



PROBLEMS AND PROSPECTS OF KHADI AND VILLAGE INDUSTRIES - A CASE STUDY ON BELAGAVI DISTRICT

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ABSTRACT

Khadi and Village Industries are an integral part of the wide spectrum of small scale industrial sector in the Indian rural economy. They play a strategic role in the restructuring and in the transform action of the economy with comparatively higher –labour-capital ratio and a shorter gestation period. These units operate relatively in small markets. Khadi and Village industries involve lower investment and greatly suit the economics of developing countries like India, which are capital deficient and labour abundant. These industries stimulate growth of entrepreneurship and promote a defused pattern of ownership and location they make use of more unskilled labour force and have direct impact on poverty alleviation they have the spread effect on domestic market since they buy more of domestic inputs and indigenous raw materials and domestic technology to a large extent being labour intensive these industries have immense potential for generating employment this increase the significance of khadi and village industries .

KEYWORDS: Indian rural economy , small scale industrial , indigenous raw materials and domestic technology.

1. INTRODUCTION

Khadi provides supplementary work to unemployed rural workers. Since Khadi was designed to provide primarily to rural work force, it required simple technology and a local resources base for both its production and consumption. It was round this constructive ideology that Khadi movement was built the ideology had a practical dimension of being subsidiary occupation for India's famished social masses and a symbolic value of being a mascot of mobilization for India's freedom struggle. It came to symbolize liberation, not just from the exploitative colonialism, but also from the market driven techno capitalist.

Khadi was considered as a social experiment by Mahatma Gandhi. It was a social venture in which Khadi was to be national industry in the interest of the masses. Economic of Khadi according to him comprehends production, distribution exchange and consumption of hand spun yarn and hand woven cloth. The significance of Khadi economics relates its impact in terms of;

➤ The Process of Khadi Production:

- Units where only spinning activity is undertaken
- Units which are exclusively focused on weaving
- Units where both spinning and weaving are undertaken simultaneously. This type of Khadi production is an example of vertical integration of production process.



➤ **Village Industries in India:**

Government of India has approved the new definition of Village Industry. According to it, “A Village Industry is one which started in rural area, with population not exceeding 20,000 and in which production is carried and service rendered with or without the use of power and in which the capital investment (in Tools, Equipment, Machinery Shed, Building etc)” is not more than Rs 1,00,000/- per person or worker (Annual Report of KVIB Mumbai) Village industries otherwise called cottage industries provide immediate large scale employment and offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilization of capital resources and skill. At present Khadi and Village Industries Commission has approved 115 industrial units as village industries.

➤ **Classification of Village Industries Under Khadi and Village Industry Commission:**

Village Industries are broadly classified under the following groups.

- Group I – Mineral Based Industry
- Group II – Forest Based Industry
- Group III – Agro Based and Food Based Industries
- Group IV – Polymer and Chemical Based Industry
- Group V – Engineering and Non-Conventional Energy
- Group VI – Textile Industry
- Group VII – Service Industry

➤ **REVIEW OF LITERATURE:**

1. Rao, Khusro and Laxminarayan (1965) in their study “A study on the working of Intensive area scheme- Khadi and village Industries Commission” have reviewed the development activities of different village industries and attempt to locate industries with growth potentialities and also look into the impact of village plans on the socio economic condition of the population.
2. Ramachandran. G. (1968) in his article “The future of khadi” has observed that the programme of Khadi. Cottage and village Industries provides the solution for bettering the lot of hundred million people at the lowest of existence. Ramachandran has stated that there is no alternative to this programme if we are determined not to allow these million to go still further down economically. According to him Khadi is not a mere name; it is an idea that gives an honorable work as well as a worthwhile income to the millions.
3. Somappa M (1968) in his article “Need to Strengthen Village and Cottage Industries” has highlighted the importance of Khadi and Village Industries in a developing economy like India. He observes that while large scale industries play a vital role in the development of an economy like India, the Khadi and Village Industries and other rural based industries have the capacity to provide gainful employment a large number of people in rural areas who are wholly or partially unemployed.
4. Dhebar U N (1969) in his article “Technology for Khadi and Village Industries” has maintained that Khadi and Village Industries constitute a link between the hoary past and the modern present, between the rich and the poor and between the more advanced and the backward regions of India. He has stated that KVIC is concerned with the reorientation of this sector. The KVIC aims at improving implements and tools of the village artisans so as to enable them produce more goods of better quality and lower cost. The author feels that the need for utilizing our human resources is paramount.
5. Khadi and Village Industries Commission (1972-73) in its “Report of Rapid Socio-Economic Survey of New Model Charkha Spinners” has tried to ascertain the socio-economic conditions of the spinners who have taken to spinning on the New Model Charkha (NMC). The study has revealed that more than 50% members are female . It is found that in states of Andhra Pradesh, Kerala, Maharashtra, Karnataka and Rajasthan all spinners were females. Further income from NMC forms major source of livelihood for a substantial proportion of rural families who have taken to spinning. Khadi forms a major alternative to agricultural occupation and contributes in a substantial way in raising the family income. The study

indicates that this programme has the potential of providing new avenues of employment for rural unemployed and underemployed on a large scale. Hence the Centre's need to be multiplied at a rapid rate so that the benefits of the programme could be extended to a large extent of rural population as far as possible.

RESEARCH METHODOLOGY:

The study is basically an explorative and descriptive one. The focus of the study is on the performance, problems and prospects of the Khadi and Village Industries in the study area. The data is based on the empirical survey of the study units in the study area.

➤ Statement of the Problem and Need for the Research:

However, Khadi and Village Industries have been confronted with same problem despite their sustenance during the last four and half decades. In particular the effectiveness of the programme in terms of its employment generation capacity resource use efficiency and sustainability has come under attack from various quarters.

It is found that the planning and implementation mechanisms are weak as the linkage between productions, sales and employment generation are not adequately considered. Khadi sector particularly is found deficient in terms of output, sales, Job Creation and efficiency compared to village industries. There is the problem of lack of absorption of latest design and technology in the production field and inadequate marketing efficiency and infrastructure in both Khadi and Village Industries. Consumer preferences in present marketing trends and the low level of skill of the labour involved resulting in low quality of products have been the constraints faced by these units. Hence the need for the present study was considered to probe into these and other related aspects of the Khadi and Village Industries in the study area. Hence the problem of research is stated thus;

➤ Objectives of the Study

The present study is undertaken with the following objectives:

1. To highlight the role of khadi and village Industries Commission and khadi and village Industries Boards in the development of khadi and village industries in India Karnataka and the study area.
2. To assess the performance of Khadi and village Industries units in Karnataka and in the study area.
3. To examine the perceptions and responses of customers about the product quality and price of khadi and Village industries in the study Area.
4. To study the employees responses relating to their employment status and wage payment in Khadi and village Industries units the study area.
5. To identify and examine the problems of the khadi and village Industries units in the study area and to suggest measures for improvement.

➤ Research Methodology:

The study is basically an explorative and descriptive one. The focus of the study is on the performance, problems and prospects of the Khadi and Village Industries in the study area. The data is based on the empirical survey of the study units in the study area.

➤ Primary data:

Primary data is obtained from the respondents in Khadi and Village Industries units in Belgaum district covered by the study. Further, primary data is also obtained from the employees working in the study units and also from the customers of the Khadi and Village Industries products of the study units.

➤ Secondary data:

Secondary data has been obtained from publications of the Central and State Governments relating to the Khadi and Village Industries. Other Publications like research papers, reports, Theses, Google and Shodhganga infolibnet websites, etc have been profusely used.

➤ Data Analysis:

The data obtained through the field survey has been processed and arranged in appropriate tables for deriving conclusions and inferences. Simple statistical tools like percentages, averages, frequencies, growth rates etc have been used to derive conclusions. Advanced statistical tools like Chi-Square, Anova etc. are used wherever necessary. Graphical representations are made to highlight the significance of certain trends.

➤ PROBLEMS AND PROSPECTS OF KVI IN BELAGAVI

Problems of Belagavi are divided in to two categories –external and internal. External problems are those which results in from factors beyond the control of entrepreneurs, and internal problems are in the enterprises.

1-Lack of Finance:

Basic Requirement for establishment of Industries is Finance though Khadi and village industries Board is extending financial help but it is not sufficient to meet the obligations .the Entrepreneurs in these area are not in a position to provide security to Banking, as a delay in existing financial assistance facility and also a procedures for taking loan also found very delay. it is observed that most of the cases that it takes more than 6 months to sanction the loan more over some of the Entrepreneurs not even aware of the sources of financial assistance to make use of it.

2-Non Availability of Raw material:

One more major problem of the industries is non availability of raw material of proper quality at reasonable price and low quality of raw material is also less, because of less finance the entrepreneurs have to depend upon middle mans a to get raw material on credit. Lack of finance force them to use cheap and low-grade raw material which affect the quality of finished products . khadi and village industries like Poultry ,edible oils, Black smith , fruits and vegetable, processing are obtaining raw material from different places in Belagavi.

3-lack of infrastructure facility

It is not easy to decided the location it involves Infrastructure facility,the cost and availability of Labour, local availability of Raw material & marketing facilities . KVIC and KVIB provides finance to entrepreneur for the construction & Maintenance of the unit but it is from that many of the units facing a problem of lack of Infrastructure facility. i.e space for Artisans to worker , in some case buildings are un safe during rainy season no basic facility is provided to the artisans .

4. Problem of skilled labour

It is observed that there is lack of labour facility in KVI sector some times getting skilled and effective employees for the appropriate worker is difficult to KVIC and KVIB industrie it is because of there is no fixed payment for the spinners and wievers. payment is depending upon their work . some of the Traditional artisans unwilling to follow h heridictory occupations patterns because the income from those occupation is very less to run their livelihood.

5. Marketing Problems

This is one of the major problem of KVIB&KVIC there are Khadi Gramodyog Bhavan under KVIC &KVIB for marketing of products from KVI but these facilities are inadequate for the efficient marketing of the products due to this problems some entrepreneur have to take their products from door to door service to sell their products & some are depends on middle mans these constrains in marketing adverse affect on production and also competition from large scale industries is a major problem in marketing. Perception of customer is that the Machine made products are more better in quality as well as price ,so prefer machine made goods. In KVI remuneration of spinners and wievers is less it is depending upon the production hence the price of the product increases automatically bu in Large scale industries production is higher than the Labour cost so that they can sell their products at lower price . lack of bargaining , lack of quality control, not trendy, ignorance of potential markets are also the problems of KVI.

➤ Major Findings of the study:

1. The functioning of Khadi and Village Industries Commission and the Khadi and Village Industries Board has been considered satisfactory by all the 9 respondent Khadi industries institutions covered by the study in the study area. KVIC is a national level nodal agency with vast resources of finance and human resources. It provides financial technical marketing and informational assistance to Khadi units. Khadi Industries Boards (KVIBs) at State level work in direct link with the Khadi Industries Units and provide all the assistance and help to Khadi units.
2. Khadi Institutions involve relatively lesser amount of capital since they use labour intensive devices and are largely labour intensive.
3. Interacting with customers is an important technique for the retention and expansion of customer population. Hence it was necessary to obtain information about this aspect from the Khadi units.
4. Infrastructure is an important requisite for any business activity. It is needed for all the functions like production, marketing etc. The responses of the Khadi units in this context indicate an unsatisfactory position.
5. Marketing of Khadi products by the Khadi institutions has been through open market according to all the 6 respondent officials of the Khadi units covered by the study. Marketing practices like online marketing and door to door services marketing has not been practiced by the respondent Khadi Institutions in the study area. The modern method of online marketing has not made its presence in the rural based industries like Khadi.

➤ SUGGESTIONS :

1. Khadi Industry is found weak in planning and implementation mechanism as the linkages between production, sales and employment generation are not adequately considered. Khadi units must concentrate on production of saleable products.
2. There is need for modernization and technological innovation. This would help in incorporating better design and improvement of quality of Khadi products. Standardization and quality maintenance is at the heart of the production and marketing of Khadi units.
3. Khadi sector is faced with the problems of unintended stock buildup constraints to input availability, capital of institutions / units getting locked up for years, non-availability of improved technologies and repair facilities and outmoded product mix etc.
4. Marketing strategy of Khadi centers should be overhauled. Product development and marketing need a professional approach.
5. Khadi units should be ensured adequate working capital as the present survey has revealed the problem of inadequate supply of working capital to these units.

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