

# The Contribution Of Khadi India Towards Atamnirbhar Bharat

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## ABSTRACT

Atamnirbhar Bharat is the mission of the nation. It focuses on the development of India towards being self-reliant. The demand of Indians should be supplied by Indians through their production. India has been the birthplace of many products in the world. Khadi has always contributed to the development of India. The oldest thread of cotton was found in India belonging to 4000 BC. Khadi was one of the classical fabrics of India. Our ancestors started hand-woven clothes thousands of years back. The Ministry of Micro, Small, and Medium Enterprises (MSME) has given immense support to Khadi and in the year 2019, the sales turnover grew at an annual average of over 30%, against 6.7% in the previous 10 years. In FY 2018-19, Khadi's sales turnover was nearly 2 times as compared to one of the popular FMCG brand Hindustan Unilever LTD (HUL). The study aims to analyze the contribution of Khadi over 12 years including a period from 2011-12 to 2022-23. The Nation has witnessed the journey of Khadi from basic clothing to a fashion brand. It's a journey of change and transformation for catering to the need of the hour and making better and quality products.

**Keywords:** Self-reliant, FMCG, Spinning, Weaving, MSME, KVIC.

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## I. INTRODUCTION

Atamnirbhar Bharat is the mission of the nation. The concept behind it is self-sufficiency. The Nation should be independent to fulfill its needs. Khadi is a part of the textile industry of India. The main intention behind this industry was the creation of employment opportunities for Indians. Khadi represents handspun and handwoven clothing material. The Khadi movement was launched by Mahatma Gandhi in the year 1918 for the betterment of the conditions of poor people in India. Self-sufficiency and self-reliance were the key ideas behind this movement. Spinning and weaving were associated with work the demand of Indians should be supplied by Indians through their production. India has been the birthplace of many products in the world. Khadi has always contributed to the development of India. The oldest thread of cotton was found in India belonging to 4000 BC. Khadi was one of the classical fabrics of India. Our ancestors started hand-woven clothes thousands of years back. Gandhi rejuvenated the idea of Khadi using spinning and weaving. At that time the raw material was exported to England at a very low price. Later, the finished cloth was imported at a very high price making it unaffordable for the poor people. Agriculture was the major source of livelihood for Indians before independence. The dependency on rain created seasonal unemployment leading to more poverty and starvation. Gandhi introduced spinning and weaving for dealing with idle time and making earnings out of it. The capital requirement was affordable and easy to start. As per Gandhi, Khadi was directly related to the creation of employment and opportunities for India. Over the years Khadi as a brand lost its significance. A massive push and focus were given by the government for the Make in India initiative.

As per Katoch (2018), "The Khadi and Village Industries KVIC program is acting a major role in giving that service opportunity to rustic artisans more purposely to the weaker strata of the culture".

## II. OBJECTIVES OF THE STUDY

1. To understand the functions of KVIC.
2. To study the contribution of Khadi and village industries.
3. To study the challenges and possibilities of Khadi and village industries.
4. To analyze the financial performance of Khadi and village industries.

## III. REVIEW OF LITERATURE

Upadhyay (2013) discussed the awareness of youth towards Khadi. The study was based on the primary data set of people between 20-25 years of age. The results showed that most of the population was aware of the existence of Khadi. Khadi was a symbol of the Swadeshi Movement. The study concluded that the reason for the low acceptability of Khadi is the high cost. Also, the fabric maintenance cost is high, and it lacks color fastness.

**Rana and Tiwari (2014)** analyzed the challenges and growth strategies of the MSME sector. Emphasis was given to the need for capital for growth prospects. They suggested that capital is the lifeline for staying in business. The size of MSMEs has grown tremendously. Globalization is playing a key role by providing competition in the market due to which the MSME sector is developing by adopting better and innovative technology and catering the need of society.

**Bussena and Reddy (2014)** studied the Khadi and village industry of India. The main focus was to study employment generation created by Khadi institutions. They also discussed the issues faced by Khadi institutions. They found that there is an urgent need for improved and advanced technology to increase the level of productivity. Also, they suggested the use of an effective management information system to integrate the inputs and the networking of the Khadi and village industries commission. Marketing is a key element for success.

**Garg (2014)** explained the role of MSME in the development of the economy. MSME is generating employment opportunities along with productivity and boosting the exports and GDP of the country. Regular nurturing is required for the MSME sector with the support of the government. Innovation and technology are key requirements for growth prospects.

**Barki and Vibhuti (2015)** studied the MSME sector in detail. They supported the idea of self-employability in the form of entrepreneurship. This is possible by using some innovative ideas. A major role has been played by the manufacturing sector in the creation of employment opportunities. Entrepreneurs are the main pillars of the development of the MSME sector.

**Alaguraja, Nedumaran, and Manida (2020)** analyzed the performance of the KVIC through Micro, Small, & Medium Enterprise. MSME has a very important role in our financial systems. Since globalization, the MSME sector is facing intense competition due to the entry of global players. Banking and NBFIs are playing an important role in the development of MSME. The introduction of Public in the form of equity share capital will be going to work in favor of MSME by slashing its dependency on borrowed funds.

**Pawe, Saikia, and Morang (2021)** discussed the performance of the Khadi and village industry of Assam, India. They have studied the production performance, sales revenue, and employability of Khadi using the secondary database. The main purpose of this paper is to study the performance of production, selling of Khadi and village industries, and employing status of Khadi and village industries in recent years in Assam. 17 small industries are working under Khadi and village industries in Assam. It includes Khadi village oil, handmade soap using nonedible oils, beekeeping, jaggery, handmade paper, leather, woolens, pottery, bamboo, limestone, fiber, and gas plant industry. They found that there are 6230 working centers during 2018-19 in Assam. The total sales revenue was ₹ 3324.69 lakhs and production of ₹ 2744.94 lakhs in the year 2018-19. The oil industry was on top in terms of production as it was contributing to around 25% of the total production of the Khadi and village industry. The beekeeping industry was giving the highest employability which was around 28 % of the total employment. In the year 2018-19, the count of people employed by Khadi was 79,737. A significant contribution to the success of Assam goes to Khadi and village industries.

#### **IV. KHADI VILLAGE INDUSTRIES COMMISSION (KVIC)**

Khadi Village and Industries Commission is a statutory organization of India. It was set up in the year 1956 under the Ministry of MSME. It was introduced by the Khadi and Village Industries Commission Act, 1956, and amended in years 1987 and 2006 respectively. KVIC is fully regulated by the Government of India. The value chain including procurement of raw materials, production, distribution, selling, and marketing is in the hands of the government.

The key objectives of KVIC are:

- 1) Creation of employment opportunities for the nation.
- 2) Production of saleable goods. It is possible to be produced as per the needs and demands of society.
- 3) Self-reliance through satisfying the demand of the nation by involving the weaker section in productive activities.
- 4) To work on the development of positive community spirit among all the rural areas of India.

The functions performed by KVIC are:

- 1) Planning, organizing, developing, and promoting the Khadi and village industry in rural India along with the rural development agencies involved in a similar task.
- 2) To facilitate the supply of raw material and other relevant inputs to the producers for processing of these inputs to make semi-finished or finished goods.
- 3) Marketing and advertising activities for sales promotion of KVIS products by hiring suitable marketing agencies.
- 4) Providing training to artisans involved in handicrafts activities.

- 5) To facilitate the producers boosting their morale through continuous appreciation and encouragement.
- 6) Promoting the idea of innovation and research for the development of better and advanced quality products as per the changing environment needs.
- 7) Use of non-conventional sources of energy for increasing the level of productivity and reducing the cost of production in the long run.
- 8) Providing financial literacy to the rural people so that they can understand the importance of earnings and savings. It also provides financial assistance to people and institutions for the development of the Khadi industry.
- 9) Providing technical support for the production and distribution of new products.
- 10) KVIC ensures that they provide genuine products in the market. For the same, KVIC has parameters for accessing the quality of various products.

## V. DATA OF KHADI AND VILLAGE INDUSTRIES

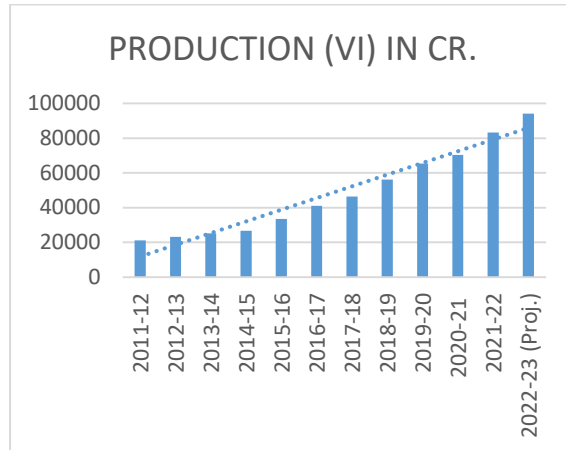
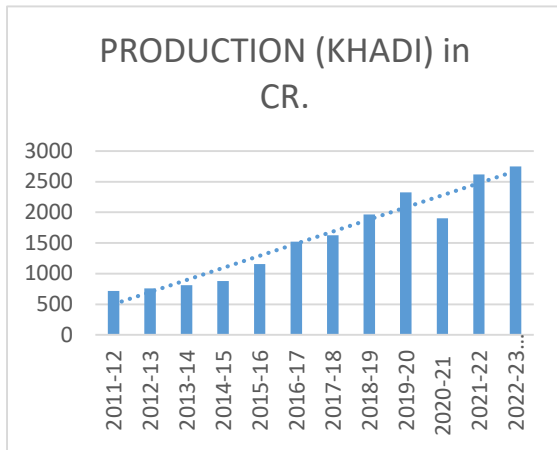
The data has been taken annual using the reports of the Ministry of Micro, Small & Medium Enterprises. The period of the study is 12 years. The data includes production, sales, and employment of both Khadi and village industries from the year 2011-12 to the projected values for the year 2022-23. Production and sales are continuously growing in both the Khadi and village industries. Although a sharp decline in employment is witnessed in Khadi in the year 2016-17 and onwards. The employment level continues to grow in the case of village industries.

### PRODUCTION IN KHADI AND VILLAGE INDUSTRIES

| YEAR            | PRODUCTION (KHADI) in CR. | PRODUCTION (VI) IN CR. |
|-----------------|---------------------------|------------------------|
| 2011-12         | 716.98                    | 21135.06               |
| 2012-13         | 761.93                    | 23262.31               |
| 2013-14         | 811.08                    | 25298                  |
| 2014-15         | 879.98                    | 26689.39               |
| 2015-16         | 1158.44                   | 33424.62               |
| 2016-17         | 1520.83                   | 41110.26               |
| 2017-18         | 1626.66                   | 46454.75               |
| 2018-19         | 1963.3                    | 56167.04               |
| 2019-20         | 2324.24                   | 65343.07               |
| 2020-21         | 1904.49                   | 70330.66               |
| 2021-22         | 2617.56                   | 83315.41               |
| 2022-23 (Proj.) | 2750                      | 94162.13               |

Source: MSME Annual Reports

The above data represents the production level in Khadi and the production level in Village industries. Using the above data, the graphs are shown below. In the graph, the dotted trendline depicts that the production in both Khadi and village industries has been continuously growing year by year. The only notable change was witnessed in the years 2020-21. In the year 2020-21, the production level was gone down in Khadi to 1904.49 crores. Whereas in 2019-20, the production was 2324.44 crores. Also, in Village industries, it has been noted that the growth rate of production fell in 2020-21. The growth rate of production in 2019-20 was 16.34% and in the year 2020-21, it was 7.63%. The reason behind this decline was due to the pandemic, covid 19. A lockdown was declared in India in 2020. It was done in four phases, covering a period from 24<sup>th</sup> March 2020 to 31<sup>st</sup> May 2020.

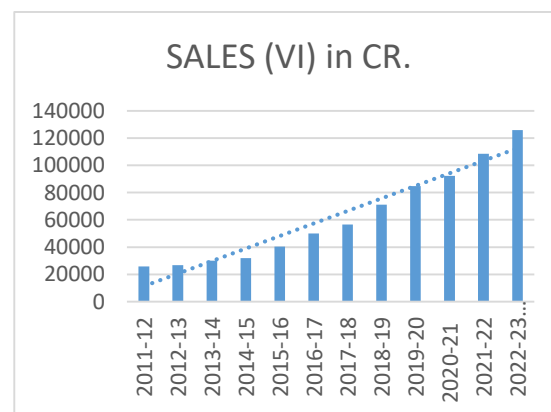
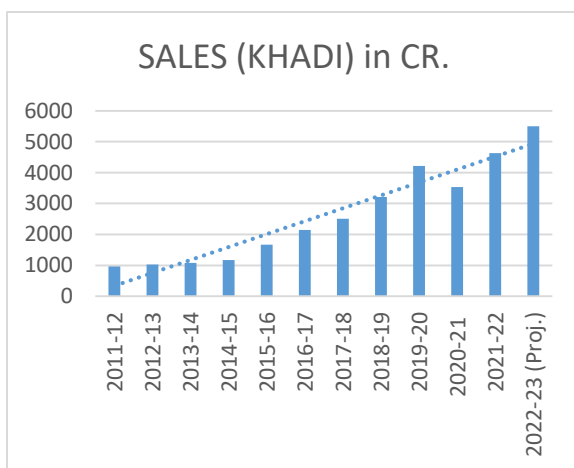


**SALES IN KHADI AND VILLAGE INDUSTRIES**

| YEAR            | SALES (KHADI) in CR. | SALES (VI) in CR. |
|-----------------|----------------------|-------------------|
| 2011-12         | 967.87               | 25829.26          |
| 2012-13         | 1021.56              | 26818.13          |
| 2013-14         | 1081.04              | 30073.16          |
| 2014-15         | 1170.38              | 31965.52          |
| 2015-16         | 1663.98              | 40384.56          |
| 2016-17         | 2146.6               | 49991.61          |
| 2017-18         | 2510.21              | 56672.22          |
| 2018-19         | 3215.13              | 71076.96          |
| 2019-20         | 4211.26              | 84664.28          |
| 2020-21         | 3527.71              | 92213.65          |
| 2021-22         | 4632                 | 108446.21         |
| 2022-23 (Proj.) | 5500                 | 125901.65         |

Source: MSME Annual Reports

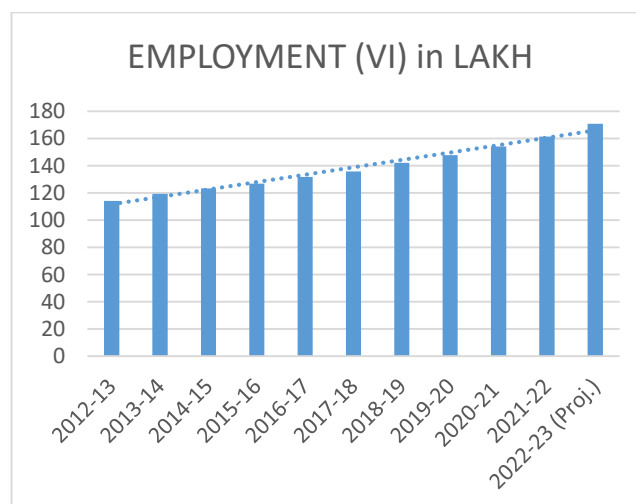
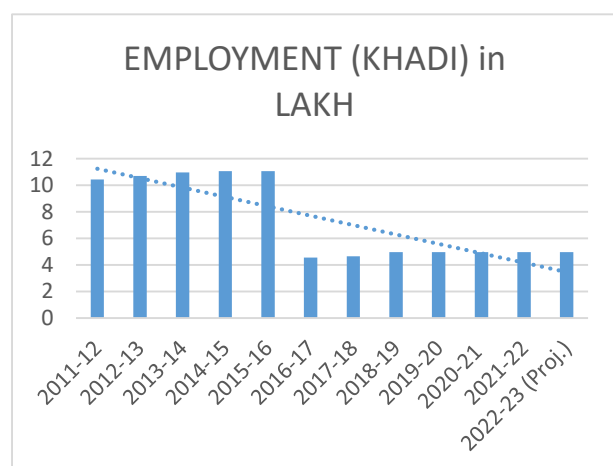
The above data represents the sales level in Khadi and the sales level in Village industries. Using the above data, the graphs are shown below. The trend line of sales in the graph is upward and progressive year by year for both Khadi and village industries. A decline in sales of Khadi was witnessed in the year 2020-21, due to Covid-19. Apart from 2020-21, the sales of Khadi are continuously growing. Also, in village industries, the sales figures are growing at a very positive rate. In Covid-19 2020-21, the sales were growing but at a declining rate depicted in the graph as well. The growth rate of sales in 2019-20 in village industries was around 15% which went down to 8.92% in the year 2020-21 due to the lockdown.



**EMPLOYMENT IN KHADI AND VILLAGE INDUSTRIES**

| YEAR                   | EMPLOYMENT (KHADI) in LAKH | EMPLOYMENT (VI) in LAKH |
|------------------------|----------------------------|-------------------------|
| 2011-12                | 10.45                      | 108.65                  |
| 2012-13                | 10.71                      | 114.05                  |
| 2013-14                | 10.98                      | 119.4                   |
| 2014-15                | 11.06                      | 123.19                  |
| 2015-16                | 11.07                      | 126.76                  |
| 2016-17                | 4.56                       | 131.84                  |
| 2017-18                | 4.65                       | 135.71                  |
| 2018-19                | 4.96                       | 142.03                  |
| 2019-20                | 4.97                       | 147.76                  |
| 2020-21                | 4.97                       | 154.09                  |
| 2021-22                | 4.97                       | 161.47                  |
| <b>2022-23 (Proj.)</b> | 4.98                       | 170.71                  |

The employment data represents the number of employees in lakhs for 12 years. In Khadi, the employment level was going up from 2011-12 to 2015-16. In the year 2016-17, the employment went down to 4.56 lakh employees from the employment level of 11.07 lakh employees in the year 2015-16. From 2016-17, the employment numbers were almost constant. No major changes were noticed in the employment numbers from 2016-17 onwards. The trendline of employment is declining in the Khadi sector. Whereas, in village industries, the employment numbers are continuously growing every year from 2011-12 till 2022-23. In the graph of village industries, the trendline is also going in the upward direction showing the increase in employment over a period.



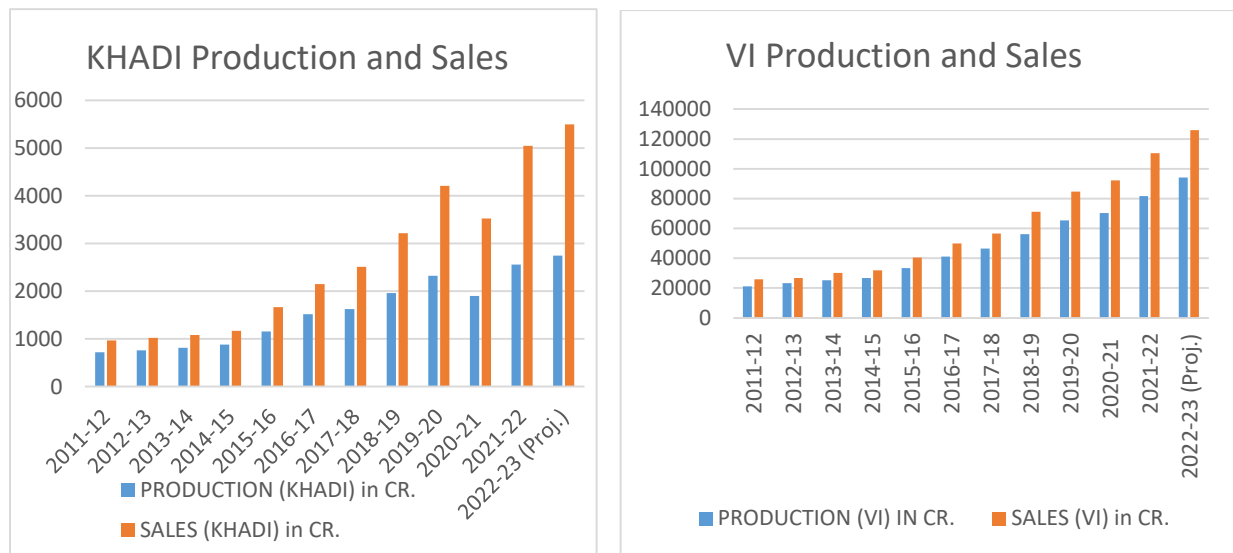
**PRODUCTION AND SALES IN KHADI AND VILLAGE INDUSTRIES**

| YEAR                   | PRODUCTION (KHADI) in CR. | SALES (KHADI) in CR. | PRODUCTION (VI) in CR. | SALES (VI) in CR. |
|------------------------|---------------------------|----------------------|------------------------|-------------------|
| 2011-12                | 716.98                    | 967.87               | 21135.06               | 25829.26          |
| 2012-13                | 761.93                    | 1021.56              | 23262.31               | 26818.13          |
| 2013-14                | 811.08                    | 1081.04              | 25298                  | 30073.16          |
| 2014-15                | 879.98                    | 1170.38              | 26689.39               | 31965.52          |
| 2015-16                | 1158.44                   | 1663.98              | 33424.62               | 40384.56          |
| 2016-17                | 1520.83                   | 2146.6               | 41110.26               | 49991.61          |
| 2017-18                | 1626.66                   | 2510.21              | 46454.75               | 56672.22          |
| 2018-19                | 1963.3                    | 3215.13              | 56167.04               | 71076.96          |
| 2019-20                | 2324.24                   | 4211.26              | 65343.07               | 84664.28          |
| 2020-21                | 1904.49                   | 3527.71              | 70330.66               | 92213.65          |
| 2021-22                | 2558.31                   | 5051.72              | 81731.62               | 110363.51         |
| <b>2022-23 (Proj.)</b> | 2750                      | 5500                 | 94162.13               | 125901.65         |

Source: MSME Annual Reports

Production and sales in Khadi are continuously increasing from 2011-12 onwards. The Khadi graph also goes up every passing year. To support the increasing sales numbers, production is also increased every year. Both Production and sales in Khadi are going in the same upwards direction. Only a fall is noticed in both production and sales during 2020-21 due to covid 19 pandemic.

In the above date of production and sales of village industries, the production and sales are growing from 2011-12 onwards. The given graph for village industries also goes up every passing year. For meeting the increasing sales numbers, the production also increased every year. Both Production and sales in Khadi are going in the same upwards direction notable growth is seen in both production and sales of village industries, showcasing the success.



**PRODUCTION AND EMPLOYMENT IN KHADI INDUSTRIES**

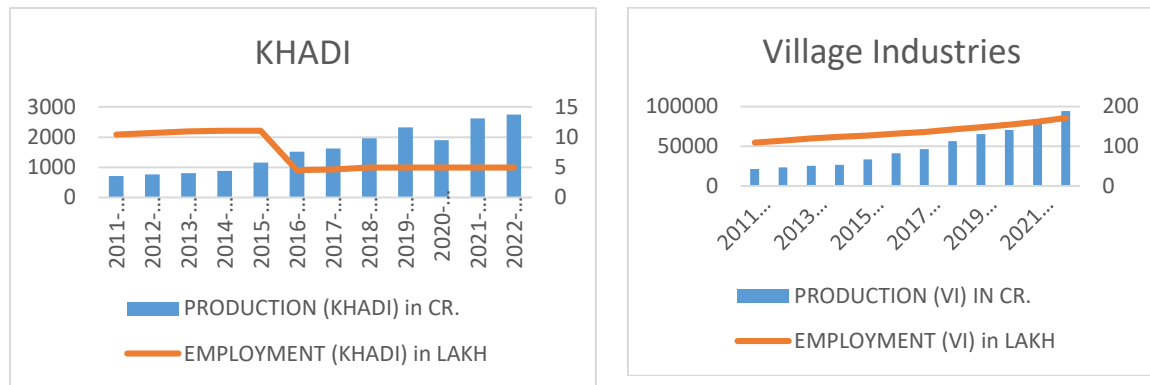
| YEAR            | PRODUCTION (KHADI) in CR. | EMPLOYMENT (KHADI) in LAKH | PRODUCTION (VI) IN CR. | EMPLOYMENT (VI) in LAKH |
|-----------------|---------------------------|----------------------------|------------------------|-------------------------|
| 2011-12         | 716.98                    | 10.45                      | 21135.06               | 108.65                  |
| 2012-13         | 761.93                    | 10.71                      | 23262.31               | 114.05                  |
| 2013-14         | 811.08                    | 10.98                      | 25298                  | 119.4                   |
| 2014-15         | 879.98                    | 11.06                      | 26689.39               | 123.19                  |
| 2015-16         | 1158.44                   | 11.07                      | 33424.62               | 126.76                  |
| 2016-17         | 1520.83                   | 4.56                       | 41110.26               | 131.84                  |
| 2017-18         | 1626.66                   | 4.65                       | 46454.75               | 135.71                  |
| 2018-19         | 1963.3                    | 4.96                       | 56167.04               | 142.03                  |
| 2019-20         | 2324.24                   | 4.97                       | 65343.07               | 147.76                  |
| 2020-21         | 1904.49                   | 4.97                       | 70330.66               | 154.09                  |
| 2021-22         | 2617.56                   | 4.97                       | 83315.41               | 161.47                  |
| 2022-23 (Proj.) | 2750                      | 4.98                       | 94162.13               | 170.71                  |

Source: MSME Annual Reports

In Khadi, the production level is growing every year. The only fall was noticed in the year 2020-21 due to covid 19. As production is increasing year on year it is also expected that employment will also go up simultaneously. In the year 2016-17, a significant change in Khadi employment numbers was noticed. The production level in 2015-16 was 1158.44 crores and employment was 11.07 lakh employees. Whereas the production level in 2016-17 was 1520.83 crores with an employment level of only 4.56 lakhs. It shows that production is going up, but the employment level keeps on decreasing from 2016-17 onwards. The fall is also depicted below in the Khadi graph by using the orange line.

The KYIC (Khadi and Village Industries Commission) accepted that the introduction of new model charkhas has increased productivity as compared to the traditional charkhas. The traditional charkhas were labor intensive. The employment requirement goes down in modern charkhas causing the employment level to fall drastically.

In village industries, both production and employment levels are moving in a positive direction. The graph of village industries clearly shows that with the increase in production, more employment is generated.



## VI. CORRELATION ANALYSIS

As discussed earlier that in Khadi production and employment were moving in different directions. Whereas in village industries both production and employment were going hand in hand in the same positive direction. To statistically prove the same, the correlation coefficient technique is used.

The correlation coefficient in Khadi between production and employment is found to be **negative 0.84**, representing a negative correlation coefficient.

The correlation coefficient in village industries between production and employment is found to be **positive 0.99**, representing a positive correlation coefficient. It is an almost perfect positive correlation which shows that both variables are moving in the same direction with the same proportionate increase.

## VII. CONCLUSION

The oldest thread of cotton was found in India belonging to 4000 BC. Khadi was one of the classical fabrics of India. Our ancestors started hand-woven clothes thousands of years back. The Ministry of Micro, Small, and Medium Enterprises (MSME) has given immense support to Khadi and in the year 2019, the sales turnover grew at an annual average of over 30%, against 6.7% in the previous 10 years. The Nation has witnessed the journey of Khadi from basic clothing to a fashion brand. It's a journey of change and transformation for catering to the need of the hour and making better and quality products. The production and sales in both Khadi and village industries have been continuously growing year by year. The only decline was witnessed in production and sales in the year 2020-21. The growth rate of sales in 2020-21 was 8.92% which was around 6% less than the growth of 2019-20 due to the pandemic, covid 19 in village industries. The employment level was going up in Khadi from 2011-12 to 2015-16 but in the year 2016-17, the employment went down to 4.56 lakh employees from the employment level of 11.07 lakh employees in the year 2015-16 and onwards due to the introduction of model charkhas which were less labor intensive and high on productivity leading to major loss of employment opportunities. A significant negative correlation was found between production and employment in Khadi with the introduction of new techniques and tools.

The Nation has witnessed the journey of Khadi from basic clothing to a fashion brand. It's a journey of change and transformation for catering to the need of the hour and making better and quality products. The growing demand is depicted in the sales turnover which is giving a boost to the use of Indian products and helping in attaining the dream of Atamnirbhar Bharat.

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