

Synopsis of the dissertation entitled "Marketing of Khadi With Special Reference to the Role of the Khadi and Village Industries Commission", submitted by Shri A.V. Kulkarni, for the award of the Degree of M.Phil. in the Faculty of Commerce.

Khadi industry in India plays an important role in the development of the economy. It is known for its capacity to generate employment. In the year 1980-81 share of Khadi sector in total production of cloth in India was 1%, but its share in employment, in textile sector was 11%. In view of its historic, economic and social importance, various measures have been taken by the Government of India to develop Khadi sector. Formation of Khadi and Village Industries Commission (KVIC) is one of them.

KVIC is a developmental agency. It provides financial assistance to Khadi institutions to set up new production or distribution centres for Khadi, to purchase raw materials or to implement developmental schemes. Technical assistance in the form of improved production technology and supply of improved equipment is also an important function of the KVIC. In fact, Khadi institutions have to organise production and marketing functions of Khadi strictly as per the guidelines from the KVIC. This explains the importance of KVIC in production and marketing of Khadi.

As a result of encouragement received from the Government and also through the KVIC, production of Khadi increased significantly, e.g., production of all types of Khadi was 95.97

lakhs sq. metres in 1953-54, the figure reached 964.20 lakh sq. metres in the year 1981-82. While progress in the production is significant, market did not receive adequate attention of the KVIC. As pointed out by the Planning Commission's working group, marketing side of all the programmes of the KVIC has received less attention than it deserves.

Approach And Objectives

This study is based on 'Institutional Approach' and attempts to examine the role of the KVIC in marketing of Khadi. The following may be stated as the broad objectives of the study:

1. To study marketing process of Khadi,
2. To study role of the KVIC in the marketing of Khadi.

The study is mainly based on secondary data obtained through various publications of the KVIC and State Khadi and Village Industry Boards. The opinions of Khadi industries and office bearers of the KVIC were obtained through personal discussions with them.

The main findings of the study are summarized below.

Production of Khadi

- 1) Though Khadi industries are scattered throughout the country, 50% of the total production of Khadi comes from a) Uttar Pradesh, b) Tamil Nadu, c) Bihar, and d) Gujarat, as

most of the industries belong to these States.

2) Khadi sector manufactures three types of Khadi, viz., cotton, woollen and silk Khadi. Cotton Khadi has largest share in total production.

3) Production of all types of Khadi has increased significantly since 1955.

2. Marketing of Khadi

(1) The KVIC plays a major role in the marketing of Khadi. It is responsible for product planning, pricing, distribution and promotion of Khadi. The institutions manufacturing Khadi have a limited role of implementing schemes designed by the KVIC.

(2) At present, Khadi is directly sold by the KVIC to individual customers, through its emporia in 6 major cities in India. The response to emporiums is encouraging. In addition to this, the KVIC sells Khadi to Government Departments. It has entered export market also. However, sales through the KVIC never exceeded 10% of the total sales during the period under consideration.

(3) Khadi institutions sell most of the Khadi manufactured by them, through their own centres or through independent selling centres. There were 7,491 production-cum-distribution centres

and 3,378 sales depots in India, in 1977-78.

(4) Marketing Assistance

The KVIC assists Khadi industries in opening sales depots, in training sales people, in advertising, publicity and promotion, and conducting market research.

A) Training in Marketing

There are 31 Training Centres run by the KVIC, out of which only two centres offer training in marketing area.

From 1976-77 and 1981-82, 4,595 persons were trained at these centres, out of which only 194 persons were trained in marketing.

B) Advertising And Publicity

Advertising is not done by the KVIC. However, it attempts to give publicity to Khadi movement in general. It is done through Radio talks, Press Conferences etc. Publicity is also given through its own publications and publications of State Boards. This has limited effect, because the media used for this purpose has limited reach. Further, publicity programmes do not have a focus on a specific product or group of products.

Seminars and conferences is one important activity of the

KVIC. In this also 'marketing' does not get proper share. For example, in 1981-82, the KVIC arranged six seminars, out of which only one was concerned with marketing aspects.

Publicity through films needs a special mention. These films are shown as 'Documentaries'. In all 88 films have been prepared by the KVIC, out of which 32 deal with Khadi and out of these 32 films only a small number of films cover marketing aspects. To conclude, publicity aimed at by the KVIC is of a general nature and not much helpful in developing market for Khadi.

C) Exhibitions

The KVIC gives more stress on exhibitions. These exhibitions are arranged at national and State levels. The KVIC's experience is that exhibitions generate significant sales.

D) Sales Rebate

With the financial support from the KVIC, Khadi institutions give special rebate to the extent of 20% on purchases made during March, October and December every year. About 50% to 60% of the total sales take place during the special rebate period.

E) Market Research

Market research is considered as an important function of the

KVIC. Since its inception, 49 research studies have been completed by the KVIC, out of which only three were related to marketing.

(F) Policy Support

The KVIC's attempts to obtain policy support from the Government in the form of preferential treatment to Khadi while making purchases of cloth for Government departments, subsidy in Khadi sales, exemption from taxes and product reservation. It may be mentioned that due to special efforts of the KVIC, Khadi product is included in the priority sector. As for marketing, the KVIC could not do much to persuade Government to buy Khadi or give tax concessions etc.

It is clear from the above discussion that the KVIC did not pay much attention to marketing function of Khadi. The Planning Commission's working group has also confirmed this view point when it observed that marketing side of all the programmes of the KVIC has received less attention than it deserves. Similar views are expressed by the late Prime Minister Smt. Gandhi at All India Khadi and Village Industries Conference, 1984. Economists and the office bearers of the KVIC feel that marketing has remained a neglected activity in total activity of the KVIC. Khadi and village industries representatives opined that marketing is important but it is very poorly organised by the KVIC. Thus, the data presented earlier and experiences of the

persons involved in Khadi movement confirm the view point that the KVIC has not played effective role in marketing Khadi.

Suggestions

(1) Suggestions to Government

Marketing of Khadi can be described as marketing under adverse conditions. Khadi Industries, because of their small size and unorganised nature cannot organise marketing function on their own strength. The KVIC and the Government have to take determined steps for effective marketing of Khadi. It has good potential market in India as well as in some of the under-developed nations. To exploit the opportunities and to strengthen the marketing base for Khadi, the Government may think of.

a) Reserving certain categories of cloth for Khadi sector only. To be very specific rough quality cloth upto twenty counts should be reserved for Khadi sector only.

b) In addition to the above the Government should make it compulsory to all their departments and institutions receiving aids from the Government to use Khadi for official purposes. Initially, it may make it compulsory that all non-wearable purchases must be from Khadi sector.

c) In view of its poor economic conditions, Khadi sector

be exempted from certain Acts like Factory Act, Labour Act, etc.

d) In order to provide financial relief, Government may think of extending tax concessions to Khadi sector.

e) Government should seriously think about awarding the status of National Fabric to Khadi cloth.

2. Suggestions to the KVIC

a) The KVIC should provide operational freedom to the Khadi industries.

b) It should create separate cell for market research at its head office. This cell should be responsible for conducting market research, collecting market information and making it available for decision making.

c) The KVIC should develop marketing strategy based on market segmentation approach.

d) In order to exploit urban market and also to reach rural markets the KVIC may think of extension of distribution system. In rural market provision should be made for selling Khadi through travelling salesmen.

e) In order to create general awareness about the product, the KVIC should resort to advertising. The focus of the advertisement should be on product benefits and its national importance.

f) Lack of personal skill in personal selling is an important weakness of the Khadi institutions. To overcome this, short term training programmes may be arranged at district levels in regional languages.

g) Rebate schemes have generated better response but then duration is small. Further rate of rebate on Khadi is low as compared to handloom products. Attempts may be made to extend the period of rebate scheme and also to get increase in the rate of rebate.

3) Suggestions to the Khadi Institutions

Instead of depending solely on the KVIC, Khadi institutions should develop local market. For this purpose they may follow separate strategies for rural market, urban market and organizational market. They may arrange exhibition-cum-sales in rural areas and may cash on their personal contacts for organizational market. They may think of introducing ready-made garments to exploit opportunities in urban market. They need to improve their selling skills and particularly their behaviour with the customers. It may be mentioned that since inception of Khadi the long term objectives was to make these institutions self-sufficient. By adopting marketing approach they should try to reach these objectives.