REVIVAL OF KHADI – AN ANALYSIS OF THE STATE OF KHADI IN INDIA WITH SUPPLY AND DEMAND SIDE PROBLEMS

Nitish Goel1. Kshitij Jain2

1Department of Chemical Engineering, Indian Institute of Technology Delhi, New Delhi, India 110016

ABSTRACT
Khadi, the hand woven cloth gained much prominence when it was institutionalized by Mahatma Gandhi as a symbol Swadeshi to fight against the British rule. After independence, the Khadi and Village Industries Commission was established to strengthen Khadi as a means of strengthening the rural economy. However, Khadi has not been successful in penetrating the masses as a consumer product. Its use has been limited to politicians and devoted followers of Gandhi. This short paper makes an attempt to capture the reasons behind limited growth of the Khadi as an industry. The workings of Khadi and Village Industries Commission and Rajasthan Khadi and Village Industries Board are reviewed for the current marketing strategies. Subsequently, demand and supply side problems have been identified based on a literature review and recommendations have been made to tackle these issues.

INTRODUCTION
KHADI means any cloth woven on handlooms in India from Cotton, Silk or Woollen yarn, hand spun from a mixture of any two or all of such yarns. In India, Khadi is not just a cloth, it is a whole movement started by Mohandas Karamchand Gandhi. The Khadi movement promoted an ideology, an idea that Indians could be self-reliant on cotton and be free from the high priced goods and clothes which the British were selling to them. The British would buy cotton from India at cheap prices and export them to Britain where they were woven to make clothes. These clothes were then brought back to India to be sold at hefty prices. The Khadi movement aimed at boycotting foreign goods including cotton and promoting Indian goods, thereby improving India’s economy. Mahatma Gandhi began promoting the spinning of khādī for rural self-employment and self-reliance (instead of using cloth manufactured industrially in Britain) in 1920s India thus making Khadi an integral part and icon of the Swadeshi movement. The freedom struggle revolved around the use of khādī fabrics and the dumping of foreign-made clothes.

The following table compares Khadi vs Other Fabrics and highlights its advantages:

Khadi And Village Industries Commission

Before Independence, the development of Khādī and Village Industries was entirely a non-governmental effort under the guidance of Mahatma Gandhi. After independence, the Government of India took the responsibility of bringing the development of Khādī and Village Industries within the overall framework of the Five Year Plans. Therefore, the Government of India set up Khadi and Village Industries Commission (KVIC), which is a statutory organization by an Act of Parliament. This organisation came up in 1956 and it plays a pivotal role in the strengthening of rural economy by promoting and developing Khadi and Village Industries. The Khadi and Village Industries programme plays a predominant role in providing employment opportunities to rural artisans more specifically the socio-economic weaker strata of the society. Since agriculture sector has been losing its ability to generate additional employment opportunities for the fast increasing workforce in rural areas, the importance of Khadi and Village Industries Commission (KVIC) has increased to find an alternative and appropriate employment for rural people.

Functions of The Khadi And Village Industries Commission

The functions of the KVIC are generally to plan, promote, organize and assist in implementation of programmes for the development of Khadi and village industries. To achieve this, it undertakes
(a) Financing of eligible agencies
(b) Training of persons employed or desirous of seeking employment in Khadi and Village industries, supervisors and other functionaries;
(c) Building the reserves of the materials;
(d) R&D in Khadi and Village Industries sector;
(e) Promotion of sale and marketing of Khadi and village industries products;
(f) Promotion and encouragement of cooperative efforts among the persons engaged in Khadi and Village Industries, etc.

The implementation of Khadi and Village Industries Programme in our country is a joint effort of the Khadi and
Village Industries Commission, which is an Apex Organization at the Central level and the State Khadi and the Village Industries Boards, functioning in various States and Union Territories. Though, the primary responsibility of carrying out programme of village industries lies with State Khadi& Village Industries Boards, they require drive and direction from central as well as state governments for the proper development of this sector. That is the reason when the Government of India decided to constitute a National Level Organisation in the name of Khadi and Village Industries Commission (KVIC). It emphasized the need for similar organisations in States also, to work in collaboration with the Central Organisation. Subsequently, the State Khadi and Village Industries Boards were constituted in all States and Union Territories.

At present, there are 30 State KVIBs functioning all over India. These Boards are mostly assisting the implementing 13 agencies involved in the village industries programme. As on date, in general, about 77.96% of KVI Programme, in terms of production, is being implemented by State Khadi and Village industries Boards.

MARKETING AND SALES BY KVIC

KVIC has a Directorate of Marketing at Central Office Mumbai and is running a number of Bhavans. Some of these Bhavans are making profits and the rest are running in loss. The major problem encountered with KVIC products is regarding marketing and sales. Khadi and V.I. products are being sold through the network of 5441 sales outlets of directly aided institutions of KVIC and KVIBs including departmental sales outlets. This is an internal arrangement for KVI products and there is no full assurance of sales for entrepreneurs/units. Many of the KVI units/institutions are having their own arrangement for sales through wholesalers, retailers, etc. and finding it difficult to market their products. Field data indicates that, 52% of the cases have reported marketing of their products by themselves followed by 27% through exhibitions and weekly markets arranged by KVIC/KVIB, 6% as sales through Government hospitals, hostels and other institutions and only about 15% through Government retail shops. Though HPC has recommended replacement of rebate with Market Development Assistance, the units/entrepreneurs are not enthusiastic about this arrangement and KVIC is not implementing the programme.

Sale of Khadi registered a 6 per cent growth in 2013-14 across the country, while the gain in production during this period was by about 6.45 per cent.

Industry experts have attributed this increase to availability of designer or fashion Khadi, which is changing thinking of the youth and attracting them towards it.

In value terms, the production of Khadi touched Rs 811.08 crore during 2013-14. Sales gained by 5.82 per cent and rose to Rs 1,081.04 crore from previous fiscal's Rs 1,021.56 crore. Employment in Khadi industry improved by 2.52 per cent in 2013-14.

Generally, Khadi sale increases between October and March as the discount periods start from Gandhi Jayanti every year. However, the scenario is changing with entry of fashion in Khadi. Several state level bodies like have joined hands with National Institute of Design and National Institute of Fashion Technology to produce designer ready-made Khadi clothes.

OBJECTIVES

The following are the main objectives of the current study.

1. To identify the demand side problems with respect to the Khadi Industry in India.
2. To identify the supply side problems with respect to the Khadi industry in India.
3. To recommend an action plan for overcoming the identified problems to enable a faster growth of the sector.

A detailed analysis of the current scenario of Khadi industry in the state of Rajasthan has been carried out to develop the model which could then be implemented elsewhere with a few region specific tweaks as required.

RAJASTHAN KHADI & VILLAGE INDUSTRIES BOARD

The Rajasthan Khadi& Village Industries Board was established by the state legislature in 1955 to provide for the incorporation and establishment of a Board for encouraging and organizing Khadi and village industries in Rajasthan.

The following were outlined as the main functions of the Board:

1. To start, encourage and run Khadi and village industries.
2. To help the people by providing them with work in their homes and to give them monetary accommodation.
3. To organize cooperative societies for Khadi and Village industries.
4. To train people at the established centres of training in Khadi and village industries.
5. To arrange for the supply of raw materials, tools and implements for khadi and village industries and for the sale of finished goods.
6. To arrange for publicity of manufactured Khadi goods through stores, shops, exhibitions etc.
7. To endeavour to create in public a liking for Khadi industries and for the utilization of products made in these industries.
8. To seek and obtain advice and guidance on the above subjects by inviting experts.
9. To undertake and encourage research in Khadi and Village industries.

Figure 1 shows the organizational setup of the Rajasthan Khadi and Village Industries Board.

DEMAND SIDE PROBLEMS

1. Less awareness and preference to foreign brands: The major reason for the low demand of Khadi products in India is the low awareness among the general masses with reference to the product range of the Khadi and the associated benefits. The urban population is influenced by the heavy promotional activities of the major multinational clothing brands. So much so that these brands have become a kind of status symbol and thus, donning Khadi would not get “appreciative nods of approval” from the society. There is an urgent to step-up the publicity of the Khadi products in order for them to enter the mainstream market.

2. Limited working hours of the KhadiBhandars: Khadi shops open at 9 o’clock in the morning and shut by 1 o’clock. Then they again open at 3 p.m. and shut by 6 p.m. They work according to the Government timings. Therefore, it loses on a lot of shoppers who generally visit the markets during late evenings or weekends. This is also the major reason for the building up of stocks of cloth all over the shops which then have to be disposed of at cheap prices. Additionally, the employees handling the sales are generally lacking in professional training and have low motivation towards selling the Khadi.

3. Uneven quality and limited design patterns: Raw material is bought by the khadi institutions which differs in cost as well as the quality, therefore there is a considerable
variation in the quality of the finished products even in the same sale price range. The equipment involved at pre-
processing and spinning-weaving stages affects the quality in a huge way. The centres where relatively newer machines are used result in better quality of the goods. Weak R&D infrastructure and transfer mechanism leads to limited design patterns available to the customers. Naturally, the customers who have limited options end up not buying the goods at all.

**SUPPLY SIDE PROBLEMS**

1. **Poor Marketing Linkages:** The central problem with the supply side is the poor marketing linkage. The efforts being made to understand the needs and preferences of the market are minimal. There is a mammoth need to identify and target the appropriate consumer base. The weaver is totally isolated from the market. There is no effective feedback loop in place to keep up with the changing trends and demands of the market. This has led to dwindling sales figures and lower wages to the artisans due to reduced margins. Even where mechanisms to counter this problem have been put in place, there exists an information dissemination bottleneck between the KVIC and the institutions. There is a lot of time lag between innovation and implementation.

   There is a substantial demand for Khadi products in some foreign countries as well but lack of evenness is acting as a barrier to exports. A lot of the institutions believe that they can export cloth and have an understanding of the market abroad but they do not know the strategies and procedures to export.

2. **Obsolete Weaving Technology:** Most of the weaving is done on the pit-loom by home based weavers who are in majority, frame-loom are used though to a limited extent in the shed based weaving by some institutions. The productivity as a function of the time spent is low and there is a considerable variation in the quality of the cloth produced. Innovation and improvements in the weaving implemenet can help a lot in overcoming this obstacle.

**DEMAND SIDE RECOMMENDATIONS**

1. **Increasing the Awareness of Khadi Brand:** Marketing promotions of Khadi are done mainly by Institutions and they have just meagre 0.5% of the total cost of the product to be spent on marketing the product. Marketing should also be done centrally through newspapers and televisions so that outreach of Khadi product can be increased all over India. Also, instead of investing much on infrastructures by establishing new sales bhandar, money should be invested more in other marketing strategies. Khadi should be promoted as an environment friendly product. People all over the world are becoming more and more concerned about the environment and they would be ready to pay some extra cost for environmental friendly product.

2. **Building Khadi as a Brand:** KVIC need to build a brand to shift the focus o the urban and niche markets in India and abroad. 5000 products come under the khadi brand. We need to establish separate brands for products and then market those products according to their respective customer base. Two main things need to be done for this –

   2.1 Improving the quality of products – There is a need to improve the quality of khadi products. Khadi products are uneven and thus can’t be exported. Introduction of power can solve the problem of evenness of the cloth in the spinning stage. Also, the quality of products can be improved by taking high quality cotton as raw material. There should be a check on the quality of all the products of khadi. Following of norms set by Ahmedabad Textile Research Association (ATIRA) or any other such organisation would be a good step forward in this regard.

   2.2 Improvements in design – KVIC needs to be the facilitator in providing new designs and patterns. Most of the designs and colour of Khadi are outdated. There haven’t been much improvement in them. KVIC needs to tie up with external agencies involved in this area so that there is exchange of ideas and flow of information about changing market scenario. Also, implementation of ideas have to speed up so that there is no delays and the new designs don’t go out of fashion.

3. **Selling Products Online:** This can be one of the major steps to increase the demand of Khadi products. Number of customers shopping through e-portals is increasing day by day in India. Khadi can setup online stores through various websites like Ebay, Flipkart, Snapdeal etc.Khadi sales bhandars are spread all over India and the products could be delivered easily.

4. **Use of Khadi Products in Government Organisations:** Government organisations should use as much Khadi products as they could as the products are eco-friendly in nature and will help to sustain the Khadi industry. For instance, in such offices where the Government is responsible for the procurement of uniforms for the employees, the uniforms could be ordered to be made out of Khadi cloth.

**SUPPLY SIDE RECOMMENDATIONS**

1. **Improvement in Technology:** The technology of weaving has to be upgraded. The use of frame looms and jack looms instead of pit looms can improve the productivity. Putting a jack-up-motion on the frame-loom would increase the evenness and quality of cloth.

2. **Easing up of Bureaucratic procedures:** There is a significant time lag between the formulation and implementation of various policies in the Khadi sector. For example, many elaborate formalities need to be carried out just to buy the raw material from the farmers. Such processes need to be accelerated so that raw materials can be purchased as and when required without any hassles.
Table 1: Comparison of Khadi and Other Fabrics (Source: rajkhadi.rajasthan.gov.in)

<table>
<thead>
<tr>
<th>Sr No</th>
<th>KHADI</th>
<th>OTHER FABRICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HAND SPUN &amp; HAND WOVEN</td>
<td>MACHINE SPUN &amp; WOVEN</td>
</tr>
<tr>
<td>2</td>
<td>ECO FRIENDLY FABRIC (NO USE OF HARMFUL CHEMICALS. Production process is harmless for the environment)</td>
<td>USE OF HARMFUL CHEMICALS</td>
</tr>
<tr>
<td>3</td>
<td>BREATHING AND VERSATILE FABRIC SUITED FOR ALL SEASONS AND CLIMATE</td>
<td>SUITED FOR CERTAIN CLIMATES AND SEASONS</td>
</tr>
<tr>
<td>4</td>
<td>IT IMPROVES WITH EVERY WASH</td>
<td>IT DECAYS WITH EVERY WASH</td>
</tr>
<tr>
<td>5</td>
<td>IT IS HYGENIC, ANTI MICROBIAL FABRIC HARMLESS TO THE SKIN</td>
<td>IT MAY BE ALLERGIC TO THE SKIN</td>
</tr>
<tr>
<td>6</td>
<td>WATER ABSORPTION CAPACITY IS MORE</td>
<td>WATER ABSORPTION CAPACITY IS LESS</td>
</tr>
<tr>
<td>7</td>
<td>INDIVIDUAL FIBRE STRENGTH IS HIGH IN KHADI</td>
<td>INDIVIDUAL FIBRE STRENGTH IS LESS IN KHADI</td>
</tr>
<tr>
<td>8</td>
<td>3 LITRE WATER IS USED IN PRODUCING 1 METER KHADI</td>
<td>55 LITRE WATER IS USED IN PRODUCING 1 METER FABRIC</td>
</tr>
</tbody>
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Figure 1: Organizational Setup of the Rajasthan Khadi and Village Industries Board (Source: rajkhadi.rajasthan.gov.in)

REFERENCES
Khadi and Village Industries Commission: www.kvic.org.in
Rajasthan Khadi and Village Industries Board: rajkhadi.rajasthan.gov.in