



An Analytical Study on Performance of Khadi and Village Industries in India

Sunil Kumar

Research Scholar, Department of Commerce, M.J.P. Rohilkhand University, Bareilly-243006, &
Assistant Professor, Hindu College, Moradabad, Guru Jambheshwar University Moradabad, U.P.

Email: sunil1984mzn@gmail.com

Prof. Nishat Ullah Khan

(Research Supervisor)

Professor and Ex-HOD, Faculty of Commerce, Hindu College, Moradabad, Former Dean & Convener
Faculty of Commerce, M.J.P. Rohilkhand University, Bareilly, & Guru Jambheshwar University

Moradabad, U.P., Email: nishatullahkhan63@gmail.com

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ABSTRACT

The main objectives of the study are to know conceptual knowledge about Khadi and Village Industries, examine the impact of production and sales on earnings of khadi and Village Industries in India, and determine how village and khadi industries contribute to job creation in India. There is no impact of production on the sales of khadi and Village Industries India is the first hypothesis of the study and another hypothesis is There is no impact of production on the Earnings of Khadi and Village Industries in India. The analysis solely relies on secondary data gathered from KVIC's yearly reports. Regression Analysis with the SPSS is used to analysed the data, tested the hypothesis, and find out the result.

Introduction:

Khadi is a type of cloth made of natural fibres, mostly cotton, silk, or wool, that is spun and woven by hand in India. Promoted by Mahatma Gandhi during the Swadeshi movement, its hand-woven texture and adaptability to many climates serve as symbols of independence, sustainability, and Indian history.



The National Planning Committee (1948) defined village industry as "an activity or set of activities carried out by a trained craftsman on his own initiative, the completed product of which he advertises himself." He works at home using his own tools and supplies, using both his own effort and, to the greatest extent feasible, the labour of his family members who are able to assist. With little to no help from modern power-driven technology, the workers mostly use their hands and their own abilities while adhering to antiquated methods. By supplying extra energy, animal power could improve the economics and efficiency of the sector. Finally, he works for a local market, meaning that he responds to acknowledged demand for both quantity and quality.

Village and Khadi businesses have the potential to produce enough energy to assist the nation achieve self-sufficiency. Additionally, the nation's problems with unemployment and economic growth can be addressed via Khadi and village industries. The nation is currently following the route of rising economies and is still dependent on foreign assistance; however, the situation calls for a long-term solution to end aid and dole, which can only be accomplished by innovation and the creation of growth-oriented policies. The author claims that Khadi and Village Industries can contribute significantly to these developments.

By connecting the primary and tertiary sectors, Khadi and Village Industry hopes to alleviate the issue of rural residents migrating in large numbers to urban areas, lower unemployment by employing rural residents in their newly established food processing business, and—above all—boost the nation's foreign exchange earnings through the export of processed goods.

The government has decided to support the growth of village and cottage businesses in addition to building infrastructure and establishing huge corporations in order to prevent such a situation. Compared to large-scale businesses, the village and cottage industries sector has a relatively small-time lag between investment and output, therefore structuring consumer products manufacture in this sector can halt inflationary pressures much more quickly.

It will make sense to give rural industries more weight in terms of industrial growth given the previously described traits of developing nations like India. The Indian government has implemented a number of initiatives to support and expand village and cottage businesses since independence. To advise the government on suitable development policies, it established All India Organisations. Additionally, measures were implemented to protect them from large-scale organized-sector competition. Schematic loans, such the Composite Loan Scheme and the Differential Rate of Interest Scheme, were created and are being used to guarantee the flow of money to artisans. To increase the amount and quality of goods



produced, the government supported the creation of several research institutes. Craftsmen had frequent training sessions to improve their abilities.

Literature Review:

Bajpai et. al, (2025) in their research paper entitled “Khadi and India’s Economic Evolution: The Role of Government Policies in Shaping Indigenous Fabric and Growth” studied at how Khadi shaped the Indian economy, assessed how well government policies worked, and studied how brands capitalized on Khadi's cultural legacy. The study's foundation was secondary data gathered from several research papers, websites, and yearly reports, among other sources. The study's conclusion is that Khadi is more than just a fabric; it represents a community's truth, a fight for independence from colonialism, and the promise of dignity. Khadi is a legacy that stands for culture, independence, and the strength of the average person. We are supporting the aspirations of millions of craftsmen by endorsing Khadi. Khadi is the epitome of classic style and eco-friendliness, where innovation and tradition coexist. It has a big effect on the national economy, and companies are starting to advertise it. In order to support Khadi and village industries in India, the government established the Khadi Industries Commission, which administers a number of programs.

M L Mohanty et. al, (2024), in their article entitled “Khadi Industry in India”, talked about the Khadi industry's strengths and weaknesses, globalization and the Khadi sector, stakeholders and the value chain of the industry, and Khadi before and after India gained its independence. The many Governments of India initiatives and how Khadi and industry accomplish sustainable development goals were covered in this article. The nature of the study was descriptive. According to the study's results, Khadi was crucial in eradicating poverty and rural industrialization and establishing a vibrant ethnic and environmentally conscious brand in the emerging economy. Khadi requires a proper and sufficient supply of raw materials, institutional support, innovative approaches to finance delivery techniques, and skilled human resources for entrepreneurship.

Pathak and Gupta (2023) in their research paper entitled “Performance of Khadi and Village Industries in India” concentrated on how well the Khadi and Village Industries sector performed in terms of employment, sales, and output. Data has been collected from secondary sources, including journals, annual reports, and other websites, in order to examine the performance of the Khadi and Village Industries sector. With the use of statistical tools, the gathered data was shown in tables. According to the study's conclusions, the Khadi and Village Industries sector was essential to both production and the creation of jobs. Additionally, this industry supports the nation's economic growth.



Vrinda and Girisanker (2022) in their research paper entitled “Khadi Textiles, Women and Rural Development: An Analysis from Past to Present” intended to highlight the significance of Khadi for India's culture, economy, and politics before, during, and after colonial rule, as well as up to the present. By addressing the fleeting issues of unemployment and working conditions in developing nations like India, the report highlights Khadi's potential in rural development. Both quantitative and qualitative data analysis served as the foundation for the study article. Both primary and secondary data were employed in the investigation. According to the study's findings, Khadi's potential for rural development was undermined by the current threats the industry faced from various neoliberal agents. It also revealed that rural women were the most affected workforce members as the industry gradually began to deteriorate.

Hussain et, al. (2021) in their research entitled “Performance of Khadi and Village Industries in Jammu and Kashmir under Prime Minister Employment Generation Programme”, Under the Prime Minister Employment Generation Program, concentrated on the Khadi and village industries' performance in Jammu & Kashmir. The study's foundation was secondary data gathered from Khadi and Village Industry Board Jammu and Kashmir, yearly reports, and other government agencies. The study's conclusions showed that while employment was down, the compound annual growth rate of the number of cases sanctioned, the amount of money disbursed, production, and sales were all up. KVIB was the most effective strategy to combat unemployment and stop labour movement from rural to urban regions, and it was actively contributing to economic development.

Nautiyal and Atre (2020) in their research entitled” A Study on Evolution of Khadi and Current Factors Leading to Potential Opportunities in Khadi Sector”, The purpose of the article was to examine how khadi has changed over time and to highlight some of the major elements driving this industry's expansion. The literature review served as the foundation for this conceptual work. To create a conceptual framework, pertinent material from a few chosen theses, books, reports, research, and news stories published in prestigious journals and other platforms was analyzed and synthesized.

Maheshwari and Nado (2019), in their research paper entitled “A Study of Khadi and Village Industry in Northeastern region of India”, highlighted about the Northeastern Region of India's KVI production, employment, sales, and funding trends from 2006 to 2016. The study's secondary data came from a variety of government records, studies from other institutions, and published articles about khadi and village industries. Regression analysis and correlation were used to examine the data. According to the study's findings, output increased negatively in 2011–12 and 2015–16, which also resulted in lower sales during those years. Due to its enormous unrealized potential for natural resources and labour, as well as



its geographic limitations for setting up heavy industries to support employment and livelihood for the populace, Khadi and village industries serve as the foundation for rural industrialization in Northeastern India. In the northeast, Khadi and village industries would be the best option for both proper and efficient use of untapped natural resources and regional development.

Pallavi Sharma (2018) in her research paper entitled “Rural industrialization: Role of government agencies”, In order to accomplish the objective of rural industrialization and create jobs in rural India, she focused on helping the unemployed youth in rural areas develop their entrepreneurial skills. She talked about how government organizations contribute to rural development. She also talked about the part non-governmental organizations play in rural development. She explained the issues that the rural industries were facing. The study's conclusions indicate that rural industries have a significant role in a nation's development. Rural industrialization improves people's living conditions and per capita income in addition to eradicating income gaps between rural and urban areas. The creation of job possibilities, occupational diversification, improvement in living conditions, migration to urban regions, and other economic and social demands are met by rural industrialization.

A S Pyne (2017), in his research paper entitled “An Exploratory Study on Khadi Industry of India” concentrated on the Khadi sector's performance, advantages, disadvantages, opportunities, and difficulties, as well as how to overcome them. The primary source of secondary data included in the work was information gathered from a variety of reports, journals, newspapers, etc. Simple statistical and mathematical tools have been used to analyze the data in order to look at the goals. The study's conclusions showed that, during a seven-year period, Khadi businesses' growth rates in terms of output, sales, and employment were rising, particularly between 2015 and 2016. However, the fundamental goal of creating jobs is not met since, first, the jobs are transient, and second, the rate of employment growth is decreasing annually. If KVIC can expand the communication system with the aid of IT with numerous Khadi Institutions, our nation would have the strength and prospects of industrialization.

Jain and Sharma (2015) in their research entitled “Significance of Khadi and Village Industries on Indian Economy State of Art” concentrated on the current state of Khadi and village industries, the difficulties faced by India's underdeveloped states like Chhattisgarh, and the globalized free market economy. In addition, a number of suggestions are made for the advancement and enhancement of the economy. The article focusses on KVI's current position against the backdrop of globalization and the difficulties it faces due to market rivalry. Secondary data gathered from MSMEs' annual reports served as the study's foundation. According to the study's conclusions, khadi manufacturing can be greatly



enhanced by focusing on its design and quality. In order to combat unemployment and enhance the quality of life for those living in rural regions, the government also offers sufficient financial support for the growth of Khadi and village industries in the form of tax exemptions, namely in the areas of sales tax, purchase tax, etc.

Research Objectives:

- To know conceptual knowledge about Khadi and Village Industries.
- To examine the impact of production and sales on earnings of khadi and Village Industries in India.
- To determine how village and khadi industries contribute to job creation in India.

Hypotheses of the Study:

Null Hypothesis (H0):

- There is no impact of production on the sales of khadi and Village Industries India.
- There is no impact of production on the Earnings of Khadi and Village Industries in India.

Alternative Hypothesis (H1):

- There is an impact of production on the sales of khadi and Village Industries in India.
- There is a significant impact of production on Earnings.

Research Methodology: The only secondary data used in the study came from the Khadi and Village Industries Commission's annual reports. SPSS was used to analyse the data. The hypotheses are tested using regression analysis. The research is analytical and descriptive in character. The employment in various years is displayed via a graphic presentation.

Data Analysis:

TABLE:01

Employment in Khadi and Village Industries in India

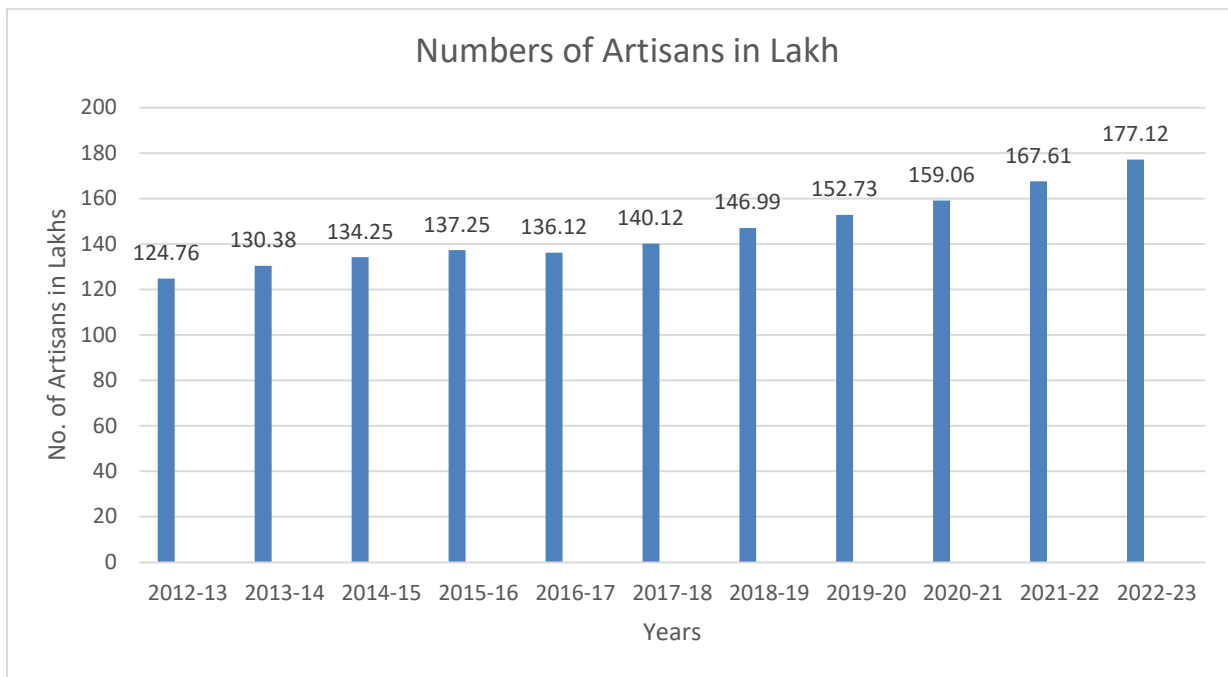
Financial Year	Employment (No. of Artisans in Lakh)
2012-13	124.76
2013-14	130.38



2014-15	134.25
2015-16	137.25
2016-17	136.12
2017-18	140.12
2018-19	146.99
2019-20	152.73
2020-21	159.06
2021-22	167.61
2022-23	177.12

(Source: Annual Reports of KVIC From 2012-13 to 2022-23)

Interpretation: There are 124.76 Lakhs artisans engaged in 2012-13, while in 2022-23 the number of artisans reached at 177.12 Lakhs. It shows approx. 42% increase in last 10 years. It means Khadi and village Industry play a vital role to generate self-employment and employment also.



Test First Hypothesis

Null Hypothesis (H₀): There is no impact of production on sales of Khadi and Village Industries in India.

Alternative Hypothesis (H₁): There is a significant impact of production on sales.

**TABLE:02****Performance of Khadi and Village Industries in India**

Production and Sales of Khadi and Village Industries (Rs. In Lakh)

Financial Year	Production	Sales
2012-13	2402423.18	2783969.05
2013-14	2610907.96	3115419.87
2014-15	2756937.51	3313590.01
2015-16	3449022.49	4189456.10
2016-17	4251209.98	5199922.27
2017-18	4808141.00	5918243.00
2018-19	5813034.53	7429209.00
2019-20	6766731.03	8887553.83
2020-21	7223514.81	9574136.47
2021-22	8428993.04	11541523.28
2022-23	9595667.04	13462948.99

(Source: Annual Reports of KVIC From 2012-13 to 2022-23)

Table: 03

Model Summary of Production and sales of Khadi and Village Industries in India

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df 2	Sig. F Change
1	.999 ^a	0.998	0.997	179787.7222	0.998	8104.36	1	20	.000
a. Predictors: (Constant), Production									
b. Dependent Variable: Sales									

(Source: Secondary data and analysis through SPSS)



The findings of a straightforward linear regression study looking at the link between Production (an independent variable) and Sales (a dependent variable) are shown in the model summary table. The two variables have a very strong positive linear relationship, as indicated by the correlation coefficient (R) of 0.999. With a R Square of 0.998, variations in production account for 99.8% of the variation in sales. This implies a very good model fit. Even after accounting for any bias, the model's robustness and dependability are confirmed by the extremely high Adjusted R Square of 0.997, which takes into account the number of predictors and sample size.

The average difference between the observed and model-predicted sales numbers is represented by the standard error of the estimate, which is roughly 179,787.72. Even though the absolute figure could look high, the dataset's sales scale determines how significant it is. The model's strength is further supported by the change statistics. With a significance level (Sig. F Change) of 0.000 and an F-change value of 8104.363, the model is statistically significant and Production is a meaningful predictor of Sales. A sample size of 22 is suggested by the degrees of freedom for the residual ($df_2 = 20$) and regression ($df_1 = 1$). Production is a crucial factor in forecasting sales success since the regression findings show that it has a considerable and statistically significant influence on sales.

Interpretation: Regression analysis was used to evaluate how production affected sales in the Indian Khadi and Village industries. An extremely strong positive association between the two variables is indicated by the model summary's extraordinarily high correlation coefficient ($R = 0.999$). The model offers a good fit to the data, as evidenced by the R Square value of 0.998, which shows that variations in Production account for 99.8% of the variance in Sales. The total regression model is statistically significant, as indicated by the F-statistic of 8104.363 and the accompanying significance value (Sig. F Change) of 0.000.

This leads to the rejection of the null hypothesis, which claims that production has no effect on sales. As a result, the analysis offers compelling proof that manufacturing significantly and favourably affects Khadi and Village Industries' sales success in India. The significance of increasing production efforts as a tactic to improve sales results in the industry is supported by this conclusion.

Test Second Hypothesis

Null Hypothesis (H₀): There is no impact of production on the Earnings of Khadi and Village Industries in India.

Alternative Hypothesis (H₁): There is a significant impact of production on Earnings.



Production and Earnings of Khadi and Village Industries (Rs in Lakh)

Financial Years	Production	Earnings
2012-13	2402423.18	1089746.19
2013-14	2610907.96	1123665.19
2014-15	2756937.51	1165452.25
2015-16	3449022.49	1547981.85
2016-17	4251209.98	1939259.96
2017-18	4808141.00	2239420.00
2018-19	5813034.53	2712119.71
2019-20	6766731.03	3061392.04
2020-21	7223514.81	3280525.04
2021-22	8428993.04	3903972.72
2022-23	9595667.04	4508785.25

(Source: Annual Reports of KVIC From 2012-13 to 2022-23)

TABLE:05

Model Summary of Production and Earnings of Khadi and Village Industries.

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.999 ^a	.999	.999	44985.83246	.999	6834.962	1	9	.000
a. Predictors: (Constant), Production									
b. Dependent Variable: Earnings									

Sources: Secondary data and analysis through SPSS

The findings of a basic linear regression study looking at the link between Production (an independent variable) and Earnings (a dependent variable) are shown in the model summary table. Production and



earnings have a very strong positive linear relationship, as indicated by the correlation coefficient (R) of 0.999. With a R Square of 0.999, changes in production account for 99.9% of the variance in earnings. This indicates a very high degree of explanatory power and model accuracy.

The model is still highly robust even after accounting for the number of predictors and sample size, as evidenced by the Adjusted R Square of 0.999. The average difference between actual earnings values and those projected by the model is shown by the standard error of the estimate, which is 44,985.83. Despite its seeming size, this figure needs to be considered in relation to the Earnings data's total magnitude.

The regression model is highly statistically significant, as evidenced by its F-statistic of 6834.962 and significance level (Sig. F Change) of 0.000. This indicates that there is substantial proof that production has a big impact on earnings. The analysis is based on a sample size of eleven observations, with one degree of freedom for the regression ($df_1 = 1$) and nine degrees of freedom for the residual ($df_2 = 9$). In conclusion, the model fits the data quite well, and the results strongly imply that production is a very strong predictor of earnings.

Interpretation

The model summary table shows that there is a very significant positive correlation between production and earnings, with a correlation coefficient (R) of 0.999. With a R Square of 0.999, production accounts for 99.9% of the variation in earnings. This shows a virtually perfect fit, indicating that earnings can be accurately predicted by production. Even after accounting for the sample size and number of predictors, the model's high explanatory power is confirmed by the Adjusted R Square, which is likewise 0.999.

The model's F-statistic is 6834.962, and the associated significance value (Sig. F Change) is 0.000. The regression model is highly statistically significant because the p-value is well below the conventional significance level of 0.05. The null hypothesis (H_0) is rejected since the p-value is less than 0.05. This finding offers compelling proof that earnings in India's Khadi and Village Industries sector are significantly impacted by production. As a result, the analysis highlights the crucial role that output plays in propelling economic development in this industry by concluding that rising production is strongly linked to rising earnings.

Conclusion:

In India, the Khadi and Village Industry is essential to creating jobs. Every year, the Khadi and Village Industry see an increase in the number of craftspeople. India's rural and khadi industries have grown by



about 42%. An extremely strong positive association between the two variables is indicated by the model summary's extraordinarily high correlation coefficient ($R = 0.999$). The model offers a good fit to the data, as evidenced by the R Square value of 0.998, which shows that variations in Production account for 99.8% of the variance in Sales. The total regression model is statistically significant, as indicated by the F-statistic of 8104.363 and the accompanying significance value (Sig. F Change) of 0.000. The data offers compelling proof that the sales performance of Khadi and Village Industries in India is significantly and favourably impacted by output. The significance of increasing production efforts as a tactic to improve sales results in the industry is supported by this conclusion. The null hypothesis (H_0) is rejected since the p-value is less than 0.05. This outcome offers compelling proof that earnings in India's Khadi and Village Industries sector are significantly impacted by production. Consequently, the analysis highlights the crucial role that production plays in propelling economic development in this sector by concluding that rising output is strongly correlated with rising incomes. Therefore, India's Khadi and village industries are essential to the country's rural development, create jobs, and offer a platform for self-employment.

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