

5. Performance of MSMEs and Khadi Sector in India - A Study

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Abstract:

The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavors through business innovations. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. The MSMEs in India are playing a crucial role by providing large employment opportunities at comparatively lower capital cost than large industries as well as through industrialization of rural & backward areas, inter alia, reducing regional imbalances, assuring more equitable distribution of national income and wealth. Khadi & Village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a Statutory Organization under the aegis of the Ministry of MSME, engaged in promoting and developing Khadi and Village Industries for providing employment opportunities in the rural areas, there by strengthening the rural economy. KVIC has been identified as one of the major organizations in the decentralized sector for generating sustainable non-farm employment opportunities in rural areas at a low per capita investment. It undertakes activities like skill improvement, transfers of technology, research & development, marketing, etc., and helps in generating employment / self-employment opportunities in rural areas. This paper concentrated on the state wise distribution of estimated number of MSME's, the performance of Khadi sector of India based on two parameters, namely, production and sales from 2009-2010 to 2021-2022(31.12.21).

Keywords: *Micro, Small & Medium Enterprises, Khadi, Production, Sales.*

5.1 Introduction:

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating largest employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country.

The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. Ministry of Micro, Small & Medium Enterprises (M/o MSME) envisions a progressive MSME sector by promoting growth and development of the Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises, adopting cutting edge technologies and encouraging creation of new enterprises.

Khadi (also known as khaddar) is one of the vital segments of the Indian textiles sector. Khadi is a hand-woven natural fibre cloth. The khadi cloth is made from hand-spun and hand-woven yarn from cotton, silk and wool fibre. Each weave of the khadi cloth is unique as it is handcrafted and self-textured by artisans. KVIC undertakes training activities through its 35 Departmental and Non-Departmental Training Centres.

Marketing of KVI product produced by Khadi & Village Industries Institutions and Units, Khadi Gramodyog Bhandar and Bhavans, run by KVI Institutions is done through vast network of 8 Departmental Sales Outlets (Khadi India) and its 15 branches of KVIC, and 8035 sales outlets belonging to the Khadi Institutions throughout the Country. KVIC also makes available quality raw material to Khadi Institutions through its five Central Sliver Plants (CSPs).

Khadi and Village Industries (KVI) programs are implemented through 34 State/ Union Territories (UTs), Khadi and Village Industries Boards (KVIBs); and Registered KVI Institutions.

The Khadi program is implemented through Institutions registered either with KVIC or State / UT KVIBs.

5.1.1 Khadi Sector in India:

The Khadi and Village Industries Commission (KVIC) is a statutory body formed in April 1957 by the Government of India, under the Act of Parliament, 'Khadi and Village Industries Commission Act of 1956'.

It is an apex organization under the Ministry of Micro, Small and Medium Enterprises, with regard to khadi and village industries within India, which seeks to - "plan, promote, facilitate, organize and assist in the establishment and development of khadi and village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary." [1] After independence, Khadi and Village Industries productivity became the grand symbol of nationalism. As such, Khadi came to be known not just a piece of cloth, but as a symbol of freedom and self-reliance.

KVIC is a Statutory Organisation tasked with the role of promoting the production and sale of Khadi. Over 2863 Khadi Institutions form the vast network are implementing the programmes of KVIC in India. Over 4.97 Lakh people are engaged in this activity. Out of which, over 80 percent are women Artisans. Khadi is the unique program of KVIC and a potent tool for creation of employment at the Artisans' doorstep being implemented by Khadi Institutions. The assistance provided through Modified Market Development Assistance (MMDA) and Interest Subsidy Eligibility Certificate (ISEC) Schemes are enabling Khadi Institutions to provide employment opportunities.

5.2 Objectives:

- To study the state wise distribution of estimated number of MSME's
- To know about the comparative distribution of MSMEs in the top 10 States.
- To analyses the performance of Khadi sector in relation to production and sales.
- To Suggest the measures to overcome the challenges in Khadi industry

5.3 Methodology:

The paper is mainly based on secondary data collected from various reports, journals articles and Annual report of Ministry of MSME, Government of India, from the year 2009-2010 to 2021-2022, website: www.msme.gov.in

5.4 Result and Discussion:

- A. The first objective is to study the state wise distribution of estimated number of MSME's. The Table-1 shows that, the state wise distribution of estimated Number of Micro, Small and Medium Enterprises. From the table it is understood that, among 33 states /UT, 89.99 lakhs of MSME from Uttar Pradesh, 88.67 lakhs of MSME from West Bengal, 49.48 lakhs of MSME from Tamil Nadu and only 0.08 and 0.02 lakhs of MSME from Daman & Diu, Lakshadweep respectively.

Table 5.1: State-wise Distribution of Estimated Number of MSMEs

Sl. No.	State/UT	Estimated number of enterprises (Number in lakh)			
		All			
		Micro	Small	Medium	MSME
(1)	(2)	(19)	(20)	(21)	(22)
1	Andhra Pradesh	33.74	0.13	0.00	33.87
2	Arunachal Pradesh	0.22	0.00	0.00	0.23
3	Assam	12.10	0.04	0.00	12.14
4	Bihar	34.41	0.04	0.00	34.46
5	Chhattisgarh	8.45	0.03	0.00	8.48
6	Delhi	9.25	0.11	0.00	9.36
7	Goa	0.70	0.00	0.00	0.70

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Sl. No.	State/UT	Estimated number of enterprises (Number in lakh)			
		All			
		Micro	Small	Medium	MSME
8	Gujarat	32.67	0.50	0.00	33.16
9	Haryana	9.53	0.17	0.00	9.70
10	Himachal Pradesh	3.86	0.06	0.00	3.92
11	Jammu & Kashmir	7.06	0.03	0.00	7.09
12	Jharkhand	15.78	0.10	0.00	15.88
13	Karnataka	38.25	0.09	0.00	38.34
14	Kerala	23.58	0.21	0.00	23.79
15	Madhya Pradesh	26.42	0.31	0.01	26.74
16	Maharashtra	47.60	0.17	0.00	47.78
17	Manipur	1.80	0.00	0.00	1.80
18	Meghalaya	1.12	0.00	0.00	1.12
19	Mizoram	0.35	0.00	0.00	0.35
20	Nagaland	0.91	0.00	0.00	0.91
21	Odisha	19.80	0.04	0.00	19.84
22	Punjab	14.56	0.09	0.00	14.65
23	Rajasthan	26.66	0.20	0.01	26.87
24	Sikkim	0.26	0.00	0.00	0.26
25	Tamil Nadu	49.27	0.21	0.00	49.48
26	Telangana	25.94	0.10	0.01	26.05
27	Tripura	2.10	0.01	0.00	2.11
28	Uttar Pradesh	89.64	0.36	0.00	89.99
29	Uttarakhand	4.14	0.02	0.00	4.17
30	West Bengal	88.41	0.26	0.01	88.67

Sl. No.	State/UT	Estimated number of enterprises (Number in lakh)			
		All			
		Micro	Small	Medium	MSME
31	A & N Islands	0.19	0.00	0.00	0.19
32	Chandigarh	0.56	0.00	0.00	0.56
33	Dadra & Nagar Haveli	0.15	0.01	0.00	0.16
34	Daman & Diu	0.08	0.00	0.00	0.08
35	Lakshadweep	0.02	0.00	0.00	0.02
36	Puducherry	0.96	0.00	0.00	0.96
ALL		630.52	3.31	0.05	633.88

Source: NSS 73rd Round, 2015-16, Annual Report of MSME 2021-2022.

B. The second objective of the study is to know about the comparative distribution of MSMEs in the top 10 States, in order to analyze this objective, the researcher has used simple percentage analysis.

Table 5.2: Comparative Distribution of top Ten States

Sl. No.	State/UT	NSS 73rd round*		Fourth All India Census of MSME and Fifth Economic Census**	
		Number (in lakhs)	Share (%)	Number (in lakhs)	Share (%)
1	Uttar Pradesh	89.99	14	44.03	12
2	West Bengal	88.67	14	34.64	10
3	Tamil Nadu	49.48	8	33.13	9
4	Maharashtra	47.78	8	30.63	8
5	Karnataka	38.34	6	20.19	6

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Sl. No.	State/UT	NSS 73rd round*		Fourth All India Census of MSME and Fifth Economic Census**	
		Number (in lakhs)	Share (%)	Number (in lakhs)	Share (%)
6	Bihar	34.46	5	14.70	4
7	Andhra Pradesh***	33.87	5	25.96	7
8	Gujarat	33.16	5	21.78	6
9	Rajasthan	26.87	4	16.64	5
10	Madhya Pradesh	26.74	4	19.33	5
11	Total of above ten States	469.4	74	261.04	72
12	Other State/UTs	164.5	26	100.72	28
13	All	633.9	100	361.76	100

*NSS 73rd Round, 2015-16, ** Fourth All India Census of MSME, 2006-07

(Unregistered sector) and Fifth Economic Census,

***Including Telagana in Fourth All India Census of MSME

The above table explains about the comparative distribution of top ten states of MSME in India. From the table it is understood that, In Uttar Pradesh, during the year 2006-07 the share of MSME was 12 percent and it was increased to 14 percent in the year 2015-16(NSS 73rd Round).

During the year 2006-07 the share of MSME of Rajasthan and Madhya Pradesh were 5 percent respectively and it was declined to 4 percent in the year 2015-16(NSS 73rd Round) respectively.

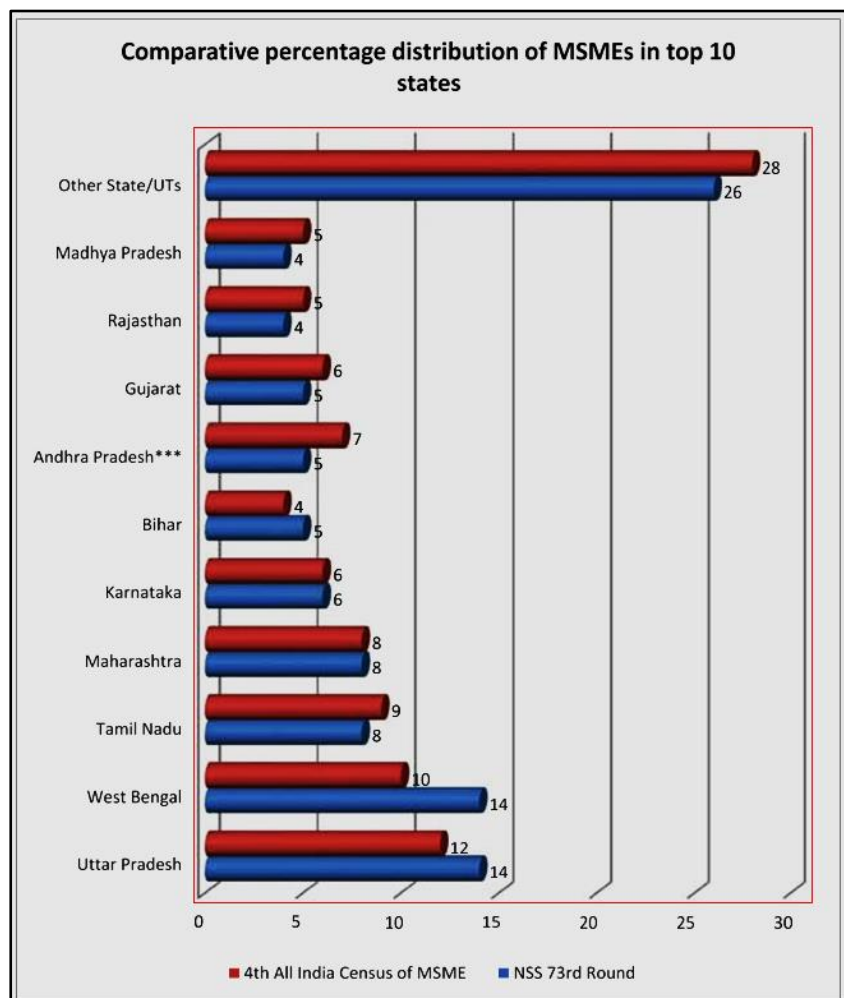


Figure 5.1: The figure-1 shows that, the share of MSME in India.

State of Uttar Pradesh had the largest number of estimated MSMEs with a share of 14% of MSMEs in the country. Top 10 States accounted for a share of 74.05% of the total estimated number of MSMEs in the country. In order to analyze the performance of Khadi sector in relation to production and sales, the method of least square has been used. The table-5.3 depicts that, the production and sales of Khadi products from the year 2009-2010 to 2021-2022.

Table 5.3: Production and Sales of Khadi Products from the Year 2009-10 to 2021-22

YEAR	PRODUCTION (Rs. in Crores)	SALES (Rs. in Crores)
2009-2010	628.98	867.01
2010-2011	673.01	917.26
2011-2012	716.98	967.87
2012-2013	761.93	1021.56
2013-2014	811.08	1081.04
2014-2015	879.98	1170.38
2015-2016	1065.60	1510.00
2016-2017	1520.83	2146.60
2017-2018	1626.66	2510.21
2018-2019	1963.30	3215.13
2019-2020	2324.24	4211.26
2020-2021	1904.49	3527.71
2021-2022 (up to 31 - 12 - 2021)	1809.86	3030.00

Source: Compiled from various MSMEs, Annual reports, Government of India.

The Table-5.4 illustrates the production of Khadi products from the year 2009-2010 to 2021-2022.

Table 5.4: Production of Khadi Products from the Year 2009-10 to 2021-22

YEAR	PRODUCTION (Rs. in Crores)	YC
2009-2010	628.98	808.95
2010-2011	673.01	888.06
2011-2012	716.98	967.17
2012-2013	761.93	1046.28
2013-2014	811.08	1125.39
2014-2015	879.98	1204.5
2015-2016	1065.60	1283.61
2016-2017	1520.83	1362.72
2017-2018	1626.66	1441.83
2018-2019	1963.30	1520.94
2019-2020	2324.24	1600.05
2020-2021	1904.49	1679.16
2021-2022 (up to 31 - 12 - 2021)	1809.86	1758.27

Source: Calculated value

From the analysis it was cleared that, during the year 2009-2010, the production of khadi product was 628.98 crores, and it was increased to 811.08 crores in the year 2013-2014.

Further, it was increased to 2324.24 crores during 2019-2020. In the year 2020-2021 the production of khadi product was declined to 1904.49 crores due to covid-19 pandemic and further it was declined to 1809.86 crores during the year 2021-2022(up to 31 - 12 - 2021).

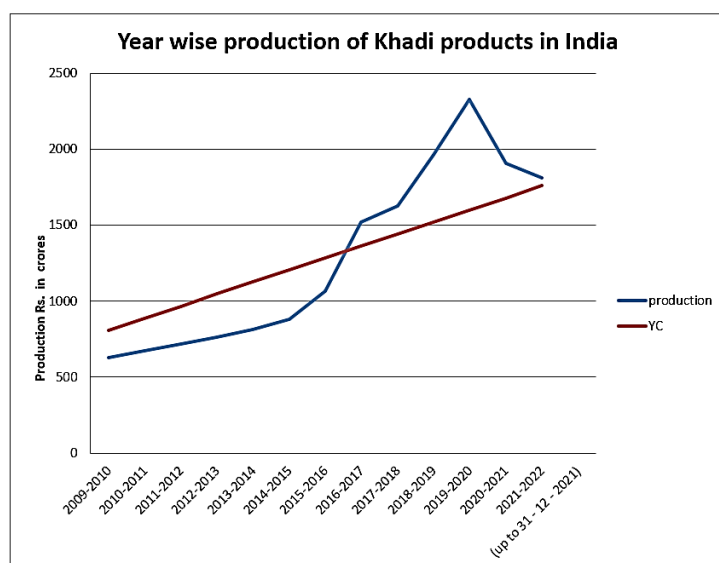


Figure 5.2: Production of Khadi Products from the Year 2009-10 to 2021-22

The Table-5.5 depicts that, the sales of Khadi products from the year 2009-2010 to 2021-2022.

Table 5.5: Sales of Khadi Products from the Year 2009-10 to 2021-22

YEAR	SALES (Rs. in Crores)	YC
2009-2010	867.01	351.42
2010-2011	917.26	628.44
2011-2012	967.87	905.46
2012-2013	1021.56	1182.48
2013-2014	1081.04	1459.5
2014-2015	1170.38	1736.52
2015-2016	1510.00	2013.54
2016-2017	2146.60	2290.56

YEAR	SALES (Rs. in Crores)	YC
2017-2018	2510.21	2567.58
2018-2019	3215.13	2844.6
2019-2020	4211.26	3121.62
2020-2021	3527.71	3398.64
2021-2022 (up to 31 - 12 - 2021)	3030.00	3675.66

Source: Calculated value

From the analysis it was cleared that, during the year 2009-2010, the sales of khadi product were 867.01 crores, and it was increased to 1081.04 crores in the year 2013-2014. Further, it was increased to 4211.26 crores during 2019-2020. In the year 2020-2021 the sales of khadi product were declined to 3527.71 crores due to covid-19 pandemic and further it was declined to 3030.00 crores during the year 2021-2022(up to 31 - 12 - 2021).



Figure 5.3: Sales of Khadi Products from the Year 2009-10 to 2021-22

5.5 Findings:

- Among 33 states /UT, 89.99 lakhs of MSME from Uttar Pradesh, 88.67 lakhs of MSME from West Bengal, 49.48 lakhs of MSME from Tamil Nadu and only 0.08 and 0.02 lakhs of MSME from Daman & Diu, Lakshadweep respectively.
- In Uttar Pradesh, during the year 2006-07 the share of MSME was 12 percent and it was increased to 14 percent in the year 2015-16(NSS 73rd Round). During the year 2006-07 the share of MSME of Rajasthan and Madhya Pradesh were 5 percent respectively and it was declined to 4 percent in the year 2015-16(NSS 73rd Round) respectively.
- State of Uttar Pradesh had the largest number of estimated MSMEs with a share of 14% of MSMEs in the country. Top 10 States accounted for a share of 74.05% of the total estimated number of MSMEs in the country.
- From the analysis it is cleared that, during the year 2009-2010, the production of khadi product was 628.981 crores, and it was increased to 811.08 crores in the year 2013-2014. Further, it was increased to 2324.24 crores during 2019-2020. In the year 2020-2021 the production of khadi product was declined to 1904.49 crores due to covid-19 pandemic and further it was declined to 1809.86 crores during the year 2021-2022(up to 31 - 12 - 2021).
- From the analysis it is cleared that, during the year 2009-2010, the sales of khadi product were 867.01 crores, and it was increased to 1081.04 crores in the year 2013-2014. Further, it was increased to 4211.26 crores during 2019-2020. In the year 2020-2021 the sales of khadi product were declined to 3527.71 crores due to covid-19 **pandemic and** further it was declined to 3030.00 crores during the year 2021-2022(up to 31 - 12 - 2021).

5.6 Recommendations:

- For removal of problems in relation to inadequate and irregular supply of raw materials and marketing, institutions providing technical and marketing assistance, KVIC should provide active participation. For generating development in Khadi sector KVIC should intervene into supply side-subsidized loans, tax exemptions,

industrial estates and product reservations in more strategic and efficient manner.

- Domestic exhibitions, special exhibitions should conduct regularly for promoting sales of Khadi as well as inventions of Khadi Institution.
- The authority should take some steps to reduce the cost of production of khadi and village industries products
- The artisans should follow the viable technology
- The Government should insist the people to purchase the Khadi products and the cloth which is required by the Government departments like schools Hospitals & Jails, should be purchased only from the Khadi industries.
- The Government employees of all the departments should compulsorily wear khadi clothes at least twice in a week
- Marketing strategies should be suitably adopted
- For adoption of appropriate and modern technology, government should provide financial and technical support to Khadi Industry.

5.7 Conclusion:

The study reveals that there is a positive impact for production and sales of khadi products in India. The positive average production and sales of entire study period except the period of covid-19 it reveals that there is a scope for increasing the khadi production for strengthening the khadi products export in India. This could be done by adopting new technology and nowadays Khadi and village Industries Commission(KVIC) is planning to make khadi as a global fabric and to get more advanced production techniques, better designers and reaching even the most inaccessible areas of the country are all a part of Khadi and village Industries Commission's plan to make this dream reality.

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