CHAPTER 5
KVIC STRUCTURE AND ROLE OF SUPPORT ORGANIZATIONS

5.1 Introduction

This chapter aims at understanding the organizational structure of KVIC. It is an important exercise in itself as when we are analyzing any economic activity we need to understand the role and efficiency of the institutional arrangements which are executing such activities like the flow of information within the hierarchy, time taken for decision making and democratic participation in the decision making. The Gandhian concept of decentralized structure of the KVIC envisioned a structure of decentralized production processes with small units widely scattered and dispersed over large areas. KVIC as an organization has emerged over the years based on the above ideas with production and other processes dispersed over small villages with marketing of Khadi largely carried out in urban areas. This chapter uses the material provide by KVIC presentation (Government of India, 2000) on various structures and functions of the organization. Further notes regarding Khadi certification rules and Cost-chart are provided by Government of India publication on: 'Khadi Certification Rules' (Government of India, 1998 a) and the 'Report of High Power committee (HPC) on KVIC (Government of India, 1994).

In our analysis section 5.2 looks at the hierarchy of the structure, role of support organizations like certification committee, standing finance committee, cotton purchase advisory committee, training committee, marketing committee etc., flow of information regarding decision making, effectiveness of different committees in carrying out the decisions and the limitations experienced by the Khadi institutions while implementing the programme. In section 5.3 the role of support organizations in analysed through the observations made in the field and through views expressed by officials of support organizations and programme implementing institutions. We also find some discussions of the issues related to KVIC organization and its role in implementing the programme in other chapters too. Therefore only some relevant issues, which are not dealt in other chapters, are broadly discussed here to avoid repetition. Section 5.4 gives the summary and conclusions.
5.2 Hierarchy And Role Of Support Organisations

5.2.1 The Idea Of Decentralised Production And Manifestation Of KVIC

The Gandhian concept of decentralized structure of the KVIC implies a structure with small units widely scattered and dispersed over large areas. This concept is not conceived in terms of cost and price analysis of market competitiveness. In Gandhi’s concept of decentralized structure, it was very clear that the production units would be small and widely scattered over rural areas. The units would require little capital investment and would use local raw materials. It would create local employment and would depend on local consumption of products. In this process a part of the idle manpower available would also be utilized to its capacity. In this decentralized structure, there is none to exploit and none exploited.

5.2.2 Organizational Structure Of The KVIC

Khadi and Village Industries Commission is an apex organization at the Central level. It came into effect through the KVIC Act of 1956. KVIC is assisted by an Advisory Board, which advises the Commission on broad policy matters and also studies reports on the functioning of the industries at the field level, including difficulties of the institutions, annual programs and other financial matters. The principal administrative officer of the Commission is the Chief Executive Officer (CEO) who is appointed by the Commission. A Deputy Chief Executive Officer, a Chief Accounts Officer and the concerned Directors assist the CEO. The Government of India appoints the Financial Advisor to the Commission. He/She has statutory functions to discharge and also has power to supervise the preparation of the budget estimate. The problems of development of Khadi and Village industries are attended to by a number of Industry Directorates that provide technical assistance to institutions and cooperative societies as well as to the State Boards. Besides these, there are nine services Directorates to look after the other functions of the Commission such as purchases, distribution, financing, accounting and audit, and research and publicity. The Commission has its offices in every state. The management structure of KVIC is as follows (figure 5.1).
There are eleven standing committees, which assist the Commission in the formulation of policies and problems relating to different aspects of implementation. In other words, the commission is assisted by the major following standing committees:

1) Certification Committee
2) Standing Finance Committee
3) Cotton Purchase Advisory Committee
4) Training Committee
5) Standardization of Khadi and Saranjam Committee
6) Khadi Experiments Grants Committee
7) Government Supplies Committee
8) Cooperative Advisory Committee

The Certification Committee is an autonomous body, consisting of veteran Khadi workers with wide experience of Khadi work and of Khadi institutions. It is in charge of issuing certificates to institutions, cooperative societies and others in accordance with the rules of certification of Khadi. It is the special responsibility of the committee to work out standard cost; price schedules and rates of wages to spinners, weavers and others. The committee carries out periodic audit of accounts and inspection of activities of institutions and co-operative societies to ensure that they, in fact, conform to the prescribed rules. For this purpose, the Certification Committee has several senior and junior auditors. They audit the financial records of the Institutions, Boards and the Cooperative Societies spread all over the country. If the activities or policies of these agencies do not conform to the spirit of the certification rules, certificate of these agencies are to be cancelled.

The Certification Committee plays dual role of protecting the interest of artisans by ensuring minimum wages for them as well as safeguarding the interest of the consumer by strictly enforcing the 'cost-charts' for various types of Khadi. But this is only for Khadi industry.

The Standing Finance Committee is in charge of the scrutiny of applications of institutions, Boards and Societies for financial assistance. It comprises all the members of the Commission, the Financial Adviser, the CEO and the Chief Accounts Officer. The certified institutions are required to specify, in their application for assistance, details of the loans and grants received by them during the previous year, amount of loans repaid and outstanding under each item at the time of application, production and sales of Khadi and village industries and their proposals for the year for which funds are required by them. Members of the Standing Finance Committee bring to bear on their decisions the knowledge and experience of the working of certified institutions, acquired through their close and personal relations with the top organizers and managers of most of the important institutions. For proper disbursement of funds and quick action, the Standing Finance Committee organizes
state wise budgetary session in every financial year. In this budgetary session, the representatives of the institutions of the states are the main participants and they survey the progress of their institutions and the assistance required for further development of Khadi and village industries. After a long discussion, on the recommendation of the State offices of the KVIC, the proposals are sent to the Standing Finance Committee for final approval. The Committee takes immediate action and after a formal check-up they sanction money to the respective institutions through the State Office of the KVIC. This is the procedure for releasing funds to the institutions. However, it has been reported that Standing Finance Committee sometimes fails to accord sanction and to order actual timely disbursement of funds. These facts demand effective action for removal of the causes of the delay.

The Cotton Purchase Advisory Committee consists of the Director (Cotton), the members in charge, Khadi and cotton experts associated with well known cotton associations to advise the Commission regarding the markets at which different varieties of cotton are to be purchased and also regarding the transport, stocking and distribution of cotton seeds. The Committee meets once a month to consider the questions that arise from time to time regarding stocking and disposal of cotton.

Likewise, the Saranjam Standardization, Khadi Experiments, Grants, Government Supplies and Training and Cooperative Advisory Committees are also in existence and they are part and parcel of the management. The Saranjam Standardization; Khadi Experiments and Grants Committees are responsible for technical examination of different suggestions for improvements of implements in use, in hand spinning and hand weaving; given by individuals or by institutions. The Committee also prescribes standard specifications for the manufacture of different parts of Ambar Charkha. The Committee has been taking active steps to stimulate and support individual and local initiative in suggesting and affecting technical improvements. The Government Supplies Committee is fully responsible for the supply of Khadi and other village industry products to the Government. The Commission offers to supply Khadi mostly for the uniforms of the staff of different departments of the Government. The Government Supplies Committee is also responsible for ensuring the manufacture of cloth according to specifications at appropriate prices. The Training and Cooperative Advisory Committees advise the Commission on training program; prepare the syllabi for different courses of training and assist the Commission in recruiting the staff for different Vidyalayas and offer
suggestions to the Commission regarding the formation of Khadi and other cooperative societies.

The state office of the KVIC consists of the Director, Deputy Director, Assistant Director, and the respective Khadi and village industries Development Officers. These Development Officers are responsible for implementation of the policies and decisions of the Commission. In fact, all the Development Officers of the state Office are directly associated with their respective Directors at the central level. However, the Director of the state office of the KVIC is fully responsible for their day-to-day work.

The Director of the State office of the KVIC is the most important representative of the KVIC in the state. He/She is generally an experienced employee of the KVIC with extensive knowledge of the Khadi programme. It is his/her job to ensure that the Khadi programme in the state is run smoothly and without much problem. Liaisoning with the Khadi institutions in the state is an important part of his job. He/She coordinates the activities of the different Khadi and village industry institutions and keeps close contact with the state KVIB.

The Director and senior officers of the development staff are in charge of field supervision in their respective industries. There is an independent 'statistical cell' in the state office of KVIC, which is responsible for collection, and compilation of statistical information from registered institutions, cooperative societies and the KVIB.

The state office of the KVIC is an apex organization in the state. It is a part and parcel of the central KVIC, which itself was constituted under Section 4 of the KVIC Act No. LXI of 1956. The duties of state Board are as follows:-

1. To encourage the establishment of cooperative societies and registered institutions where the services of the state office of the KVIC have not reached.

2. To run training centers and to train people at such centers or at other centers outside the state with a view to equip them with the necessary knowledge for starting or carrying on Khadi or village industries.

3. To arrange for the supply of raw materials, tools and implements and for the finished products of such industries.
4. To arrange for publicity of and popularizing finished products of such industries by opening stores, shops, emporia or exhibitions.

5. To seek and obtain the advice and guidance of experts in such industries from the state office of the KVIC, and from the central Government.

So far as the coordination between State office of the KVIC and the State is concerned, once the area is selected by the KVIB, the KVIC keeps itself away from it. In fact, without the prior consent and no-objection certificate of the Board, the State office of the KVIC does not take-up new areas of operation. There is a clear-cut understanding between these two organizations so that duplication, if any, may be kept out of the way. However in the field it is observed that, although the two organizations have their separate functions and fields of operation, there still appears (in the matter of supervision and training program) to be some duplication, which can be avoided after suitable coordination and adjustment.

The Societies Registration Act, 1860, provides for facilities to form institutions for carrying on social and economic activities especially with view to creating gainful employment for poor artisans through Khadi and village industrial activities organized on no profit no loss basis. However, this Act does not permit formation of institutions to undertake commercial activities. In actual implementation, these institutions assist the KVIC which, in some ways, carry on commercial activities. It is not clear how these conflicting interest are reconciled. It appears that the KVI operate largely on non-commercial principles in accordance with Gandhian philosophy.

Each institution has its own operational area which is demarcated by the Certification Committee of KVIC. The broad functions of the registered institutions engaged in the development of the KVIC are as follows:

1. Extension of Khadi activity in the rural and remote areas
2. Popularizing the village industries work among the poor artisans
3. To give financial and technical guidance to the individual artisans
4. To supply the raw materials and marketing of the products of the artisans
5. To supply the tools and equipment for the registered artisans of the area
6. To select the artisans for training at the centres or outside them.
Besides this, the registered institutions have to perform some social functions within the area so that they may integrate and support the commission's activities. These social functions are as follows:

1. To impart basic education or *Nai Talim*
2. To establish nature cure centre
3. To help the disabled leprosy patients and other helpless persons by providing them with work in the Ashram and to give them financial assistance from the welfare fund
4. To educate the local people to boycott mill goods
5. To educate the local people for economic equality and dignity of labour
6. To maintain or assist in the maintenance of village sanitation
7. To arrange for cow protection and breeding bulls
8. To work *saranjam*
9. To work for removal of untouchability
10. To work for Gandhian Gram *Swarajya*

Thus, the registered institutions perform broad socioeconomic functions for the welfare of artisans, non-artisans and the people of the area concerned. However, among the economic activities, the most important functions of the institutions are to supply the raw materials and marketing of the finished good within their jurisdiction. Social functions are largely on paper.

Khadi activities at a glance (figure 5.2): -

**Figure 5.2: Khadi and Allied Industries.**

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Khadi       Polyvastra       Textiles
Cotton     Plyster cotton    Garment
Silk       Polyster wool     Hosiery
Muslin     Woolacrylic
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The KVIC has state offices at the zonal level. There are 6 zones in all.
- South zone comprising state offices at Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Pondicherry and Lakshdweep
• West zone comprising state offices at Maharashtra, Gujarat and Goa
• Central zone comprising state offices at Madhya Pradesh, Uttar Pradesh
• North zone comprising state offices at Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Chandigarh and Rajasthan
• East zone comprising state offices at Bihar, Orissa, West Bengal, Sikkim and Andaman and Nicobar islands
• North East zone comprising state offices at Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura

There are totally 30 state KVI Boards, 4,969 registered institutions, 30,129 industrial cooperative societies, 7.50 lakhs individual artisans, 15,468 sales outlets in the country in 1998. The KVIC is implementing its programmes through these agencies.

Production in Khadi involves various processes such as lap making, carding, drawing, roving, spinning, weaving, washing, calendering, dyeing, printing, tailoring, etc. The significant feature of Khadi production, as against any type of factory production, is that some of the processes here are decentralized and these are done in small units by a large number of persons engaged in Khadi production. If we analyse the various processes in production, we find that spinning and weaving are done on a decentralised basis and in small units by a large number of spinners and weavers sprinkled over different parts of the state. To this extent, it is consistent with the Gandhian concept of decentralised structure. But it is an irony that other important processes in Khadi production are done on a centralised basis, in the production centers and sub-centers managed and operated by the various registered institutions and cooperative societies. For example, these production centers and sub-centers are responsible for processing of cotton viz. lap making, carding, drawing, roving, washing, dyeing, printing and tailoring etc. It is also revealing that these processes are carried on not through labour-intensive techniques as envisioned by Gandhiji but by capital-intensive technique that is a machine. Thus, even in Khadi industry we find that there are examples of both integration and disintegration.

So far as the creation of local employment is concerned it is a matter of fact that this industry has created considerable local employment, both full and part time. But there is a tendency for Khadi artisans to shift to alternative employment because they think that the present employment is not economically viable for them. For
example the weaver are attracted to the handloom sector because of higher wage rate. This is a matter for further investigation. Thus the idea of full utilization of local idle human power on a living wage as envisaged in the principle of Gandhian decentralized structure does not appear to have been fully realized in the Khadi industry.

Registered institutions have their own decentralized units of production and each institution has a chairman, secretary and other staff. So far as the department of KVI is concerned, the chairman of this department is assisted by the secretary, accountant, internal auditors, production managers, sales managers and others. He divides the activities of Khadi and village industries into several departments such as cotton processing, spinning, weaving, dyeing and printing, production and sales department of Khadi and village industries. Each department has its own management and staff. The Manager is the head of his/her respective department. He/She is assisted by the accountants, clerks, and several artisans of the concerned departments. In the centers and sub-centers of the institutions, similar system of staffing pattern and management has been followed. The secretary and chairperson of the institution are fully responsible for management of these departments, centers and sub-centers. They visit the centers and sub-centers and discuss the problems of artisans, workers and their activities. In the centres managers are responsible for entire management whereas in the headquarters of the institutions, Chairman and Secretary are responsible for the working and development of the KVIC in the area.

Some officials of the KVIC felt that there is a need to pool in expertise from the marketing and designing sectors to make Khadi much more contemporary. To quote one of the KVIC state Director----

‘Modification in KVIC's set up is needed. We advocate market people to enter in this. Government should appoint marketing experts to guide Khadi sector. From economic side 14 lakh artisans are involved in this activity. They are not having modern life. Khadi is uplifting tradition. This is the responsibility of KVIC and Ministry how to increase their earnings. Khadi has so many plus points but people in this field are untrained. They don't know customer's preference how to market their product. They totally rely on rebate’.
5.3 Role Of Support Organisations

Most of the Institutions have a feeling that the support organisations such as the KVIC, KVIBs and DLCs, over the years, have developed, more as a bureaucratic organisation than a facilitating agency of the Khadi programme. It must be realised that working in tandem is the only alternative for the survival of both the institutions and other supporting organisations. To quote one of the eminent Secretary of Institution---

‘KVIC's limited functions, their administrative structure is not helpful at all. Bad bureaucracy with senior officials pressurising to pass projects etc. They are not constructive, not helpful. KVIC should act as facilitator and not an abstractor. KVIC has to be restructured. With this present KVIC, even if political will is there it (structure) will fall, true’.

There seems to be no linkages between supporting organisations and Institutions regarding marketing, research and development (R &D), training and exports. The blame cannot be entirely put on the support organisations only, because even the institutions have misutilised the supporting organisations as only a disbursement instrument of loans, grants and rebate. There has been no effort on the part of the institutions to pressurise the KVIC to cater to their needs as and when required.

The dissemination of the information regarding R & D activities and exports, by the support organisations is also lacking. Even though it can be said that, this may be due to lack of financial support on behalf of the supporting organisations, the same could have been done by the large institutions through their state federations for expansion of Khadi with the changing times. But the same was found lacking in implementation.

Moreover, it is quite saddening to know that the Khadi ideology, as a mission, is slowly losing its ground both from supporting organisations as well as the institutions implementing the programme. Institutions are finding it difficult to get personnel, working in their offices and bhandars, who are ideologically influenced by the Khadi mission as a social service for the upliftment of the poor. Therefore, the burden of the institutions overhead charges is on rise, as the new employees demand higher wages and other pecuniary benefits. Further, institutions have failed to inspire the new generation to take up the leadership line for running the institutions. There
seems to be no democratic representation of the institutional secretaries as most of
them hold on to the same post for years together without any retirement age limit and
sometimes it is even hereditary. Even though new institutions have been set up by
younger generations, they do not necessarily run on the Gandhian philosophy. Thus,
there is a need to inspire and bring in a new line of leadership run by the younger
generation, keeping in mind the ideological framework of Khadi.

While talking about helplessness of institutions there was a strong feeling on
the institution's side that, prior to the 1990's, the KVIC was run on a missionary basis
by eminent personalities. It is now found to be slowly dissolving into more a
bureaucratic set up. It also reflects that there is a lack of ideological inspiration and
motivation for the personnel in the Khadi Commission, which needs to be revitalized.
According to one of the Institution's Secretary----

‘Today Priority issues are rebate claim, working capital requirement etc. Standing
Finance Committees approval we usually get in March, 2000. There is
lot of lobbying, they do not approve our budget, plans or anything. So our time is
lost in lobbying and remaining in KVIC's office, documenting. They will go on
taking objections as this paper is not there, that paper is not there and then for
getting rebate we have to put a lot of pressure, so on these three things our energy
is exhausted. Often KVIC's regional offices are like post offices. They have very
little power to take decisions’.

It is observed on the field that the development officers in the field have
enough technological understanding of various processes involved in the Khadi
industry. Unfortunately, the same is not utilised by institutions, as they do not
encourage any development officer to enter their premises, except only during the
budget discussions of institutions and rebate claims. Thus, there seems to be no
coordination at all between the institutions and the development officers.

As regarding the role of the Commission and its members, it has been
observed that not much of expertise from other fields has been made use of for the
upgradation of Khadi with the changing times. It is clear that experts from the textile
industry, marketing and finance be regularly consulted to keep pace with the changing
times.
5.4 Summary And Conclusions

The principal administrative officer of the Commission is the Chief Executive Officer (CEO) who is appointed by the Commission. There are eleven standing committees, which assist the Commission in the formulation of policies and problems relating to different aspects of implementation. It includes certification committee, standing finance committee, cotton purchase advisory committee, training committee, standardization of Khadi and saranjam committee, Khadi experiments grants committee, Government supplies committee, cooperative advisory committee etc.

The Certification Committee plays dual role of protecting the interest of artisans by ensuring minimum wages for them as well as safeguarding the interest of the consumer by strictly enforcing the 'cost-charts' for various types of Khadi. The Standing Finance Committee is in charge of the scrutiny of applications of institutions, Boards and Societies for financial assistance. The Cotton Purchase Advisory Committee consists of the Director (Cotton), the members in charge, Khadi and cotton experts associated with well known cotton associations to advise the Commission regarding the markets at which different varieties of cotton are to be purchased and also regarding the transport, stocking and distribution of cotton seeds. The Saranjam Standardization; Khadi Experiments and Grants Committees are responsible for technical examination of different suggestions for improvements of implements in use, in hand spinning and hand weaving; given by individuals or by institutions. The Government Supplies Committee is also responsible for ensuring the manufacture of cloth according to specifications at appropriate prices. The Training and Cooperative Advisory Committees advise the Commission on training program; prepare the syllabi for different courses of training and assist the Commission in recruiting the staff for different Vidyalayas and offer suggestions to the Commission regarding the formation of Khadi and other cooperative societies. The state office of the KVIC consists of the Director, Deputy Director, Assistant Director, and the respective Khadi and village industries Development Officers. These Development Officers are responsible for implementation of the policies and decisions of the Commission.

So far as the creation of local employment is concerned it is a matter of fact that this industry has created considerable local employment, both full and part time. But there is a tendency for Khadi artisans to shift to alternative employment because
they think that the present employment is not economically viable for them. Registered institutions have their own decentralized units of production and each institution has a chairman, secretary and other staff. Most of the Institutions have a feeling that the support organisations such as the KVIC, KVIBs and DLCs, over the years, have developed, more as a bureaucratic organisation than a facilitating agency of the Khadi programme. It must be realised that working in tandem is the only alternative for the survival of both the institutions and other supporting organisations. There seems to be no linkages between supporting organisations and Institutions regarding marketing, research and development (R &D), training and exports. The blame cannot be entirely put on the support organisations only, because even the institutions have misutilised the supporting organisations as only a disbursement instrument of loans, grants and rebate.

It is quite saddening to know that the Khadi ideology, as a mission, is slowly losing its ground both from support organisations as well as the institutions implementing the programme. Institutions are finding it difficult to get personnel, working in their offices and bhandars, who are ideologically influenced by the Khadi mission as a social service for the upliftment of the poor. There seems to be no democratic representation of the institutional secretaries as most of them hold on to the same post for years together without any retirement age limit and sometimes it is even hereditary. Even though new institutions have been set up by younger generations, they do not necessarily run on the Gandhian philosophy. Thus, there is a need to inspire and bring in a new line of leadership run by the younger generation, keeping in mind the ideological framework of Khadi. It is observed in the field that the development officers in the field have enough technological understanding of various processes involved in the Khadi industry. Unfortunately, the same is not utilised by institutions, as they do not encourage any development officer to enter their premises, except during the budget discussions of institutions and rebate claims. Thus, there seems to be no coordination at all between the institutions and the development officers. As regarding the role of the Commission and its members, it has been observed that not much of expertise from other fields has been made use of for the upgradation of Khadi. It is clear that experts from the textile industry, marketing and finance be regularly consulted to keep pace with the changing times.