

A STUDY ON THE IMPACT OF PHYSICAL PERFORMANCE OF KHADI AND VILLAGE INDUSTRIES ON ECONOMIC DEVELOPMENT OF CHHATTISGARH STATE

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ABSTRACT

An analysis of Khadi and Village Industrial sector in Chhattisgarh State is the prime objective of the study, specifically focusing on the role of these industries in the economic development of the state. This study undertook the evaluation of the performance, adequacy, and effectiveness of the khadi and village industries. It includes year wise analysis of turnover of Khadi and Village Industries Board for the last five years. It presents a comprehensive picture on the performance of the sector along with its contribution in the economic development of Chhattisgarh State. To test the relevant hypotheses and examine various issues, this study relied primarily on the data base generated through a survey of 250 beneficiary households under the Chhattisgarh Khadi and Village Board. The data from published sources as well as those from the offices of the implementing agencies were also collected and analyzed. The findings of the study indicates that Chhattisgarh has developed economically as far as beneficiaries of khadi and village industries of Chhattisgarh is concerned due to the significant physical performance of the KVI. The result of the study is in accordance with the study of Dollar, Hallward-Driemeier and Mengistae (2005), which indicates that physical performance significantly impact the economic development.

KEYWORDS: Khadi and Village Industries, Human Development Index, Economic Development, Socio-Economic Development, Chhattisgarh.

India is a country of agriculture and its economy is based majorly based on it, as majority of Indians live in rural area and depend on agriculture for their livelihood. Around 83.3 crore (68.84%) population of India lives in villages (Census, 2011). Agriculture share to Indian GDP has decreased considerably from 56 percent in 1950-51 to 14.1 percent in 2011-12, but agriculture remains to be the principle source of livelihood for more than 52.85 percent of its population. Indian economy in its path of development has transformed from agriculture to service sector through industrial sector. Indian economic growth in post reform period is now ruled by service sector. It contributes 58.2 percent in 2011-12 to GDP; but barely employs 24.4 percent of the workforce; industrial sector contributed 27.7 percent to GDP and employs 22.75 percent of the workforce. But agriculture sector which just contributes 14.1 percent to GDP has employed more than industry and service put together (Economic Survey, 2012-13).

The surplus labour in agriculture was expected to be absorbed by industry and services as the economy develops, but unfortunately though the economy grew, industry and service did not absorb the surplus labour to the expected level. The surplus labour stayed in agriculture decreasing the productivity of agriculture. Agriculture is in cross roads as the condition of farmers and their agriculture is highly pathetic and deplorable.

“Almost every sector has failed the government, the political class, intellectuals, planners, human right group, a once activist judiciary and the media” (Sainath, P, 2007).

Gandhi advocated Khadi and village industries (KVI) for rural India. According to Gandhi, Khadi is the sun of the village system around which all other village industries revolve (Harijan, 1934). Before Independence, the development of Khadi and Village Industries was entirely a non-governmental effort under the guidance of Mahatma Gandhi. After independence, the Government of India took the responsibility of bringing the development of Khadi and Village Industries within the overall framework of the Five Year Plans. Therefore, the Government of India set up Khadi and Village Industries Commission (KVIC), which is a statutory organization by an Act of Parliament. This organisation came up in 1956 and it plays a pivotal role in the strengthening of rural economy by promoting and developing Khadi and Village Industries is a statutory organization under the aegis of the M/o MSME, engaged in promoting and developing Khadi and Village Industries for providing employment opportunities in the rural areas, thereby strengthening the rural economy.

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. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country (Strategic Action Plan of Ministry of Micro, Small and Medium Enterprises, 2012-13).

According to the importance of khadi and village industries in rural India, following research questions arise, which will serve as the basis to formulate the research objectives of the study.

1. What is the performance of khadi and village industries in Chhattisgarh State?
2. What is the contribution of khadi and village industries in the economic development of Chhattisgarh State?

The study is limited to understand the performance of khadi and village industries of Chhattisgarh State and its contribution on the economic development of Chhattisgarh State. Hence, for the purpose of this study, data pertaining to production, sales and employment from the beneficiaries of khadi and village industries of Chhattisgarh was considered. The secondary data were obtained from various issues of annual reports of khadi and village industries and economic survey reports of Chhattisgarh government. The reference period for analysis was taken from 2009-10 to 2013-14. A comparative analysis of compound annual growth rate (CAGR) for khadi and village industries was carried out for key growth and performance parameters like, production, sale and employment to analyse the physical performance of khadi and village industries. This study will contribute specifically to khadi and village industries board of Chhattisgarh and its beneficiaries as well as to the government of Chhattisgarh in general. The findings of this research work will be helpful in the better understanding of the performance of khadi and village industries in Chhattisgarh and its contribution to the overall economic development of the state.

REVIEW OF LITERATURE

The idea of revitalizing traditional industries generates from the significant role they are playing in the economic development specially employment generation (PrabinBaishya, 1989). The rural people lives a miserable life, meant to be a process of slow starvation. Extinction of village/traditional industries can easily deteriorate the villages in India and the rural life (Gandhi, 1959). The traditional belief about the role of small and cottage industries in our country is generally spread of 'unreconstructed Gandhists' (Myrdal Gunner, 1968). Village Industries predominantly engage the rural population by providing employment to earn a livelihood. They form a part of the rural occupational structure and their decline leads to the dislocation of a sizeable number of rural people (Papola and Mitra, 1982).

Indian economy is basically characterized with large scale unemployment and poverty. Village and Small Scale Industries play an important role in the country by providing employment opportunities in rural areas with less amount of capital and infrastructure, in particular to women and weaker sections of society and for bringing about a reduction in regional disparities and removal of economic backwardness of the rural and undeveloped area of the country (VadilalDagli, 1976). The village and small scale industries come under the category of rural industrialization. Rural industrialization is important not only as a means of creating employment for rural people and raising the real income of the nation but also it contributes to the development of many other rural occupation like agriculture. The development of rural industries also creates opportunities for women domestically and changes the pattern of living (Desai, 1993).

Khadi and Village Industries

Economic Development is a process whereby an economy's real national income increases with time. And if the rate of development is greater than the rate of population growth, then per capita real income will increase. In an economy like India and its various states, majority of people lives in rural area and hence, the development is slow due to poverty. To remove poverty, the purchasing power has to be increased to fulfil their basic needs, which will eventually enhance the economy. To increase the purchasing power, employment is must. Agriculture is the only means of

livelihood of the rural India, and this sector is featured with chronic unemployment and underemployment. Therefore, it is necessary to enhance the opportunities of employment of rural people in the non-farming occupations to immediately tackle the problem. Khadi and Village Industries is the alternative solution to this problem (Arunachalam.K, 1974). The Khadi and Village Industries fulfill the social objective of providing employment to rural people and ensure economic development, which helps to remove the main obstacle of growth i.e. poverty.

The Role of Khadi and Village Industries

Khadi is the proud legacy of our national freedom movement and the father of the nation. Khadi and Village Industries are two national heritages of India. One of the most significant aspects of Khadi and Village Industries in Indian economy is that it creates employment at a very low per capita investment. This Sector not only serves the basic needs of processed goods of the vast rural sector of the country, but also provides sustainable employment to rural artisans. It represents an exquisite, heritage product, which is ethnic as well as ethical. It has a potentially strong clientele among the middle and upper strata of the society (MSME working group report, 2012)

The Khadi and village industries continue to be more relevant in the globalized India. India is now reaping the benefits of demographic dividend. The average age of today's India is 24 years. India should provide /facilitate its youths to get the jobs, so that their energy is channelized in right direction towards economic development of nation. The already existing surplus labour and the new entrants to the job markets must be provided jobs; otherwise it would prove disaster to the economy. Globalized India has welcomed FDI established SEZ, but it cannot provide jobs to all those who demand the jobs, except by developing and encouraging the Micro, Small and Medium Enterprises, Khadi and Village industries.

Khadi and Village Industries Commission (KVIC)

Before Independence, the development of Khadi and Village Industries was entirely a non-governmental effort under the guidance of Mahatma Gandhi. After independence, the Government of India took the responsibility of bringing the development of Khadi and Village Industries within the overall

framework of the Five Year Plans. Therefore, the Government of India set up Khadi and Village Industries Commission (KVIC), which is a statutory organization by an Act of Parliament. This organisation came up in 1956 and it plays a pivotal role in the strengthening of rural economy by promoting and developing Khadi and Village Industries

The functions of the KVIC are generally to plan, promote, organize and assist in implementation of programmes for the development of khadi and village industries. To achieve this, it undertakes (a) financing of eligible agencies (b) training of persons employed or desirous of seeking employment in Khadi and Village industries, supervisors and other functionaries; (c) building the reserves of the materials; (d) R&D in Khadi and Village Industries sector; (e) promotion of sale and marketing of khadi and village industries products; (f) promotion and encouragement of cooperative efforts among the persons engaged in Khadi and Village Industries, etc.

Khadi & Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a statutory organisation engaged in promoting and developing khadi and village industries for providing employment opportunities in the rural areas, thereby strengthening the rural economy of the country. It took over the activities from the erstwhile All India Khadi and Village Industries Board w.e.f. 01 April 1957. KVIC has been identified as one of the major organisations in the decentralised sector for generating non-farm employment opportunities in rural areas at low per capita investment. It undertakes activities like skill improvement, transfer of technology, research & development, marketing, etc., in the process of generating employment/self-employment opportunities in rural areas (KVIC Annual Report, 2013-14)

Objectives of Khadi and Village Industries Commission (KVIC)

1. The social objective of providing employment in rural areas;
2. The economic objective of producing saleable articles; and
3. The wider objective of creating self-reliance amongst people and building up a strong rural community spirit.

Khadi and Village Industries in Chhattisgarh

Khadi and Village Industries in Chhattisgarh is managed and controlled by the Chhattisgarh Khadi and Village Industries Board (KVIB). The main objective of Chhattisgarh Khadi and Village Industries Board is to generate mass opportunities of employment for trained artisans and craftsmen and yarn spinning women with the help of advanced technology by development of khadi and village industries in rural areas.

The main objectives of KVIB are:

- 1) To assist individual Trust, Institution, society, SHGs to setup village industries (VI) in rural area for creating employment opportunities.
- 2) To encourage to develop the rural industries through technical training.
- 3) To provide for sale and marketing of khadi and village industries product (KVI) through departmental bhandars.

Three Khadi Bhandars run by board in the state. Khadi bhandars are in the districts headquarter Raipur, Shastri Market, Jagadapur Chitrakut Road, Bilaspur Satyam Complex and Selling of khadi & village industries products during the year 2005-2006 was Rs. near about 1.00 Crore (Economic Survey, 2014-15).

Introduction to Economic Development

Economic Development and Economic Growth are two different concepts, though both indicate the prosperity of a region/community/country in different perspectives. Economic Development is a measure of the welfare of humans in a society i.e. a notion of measure/measures of human welfare. It is a multi-dimensional process which involves transformation in structures, attitudes and institutions as well as the acceleration of economic growth, reduction of inequality and the eradication of absolute poverty. It is policy intervention with aims of development of Human capital, Literacy ratio, Infrastructure, Health & general welfare of the citizens. Human Development Index is one of the most accurate methods for measuring it which takes into account, the literacy rates & life expectancy. Modernization and industrialization plays important role for economic development of a nation.

Development can only be assessed on a combination of quantitative and qualitative dimensions,

both tangible (economic) and intangible (Social). Hence, economic development can be assessed by the combination of these two parameters, together form socio-economic development.

Economic Development is understood in terms of the following;

- 1) Social development: Process of growth and development of the capacities of the people and the improvement of society in which they live in order to obtain a better life for all measured in terms of life expectancy, literacy rate etc.
- 2) Economic development: discussed in terms of economic growth of the people living measured in terms of GDP, GNP etc.

Socio-Economic Development

Development is defined as a state in which things are improving. But it is defined in different ways in various contexts, social, political, biological, science and technology, language and literature. In the socio-economic context, development means the improvement of people's lifestyles through improved education, incomes, skills development and employment. It is the process of economic and social transformation based on cultural and environmental factors. Socio-economic development, therefore, is the process of social and economic development in a society. It is measured with indicators, such as gross domestic product (GDP), life expectancy, literacy and levels of employment.

A measure of human development, which is a composite of the key indices of health, education and income was developed. The specific indicators utilised in the construction of this composite measure are life expectancy at birth as an indicator of health; literacy and mean years of schooling (or, as an alternative, the combined enrolment ratio) as a measure of education; and per capita GDP (adjusted for purchasing power parity) as an indicator of material well-being. The Human Development Index was developed in 1990 by a group of economists including Dr. MahbubulHaq and Professor Amartya Sen. It has been used since then by United Nations Development Programme (UNDP) in its annual Human Development Report. The Human Development Index is a composite measure of health, education and income that was introduced in the first Human Development Report in 1990 as an alternative to purely economic assessments of national progress, such

as GDP growth (Human Development Report, 2010). The Human Development Index combines three basic indicators and their dimensions as shown in figure 1

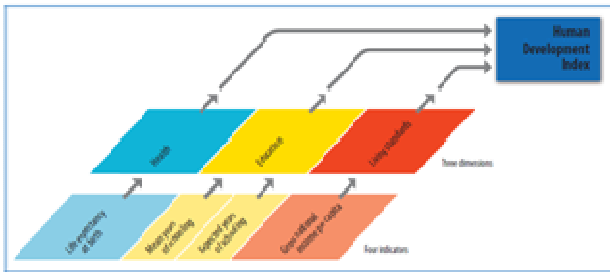


Figure 1: Human Development Index: Indices and Dimensions
(Source: Human Development Report, 2010)

RESEARCH METHODOLOGY

Research Objectives

This study seeks to understand and analyze the role of khadi and village industries on the economic development of the Chhattisgarh State. The following objectives have been formulated for the purpose of the study:

1. To study about the Khadi and Village Industries of India and Chhattisgarh State.
2. To study about the physical performance of Khadi and Village Industries Board of the Chhattisgarh State.
3. To study about the Economic Development of the Chhattisgarh State through Khadi and Village Industries.
4. To study about the relationship between physical performance of Khadi and Village Industries and Economic Development of Chhattisgarh State.
5. To understand the contribution of Khadi and Village Industries in the Economic Development of the Chhattisgarh State.

Research Variables

Contribution of Khadi and Village Industries in the Economic Development of the Chhattisgarh State can be explained by Physical Performance of Khadi and Village Industries. The three indicators of physical performance are production, sales and employment. The independent variable and dependent variable of the study are physical performance and economic development respectively as mentioned in table 1. Three

indicators of physical performance have been identified through literature review as shown in the table 2. Whereas, three indicators of human development index were identified to assess the economic development as shown in table 3.

Table 1: Independent and Dependent Variable

Independent Variables	Source	Dependent Variable
Physical Performance	Dollar, Hallward-Driemeier and Mengistae (2005)	Economic Development

Table 2: Indicators of Physical Performance

Indicators	Source	Dependent Variable
Production	MSME Annual Report, 2013-14	Physical Performance
Sales		
Employment		

Source: MSME Annual Report, 2013-14

Table 3: Indicators of Economic Development

Antecedent	Indicators	Source	Dependent Variable
Life Expectancy Index (LEI)	Human Development Index (HDI)	Human Development Report, 2010	Economic Development
Education Index (EI)			
Income Index (GDPI)			

Research Hypothesis

To study the role of khadi and village industries on the economic development of Chhattisgarh, it is required to evaluate the physical performance of the industry in terms of production, sales and employment generation among the rural people as well as to identify their socio economic development, which will eventually indicate the economic development of khadi and village industries. It is predicted that the enhancement of the physical performance of khadi and village industry will enhance the socio-economic development; hence it will

contribute to the economic development of the state as also evidenced by Dollar, Hallward-Driemeier and Mengistae (2005). For the purpose the study, following research hypothesis is being proposed:

H₁: There is a significant contribution of Khadi and Village Industries in the Economic Development of the Chhattisgarh State.

Research Instrument

The following instruments were formulated for collection of data to calculate the human development index (HDI) for khadi and village industries of Chhattisgarh. Refer Table 4.

Research Model

The following research model is proposed indicating the independent and dependent variables along with their indicators as shown in figure 2.

Table 4: Research Instrument

Independent Variable	Indicators		Antecedent	Scale	Source
Life Expectancy	Life Expectancy Index (LEI)		Life Expectancy Value (LEV)	The Average life of people(in years)	Human Development Report, 2010
Education and Knowledge	Education Index (EI)	Mean years of schooling Index (MYSI)	Mean years of schooling (MYSV)	Average number of years of education received by people ages 25 and older	
		Expected years of schooling Index (EYSI)	Expected years of schooling (EYSV)	Number of years of schooling that a child of school entrance age can expect to receive	
Standard of Living	Income Index (GDPI)		GNI per capita (GNIpc)	Monthly per capita income from all sources	

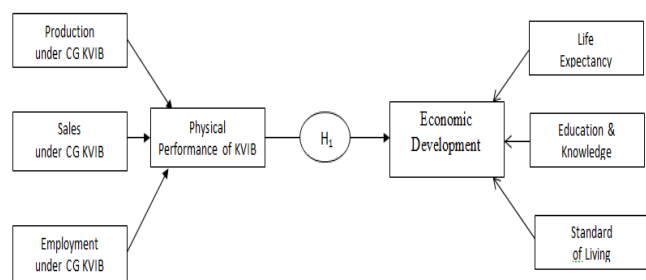


Figure 2: Economic Development Model of KVI (Source: Authors Own)

Research Methods

For the purpose of this study, data pertaining to production, sales and employment from the beneficiaries of khadi and village industries of Chhattisgarh were taken. The secondary data were obtained from various issues of annual reports of khadi and village industries and economic survey reports of Chhattisgarh government. The reference period for

analysis was taken from 2009-10 to 2013-14. A comparative analysis of compound annual growth rate (CAGR) for khadi and village industries was carried out for key growth and performance parameters like, production, sale and employment to analyse the physical performance of khadi and village industries.

Significant part of the study depends on secondary sources. But information has also been obtained from primary sources which include interviews, comments, observations, opinion, notes, etc. of the persons concerned with the Khadi and Village Industry in Chhattisgarh State.

The development of Chhattisgarh state through khadi and village industries was identified with the help of Human Development Index. It is the index which represents the socio-economic status (economic development) of Chhattisgarh. The data for three parameters of HDI was collected from the beneficiaries of khadi and village industries of Chhattisgarh in the

form of a structured questionnaire. The survey was conducted on 250 beneficiaries selected on the basis of non-probabilistic convenience sampling technique, and the data collected was analysed to check the socio-economic status (economic development) of Chhattisgarh.

The primary information was also gathered through discussion with officials of KVIB of Chhattisgarh, District Industries centre (DIC), KVI distribution centers of Raipur, Bilaspur and Jagdalpur. Materials for the present study were collected from the published annual reports, economic survey, magazines, journals, and periodicals, have also been gone through to derive information pertaining to the present study.

For testing the hypothesis implicit in the aforesaid objectives, both primary and secondary data were used to analyze. Physical performance was assessed through mean and CAGR, where graphical representation was also done for both khadi & village industries. HDI was assessed through various formulas mentioned in literature review of this study. Hence, the role of khadi and village industries on the economic development of Chhattisgarh was assessed with the help of the results of the study.

RESULTS AND DISCUSSION

Firstly, a close analysis of the physical performance on the basis of three indicators i.e. production, sales and employment generation was conducted for khadi and village industries of Chhattisgarh to know the percentage increase in three indicators for a span of 5 years from 2009-10 to 2013-14. Secondly, economic development of Khadi and Village Industries of Chhattisgarh was analysed through human development index on the basis of three indicators i.e. life expectancy index, education index and income index. Hence, the role of Khadi and Village Industries through physical performance on the economic development of Chhattisgarh has been understood in this chapter.

The Khadi production which was 177.43 lakhs in 2009-10, has increased to 210.26 lakhs in 2013-14, indicating a compound annual growth rate (CAGR) of 3.45% in the span of 5 years. Whereas production in Village Industries indicate a continuous increase from 3015.62 lakhs in 2009-10 to 6444.19 lakhs in 2013-14, presenting around double growth over the time period

from 2009 to 2014, indicating a compound annual growth rate (CAGR) of 16.40%.

The performance of village industries in Chhattisgarh in terms of production was 6444.19 lakhs in 2013-14 as compared to 3015.62 lakhs in 2009-10. Village industries has registered a growth rate (CAGR) of 16.40% in the period of five years from 2009-10 to 2013-14. The performance of khadi sector in Chhattisgarh in terms of sales was 456.65 lakhs in 2013-14 as compared to 136.58 lakhs in 2009-10. Khadi sector has registered a growth rate (CAGR) of 27.3% in the period of five years from 2009-10 to 2013-14. The performance of village industries in Chhattisgarh in terms of production was 8858.55 lakhs in 2013-14 as compared to 5236.74 lakhs in 2009-10. Village industries has registered a growth rate (CAGR) of 11.09% in the period of five years from 2009-10 to 2013-14. The performance of khadi sector in Chhattisgarh in terms of employment generation was 870 persons in 2013-14 as compared to 622 persons in 2009-10. Khadi sector has registered a growth rate (CAGR) of 6.94% in the period of five years from 2009-10 to 2013-14. The performance of village industries in Chhattisgarh in terms of employment generation was 2406 persons in 2013-14 as compared to 2500 persons in 2009-10, which shows a decline in the number of employment generation within a span of five years. Whereas, in the year 2010-11, a massive 19525 employment was generated. Village industries has registered a negative growth rate (CAGR) of -0.76% in the period of five years from 2009-10 to 2013-14.

The overall physical performance of khadi and village industries for production, sales and employment has been calculated by adding the values of both khadi sector and village industries. The percentage increase or decrease in production, sales and employment individually for both khadi sector and village industries is also calculated along with the overall for khadi and village industries. All the figures show positive increase in percentage for production, sales and employment except for employment under village industries shows a decline of 3.76% in a span of 5 years from 2009-10 to 2013-14, but the total employment generated for khadi and village industries is 4.93%, which shows a positive increase in 5 years.

The physical performance of khadi and village industries in terms of compound annual growth rate

(CAGR) for production, sales and employment has been calculated for both khadi sector and village industries separately. The khadi and village industries in terms of production has grown with 19.85% in a span of 5 years, where in terms of sales it has grown with 38.39% in a span of 5 years. The growth rate of employment generation in khadi and village industries in a span of 5 years is 6.18%.

Hence, the khadi and village industries in Chhattisgarh is performing significantly in the form of sales for generating income to the beneficiaries/artisans and also through providing employment to the rural people to earn a livelihood. The role of khadi and village industries on the economic development of Chhattisgarh state can be understood by analyzing the impact of physical performance of KVI on the socio-economic development of the beneficiaries of the KVI of Chhattisgarh. Therefore, if the KVI sector is performing well, it must impact the economic development in positive manner and hence, the people will show good level of social-economic development in the form of HDI.

The life expectancy index for khadi sector in Chhattisgarh is 0.784 as compared to 0.829 for village industries. The education index amounts to 0.452 for khadi sector as compared to 0.474 for village industries. The income index for khadi sector amounts to 0.513 as compared to 0.565 for village industries. On the basis of three indicators, the human development index for khadi sector of Chhattisgarh is 0.566 and for village industries is 0.636. The mean life expectancy index for khadi and village industries in Chhattisgarh is 0.806, education index is 0.463 and income index is 0.539. The human development index (HDI) for khadi and village industries in Chhattisgarh is 0.601.

The HDI attempts to rank the economic development on a scale of 0 (lowest human development) to 1 (highest human development) based on three goals or end products of development. The range of human development is categorized under three levels as low human development ranges from 0.0 to 0.50, medium human development ranges from 0.51 to 0.79, and high human development ranges from 0.80 to 1.0.

The human development index calculated in this study for khadi sector is 0.566 and for village industries is 0.636, which indicates that both sector is

having medium human development (0.51 to 0.79). Moreover, the HDI for khadi and village industries of Chhattisgarh is 0.601, which is again under the medium human development. Hence, it indicates that Chhattisgarh has developed economically as far as beneficiaries of khadi and village industries of Chhattisgarh is concerned due to the significant physical performance of the KVI. The result of the study is in accordance with the study of Dollar, Hallward-Driemeier and Mengistae (2005), which indicates that physical performance significantly impact the economic development.

So, now it has been proved that khadi and village industries of Chhattisgarh state is performing well and it has substantially developed the rural people both socially and economically, it is the right time to realize the importance of the contribution of KVI and to formulate and implement the workable strategy for KVI in order to sustain the objectives of KVI which Gandhi has thought of. One of the most essential strategies is globalization of Khadi and Village Industries. The relaxation in the policies of FDI in the markets of the developing economies like India has given more advantage to developed countries to capture the developing economies market. The modern technology, hidden subsidies given by their countries and updated marketing skills help them to conquer Indian markets. Further the developed worlds impose restrictions on the areas where developing countries have an edge over them. Therefore, in order to safeguard the rural programs, Indian government, has to provide suitable safety nets for MSME and KVI. Proactively protecting the rural India from the negative externalities of globalization is the only immediate solution. But the scenario is not favourable. The major portion of the budgetary support given to the KVI is for disbursement of rebates on retail sales of Khadi and to subsidy on village industries. In the past the working fund given to khadi industry was interest free. But at present 4 to 6 % of interest is charged on the working fund also. Earlier Government gave loans from plan provisions, but of late, plan provision has depleted and the Khadi sector is being financed by the consortium of banks (CBC) which expects working fund to be repaid in installments, along with interest. The government of India should not forget that Khadi is not mere cloth. It is a process of social-economic reconstruction of our rural India, which amounts to be around 70%. As long as the government continues to proclaim that their primary objective is the

welfare of the people, it has to continue to support to Khadi and village industries.

CONCLUSION

The khadi and village industries in Chhattisgarh have grown substantially in terms of production, sales and employment and have considerably contributed in the economic development of Chhattisgarh. Moreover, it holds great potential for generating gainful employment opportunities for the rural poor, arresting migration of rural workers to urban areas and for promoting the strategy of sustainable development. However, this potential cannot be realised without addressing some basic weaknesses with regard to the design and implementation of the programme and without making it fiscally sustainable. It may be necessary to constitute a committee to examine the feasibility of the various programmes being designed and implemented by KVIB and to suggest suitable measures for restructuring of KVIB and its various activities, so that the primary objective of the scheme is realised with justifiable level of fiscal support.

The Chhattisgarh Khadi and Village Industries Board is playing a vital role in generating employment for rural poor, unemployed youth and down-trodden artisans of the state by providing financial and technical assistance for setting up of micro and small industrial production units. The growth rates of khadi and village industries sector in terms of production, employment and sales are substantial. The development of khadi and village industries sector has acquired even more relevance today on account of : (i) growing population pressure in rural areas; (ii) rapid expansion of the labour force especially among the marginal farmers and landless agriculture labors; (iii) inadequate opportunities for non-agricultural work; (iv) limitation of the organized sector in absorbing the labour force; (v) need and the capacity for creating employment opportunities near the place of residence so as to avoid migration from rural to urban areas. It is for these reasons the governments support is considered essential for the continuous progress of the khadi and village industries sector. Finally, the study concludes with the observation that Khadi and Village Industry is playing a pivotal role in chhattisgarhs' economic development. Thus, khadi and village industries is the best way to fight the evil of unemployment and to stop the migration of labour from rural to urban areas.

KVIC as a part of its commitment to rural industrialisation has been assessing rural resources, augmenting deficient resources and formulating plans, programs and schemes for effective and balanced utilisation of these parameters and determining priorities. From a highly centralised urban planning system, the Indian economy is gradually moving towards the rural sector and it is here that the KVIC concerns itself with the building of a long term strategic vision of the future rural strategy and decide on priorities of the rural sector.

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