The Government is promoting village industries

The Khadi and Village Industries Commission (KVVIC) has devised quality assurance norms. These include standard parameters for cotton fibre, norms for yarn, cloth and fast colour

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What incentives are being given to exporters?
The government has taken a number of steps to promote exports of Khadi and Village Industries (KVI) products. These include incentives to KVI institutions on direct export of KVI items at 5 per cent of the Free-on-Board (FOB) value to a maximum limit of ₹10 lakh and providing support through Khadi and Village Industries Commission (KVVIC), which has deemed Export Promotion Council (EPC) status.

Do eco-friendly products of traditional industries have a production and export growth potential?
Khadi and other village industries products are eco-friendly. Several KVI items are being introduced in the global market. The government has undertaken steps to strengthen traditional industries like khadi, village and coir. Many initiatives have been taken like the Scheme of Fund for Regeneration of Traditional industries (SFURTI), strengthening infrastructure of the existing weak khadi institutions and assistance for marketing infrastructure. The Workshed Scheme for khadi artisans and Khadi Karigar Janashree Bima Yojana have been set up. Besides the KVVIC has implemented a comprehensive Khadi Reform and Development Programme. The Coir Board has implemented plans of rejuvenation, modernisation and technological upgradation of the coir industry.

How much employment does KVVIC generate in the rural areas?
Employment for an estimated 113.80 lakh people has been generated under KVI sector as on March 31, 2011.

How does KVVIC ensure purity of khadi?
Khadi-producing institutions follow the parameters for quality fixed by KVVIC to ensure uniform quality. These include standard parameters for cotton fibre as well as norms for yarn, cloth and colour fastness properties. Besides these, the methods and equipment used for testing quality are implemented.

The Government, through KVVIC, has initiated a comprehensive Khadi Reform and Development Programme, inter alia, to assure the purity of khadi to the end user. Under this, it is envisaging the introduction of "Khadi Mark" for positioning the fabric as a guaranteed hand-spun and hand-woven cloth.

Khadi is the textile of the future

The loom used in weaving makes the textile porous, soothing and the most comfortable to wear. Its design is being improved upon in collaboration with premier institutions like NID and NIFT.

Though interest in khadi is growing, a majority of people still find it old-fashioned. How do you plan to make the fabric more attractive?
Khadi is considered a breathing textile. It is a hand-spun and hand-woven cloth and, therefore, very comfortable to wear. This is because the loom used in the weaving of khadi interlaces the threads in a manner that maximum air permeates the body and soothes it more than any other fabric. In fact, khadi is the textile of the future. Its design is being improved upon in collaboration with premier institutions like the National Institute of Design (NID) and National Institute of Fashion Technology (NIFT). 

What steps is KVVIC taking towards the welfare of artisans?
A group insurance scheme called the Khadi Karigar Janashree Bima Yojana (JBY) was launched on August 15, 2003. It was formulated by Khadi and Village Industries Commission (KVVIC) in association with the Life Insurance Corporation of India (LIC) with the annual premium of ₹200 per beneficiary.

Who are your target beneficiaries in the SFURTI scheme?
The Ministry of Micro, Small and Medium Enterprises has been implementing the cluster-based scheme named Scheme of Fund for Regeneration of Traditional Industries (SFURTI) since 2005-06 through the KVVIC and Coir Board. Under SFURTI, 29 khadi industries, 50 village industries and 26 coir clusters with more than 500 traditional artisans per cluster, have been targeted.

Tell us about the reforms you are planning to undertake.
The Government has launched the Khadi Reform and Development Programme (KRDP) which aims at revitalising the khadi sector with enhanced sustainability. Market development activities like market survey, design inputs, brand building, "Khadi Mark" promotion, development of clusters in five traditional village industries, opening of new sales outlets in metropolitan cities and state capitals and renovation and modernisation of institutional sales outlets are proposed to be carried out under the programme.
You are known as a senior Gandhian. Also, you are attached with Khadi and Village Industries Commission (KVIC). Tell us about your views, dreams and role in this programme?

Today, village industries are affected by the market. Only industries that are capable of overcoming market hurdles will survive in the field. The norm applies to KVIC programmes as well. The Government of India has received monetary help from the Asian Development Bank to help boost village industries. Khadi will get financial support from the Government. We are looking forward to capture a larger market. To achieve this, we will take the Private Public Partnership (PPP) initiative, so that we are able to sell our products on a large scale. We are working out strategies to increase the number of marketing centres and sales outlets. We will make different products for the domestic and international markets.

Which three fields are you planning to focus on so that KVIC programmes run smoothly?

We have to be very careful while promoting khadi. Therefore, KVIC and the Government of India need to work in coordination. We have to follow a "give and take" policy. We will improve our service and the quality of products so that people can rely on khadi. Second, we are working towards the betterment of artisans. Their working and living conditions need improvement. We are adopting the latest production technologies and have a new vision for marketing. Last but not the least, our priority is to maintain transparency.

Artisans are the strength of KVIC. What steps are being taken for their benefit?

Their salaries will see an increase during the 12th Five-Year Plan. We will help them save money and have already taken a few steps in this direction. We have to keep in mind the basic aim of KVIC. We have started the Janashree Bima Yojna for our workers and are planning to provide artisans health insurance. These steps will definitely help them work better and KVIC can cover various milestones towards excellence.

KVIC deals with employment opportunities for artisans and craftsmen in rural areas. Has it been successful in this direction? Through its vast network, KVIC has reached every nook and corner of the country and created employment opportunities. It has been successful in providing employment to 113.80 lakh people as on date 2010-11 through various schemes.

Khadi Bhandars need to come up with more strategies to compete with malls and supermarkets. What steps is KVIC taking to market products in a better way?

KVIC is aware of the present market scenario and has taken several steps in planning and marketing products. For this, Khadi Plaza and Khadi Haat are proposed. We intend to create franchisee for marketing products through reputed stores, including malls and supermarkets.

How has KVIC helped generate employment clusters and develop micro enterprises?

In the last three years, KVIC has achieved milestones of 1.15 lakh micro enterprises throughout the country, providing employment opportunities to 11.57 lakh people under the Prime Minister Employment Generation Programme (PMEGP). Under SFURTI (Scheme of Fund for Regeneration of Traditional Industries), 76 clusters are in operation all over the country and doing well.

What efforts has KVIC taken in promoting eco-friendly and hand-made products?

Producing units are being encouraged to participate in domestic exhibitions and international trade fairs. Buyer-seller meets are being organised abroad for which KVIC is extending financial and other policy support. There is a scheme of providing five per cent export incentives to units engaged in direct export of KVI products.

Foreign Direct Investment (FDI) in retail will bring major international players into the country. How is KVIC bracing for the challenge?

KVIC products can face the quality challenge posed by international brands. Marketing Organisations (MO), as proposed in the Khadi Reform Development Programme under the ADB-assisted project, will provide a platform to existing KVIC manufacturers at sales outlets, which will be able to compete with any product in terms of quality, price and appeal alongside foreign brands. Eco-friendly and hand-made products will withstand the onslaught of multinational agencies/products.
Khadi connotes the beginning of economic freedom and equality for all in the country. It must be taken with all its implications. It means a wholesale swadeshi mentality, a determination to find all the necessities of life in India, and that too, through the labour and intellect of villages.

— Mahatma Gandhi

Khadi and Village Industries

Mahatma Gandhi started Khadi and Village Industries to rejuvenate the rural economy as part of the freedom struggle. The All India Spinners’ Association was established in 1925 and All India Village Industries Association in 1934. Post-Independence, the Government committed itself to the development of the rural sector through Khadi and Village Industries. In 1953, the All India Khadi and Village Industries Board was set up under the Ministry of Commerce. Subsequently, in order to ensure autonomy in its functioning, the Khadi and Village Industries Act was passed in the Parliament in 1956 and the Khadi and Village Industries Commission (KVIC) was born in 1957 with its headquarters in Mumbai. KVIC functions under the administrative control of the Ministry of Micro, Small and Medium Enterprises, Government of India.

The prime objective of KVIC is to provide employment in rural areas through production of saleable articles. In the process, it creates self-reliance among people and builds a strong rural community spirit.

To achieve its objective, KVIC is entrusted with the functions of planning, promotion, organisation and implementation of programmes for the development of khadi and other village industries in rural areas in coordination with other agencies engaged in rural development. For more than five decades, KVIC has created a network of zonal/state/divisional offices besides having the support of all the State Khadi and Village Industries Boards (KVIB) established by the respective state governments.

The purity of khadi is ensured by its basic nature of being hand-spun and hand-woven. The spinning and weaving process creates opportunities for employment to a large number of traditional spinners and weavers within the precincts of their homes. More than 80 per cent of them are women.
KVIC has been promoting the use of organic cotton and natural dyes. It deals with traditional rural industries such as pottery, leather, hand-made paper, non-edible oils and soaps, processing of cereals and pulses. The ambit of village industries has been expanded to cover any production activity (except a few which are listed as negative activities that deal with liquor, tobacco, meat and environmentally hazardous products) as well as service activities under the scheme of Prime Minister Employment Generation Programme (PMEGP).

PMEGP was launched in September 2008 by merging the earlier prevailing Rural Employment Generation Programme (REGP) and Prime Minister's Rozgar Yojana (PMRY). PMEGP is the most attractive scheme with the rate of subsidy ranging from 15 to 35 per cent depending upon the location and the category of the beneficiaries. All micro projects up to ₹25 lakh for manufacturing activities and up to ₹10 lakh for service activities, could be covered under this scheme. Whereas KVIC and KVIB continue to promote the scheme in rural areas, the District Industries Centre works under the state government and is being implemented in rural as well as urban areas. During the last three years, more than 1.15 lakh projects have been set up under PMEGP providing employment opportunities to around 1.3 million people.

At present, every year 50,000 to 60,000 units are being set up, thereby generating employment opportunities for around five lakh people every year.

With khadi as well as village industries under PMEGP, KVIC has been able to create huge opportunities for sales of ₹25,792.99 crore besides a total employment generation of around 113.80 people as on 31.3.2010.

Due to the rigorous efforts of KVIC, khadi, which was seen as a cloth worn by the poor, has become quite glamorous. With the growing awareness about natural and hand-made products, it has cut across class, age and income groups. Indian designers like Rajesh Pratap Singh, Payal Jain, James Ferreira and Ritu Kumar have made the traditional fabric part of their collection. To meet the market demands and the taste of all classes within and outside the country, KVIC has embarked upon various initiatives. One of these is cluster development. During the 11th Five-Year Plan, ending March 31, 2012, the KVIC adopted a cluster approach to roll out a scheme for granting funds to carefully selected clusters for regeneration of village industries. The ₹65 crore Scheme of Fund for Regeneration of Traditional Industries (SFURTI) has seen financial assistance and technical support being provided to 29 khadi and 50 village industries clusters, benefitting around 50,000 artisans and craftsmen.

In the Gorakhpur cluster, 550 artisans were provided new charkhas under SFURTI. The NIFT design intervention and technical support from the Entrepreneurship Development Institute of India, Ahmedabad, has led to annual sales rising from ₹70 lakh to ₹2.5 crore and the earlier loss-making institution...
started earning profits in a period of three years.

For cluster development, KVIC provides ₹15 lakh per cluster for renovation of sales outlets, computerising accounts, getting ISO certification, designing a website, training people in colouring, designing, stitching, product finishing and packaging.

One of the management consulting agencies, which was engaged for independent evaluation of SFURTI programme, has appreciated its success.

The offshoot of SFURTI is the tremendous increase in the product range. In many regions, KVIC units are looking at innovations in marketing to chart better growth and reach.

In fact, one of the KVIC units in Meghalaya has engaged services of an MBA graduate for marketing bamboo products. Likewise, KVIC in Kerala has made ayurvedic products while Nagaland is gaining an edge in silk items under SFURTI.

Working on plans to create a global khadi brand, KVIC is engaged at various levels in product improvement, packaging, branding and sales promotion, holding fairs and exhibition in India and overseas, arranging buyer-seller meets besides setting up a web portal to get global reach.

Pricing is another area where KVIC has managed to break free from a six-decade old practice of cost chart mechanism, which was fixed annually by state committees. Under the old practice, production institutions had limited options to leverage marketing and pricing aspects as the rebate system restricted the sale of khadi during a special rebate period of 108 days a year.

Based on the recommendations of four high-powered committees — the first being headed by former Prime Minister late Shri PV Narasinha Rao — a Marketing Development Assistance (MDA) scheme was introduced April 1, 2010 onwards. The new system has freed the producing institutions to improve the quality of products through infusion of technology and design, while allowing more scope for sales and marketing promotion.

Now institutions are free to fix the product price based on value addition and market demand. In just one year, benefits of the new system are distinctly visible in better product sales, higher sales margin and enhanced flow of funds to the producing institutions. Due to improved liquidity, khadi-producing institutions have better leverage in procurement of raw materials, improvement in design and availing funds from financial institutions.

For customers used to waiting for the annual rebate season, there are better deals available from khadi institutions in terms of product choices, varied designs and even discounts through the year.

KVIC's ambitions to increase footprints all around have got a boost through a $150 million Asian Development Bank funded Khadi Reform Development Programme (KRDP). Under the three-year ADB programme, which started in September 2010, 300 khadi institutions will be provided ₹1.19 crore each to undertake reforms at all levels. Under the guidance of global consultants, KVIC has embarked on an ambitious plan to change the way its products are viewed.

In the offing are plans to set up 20 khadi plazas with an investment of ₹10 crore each within next two years under the Public-Private Partnership (PPP) mode. It will be the responsibility of the private partner to channelise the khadi brand, boost design sales network within the country and help complete the transformation of the khadi sector under the overall guidance of the Ministry of MSME.