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FINANCIAL PERFORMANCE OF KHADI AND VILLAGE INDUSTRIES COMMISSION IN INDIA

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Abstract

The Khadi and Village Industries Commission is a statutory body formed on April 1957 by the Government of India under the act of parliament “Khadi and village industries commission act of 1956”. It plays a vital role in the economy as it is one of the major generating industry in the Indian economy. Khadi implements the programmes of KVIC in India through over 2737 institutions and over 4.97 lakhs of people are involved to handle this activity. The main trust of KVI activities is to provide a large share of employment to the schedules caste, tribes and women. The need for the present article is to analyze the financial performance of Khadi and village Industries commission in terms of production and sales. For the purpose of studying the financial performance of Khadi and Village Industries commission, the data has been collected from secondary sources such as journals, MSME site and other website. The collected data has been presented in the tables with the help of statistical tools.

Key words: KVI sector, production sales, India.

Introduction

The Khadi and village Industries Commission is playing a predominant role in Indian economy making a part of rural industrial sector. The concept of Khadi emerged after Indian independence when Khadi and village industries production was spoken as a piece of cloth but was identified as the greatest symbol of nationalism, a symbol of freedom of self-reliance. The 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, Government of India. They are a major contributor of sustainable development by providing employment mostly to the weaker section of the society in which the women play the substantial part of the work force. Khadi implements the programmes of KVIC in India through over 2737 institutions and over 4.97 lakhs of people are involved to handle this activity and the important part is that the women artisans contribute over 80%.The Khadi institutions are provided assistance through modified market development (MMDA) and employment opportunities are provided by interest subsidy eligibility certificate (ISEC) schemes. There are six different sectors in village industries which are as follows

- Agro bases and food processing industries (ABFPI)
- Mineral bases industry (MBI)
- Wellness and cosmetic industries (WCI)
- Handmade paper, leather, plastic industry (HMPLPI)
- Rural engineering and new technology industries (RENT)
- Service industry

Hence village industries are providing non-farm employment opportunity to good extent in rural areas with a very low capital investment.

Review of Literature

Peter, Pesala. (2014) in their study “A Case Study of Khadi Institutions in India” identified 200 Khadi institutions in India and concluded that the Khadi industry has high potential for future growth and most of the institutions are suffering from shortage of working capital for the implementation of latest technology. Effective Management Information System should be executed for effective networking overall India.

Harikumar (2021) in their study “ Performance of Khadi and Village Industries in India” analyzed that KVI sector has maintained sustainable development in terms of production and sales. Village Industrial sector is performing well than Khadi sector in case of employment. The Government has implemented various policies towards KVI sector to provide rural employment and to improve rural economy.

Bhaskaran (2009) in their study” The performance of Khadi and Village Industries” studied the physical and financial performance of KVI based on three important variables like Employment, Production and sales. The study concluded the high degree of relationship between production and sales of KVI. As far as employment generation is concerned, KVI should make use of infrastructure support, direct catalytic subsidy support, technical and marketing support.

Anandi Sarkar (2017) in their study “An exploratory study on Khadi Industry in India” recommended to follow integrated credit system to meet the long term and short term credit requirements of the MSME’s. The government can adopt technological transformation of rural enterprise, cluster approach for generating marketing opportunities.

Statement of the Problem

The aims of KVIC is to provide employment in rural areas, producing saleable articles, and creating self-reliance amongst people and building up a strong rural community spirit. Khadi and Village Industries are providing the key source of livelihood for the rural and urban people living across the country who largely include Spinners, Weavers and other Artisans. The Ministry of Micro, Small and Medium Enterprise (MSME) provides funds to KVIC for undertaking various activities. In spite of the potential support provided by the central government as well as KVIC, the Khadi and Village Industrial sector has been performing significantly in production and sales. The purpose of the study is to identify the recent financial performance of Khadi and Village Industrial Sector in terms of production and sales.

Objectives of the Study

The objectives are:

1. To analyse the financial performance of Khadi and Village Industries in India for the period 2017-18 to 2021-22. The analysis is based on two important performance variables: production and sales.
2. To analysis the trend analysis of production and sales of Khadi and Village Industries in India for the future period 2012-23 to 2026-27.
3. To identify the financial position of the Industry

Methodology

The data structure for the study is based on reports and publications in Ministry of Micro, Small and Medium Enterprises, Government of India. In this paper the author has used some basic graphs, Trend analysis using least square method for preliminary analysis of data.

Analysis of Data

The data analysis gives the clear information about the financial performance of KVIC sector in during the years 2017-18 to 2021-22 and five years period is taken for the study. The financial performance is studied in terms of total production and total sales of Khadi and Village industries sector .The collected data have been analyzed with the help of trend analysis using least square method and projected trend analysis is interpreted for the period 2022-23 to 2026-27.The Analysis are presented in the following tables and interpretation has been given along with the tables.

Table 1: Trend Analysis for Total production of Khadi Industries

(Rupees in crore)

Year	Production (X)	Y	X= X-2020	X ²	XY	Y= a + bx
2017-18	2018	1626.66	-2	4	-3253.32	1702.652
2018-19	2019	1963.30	-1	1	-1963.30	1894.951
2019-20	2020	2323.24	0	0	0	2087.25
2020-21	2021	1904.49	1	1	1904.49	2279.549
2021-22	2022	2617.56	2	4	5235.12	2471.848
Total	5	10,436.25	0	10	1922.99	

Source: Reports and Publications, Ministry of MSMEs

Table 1 reveals the details about the production of Khadi sector. The production value has increased from Rs.1626.66 crores to Rs.2617.56 crores from the study period 2017-18 to 2021-22 and has a positive growth rate respectively. The trend value has increased from 1702.652 to 2471.848 for the above said period.

Table 2: Trend Analysis for Total production for the future period

Year	X	Y= a + bx
2022-23	3	2664.147
2023-24	4	2856.446
2024-25	5	3048.745
2025-26	6	3241.044
2026-27	7	3433.343

Table 2 shows the predicted trend value of total production of Khadi Industries for the forthcoming years 2022-23 will be 2664.147, 2856.446 in the 2023-24, 3048.745 in the year 2024-25, 3241.044 in the year 2025-26 and it will reach highest trend of 3433.343 for the future financial year 2026-27. The Future trend is also represented in scatter chart 1.

Chart 1: Trend Analysis for Total Production of Khadi Industries

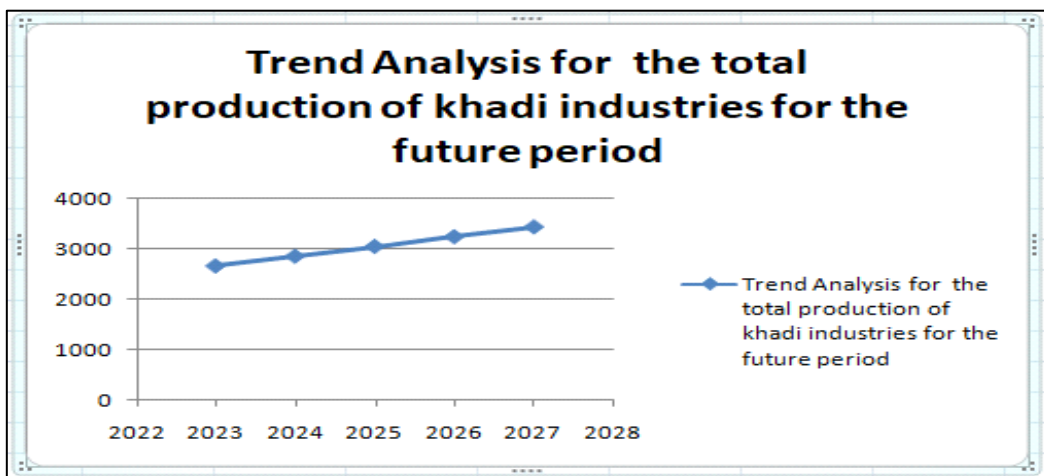


Table 3: Trend Analysis for Total Sales of Khadi Industries

(Rupees in crores)

Year	Production(X)	Y	X= X-2020	X ²	XY	Y=a+bx
2017-18	2018	2510.21	-2	4	-5020.42	2708.03
2018-19	2019	3215.13	-1	1	--3215.13	3163.646
2019-20	2020	4211.26	0	0	0	3619.262
2020-21	2021	3527.71	1	1	3527.71	4074.878
2021-22	2022	4632.00	2	4	9264.00	4530.494
Total	5	18096.31	0	10	4556.16	

Source: Reports and Publications, Ministry of MSMEs.

Table 3 reveals the details about the total sales of Khadi sector. The sales value has increased from Rs.2510.21 crores to Rs. 4632.00 crores from the study period 2017-18 to 2021-22 and has a positive growth rate respectively. The trend value has increased from 2708.03 in the year 2017-18 to 4530.494 in the year 2021-22.

Table 4: Trend Analysis for Total Sales for the future period

Year	X	Y = a + bx
2022-23	3	4986.11
2023-24	4	5441.726
2024-25	5	5897.342
2025-26	6	6352.958
2026-27	7	6808.574

Table 4 shows the predicted trend value of total sales of Khadi Industries for the forthcoming years 2022-23 will be 4986.11 , 5441.726 in the year 2023-24 ,5897.342 in the year 2024-25, 6352.958 in the year 2025-26 and it will reach highest trend of 3433.343 for the future financial year 2026-27. The Future trend is also represented in scatter chart 2.

Chart 2: Trend Analysis for Total sales of Khadi Industries

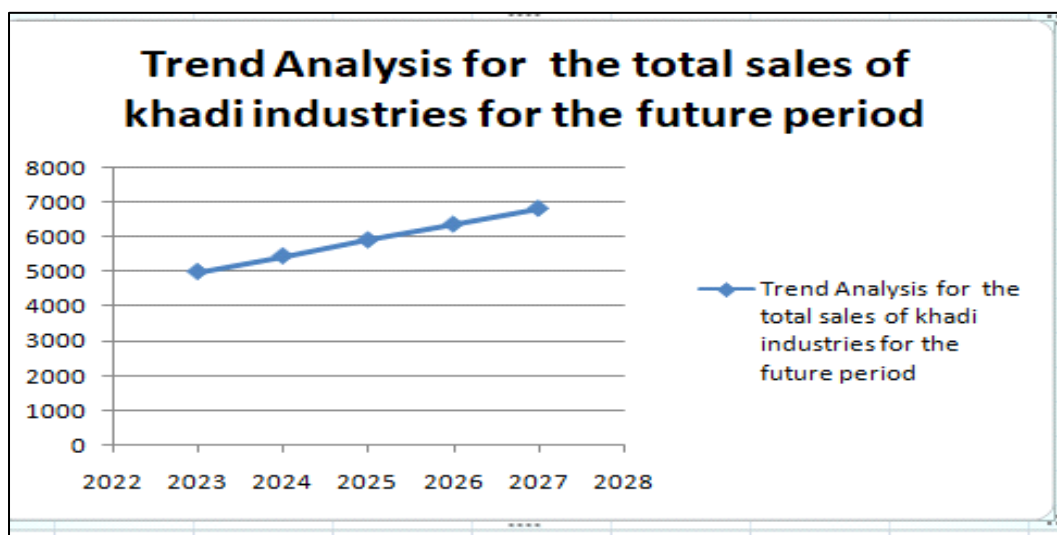


Table 5: Trend Analysis for Total production of Village Industries (Rupees in crores)

Year	Production (X)	Y	X= X-2020	X ²	XY	Y=a+bx
2017-18	2018	46454.75	-2	4	-92,909.5	2,37,381.614
2018-19	2019	56167.04	-1	1	-56,167.04	2,46,170.108
2019-20	2020	65343.07	0	0	0	2,54,958.602
2020-21	2021	70330.66	1	1	70,330.66	2,63,747.096
2021-22	2022	83325.41	2	4	1,66,630.82	2,72,535.59
Total	5	321610.93	0	10	87,884.94	

Source: Reports and Publications, Ministry of MSMEs.

Table 5 reveals the details about the total production of village industrial sector. The production value has increased from Rs.46454.75 crores to Rs.83325.41 crores from the study period 2017-18 to 2021-22 and has a steady and increasing growth rate respectively. The trend value has increased from 2, 37,381.614 to 2, 72,535.59 for the above said period.

Table 6: Trend Analysis for the Total production for the future period

Year	X	Y= a + bx
2022-23	3	281324.084
2023-24	4	290112.578
2024-25	5	298901.072
2025-26	6	307689.566
2026-27	7	316478.06

Table 6 shows the predicted trend value of total production of Village Industries for the forthcoming years 2022-23 will be 281324.084 , 290112.578 in the 2023-24 ,298901.072 in the year 2024-25, 307689.566 in the year 2025-26 and it will reach highest trend of 316478.06 for the future financial year 2026-27. The Future trend is also represented in scatter chart 3.

Chart 3: Trend Analysis for Total sales of Village Industries

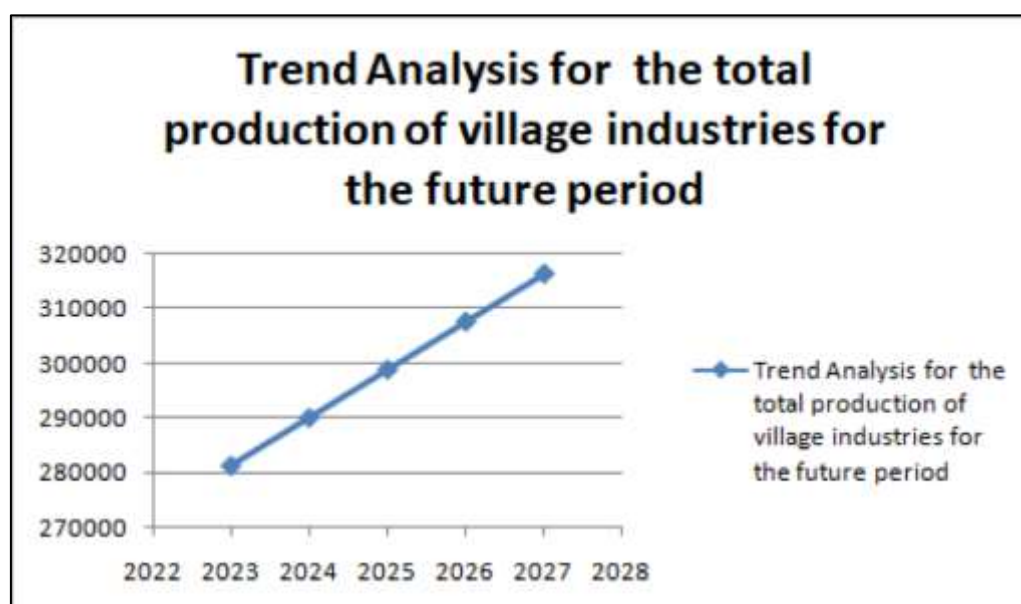


Table 7: Trend Analysis for Total Sales of Village Industries

(Rupees in crores)

Year	Production (X)	Y	X=X-2020	X ²	XY	Y=a+bx
2017-18	2018	56,672.22	-2	4	-113344.44	57,677.73
2018-19	2019	71,076.96	-1	1	-71076.96	70,146.197
2019-20	2020	84,664.28	0	0	0	82,614.664
2020-21	2021	92,213.65	1	1	92,213.65	95,083.131
2021-22	2022	1,08,446.21	2	4	2,16,892.42	1,07,551.598
Total	5	4,13,073.32	0	10	1,24,684.67	

Source: Reports and Publications, Ministry of MSMEs.

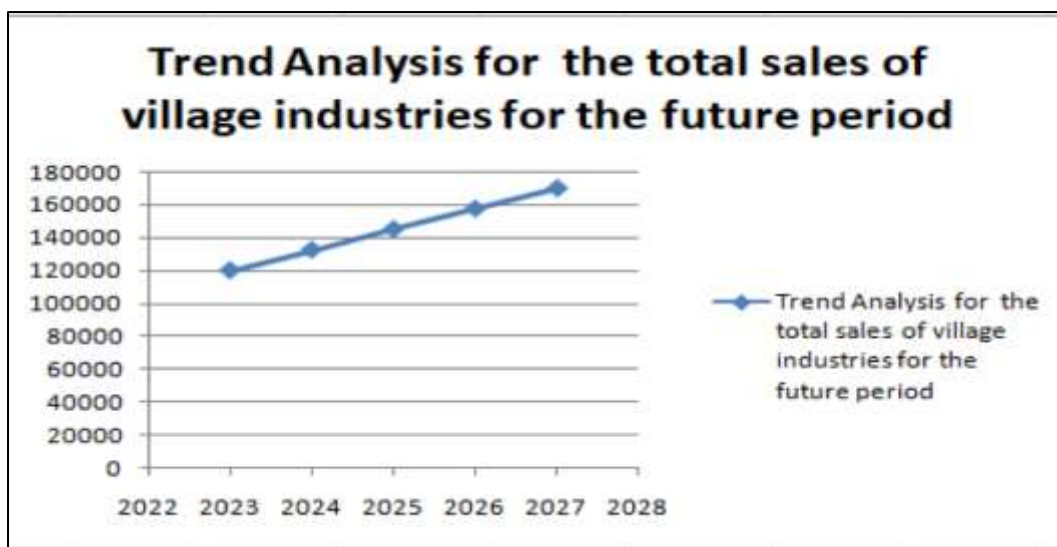
Table 7 reveals about the total sales of village industrial sector. The sales value has increased from Rs.56672.22 crores to Rs. 108446.21 crores from the study period 2017-18 to 2021-22 and has a tremendous growth rate respectively. The trend value has increased from 57677.73 to 107551.598 for the above said period

Table 8: Trend Analysis for Total Sales for the future period

Year	X	Y=a + bx
2022-23	3	1,20,020.065
2023-24	4	1,32,488.532
2024-25	5	1,44,956.999
2025-26	6	1,57,425.466
2026-27	7	1,69,893.933

Table 8 shows the predicted trend value of total sales of village Industries for the forthcoming years 2022-23 will be 120020.065 , 132488.532 in the year 2023-24, 144956.999 in the year 2024-25, 157425.466 in the year 2025-26 and it will reach highest trend of 169893.933 for the future financial year 2026-27. The Future trend is also represented in scatter chart 4.

Chart 4: Trend Analysis for Total sales of Village Industries



Findings

1. It is observed that the production and sales performance of Khadi industries is performing good and trend moves in the positive upward direction.
2. It is found that the village industrial sector production and sales are tremendously increased.
3. The production and sales of village industries is higher in value when compared with the production and sales of Khadi Industrial sector.

Conclusion

KVI has been the primary source of revenue for the rural and urban individuals spread across the country. As per analysis it is observed that in the recent years, Khadi and village industries have registered significant growth in both production and sales sector. Although the village industries are performing higher compared to the Khadi industrial sector in production and sales. The overall financial performance is good and raising extensively year after year. Khadi and village industries can concentrate more on overseas establishment and exports to enhance their production and sales worldwide and can further develop more employment opportunities for spinners, weavers and other artisans.

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