

Review of Marketing Strategies of KVIC

Rachna Yadav

EAFM Department, Rajasthan University, Jaipur

Abstract: *The purpose of the current study conducted was to find out the new evolving strategies taken by the government to revamp the Khadi stores. The paper reviews and understand the marketing strategy adopted by one of the major organizations in the decentralized sector. The paper tries to bring forth the journey taken by the name Khadi since its inception for till its evolution.*

Keywords: KVIC, Sales and Marketing strategy, Branding, Initiatives

1. Introduction

Mahatma Gandhi said “The spinning wheel is like swaraj (self-rule), “Khadi is our birthright, and it is our lifelong duty to use that only. Anyone who does not fulfill that duty is totally ignorant of what swarajis to me it represents the hopes for the masses “

The Quit India movement in the year 1942 was the begun against the Britishers and was the movement through which Mahatma Gandhi introduced the use of Swadeshi items and thus the spirit of Khadi was born. It was institutionalized by Mahatma Gandhi as a fight against foreign goods and the indirect target being the Britishers and their product. The vision was to take rural India into the folds of Indian Economy and create a brand that will be worn by the masses and make India self-reliant. In 1920 during the session held at Nagpur Congress decided to introduce Khadi and thus the journey of KVIC began. The first Production unit was established at Katiawad, Gujarat. Mahatma Gandhi used to refer to Khadi as “the livery of freedom. Khadi movement gained popularity and in the year 1948, new India Government recognized the role of Rural Cottage Industry. It was made a part of the 5 year plan and KVIC was recognized as a cottage industry. **The Khadi and Village Industries Commission (KVIC) is a statutory body established by an Act of Parliament (No. 61 of 1956, as amended by act no. 12 of 1987 and Act No.10 of 2006. In April 1957, it took over the work of former All India Khadi and Village Industries Board.**

The KVIC act was amended in the year 1987 and Rural area and Village Industries were defined under this Act. A wide range of scope was created for Village and service industries. The industries was to be set up in the Rural area where people can have dual source of income one agriculture produce and the other by producing products for Cottage industry which also use agriculture produce.

Chronological order of Khadi and its journey

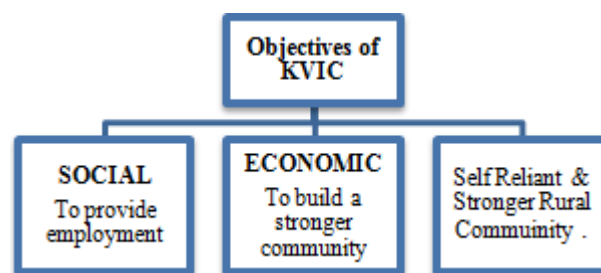
- **1920** Khadi introduced as a National tool for Swadeshi Movement, in the Nagpur session of All India National Congress meeting
- **1923:** Development of All India Board India National Congress by Gandhiji
- **1925:** Setting up of All India Spinners Association (AISA) / Akhil Bharat Charkha Sangh
- **1935:** All India Village Industries Association (AIVIA) was formed.

- **1953:** All India Khadi & village Board (AIKVIB) was established in January of 1953.
- **1956:** Khadi and Village Industries Commission Act 1956 was passed **1957:** Khadi and Village Industries Commission came into being.

KVIC functions under the administrative control of the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India.

2. Objectives of Setting up KVIC

KVIC was set with specific objectives in mind, the main aims are depicted in the figure below:



Social Objectives: The main aim of the government was to set up an organization which will facilitate employment generation for the youth. India's 70 % of the population and the economy depended on agriculture when we got freedom and agriculture being dependent on the monsoon which was unpredictable the government thus encouraged alternative ways of earning so that there is work and earning all the year round. KVIC main objective was to open new avenues of earning.

Economic Objectives: India has mixed economy and is basically dependent on Agriculture but is also blessed with a rich heritage of Art & Craft. Every region of each state has a different culture which can be nurtured and made economically viable to be sold. The government realized the potential and decided to strengthen the community and thus massive initiatives started with government intervention

Self-Reliant Community: KVIC was also charged with building a strong force of artisans by training and funding them. The aim of the government was to work for the people by the people so they strengthen the communities made them self-reliant thus strengthen the economy.

To achieve the Objectives, KVIC undertakes

- a) Financing of eligible agencies like small scale cottage industries, artisans and individual ventures in rural area that helps in promoting village industries.
- b) To plan, organize, promote development of khadi and village industries in various arenas, specially rural areas. It also coordinates with small scale industries for the promotion of rural artisans
- c) To encourage and promote research in the methods of production techniques of the various products of item sold at the outlets so as to facilitate better growth of the products.
- d) training of persons employed or desirous of seeking employment in khadi and village industries, supervisors and other functionaries;
- e) Building the reserves of the materials which help and facilitate the rural artisans and industries ;
- f) Promotion of sale and marketing of khadi and village industries products;
- g) It also sets standards of quality of products.
- h) Promotion and encouragement of cooperative efforts among the persons engaged in khadi and village industries, etc.

3. KVIC New Initiatives

- 1) Prime Minister's Employment Generation Programme (**PMEGP**) PMEGP is a credit-linked subsidy Programme launched by Ministry of MSME in 2008-09 for creation of employment in both rural and urban area of the country.
- 2) **SFURTI** is a Scheme of Fund for Regeneration of Traditional Industries Ministry of MSME has launched this scheme in the year 2005 with the view to promote Cluster development. KVIC is the nodal Agency for promotion of Cluster development for Khadi as well as for V.I. Products.
- 3) **MDA** is promotion assistance for development of Khadi. MDA is paid at 20% on Production. Out of the MDA, paid to the institution 25% goes to Artisans as direct incentive, 30% to institution for production and 45% for marketing.
- 4) Interest Subsidy Eligibility Certificate Scheme is applicable for all registered institutions of KVIC or KVIB for strengthening of production of Khadi & V.I. Under this scheme, bank loan at concessional rate of 4% interest p.a. can be availed by institutions.
- 5) **KRDP**: The Government of India and the Asian Development Bank (ADB) signed the loan agreement for the \$150 million for Khadi Reform and Development Program (KRDP) on 22nd December 2009 in New Delhi.
- 6) **Digital KVIC**: has been launched by Directorate of IT, wherein every Directorate/Field Offices have been given access by providing user name and password to all concerned Officers.
- 7) **KVIC training**: is imparting Skilled Development training to youths. Creating entrepreneurs and creation of self-employment opportunities are the central objectives of skill development training.

Background to the Marketing strategies

Khadi is the base of Indian struggle for freedom and still it constitutes 1% of textile market. The textile industry has grown at a tremendous speed with bring in new technology and fabrics on the other hand Khadi has not done well and the main reason for it are

Infrastructure & Process

- Old dilapidated retail outlets
- Outdated equipment
- Lack of infrastructure
- Fragmented Institution
- Labour intensive
- Legislative interference

Product

- Limited product range
- Emphasis on product development rather customer preferences
- No understanding for customer preference and profiling
- Poor product packaging
- No quality check of products.
- Not properly stocked

Marketing & Sale Strategies

- Poor customer service and experience
- Lack of apperception from the customer
- Most sale and promotional activities are done around Gandhi Jayanti
- Lack of training in business methodology
- Lack of awareness among the buyers
- Very less Marketing strategies
- Not recognizing the competitors and the fashion trends
- Emphasis on product development rather customer preferences
- No Branding of the product
- No internet presence of the products

Marketing strategies adopted recently by KVIC:

Marketing strategy includes all basic, short-term, and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives.

The Marketing initiatives taken by Khadi to increase sales are as below:

- 1) **Product Development**: New products have been launched after a lot of thought and research so as to promote the products of Khadi that are based on the concept of sustainable development. As the World is moving towards a more sustainable and eco-friendly environment it has become imperative to promote more of Khadi Products as they are all natural and hand made products. The products offered by KVIC range from Khadi, fiber leather, cane bamboo, agarbatti, processed food products, honey and handmade paper. The sale is looking up in the last few years cause of the change in ideology.
- 2) **Increase in number of Sale Outlets**: Most of the sale happens from the Khadi outlets or franchise shops. KVIC

has 7051 own stores and 2230 NGOs referred to as Khadi Institutions (KIs) across the country through which it sells its products. It also sells through the franchise stores. The franchise stores can be partly owned by KVIC at times and some are completely independent. One of the new options which has recently been introduced is to have small counters in a shop which has Khadi products. A pictorial representation is given below



- 1) **Exhibitions:** As a part of the marketing and promotional activities the government sanction funds for conducting exhibition activities either through KVIC or its allied sister concerns. Since 1990 the government has put various exhibitions at district level, zonal, state and national level. This helps in selling products and also spreading awareness about genuine Khadi products. These exhibitions also help the artisan to display their products thus resulting in employment and also liquidating the products of Khadi.
- 2) **Bulk Sales:** KVIC's one more innovating way is to make Bulk Sales to companies who can use the products for CSR activities.
- 3) **Promoting Khadi brand in government offices:** The government has taken initiatives to increase the sale of Khadi by enforcing government employees in certain ministries to compulsory wear Khadi clothes. The government is thinking to make Khadi compulsory to wear on Friday in government offices. The present government in its campaign of Make in India is making a lot of attempt to make Khadi the brand of India. In its new endeavor KVIC is also promoting Khadi clothes in schools and colleges.
- 4) **Up gradation of exports performance :** To promote KVIC products globally the government encourages artisans and KVIC personal to visit abroad for participating in international trade fairs/exhibitions and sales cum-study tour etc.
- 5) **Increase of credit flow:** The Union Government through the Ministry of Micro, Small and Medium Enterprises, provides funds to KVIC for undertaking its various activities under Plan and Non-Plan heads. These funds are provided primarily by way of grants and loans, which the Commission in turn re-allocates them to its implementing agencies, namely the State KVIBs, institutions registered under the Societies Registration Act, 1860 and cooperative societies registered under the Cooperative Acts of the State Governments, implementing banks, etc
- 6) **Modernization of stores and upkeep of stock:** In a globalized world where technology and modernity are the key for success, it is important that KVIC also improve its stores. In the new millennium the government is renovating the stores and is giving them the look of a modern showroom. Stock is what pulls the customer to the store so the journey from the artisan to the store has been improvised and is faster.
- 7) **Fashion trends and branding:** Few years ago, KVIC has engaged ace fashion designers from the industry to give a new avatar to its product, which has brought about a huge difference in the sales of Khadi items. In order to improve the quality of handcrafted Khadi, KVIC has tied up with the National Institute of Design (NID), Ahmedabad; 'Dastakar', Andhra Pradesh; IIT, Delhi; and Textiles Committee, Mumbai
- 8) **Logo and trademark:** In the month of November of 2014 the MSME moved to register the logo of Khadi and Village Industries Commission (KVIC) 'Khadi' as a 'word mark'. It has also sought legal opinion to seek geographical indication. The logo speaks of the brand and its identity and it also forms a direct link with the customer. The trust that people have on Khadi product strengthens once the Logo and trademark are there on the products.
- 9) **Tie up with Local brands:** Khadi being the National cloth has decided to integrate and tie up with the local Indian market key notch players in Textile, craft and hand made products. The main players in the market being FABINDA and RAYMONDS. They have already agreed to devote a section to Khadi outfits in about 600 of their outlets. These designs would have a khadi mark on them and sold under a new label name, like for example, Fabindia will be selling these products as Khadi marketed by Fabindia.
- 10) **Training of KVIC personal :** In the competitive world good customer relation are important, training doesn't mean training the front desk staff but an overall training to be imparted to each department including IT, Finance, HR etc. Training should touch all the employees and update them with latest tools and technology and the required skills to handle the products and the customers.
- 11) **Technological intervention:** The failure of an organization also depends on its inability to maintain the inventory / stock, raw material, production and sales statistics. The government has recently taken out a tender to invite technology companies for the Design, Development, Installation, Implementation and Support for Integrated Financial Management System (IFMS). Delay in approvals and process in the government department has led to the digitalization of all the process from stock inventory to payment. It will also help in connecting all the outlets, production house across the country through one payment process.
- 12) **Categorization system** modified in 2014 under KRDP to strengthen the KI's ability to perform. Categorization is now based on Performance based ability which is judged by Financial Capability, Artisans, operationally, Governance and Compliance and empowerment. We understand that categorization also helps KVIC in assessing KI's eligibility for new schemes.
- 13) **Accreditation of KVIC Products:** KVIC has also taken out tenders to engage agency for the accreditation of its

product and to provide certification to the agencies and industries involved in the production of its products. This will help in bringing parity in its products and all the producers and manufactures will come under its ambit.

4. Conclusion

Marketing is the most important function of all production industries. When Khadi was launched it made a place in people's heart as they believed in the ideology and that is what it has as its customers till recent time, it was not a brand but the ideology which made it survive but with change in customer preferences and availability of similar products in the market it was dying a natural death until the central government realized the setback. With the new revival policies, new departments and new marketing strategies it is slowly but steadily gaining the same place in the Indian heart as it had during the freedom struggle. Still there is a long way to go and many new initiatives and strategies need to be introduced like

- Establishing the Brand identity not only nationally but globally too. The brand represents independence, sustainability and eco friendliness and that is what the world is talking today and we need to spread awareness about the qualities of Khadi.
- Advertisement through all wire medium. The more we propagate the more the awareness will spread about the brand. Advertisement needs to be on television on various channels, radio/ FM, newspapers and the internet. The creative of the advertisements need to be modern and appealing.
- Online presence needs to be enhanced by online marketing and online sale outlets. Online in today's times is the biggest marketing platform which reaches millions at one given time.

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- Promotional material needs to be more creative and professional. The pamphlets to bags to hoarding and flexs need to be more appealing in terms of design and creativity
- Professional packaging and product development needs to improve as the packaging makes a lot of impact on the overall impression of a product.
- Research and development of products and market can be developed in various Incubation centers in collaboration with biggest textiles industries, Design colleges and handicraft houses
- Professional approach by all employees of Khadi toward the artisans and customers
- New business models wherein KVIC can partner with stores for sales of its products
- Consumer preferences need to be kept in mind along with the fashion forecast to decide the product range. The planning of all the cloth based products has to start one year in advance so that the consumers are in sync with the trend of the season.
- Involving more local brands in developing the artisans skills and product range
- Improving and strengthening export potentials
- Maximum utilization of local resources and adaptable techniques
- Tie up with international government for exhibitions during various fashion weeks.
- Initiatives more in craft and skilled based sector so that more employment is generated.
- Operational freedom needs to be given to each state and each bhandar so that creativity of selling and buying can be enhanced.
- Market research cell should also be set up to find new innovative ways to expand the customer base.

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Author Profile



Rachna Yadav received her M.com from University of Rajasthan, Jaipur. She has done her B.Ed from IGNOU. She is a professional currently working as a Faculty with Raffles University. She is currently pursuing her Ph.D. from Rajasthan University. She is an integral part of the training and placement team in the University.