

AN ANALYSIS OF EMPLOYMENT GENERATION IN KHADI INDUSTRY AND VILLAGE INDUSTRY

Article Particulars: Received: 17.04.2018 Accepted: 25.04.2018 Published: 28.04.2018

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Abstract

This paper analyses about the social objective of the Khadi and village industries commission. The paper looks into the employment generation in the sector of Khadi Industries and village industries from the year 2007-08 to the year 2016-17. The performance in the aspect of employment generation is analysed by way of checking the increase in the percentage of employment generated from the base year to the final year. An F test of two sample variance analysis is done to check whether there is a difference in the increase in employment with respect to both the industries.

Keywords: *Khadi Industries, Village Industries, social objective, Employment generation,*

Introduction

Khadi and Village Industries Commission was formed under the act Khadi and Village commission Act 1956 with the objective of providing employment opportunities to the rural population, to help produce articles that are saleable and with the intention of creating a self-reliance in rural folks and to build a strong community spirit. The various functions of this commission can be narrated as training persons directly or through agencies to help seek good employment, to supply directly or through agencies the raw materials required for production of goods that are involved under the Khadi and village commission, to help the rural entrepreneurs with technology and knowhow to increase the production with good quality and standard, to help the producers of goods to find a market to sell their goods at a good rate and fetch a good price for their product. The commission also provides financial assistance to the rural entrepreneurs. The main objective of the commission is to provide employment. The very meaning of Khadi is production of cloth, but the village industry has in the scope several industries namely, Mineral Based Industry Agro Based & Food Processing Industry (ABFPI), Polymer & Chemical Based Industry (PCBI), Forest Based Industry (FBI), Hand Made Paper & Fibre Industry (HMPFI), Rural Engineering & Bio Technology Industry (REBTI), SEP/Service Industry. Khadi and village industries are the main source of income for spinners, weavers and many artisans.

Review of Literature

Nitishgoel gives recommendation in his paper analysis of the state of Khadi in India a supply and demand side problems In his recommendations on the demand side he says to make Khadi as a brand and to improve the usage of khadi in the government industry. On the supply side he recommends to improve the technology and ease up the bureaucratic procedures. K. Balasubramaniam in his study on the Khadi and village sector analyses the budget, performance, production, sales and employment in Khadi and Village industries from the year 2003 to 2013.

Statement of Problem

The main objective of the Khadi and Village industries commission is the social objective which is to provide employment opportunities. The main problem faced by khadi and village industries is the marketing problem. Due to various technological advancement and innovation in fabric materials, khadi has a big competition in market because of sales of various other competent products which are very attractive at a cheaper rate. Also for the artisans the availability of cheap duplication in the products affects the sales of their original product, because the duplication is made of raw materials available at a very nominal rate which makes the price of the duplicated products also very affordable and cheap, whereas the original product is made of natural raw material which are at a higher cost than the duplicated products which lands the original product at a higher rate in the market, thereby, affecting the sales of the original product. When the sale of the product is affected, the demand reduces which ultimately affects the employment of the industry. This paper looks into the employment generation by KVIC for the period of ten years from 2007 to 2017.

Objectives of the Study

- The paper analyses the employment generated by the Khadi and Village industries from the year 2007-08 to 2016-17.
- The paper compares the employment generated by the khadi industry with that of the village industry.

Research Methodology

The paper is comparing the employment generated by the Khadi Industry and the village Industry. For the sake of analysis the required data is taken from the annual report given by the Ministry of Micro, Small and Medium Enterprises. The reports pertaining to the employment generated by both the industries are taken and an F test of two sample variances is performed to analyse the given hypotheses.

The hypotheses stated here is:

H_0 : there is no significant difference in the employment generated by the Khadi Industry and the Village Industry.

For the sake of analysis ten years data is taken from the annual report and compared. $F = \frac{S^2_X}{S^2_Y}$

Where S^2_X is the variance of the Khadi Industry and S^2_Y is the variance of Village Industry.

Analysis and Interpretation

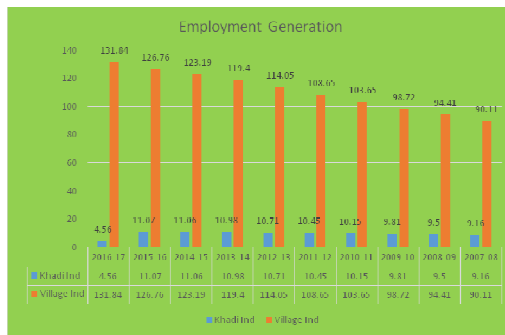
The data collected is from the annual report published by the Ministry of micro, small and medium industries. The data taken is for ten years from 2007 to 2017. The importance social objective of the Khadi and Village Industries Commission is to provide employment for the rural weavers and artisans who are under this sector.

The hypotheses stated here is:

H_0 : there is no significant difference in the employment generated by the Khadi Industry and the Village Industry.

Table Showing Employment Generated by Khadi Industry and Village Industry

Year	Khadi Industry	% increase	Village Industry	% increase
2016-17	4.56	41.19	131.84	104.00
2015-16	11.07	100.00	126.76	102.89
2014-15	11.06	100.72	123.19	103.17
2013-14	10.98	102.52	119.4	104.69
2012-13	10.71	102.48	114.05	104.97
2011-12	10.45	102.95	108.65	104.82
2010-11	10.15	103.47	103.65	104.99
2009-10	9.81	103.26	98.72	104.56
2008-09	9.5	103.71	94.41	104.77
2007-08	9.16		90.11	



The percentage increase in employment in the Khadi Industry has been steady for the first three years ranging 103 percent and the next three years were 102 percent but the last three years reduced heavily by more two percent landing at only an increase of 100 percent. The data pertaining to the year 2016-17 in khadi industry shows a drastic reduce because of statistics pertaining to polyvastra was included in the Khadi Industry.

The percentage increase in employment in the Village Industry has been steady till 2013-14 ranging 104 percent but fell by one percent in the year 2014-15 showing 103.17 percent and also another one percent in the year 2015-16 showing 102.89 percent, but raised by two percent in the year 2016-17 with a score of 104 percent.

F-Test Two-Sample for Variances		
	Village Industry	Khadi Industry
Mean	111.078	9.745
Variance	203.6716178	3.76589444
Observations	10	10
df	9	9
F	54.08319877	Reject Hypotheses
P(F<=f) one-tail	0.00	
F Critical one-tail	3.178893104	

The result of F test conducted between the variable of employment generation in khadi industry and in the village industry shows a value of 54.08. The degrees of freedom being 9, the F critical value taken from the table gives a value of 3.17. The calculated value is very much higher than the critical value given in the table. The P value shows significance of the relationship between the variables. This indicates that the hypotheses framed should be rejected. Therefore, the conclusion is that there is significant difference in the generation of employment by Khadi industry and village industry in the study period of ten years from 2007 to 2017.

Conclusion

Both the Khadi Industry and Village industry has been performing well in creation of employment opportunities for the rural persons especially artisans in the rural areas. An analysis of the strength, weakness, opportunities and threat can be summarized as below:

Swot Analysis of Handicrafts Sector by NSDC

Strengths	Weakness
Availability of unique local rawmaterials e.g. natural fibbers,bamboo, cane, horn, jute, leather, etc.	Increasing emphasis on product development and design up gradation
Rich and diversified culture producing	Rising demand in domestic andtraditional

<p>wide range of unique and exclusive handicrafts</p> <p>Strong existing pool of skilled artisans</p> <p>Wide range of traditional production skills derived from indigenous knowledge</p> <p>High potential for empowerment of women, youth and people with disabilities</p> <p>Low production costs</p>	<p>market</p> <p>Rising appreciation by consumers in the developed countries</p> <p>Government support and interest in preserving the craft</p> <p>Emerging markets in Latin America, North America and European countries.</p> <p>Fair trade practices.</p> <p>Increasing flow of tourists provides market for products</p>
Threats	Opportunities
<p>Lack of design, innovation and technology up gradation</p> <p>Highly fragmented industry</p> <p>Unstructured and individualized production systems</p> <p>Lack of strong umbrella sector organizations</p> <p>Limited capitalization and low investment</p> <p>Insufficient market information on export trends, opportunities and prices</p> <p>Limited access to credit</p> <p>Limited resources for production, distribution and marketing</p> <p>Limited e-commerce competence</p> <p>Lack of adequate infrastructure</p>	<p>Handicraft sector is not mainstreamed in planning priorities of many State Governments.</p> <p>Increasing threat from Asian countries</p> <p>Decreasing supply of good quality raw material.</p> <p>Better quality components, findings and packaging in other countries</p> <p>Lack of quality standardization process</p> <p>Declining investment in the sector (largely in the developed economies) and increasing consumer sophistication</p> <p>Absence of institutional support.</p> <p>High freight costs (AIR & SHIP)</p> <p>High cost of production rendering</p>

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