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Impact of Khadi and Village Industries (KVI) in the Economy of ASSAM

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Abstract:

Agriculture is the backbone of state's economy. It accounts more than one-third of the state's income and about 69 per cent of the total working force in the state is engaged either directly or indirectly in this sector. However, this sector has not been developed sufficiently and failed to provide sufficient employment opportunities to rural masses. Consequently, large numbers of rural people of Assam are deprived of the minimum basic needs such as food, clothing, shelter, health, education, clean water etc. Under such circumstances, the Khadi and Village Industries (KVI) would have to be played a catalytic role in a backward economy like Assam. Therefore, based on secondary data constituting various published sources i.e. books, journals, research articles, official records and reports etc., in this study an honest attempt has been made to examine the impact of KVI in the economy of Assam. In order to measure the impact of KVI in Assam three important parameters such as employment generation, production and resource generation have been analysed for a period of three years. After verification of statistical data, it is found that except Pottery Industries (36.26 per cent) and Bee Keeping Industries (28.61 per cent), the impact of other KVI in employment generation is disappointing. Besides, the study also showed that the production and resource generation of KVI in Assam was not satisfactory. The production and resource generation of khadi industries was very negligible in comparison to village industries. To sum up, the impact of KVI in employment generation, production and resource generation in Assam is not at all satisfactory due to various constraints faced by these industries. The study also incorporates some meaningful suggestions to overcome the weaknesses faced by KVI of Assam. Certain initiatives should be taken by the Government of Assam as well as financial institutions in order to realise the objectives of KVI in Assam.

Keywords: Khadi, Village Industries, Employment, Production, Resource generation

1. Introduction

Assam is the heartland of North-East India (NEI). The state is situated in the far North-East frontier of India, in between 90° E to 96° E and latitude 24° N to 28° N. The state is located at the North-Eastern Himalayan sub-region of India. Assam is bounded by the hill states of Bhutan, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura and Meghalaya in the vicinity of China and Tibet on the North, Burma on the East and South and Bangladesh on the West. The total geographical area of Assam is 78,438 sq. km. as against the country's total area of 3,287,263 sq. km. Today Assam possesses about 2.39 per cent of the total land areas of the country and the state has to support about 2.59 per cent of the country's population and 68.24 per cent of the entire NEI. More than 87 per cent of the population inhabits in rural areas covering about 26,312 villages. The rural population largely comprises of small and marginal farmers, agricultural labourers, artisans, Scheduled Castes (SC) and Scheduled Tribes (ST). The socio-economic conditions of the vast number of rural population are dependent on agriculture which is the backbone of state's economy. Agriculture provides not only food grains to the state but also employment opportunities to a large extent. About 75 per cent of the population is getting their means of livelihood from agricultural sector. Agriculture accounts more than one-third of the state's income and about 69 per cent of the total working force in the state is engaged either directly or indirectly in this sector. However, though agriculture is the primary source of occupation of the vast number of rural population, this sector in Assam has not been developed sufficiently. Even though the state is richly endowed in natural resources such as abundant rainfall, alluvial soil, rich and diverse plants and animal genetic bases, the development of agriculture in Assam has been slow over the decades. It is because of the application of age old and traditional techniques, continuous sub-division and fragmentation of agricultural land due to increase of population and break down of joint families resulted in increasing excessive pressure on agriculture, the continuous encroachment of agricultural land by rising population etc. are the major causes of low agricultural productivity in Assam. In due course of time agriculture failed to provide sufficient employment to rural masses and unable to sustain the excessive population pressure. Consequently, the living condition of vast number of rural people of Assam is becoming poorer leading to increase of poverty, unemployment, ridden, illiterate and lack of skill needs support to earn. It is observed that due to lack of conducive atmosphere, the rural areas have been associated with poverty, unemployment, under unemployment and economic inequality. Even, they are deprived of the minimum basic needs such as food, clothing, shelter, health, education, clean

water etc. They are half-fed, half-naked, of poor health and illiteracy swallowed by poverty, disease and unemployment (Singh, 2007).

Thus, against the back-drop of increasing poverty, slow pace of economic development and very high rate of population growth, the employment generation in rural areas has become one of the major priorities drawing the greater attention of the government and policy planners of the state. For providing gainful and productive avenues of employment to the growing labour force and relieve unemployment and under-employment in rural backward areas, a massive programme of industrialisation in the shape of village and cottage industries would have to be launched. This assumes added significance in the face of limited opportunities in the agricultural pursuits and for putting a check to the large scale migration to urban areas. The dispersed character of the village and cottage industries facilitate the utilisation of scattered resources, of the rural backward area (Planning Commission, 1981). Small scale industries constitute the key link in the process of socio-economic transformation of underdeveloped social structures. It is, no doubt, true that in the case of dominantly rural countries, process of transformation either germinating within the rural segment or bringing the later within its orbit of influence will play a crucial role and should, therefore, occupy an important position in their development strategy. It is, however, equally true that rural and urban processes are inseparably interwoven in the socio-economic fabric. Rural development cannot be operationalized outside the total developmental process straddling the rural-urban continuum (Vibhute et. al, 2012).

2. Objectives

The main focus of this study is the examination of the impact of Khadi and Village Industries (KVIs) in the economy of Assam. Specifically, the objectives of the study are stated as under:

- To examine the impact of KVIs in the economy of Assam in terms of employment generation, production and resource generation.
- To specify the major obstacles faced by KVIs in Assam.
- To give meaningful suggestions to improve the KVIs in Assam.

3. Research Questions to be Examined

Keeping the objectives in view, in this study an honest attempt has been made to examine the following questions –

- How far the KVIs are successful in generating employment in Assam?
- How far the achievements of KVIs are satisfactory in production and resource generation in Assam?

4. Methodology

In fact, the methodology in this study is not one-dimensional rather it is host of historical and analytical. The historical method is applied for historical records and information which are the basis of the study. The analytical method is employed to analyze the facts pertaining to the study. The study is based on secondary data which constitute various published sources such as books, journals, research articles, official records and reports etc. Besides, for the purpose of analysis, simple statistical tools like percentage, average are applied to analyze the data for the study.

5. Concept of Khadi and Village Industries

Khadi refers to handspun and hand-woven cloth. The raw materials of khadi may include cotton, silk, or wool, which are all spun into yarn on a traditional spinning wheel called *Charkha*. Thus, khadi is a hand spun and hand woven cloth made in India from cotton, silk and woollen yarn. It is a versatile fabric, cool in summer and warm in winter. Khadi is sourced from different parts of India, depending upon its raw materials - while the silk variety is sourced from West Bengal, Bihar, Odisha, North Eastern States; the cotton variety comes from Andhra Pradesh, Uttar Pradesh, Bihar and West Bengal. Khadi poly is spun in Gujarat and Rajasthan while Haryana, Himachal Pradesh, Jammu and Kashmir and Karnataka are known for the woolen variety (Wikipedia, the free encyclopedia).

Khadi is a type of cloth that is derived from fibrous ingredients and is reeled and spun with hand. Hence, cotton, eri, muga, pat, tassar, motka, etc., which are spun and weaved with hand are called khadi. The raw materials needed for the production of khadi is generally available locally. For the people of Assam, producing cloth with the locally available raw materials for daily use was a way of life even as late as the time when Gandhiji was in our midst (Das, 2009).

In fact, khadi is not merely a cloth, it is a movement started by Mahatma Gandhi, the Father of Nation for self-reliance through local production and seeking active participation of the poor in the struggle for independence through removal of hunger and unemployment. The movement was launched in 1920 as a political weapon in the Swadeshi movement. During the freedom struggle, Gandhiji realised that in order to active participation of poor in the anti- British movement, the problem of hunger, poverty and unemployment must be addressed first. Therefore, Gandhiji conceived of the development of KVIs which involved processing and conversion of agricultural produce into final goods by the villagers themselves. Thus, the KVI was used as an instrument to meet the twin objectives of self-reliance and participation of the poor in the freedom struggle. The Khadi movement promoted an ideology, an idea that Indians could be self-reliant on cotton and be free from the high priced goods and clothes which the British were selling to them. The British would buy cotton from India at cheap prices and export them to Britain where they were woven to make clothes. These clothes were then brought back to India to be sold at hefty prices. The Khadi movement aimed at boycotting foreign goods including cotton and promoting Indian goods, thereby improving India's economy. Mahatma Gandhi began promoting the spinning of khadi for rural self-employment and self-reliance (instead of using cloth manufactured industrially in Britain) in 1920s India thus making khadi an integral part and icon of the Swadeshi movement. The freedom struggle revolved around the use of khadi fabrics and the dumping of foreign-made clothes (Wikipedia, the free encyclopedia).

The definitions of village industries have changed over the years. In fact, no acceptable definitions of village industries have been available. Different countries use different parameters such as the number of labourers engaged, size, type of activities, energy use in the industry, capital investment etc. for defining village industries. In India, village industries mean an industry that is located within a particular rural area, where the Fixed Capital Investment (FCI) per artisan does not exceed Rs. one lakh. Village industry means in which fixed investment per head of any artisan or a worker does not exceed Rs 1, 00,000/- in plain areas and Rs 1, 50,000/- in hilly areas (Chakravarty, 2012).

The amendment of Khadi and Village Industries Commission (KVIC) Act of 1956, has redefined the term village industries as any industry located in a rural area which produces any good or renders any service with or without the use of power and in which the fixed capital investment per head artisan or worker does not exceed Rs. 1,00,000/ (Rs. 1,50,000/ in case of village industry located in hilly areas) or such other sum as may, by notification in the *Official Gazette*, be specified from time to time, by the Central Government.

Village Industries predominantly in the form of traditional crafts have engaged a part of the rural population for centuries. They form a part of the rural occupational structure and their decline leads to the dislocation of a sizeable number of workers (Papola et. al, 1982). The village industries may be different types such as mineral based industry, forest based industry, food and agro based industry, polymer and chemical based industry, rural engineering and non - conventional energy based industry, textile industry and service industry etc.

In fact, the khadi and village industries come under the category of rural industrialization. Rural industrialization is important not only as a means of creating employment for the labour force and raising the real income of the nation but also it contributes to the development of agriculture. The development of rural industries also creates opportunities for women domestically and changes the pattern of leisure and work (Desai, 1993). Khadi and village industries are traditional rural industries. Some of the common features are: (i) low capital resources, (ii) small size, (iii) use of traditional and simple tools, (iv) traditional skilled and unskilled labour, (v) simple methods of management, (vi) irregular employment, and (vii) division of occupation as female and male etc. Khadi and village industries are mostly located in rural areas and normally associated with agriculture.

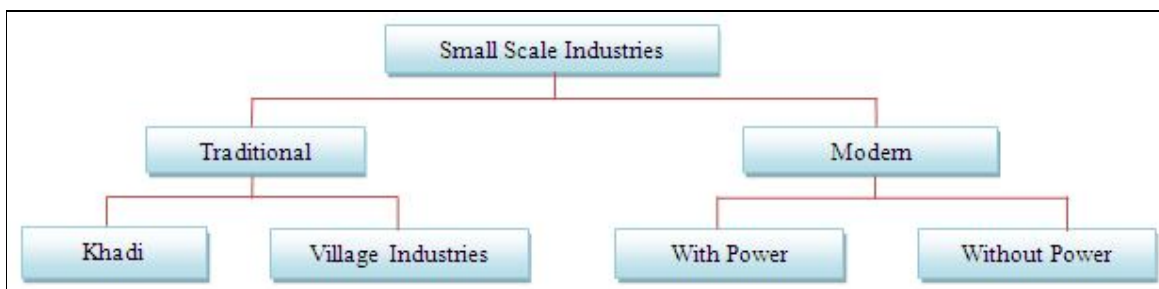


Figure 1

6. Khadi and Village Industries in Assam

Assam is one of the most industrially backward states of India. In spite of being blessed with a high potential for development of resource-based and demand-based industries in the state, the pace of industrialization in Assam has not been satisfactory. The industries in the state have been centralized around some particular sectors like tea, petroleum, coal, jute and forests. Shyness of capital due to the high cost of production, vulnerability of the region, inadequate economic and basic infrastructural facilities, dearth of technical personnel, lack of entrepreneurial motivation on the part of local people and low level of central sector investment etc. are responsible for poor industrial development in the state (Dhar, 1988).

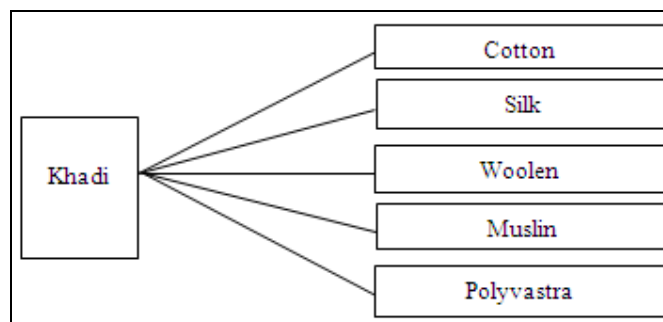


Figure 2: Types of Khadi Operating in Assam

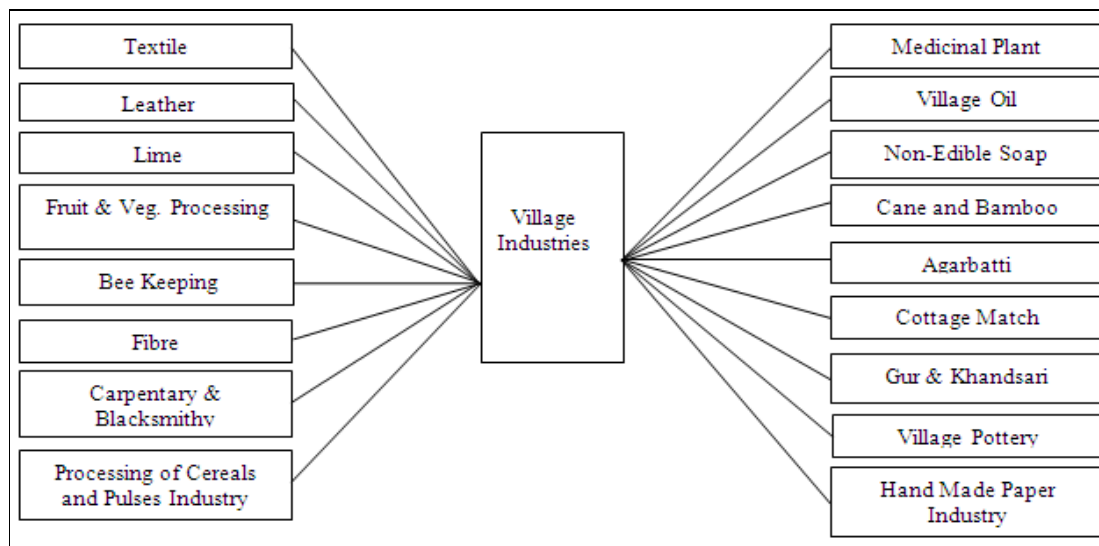


Figure 3: Types of Village Industries Operating in Assam

Under such circumstances, the small scale and cottage industries specifically the KVI have been playing a catalytic role in a backward economy like Assam more importantly in generating rural employment and accelerated rural development. Different types of KVIs are operating in various parts of the state. As per information made available by the Khadi and Village Industries Board (KVIB), cotton, silk, woolen, muslin and polyvastra are the major industries under Khadi (Figure 2) while under village industries as many as 17 different types of major industries are working throughout the state (Figure 3). These industries are labour – intensive and thus are generating a huge number of employment opportunities. Besides employment generation, these industries have been playing a commendable role in production, investment, foreign exchange, rural development etc. (Figure 4).

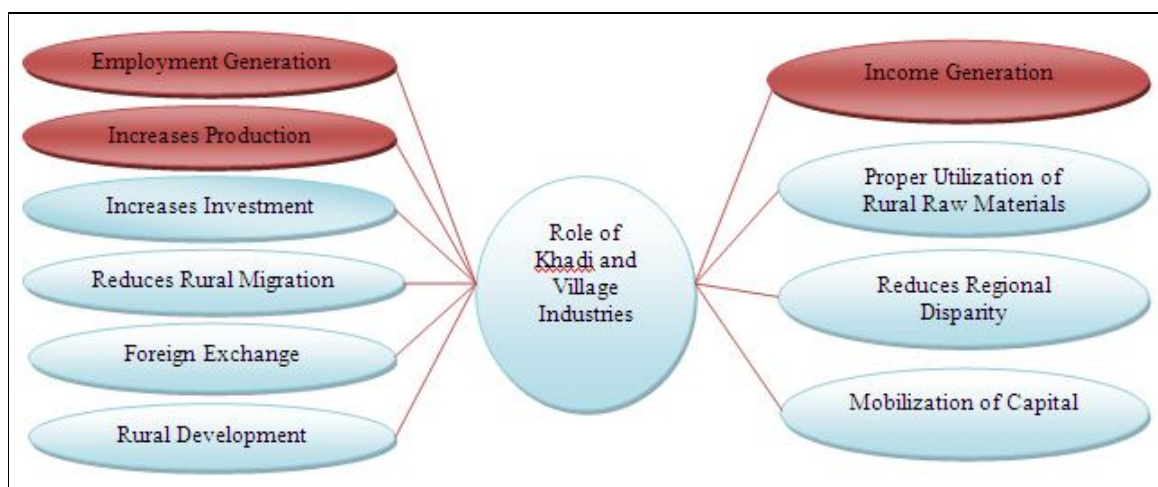


Figure 4: Significance of KVIs in Assam

7. Results and Discussion

The government figures indicate that during 2009-2012 (till the end of March, 2012), the number of KVIs operating in the state of Assam were 3995 out of which the highest 1283 numbers belonged to Gur & Khandsari followed by Carpentry & Blacksmithy (585), Village Oil Industry (521) and Cane & Bamboo Industry (508). The employment provided by the KVIs in Assam to 78604 persons. The highest employment of 36.26 per cent was provided by the Pottery Industries while the lowest of 0.01 per cent provided by the Dyeing & Printing Industries. A significant percentage of employment i.e. 28.61 per cent was provided by the Bee Keeping Industries in Assam (Table 1). Thus, except the Pottery and Bee Keeping Industries, the generation of employment by the other KVIs in Assam was insignificant.

Statistics on production of KVIs showed a vast variation of productions in between Khadi and Village Industries. The total production value of KVIs in Assam during the reference period was Rs. 6344.89 lakh comprising Rs. 119.48 lakh Khadi and Rs. 6225.41 lakh Village Industries. Out of total Rs. 119.48 lakh production value under Khadi Industries, Rs. 21.96 lakh produced in 2009-10, Rs. 46.52 lakh in 2010-11 and Rs. 51.00 lakh in 2011-12 financial year. The percentage of achievement of Khadi Industries in terms of production value was insignificant (1.88 per cent) in comparison to Village Industries (98.12 per cent). It is

observed that the highest of Rs. 2544.51 lakh and the lowest of Rs. 1874.80 lakh production of KVIs had been recorded during 2009-10 and 2011-12 financial year respectively. Similar trend had been shown in case of Village Industries (Rs. 2522.55 lakh in 2009-10 and Rs. 1823.80 lakh during 2011-12). However, this trend was somewhat different in case of Khadi Industries. The highest production of Khadi i.e. Rs. 51.00 lakh and the lowest production of Rs. 21.96 lakh had been recorded during 2011-12 and 2009-10 financial year respectively (Table 2). The production value of Khadi was increased from 18.38 per cent in 2009-10 to 38.93 per cent in 2010-11 and 42.69 per cent during 2011-12 financial year. On the contrary, the production value of Village Industries had been gradually decreasing from 40.52 per cent in 2009-10 to 30.18 per cent in 2010-11 and 29.30 per cent in 2011-12. Similarly, the overall production of KVIs in Assam continuously decreased from 40.10 per cent in 2009-10 to 30.18 per cent during 2010-11 and 29.55 per cent and 2011-12 (Figure 5).

Type of Industries	2009-10		2010-11		2011-12		%
	No. of Centers	Employment	No. of Centers	Employment	No. of Centers	Employment	
Bee Keeping Industry	200	22486	200	22486	200	22486	28.61
Village Oil Industry	521	3154	521	3160	521	3160	4.02
Pottery Industry	202	28503	202	28503	202	28503	36.26
Processing of Cereals & Pulses	308	1461	308	1461	308	1461	1.86
Gur & Khandsari	1283	6208	1283	6208	1283	6208	7.90
Cotton & Silk	94	4270	94	4280	94	4280	5.45
Carpentry & Blacksmithy	585	5383	585	5383	585	5383	6.85
Non-Edible Oil & Soap	20	373	20	373	20	373	0.47
Cottage Match Industry	-	-	-	-	-	-	-
Agarbatti Industry	10	28	10	28	10	28	0.04
Village Leather Industry	124	607	124	607	124	607	0.77
Hand Made Paper Industry	3	47	3	30	3	30	0.03
Cane & Bamboo Industry	508	4987	508	4987	508	4987	6.34
Lime Industry	68	450	68	450	68	450	0.57
Fibre Industry	25	113	25	113	25	113	0.14
Medicinal Plant Industry	6	319	6	319	6	319	0.41
Fruit Preservation	37	212	37	212	37	212	0.27
Dyeing & Printing	1	4	1	4	1	4	0.01
Total	3995	78605	3995	78604	3995	78604	100

Table 1: Industry wise Employment Generation in KVIs in Assam during 2009-2012 (up to 31st March, 2012)

Source: Compiled from Statistical Hand Book, Government of Assam, 2011-12

Type of Industries	Value of Production (Rs. in Lakh)				Percentage
	2009-10	2010-11	2011-12	Total	
(I) Khadi: Cotton	2.20	10.26	1.80	14.26	0.22
Silk	19.76	36.26	49.20	105.22	1.66
Woolen	-	-	-	-	-
Muslin	-	-	-	-	-
Polyvastra	-	-	-	-	-
Total – (I)	21.96	46.52	51.00	119.48	1.88
(II) Village Industries: Textile	-	-	-	-	-
Leader	13.96	72.70	72.30	158.96	2.51
Lime	50.27	19.01	19.01	88.29	1.39
Fruit & Veg. Processing	78.19	73.20	73.20	224.59	3.54
Fibre	12.58	5.17	5.17	22.92	0.36
Bee Keeping	160.98	43.44	43.44	247.86	3.91
Carpentry & Blacksmithy	364.54	149.31	149.31	663.16	10.45
Non-Edible Soap	59.25	20.00	20.00	99.25	1.56
Processing of Cereals & Pulses	355.97	323.10	323.10	1002.17	15.80
Medicinal Plants	23.07	9.30	9.30	41.67	0.66
Village Oil	634.06	568.50	579.74	1782.30	28.09
Cane and Bamboo	240.88	80.50	80.50	401.88	6.33
Ararbatti	19.62	9.67	9.67	38.96	0.61
Cottage Match	-	-	-	-	-
Gur & Khandsari	333.60	406.10	340.00	1079.70	17.02
Village Pottery	163.23	94.08	94.08	351.39	5.54
Hand Made Paper Industry	12.35	4.98	4.98	22.31	0.35
Total – (II)	2522.55	1879.06	1823.80	6225.41	98.12
Grand Total (I+II)	2544.51	1925.58	1874.80	6344.89	100

Table 2: Industry wise Value of Production in KVIs in Assam during 2009-2012

Source: Compiled from Statistical Hand Book, Government of Assam, 2011-12

The annual statistics in respect of resource generation of KVIs in Assam shows that the total resource generated during 2009-2010 to 2011-12 was Rs. 6520.76 lakh comprising 97.02 per cent (Rs. 6326.19 lakh) generated by Village Industries while the remaining 2.98 per cent (Rs. 194.57 lakh) generated by Khadi Industries. The overall resource generation was highest (Rs. 2237.40 lakh) during 2011-12 and lowest (Rs. 2105.08 lakh) in the 2010-11 financial year (Table 3). The highest (39.61 per cent) and the lowest (26.86 per cent) resource generation of Khadi had been recorded during 2009-10 and 2010-11 respectively. In case of Village Industries, the highest of 34.34 per cent in 2011-12 and the lowest with 32.45 per cent in 2010-11 financial years were recorded in the state (Figure 6).

Type of Industries	Total Sales (Rs. in Lakh)				Percentage
	2009-10	2010-11	2011-12	Total	
(I) Khadi: Cotton	20.84	10.13	31.67	62.64	0.96
Silk	36.13	21.51	25.23	82.87	1.27
Woolen	0.25	0.12	0.15	0.52	0.01
Muslin	18.70	19.20	7.15	45.05	0.69
Polyvastra	1.16	1.30	1.03	3.49	0.05
Total – (I)	77.08	52.26	65.23	194.57	2.98
(II) Village Industries:	-	-	-	-	-
Textile	-	-	-	-	-
Leader	19.72	79.90	79.50	179.12	2.75
Lime	43.96	21.01	21.02	85.99	1.32
Fruit & Veg. Processing	71.10	80.40	80.40	231.90	3.56
Fibre	11.44	5.77	5.77	22.98	0.35
Bee Keeping	136.15	55.72	221.69	413.56	6.34
Carpentry & Blacksmithy	298.27	151.14	151.14	600.55	9.21
Non-Edible Soap	43.46	17.50	21.02	81.98	1.26
Processing of Cereals & Pulses	71.10	355.33	350.00	776.43	11.90
Medicinal Plants	20.00	10.80	10.80	41.60	0.64
Village Oil	583.40	625.25	653.60	1862.25	28.56
Cane and Bamboo	177.24	109.20	109.20	395.64	6.07
Agarbatti	21.62	8.17	8.01	37.80	0.58
Cottage Match	-	-	-	-	-
Gur & Khandsari	418.50	446.60	374.00	1239.10	19.00
Village Pottery	174.90	80.21	80.21	335.32	5.14
Hand Made Paper Industry	10.34	5.81	5.81	21.96	0.34
Total – (II)	2101.20	2052.82	2172.17	6326.19	97.02
Grand Total (I+II)	2178.28	2105.08	2237.40	6520.76	100

Table 3: Industry wise Resource Generation in KVIs in Assam during 2009-2012
Source: Compiled from Statistical Hand Book, Government of Assam, 2011-12

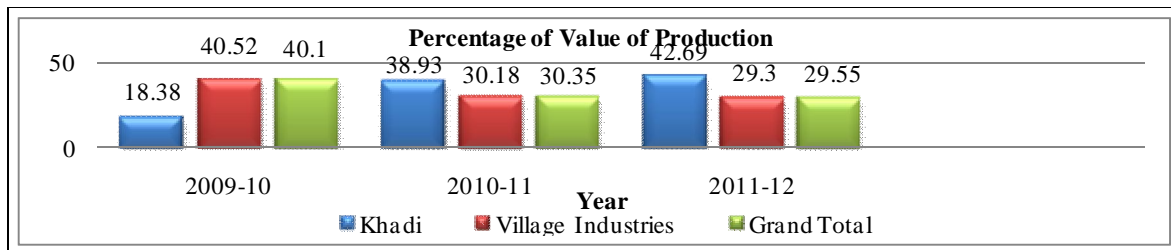


Figure 5: Percentage of Value of Production in KVIs in Assam during 2009-2012
Source: Compiled from Table 2

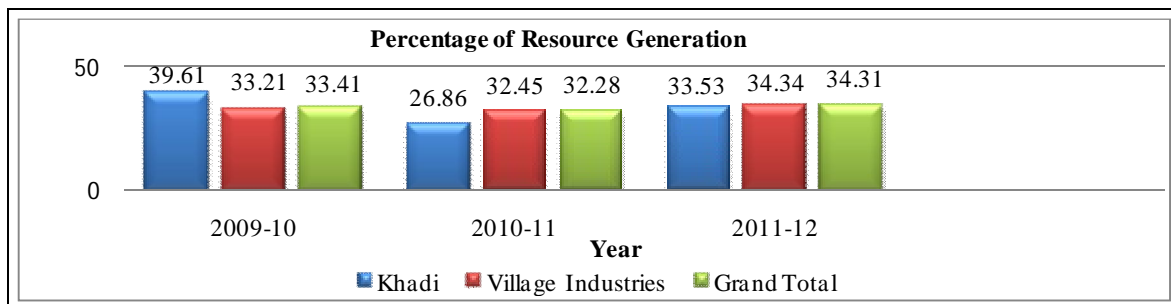


Figure 6: Percentage of Resource Generation in KVIs in Assam during 2009-2012.
Source: Compiled from Table 3

8. Findings of the Study

The study draws the following major findings:

- The results showed that over the three years, the KVIs had generated total employment to 78604 persons in Assam. The achievement in terms of employment generation by KVIs is discouraging. Except the Pottery Industries (36.26 per cent) and Bee Keeping Industries (28.61 per cent), the generation of employment by the other KVIs in Assam was insignificant.
- The study has confirmed that there is a significant variation of production in between Khadi and Village Industries in Assam. The total production of KVIs in Assam was Rs. 6344.89 lakh out of which 98.12 per cent produced by Village Industries while the remaining 1.88 per cent produced by Khadi Industries.
- It is observed that the production of KVIs in Assam is not satisfactory. The overall production value of KVIs was 40.52 per cent in 2009-10 which decreased to 30.18 per cent in 2010-11 and 29.30 per cent in 2011-12. Thus, the overall production value of KVIs in the state has shown a continuous declining trend.
- The most heartening feature of KVIs in Assam is the continuous increase of production of Khadi. The three-year average production of Khadi has shown a continuous increase from 18.38 per cent in 2009-10 to 38.93 per cent in 2010-11 and 42.69 per cent during 2011-12 financial year.
- However, it is also equally disheartening to note that in regard to achievement of production of Village Industries, the study reveals a continuous decreasing trend (40.52 per cent in 2009-10, 30.18 per cent during 2010-11 and 29.30 per cent in 2011-12) which is one of the most significant negative aspects of KVIs in Assam.
- So far the resource generation of KVIs in Assam is concerned, an important finding of the study is that only 2.98 per cent (Rs. 194.57 lakh) resource had been generated by Khadi while the remaining 97.02 per cent (Rs. 6326.19) generated by Village Industries. Thus, the contribution of Village Industries in resource generation is significant in comparison to Khadi Industries.
- Of course, the overall achievement of KVIs in terms of resource generation in Assam was discouraging. The study reveals that during 2009-10, the overall percentage of resource generation of KVIs was 33.41 per cent. During 2011-12, it was increased to 34.31 per cent from 32.28 per cent in 2010-11. However, this increment was insignificant.

9. Problems Faced by Khadi and Village Industries in Assam

In spite of having huge potentialities, the achievements of KVIs were not satisfactory in Assam. It was in fact, due to various problems, the KVIs cannot produce desired results. The KVIs of Assam have associated with following major problems:

- **Technological Factor**
The technologies used in KVIs of Assam are quite old and out dated. As the artisans and craftsmen are tradition bound and poor, they could not adopt modern skilled and technologies. Therefore, it is very difficult to expect more production and growth of KVIs in the state. Thus, the application of traditional technology is responsible for low productivity of KVIs in Assam.
- **Economic Problems**
The rural population of Assam largely comprises of small and marginal farmers, agricultural labourers, artisans, craftsmen, Scheduled Castes (SC) and Scheduled Tribes (ST). The rural areas have been associated with poverty, unemployment, under unemployment and economic inequality. Even, they are deprived of the minimum basic needs such as food, clothing, shelter, health, education, clean water etc. They are very poor and hence they depend on village money lenders and mahajans to meet their financial needs. But the money lenders and mahajans charges exorbitant rate of interest leading to exploitation of poor villagers. Consequently, the poor village artisans and craftsmen are facing enumerable financial problems and failed to modernize their production process.
- **Lack of Training Facilities**
Training occupies an important position in the efficient management of any production system. Besides providing skills, training brings about desired changes in the outlook and increases production. However, the rural people who are associated with KVIs have no training. In absence of proper training they are compelled to adopt outdated methods and procedure of production and thus could not keep pace with other sectors of the state's economy.
- **Inadequate Marketing Facilities**
Well organized and adequate marketing facilities are very essential for marketing the products of KVIs. However, the marketing system of Khadi and Village Industrial products in Assam is totally inadequate. In absence of proper marketing arrangements, the artisans and craftsmen are deprived of due prices of their products and thus, their very existence has been threatened.
- **Inadequate Transport and Communication Facilities**
A well developed transport and communication contributes to a great extent towards serving the social needs and providing basic infrastructure for overall development of agriculture and industries. Transport and communication can be regarded as the artery and nerves which help in the circulation of men and materials. It establishes links between the seller and the buyers. However, the existing transport and communication facilities are very backward and not adequate enough to meet the requirements due to insufficient resources, inadequate funds, poor management of transport system, poor control or monitoring, heavy rainfall and floods etc. The roads connecting the rural areas with the urban centres are not good. At many places the roads cannot be used during the rainy seasons. There are still bamboo bridges as a means of communication in some parts of the state during the long past decades. Consequently, goods cannot be transported very easily. Thus, transportation and communication becomes the key problem for KVIs in Assam.

- **Scarcity of Raw Materials**

KVIs of Assam are facing severe problems in procuring the raw materials. The problems arise mainly due to faulty and irregular supply of raw materials at a reasonable price. Usually, the KVIs use local raw materials. However, due to various reasons such as shortage of finance, limited resources, non-availability of sufficient quantity of raw materials etc., the owners of these industries cannot afford to purchase raw-material and are compelled to use imported raw materials at a high price.

The Planning Commission during its Seventh Five Year Plan made it clear that the growth of small-scale and village industries has been constrained by a number of factors including technological obsolescence, inadequate and irregular supply of raw materials, lack of organized market channels, imperfect knowledge of market conditions, unorganized nature of operations, inadequate availability of credit, constraint of infrastructure facilities including power etc. and deficient managerial and technical skills. There has been lack of effective co-ordination among the various support organizations set up over the period for the promotion and development of these industries. Quality consciousness has not been generated to the desired level despite various measures taken in this regard. Some of the fiscal policies pursued have resulted in unintended splitting up of these capacities into uneconomic operations and have inhibited their smooth transfer to the medium sector. All these constraints have resulted in a skewed cost structure placing this sector at a disadvantage *vis-a-vis* the large industries, both in domestic and export markets (Misra et al, 2008).

10. Suggestions

On the basis of the findings, the following remedial measures are suggested to plug the problems faced by the KVIs of Assam. Recommendations are given on the basis of findings derived from this exercise:

- **Technological Upgradation**

The study reveals the basic technological difficulties in production of KVIs in Assam. Therefore, the need of hour is to introduce modern scientific tools and techniques to improve the productivity and to reduce the unit cost of production. Appropriate steps should be taken to acquaint the workers engaged in these industries with modern scientific techniques and methods of production.

- **Infrastructural Facilities**

As per the finding of the study, the KVIs of Assam are facing the infrastructural facilities i.e. inadequate transport and communication. As such, it may be suggested that provision of basic infrastructure to KVIs should be given top most priority so that the works under these industries could be carried out effectively and efficiently.

- **Training**

It is also abundantly clear from the present study that the workers of these industries are in lack of proper training. Therefore, it may be recommended that there is need for a special drive on the part of concerning authorities to impart training to artisans and craftsmen more effectively. Further, it may be suggested that apart from separate training programme for both the types of workers (Khadi and Village Industries workers), there should be a combined training programme for better interaction among them. The methods of imparting and components of training courses should be devised after careful examination of training needs of specific workers. Training should not be of long duration. At a time, it should be of two-three days. Again it may be repeated for two-three days after a fortnight. In training more and more audio-visual aid should be used.

- **Participation of Local Youth**

Nowadays, many technically qualified local youths are abandoned in rural areas of Assam. However, they are not involved in management and production process of KVIs. Therefore, emphasis should be given on participation of technically qualified local youths to provide technical or engineering supports to the workers of KVIs. It may be suggested that a strategy should be worked out for involvement of technically qualified local youths for technical or engineering supports to KVIs.

- **Proper Marketing Arrangements:** The study reveals the basic marketing problems related to exporting KVIs products in Assam. It is universally accepted fact that only raising the production is not enough, what is required is the effective marketing management like sales depot, exhibitions of the products etc. In this regard, it may be recommended that proper marketing arrangements such as special trade-fairs should be developed both at home and abroad to enable the units to display their products and innovations.

- **Adequate Credit Arrangements**

Credit facilities should be made available to these industries through different financial institutions. Commercial banks and other financial institutions should come forward to provide short term and long term credit facilities to KVIs of Assam. State Government should create special packages to subsidise credit or take necessary steps for appropriate credit arrangements at the cheaper rates in order to expansion of these industries.

- **Regular Supply of Inputs**

Efforts should be made through proper agencies and schemes for regular and smooth flow of raw materials at reasonable rates. Further, special relaxation of import tax should be given to the industries depending on outside raw materials.

11. Conclusion

To conclude, the above evidence indicates that the KVIs has immense potentialities for generating gainful employment opportunities for the rural poor, sustainable rural development through increasing production and resource generation in the era of Liberalization, Privatization and Globalization (LPG). However, the study reveals that this potential cannot be realised without arresting the basic weaknesses facing by these industries. Due to application of age old traditional technology, inadequate infrastructure facilities, lack of proper training, scarcity of raw materials at the reasonable prices, inadequate credit arrangements etc. the impact of KVIs in the economy of Assam is insignificant. In spite of huge development potential, except a few exceptions, the performances of these industries have been disappointing and the results are not up to the mark. If all the loopholes could be brought under strict care and vigilance in proper time, there will be no doubt that KVIs would be a boon against rural poverty. In fact, the prosperity and happiness of the rural poor cannot be achieved without the expansion of KVIs on a massive scale. Therefore, the need of the hour is strong and flourishes KVIs through promotion, structural adjustment and economic reforms of KVIs in Assam. It requires a good governance, dedicated bureaucracy, strong political will, and co-operation from all sections of society i.e. non-government organizations, lawyers, judges, public servants, teachers, police, media persons and Self-Help Groups (SHGs) etc.

Support should be provided by the community to prevent exploitation and further develop these industries as they face stiff competition from other economies. In the over-populated countries like ours, the only way to fight the monster of unemployment is the development of cottage and small scale industries. They will bring about a more equitable distribution of wealth. In the words of Dr. V.K.R.V. Rao, "Small scale and cottage industries have a special claim for consideration in that they are the local investments through which the decentralization of industrial production can be achieved." It can, therefore, be said that 'Small is Beautiful' (Joy et al, 2013).

The present study examines the impact of KVIs in Assam covering the three important parameters i.e. employment generation, production and resource generation. There are so many issues and areas relating to the present work which have not been well covered and there are still considerable gaps in many other issues of our understanding. Specific research is needed on each of the issues of impact of KVIs in order to fully understand its contribution in the economy of Assam. The researcher, during the course of study has perceived a potential avenue of further research on various issues for the future. It will, therefore, be worthwhile efforts if some scholars were to study the impact of KVIs in the economy of Assam and compare the same with the neighbouring states of Assam or other parts of the country to understand its role in state and national economy.

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