

CHAPTER ONE

BASIC FRAMEWORK AND METHODOLOGY OF THE STUDY

Introduction

Khadi industry in India plays an important role in the development of the economy. It provides part/full time employment to the villagers - particularly to illiterate women. It requires less infrastructure and it can be started with very small amount of initial investment. In India cloth is produced in Mill sector, Power-loom sector, Hand-loom sector and Khadi sector. In terms of capacity to generate employment, Khadi sector has no substitute. The following table presents a comparative picture of production and employment in different sectors mentioned above.

Table No. 1.1

Sectoral distribution - year 1980-81

Sr. No.	Sector	Production (million metres)	Employment (Lakh persons)	% in production	% in employment
1	Cotton Textile Mills	3,476	11.61	45.00	13.00
2	Power-looms	1,800	11.11	24.00	12.00
3	Hand-looms	2,300	57.00	30.00	64.00
4	Khadi (cotton)	79	9.72	1.00	11.00
Total		7,655	89.44	100.00	100.00

Source: Khadi Gramodyog, October 1983, p. 61

It will be seen from the above table that in total production, share of Khadi sector is hardly 1% but its share in total employment in Textile sector is 11%. In view of its capacity to provide employment to a large number of people, it has always received preferential treatment from the Government. Khadi sector is considered to be an important tool for reducing unemployment and poverty particularly in rural India. Therefore, the Central as well as State Government came forward for promotion and development of this sector. As a result, there was a clear increase in production and employment of Khadi sector, e.g., production of all types of Khadi increased from 95.97 lakhs sq. metres in 1953-54 to 964.20 lakhs sq. metres in the year 1981-82. Similarly employment in Khadi sector has also increased from 3.79 lakhs persons in 1953-54 to 12.73 lakh persons in the year 1981-82. It may be mentioned that increase in production is a result of planned approach towards development of Khadi adopted by Khadi and Village Industries Commission (KVIC). This institution was established in the year 1956 by Government of India and was assigned the entire responsibility for the development of Khadi and village industries in the country. The growth in production is appreciable but in order to provide its benefits to the concerned public, efforts must be made to find market for Khadi. As has been rightly pointed out by the late Prime Minister Smt. Indira Gandhi at the All India Khadi and

Village Industries Conference, May 1984 -

"We have to keep our minds open to see how we can use Khadi more and more within the country and outside too, so that the earnings of our people increase and they get more interested in it and produce more and more".¹

This explains the need for organised efforts to market Khadi. While progress in production is good, marketing arrangements are not considered to be adequate and progressive. The Planning Commission's Working Group on Khadi and Village Industries for Sixth Five Year Plan has commented that -

"There were inter-sectoral and inter-regional imbalances in demand and supply levels owing to lack of alert and extensive marketing network, that there was practically no market research for the study of market trends in demand and supply and that the sales service was generally not satisfactory. On the whole, marketing side of all the programmes of the Khadi and Village Industries Commission (KVIC) has received less attention than it deserves".²

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1. Smt. Gandhi, Indira at the All India Khadi and Village Industries Conference, New Delhi, May, 1984.
 2. Comment on Planning Commission's Working Group on Khadi and Village Industries for the Sixth Five Year Plan Period.

Similar views are reflected in Mr. Dagli's comments when he says that -

"Time has arrived to have an assessment of marketing policies for village industries".³

This speaks of the importance of the study of marketing of Khadi. Before this aspect is discussed, it would not be out of place to have some discussion on marketing concepts.

Marketing: Meaning and Approaches:

The American Marketing Association defines marketing as "The performance of business activities that direct the flow of goods and services from producer to consumer as user." This definition presents a limited view of marketing as it confines the scope of marketing to business activities only. The recent thinking about marketing is that, it is useful for business as well as non-business institutions as it involves 'exchange' for the satisfaction of business needs. The definition given by Prof. Philip Kotler is worth studying in this context. According to him "Marketing is human activity directed at satisfying needs and wants through exchange

3. Shri Vadilal Dagli - article on 'A Plan for Village Industries Corporation, Commerce, 25th June, 1983.

process". This definition, which is widely accepted, broadens the scope of marketing. The purpose of marketing is to offer satisfaction through exchange. Who offers it, that is, whether business institution offers it or whether some other institution offers it, is immaterial. The purpose of Khadi industry is to offer a product, namely, Khadi to its consuming public. However, they are not expected to make profits out of this activity. Their purpose is to widen the market of Khadi and offer maximum satisfaction to users of Khadi. Marketing function for Khadi industries has been rightly described by the late Prime Minister Smt. Gandhi when she observed that -

"The work of Khadi has increased manifold but we have to see that in every activity, that is Khadi or other village industries, the standard goes higher and higher. We should not think that anything could be acceptable to the people. Therefore, we have to do some sort of research in this direction to see who wants what ? This is not difficult if we are in touch with those people."¹

In other words, instead of producing the type of Khadi that

1. Smt. Gandhi, Indira at the All India Khadi and Village Industries Conference, New Delhi, May 1984.

Khadi industries can produce, they should identify users of Khadi, ascertain their needs and offer Khadi of that quality which is acceptable to them. Theoretically speaking producing industries, that is Khadi industries, are expected to do all these activities. But they are small in size, scattered in nature and therefore, are unable to organise their marketing function in the manner described above. Further, this responsibility has been entrusted to the Khadi and Village Industries Commission (KVIC) by the Government of India. Therefore, it becomes necessary to study the role played by the KVIC in marketing of Khadi. It may be mentioned that KVIC does not produce Khadi. It is supporting institution. It provides assistance to Khadi industries all over India to produce as well as to market Khadi. Therefore, the study of its role assumes greater significance conceptually. When marketing is studied with a view to understanding the role of a particular institution in marketing, it is known as Institutional approach to the study of the market. The present study is based on this approach. Therefore, it is felt that a brief description about Institutional approach would not be out of place.

Institutional Approach

This approach is used in studying marketing of goods/services

through a detailed analysis of the specific activities, such as research, product development, pricing, advertising, personal selling and physical distribution involved in the marketing process. The approach also describes and analyses how various marketing institutions operate in performing marketing functions.

Why Institutional Approach ?

After describing what is meant by Institutional Approach, it would be appropriate to explain why this particular approach is selected for the purpose of this study. The production and marketing process of Khadi answers this question. The Khadi and Village Industries Commission (KVIC) undertakes researches in producing and transfer improved technology to the Khadi industries. These industries plan, produce, price and distribute Khadi as per guidelines from the Commission. This explains the pivotal role that the Commission is expected to play in this respect. This is the main reason why 'Institutional Approach' is adopted for this study.

Objectives of the Study

The study may be described as 'Macro Level Study' undertaken with a view to acquiring some understanding of marketing process of Khadi and to provide directions for

further research that may lead to some improvement in this respect. Broadly, the following may be stated as the objectives of the study:

- (1) To study marketing process of Khadi.
- (2) To study role of the Khadi and Village Industries Commission in marketing of Khadi.

Methodology

In the light of the above objectives the information requirements were defined as under:

- (1) The product i.e., Khadi: meaning, history and importance of Khadi, types of Khadi, Production Process, Production Centres and actual production of Khadi.
- (2) Marketing Process

The marketing functions and institutions performing these functions, market of Khadi, its characteristics, sales of Khadi and measures taken for sales promotion.

Most of the data collected for this purpose has been collected from secondary sources. These sources include various publications of the KVIC, official journals published by the KVIC and the State Khadi and Village

Industries Board, viz.,

- (i) Jagriti
- (ii) Khadi Gramodyog
- (iii) Khadi Gramodyog (SKVIB).

In addition to this, Annual Reports of the Commission also represent an important source of information. In addition to secondary data, views of the Khadi Institutions and Khadi workers were obtained through personal discussions with them. The following Institutions were visited for this purpose:

- (i) Library of Khadi and Village Industries Commission, Vile-Parle, Bombay.
- (ii) Gandhi Seva Sangh Granthalaya, Sevagram, Vardha.
- (iii) Khadi and Village Industries Commission's State level office, Churchgate, Bombay.
- (iv) Maharashtra State Khadi and Village Industries Board, Manoharlal Street, Bombay.
- (v) Maharashtra Seva Sangh, Atpadi, District Sangli (Maharashtra).
- (vi) Sangli Zilla Vidhayak Karya Samiti, Sangli.
- (vii) Khadi Gramodyog Samiti, Vardha (Maharashtra).

A list of persons interviewed is given at the end of the report.

Some information was obtained by attending conferences of the following type:

- (1) Seminar conducted by Maharashtra Seva Sangh, Atpadi, at State level from 4th August 1983 to 7th August, 1983.
- (2) Third All India level conference of the Khadi Mission, Sevagram, Vardha (Maharashtra State) on 16th April 1984 to 18th April 1984.

Organization of the Report

This information and statistical data collected as described above were analysed with the help of simple statistical techniques like classification, tabulation, ratios and comparisons. The results of the study are presented in this Report which is divided into five Chapters. The Chapter in hand provides conceptual input and explains the methodology of the study. The second Chapter deals with production and marketing aspects of Khadi. The objectives, organisations and activities of the Khadi and Village Industries Commission are described in the third Chapter. The role of the Khadi and

Village Industries Commission in marketing of Khadi is analysed in the fourth Chapter, and the fifth Chapter presents observations based on the study and makes some suggestions for effective marketing of Khadi.