



# KVIC in global makeover mode

Long associated with Mahatma Gandhi's vision of helping villagers supplement their income and promote sustainable rural development, Khadi has in recent years cut across class barriers to find favor among all age group and income group people for its eco-friendly origins right from raw material to dyes.

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Khadi's journey to encompass a large section of population and acquire an elite status has in large part been scripted by the Khadi and Village Industries Commission (KVIC), set up in 1956 to ensure growth of rural industries for gainful and sustainable employment. The core of these rural industries lies in utilization of local resources be it raw material – cotton, silk and wool and local skill.

Changing times and need to help rural

families engaged in these works earn higher income has over the last few years seen KVIC working with various institutions and NGOs across the country transform village industries and even Gandhiji's charkha to help spinners and weavers spin more yarn and weave more cloth and thus earn higher income

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without adding to the hours of toil.

"Khadi has been under stress because of rising cotton prices and technical limitations as yarn made with charkha is

handspun and a rural housewife on an average is able to spare time to spin 4-5 hanks only a day on traditional charkha and earn Rs. 10-20 per day. But now we have introduced an eight spindle new model charkha that enables a spinner to spin 30 hanks a day and thus earn Rs. 90 or more working on cotton and about Rs. 120 per day while working on silk and muslin varieties," says J.S. Mishra, CEO of KVIC.

KVIC has assigned a pilot project to Mahatma Gandhi Institute of Rural Industrialisation (MGIRI), Wardha, and Indian Institute of Technology (IIT), Kharagpur, to further improve the design of NMC so that the technological improvisation could lead to an average of 50 hanks per day and a household spinner can earn Rs.150 or more on daily basis. Being provided free of cost to the spinners, in the last four years 15,000 NMCs have been distributed which have enhanced the earning of spinners to the extent of 60%.

Besides the NMC, another most



Important initiative of KVIC in Khadi sector is the development of a solar charkha with the help of MGIRI, which has the potential to revolutionise Khadi sector and the process of spinning, thereby allowing one person to manage 4-5 charkhas simultaneously. Though the pilot project tested in six regions of the country including Assam, Tamil Nadu, Rajasthan, Uttar Pradesh, Gujarat and West Bengal has been a success, there are ideological issues holding back the acceptance of the solar charkha.

The main criticism of the solar charkha is that its mechanized nature is contrary to the khadi ideology of being handspun and hand woven. Further, its adoption would require change in the definition of Khadi and an amendment in the Khadi and Village Industries Commission Act 1956.

No such problem exists in the weaving sector where the productivity of Khadi has been raised through innovation of ready warp units, where the simple machine introduced takes over the weaver's work of arranging the warp threads. These units have helped a weaver to increase per day cloth production from 8-10 meters to 15 meters, thereby considerably enhancing a weavers potential to earn more.

For enhancing the appeal of Khadi

and broad base its demand, KVIC supported SFURTI clusters have been working closely with the National Institute of Fashion Technology (NIFT), National Institute of Design (NID) and other reputed fashion institutes to usher changes in colour, design, cuts and products of cotton, silk and woolen Khadi.

The share of Khadi, currently 4-5 percent of the total KVIC annual sales of Rs. 25,000 crore, is expected to get a boost due to the above measures and other initiatives taken by KVIC.

Around 2,000 NGOs in Khadi and over 3 lakh Village Industry units are currently affiliated with KVIC, providing employment to 11.8 million people and producing Rs. 19,000 crore worth of Khadi and Village Industries products annually. Importance of the Village Industries and the contribution of KVIC in the employment sector in rural areas can be gauged from the fact that on an average 50,000 to 60,000 entrepreneurs in micro enterprises sector are emerging on the scene every year due to effective implementation of Prime Minister's Employment Generation Programme (PMEGP). Almost 80 percent of the artisans in Khadi and around 30% of entrepreneurs of village industries units are women.

During the 11th five-year Plan, ending 31st March 2012, KVIC adopted a

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cluster approach to roll out a scheme for grant of fund to carefully selected clusters for regeneration of village industries. The Rs. 65 crore "Scheme of Fund for Regeneration of Traditional Industries" (SFURTI) has seen financial assistance and technical support being provided to 29 khadi and 50 village industries clusters.

Take the example of the Gorakhpur cluster where under the SFURTI programme 550 artisans were provided new charkhas, while the NIFT design intervention and technical support from "Entrepreneurship Development Institute of India (EDI)" Ahmedabad, has led to annual sales rising from Rs.70



lakh to Rs.2.5 crore currently over a period of three years.

"For cluster development we provide Rs. 80 lakh to over Rs 1 crore per cluster for renovation of sales outlets, computerizing accounts, getting ISO certification, designing a website, training people in colouring, designing, stitching and product finishing".

"Mott MacDonald, management consultants, have independently evaluated and appreciated the success of the SFURTI scheme," says Mishra.

The offshoot of SFURTI is a tremendous increase in product range. In many of the regions, KVIC units are looking at innovations in marketing to chart better growth and reach. In fact, KVIC unit in Meghalaya has engaged services of a MBA graduate for marketing bamboo products. Likewise KVIC in Kerala has made ayurvedic products a special focus while Nagaland is gaining an edge in silk products.

Working on plans to create a global Khadi brand, KVIC is engaged at various levels in product improvement, packaging, branding and sales promotion, holding fairs and exhibition in India and overseas, arranging buyer-seller meets besides setting up a B2B web portal to get global reach.

Pricing is another area where KVIC has managed to break free from a six-decade old practice of cost chart mechanism, which was fixed annually by state committees. Under the old practice

the production institutions had limited options to leverage marketing and pricing aspects as the rebate system was restricting sale of Khadi largely to special rebate period of 108 days.

Based on the recommendations of four high-powered committees, the first being headed by former Prime Minister Shri P.V. Narasimha Rao, a Market Development Assistance (MDA) Scheme was introduced from 01.04.2010.

The new system has freed up the producing institutions to improve the quality of products through infusion of technology and design, while allowing more scope for sales and market promotion.

"Now institutions are free to fix the product price based on value addition

system are distinctly visible in better product sales, higher sales margin and enhanced flow of funds to the producing institutions. Due to improved liquidity, Khadi producing institutions have better leverage in procurement of raw materials, improvement in design and availing funds from financial institutions.

For customers used to waiting for the annual rebate season, there are better deals available from Khadi institutions in terms of better product choices, varied designs and even discount throughout the year.

KVIC's ambitions to increase footprints overseas have got a boost through a \$150 million Asian Development Bank funded Khadi Reform Development Programme (KRDP). Under the three-year ADB programme, which started in September 2010, 300 khadi institutions will be provided Rs. 1.19 crore each to undertake reforms at all levels. Under the guidance of global consultants Pricewaterhouse Cooper, KVIC has embarked on an ambitious plan to change the way Khadi products are viewed.

In the offing are plans to set up 20 Khadi plazas with an investment of Rs. 10 crore each within the next two years under Public-Private-Partnership mode. The process of short listing and selecting the private partner, who would hold a 51 per cent stake, has started.

It will be the responsibility of the private partner to channelize Khadi brand, design sales network within the country and overseas – in fact complete the global makeover of Khadi under the overall guidance of Ministry of MSME.

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In just one year, benefits of the new

