

CHAPTER FIVE

OBSERVATIONS AND SUGGESTIONS

The preceding chapter analyses the role of the KVIC in marketing of Khadi. It leads to a conclusion that the KVIC has not paid required attention to marketing function. This chapter presents important observations based on the entire study and makes some suggestions for strengthening marketing base for Khadi cloth.

1. Khadi institutions are scattered throughout the country. They are managed by economically weaker sections of the community and are not strong enough to face the competition with the organised textile sector.
2. In view of its capacity to generate employment for rural masses, the Government of India has adopted the policy of supporting Khadi sector in a number of ways.
3. The support to Khadi sector comes through Khadi and Village Industries Commission. The KVIC provides help to Khadi institutions in setting up a new unit, in setting up sales centres and in the form of improved technology and equipment. It has schemes for improving marketing efficiency also.
4. The KVIC's approach can be described as production-oriented approach. Since its inception, it had developed new technology, improved equipments and developed new

varieties of Khadi. This has resulted in increase in production.

5. In pre-Independence period 'Khadi' had different status. Therefore, no specific efforts were needed to make it. After independence, 'Khadi' lost that status, so marketing deserves special consideration.
6. Marketing of Khadi can be described as 'Marketing under adverse conditions'. The cost of production is high as compared with mill made cloth, and no such comparison is possible in terms of quality. Khadi institutions, in their individual capacity, have no strength and skill to meet this challenging situation. The KVIC, therefore, came to their help. It helped them in creating sales network, through publicity and advertising and also provided finance to organise sales promotion schemes. Training to sales people and market research to study marketing problems of Khadi deserves a special mention. In addition to marketing assistance in the above forms, the KVIC undertook direct selling of Khadi to organisational and individual buyers, and also exported it. However, its contribution to sales has always remained below 10% of the total sales. Thus, most Khadi is sold directly by Khadi institutions.
7. Analysis of marketing assistance by the KVIC shows that it is not adequate. Financial assistance for marketing

activities, training facilities in marketing and researches in marketing problems conducted by the KVIC are so meagre that their benefits do not reach Khadi institutions. The data regarding these aspects lead to a conclusion that the KVIC did not pay much attention to marketing aspects of Khadi.

8. Persons representing the KVIC and those forming a part of its mechanism agree that marketing has remained a neglected aspect and in view of the changed situation, the KVIC should do something for improvement in marketing. At the same time, they are aware of its organisational limitations and are of the opinion that Khadi institutions do not take initiative expected of them.
9. Khadi institutions also feel the pinch of marketing problems. While they appreciate the help from the KVIC, they feel uncomfortable, while working in its rigid frame. "Finance and technical support in marketing, coupled with operational freedom, may help in meeting marketing challenges", was the opinion expressed by representatives of Khadi institutions.

Market Potential

Though inferior in terms of quality, Khadi may enjoy foreign as well as home market, provided systematic attempts

are made. The KVIC has already entered export market and possibilities of its expansion do exist. In home market, sales are concentrated in city areas mainly. Rural market still remains untapped. In view of the tendency of rural buyer to attach importance to durability and prefer local products, this market may offer better opportunities for Khadi cloth. In urban market, a major part of which represents metropolitan cities, tendency to buy ready-made garments is increasing. This opportunity should be exploited by using appropriate marketing techniques.

SUGGESTIONS FOR EFFECTIVE MARKETING

The Central Government, the KVIC, and Khadi institutions are the three major participants in Khadi marketing process. The earlier two institutions play the role of supporting organization. Therefore, suggestions for effective marketing are grouped under three heads, namely -

- (1) Suggestions to Government,
- (2) Suggestions to the KVIC,
- (3) Suggestions to Khadi institutions.

(1) Suggestions to the Government

The present policy of the Government is to provide support in the form of financial assistance to Khadi institutions. The

time has come that the Government should come forward to help these institutions in marketing their products also. The help from the Government may be in the form of direct purchases or in the form of such measures as will protect market for Khadi. The following are the suggestions in this respect:

1. Reservation of Certain Varieties of Cloth for Khadi Sector

Being manufacturers of cloth, Khadi institutions have to compete with the organised sector. This competition is of unequal nature and because of basic differences, these two sectors can never operate from equal footings. It is, therefore, necessary to reserve a particular category of cloth exclusively for Khadi sector. To be very specific, rough quality cloth upto twenty counts is being manufactured by both the sectors. Though it is uneconomical for organised sector, they do manufacture cloth of this quality as they can get compensated from better quality cloth. Khadi sector is not in a position to do so. To avoid this, the Government should take appropriate measures to reserve the production of cloth upto twenty counts for Khadi sector only. To begin with, the Government may think of reserving some non-wearables such as towels, chaddars, curtain cloth, bed-sheets, carpets etc. for Khadi sector only.

2. Assured Market

In addition to reserving certain products for Khadi sector, it is also necessary to create the conditions of assured market for them. This is mainly because Khadi institutions produce a wide variety of Khadi. However, because of the cost and quality aspects, it cannot attract desired market. In view of the fact that Khadi no more enjoys the status it had before independence, due to which people used to purchase Khadi at their initiative, the time has come to introduce some amount of compulsion. As a financier to the Khadi institutions, it is felt that the Government should make it compulsory to all the departments and institutions receiving aids from the Government to use Khadi for official purposes. The Government may think of making it compulsory that all non-wearable purchases in their departments must be of Khadi. If this is done, a wide market will be available for Khadi product. In addition to this, for Schools upto middle level it should be made compulsory to use uniform (school-dress) of Khadi cloth only. This will provide additional market, but more than that, make younger generation aware of the history and social importance of Khadi.

3. Exemptions from Legal Provisions

The Governments, both Central and State, should exempt Khadi institutions from implementing provisions of Acts like

Factory Act, Labour Act, Minimum Wages Act etc. There are examples that some institutions were required to close down because of their incapacity to meet statutory requirements of the Acts mentioned above, hence this suggestion.

4. Exemption from Taxes

Cost is a major constraint in marketing Khadi cloth. One way to provide relief would be exemption from payment of taxes like Octroi tax, Sales tax, Stamp duty etc. This would enable Khadi institutions to bring down their cost of production to that extent. This step has to be taken by the Central as well as the State Governments.

5. The Concept of National Fabric

Prior to independence Khadi enjoyed a different status. It had established its identity with the national freedom movement. In post-Independence era, this image could not be retained. In view of its historic social and economic importance, it is recommended to the Government that Khadi be declared as 'National Cloth'. If this is done, Khadi will have different status and in years to come it may regain its original status. It is necessary for this purpose to give wide publicity through mass media like Television that Khadi is 'National Cloth'.

(II) Suggestions to the KVIC

The KVIC plays an important role in marketing of Khadi. As pointed out earlier, it could not reach the level of desired effectiveness due to a number of limitations. To overcome these limitations and to create better marketing conditions for Khadi the KVIC may think of the following:

1. Operational Freedom to the Khadi Institutions

Khadi institutions at present have to function within the rigid frame of the KVIC. Most of them have opined that given some operational freedom, they may give better performance. As per the existing situation, right from product planning to promotion, at each stage the KVIC has provided a detailed set of rules and procedures. It is obligatory on the part of Khadi institutions to follow these rules and regulations. This leaves them with no operational freedom and prevents them from exploiting the available opportunities. It is, therefore, suggested that instead of detailed rules, the KVIC should provide broad policy frame within which Khadi institutions be allowed to enjoy operational freedom.

2. Marketing Research Cell

Marketing research is essential to obtain insights into

market behaviour. While the KVIC has accepted in principle the importance of this function, organisational set up of the KVIC has not provided a place for marketing research department. In view of the importance of this function, it is recommended that a separate cell for marketing research be created in the KVIC. The responsibility of this cell should be to conduct market research and collect market information to be used for the purpose of decision-making.

3. Market Segmentation

Buyers of Khadi can be grouped under different classes of markets. Each class represents a particular market segment and differs in terms of requirements from the other class, e.g., Government market represents a major segment for Khadi, similarly foreign market represents another segment. Though Khadi is sold in both these markets, they are not uniform in potential and in terms of their requirements. It is, therefore, necessary to develop marketing strategy appropriate to the needs of each segment. This practice is not followed by the KVIC at present. It is, therefore, recommended that the KVIC should practice market segmentation approach and guide Khadi institutions on the same line.

4. Extension of Distribution System

The distribution of Khadi is confined to Khadi emporia and sales depots of Khadi institutions and the SKVIB. In order to provide wider opportunities, this system needs expansion as well as intensification. It is recommended in this connection that the KVIC should think of private sector retail organisation as an outlet for Khadi. Similarly attempt should be made to make Khadi available through public distribution system and Consumer co-operatives together with control cloth. In rural market it is necessary to sell Khadi through travelling salesmen. This may help in getting a large number of customers from urban as well as rural sectors.

5. Advertising for Awareness

The current emphasis of the KVIC is on awareness through publicity. In addition to this it is necessary to advertise through mass media like Television, radio and films for creating mass awareness about Khadi. The focus of advertising should be on developing its image as national fabric. Emphasis may also be given on its strength as a cloth, such as no allergic effects, wearing comforts, suitable to all climates and social benefits of Khadi. It is clear that no Khadi institution can undertake such a massive programme on its own strength. Therefore, the

KVIC should come forward in this connection. This would help in creating favourable atmosphere for Khadi and removing mis-conceptions about it.

6. Training to Sales People

At present the KVIC provides training facilities to Khadi institutions. However, these facilities are not adequate and as pointed out earlier, not many people have taken benefit of training in marketing. In the present day situation, developing selling skills is very important. Most of the Khadi institutions do not possess this skill and for a number of reasons they are not in a position to take benefit of specialised training. To get rid of this the KVIC should give due consideration to offering short training programmes at district level in regional languages.

7. Sales Promotion

The KVIC's schemes of offering attractive rebate has helped in increasing sales volume of Khadi. This rebate at higher rate is available during the specific period. As has been pointed out, major sales happen during this period only. The KVIC may think of either extending this period or offering this facility for a longer period, keeping some time gap between the two. In addition to this, the rate of rebate deserves reconsideration.

Rebate offered by handloom sector is much higher (20%) than Khadi sector (average 14%). The KVIC may approach the Government and get this limit raised to 20%.

8. Sales Emporium at Tourist Centres

With the development of tourism, it has been a welcome feature that tourist buy Khadi items as novelty and this encourages sales at tourist centres. It is advisable to open permanent emporia at tourist centres like Goa, either by the KVIC or SKVIB. This will go a long way in increasing Khadi sales.

9. Ready-made Garments

There is a growing demand for readymade garments in Khadi as seen from the emporia sales. Arrangements be made to manufacture various readymade items of Khadi by giving suitable training to the Khadi institution workers at the various training centres.

Suggestions to the Khadi Institutions

1. Develop Local Market

Instead of solely depending on the KVIC, Khadi institutions should try to strengthen local base. They should divide local markets into the following segments:

(a) Rural Market, (b) Urban Market, and (c) Organisational Market. As stated earlier, Rural Market offers better potential; to exploit it, Khadi institutions should arrange exhibition-cum-sale at important rural centres. These may be arranged on important occasions in village life. They may take help of local leaders. For this purpose they may approach the KVIC for implementing the scheme of appointing travelling sales representatives.

2. In order to attract urban customers, extensive publicity should be given to rebate scheme. For this, advertising may help them in this respect. However, they may face financial problems. For advertising, therefore, awareness through publicity seems to be appropriate strategy. Urban customers may not be attracted towards wearable. Therefore, they should change their product mix for this segment and give stress on items like Towels, Chaddars, Bed-sheets, Mats etc. Proper display and publicity may result in customer favour.

3. Organisational market may be restricted to schools and local Government offices in that area. Schools may be persuaded to recommend Khadi for uniform purposes. Local Government offices should be persuaded to buy non-wearables. Personal contact of Khadi workers may help in getting favourable response from this market segment. It may be mentioned that 100%

diversion is not possible. Even if they get entry into this market, they should be content in the ^{initial} stage and try to develop the same through personal selling.

Finally it should be remembered that Khadi organisations are meant for customers and this approach should be reflected in all their dealings with customers.