



Short Communication

A study of Khadi and village industry in Northeastern region of India

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Abstract

The word “Khadi” associated with the Indian Culture could be traced back to the times of India’s freedom struggle movement led by the father of the nation, Mahatma Gandhi. The importance of Khadi and Village Industry is connected with rural industrialization leading to the welfare and economic development of rural population and regional balanced development of economy. Since the times of independence, amongst the entire regions of India, Northeast part is lagging behind in the development process, although it has a great potential in terms of their abundant valuable natural resources but the major problem is underutilization of those resources. So, Khadi and Village Industry could be the solution by proper utilization and channelization of the available resources. The prime objective of this study is to analysis and understands the physical performances of Khadi and Village Industry with respect to production, employment, sales and funds of Northeastern states. To study and analysis the set objectives data is collected from secondary sources for ten years from 2006 -2016. In this study KVI of each state of northeastern region of India has taken together for their productions, employments, sales and fund analysis.

Keywords: KVI, Production, Sales, Employment, Gross State Domestic Product, Economic development.

Introduction

Since traditional time Khadi is very famous and common word in India and Indian people used to link Khadi with national prestige. Khadi refers to the term for hand-woven textile by using the raw materials such as silk, wool and cotton. Khadi industry is a center of village industry whereas other’s industries revolved around it. Generally, Khadi and Village Industries are about the rural industrialization with a motive to provide employment and overall well-being of rural societies in India. Particularly, the word’s Khadi is very closely connected with Indian’s emotion as Khadi represents Swedish movement based on the ideology of self- reliant by Mohandas Karamchan Gandhi to boycott of foreign imported goods in general and foreign cloths in particular¹. Before independence, its development work was solely under the non-governmental organization but, after independence the charged had been undertaken by the Government of India under the five year plans. Therefore, Khadi and Village Industries Commission (KVIC) was set up by GoI as a statutory body under the Parliament Act. Since 1956, KVIC has been playing crucial role in overall development of rural industries with providing gainful employment to unemployed rural population to attain sustainable growth and development of the rural sectors in India². The Khadi and Village industries occupy a crucial position in Northeast India by not only to make strong foundation of rural economy, but also to maximize or efficient allocation of untapped vast natural resources and workforce.

KVIC established its offices in each state, mostly state’s capital like Guwahati, Shillong, Gangtok, Agartala, Itanagar, Imphal, Aizawl, Dimapur (capital- Kohima). Altogether a regional office to see and supervise the working and implementation of various programs of Khadi and Village industries is located in Guwahati, India.

Review of Literature: Nitin Jain and MahendraIkhari in his research paper “On the impact of physical performance of Khadi and Village Industries on Economic development of Chhattisgarh state” studied about the relationship between physical performance which includes production, employment and sales with respect to Economic development with the help of Human Development Index (HDI). The finding of the studied is that economically Chhattisgarh has improved with the improvement of physical performance of KVIC. Thus, both have a positive relationship³.

Nitish Goel and Kshitil Jain in his research, titled “On analysis of the state of Khadi in India with equilibrium problems” tried to understand the factor behind the limited growth of Khadi as an industry. The functioning of KVI commission and Rajasthan Khadi and Village industry board was examined to current market strategies, which found that 52% marketing their products by themselves followed by 27% through weekly markets and exhibition arranged by KVIC and KVIB, 6% through hotels, Government hospital and other institution and at last, with the minimum sales of only 15% through Government retail shops.

In this paper some of the crucial factors was mentioned which hinder the growth of Khadi as an industry with respect to India and that's are, in demand side- Less awareness and preference to foreign brands, Limited working hours of the Khadi Bhandars, uneven quality and limited design patterns, in the supply side- Poor marketing linkages and obsolete weaving technology⁴.

Chinglen Maisnam in her research the condition of MSME sector in Northeast India was projected. So in the findings, researcher found that MSME are dealing with numbers of crucial development challenges. Aa per his research, approx 3 units falling sick every hour. Thus this pathetic condition of MSME is due to poor infrastructure and inadequate market linkages leading to inefficiency in competition with other's large industries⁵.

Mayank Gupta in her research on "Role of Khadi and Village industries commission in development of Khadi and Village industries in India- case study of Prime Minister Employment Generation Programme (PMEGP)" found that, since the commencement of PMEGP the margin money has been used to the extent of Rs. 7414.36 crore from the year 2008-2009 to 2015-2016 and given employment about 31.41 lakh persons through 370848 projects in the same period of years. In his research, he projected the modest success by the PMEGP program of KVIC. Thus, need a creative push both from the central as well as state governments⁶.

Objectives: i. To study the trend of KVI Production, Employment, Sales and Fund allocated to KVI in Northeastern Region in India during 2006-2016. ii. To find out the relationship between the Employment, Sales of KVI with respect to KVI production in Northeastern region of India.

Methodology

Data Source: This research uses secondary type of data collected from various reports of Government, other's institution reports and published articles related to Khadi and Village Industries. Those selected yearly basis data are taken as main inputs for quantitative analysis and for it correlation and regression methods are used.

Modal: The research used simple Regression model to find out the relation between productions, employment, sales by using one dependent and one independent variable in model. In the model production (P_{KVI}) is the dependent variable and employments (E), sales (S), are independent variables.

$$P_{kvi} = \alpha_0 + \beta_1 E + \epsilon$$

$$P_{kvi} = \alpha_1 + \beta_2 S + \epsilon$$

P_{kvi} : Production of Khadi and Village Industries, α : Constant, β : Slope, E: Employment, S: Sale. ϵ : Error term.

Hypothesis: The hypothesis examines the relationship and the influence of independent variables to dependent variable. In the model there are three independent variables and one dependent variable. i. H_0 : There is no significant relationship between production and employment of KVI in Northeast India. ii. H_1 : There is significant relationship between production and employment of KVI in Northeast India. iii. H_{01} : There is no significant relationship between production and sales of KVI in Northeast India. iv. H_{11} : There is significant relationship between production and sales of KVI in Northeast India.

Results and discussion

Data analysis: The Production, Employment, Sales and Fund are analyzed separately with the help of trend lines, whereas with the use of Correlation and Regression researcher tried to examine the relationship between Production with the respect to Employment, Sales and Fund. It has been found that Employment and Sales is significance to production, but Fund is not significant, so we dropped that variable in the model.

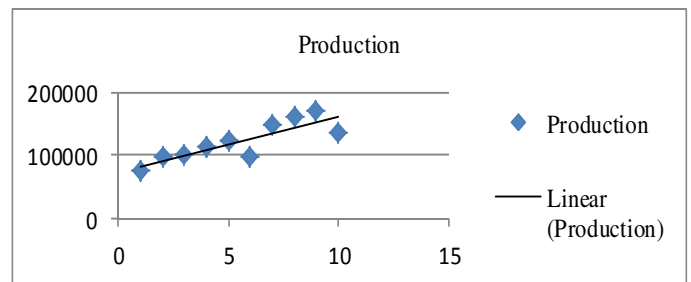


Figure-1: KVI Production in Northeast region^{9,10}.

The Figure-1 shows the fluctuation in production during the ten years. From 2006-2016 the Average Annual Growth Rate of production is 8.07 percent and Compound Annual Growth Rate is 0.060994. There was the significant decrease in production of KVI in the years 2011-12 and 2015-16.

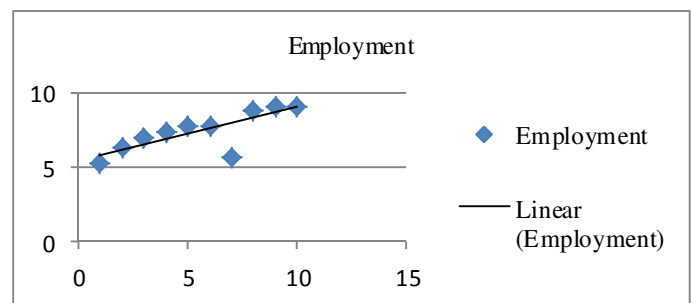


Figure-2: Employment generation by KVI^{9,10}.

The Figure-2 shows the employment trends on yearly basis. From 2006-2016 the Average Annual Growth Rate in employment Generation is 7.30038 percent and Compound Annual Growth Rate is 0.056344. All years Employment has significantly increased except during the year 2012-13.

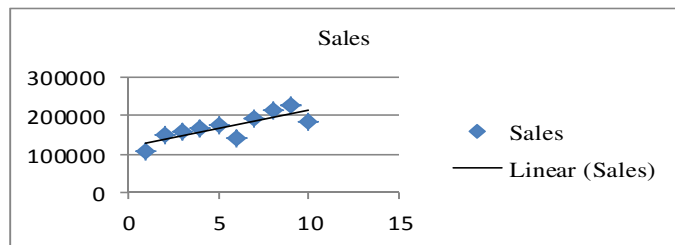


Figure-3: Sales of KVI^{9,10}.

The Figure-3 is showing the sales trends during the period of ten years from 2006-2016, Since 2006-2016 the Average Annual Growth Rate of sales is 6.716392 percent and Compound Annual Growth Rate is 0.052723. Similarly, like the productions Sales was declined during the years 2011-2012 and 2015-16.

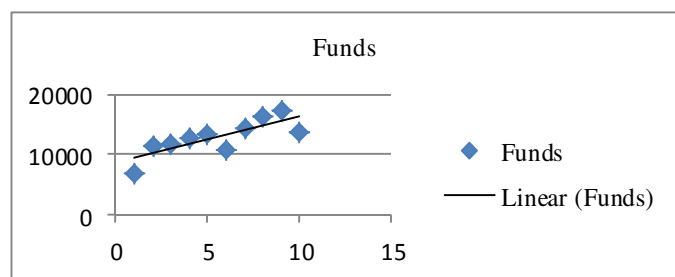


Figure-4: Fund allocation to KVI^{9,10}.

The Figure-4 is showing the allocation of fund from the government in KVI from the years (2006-2016) in Northeast India, which is showing fluctuation in almost all the years. Since 2006-2016 the Average Annual Growth Rate of total fund allocation to KVI is 5.158664 percent and Compound Annual Growth Rate is 0.042476.

Table-1: Correlation.

Variables	Significance value	Correlation coefficient (R)
Employment	0.048	0.636
Sales	0.000	0.979

The above result shows the degree of correlation and significant level of production with respects to employment, sales. i. There is a positive moderate correlation between production and employment at a degree of 0.636. ii. There is a positive highly correlation between production and sales at a degree of 0.979.

$$P_{kvi} = 17783.725 + 14268.187E + e$$

$$P_{kvi} = -27448.053 + 0.879S + e$$

P_{kvi} : Production of Khadi and Village Industry in Northeastern Region in India, E: Employment, S: Sales, e: Error term.

Table-2: Regression analysis.

	R ²	Significant	Coefficient	Constant
Employment	0.404	0.048	14268.187	17783.725
Sales	0.979	0.000	0.879	-27448.053

For employment R² = 0.404, which states that at the value of 0.404 employment is influenced production. Hence, both of them are having positive relationship.

For sales R² = 0.979, the outcome is indicating that the fluctuation in production is influenced by sales by 97.9%.

H₀: Employment significant value is 0.048 < 0.05, so H₀ (null hypothesis) is rejected and H₁ (alternative hypothesis) is accepted. Thus, the change in employment has a significant influenced on production of KVI in Northeast India.

H₀₁: Sales significant value is 0.000 < 0.05, H₀₁ (null hypothesis) is rejected and H₁₁ (alternative hypothesis) is accepted. Thus, the change in sales has a highly significant influenced on change in production of KVI in Northeast India.

Conclusion

There was negative growth of production during the 2011-12 and 2015-16 leading to reduction in Sales as well in these same years.

The number of persons employed is not up to the mark to increase the production level as it is required. The statistical analysis shows that although it is significant contribution to production but, there is a prevailing of low level of marginal productivity by the employers as compared to sales contribution.

There is an efficient link between production and sales. In KVI of NE India, the sale contribution for expansion and growth of production level is in a higher amount. Thus, sale is revenue for the producer and in other words the capacity to purchase the raw material for next production which leads to increase in variable cost and then in output in the given particular area.

In the finding the contribution of funds or subsidies is not giving much significant improvement, which states that there might be inefficient allocation or improper utilization of fund, which is not reaching to the ground level to increase the production and productivity of KVI in Northeast region of India.

By summing up, Khadi and Village industries are a backbone for rural industrialization in Northeastern part of India due to its huge untapped potential of natural resources, manpower and its geographical constraint to setup heavy industries in order to provide employment and livelihood to the population.

So, Khadi and Village Industry is one among the best solution for this problem and also no need of huge capital investment like heavy industries, but looking at the present condition of these industries in this region is not so fruitful which need greater attention to make these industries self-sustain and able to play as a generator for economic growth and development of the region, which can be possible through bringing structural change by using sophisticated technology, creativity in output and marketing strategies in order to attract consumers. So that, demand could be raise and with that higher demand, revenue of the producer would increase, lead to increase in purchasing power of producers to buy raw materials and cause push in variable cost which ultimately again lead to greater production which will keep on increasing with the effect of multiplier. Khadi and Village Industries in Northeast region would be the best solution for regional development and for proper and effective utilization of untapped natural resources.

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