

A Comparative Study Of Khadi And Village Industry In Terms Of Production, Sales And Employment

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ABSTRACT

The paper studies the production, sales and the employment generation in two industries namely Khadi industry and Village industry. The study has taken data relating to the variables production, sales and employment for a period of ten years from 2006-07 to 2015-16. The study analyses the relationship between production and sales and production and employment between two industries. For the purpose of analyses of the data statistical tool correlation is being used to find out how far the two variables is related with each other.

KEY WORDS: Khadi, village, MSME, production, sales and Employment.

INTRODUCTION

KVIC is an apex organization governed under the rules and regulation of Khadi and Village industries Act of 1956. This comes under the governance of Ministry of Micro, Small and Medium industries. Khadi Industries means industries that produce hand spun and hand woven cloth. Village industry means any industry that is located in rural area where the fixed capital investment is not more than Rupees one lakh. The objective of KVIC is of three classification, firstly the socio objective is to provides employment; economic objective is to provide saleable articles and a wider objective of creating self-reliance in people to build a strong rural community. The functions of KVIC is to organize training, to procure raw material and supply them when needed, to create common facilities center to help in production and marketing of goods, to promote sale and marketing, to promote research and technology, to study problems of khadi and village industries, to provide financial assistance.

STATEMENT OF PROBLEM

For the study of this paper, ten years data was taken from the annual report given by the Ministry of Micro, small and medium industries. The year chosen for study was from 2006-07 to 2015-16. The data regarding production and sales in the khadi industries and village industries showed a rising trend, but was there a real correlation between the production of khadi industries and sales of khadi industries and similarly whether there is a relationship between production and sales of village industries. Production, sales and employment generated in both the industries have been always in the increasing trend in the study period of ten years. But is there a relationship between the increase in the employment and the simultaneous increase in the production of each of the category of the industry.

OBJECTIVE OF STUDY

To analyze the production, sales and employment of the Khadi industries and village industries.

To correlate the production and sales in the khadi industries and village industry in the period of ten years between 2006-07 and 2015-16.

To correlate the production and the employment in the khadi industries and village industry in the period of ten years between 2006-07 and 2015-16.

REVIEW OF LITERATURE

K. Balasubramaniam has studied the performance regarding production, sales and employment from the year 2003-04 to 2012-13 and has concluded that khadi and village industries has given employment opportunities in the rural sector thus arresting the migration. PesalaBusenna and Amarender Reddy studied 200 khadi industries and the performance relating to production, sales and employment. The author says that financial assistance, training and marketing facilities are very important for the growth of the industry. It is also quoted that improved technology and effective management information system will help in the increased performance of the industry.

RESEARCH METHODOLOGY

The objective of analyzing the production, sales and employment generation in the khadi industry and village industry and the correlation done between the industry was realized with the secondary data collected from the annual report of the Ministry of Micro, small and medium enterprises. The collected data was analyzed with the help of the statistical tool “correlation”. The formula used to calculate the relationship between the two variables is

$$r = \frac{\sum(x-\bar{X})(y-\bar{Y})}{n\sigma_x\sigma_y}$$

ANALYSIS AND INTERPRETATION

The secondary data for the purpose of study was taken from the annual report given by the ministry of MSME. The data taken was for a period of ten years from 2006-07 to 2015-16. The data is of three folds showing the production, sales and employment for the ten years in the khadi industry and in the village industry.

TABLE SHOWING PRODUCTION, SALES AND EMPLOYMENT

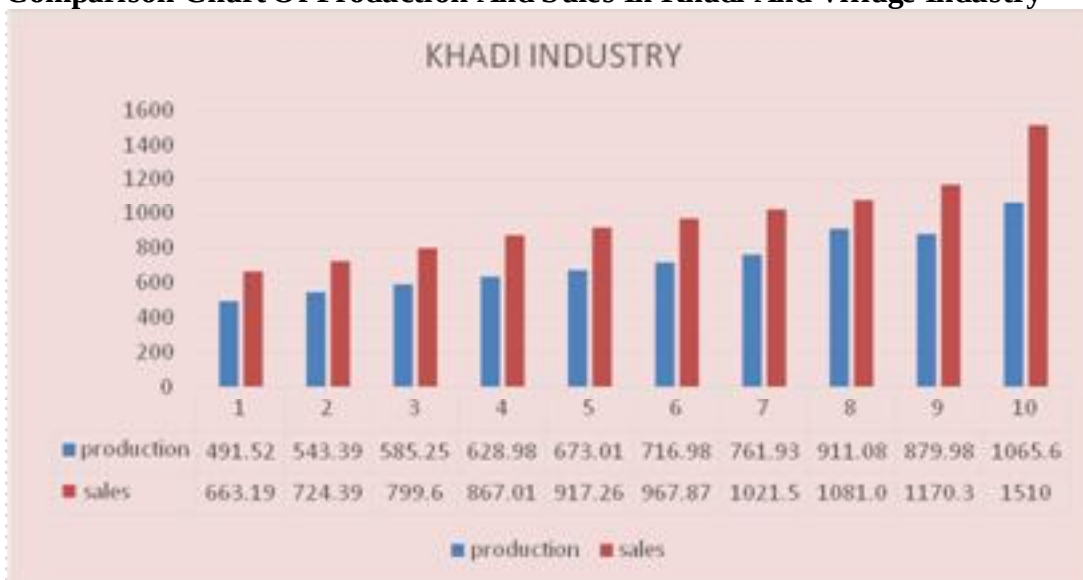
Year	Production (rupees in crores)		Sales(rupees in crores)		Employment (persons in lakhs)	
	Khadi	Village	Khadi	Village	Khadi	Village
2006-07	491.52	13527.19	663.19	18888.21	8.84	80.08
2007-08	543.39	16134.32	724.39	20819.09	9.16	90.11
2008-09	585.25	16753.62	799.60	21948.59	9.50	94.41
2009-10	628.98	17508.00	867.01	23254.53	9.81	98.72
2010-11	673.01	19198.85	917.26	24875.73	10.15	103.65
2011-	716.98	21135.06	967.87	25829.26	10.45	108.65

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2012-13	761.93	23262.31	1021.56	26818.13	10.71	114.05
2013-14	811.08	25298.00	1081.04	30073.16	10.98	119.40
2014-15	879.98	26689.00	1170.38	31965.00	11.06	123.19
2015-16	1065.60	33424.62	1510.00	40384.56	11.07	126.76

Source: Annual Report of Ministry of Micro, Small and medium industry, 2016-17.

The production of both the industry has been on the upward trend for the past ten years. The sales of both the industry has also been growing in the study period. But to analyze whether there is a relationship between the production and sales in each of the industry is done with the help of the statistical tools correlation analysis. The correlation analysis between the production and sales of the Khadi industry reveals the “r” as “**0.974453**” which states that there is high correlation between the two variables. The correlation analysis between the production and sales of the Khadi industry reveals the “r” as “**0.991161**” which states that there is high correlation between the two variables. When we compare the khadi industry and the village industry the correlation in the village industry seems to look very high than the khadi industry.

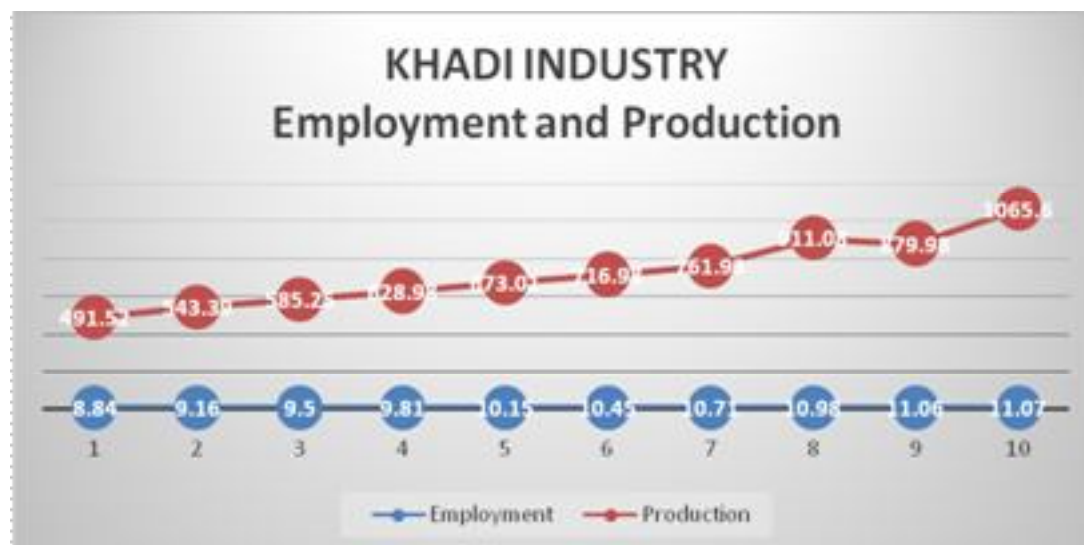
Comparison Chart Of Production And Sales In Khadi And Village Industry



In the year 2006-07, the production of khadi industry was 491.52 crores and the sales was 663.19 crores. The revenue earned through sales was 135 percent more than the production.



In the year 2006-07, the production of village industry was 13527.19 crores and the sales were 18888.21 crores. The revenue earned through was 139.63 percent more than the production. In the year 2015-19, the production was 33424.62 crores and the sale were 40384.56 crores. The revenue earned through sales was 120.82 percent.



In Khadi industry, the production was 491.52 crores in 2006-07 and the employment required for that production was 8.84 lakhs of people. If the year 2006-07 is taken as base year, the increase in production in the year 2010-11 was 136.92 percent and in the year 2015-16 was 216.79 percent. Simultaneously checking the increase in the employment, taking the year 2006-07 as base year, the increase in employment in the year 2010-11 was 114.82 percent and in the year 2015-16 was 125.23 percent.



In Village industry, the production was 13527.19 crores in 2006-07 and the employment required for that production was 80.08 lakhs of people. If the year 2006-07 is taken as base year, the increase in production in the year 2010-11 was 141.93 percent and in the year 2015-16 was 247.09 percent. Simultaneously checking the increase in the employment, taking the year 2006-07 as base year, the increase in employment in the year 2010-11 was 129.43 percent and in the year 2015-16 was 158.29 percent.

The correlation analysis performed in khadi industry keeping one variable as production and the other variable as employment gave a result of “ $r=0.929356$ ” which shows that there is high correlation between the number of people employed in the industry and the production levels attained in that industry. The same correlational analysis performed in the village industry keeping one variable as production and the other variable as employment gave a result of “ $r=0.95154$ ” which shows that there is high relation between two variables.

Some initiatives taken by the government of India to help these industry are quoted here:

- PMEGP helps KVIC in conducting exhibitions in districts, state and zonal level to improve the marketing facilities of the industry.
- Work shed scheme provides financial assistance to the artisans.
- KRDP (Khadi Reform and Development program) provides training, employment and reform assistance to artisans.
- ISEC (Interest subsidy eligibility certificate) provides financial assistance at concessional rates pooling funds from various banking institutions.
- Conducting exhibitions, quality control, Research and development, registration of new institutions and Khadi artisans welfare fund are some of the other major activities of KVIC
- MGIRI (Mahatma Gandhi Institute for rural industrialization) initiates rural industrialization by attracting professionals, empowering artisans and by doing innovative pilot projects and research and development activities.
- NSIC (National small industries corporation) performs marketing assistance, bank credit facilitation, raw material provision, single point registration, information services, bills discounting and infrastructure services.
- NIMSME (National Institute for Micro, small and medium enterprises) provides services like creation of enterprises, capacity building for growth and sustainability, sharing of

knowledge, developmental studies for the sake of policy formulation and empowering the under privileged through starting new enterprises.

CONCLUSION

The study reveals that

- The increase in production in the khadi industry in ten years from the period 2006-07 to 2015-16 showed 217 percent and the increase in production in the village industry in the same period showed 247 percent. In terms of production, village industry has done a better performance compared to khadi industry.
- The increase in sales in the khadi industry in ten years from the period 2006-07 to 2015-16 showed 228 percent and the increase in sales in the village industry in the same period showed 214 percent. In terms of sales, Khadi industry has done a better performance compared to village industry.
- The increase in employment in the khadi industry in ten years from the period 2006-07 to 2015-16 showed 125 percent and the increase in employment in the village industry in the same period showed 158%. In terms of employment, village industry has done a better performance compared to khadi industry.
- There is a very high correlation between the production and sales in both the industry, where khadi industry showed 0.97443 and village industry showed 0.991161.
- There is a very high correlation between production and the employees working in the industry. In case of khadi industry, the correlation statistics showed 0.929356 and in case of village industry, the correlation statistics showed 0.95154.

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