**GLOBALIZATION’S EFFECT ON KHADI AND VILLAGE INDUSTRIES**

INTRODUCTION

India is a rural country. “India’s soul rest on villages,” said Gandhiji. Generally speaking, people live in villages. Their main source of employment is agriculture and related industries.

Before India gained its independence, it was rather casually accepted that the British were hostile to anything that was Indian, and it was also assumed that the surge in national pride that the Swadeshi movement inspired throughout the nation would support a pattern of development largely thought of in “Indian” terms. But when Gandhiji discussed the spinning wheel and the hand loom industry, vehement criticism came from both educated and indigenous industrial interests as a call to action.

Replacement of agriculture and connected village industries by modern production methods destroy the occupational structure of India. The number of employed increased every year. With a view to reduce the problem of unemployment, to eradicate poverty and to improve the living standard of villages, Government has implemented various plans through five year plans. But these programs did not solve the real problem of India i.e mass poverty

Some of the programs implemented by India Government were for the promotion of Khadi and village industries. Khadi and village industries occupy an important place in the country's economy after agriculture. Khadi and village industries are a medium for marketing the rural economy strong and they're huge potential for creating employment.

Khadi refers to the handspun and hand even cloth. The raw materials may be cotton, silk or wool, which are spurn into threads on a 'charka' (A traditional spinning instrument). It is the cloth that Jawaharlal Nehru called "the livery of freedom". Khadi was launched in 1920 as a political weapon in the swadeshi movement. Khadi evokes a sense of nationalism, peace and simplicity among Indians as it is closely associated with Indian freedom movement led by Mahatma Gandhi. Khadi is known by another name "Khaddar". It was a symbol for political agendas, during the fight for independence in Indian against british rule. It was primarily a means to provide employment to the unemployed rural population of India at that time. The Indian flag was also made from Khadi material. Thus it holds national important fabric of India.

The production of khadi fabric is a labour intensive process as all the processes are done manually. The yearn is produced from the natural cotton by conventional methods using charka. The dedicated effort of many rural men and women goes in the making of Khadi. Thus, Khadi occupies a preeminent position among the fabric industries in the country.

Village industries mean any industry located in rural areas which produces any service with or without use of power and in which the fixed capital investment (in plant and machinery, land and building) per head of artisan does not exceed Rs. 1,00,000

In it's first five year plan, the planning commission acknowledge that "village industries have a central place in rural development programmer. The development of village industries, should be as much a matter of state action as the increase of agricultural production". The planning commission suggested and the central Government accepted, the appointment of an executive body at the centre, called the Khadi and village. Industries Board in 1953. The Board was required to help set up similar bodies in the states so that there could be an effective, organizational machinery at the centre and in the states.

Thus the Kerala Khadi and Village Industries Board as a statutory body was constituted by the Act IX of 1957, vested with the responsibility of organization promoting Khadi and Village industry in the state. The Board implements the programs through cooperative, registered institution, individuals and departmental units by imparting availing assistance from Government of Kerala, Khadi Commission and nationalized banks.

The Khadi and village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act 1956 (61 of 1956) is a statutory organization 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. KVIC is functioning under the administrative control of the ministry of micro, small and medium enterprises, Government of India.

The state Khadi Board had extended financial assistance to set up 18241 units to generate 144941 employments through 'pattern scheme' upto the year 1996. From 1996 onwards the KVIC had changed pattern approach and introduced a new scheme called 'Consortime bank credit Scheme' (CBC) for giving financial assistance to the Khadi and Village Industries. Under pattern scheme, Khadi board had sanctioned the financial assistance to the emits at 4% simple interest for village industries and 0% interest for khadi industry. But under CBC scheme the interest rate raised to 16% and above. This affected very badly the tiny industrial units and traditional artisans. There after the board had given financial assistance through new schemes for this purpose such as 'Rural Employment generation Programme' (REGP) and 'Prime Minister's Employment generation Programme' (PMEGP). But even after taking all these steps the number of employment opportunities under the Khadi and Village Industries sector is diminishing year after year.

Globalization refers to the process of integration of the world into one huge market. It happens through three channels, trade in goods andservices movement of capital and flow of finance. Globalization in India is generally taken to mean integrating the economy of the country with the world economy. The real trust to globalization process was provided by the new economic policy introduced by the Government of Indai on July 1991 at the bechest of the IMF and the World bank. Globalization has led to an inequal competition' between 'giant MNC's and dwarf Indain enterprises. The small scale sector is a victal constituent of overall industrial sector of the country.

Therefore, the present study analyses the impact of globalization on khadi and village industries with special reference to kollam corporatiom. Kollam has been the traditional home of village industries for centuries in the past. Khadi and Village industries programmes in the district and state are mainly being carried out by the kerala Khadi and Village Industries Board. The projects study is mainly based on the programmes implemented by the Kerala khadi and Village Industries Board.

**Statement of the Problem**

This study analyses the impact of globalization on Khadi and Village Industries with special reference to kollam corporation. The study is to be conducted to evaluate the performance of Khadi and village industries units recognized by the Kerala khadi and Village Industries Board and the threats faced by them as a result of globalization.

**Purpose of the study**

The purpose of doing this project is mainly to make a thorough study on the working of Khadi and Village Industries units in Kollam corporation for a period before and after the year 1996 from which new policies are introduced in the Khadi and village industries sector.

**Objectives of the study**

1. To check whether the programmes introduced in connection with the economic liberalization has been able to increase employment and production
2. To identify problems connected with production, employment and marketing of the Khadi and Village Industries units.
3. To assess how the entry of big units in the sector have affected the Khadi and Village industries.

**Methodology**

The present study is based on both primary and secondary sources of data. Secondary data are collected from various sources like websites. Annual reports of Khadi Board and Khadi commission e.tc . Secondary data do not provide adequate information on various

aspects of impact of globalization on Khadi and Village Industries. To remove the limitations of Secondary data, primary source of data are also sought through personal investigation

**Hypothesis**

Globalization and liberalization have created problems for Khadi and village industries. The big units with the power of advertising and marketing defected small units, which do not have adequate capital.

**Scope of the study**

The study is created for the units under kollam corporation which are recognized by the KVIB inorder to find out the impact of globalization on Khadi and Village Industries sector to give a better scope to the sector to face the threats of globalization.

**Limitations of the Study**

* Some of the respondents are not aware of the real impact of globalization on Khadi and village industries.
* Most of the employees are not very serious about the questions
* Most of the people engaged in these Industries live in remote

areas

* Time was limited for the study.

Khadi and village industries commission and planning commissionfiad conducted various studies to evaluate the performance,adequacy and effectiveness of the implementation mechanism and impact of the Khadi and village stand about the planning and implementation.In addition,the study was designed to examine the adequacy of the planning,execution and monitoring aspects of the programme and suggest measures to improve its performance.

**REVIEW OF LITERATURE**

In her article titled "Indian Cottage Craff'published in Indian Industries Fair-Souvenir, Mrs.KamalaDevi Chattopadhya says that the village industries exist from the time of Harappan -Mohenjodaro civilization and it has made possible the decentralisation of social and economic powers.She also states that the sentiment of traditionalism alone cannot take us very far in our effort to rehabilitate the village industries

The book "Rural Industrial Developmenf'published by J.D.Sundaram in the year 1970 recognises the need to promote village industries to provide employment opportunities to the unemployed rural poor.

W.A.Lewis [1954] has strongly advocated the application of labour intensive technique of production to have a steady and smooth economic growth.He opined that many important works can be done by human labour with very little capital.Efficient labour could be used to make even capital

goods without using any source factors.In this sense.small scale and cottage industries should be developed and promoted especially in an

economy where capital is scarce. He recommends the use of capital intensive techniques only when they are necessary.

According to the village and small scale industries committee report [1955],popularly known as Karve committee report, since a sustained number of employed and under employed belongs to the village and small industries group, setting up of small scale and village industries will provide employment to them in occupations in which they have been traditionally trained and for which they possess equipments.The committee realizes the necessity of introducing better techniques in the village industry,so that they can keep pace with the progrssively expanding economy and do not become unsuitable tomorrow.

The national committee on science and technology report on Khadi and village industries(1975)gave a gloomy picture of these industries as a source of employment in industrialization.The report shows that the" compounded sales of growth of employment in the industries ,or compared to growth of output are very meagre". Buddar Dalt and Sundaram (1947) strongly advocated the small scale and house hold enterprises as an important component of employment-oriented strategy of industriali- zation. They found that employment output ratio is the lowest in the small scale sector while that employment generation capacity is eight times higher than that of large sectors.

Desai(1983)also stated that rapid industrialization in India depends on the growth of small scale industries. Most of the small scale industries are operating under certain handicaps like shortage of raw materials, low levels of technological knowledge and counseling ,po9r infrastructure, inadequate capital and credit facilities, improper distribution system, lack of facilities for market analysis, research and development e.t.c. They are also weak in marketing their products beyond their localities especially in internal markets.

Rajendran (1995) made a study to examine the various kinds of assistance given to small scale industries with the prime objectives of identifying institutional assistance for the development of small scale industries and problems faced by these industries in Tiruchirapalli district of Kerala. He concluded that the greatest problem faced by the small entrepreneurs was non availability of adequate financial assistances. There were complicated procedures in availing loans from financial institutions and there is no co-ordination between the promotional institutions and government agencies.

Mali(1998) in his study has observed that Small and Medium Enterprises(SMEs)and micro enterprises have to face increasing competition in the present scenario of globalization ,they have to specially improve themselves in the field of management .marketing, product diversification, infrastructural development technological up gradation e.t.c. .Moreover, new small and medium enterprises may have to move from slow growth area to the high growth area and that have to form strategic alliance with entrepreneur of neighboring countries. Data bank on industries to guide the perspective entrepreneurs including investors from abroad is also needed. Have to form strategic alliance with entrepreneur of neighboring countries. Data bank on industries to guide the perspective entrepreneurs including from abroad is also needed.

**FINDINGS AND SUGGESTIONS**

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1. In the post-globalization period, the number of khadi and village industries units has clearly decreased.

2. The wages of workers under khadi and village industries sector are lower than that of workers under other sectors whereas they have to put much physical effort than other jobs. That may be the reason for them to desert their job and move to other big sectors for better earning.

3. The big units with the power of advertising and marketing run roughshod over khadi and village industries units. Those small units could not face the threats of big units.

4. It is very clear that the globalization and liberalization have posed a serious threat to Khadi and Village Industries units.

5. The new schemes including the CBC Scheme which was introduced in connection with the economic liberalization has not been able to generate additional employment and production envisaged under it.

6. The funding pattern prior to 1996(pattern approach)of Khadi commission and Khadi Board was more effective.

7. For the CBC scheme the interest rate is very high when compared to the pre-globalization funding pattern. It is also clear that the CBC scheme units were closed only because of the high interest rate.

8. Cost of Khadi and Village industries products are higher than that of products getting from the open market.

9. The financial assistance sanctioned by the KVIC and Khadi Board are not adequate

for the working of the unit.

10. With the help of established marketing agencies wherever necessary and feasible, the Khadi commission and khadi board can promote the sale and marketing of khadi or products of village industries.

11. Khadi and Village industries products are more eco-friendly and reliable than other products.

12. This sector still has the power to provide employment to the poor.

**SUGGESTIONS**

The Khadi and Village Industries Sector holds great potential for generating quintal employment opportunities for the rural poor, arresting migration of rural unskilled workers to urban areas and for promoting the strategy of sustainable development. It can also be a viable and effective social safety net to enable the poor to ward off the adverse impacts of structural adjustment and economic reforms on their well being.

1. The primary concern under the Khadi sector should be to ensure that production of goods actually takes place on a sustainable basis. So that its main objective of generating employment opportunities for the unskilled/rural poor is met.
2. The quantity and quality of employment are not satisfying at present, because of low and shrinking production base. This should be rectified.
3. Factory such as unintended stock buildup constraints to input availability, capital of institutions units getting locked up for years also should be rectified.
4. Non-availability of improved technologies and repair facilities outmoded product mix etc. has all contributed in different degree to the present sorry state.
5. The village industries products may be standardized and sold through the various marketing co-operatives/Federations rather than through Khadi Board Outlets

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1. For the Export market, the Khadi Board Should organize special trade fairs for village industries products to enable the units to display theirproducts and innovations.
2. The Khadi commission and Khadi Board should generate employment opportunities in rural as well as urban areas of the country through setting up of new self employment venture/ projects/ micro enterprises.
3. They should bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible at their place.
4. Also they should provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country. So as to help arrest migration of rural youth to urban areas.

10.They should take steps to increase the wage earnings capacity of artisans and contribute to increase in the growth rate of rural and urban unemployment.

**CONCLUSION**

The Khadi and Village Industries Commission (KVIC) is a statutory body formed 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 with 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."

In the post-globalization period, Multinational companies are controllingthe market with their money power, they are controlling even the democratic governments to an extent. The small units like Khadi and village industries units could not face the threats of these big units. It is very clear that the Globalization and Liberalization have posed a serious threat of Khadi and villageIndustries units.

Withthe help of established Marketing techniques, the Khadi commission and Khadi Board can promote the Marketing of Khadi and Village Industries products. People know that these products are eco-friendly, artistic, handmade and reliable than other products. This sector still has the power to provide employment to the poor traditional artisans and weaker section of the nation. Thus, from the study it is very learin the post globalization period, number of units, production and employment in the Khadi and village industries sector have decreased and hence hypothesis is proved.