



Khadi Development And Rural Panchayat

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Abstract

The Khadi and Village Industries Commission (KVIC) has played a pivotal role in advancing the Indian economy. Before independence, its contributions were informal and unstructured, whereas, in the post-independence era, it has functioned in an organized and systematic manner. Established as a statutory body in 1956 under an Act of Parliament, KVIC began operations in 1957 as the apex national organization for promoting Khadi and Village Industries in rural areas. It took over the responsibilities of the All India Khadi and Village Industries Board and has since operated as a premier institution committed to generating employment opportunities in rural regions through the production of Khadi and Village Industries. KVIC aims to provide financial support to rural artisans, helping them preserve and develop their skills to produce marketable goods and services, thereby contributing to household income. Since its inception, KVIC has been dedicated to fostering rural development across India.

Introduction

It is unfortunate that India has never truly given Gandhian philosophy a fair opportunity. However, Gandhiji's vision for Khadi and Village Industries was pursued through the establishment of the Khadi and Village Industries Board in 1946. This article attempts to outline the approach to rural industrialization as developed in Gandhian philosophy. It also briefly reviews and analyzes the practical implementation of this philosophy-based approach while proposing specific policy suggestions to address challenges faced over the past fifty years.

Importance: Logic and Approach to Rural Industrialization

During a British parliamentary debate, Adam Smith described a prosperous pre-colonial India, stating that "East India offered a business opportunity for the manufacturers of Europe greater and more extensive than both Europe and America combined." However, British industrialization devastated this economic landscape, leading to the decline of self-reliant villages, the progressive impoverishment of laborers, and the destruction of traditional craftsmanship.

Gandhi deeply understood India's historical trajectory, which he reflected in *Hind Swaraj*. In this seminal work, he outlined his vision for India's reconstruction, arguing that 'modern civilization,' sustained by British rule, was the root cause of the country's economic distress. In contrast, Gandhi believed that India's salvation lay in the revival of its ancient civilization. He envisioned a *New Social Order* based on the principles of non-violence and truth, where economic and moral progress were intertwined, and human development took precedence over mere industrial growth. This vision proposed a social structure not as a hierarchical pyramid with power concentrated at the top but as an interconnected and self-sustaining community, akin to a vast oceanic circle.

To achieve this *New Social Order*, Gandhi emphasized "Village Development" as the core of his economic model, which came to be known as *Villagism*. His focus on rural reconstruction was not merely a critique of the exploitative nature of industrialism and urban dominance but also a positive effort to establish a just and self-sufficient social order, free from exploitation.

Gandhi never explicitly used the term *Rural Industrialization*, but two fundamental aspects of his development model—self-reliant villages and decentralization of economic and political power—placed Khadi and Village Industries at the heart of this vision. According to recent studies, the Khadi movement was not just a mass mobilization effort against colonial rule; it was also a social movement that recognized women as economically and politically active agents, without whose participation the dream of *Swaraj* would remain incomplete. In fact, Gandhi's famous concept of *Living Wage for Spinners* emerged from his awareness of the injustice of women receiving meager wages even within cottage industries.

Gandhi's choice of Khadi was driven by his commitment to the idea of *Work for All*. He firmly believed that Khadi and Village Industries were the only sustainable solution to India's economic challenges. This is evident in his direct challenge to the ruling authorities, stating, "If the government can provide full employment to all without the help of Khadi and Village Industries, I will be ready to abandon my constructive program in this sphere." He further elaborated that Khadi production involves multiple stages—cotton growing, picking, ginning, cleaning, carding, spinning, measuring, dyeing, warp and weft preparation, weaving, and winding—all of which, except dyeing, can be carried out within villages, thereby generating widespread employment.

While Khadi was the central element of his rural economic model, Gandhi acknowledged the significance of other village industries, comparing them to planets orbiting the sun. He welcomed those who preferred to focus on these industries, recognizing that a village economy could not thrive without essential enterprises such as hand grinding, hand pounding, soap making, paper production, metalwork, tanning, and oil processing. He envisioned a complementary relationship between Khadi and Village Industries, asserting that these industries were naturally allied with Khadi, and neither could exist in isolation.

Gandhi's vision for rural industrialization was not just about economic self-sufficiency but about creating an equitable, sustainable, and decentralized economy. His ideas continue to hold relevance today, offering a viable alternative to the dominant models of industrial capitalism and urbanization.

Gandhi may not have explicitly conceptualized Khadi and Village Industries, except for one instance when he stated that "*Khadi of my conception*" is the hand-spun fabric that should entirely replace mill-made cloth in India. Through this, he indirectly defined Khadi. He also emphasized that if individuals did not embrace hand-spinning as a sacred duty—where the same person undertook the entire process of carding, slivering, and spinning—then Khadi had little hope of survival.

The broader conceptualization of village industries was entrusted to J.C. Kumarappa, who outlined the essential conditions for an enterprise to qualify as a village industry:

1. It should produce essential goods in villages for local consumption.
2. It should utilize locally available raw materials and employ simple processes accessible to villagers.
3. It should require only tools and equipment that can be acquired within the village's financial capacity.
4. It should rely on human or animal power, as these resources are easily available in villages.
5. It should cater primarily to the needs of the local or surrounding population.
6. It should not displace existing labor.

These characteristics expanded the scope of village industries while ensuring that their growth did not lead to economic concentration, exploitation, inequality, or environmentally harmful industrialization.

Shifting Perspectives on Market, Technology, and Credit

Issues such as market accessibility, the use of mechanized production, and financial credit, which gained prominence in post-independence rural industrialization, were not central in the initial stages of Gandhian economic thought. However, in the years following independence, Gandhi's stance on these matters evolved to accommodate changing realities.

Review of the Ideology-Based Approach in India

India's acceptance of Gandhian rural industrialization can be observed through three key developments:

1. From the **Industrial Policy of 1948** to the **New Small Enterprise Policy of 1991**, Khadi and Village Industries were consistently positioned as the primary means for rural employment and economic development. Various industrial policies acknowledged the role of village industries, shaping the guidelines for Khadi and Village Industries (KVI) schemes.
2. As early as **1953**, India established the *Khadi and Village Industries Board*, which was later expanded into the **Khadi and Village Industries Commission (KVIC) in 1957**. KVIC was given the responsibility of initiating, supporting, and financing Khadi programs on a larger scale, integrating them into the national development agenda and making them an essential component of a planned economy.
3. The initial approach to KVIC followed a **purely Gandhian model**, focusing on **local raw materials, local markets, and simple techniques** (1951). A **Common Minimum Program** was introduced to ensure production was reserved for village industries, restrict capacity expansion in large industries, and continue research in the sector. A multi-institutional framework was developed, leading to the formation of separate boards for Khadi, Handloom, Handicrafts, and Small-Scale Industries.

Key Committee Recommendations on Khadi and Village Industries

- The **Second Five-Year Plan** assigned a critical role to village industries, expecting them to produce consumer goods that would support heavy industrial development without causing inflation. It also aimed to generate employment rapidly. Economic planners devised a specific approach for KVIC's development.
- The **Kurvey Committee (1955)** led to the establishment of KVIC and recommended the distribution of **2 to 5 million Ambar Charkhas**, an improved hand-spinning device.
- The **Zaman Committee (1959)** supported the **decentralization of Khadi production**, the recognition of large institutional bodies, and the creation of cooperatives. It also suggested separating yarn production from the commercial Khadi industry, ensuring that the traditional *charkha* remained a means of economic relief for the distressed population rather than being linked solely to profit-driven activities.
- The **Nathu Committee (1962)** proposed a new marketing approach, recommending that **40% of sales should occur within local districts, 80% within the state, and only 20% be distributed to other states** to maintain localized economic benefits.
- The **Ashok Mehta Committee (1968)** introduced a new vision for KVIC's development based on three core objectives:

1. Producing marketable goods.
2. Providing employment in underdeveloped, tribal, remote, famine, and drought-prone regions, as well as for disadvantaged populations.
3. Encouraging self-sufficiency and community spirit among rural populations.

Gandhi's vision for rural industrialization was not just an economic model but a comprehensive socio-economic philosophy aimed at fostering self-reliance, sustainability, and employment in rural India. While post-independence policies largely embraced Gandhian principles, various committees and evolving economic realities led to modifications in approach. Nevertheless, the core idea of empowering villages through small-scale, decentralized industries remains a vital aspect of India's rural development strategy.

Predominant Issues and Major Policy Suggestions

Despite decades of effort, India's progress in alleviating poverty and unemployment through Gandhian rural industrialization has been limited. The key challenges and potential solutions can be outlined as follows:

1. Inadequate Earnings in Khadi Production

Even after nearly fifty years, Khadi workers continue to struggle with low incomes. Efforts to introduce new spinning technologies have failed to yield sufficient and attractive wages. A recent study by the *Centre for Women's Development Studies* revealed that, even in Gujarat, the per capita income of Khadi workers remains below the poverty line and has consistently been lower than earnings in other sectors.

2. Market Challenges for KVIC Products

One of the most pressing issues faced by KVIC is the lack of a robust market for its goods. Insufficient demand has hampered the viability of Khadi and Village Industries.

3. Technology and Unemployment Paradox

While advancements in production technology were introduced, KVIC has struggled to effectively commercialize these innovations. In fact, without adequate market expansion, technological advancements have led to job losses among traditional Khadi workers instead of creating new employment opportunities.

4. Declining Growth in Khadi Compared to Village Industries

Various performance indicators—such as output, productivity, employment, technology transfer, investment, worker retention, consumer preference, and government support—suggest that Khadi production is declining, whereas village industries hold greater potential for growth and expansion.

5. Failure of Cooperative Institutions

Cooperatives were intended to serve as a foundation for a non-exploitative, self-reliant rural economy. However, they have largely failed in the Khadi sector. Only about **5% of Khadi production** has been accounted for by cooperatives, most of which have remained inactive, plagued by disorganization and lack of participation.

6. KVIC's Limited Impact in Underdeveloped Regions

KVIC is expected to play a significant role in poverty alleviation, especially in the most backward regions. However, its efforts have been inadequately distributed, with insufficient presence in the areas that need it most.

Conclusion

Gandhiji's approach to rural industrialization evolved over time, but its implementation has not yielded the desired results. However, this does not mean that it should be dismissed as merely a historical legacy. The words of Pandit Jawaharlal Nehru in his famous *Gandhigram Speech* provide valuable insight:

"We must think more and more about Mahatma Gandhi's approach. It is strange that his name is only referenced in passing, but I have immense respect for his methods. Some of these traditional techniques may not be as efficient as modern industrial methods, yet we must integrate them; otherwise, they will be wasted."

This statement underscores the need for renewed and sustained efforts to develop rural industries following the Gandhian path, blending tradition with modern strategies to ensure sustainable and inclusive economic growth.

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