



Peer Reviewed Refereed  
and UGC Listed Journal

An International Multidisciplinary  
Half Yearly Research Journal  
**GALAXY LINK**

  
ISO 9001:2008 QMS  
ISBN / ISSN

ISSN - 2319 - 8508

Volume - IX, Issue - II, May - October - 2021

Impact Factor 2019 - 6.571 ([www.sjifactor.com](http://www.sjifactor.com))

Is Hereby Awarding This Certificate To

**Dr. Vidyullata Rahul Hande**

In Recognition of the Publication of the Paper Titled

A Study of Performance of Khadi and Village  
Industries Commission in India



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## **24. A Study of Performance of Khadi and Village Industries Commission in India**

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### **Abstract**

Under the Khadi and Village Industries Commission (KVIC) Act, 1956, Khadi and Village Industries Commission (KVIC), was established as a statutory organization under the Ministry of MSME's. The main objective was to promote and develop khadi and village industries for providing employment opportunity to rural population, to gear up rural economy by producing saleable articles and creating self-reliance amongst people and building up a strong community spirit. For last near about 65 years KVIC is actively working. It has implemented various schemes to provide employment to rural youth and artisans and to make their products saleable and marketable. The employment generation intensity of KVIC sector is remarkable.

The present paper is an attempt to study performance of Khadi and Village Industries Commission in India. The performance is studied on the basis of three variables namely, production, sales and employment. It also covers study of initiatives taken by KVIC in promoting Khadi and village industries.

**Keywords:** MSME's, KVIC, Khadi, Village Industry, Employment.

### **1. Introduction**

The Micro, Small and Medium Enterprises sector is a dynamic and vibrant sector of Indian economy. For last five decades, it had contributed in the economic and social development of India. It has enhanced entrepreneurship and generated employment in a large scale at comparatively low capital cost. It was established under KVIC Act, 1956 (61 of 1956). The main objective of KVIC is to promote and develop khadi and village industries and to provide employment opportunities in rural area. To achieve these objectives KVIC was working actively, for last 65 years. Near about 2731 khadi institutions vast network implements the program of KVIC in India. 4.97 lakh people are engaged in these programs, out of which 80 percent are women artisans. Today KVIC have a vast network of 8 Departmental Sales outlets

(entitled as Khadi India), its 15 branches and 8035 sales outlets of khadi institutions across the country. The goods produced by khadi and village industries, are sold through these outlets. KVIC is performing for last six decades. Hence researcher has decided, to evaluate the performance of KVIC in India.

## 2. Objectives

1. To study fundamentals of KVIC.
2. To study and understand performance of Khadi and Village Industries.

## 3. Methodology

The present study is based on secondary data. The data was obtained from books, published papers, periodicals, journals, websites, MSME's annual reports, KVIC's official website, portals, GOVT. of India, Economic Survey of India, online database of Indian economy, articles, newspaper etc. various relevant statistical tools were used to analyze the data.

## 4. Review of Literature

M. Alaguraja, Dr. G. Nedumaran, and M. Manida stated in their article that, KVIC is charged with the dependability of hopeful and promoting research in the production techniques and equipment employed in the Khadi and Village industry sector and provided that facilities for the revision of the problems relating to it, including the use of non-conventional energy and emotional influence with a view to increasing productivity.' Dr. Dey Sanjeeb Kumar,(2014) conclude his article with , 'SMSE's contribute to economic development in various ways such as creating employment opportunities for rural and urban population, providing goods and services at affordable costs by offering innovative solutions and sustainable development to the economy as whole.' Garg Bhoomika (2014) concluded in the article as, MSME's is the major constituent sector in employment generation, production system, enhancing exports and GDP. But there is a need to carefully nurture and support this sector. Joint effort is needed from the Govt. and MSME's to acquire technological effectiveness.'

## 5. Khadi and Village Industries Commission (KVIC)

As per No. 61 of Khadi and Village Industries Commission Act, 1956, this commission was established, which is a statutory organization under the Ministry of Micro, Small and Medium Enterprises. The main objective was to promote and develop khadi and village industries for providing employment opportunity to rural population, to gear up rural economy by producing saleable articles and creating self-reliance amongst people and building up a strong

community spirit. KVIC provides training facility through its 35 Departmental and Non-Departmental Training Centers. KVIC also helps Khadi institutions by making available quality raw material.

KVI Commission's head office is located at Mumbai and it works through its six zonal offices located at New Delhi, Bhopal, Bengaluru, Kolkata, Mumbai and Guwahati and 44 field offices all over the country. There are two major constituents of KVIC, which are as follows:

1. Khadi sector
2. Village Industries Sector

#### 6. Khadi Sector

**Khadi:** (Section 2(d)) of Khadi and Village Industries Commission Act, 1956, defined khadi as "khadi, means any cloth woven on handlooms in India from cotton, silk or woolen, yarn hand spun in India or from a mixture of any two or all of such yarns."

Khadi also called as khaddar, it is a hand spun and woven natural fiber cloth originates from eastern India and Indian subcontinent. In 1918, Mahatma Gandhi has started a movement for 'Khadi' as self-employment generation program for the population of rural India. After independence khadi became grand symbol of nationalism. Afterwards Khadi was popular not just as a piece of cloth, but as a symbol of freedom and self-reliance. There are more than 2737 khadi institutions, implementing various programs of KVIC all over the country and near about 4.97 lakh people engaged in this activity, out of which 80 percent are female artisans. Khadi products produced by the industries, institutions and units etc. are marketed by 'Khadi Gramodyog Bhandar and Bhavans', run by KVI institutions. There are 8 Departmental Sales Outlets (entitled as Khadi India) and 15 branches and 8035 sales outlet of khadi institutions throughout the India. From following table we can observe performance of khadi sector in last four years.

Table I.1

#### Performance of Khadi Sector Production, Sales and Employment

Sr. No.	Year	Production (in Crores)	Sales (in Crores)	Employment (in Lakhs)
1	2016-17 @	1520.83	2146.60	4.56
2	2017-18 #	1626.66	2510.21	4.65
3	2018-19 #	1963.30	3215.13	4.96

4	2019-20 #	2324.24	4211.26	4.97
5	2020-21# (up to 31-12-2020)	1344.69	1877.19	4.97
6	2020-21# (projected up to 31-3-2021)	2104.01	3856.50	5.00

Source: compiled from Annual Report of MSME 2020-21, Government of India.

@-including polyvastra # - including polyvastra and solarvastra

From Table 1.1, it reveals that, khadi sector has grown in last few years. Production of Khadi was increased every year from Rs. 1520.83 Crores in 2016-17 to Rs. 2324.24 crores in 2019-20 i.e 52 percent increase. Now a days, trend and demand of khadi cloths is on hike. Hence sale of khadi products is also increased. Increase in sales can also be observed from year 2016-17 Rs.2146.60 crores to year 2019-20 Rs 4211.26 crores i.e. 96 percent increase in four years. The basic social objective of KVIC is to provide employment in rural areas and to organize training programs for persons desirous of seeking employment in khadi and village industries. For last many years khadi was proved as a significant tool for employment creation in rural area.

#### 7. Village Industries

**Village Industries:** Section 2(h) of Khadi and Village Industries Commission Act, 1956, defined Village Industry as, "Village Industry means,-

- Any industry located in a rural area which produces any goods or renders any service with or without the use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed (one lakh rupees) or such other sum as may, by notification in the official Gazette, be specified from time to time by the Central

#### Government

Provided that any industry specified in the schedule and located in an area other than a rural area and recognized as a village industry at any time before the commencement of the Khadi and Village Industries Commission (Amendment) Act, 1987 (12 of 1987), shall notwithstanding anything contained in this sub-clause, continue to be a village industry under this Act:

Provided further that in the case of any industry located in a hilly area, the provisions of this sub-clause shall have effect as if for the words "one lakh rupees", the words "one lakh and fifty thousand rupees".

- ii. Any other non-manufacturing unit established for the sole purpose of promoting, maintaining, assisting, servicing (including mother units) or managing any village industry.”

The basic objective behind village industries is to enhance self-employment and self-reliance amongst rural people. For last near about 65 years KVIC is actively working to build up active rural and social community, to provide employment to rural youth and artisans, to make their products saleable and marketable, to uplift economically weaker section by providing opportunity of self-employment. The performance of village industries can also observed from following table.

Table 1.2

**Performance of Village Industries**  
Production, Sales and Employment

Sr. No.	Year	Production (in Crores)	Sales (in Crores)	Employment (in Lakhs)
1	2016-17	41110.26	49991.61	131.84
2	2017-18	46454.75	56672.22	135.71
3	2018-19	56167.04	71076.96	142.03
4	2019-20	65343.07	84664.28	147.76
5	2020-21 (up to 31-12-2020)	53705.04	70454.28	150.31
6	2020-21 (projected up to 31-3-2021)	76582.43	101306.87	154.12

Source: compiled from Annual Report of MSME 2020-21, Government of India.

Table states that, the level of production of village industries is increasing from year 2016-17 Rs.41110.26 crores to year 2019-20 Rs. 65343.07 crores i.e. 59 percent increase in four years. Sales of products of village industries is also showing increasing trend. From year 2016-17 Rs. 49991.61 crores to year 2019-20 Rs. 84664.28 crores i.e. 69 percent increase in last four years. The performance of village industries employment is also satisfactory. Table shows that, employment level was increased from 131.84 lakhs in the year 2016-17 to 147.76 lakhs in 2019-20 i.e. 13 percent increase in last four years.

### 8. Conclusion

Performance of khadi sector and village industries can be observed from few percentages. Khadi sector shows increasing trend as, production increased by 52 percent, Sales increased

by 96 percent, Employment is also increased from 2016-17 to 2019-20. Now a days, trend and demand of khadi cloths is on hike. Hence sale of khadi products is also increased. Village industries sector shows increasing trend as, the level of production increased by 59 percent, Sales increased by 69 percent and Employment also increased from year 2016-17 to year 2019-20. There is annual increase in khadi production, sales and employment. With this one can conclude that khadi and village industries performance is remarkable. In future, in the era of artificial intelligence KVIC have to face technological challenges. Hence for sustainable employment generation, KVIC should implement its scheme more dynamically.

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