Belt Pouch, Belts, Credit Card Holder, Jerkins, File Covers, Lipstic Case, Belts, etc. Shanthi Niketan - Kolkatta - Leather Purses, Bags, etc.


23. Alovera Products, Organic Products, Amla Products, Jam items, Palm Products, Herbal soap varieties, Sprouts, Dry Fruits, Pooja Products, Siddha medicine and many more.
Technology

All the Khadi units use same type of technology dominant of Labour technology. There has not been much change in the technology since it was started. The spinning wheel is modified into new model charkha or e-chakra with agreements with many technical Institutions and fashion designing institutions for innovative research and development as part of production strategies.

Human Resource

Khadi is a potent tool for real, inclusive growth. It is a labour intensive industry that provides more employment with less capital especially in rural areas. Most of the production units consist of women. 70 per cent of artisans involved in the process of Khadi production are women. Being a traditional labour intensive industry, one square metre of Khadi cloth requires about 281.05 gram of hand-spun yarn which a spinner could earlier produce in about 3 days, but can now produce the same in just half day, with the help of new model charkhas introduced by Khadi and Village Industries Commission. About 9 lakh spinners and weavers work in this sector associated with 1,958 Khadi institutions spread across the country. An artisan on the average gets work for 200 days in a year.

Price

The price is controlled by KVIC. A cost chart is prepared by KVIC for every two years consulting with Khadi unit management board. The Central and State Governments provide rebates (discount) for Khadi products for the consumers. It also announces bonus for Khadi workers every year. Khadi units operate under no loss – no profit principle. There is uniformity in the price of Khadi products. Khadi units are not allowed to make profits and run as business organisations. Prices are fixed, based on the input and maintenance cost. KVIC has managed to break free from a six – decade old
practice of cost chart mechanism, fixed annually by state committee from April 1, 2010. Institutions are free to fix the product price based on value addition and market demand

Sales

Khadi units have a higher operating efficiency when sales are high. They also get rebates from the government. At present the marketing takes place through a network of around 7050 sales outlets managed by Khadi institutions, besides KVIC.

Promotion

In the wake of globalisation and liberalisation of economy, it has become imperative to move with the demands of the market in the fast changing consumer preferences. Against this backdrop it was essential for KVIC to redefine and redesign its strategy for its products to remain acceptable to the surging market demand. Major strategic changes have been initiated focusing on market oriented approach instead of mere sales promotions. Various proactive moves initiated to the marketing of KVI products, added attention to brand promotion, better design input and modernisation of sales outlets to suit the customer's taste and convenience.²¹

The basic approach being adopted is making Khadi activities artisan-centric without compromising the growth and sustainability of the sector. From the customer's point of view, Khadi should be more accessible, well priced, stylish enough to cater to the taste of urban India and to catch the imagination of the younger generation with a cultural resonance in the form of a pride of “Indian-ness” just as the world has now recognised the

economic resilience due mainly to a strong domestic market. In the past it found their way of Gandhian values. Khadi has already become a style statement for many.  

**Brand Promotion**

The existing brands of Khadi are: Khadi India or Khadi Bharat, Sarvodaya, Desi Ahar, Kutir and others. But a standardized “Khadi Mark” gives Khadi product a genuine identity.

The commission of KVI proclaims the 'Khadi mark', as a hallmark for authentic hand-spun and woven cloths. National Institute of Design had designed the Khadi Mark logo and genuine Khadi apparels that would carry the emblem.

Among various initiatives launched during the year, vigorous efforts have been made in brand promotion. Since long KVI products lacked umbrella Brand coverage. The breakthrough made in earlier years by launching “Sarvodaya” brand was sustained by actively propagating the same. Sarvodaya brand covered a range of products like pickles, toilet soap, agarbatti, honey, etc. and primarily aimed at the domestic consumer market. As a further step towards the concept of brand promotion, efforts were also made to market products like essential oils, high fashion design garments, herbal products, etc., through the exclusive “Khadi” brand.

**Financial Potential**

Khadi and Village Industry Commission transferred to the Bhavan its assets and liabilities which amounted to Rs.21.85 lakhs as foundation working capital. Thereafter

---


the Commission has been providing working capital as per pattern of assistance. Further the Sangh has availed Consortium Bank Credit for Rs.48.31 lakh and Bank Finance for Rs.50 lakh. The Sangh was earning profits year after year to the extent of Rs.59.42 lakh from 1969-70.24

The Union Government through MSME provides funds to KVIC for undertaking its various activities under Plan and Non-Plan heads. These funds are provided primarily by way of grants and loans and in turn KVIC re-allocates them to implementing agencies, namely the State KVIBs, institutions registered under the Societies Registration Act, 1860 and cooperative societies registered under the Cooperative Acts of the State Governments and also the individual entrepreneurs. The Commission's administrative expenditure including pension payment is also being met out of Government budgetary support.

24 Khadi Gramodyogbhavan, July, 18th 2011 from <http://www.khadigramodyogbhavanam.com>
Khadi and Village Industries Commission (KVIC) has proposed total inflow of Rs 55,000 crore towards the country's Khadi and Village Industries during the 12th Five Year Plan (2012-17). This includes Rs 15,000 crore of planned outlay to be provided by the centre and Rs 40,000 crore of bank credit to KVIs during the Plan.

The proposed outflow of funds during 2012-17 would be over three times the funds flow during the 11th Five Year Plan, wherein the total funds are estimated at Rs

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget Allocation</th>
<th>Fund Released</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td>Non- Planned</td>
</tr>
<tr>
<td>2000-2001</td>
<td>320.00</td>
<td>77.97</td>
</tr>
<tr>
<td>2001-2002</td>
<td>354.00</td>
<td>113.58</td>
</tr>
<tr>
<td>2002-2003</td>
<td>394.67</td>
<td>84.87</td>
</tr>
<tr>
<td>2003-2004</td>
<td>444.75</td>
<td>83.75</td>
</tr>
<tr>
<td>2004-2005</td>
<td>462.00</td>
<td>84.91</td>
</tr>
<tr>
<td>2005-2006</td>
<td>560.82</td>
<td>84.82</td>
</tr>
<tr>
<td>2006-2007</td>
<td>592.93</td>
<td>84.82</td>
</tr>
<tr>
<td>2007-2008</td>
<td>650.40</td>
<td>84.82</td>
</tr>
<tr>
<td>2008-2009</td>
<td>1104.95</td>
<td>107.63</td>
</tr>
<tr>
<td>2009-2010</td>
<td>919.20</td>
<td>192.41</td>
</tr>
<tr>
<td>2010-2011</td>
<td>1543.96</td>
<td>172.64</td>
</tr>
<tr>
<td>2011-2012</td>
<td>1494.22</td>
<td>185.22</td>
</tr>
<tr>
<td>2012-2013</td>
<td>1607.11</td>
<td>195.58</td>
</tr>
</tbody>
</table>

15,000 crores. KVI commissioner appreciated about the success achieved in the past years in employment generation and boosting enterprises at micro level and expressed his confidence on acceptance of future proposal in a press release to Business Standard magazine.

KVIC has projected additional employment opportunities to the tune of 5.7 million during the 12th Plan. The current plan has pegged the total KVI outlay at Rs 5,841 crore and about Rs 4,600 crore has already flowed to the sector. Besides, bank credit to the tune of Rs 12,000 crore has also been provided to the sector. Khadi units have produced goods worth Rs 3,154 crore.

To realize its true potential, the sector needs reforms and the Government has embarked upon undertaking a massive reform in Khadi sector linking it also with village industry sector to establish synergy. Assisted by Asian Development Bank with Rs.720 crore over three years in the first phase, 300 Khadi institutions spread over the country derive benefit in the form of enhancing their capability through equipment upgradation, better raw material quality, cost reduction and professional support in marketing led by private partners. This will put the sector into a new path of growth and equity ushered by a revamped KVIC. An increased emphasis on the sector is evidenced by a quantum jump in the Government budget allocation for this sector from Rs.261 crore to Rs.542 crore.25

KVIC is planning to set up 550 Khadi and 475 village industry clusters across India during 2012-17 with a total investment of Rs 1,000 crore vis-a-vis current plan's expenditure of Rs 70 crore and 59 Khadi and 50 village industry clusters.26

KVIC has proposed to set up four national institutes during the 12th plan in Uttar Pradesh, West Bengal, Tamilnadu and Maharashtra, with an investment profile of Rs 256 crore.

25 Dr. Angshuman Dey, “Re-Surgence of Khadi”, MSME.
26 Virendra Singn Rawat, “KVIC to get Rs.55k cr during 12th Plan”, in Business Standards, New Delhi, 2011 August 19.
Export of Khadi Products

The share of Khadi and Village Industries (KVI) products in the Gross Domestic Product of the country is around 0.33 per cent. KVI products like cotton Khadi, silk Khadi, muslin Khadi, readymade garments, honey, ayurvedic medicines, herbal products, papad, handmade paper, pickles, coconut oil, handmade soap, etc., being diverse in nature are quantified in terms of their rupee value and therefore export of KVI products is maintained in terms of their value. According to the Minister of State for Micro, Small and Medium Enterprises (MSME), exports of Khadi and Village Industries (KVI) products stood at Rs 104.84 crore in 2008-09 compared to Rs 53.73 crore in 2006-07. In 2007-08, the exports amounted to Rs 91.92 crore.²⁷

Share of Khadi sector in India's total textile exports

- World exports of textile sector is US$ 203 billion in 2005, world export of clothing is US$ 276 billion.

- India's textile exports are only US$ 7.85 Billion, which constitute less than 4 per cent of world textile exports. India's clothing exports are US$ 8.29, which constitutes less than 3 per cent of the world textile exports.

- India's exports of textile sector is dominated by Readymade garments (55 per cent), followed by Cotton yarn, fabrics and made-ups (25 per cent), man-made staple fibres, yarn, fabric and made-ups (13 per cent) and woolen yarn, fabric and made-ups (1.2 per cent). Among readymade garments cotton garments have predominant share.

- Export growth is mainly due to raising outsourcing budgets of retail giants and most of the Indian companies are evolving from mere converters to vendor partners of global buyers.

- India's total textile production is Rs.3,00,000 crores (US $ 60 Billion), out of which share of Khadi sector is just Rs.650 crores i.e., less than half a percent (0.22 per cent) of the textile sector.

- Share of Khadi sector is very low and also vast projected demand for exports of textile sector is (US $ 30 Billion) Rs. 1, 50,000 crores, and Khadi production is very small. Hence, it assumes that there is no demand constraint for Khadi products in all segments (cotton Khadi, silk Khadi, woolen Khadi and muslin). Hence there is an urgent need to remove supply constraints in the sector and make international networks to exploit the already existing export demand.

**KVIC is also identified the following countries as target market for exports**

1. United States of America (USA)  
2. United Kingdom (UK)  
3. UAE  
4. Germany  
5. Belgium  
6. Australia  
7. Italy  
8. Brazil  
9. South Africa  
10. France

**Actual Performance**

KVI sector has registered a growth of around 9.96 per cent in 2011-12 over the performance of previous year. The total KVI production during 2012-13 (up to 31 December 2012) is estimated at Rs. 18,017.61 crore (Khadi Rs. 569.30 crore and V.I. Rs. 17,448.31 crore) as against Rs. 21,852.04 crore (Khadi Rs. 716.98 crore and V.I. Rs. 21,135.06 crore) in 2011-12. Similarly, estimated sales of KVI products up to 31 December 2012 also increased to Rs. 21,111.51 crore (Khadi Rs. 790.78 crore and V.I. Rs. 20,320.73 crore) in 2012-13 as against Rs. 26,797.13 crore (Khadi Rs. 967.87 crore and V.I. Rs. 25,829.26 crore) of the previous year (up to 31 December 2012). The total cumulative employment in the KVI sector is estimated to have also increased to 121.73
lakh persons (10.69 lakh in Khadi and 111.04 lakh in V.I.) by 31 December, 2012 as against 119.10 lakh persons (10.45 lakh in Khadi and 108.65 lakh in V.I.) of corresponding period of previous year. The performance of KVI sector in respect of production, sales and employment during the last three years and in 2012-13 is shown in the following Table

Table.No.3.2
Table showing performance of KVI sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (Value in Rs.Crores)</th>
<th>Sales (Value in Rs.Crores)</th>
<th>Cumulative Employment (in lakh persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>585.25</td>
<td>799.60</td>
<td>9.50</td>
</tr>
<tr>
<td>2009-10</td>
<td>628.98</td>
<td>867.01</td>
<td>9.81</td>
</tr>
<tr>
<td>2010-11</td>
<td>673.01</td>
<td>917.26</td>
<td>10.15</td>
</tr>
<tr>
<td>2011-12</td>
<td>716.98</td>
<td>967.87</td>
<td>10.45</td>
</tr>
<tr>
<td>2012-13</td>
<td>569.30</td>
<td>790.78</td>
<td>10.69</td>
</tr>
</tbody>
</table>


MAJOR SCHEMES BEING IMPLEMENTED BY KVIC

1. Prime Minister’s Employment Generation Programme (PMEGP):

   The Ministry was implementing two credit linked employment generation schemes namely, Prime Minister’s Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) since October, 1993 and April, 1995 respectively. By the end of March 2008, the Ministry was able to generate an estimated 46.62 lakh and 49.45 lakh additional employment opportunities under PMRY and REGP respectively. By keeping in view the varying parametres and entitlements, targeting almost the same set of beneficiaries in rural areas, there is a better recovery rates under REGP as compared to PMRY and the existence of employment generation schemes being implemented by a number of States with more attractive benefits/ assistance/ interventions like Bangla Swanirbhar Karma Sansthan Prakalpa (West Bengal); Shri Vajpayee Bankable Yojana
Chief Minister's Rozgar Yojana (Uttar Pradesh), etc., it was decided to discontinue PMRY and REGP from 2008-09 and introduce a new credit linked subsidy scheme titled Prime Minister's Employment Generation Programme (PMEGP) through merger of the erstwhile schemes of PMRY and REGP. PMEGP has been a significant initiative with a higher level of subsidy than that available under PMRY and REGP. This Scheme is being implemented through KVIC as the national level nodal agency.

2. Work shed Scheme for Khadi Artisans:

In order to facilitate and empower Khadi spinners and weavers to chart out a sustainable path for growth, income generation and better work environment and to enable them to carry out their spinning and weaving work effectively 'Work shed Scheme for Khadi Artisans' was introduced in 2008-09. Under this Scheme, financial assistance for construction of work sheds are provided to Khadi artisans belonging to Below Poverty Line (BPL) category through the Khadi institutions with which the Khadi artisans are associated. The revised quantum of assistance is as under:

Under this Scheme, more than 38,000 work sheds were targeted at a total cost of Rs. 127 crore (approximately), involving financial assistance of Rs. 95 crore as grant to KVIC from the Government's budgetary sources. Assistance to 4444 artisans had been provided during 2011-12. Against the target of providing assistance to 4444 work sheds during 2012-13, assistance to 3557 artisans have been provided.

3. Scheme for Enhancing Productivity and Competitiveness of Khadi Industries and Artisans:

The Scheme aims at making Khadi industry more competitive with more market-driven, profitable production and sustained employment for Khadi artisans and related service providers through replacement of obsolete and old machinery and equipment and repairs /renovation of existing/operational machinery/ equipment. The Ministry has
introduced the Scheme for enhancing productivity and competitiveness of Khadi industries and artisans through KVIC with effect from July 2008. The Scheme would provide financial assistance to 200 of the 'A+' and 'A' category Khadi institutions of which 50 institutions would be those which are managed by beneficiaries belonging to Scheduled Castes (SCs)/ Scheduled Tribes (STs), at a total cost of Rs. 84.00 crores involving financial assistance of Rs. 71.14 crores as grant to KVIC from the Government's budgetary sources between 2008-09 to 2011-12. A total of 59 Khadi institutions were selected for assistance during 2011-12.

4. Strengthening Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure

In order to facilitate the need-based support towards the Khadi sector for nursing the sick/problematic institutions elevated from “D” to “C” category as well as those whose production, sales and employment have been declining while they have potential to attain normalcy and to support creation of marketing infrastructure in other identified outlets, the scheme of Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure has been formulated. Under this scheme, financial assistance has been provided to 58 existing weak Khadi institutions for strengthening of their infrastructure and for renovation of selected 30 Khadi sales outlets which includes (KVIC outlets -4, KVIB outlets – 6 and KIs outlets – 20). The maximum amount of assistance for strengthening of weak Khadi institutions under this scheme is Rs. 9.90 lakh (capital expenditure – Rs. 3.50 lakh, working capital – Rs. 6.15 lakh and Rs. 0.25 lakh towards conducting detailed study report). For renovation of sales outlets, the ceiling of financial assistance is Rs. 25 lakh for Departmental Sales outlets of KVIC, Rs. 21.25 lakh for Departmental Sales outlets of State KVIBs, Rs. 18.75 lakh for institutional outlets located in metro cities and Rs. 15 lakh for institutional outlets located in non-metro cities. The target for assisting 45 institutions in 2012-13 was fixed. It was expected
that after implementation of this scheme, there will be a higher level of production, sales and employment along with the increased level of earnings in Khadi sector.

5. Khadi Reform and Development Programme (KRDP):

Department of Economic Affairs, Ministry of Finance has tied up financial aid from Asian Development Bank (ADB) amounting to US$150 million over a period of three years for implementing a comprehensive Khadi Reform Programme worked out in consultation with ADB and KVIC. Under this Reform Package, it is proposed to revitalize the Khadi sector with enhanced sustainability of Khadi, increased incomes and employment to artisans, increased artisans welfare and to enable KVIC to stand on its own with gradually decreasing dependence on Government Grants. Initially, the programme will be implemented in 300 Khadi institutions keeping in mind the needs of regional balance, geographical spread and inclusion of backward areas. The first fund of Rs. 96 crore has already been released to KVIC for its implementation.

6. Interest Subsidy Eligibility Certificate (ISEC) Scheme:

The Interest Subsidy Eligibility Certificate (ISEC) Scheme is an important mechanism of funding Khadi programme undertaken by Khadi institutions. It was introduced in May 1977 to mobilise funds from banking institutions for filling the gap between the actual fund requirements and availability of funds from budgetary sources. Under the ISEC Scheme, credit at a concessional rate of interest of 4 per cent per annum for capital expenditure as well as working capital, is made available as per the requirement of the institutions. The difference between the actual lending rate and 4 per cent is paid by the Central Government through KVIC to the lending banks and funds for this purpose are provided under the Khadi grant head to KVIC. The Institutions registered with the KVIC/ State Khadi and Village Industries Boards (KVIBs) can avail of financing under the ISEC Scheme. Initially, the entire KVI sector was covered under the Scheme. However, with the introduction of REGP for village industries (VI) in 1995
and PMEGP in 2008, the Scheme at present supports only the Khadi and the polyvastra sector. The extent of credit flow to the institutions under the Scheme during the past years are depicted in the following table:

**Table No. 3.3**

**Credit Flow under ISEC Scheme (Rs. crore)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit Flow to Khadi and Polyvastra Institutions</th>
<th>Subsidy Provided by KVI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>244.85</td>
<td>27.54</td>
</tr>
<tr>
<td>2009-10</td>
<td>279.02</td>
<td>25.00</td>
</tr>
<tr>
<td>2010-11</td>
<td>275.52</td>
<td>29.09</td>
</tr>
<tr>
<td>2011-12</td>
<td>305.03</td>
<td>35.56</td>
</tr>
<tr>
<td>2012-13</td>
<td>305.08</td>
<td>10.46</td>
</tr>
</tbody>
</table>

*Source: Annual Report of MSME as on 31.12.2012*

7. Market Development Assistance (MDA)

For promoting sale of Khadi and polyvastra, Government of India through the Khadi and Village Industries Commission (KVIC) used to provide subsidy in the form of rebate on sale which used to be passed to the consumers. But it was observed that artisans, who are the backbone of Khadi activities, were not extended any benefit from this and Khadi outlets also were not able to attract buyers due to inadequate quality design and unattractive look of the outlets and inadequate marketing support, etc. To rectify these deficiencies, the Government after extensive consultation with Khadi institutions and other stake holders has introduced a flexible, growth stimulating and artisan-centric 'Market Development Assistance (MDA) Scheme for Khadi and Polyvastra' in place of the Rebate Scheme with effect from 01.04.2010 for implementation during two terminal years of XI Plan, i.e., 2010-11 and 2011-12 with estimated cost of Rs. 345.05 crore (Rs. 159.65 crore for 2010-11 and Rs. 185.40 crore for 2011-12). The main feature of this Scheme is that financial assistance will be provided at the rate of 20 per cent of value of
production of Khadi and polyvastra (cotton Khadi, silk Khadi, wollen Khadi and Polyvastra) achieved by the producing institution. It is mandatory on the part of the Khadi Institution to pass on 25 per cent of MDA to artisans/weavers as bonus/incentive, in addition to wages in their Post Office/Bank Account. The remaining 75 per cent can be utilized by the producing and selling institutions for various marketing and production related activities as per norms. The MDA would be claimed by the institutions quarterly on the basis of their production in the preceding quarter. An amount of Rs. 119.53 crore has been disbursed by KVIC towards MDA (Khadi) in 2011-12. Rs. 26.39 crore has been disbursed by KVIC towards MDA (Khadi) in 2012-13 (upto 31 December 2012).

8. Product Development, Design Intervention and Packaging (PRODIP)

The Product Development, Design Intervention and Packaging (PRODIP) Scheme was launched in November 2002 as a small intervention with a view to selectively improving the quality of Khadi products and also to diversify into new products. It also seeks to improve the marketability of Khadi by enlisting the support of professional designers approved by the National Institute of Design (NID). Under this Scheme, financial assistance is provided to the institutions or entrepreneurs affiliated to the KVIC or State KVIBs up to Rs. 2 lakh per project per year or 75 per cent of the project cost whichever is less. In the case of individual entrepreneurs, the quantum of assistance is up to Rs. 1 lakh or 75 per cent of the project cost, whichever is less. The internal studies conducted by KVIC have indicated that production and sales have increased approximately by 13 per cent and 21 per cent, respectively, in the case of the projects taken up under PRODIP.

9. Rural Industries Service Centres (RISC):

KVIC has also taken up another intervention called “Rural Industries Service Centers (RISC)” Scheme from 2004-05 onwards for providing infrastructural support and services to selected units with a view to upgrading their production capacity; skill
upgradation and market promotion. RISC, inter alia, provides testing facilities by establishing laboratories for ensuring quality of products; improved machinery/equipment to be utilized as common facilities by nearby units / artisans for enhancing production capacity or value addition of the product; attractive and appropriate packaging facilities and machinery to the local units/artisans for better marketing of their products; training facilities for upgrading artisans' skills in order to increase their earnings and new designs and diversified products in consultation with experts /agencies for value addition of rural manufacturing units. This Scheme is being implemented through KVIC/KVIBs; National level/ State level Khadi and VI Federations; Khadi and VI Institutions affiliated to KVIC and KVIBs and NGOs which have already worked for the implementation of the programmes relating to rural industries. Under this scheme, financial assistance for establishing smaller projects costing up to Rs. 5 lakh each is provided to KVI units while in bigger projects, such assistance is up to Rs. 25 lakh. Each project costing up to Rs. 5 lakh is expected to provide benefit to at least 25 individuals.

10. Khadi Karigar Janashree Bima Yojana:

In order to provide insurance cover to Khadi artisans, a group insurance scheme namely Khadi Karigar Janashree Bima Yojana (JBY) was launched on August 15, 2003. The Scheme was formulated by KVIC in association with the Life Insurance Corporation of India (LIC) with annual premium of Rs. 200/- per beneficiary. The Commission has prevailed upon LIC to reduce the premium to Rs. 100/- from 2005-06 which is shared as “Rs. 50/- by the Central Government from Social Security Fund, Rs. 25/- by Khadi Institution and Rs. 12.50/- each by Khadi Artisan and KVIC.” The compensation under the Scheme has also been increased by 50 per cent which stands as follows:

In case of natural death: Rs. 30,000/-
In case of accidental death: Rs. 75,000/-
In case of full permanent disability due to accident: Rs. 75,000/-
In case of part permanent disability due to accident: Rs. 37,500/-
As an 'add-on' benefit without any additional premium, up to two school-going children of insured artisans studying in Class Nine to Twelve are eligible for a scholarship of Rs. 100/- each per month. More than 2.74 lakh Khadi artisans have already been covered under this Scheme.

11. Exhibitions:

Besides promoting sale of products of Khadi and Village Industry through its network of Khadi Gramodyog Bhavans (KGB) and Retail Sales Outlets, efforts are made by KVIC to organise a number of exhibitions, in different parts of the country, as a cost effective publicity and market promotion instrument. Special efforts were made in this regard and a total of 28 exhibitions/events were organised in various parts of the country in 2011-12. During 2012-13, 13 exhibitions/events have already been organised till 31 December 2012.

KVIC has been granted the status of 'deemed' Export Promotion Council (EPC) by the Department of Commerce for availing assistance on the pattern of an umbrella EPC like Federation of Indian Export Organisations (FIEO), participation in international exhibitions/fairs, organization of buyer-seller meets, etc. The assistance will be as per admissibility under Market Development Assistance (MDA)/Market Access Initiative (MAI) guidelines of the Department of Commerce. 880 units have since been registered with KVIC.

12. Quality Control and Brand Promotion:

KVIC has made arrangements with the National Institute of Design (NID), Ahmedabad; 'Dastakar', Andhra Pradesh; IIT, Delhi and Textiles Committee, Mumbai. A Memorandum of Understanding (MoU) signed between KVIC and the Textiles Committee, a statutory body under the Ministry of Textiles. Under the MoU, facilities of 13 laboratories situated across the country are being used by KVIC for testing the quality
of khadi and polyvastra so as to provide a fill up and thus further increase the marketability of the products. A number of Khadi institutions took benefit of this arrangement and cloth samples were tested on cost sharing basis (75 per cent of the testing charges being borne by the KVIC and 25 per cent by the Khadi institutions) during the year.

13. Research and Development:

    KVIC undertakes research and development activities through in-house research and also by sponsoring projects to other Research and Development organisations. The main objectives of the Research and Development programme are: increase in productivity and wages of the workers; improvement in quality; efficient use of local skills and local raw materials and reduction of human drudgery. In addition to the Mahatma Gandhi Institute for Rural Industrialization (MGIRI), Wardha, KVIC also undertakes Research and Development activities through Central Bee Research and Training Institute (CBRTI), Pune; Dr. Ambedkar Institute of Rural Technology and Management (AIRTM), Nashik; Kumarappa National Handmade Paper Institute (KNHPI), Sanganer, Jaipur; Central Village Pottery Institute (CVPI), Khanapur, Karnataka and Khadi Gramodyog Prayog Samiti (KGPS), Ahmedabad.

14. Other initiatives to develop Khadi and Village Industry sectors

    i. Categorization of Institutions:

    To streamline the payment of MDA, release of interest subsidy, supply of raw materials, etc., Khadi institutions are categorized as A+, A, B, C and D on the basis of their performance in production, sales, marketing, etc. As on March 31, 2012, the details of 2299 categorised Khadi institutions are given in the Table below.
Table No. 3.4

Categorization of Khadi Institutions

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Type</th>
<th>A+</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Affiliated to KVIC</td>
<td>107</td>
<td>288</td>
<td>322</td>
<td>469</td>
<td>260</td>
<td>1446</td>
</tr>
<tr>
<td>2.</td>
<td>Affiliated to State Boards</td>
<td>31</td>
<td>177</td>
<td>224</td>
<td>340</td>
<td>81</td>
<td>853</td>
</tr>
<tr>
<td></td>
<td><strong>Grand Total</strong></td>
<td>138</td>
<td>465</td>
<td>546</td>
<td>809</td>
<td>341</td>
<td>2299</td>
</tr>
</tbody>
</table>


ii. Government Supplies:

KVIC has been supplying its products under the 'Rate Contract' of Director General of Supplies and Disposal (DGS&D) to various Government Departments/Agencies. Based upon DGS&D Rate Contract, the items like dasuti Khadi, dungari cloth, dusters, long cloth, bunting cloth and sheeting cloth, etc., are being supplied to Government Agencies and bed rolls, curtains, pillow covers, “kulhars” (earthen cup), etc., are being made available to the Indian Railways. The position of the supplies made by KVIC to Government Offices during the last three years and in 2012-13 is given in the Table below:

TABLE No. 3.5

KVIC Supplies to Governmental Agencies

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of Government Supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>21.36</td>
</tr>
<tr>
<td>2010-11</td>
<td>30.28</td>
</tr>
<tr>
<td>2011-12</td>
<td>29.94</td>
</tr>
<tr>
<td>2012-13</td>
<td>19.69</td>
</tr>
</tbody>
</table>

iii. Registration of New Khadi Institutions.

There was an internal ban on registration and establishment of new Khadi institutions imposed by KVIC. This ban has been relaxed and KVIC has started direct enlistment/registration of institutions with a view to enhancing production. 72 such new Khadi institutions were registered with KVIC and KVIBs in 2012-13 (up to December 2012).


KAWTF is conceptually meant to be run on the lines of a Provident Fund. Membership of KAWTF is mandatory for all Khadi and polyvastra producing institutions affiliated to KVIC and State KVIBs. All the Institutions categorized as A+, A, B and C are eligible to join the Trust Fund. This Fund has been functioning in 21 States and the concerned State Government manages it. A total of 1797 Khadi institutions have become its members as on March 31, 2012, accounting for remittance to the tune of Rs. 23.06 crore and refund of Rs. 11.09 crore.

v. National Flag Production Centre:

Bureau of Indian Standards (BIS) gave the first place by way of national flag specifications. As per BIS, Khadi is the only fabric that is to be used for production of India's National Flag. Accordingly, one National Flag Production Unit has been started in consultation with the South Indian Textile Research Association (SITRA) at Karnataka Khadi Gramodyog Samyukta Sangh, an NGO of KVIC at Bengeri, Hubli (Karnataka) at an estimated cost of Rs. 51.10 lakh. The National Flag Production Unit was awarded BIS certification on February 17, 2006. The Unit has also installed the dyeing, processing and finishing equipment envisaged in the second phase of the programme of National Flag Production Centre. The Unit has the capacity to produce around 5000 National Flags of different sizes per day.
vi. Khadi 'Ready-to-Use Mission':

KVIC has initiated a “Ready-to-Use” Mission during 2005-06 for Khadi products. Under this project, a major Khadi institution works as a lead institution where facilities for production of garments including covering, designing, finishing, packaging, etc., are installed. Other institutions working in nearby areas are associated in a concentric manner with the activities of the lead institution. As a result, all of them are able to upgrade their product quality by sharing their experiences and common facilities installed by the lead institution. The National Institute of Fashion Technology (NIFT), Kolkata and Chennai have been engaged as Service Providers for conceptualization and development of project, identification of location, installation of machinery, training, commissioning of project and post installation support. Two projects one each at Murshidabad (West Bengal) and Padiyur (Tamil Nadu) have been established under this Mission. The NIFT, Kolkata and Chennai have been enlisted by KVIC to provide hand-holding support in the areas of design inputs and training.

vii. Central Sliver Plants:

Khadi institutions and State KVI Boards are implementing Khadi programmes of KVIC. 25 per cent of the working capital given to them is meant for raw material. In order to ensure that Khadi institutions maintain regular spinning work for artisans and to improve the quality of raw material in Khadi sector, KVIC continued to operate its six Central Sliver Plants (CSPs) at Kuttur, Chitradurga, Sehore, Raibareilly, Etah and Hajipur during the year.

viii. Setting up of Raw Material Godowns:

In order to facilitate continuous off take of slivers/rovings by the Khadi institutions facing resource crunch, KVIC continued operation of local godowns during 2012-13. The following 8 local raw material godowns provided the above services during the year:

(i) Dausa – Rajasthan
(ii) Surendranagar – Gujarat
(iii) Bijnour - Uttar Pradesh
(iv) Kurukshetra-Haryana
(vi) Metapalli, Karimnagar Dt. – Andhra Pradesh
(vi) Kanhewali-Uttarakhand
(vii) Murshidabad - West Bengal
(viii) Thiruvananthapuram – Kerala

ix. People Education Programme (PEP)

As a part of its publicity programme aimed at informing people through direct interaction between KVIC on the one hand and people on the other, KVIC organised 13 PEP events during 2011-12. Besides dissemination of the policies and schemes of KVIC on rural industrialization, essay competition; debates and seminars drew a good deal of participation from academic institutions, students, Panchayati Raj Institutions, NGOs, etc. on issues of topical interest concerning Khadi and Village Industries and about its financial assistance for the purpose through its budgetary allocation.

x. Assistance was given under Credit Guarantee Trust Fund for MSME to KVI units:

The Credit Guarantee Trust (CGT) Fund for Micro, Small and Medium Enterprises (CGT-MSME) approved extension of the credit guarantee to loans advanced by the banks under the KVIC/ PMEGP Schemes. KVIC has taken steps to publicise this Scheme in association with the Trust and the participating Banks.

xi. New Initiatives:

(i) KVIC developed e-Tracking software for PMEGP to bring in transparency in implementation of PMEGP scheme as well as to create data base of PMEGP beneficiaries. (ii) An exclusive web portal launched by KVIC to show case the product range of PMEGP units which will enable e-commerce and provide domestic and international market to PMEGP units. (iii) To support the products produced by PMEGP units in the country and provide a marketing platform. (iv) Initiated a system of Concurrent Monitoring and Evaluation for better implementation of PMEGP.
TAMILNADU KHADI AND VILLAGE INDUSTRIES BOARD

The Tamilnadu Khadi and Village Industries Board was formed in April 1960 with the objectives to promote, organize and improve the Khadi and Village Industries in rural areas in coordination with other agencies engaged in rural development. Its main focus is to improve the economic conditions of the artisans and the rural poor through creating opportunities for profitable self employment.

ADMINISTRATION

The Board has been created by enactment of Tamilnadu Khadi and Village Industries Board Act, 1959. It is headed by Honourable Minister for Khadi. The Board is entrusted with major policy decisions and the day to day activities are looked after by the Chief Executive Officer. The Board's activities fall into two major areas – Khadi and Village Industries.

Khadi

Khadi is a product of freedom struggle, a symbol of self reliance and economic development of villages. One of the major activities of Board is to promote Khadi production and usage. Once Khadi cloth was 100 per cent cotton: over the period of time, hand spun polyester yarn has been added into the sector and today Khadi comprises of both Cotton Khadi, Polyvastra and Khadi Silk. Production of Khadi has the potential of generating sizable employment of rural areas during the process of spinning, weaving, bleaching and dyeing.

Khadi Cotton and Polyvastra: Board has taken a lot of steps to augment Khadi production. It has set up 107 Rural spinning centres, 40 Khadi sub centres and 9 loom centres to aid the production of Khadi. In addition, there are 68 Certified Institutions of Khadi and Village Industries Commission which undertake Khadi production. Altogether, Khadi sector employs 20,000 artisans, of which 12,500 are Rural women.
The major Khadi Cotton and Polyvastra products are various types of Dhoties, Shirtings, Towels, Bed sheets, Bed spreads, Uniform cloth and other varieties. During the year 2011-2012 Board's units produced Khadi Cotton and Polyvastra goods worth of Rs.3.42 Crore and the Board marketed Khadi products worth of Rs.10.34 Crore. A target of Rs.9.00 Crore has been fixed for production of Khadi Cotton and Polyvastra varieties for the year 2012-2013.

Khadi Silk: Production of Khadi silk is another major activity undertaken by the Board. Khadi Silk represents silk cloth produced in handlooms using hand reeled silk yarn. Board purchases Silk yarn from Tamil Nadu Co-operative Silk Producers Federation Limited (TANSILK) and produces Silk sarees by giving job work to handloom weavers. In the process, Board is providing employment opportunities for about 1500 silk weavers in a year. During the year 2011-2012 Khadi Silk goods worth of Rs.2.52 Crore were produced and Rs.6.18 Crore worth of Khadi Silk goods were marketed.

Welfare Measures for the Khadi Spinners and Weavers

Welfare Fund for the Spinners and Weavers: The Board has set up a Welfare Fund for spinners and weavers. The artisans contribute 12 per cent of their wages to this fund and the Board is also contributing an equal share. Based on their request and availability of funds in their account, financial assistance is being given to the spinners and weavers during festival seasons and also refunded the entire amount at the time of retirement. Further, in addition to the wages, 10 per cent of the amount is also paid to the spinners and weavers by the Board as incentive.

Welfare Board for Khadi Spinners and Weavers: As per the Government order, a Welfare Board for spinners and weavers has been set up for providing welfare assistance to spinners and weavers working under Khadi Board and Sarvodaya Sangh. The Government is sanctioning Rs.50.00 lakh every year for this welfare Board. So far, 9041 persons have enrolled as members in the spinners and weavers Welfare Board and an
amount of Rs.1.84 lakh was disbursed to 143 beneficiaries under the following heads:-

a. Educational Assistance Rs.1.83 lakh

b. Cost of spectacles Rs.0.01 lakh

Table.No.3.6

Financial Support provided by Government of Tamilnadu

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Nature of Assistance</th>
<th>Amount in Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Accident Insurance Schemes.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accidental Death / Accidental Disability</td>
<td>10,000 to 1,00,000</td>
</tr>
<tr>
<td>2.</td>
<td>Based on extend of Disability</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Natural Death Assistance</td>
<td>1,00,000/-</td>
</tr>
<tr>
<td></td>
<td>Funeral expenses Assistance</td>
<td>15,000/-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,000/-</td>
</tr>
<tr>
<td>3.</td>
<td>Educational Assistance:-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Girl Children studying 10th</td>
<td>1,000/-</td>
</tr>
<tr>
<td></td>
<td>b. 10th Passed</td>
<td>1,000/-</td>
</tr>
<tr>
<td></td>
<td>c. Girl Children studying 11th</td>
<td>1,000/-</td>
</tr>
<tr>
<td></td>
<td>d. Girl Children studying 12th</td>
<td>1,500/-</td>
</tr>
<tr>
<td></td>
<td>e. 12th Passed</td>
<td>1,500/-</td>
</tr>
<tr>
<td></td>
<td>f. Regular Degree course</td>
<td>1,500/-</td>
</tr>
<tr>
<td></td>
<td>With Hostel Facility</td>
<td>1,750/-</td>
</tr>
<tr>
<td></td>
<td>g. Regular post Graduate Course</td>
<td>2,000/-</td>
</tr>
<tr>
<td></td>
<td>With Hostel facility</td>
<td>3,000/-</td>
</tr>
<tr>
<td></td>
<td>h. Professional Degree Course</td>
<td>2,000/-</td>
</tr>
<tr>
<td></td>
<td>With Hostel Facility</td>
<td>4,000/-</td>
</tr>
<tr>
<td></td>
<td>i. Professional PG Course</td>
<td>4,000/-</td>
</tr>
<tr>
<td></td>
<td>With Hostel Facility</td>
<td>6,000/-</td>
</tr>
<tr>
<td></td>
<td>j. I.T.I or Polytechnic Course</td>
<td>1,000/-</td>
</tr>
<tr>
<td></td>
<td>With Hostel Facility</td>
<td>1,200/-</td>
</tr>
<tr>
<td>5.</td>
<td>Marriage Assistance</td>
<td>2,000/-</td>
</tr>
<tr>
<td>6.</td>
<td>Maternity Assistance for Abortion</td>
<td>1000 p.m.</td>
</tr>
<tr>
<td>7.</td>
<td>Reimbursement of Cost of Spectacles</td>
<td>6,000/-</td>
</tr>
<tr>
<td></td>
<td>Old age pension per month</td>
<td>Upto 500/-</td>
</tr>
</tbody>
</table>
MARKETING

Khadi Kraft Retail Outlets

In order to sell the Khadi and Village Industries products, Khadi Board has been running retail outlets throughout the state of Tamilnadu. At present, 107 units spread over the entire state, are functioning after re-organisation. In 2012-2013 these units taken together registered a turnover of Rs.28.17 crore. To take advantage of changing economy and demand for handmade products, Board is planning to revamp retail outlets by rationalizing them and improving their ambience and functioning.

Rebate on Sale of Khadi and Silk Varieties

The Government as a policy to encourage production and sale of Khadi Cotton, Polyvastra and Silk items it provides rebate subsidy on sale of these items. During the year 2010-2011, the Government of India has modified the Rebate Policy and introduced Marketing Development Assistance (MDA) Scheme based on production. Under this scheme, 20 per cent on cost of production is given as grant assistance by the Khadi and Village Industries Commission, out of which 5 per cent is to be given as incentives to spinners and weavers and the balance of 15 per cent is to be utilized for sales promotion and institutional development. Tamilnadu Government has followed a policy of allowing a maximum of 30 per cent rebate on Khadi Cotton and Polyvastra and 20 per cent on Khadi Silk items. Since a maximum discount of 15 per cent is available under Khadi and Village Industries Commission's Marketing Development Assistance Scheme, the State Government has sanctioned an additional 15 per cent rebate on sale of Khadi cloth and Polyvastra and 5 per cent on Khadi silk varieties produced in Tamilnadu to maintain the same level of rebate allowed to the customers.
PROMOTION OF KHADI AND VILLAGE INDUSTRIES IN THE STATE

Prime Minister's Employment Generation Programme

Initially, Board used to promote Khadi and Village Industries through Margin Money Scheme with funds sanctioned by Khadi and Village Industries Commission. Later from 1996-1997, it implemented Rural Employment Generation Programme Scheme. Since 2008-2009 Khadi and Village Industries Commission is sanctioning Prime Minister's Employment Generation Programme (PMEGP) for promotion of Khadi and Village Industries in rural areas. Under the scheme rural entrepreneurs in Khadi and Village Industries sector are identified by Boards given (Entrepreneurs Development Programme) EDP training for 3 to 10 days and assisted with 25 per cent to 35 per cent of project cost as margin money subsidy.

Under this scheme the Board had conducted five District level exhibitions and Entrepreneurship Development Programme Training at a cost of Rs.15.24 lakh during 2011-2012. This scheme was continued in the following years also.

FINANCIAL ASSISTANCE FROM GOVERNMENT

Assistance is being provided by the Government under “Net Cost Grant” to meet out the salary and pension to the Board staff and pensioners and under “Rebate” heads for sale of Khadi. The financial support to be provided by the Government to the Tamilnadu Khadi and Village Industries Board and Tamilnadu Palm Products Development Board apart from PART-II Scheme in 2012-2013 are as follows:
Table. No. 3.7

Financial Support to KVIB

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Subject</th>
<th>Amount Rs. in Lakh</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Grants for Development of Khadi</td>
<td>6132.42</td>
</tr>
<tr>
<td>2.</td>
<td>Khadi Board</td>
<td>130.40</td>
</tr>
<tr>
<td>3.</td>
<td>Rebate Certified Institution</td>
<td>1000.00</td>
</tr>
<tr>
<td>4.</td>
<td>Audit Fees</td>
<td>249.38</td>
</tr>
<tr>
<td>5.</td>
<td>Part-II Schemes : Tamilnadu Khadi and Village Industries Board</td>
<td>14.01</td>
</tr>
<tr>
<td>6.</td>
<td>Tamilnadu Khadi and Village Industries Board</td>
<td>0.01</td>
</tr>
<tr>
<td>7.</td>
<td>Khadi Spinners and Weavers Workers Welfare Board</td>
<td>650.00</td>
</tr>
</tbody>
</table>

Source: Annual Report of KVIB 2011-12

RESTRUCTURING OF THE BOARD

Over the years the Board's finance has become weak due to dwindling of business, expansion of activities and staff, without sufficient returns, increasing pension and salary burden due to implementation of successive pay commission. Therefore action is being taken to improve finance of the Board by resizing the staff, rationalizing of units and opening new and more profitable lines of business.

Action is being taken to reorganize administration, production and sales units to improve operations and profitability. Steps are also being taken to increase marketing channel by revamping Khadi Kraft and utilizing outlets Cooperative Societies and Sarvodaya Sanghs. Vigorous efforts are taken to identify suitable products that are made by hand which can find a mass market because of their uniqueness. Board takes all efforts to promote them so as to increase employment in rural areas.
MEASURES AND INITIATIVES FOR GROWTH OF KHADI IN INDIA

(i) Government support to Khadi:

In order to promote market for khadi products, the Government had continued through the Khadi and Village Industries Commission (KVIC) a policy of rebate on sale of Khadi and Khadi products till 2009-10. Normal rebate of 10% of sales used to be given throughout the year whereas a special rebate of additional 10% used to be given for 108 days in a year coinciding with Gandhi Jayanti and / or local festivals. However, on the recommendations of an Expert Committee and after trying pilot projects and extensive consultations with stakeholders, the Government has introduced a more flexible scheme, namely, Market Development Assistance (MDA) Scheme for production of Khadi in place of existing scheme of Rebate on sales with effect from 01.04.2010. The scheme envisages financial assistance of 20% of production value on Khadi and polyvastra which will be shared among artisans, producing institutions and selling institutions in the ratio 25:30:45. Under the new system of MDA, sales are expected to be evenly spread throughout the year, the institutions will have the flexibility to use the assistance in improving the outlets, products, giving incentive to customers, etc.

Regular vigilance raids were conducted in various parts of the country to detect malpractices in claiming Khadi’s rebates and to distinguish between genuine and bogus Khadi and Village Industries. In May 2000, The Ministry of Small Scale Industries announced a special package of Rs. 12.15 billion for KVIC. Of this Rs.0.3 billion has been allocated for renovation of the existing outlets, while Rs.0.4 billion was sanctioned for promotional activities. 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. Therefore, in 2000, the global consulting firm, Arthur Anderson was hired to suggest restructuring strategies for KVIC.
In order to compete with other varieties of textiles and make it more acceptable in the market, improvisation was needed and new products and designs were developed. Keeping this objective in mind, in October 2001, KVIC signed a memorandum of understanding with the Ahmedabad based National Institute of Design (NID) to provide its design support in order to improve the diminishing market share of Khadi. Under the agreement, a special cell was set up at NID to provide design support service in Khadi Village Industries, packaging, marketing, communication, publicity, disseminating materials and other design-related activities.

The Government has recently taken the following new initiatives for promotion of this sector: -- “Khadi” was registered as a brand name.

- The KVIC has registering “Khadi” as a domain name also.

- The Government has advised the KVIC to register “Khadi” as a geographical indication.

- New products, new designs are being developed with the help of NID/NIFT etc. (National Institute of Design and National Institute of Fashion Technology)

- Packaging of Khadi products is being improved.

- A mechanism to ensure quality of Khadi and V.I. products was being evolved.

- Offers have been invited to renovate the Khadi Bhawan in New Delhi to bring it at par with other modern international store.

- Khadi shops have been planned at all international airports in India.

- Possibilities of marketing of KVI products through E-Commerce are being explored.

- Participation in national/international exhibitions.\(^{29}\)

---

(ii) Government Supply:

The KVIC has been executing supply of its products under Rate Contract of Director General of Supplies and Disposal to various Government Departments and Agencies. Shri I. Jawahar, Director, MPPDC, KVIC received the “Gold Award” under Public Service Utility (PSU) participation category on behalf of KVI from Shri B. L. Joshi, Lt. Governor, New Delhi, The Ministry of Railway has issued a circular to all zonal railways to procure bed sheets and pillow covers from KVIC for providing in the first class Air Condition coaches of all trains including Rajdhani express trains. Based on DGS&D rate contract 24 items of Khadi are being supplied to Government Agencies. Supplies worth 14.73 crore (up to 15 January 2005) was made during the year 2004-05. During 2004-05 (up to November 2004), KVIC received an order for 9724 Khadi/polyvastra bed sheets. 5000 bed sheets had already been supplied and remaining supplies were followed accordingly. Further orders for 6400 bed sheets and 2500 pillow covers was also received from Railway in January 2005. The sales to various Government Departments under Rate contract was to the tune of Rs. 13.68 crore during 2004-05 (up to January 2005)

(iii) Product Development, Design

Intervention and Packaging (PRODIP) Scheme was launched in November 2002 as a small intervention with a view to selectively improving the quality of Khadi products and also to diversify into new products. It also seeks to improve the marketability of Khadi by enlisting the support of professional designers approved by the National Institute of Design.
(iv) Quality Control:

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

(v) Renovation and Modernisation:

Most of the Khadi Gramodyog Bhavans were designed and setup decades ago. Efforts have been made to modernise such outlets and improve the outlook so as to attract the customers. During 2003-04, the Khadi Gramodyog Bhavan at Connaught Place, New Delhi, a departmental sales outlet, was renovated. Renovation of more Khadi Gramodyog Bhavan/Bhandars throughout the country would be taken up in a phased manner. Under the UNDP-KVIC project, computerization of inventory management and financial accounting is one of the important elements. In this regard, 10 major sales outlets were identified for upgradation and computerization, and completed during the year 2004-05.

(vi) Marketing Federation:

Under the existing market scenario, KVI products were marketed through outlets run by a large number of NGOs, Marketing Federations of different industries, etc. Such a situation to a certain extent contributed to the duplication of infrastructure facilities and efforts, in addition to operational cost. Accordingly, to give boost to marketing of KVI
products, it was decided to form a National Level organization in the name of Confederation for Promotion of Khadi and Village Industries (CPKVI). This marketing federation has also been registered under Societies Registration Act, 1860. The main objective of the CPKVI is:

1. to procure and promote marketing of KVI products produced by its members or those of others from the decentralized sector through domestic and export channels;

2. to procure bulk orders from government departments, public sector units, Corporate Houses, hotels, hospital and other institutional markets and private enterprises;

3. to carry out and provide access for market surveys, R&D, product development, design interventions and such related activity to strengthen the marketability of the products;

4. to conduct marketing and advertisement campaign regularly, to bring out product catalogues, literatures, booklets to create awareness among public and consumers;

5. to provide or create access to common facility services like warehousing, raw material bank processing facilities, databank, e-commerce, packaging quality control laboratory to ensure better marketability of products; With the full scale functioning of CPKVI, it is expected that the gap in having professionally competent experts from the marketing field would be filled and marketing of KVI products would reach a new high.
(vii) Research and Development

The KVIC undertakes research and development activities through in-house research and also by sponsoring projects to other Research and Development organisations. The main objectives of Science and Technology programme are:

- Increase in productivity
- Increase in wages
- Improvement in quality
- Efficient use of local skills and local raw materials
- Reduction of human toil.

(viii) Exhibitions

Apart from promoting sales through a network of Khadi Gramodyog Bhavans, effort has also been made to organize a number of exhibitions, conducted in different parts of the country. An exhibition is considered as a cost effective publicity and market promotion instrument. During the year under report special efforts were made to organise such exhibitions in different places and 129 exhibitions were organized in various parts of the country in 2004-05 (up to January 2005).

(ix) Eco-friendly:

The making of Khadi is eco-friendly since it does not rely on electric units and the manufacturing processes do not generate any toxic waste products.

Benefits of Organic Khadi

1. Reducing Allergens: For those with sensitive skin, dermatological conditions can worsen due to synthetic clothes. This is mainly due to the presence of pesticides, herbicides, chemicals and artificial dyes in them. Organic Khadi, on
the other hand, is free from chemicals and pollutants. Such clothes are essentially made from bamboo plant and are antimicrobial in nature.

2. Environment Friendly: Organic Khadi is totally environment friendly. Organic materials are grown toxin-free, reducing the amount of toxic chemicals. That is why, so many foreigners have started demanding organic Khadi outfits. In contrast to this, chemically made clothes have the presence of chemicals in the fibres of the material. Moreover, the toxicity saturates the ground, which results in toxic food production, contaminated drinking water and atmosphere.

3. Cost Effective: The fact is that organic clothes tend to last about 10 times more than regular clothes. For instance, a regular white shirt loses its shine and luster after about 12 to 15 washes. However, a white shirt made from organic Khadi tends to last even after 100 washes. Also, Khadi is naturally fade-resistant, which means that the color of the shirt, even after 50 washes, would be as good as it was when one first wore it.

4. Superior Quality: Regular cotton is heavily processed after it is harvested and ripped off its natural waxes. Instead, synthetic wax is added to the cloth, along with soil and flame retardants, bleaches and chemical softeners. On the other hand, organic cotton retains its natural wax and therefore its characteristic shine, weight and smoothness. For those who fear tanning, organic Khadi blocks the UV rays and helps keep moisture away from the skin.

5. Global Market: Tuning into the world clothing scenario organic Khadi is the latest buzzword. Not only Indian consumers, but foreigners have also started turning towards the material. Standing testimony to this recent trend is a US-based fashion designer, who has opened up a fashion house in Jaipur, for
exclusively catering to the demand for organic Khadi outfits. The fashion house has a wide range of clothes, all of which have been made from the organic fabric. As per the designer, foreigners have started realizing the medicinal values of wearing organic Khadi. It is said to help fight skin infection and high blood pressure.

**Khadi goes for a facelift:**

Over the years, the Khadi Boards of different states have been experimenting on blending of Khadi with other materials and improving its quality. In July 2002, a collection of ensembles in “Tencel Khadi” (a blend of Tencel and Khadi in the ratio of 30:70) was created. Tencel is a lyocell fibre natural in origin and hence, environment friendly. Tencel Khadi would provide excellent scope for exports. In 2002, the Austria based company, Lenzing AG proposed to make Khadi more eco-friendly by blending the bio-degradable 'modal Fabre' with Khadi. This blend would absorb 50 percent more humidity than cotton and make it easy to wash and maintain.

**Future of Khadi**

The salability of any textile depends on its user's preference and performance. For many years, the promotion for Khadi has been on emotional and political grounds while its quality and variety has been ignored completely. Khadi has very little to offer in terms of fabric performance.

It looks attractive when starched and kept in showrooms but, it does not remain the same after washing. It was becoming extremely difficult for Khadi to compete with the high-tech, color-fast, wrinkle-free, mill-made cotton and blends available. According to analysts, Khadi requires government sanction in every single activity stuck in a bureaucratic swamp, unable to increase its output or raise the quality of the fabric. In
2002, Khadi formed less than half percent of Indian textiles. In order to grow, the production of Khadi needs to be decentralized. KVIC plans to launch an advertising campaign in India and abroad to create awareness among people about Khadi and its uses. For this, it allocated an advertising and promotional budget of about Rs.0.4 billion. It also plans to set up Khadi shops at all the international airports in India. KVIC is also exploring the possibilities of using e-commerce to market its products. Under the 3 year Asian Development Bank (ADB) programme, which started in September 2010, 300 Khadi institution will be provided Rs 1.19 crores each to undertake reforms at all levels. Under the guidance of global consultants, KVIC has embarked on an ambitious plan to change the way its products are viewed. It was planned to set up 20 Khadi plazas with an investment of Rs.10 crores each within next two years under the Public Private Partnership (PPP) mode. It will be the responsibilities of the private partners to channelize the Khadi brand, boost design, sales network within the country and help complete the transformation of the Khadi sector under the overall guidance of the Ministry of MSME. However, Khadi, like any other craft of India, would need to face the challenge of quality and produce contemporary designs, which suit the tastes of the present generation.

30 RAILBANDHU, JAN 2012, p.96.