

**A STUDY ON THE CHALLENGES AND PROSPECTS OF KHADI  
INDUSTRY WITH SPECIAL REFERENCE TO PAYYANUR KHADI  
INSTITUTION**

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## CERTIFICATE

This is to certify that the project titled "A STUDY ON THE CHALLENGES AND PROSPECTS OF KHADI INDUSTRY WITH SPECIAL REFERENCE TO PAYYANUR KHADI INSTITUTION" submitted in partial fulfilment of the requirement for the award of the degree of Bachelor of Arts in Economics to St. Teresa's College (Autonomous) (Affiliated to Mahatma Gandhi University, Kottayam) is a Bonafide record of the work done by the project group under my supervision and guidance.



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## DECLARATION

We hereby declare that the project report titled "A STUDY ON THE CHALLENGES AND PROSPECTS OF KHADI INDUSTRY WITH SPECIAL REFERENCE TO PAYYANUR KHADI INSTITUTION" submitted by us for the Bachelor of Arts Degree in Economics is our original work.

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**CHAPTER 1**  
**INTRODUCTION**



## **1.1 INTRODUCTION**

The Khadi holds a significant place in India's cultural and historical landscape, symbolizing more than just textile manufacturing. It embodies a commitment to sustainable development, economic self-sufficiency and social empowerment. Originating from the independence movement, khadi has evolved into a representation of national identity and artisanal craftsmanship.

This project intends to explore the current opportunities and challenges facing the khadi industry. By analysing contemporary trends, market dynamics, and policy frameworks, this study aims to provide a thorough understanding of its relevance and resilience for future generation.

Khadi Gramam in Payyanur plays crucial role in revitalizing the khadi industry, fostering community engagement and promoting sustainable textile practices. Founded to support the khadi movement, it serves as a hub for production and education regarding khadi.

The khadi and village industries are vital for employment and economic development in rural areas, including weavers and craftspeople. They offer essential livelihoods while maintaining traditional crafts through skill development training programmes. Employment opportunities also encompass design, production management and marketing resulting in a wide array of job roles. The industries strive for fair wages, bolstered by government initiatives that establish minimum wage standards and productivity-based incentives. Their economic impact is substantial, enhancing local economies, involving youth and empowering women, thereby contributing to rural development and community resilience.

## **1.2 REVIEW OF LITERATURE**

**Meena et al., (2021)** demonstrates that Khadi and Village Industries provide employment to millions, with many benefiting from schemes funded by the Khadi and Village Industries Commission (KVIC). Khadi, a handwoven fabric made from hand spun yarn, promotes environmental sustainability by avoiding fossil fuels and factory production. Despite this, the sector faces challenges, including a decline in production and a shortage of skilled workers. The government's efforts to revive Khadi include introducing solar-powered spinning wheels, expanding Khadi store networks, and partnering with private companies. The 'Zero Defect and Zero Effect Scheme' aims to improve quality, and KVIC plays a key role in rural employment generation. Khadi remains a symbol of national pride and self-reliance, and it is crucial for the

youth to promote its relevance globally. Both central and state governments must collaborate to support the Khadi industry and improve workers' livelihoods.

**Nair and Aithal (2023)** highlight the challenge for policymakers in Kerala today is to effectively and efficiently manage the twin themes of economic development while minimizing environmental damage. The predominance of green products and green marketing methods and strategies gains importance. Green marketing is a phenomenon that has gained prominence in the current market. Green or ecological marketing is technically a method of producing and advertising goods and services based on their positive effects on the long-term environment and societal advantages. The commodities created are thought to be environmentally friendly and safe for consumption. It explores the relationship between various features of green marketing techniques and how they affect the consumption rate of Khadi textile products in the districts of mid Kerala.

**Tanwani and Maisuria (2020)** describes that Khadi and Village Industries is one of the significant wings of MSME (Micro, Small and Medium Enterprises) Sector in India. The contribution of KVI in increasing employment, exports of products, developing rural areas is incomparable. Over the years, Khadi and Village Industries Commission-KVIC had many efforts with the MSME Ministry to develop the Khadi and Village Industries and as a result of this, KVI is one of the successful sectors of MSME. It has developed many indigenous industries in India. The research paper focuses to evaluate the contribution of KVI in employment, Performance of KVI over the years and identify the role of KVIC in developing the particular industries. There are some challenges for KVIC due to which it is struggling and it is necessary to overcome these challenges to achieve overall growth and development of KVI.

**Planning commission (2001)** states that macroeconomic profile provides a snapshot of a country's economic performance, covering key indicators such as GDP, inflation, employment, fiscal policy, monetary policy, trade, and external debt, offering insights into its economic strengths and weaknesses. The Khadi sector is characterized by predominantly part-time employment with low annual earnings, averaging ₹433 per part-time worker, with full-time workers earning around ₹4835 per annum, and the sector's employment level is significantly lower when converted to full-time equivalent employment.

**Buesanna and Reddy (2011)** states that khadi is a significant segment of the textile sector, with potential for international demand due to its artistic nature, and KVIC has been generating

employment for spinners, weavers, and artisans. A study identified 200 high-potential Khadi institutions struggling with working capital shortages, requiring financial assistance for upgrades, including retail outlets, quality testing labs, workshops, and DC equipment to enhance labour productivity and meet export standards. An effective Management Information System (MIS) is needed to integrate raw material supply, worker payments, and sales, with networking linking to KVIC, and encouraging state-level federations for common services, including marketing.

**Varghese (2019)** noted that the textile industry in India traditionally, after agriculture, is the only industry that has generated huge employment for both skilled and unskilled labour in textiles. Handloom and Khadi segment of textile sector in the Indian economy presents a sustainable model of economic activity that is not energy intensive and has low capital costs, as well as an extensive skill base. They are environment friendly and their energy impacts are almost zero. Handloom and Khadi industries in Kerala play a significant role in generating employment in rural areas with minimum investment. The Handloom Sector in Kerala stands second to the coir sector in providing high employment opportunities compared to other traditional industries in Kerala.

**Shah (2022)** it highlights that the Khadi, a hand-spun and hand-woven textile, is a unique segment of Micro, Small and Medium Enterprises in India. Over time, it has undergone significant changes with respect to product mix, technology and employment generation. In the present neoliberal context, Khadi is increasingly being seen mainly as an economic activity, thereby, missing out its various social, cultural, and political dimensions. This paper argues that it is still an important segment of the economy, primarily because of its flexibility in terms of time, skills, products and workforce with significant involvement of women and disadvantaged groups, particularly in rural areas. Besides, being environment friendly, it has long-term 'existence value'. To what extent it can help ensure sustainable economic support with dignity to women and the poor.

**Perumula (2010)** highlights the importance of new technology. It is expected that an introduction of new technology would bring about a phenomenal rise in, employment generation, production, sales etc. to cater to the employment demand of rural labour force in India, at least by giving them employment opportunities during off-season as envisaged by Gandhiji. 1970 is taken as a bench-mark year for our further analysis as it happens to be the year when NMC as a new technology was introduced. Initially introduction of new technology

of NMC improved the productivity to a large extent. Field observations revealed that a lack of dynamism in terms of information dissemination regarding R&D by KVIC, lack of in-house R&D by institutions, adaptation and further improvement in the technology are some other key elements for the descent of Khadi industry.

### **1.3 STATEMENT OF THE PROBLEM**

The Khadi industry, known for its sustainability and rural employment generation, faces challenges like limited market reach, competition from machine-made textiles, high production costs, and changing consumer preferences. Supply chain inefficiencies and inadequate branding further hinder its growth.

However, the industry has strong potential with rising demand for eco-friendly fashion, government support, and digital marketing. This study explores the challenges and opportunities in the Khadi sector, focusing on policies, consumer awareness, and modern strategies to ensure its revival and long-term success.

### **1.4 OBJECTIVES**

- 1.To analyse the socio- economic profile of khadi workers
- 2.To evaluate the impact of government initiatives and policies on khadi producers
- 3.To study the consumer responsiveness to price of khadi products

### **1.5 METHODOLOGY**

#### **1.5.1 Area of study**

The area of study taken is Payyanur khadi centre in Kannur district. It serves as a primary centre for khadi manufacturing under the Kerala khadi and village industries board.

#### **1.5.2 Sample size**

We conducted our study focusing on both consumers and producers. The sample size consisted of 25 consumers and 15 producers.

The data collection method included direct questionnaire for producers and google form of consumers.

## **1.6 LIMITATIONS**

### **1.6.1 Limited sample size (only payyanur)**

Studying only one location restricts the diversity of consumer preferences and workers experiences, making it difficult to generalize findings to the entire khadi industry.

### **1.6.2 Data Reliability**

Responses from consumers and workers may be influenced by personal biases, lack of awareness or reluctance to share financial and employment details accurately.

### **1.6.3. Time constraints**

The limited time period may have affected data collection and analysis, possibly missing seasonal or long- term trends

### **1.6.4. Market Variations**

Consumer demand for khadi products differ across locations based on factors such as income level, urbanization and fashion trends, limiting the applicability of the findings to broader markets.

## **CHAPTER 2**

### **KHADI INDUSTRY – AN OVERVIEW**

## **2.1 INTRODUCTION**

In this chapter we explore Khadi's evolution from its historical roots to its modern role in sustainable fashion and rural empowerment. It examines its socio-economic impact, key milestones like the formation of KVIC, and government policies supporting the industry. The study also addresses challenges faced by Khadi artisans, including low wages and competition from machine-made fabrics, while highlighting contemporary marketing strategies that promote Khadi globally. Emphasizing its role in ethical fashion, the study underscores Khadi's lasting significance in India's economy, fashion industry, and rural development.

## **2.2 HISTORICAL BACKGROUND AND EVOLUTION OF KHADI**

Khadi, a handwoven fabric, boasts a rich and extensive history that dates back to ancient India. Traditionally crafted from cotton, silk, or wool, Khadi represents a key aspect of India's textile heritage. The origins of Khadi can be traced to the Indus Valley Civilization, where people utilized spinning wheels and looms for fabric production. It is further referenced in classical Indian scriptures such as the Rigveda and the Mahabharata. The term "Khadi" is derived from "khaddar," which denotes rough, handmade cloth, emphasizing its handmade quality.

The historical roots of Khadi in India are deeply intertwined with the cultivation and weaving of cotton, a practice that dates back to antiquity. During the British colonial period, India's traditional textile industry experienced a significant decline due to the disruption of local industries. Mahatma Gandhi's efforts in the early 20th century were pivotal in re-establishing Khadi as not only a symbol of India's culture, including rural identity but also a manifestation of self-reliance and independence.

The evolution of Khadi can be categorized into three distinct phases. The pre-independence period (1850s–1940s) witnessed a decline in Khadi production, attributed largely to British industrial policies that undermined indigenous weaving practices. During this period, however, there were notable attempts to revive Khadi production as a symbol of resistance. The post-independence era (1940s–1960s) saw the Indian government's active involvement in promoting Khadi production as part of its broader initiatives to provide employment to artisans and foster rural development. The modern era (1970s–present) has been marked by technological advancements, the introduction of innovative marketing strategies, and the diversification of Khadi products, which now cater to contemporary fashion and design trends.

Following India's independence in 1947, the Indian government continued to bolster Khadi production. In 1956, the establishment of the Khadi and Village Industries Commission (KVIC) played a crucial role in facilitating the growth of the Khadi sector by promoting its production and providing assistance to artisans. In contemporary India, Khadi has evolved into a symbol of national heritage and self-sufficiency, with its incorporation into the fashion industry by numerous designers and brands. Khadi, which was once a coarse-textured fabric, has now become a versatile fabric in modern fashion. One such development is the Muslin Khadi, a finer and smoother variation of the fabric. Scientific research has also led to the creation of fabrics that resemble the famous ancient Indian muslin. In present times, Khadi is identified as a symbol of Indian culture as well as an eco-friendly alternative to mass-produced garments. The KVIC still empowers rural communities through Khadi production by helping artisans develop their independent economic existence and sustain their livelihoods. The fabric's lifelong importance in Indian culture is evidenced in the different regional variants of weaving and design that are still surfacing.

Several key milestones in Khadi's history highlight its importance in India's socio-political and economic landscape. In 1918, Mahatma Gandhi initiated the Khadi movement, which sought to promote self-reliance and foster a spirit of national unity during the struggle for independence. In 1925, the All- India Spinners Association (AISA) was formed to further promote Khadi production and provide training to artisans. The establishment of the Khadi and Village Industries Commission in 1956 was one of the significant government-led efforts to promote Khadi and related rural industries. More recently, the "Make in India" initiative launched in 2015 has further contributed to the revival and promotion of Khadi, underscoring its importance in India's modern economic and cultural identity.

### **2.3 MAHATMA GANDHI'S VISION FOR KHADI AND ITS SOCIO-ECONOMIC IMPACT**

Mahatma Gandhi was profoundly concerned with the poverty and unemployment prevalent in rural India. In response to these challenges, he championed the development of cottage industries as a means of economic upliftment. Gandhi introduced the concept of Khadi economics as a social experiment aimed at empowering the rural masses. The vision was to establish Khadi as a national industry, contributing to the welfare of the people and fostering self-reliance. Khadi emerged as a powerful symbol in India's freedom struggle, representing not only liberation from colonialism but also from the dominance of market-driven,



industrialized capitalism. In due course, Khadi gained prominence as the fabric of nationalism, famously described as being woven with the 'threads of Swaraj,' and became an iconic element of the Swadeshi movement in India.

To institutionalize and further the development of Khadi, the Government of India established the Khadi and Village Industries Commission (KVIC) in 1956. The primary objective of KVIC was to promote the growth of Khadi and village industries, with a focus on rural areas. The Khadi industry plays an essential role in India's economic development, providing significant employment opportunities, which in turn help reduce the unemployment rate and contribute to the nation's overall economic progress. In the fiscal year 2021-2022, KVIC generated employment for over 4.5 lakh individuals, both directly and indirectly. Furthermore, the industry stimulates income generation in rural areas, thereby improving the livelihoods of the rural population. Additionally, it contributes to the nation's export sector, generating substantial revenue. In 2021-2022, KVIC's exports amounted to Rs. 200 crores.

The Khadi industry also serves a critical function in the socio-economic development of marginalized communities and ensures inclusive growth across various strata of society. From a cultural perspective, the Khadi industry preserves and upholds India's traditional handicrafts and textiles. It promotes greater awareness of ethical fashion and sustainable practices by promoting the use of handwoven fabrics over machine-made alternatives. The industry also offers numerous opportunities for entrepreneurship and self-employment, particularly among young people, thereby fostering financial independence and empowerment. Moreover, KVIC's initiatives align with the principles of sustainable development, as they advocate for lower carbon footprints and environmentally friendly practices in the production of Khadi and other village industries.

## **2.4 PAYYANUR KHADI CENTRE**

Payyanur was a major centre of promotion of Khadi and still retains this tradition. The Khadi movement was started in Payyanur by the great freedom fighter of Payyanur. CH Govindan Nambiar, Unnamman Unithiri of Karivellur and Vaidyar VP Sreekanda Poduval also did a lot for the promotion and propagation of Khadi. The Khadi movement was a part of the IndependenceIndependent struggle. In order to boycott the foreign clothes. Khadi is cloth made of hand- spurn and instruments like Charkha. The Charka Sangh organization was formed in 1925 with Head Office at Wardah and Gandhiji was the president of this society. In 1930 NP Raghava Poduval of Shornur came to Payyanur for the formation and operations of Charka

Sangh. In 1934 Payyanur was selected as the Head Office of Charka Sangh's Kerala Unit and CK. Kartha (Ernakulam) was the first secretary of the HO.

After this Charka became popular in Payyanur. The thin and soft cloth made in Payyanur Khadi Sangh gain nationwide attraction and it got brand name as "Payyanur Special". When Gandhiji visited Payyanur in 1934, the Khadi activities of Payyanur was specially congratulated.

During 1937-39 when Rajaji became the Chief minister of Madras State a Charka- making unit was started in Payyanur with the Government financing. In 1941 The Head Office of the Kerala Charka Sangh was shifted from Payyanur to Kozhikode Gandhi Asramam but the production and selling units remained in Payyanur. In 1946, the Chief Minister of Madras, T. Prakasam, took a decision to take over five Khadi Centre and Payyanur Centre was one among them. Gradually the Charka Sangh faded out of the picture and the Centre fully came under the Government control.

The Payyanur Farka Gramodaya Khadi Sangham was started in 1958. Later this centre came under the control of Kerala Khadi and Village Industries Board. Payyannur khadi centre, is the major Khadi production centre under the board. This unit was under the control of Tamilnadu Government before the formation of the Kerala State. This unit come under the Kerala Khadi and Village Industries Board on November 1st ,1959. After the implementation of the Special Employment Programme the Board has established the Departmental Khadi Productions units in all Districts. The departmental units in Kannur and Kasargod districts are under the control of Payyanur Khadi Centre and other units are controlled by the District Project Officers. There are around 232 spinning centres and 154 weaving centres under the direct control of the Board and around 6000 artisans engaged in khadi production. During the year 2014-15 were produced 92.85 lakhs yarn worth to Rs. 854.36 (Lakhs) and 11.75 lakh Sq.mt cloth worth to Rs. 1719.91 lakhs. The major products produced from Khadi Cotton are various types of dhotis, shirts, Towels, Bed sheets, Bedspread, Uniform cloth and other varieties. A Cotton Processing Plant also established at Ettukudukka in Kannur District for the supplying of raw material viz; sliver to the Departmental units. There also 14 institutions financed by the board and 14 institutions directly aided by the Khadi and Village Industries Commission engaged in Khadi activities.

#### **A. Minimum Wages Act.**

Totally near about 12000 artisans are engaged in khadi production activities of which 11500 are women in Rural Sector. These khadi artisans are earning their wages under " Minimum Wages Act" as per the Notification published in Kerala Gazette Dated, 15-01-2010 vide S.R.

O. NO. 44/2006 Dt, 08-01-2010 of the Labour and Rehabilitation (E) Department, Government of Kerala. The Government of Kerala has appointed a committee under the chairmanship of veteran Gandhian Padmasree P. Gopinathan Nair for the studying about the problems in Khadi units and improvisation & Modernisation of khadi production activities. They have submitted the report to the Chief Minister of Kerala, the Govt: have approved the recommendations of the committee and provided a sum of Rs. 1209 Lakhs for the year 2013-14, Rs. 1209/- Lakh.

### **B. Khadi workers come under ESI**

A project to bring all Khadi labourers of the State under Employee's State Insurance (ESI) scheme was inaugurated by Chief Minister Oommen Chandy in Kozhikode on 26-7-2014. Kerala is the first State in the country to implement this project, which offers the benefits of ESI to the employees besides the benefits from the Khadi labourers Welfare Fund Board. The scheme would benefit around 12,000 Khadi labourers in the State. Payyanur has long served as a pivotal centre for the promotion of Khadi, a tradition it continues to honour and stands as a principal establishment.

## **2.5 ROLE OF KHADI IN PROMOTING SUSTAINABLE FASHION**

Khadi, the hand spun and handwoven fabric that played a pivotal role in India's fight for independence under Mahatma Gandhi, has now become synonymous with sustainable fashion. The use of khadi promotes ethical practices as it is made using traditional methods that are environmentally friendly and conserve resources. This ancient craft supports local artisans and empowers rural communities by providing them with employment opportunities. By choosing khadi garments, consumers contribute to reducing carbon footprint and supporting a more sustainable fashion industry. Khadi also embodies simplicity and elegance, becoming a statement of style that transcends trends and fosters a mindful approach towards clothing consumption. Its versatility allows it to be incorporated into contemporary designs, proving that sustainability can coexist with fashion-forward choices. The role of khadi in promoting sustainable fashion highlights the importance of honouring heritage techniques while embracing modern values of environmental consciousness. Its production process, rooted in traditional methods, aligns with the principles of sustainability, offering several advantages. Khadi production involves minimal environmental impact. Primarily made from natural Fiber like cotton, it relies on renewable resources. Hand-spinning and weaving require less energy compared to mechanized processes, leading to a lower carbon footprint. Minimal Waste: The

production process generates minimal waste, reducing the strain on landfills. Khadi production empowers rural communities, particularly women, by providing employment opportunities.

It supports traditional crafts and livelihoods of artisans, ensuring fair wages and working conditions. Khadi production often involves community-based initiatives, contributing to rural development and economic growth. It often involves transparent supply chains, ensuring ethical practices throughout the production process. The origin of raw materials and the journey of the fabric can be easily traced, promoting transparency and accountability. Khadi production often adheres to fair trade principles, ensuring fair wages and ethical working conditions for artisans. Khadi products are known for their durability and longevity, reducing the need for frequent replacements. Handcrafted nature ensures high quality and durability, making Khadi products long-lasting investments. By opting for durable Khadi products, consumers contribute to reduced consumption and a more sustainable fashion cycle. Khadi's unique texture and natural beauty offer a timeless and sustainable fashion alternative. Khadi products often reflect traditional craftsmanship and cultural heritage, offering a unique and authentic style. Khadi can be adapted to various styles and trends, making it a versatile and sustainable fashion choice. Khadi embodies the principles of sustainable fashion by prioritizing eco-friendly production, social and economic sustainability, ethical practices, durability, and timeless style.

## **2.6 MARKETING STRATEGIES**

Khadi Marketing Strategy may take the form of a single promotional activity or a combination of promotional activities. The main objective behind khadi marketing strategy should be to make khadi products more visible to the consumer who is primarily interested in buying those products having good quality and reasonable prices. The objective of developing a khadi marketing strategy is to raise awareness about khadi products among both existing and potential customers at various levels. This can be achieved through advertising campaigns aimed at generating demand, thereby increasing sales volume and market share, including profit margins. Additionally, the strategy focuses on utilizing various promotional methods such as product launches, displays, and exhibitions to further enhance the visibility and recognition of khadi products, ultimately driving greater awareness and consumer interest.

Khadi Gramodyog Bhavan is a government initiative established to promote the production, marketing, and sale of Khadi (hand-spun, hand-woven cloth) and other handcrafted products made by rural artisans in India. The organization focuses on supporting rural industries and artisans by providing them with a platform for selling their products, thus improving their

livelihoods and preserving traditional crafts. Khadi Gramodyog Bhavan employs several marketing strategies. These include establishing a strong presence through retail outlets and e-commerce platforms, making Khadi products more accessible to a wider audience. The Bhavan capitalizes on government support, which helps in offering affordable products to consumers. Collaborations with celebrities, participation in trade fairs and exhibitions, and diversification into modern fashion, home products, and natural goods further broaden its market reach. The Bhavan also focuses on export promotion, positioning Khadi as a global symbol of eco-friendly and ethical fashion. By combining traditional values with contemporary marketing tactics, Khadi Gramodyog Bhavan successfully brings rural crafts to the forefront of modern consumer culture.

## **2.7 GOVERNMENT SCHEMES AND POLICIES**

The government plays a crucial role in promoting and strengthening the khadi industry through various policies and schemes aimed at enhancing production, improving marketing, and generating employment opportunities for artisans. One of the most significant efforts is led by the Khadi and Village Industries Commission (KVIC), which is responsible for developing and promoting khadi across India. KVIC provides financial assistance, skill development programs, and infrastructural support to artisans and small enterprises.

The Prime Minister's Employment Generation Programme (PMEGP) is a key initiative that offers subsidies to set up micro-enterprises in the khadi and village industries sector, helping entrepreneurs create sustainable businesses. The Interest Subsidy Eligibility Certification Scheme (ISEC) enables khadi institutions to procure raw materials at concessional rates, reducing production costs. Additionally, the Market Development Assistance (MDA) Scheme provides incentives to artisans based on production, sales, and marketing, ensuring better earnings. Modified Market Development Assistance (MMDA) Act was introduced to provide financial support for improving the marketing and sales of khadi products. Under this scheme, financial assistance is provided to khadi institutions to enhance production and distribution channels, ensuring that artisans receive better wages and market access. The MMDA scheme has helped khadi products gain a competitive edge in both domestic and international markets.

To further boost the khadi industry, the Khadi Reform and Development Programme (KRDP), supported by the Asian Development Bank, focuses on modernizing khadi production and increasing artisans' income. The government has also promoted khadi through e-commerce platforms, exhibitions, and branding initiatives like "Khadi for Nation, Khadi for Fashion. By

implementing these policies and schemes, the government aims to sustain and expand the khadi industry, making it a globally recognized and eco-friendly sector while ensuring better livelihoods for artisans.

## **2.8 PROBLEMS FACED BY KHADI INDUSTRY**

Khadi workers face several challenges that affect their livelihood and the overall sustainability of the industry. One of the biggest issues is low wages, as the labour-intensive process of spinning and weaving does not provide sufficient income. Many artisans struggle to make ends meet, discouraging younger generations from taking up the craft. Additionally, the lack of modern tools and technology slows down production and reduces efficiency, making khadi less competitive compared to machine-made fabrics. Another major challenge is the irregular availability of raw materials, such as cotton and silk, which leads to fluctuations in production and income. Limited market reach and inadequate branding further restrict sales, making it difficult for artisans to expand their customer base. Moreover, competition from synthetic and power-loom fabrics has significantly reduced demand for handwoven khadi, pushing workers into financial uncertainty. Government support and subsidies help sustain the industry, but many workers still struggle with financial instability. The absence of proper training programs also limits skill development, preventing artisans from improving their craft and adapting to modern market demands. Without adequate support, better wages, and technological advancements, the khadi workforce faces an uncertain future, threatening the survival of this traditional and eco-friendly industry.

## **2.9 CONCLUSION**

Khadi has evolved from a symbol of India's independence to a sustainable fashion choice, empowering rural artisans and promoting eco-friendly production. Despite challenges like low wages and competition, government support helps sustain the industry. With increasing awareness of sustainability, Khadi continues to blend tradition with innovation, preserving India's textile heritage while adapting to modern trends.

**CHAPTER 3**  
**ANALYSIS OF KHADI INDUSTRY IN**  
**PAYYANUR**

### **3.1 INTRODUCTION**

The Khadi industry plays a significant role in India's textile sector. This study analyses consumer preferences and the socio-economic profile of Khadi workers at Payyanur Khadi centre, Kannur. Conducted through direct questionnaire and google form, it gathered responses from 25 consumers and 15 producers. The research explores purchasing behaviour, artisan income level, and industry challenges, aiming to enhance market strategies and artisan's welfare while promoting Khadi as a sustainable textile choice.

### **3.2 ANALYSIS OF CONSUMER PREFERENCES TOWARDS KHADI PRODUCTS.**

#### **3.2.1. AGE OF CONSUMERS**

Age of consumers plays a significant role in shaping the demand for khadi products as different age groups have varying perceptions and preferences.

Table 3.1 Age of consumers

AGE	PERCENTAGE
Below 18	-
18-25	12
26-35	20
36-50	52
Above 50	16

Source data: Primary data

This data shows the distribution of Khadi users across different age groups. The age group with the highest percentage of Khadi users is 36-50, with 52 per cent of users falling in this range. This suggests that Khadi is most popular among middle-aged. The 26-35 age group has the second-highest usage at 20 per cent. This indicates a good level of adoption among younger adult. Usage is lower among the younger (18-25) and older (above 50) demographics, with 12 per cent and 16 per cent respectively. This might suggest Khadi needs to focus on appealing to these groups more.



### **3.2.2. GENDER OF CONSUMERS**

Gender can influence khadi consumption in various ways, as different preferences and perceptions are often linked to social and cultural expectations.

Table 3.2 Gender of consumers

GENDER	PERCENTAGE
Male	32
Female	68

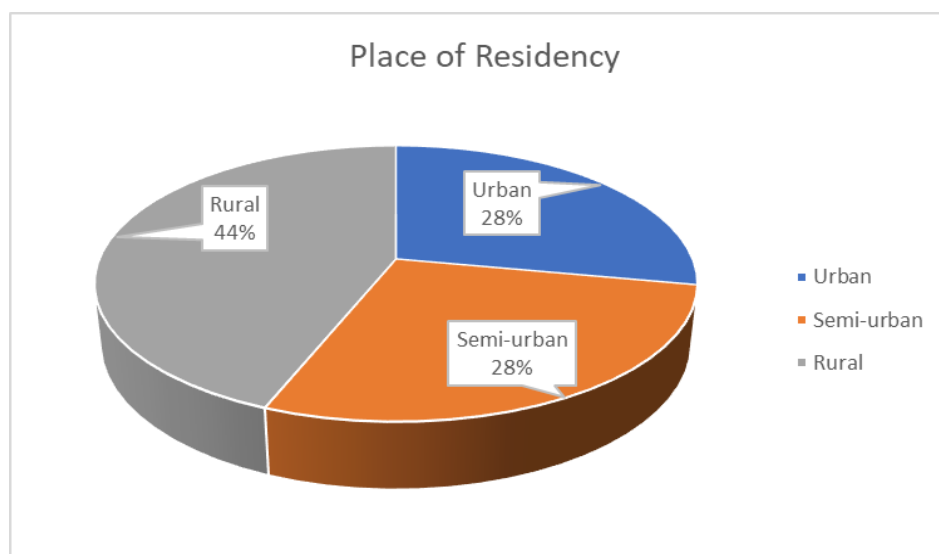
Source data: Primary data

The data indicates a notable preference for Khadi products among women, with 68 per cent of users identifying as female, in contrast to 32 per cent who are male. Several factors may contribute to this gender imbalance. The current offerings of Khadi may be predominantly aligned with items that traditionally attract female consumers, such as apparel, skincare. The marketing strategies employed may inadvertently focus more on women than men. Women are often perceived as more engaged in purchasing personal care and household products, which may lead to a higher consumption of Khadi items.

### **3.2.3. PLACE OF RESIDENCE**

Khadi consumption pattern can also vary based on the consumer place of residents with rural and urban population having distinct preferences.

Figure 3.1 Place of residence



Source data: Primary data

This data offers valuable insights into the distribution of Khadi product users according to their place of residence. Khadi enjoys a robust presence in rural regions, with 44 per cent of users living in these areas. This trend may be linked to heightened awareness of Khadi within rural communities, its connection to traditional crafts, and potentially improved accessibility through local markets and initiatives. Both urban and semi-urban regions exhibit equal levels of Khadi product usage, each accounting for 28 per cent. This indicates that there is considerable potential for Khadi to expand its reach in these locations. Khadi products may be more readily available in rural areas through local artisans, cooperatives, and government programs.

### **3.2.4. MOST PURCHASED PRODUCTS**

Most purchased khadi products vary based on consumer preferences, with clothing being the dominant category.

Table 3.3 Most purchased products

MOST PURCHASED PRODUCTS	PERCENTAGE
Clothing	58
Home furnishing products	28
Personal Care	14

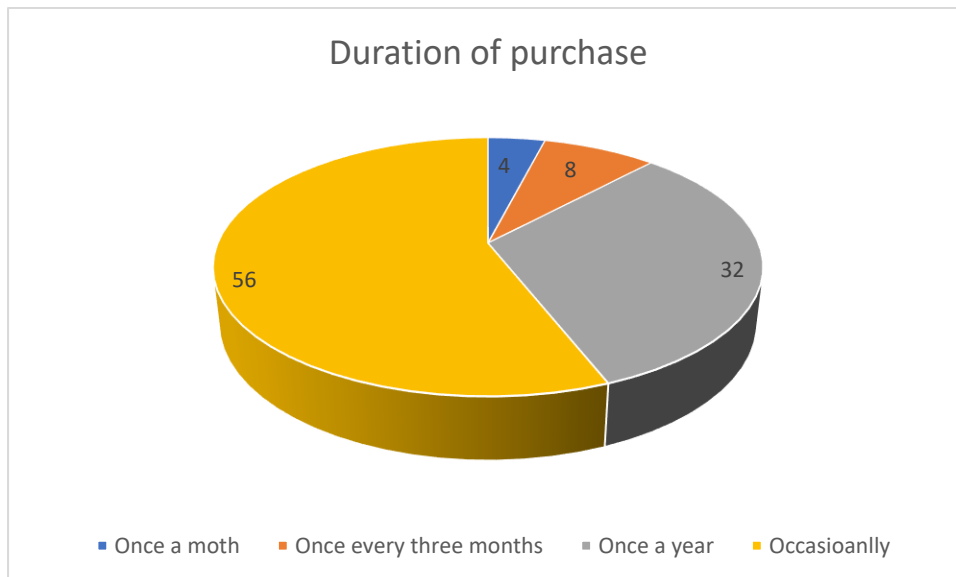
Source data: Primary data

The data illustrates the distribution of purchases among three categories of Khadi products: Clothing, Home Furnishing, and Personal Care. Clothing leads the market, accounting for a notable 58 per cent of total purchases. Home furnishing products follow with a 28 per cent share, while personal care products represent the smallest segment at 14 per cent. The substantial percentage of clothing purchases indicates that this category is the most favoured, likely contributing significantly to overall Khadi sales. The 28 per cent share of home furnishing products is noteworthy. This suggests an increasing interest in Khadi for home décor and textiles. There exists an opportunity to further develop this category by introducing innovative designs, expanding product lines, or launching targeted marketing campaigns aimed at the home décor market. The data indicates that Khadi maintains a strong brand presence, especially in the clothing sector. The diverse product range, which includes home furnishings and personal care items, reflects an effort to diversify revenue streams and appeal to a broader customer base.

### **3.2.5 DURATION OF PURCHASE**

Purchasing period of khadi products often varies depending on seasonal trends, cultural events and market campaigns.

Figure 3.2 Duration of purchase



Source data: Primary data

Most consumers (56%) purchase khadi items from time to time. This group buys occasionally, driven by particular needs, events, or individual preferences, instead of adhering to a fixed, regular schedule for purchases. A bigger segment (32%) purchases khadi items solely once every year. This may be linked to seasonal buying or events such as festivals, cultural celebrations, or personal milestones when individuals tend to prefer khadi. Most individuals (56%) buy khadi products infrequently, with 32 per cent making a purchase annually, suggesting that khadi is usually acquired less often, often associated with particular events or requirements. A small number of consumers engage in consistent monthly or quarterly buying, indicating that khadi is not a common element of daily shopping routines for the majority of customers. Analysing the data reveals that consumers purchase Khadi products only on occasion. This could be attributed to the elevated cost of khadi products compared to mass-produced options. Numerous individuals might also perceive khadi products as more traditional or appropriate for particular occasions such as festivals or cultural gatherings, instead of regular use. Emerging fashion trends also affect the purchase of khadi items.

### **3.2.6. SOURCE OF PURCHASE**

The source of purchase of khadi products is influenced by consumer preferences and convenience.

Table 3.4 Source of purchase

SOURCE OF PURCHASE	PERCENTAGE
Khadi Gramodyog outlet	40
Online Marketplaces	4
Exhibitions/Fairs	44
Local artisans/stores	12

Source data: Primary data

Most khadi purchases occur in tangible, community-focused venues such as Khadi Gramodyog stores and exhibitions, indicating that individuals favour personal dealings or buying from official retailers. The online shopping options for khadi remain restricted, likely indicating a deficiency in online visibility or the difficulties of marketing traditional goods within the digital marketplace. A notable 44 per cent of transactions occur during exhibitions and fairs. This indicates that individuals frequently purchase khadi items at events where artisans and local vendors showcase their goods. These environments allow customers to interact with the product directly and connect with the creators in person. Khadi Gramodyog outlets are the leading choice for buying khadi products, as 40 per cent of customers prefer these outlets. These are government-operated shops or outlets that sell khadi, demonstrating a high level of confidence in recognized and legitimate sources for acquiring quality khadi.

### **3.2.7. FACTORS INFLUENCING PURCHASING DECISION OF KHADI CONSUMERS**

Several factors influence purchasing decision of khadi products shaping consumer behaviour and preferences.

Table 3.5 Factors influencing purchasing decision

FACTORS INFLUENCING PURCHASING DECISIONS	PERCENTAGE
Quality and comfort	72
Price	88

Eco friendliness and sustainability	60
Support of artisans	56
Patriotism	68

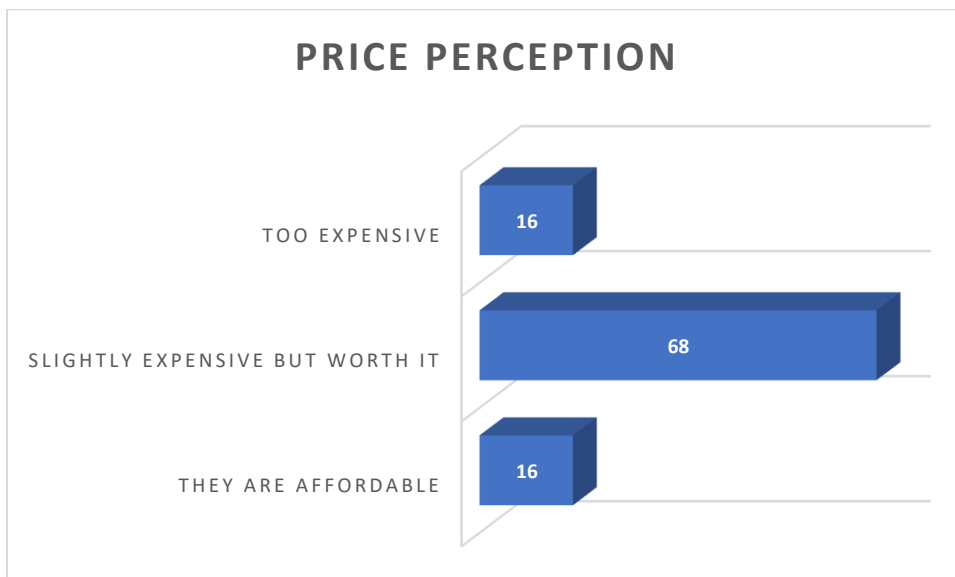
Source data: Primary data

The table emphasizes the main elements affecting individuals' buying choices for khadi items, along with their corresponding percentages. Cost (88%) is the primary element affecting purchases, suggesting that consumers value affordability when acquiring khadi items. A major factor for many buyers is a strong emphasis on the quality and comfort of khadi fabrics (72%). Many consumers buy khadi driven by national pride, highlighting the product's cultural and historical importance in India. Numerous consumers are attracted to khadi as it is regarded as an eco-friendly and sustainable option, appealing to environmentally conscious shoppers. A significant number of consumers are driven by the wish to back local craftsmen, emphasizing the societal effect of buying khadi. The choice to purchase khadi is largely affected by its cost, quality, and comfort, while other aspects such as patriotism, sustainability, and assisting artisans also significantly contribute.

### **3.2.8. PRICE PERCEPTION OF CONSUMERS**

Price plays a crucial role in influencing khadi product purchases as consumers weigh the cost against the perceived value of the product.

Figure 3.3 Price perception



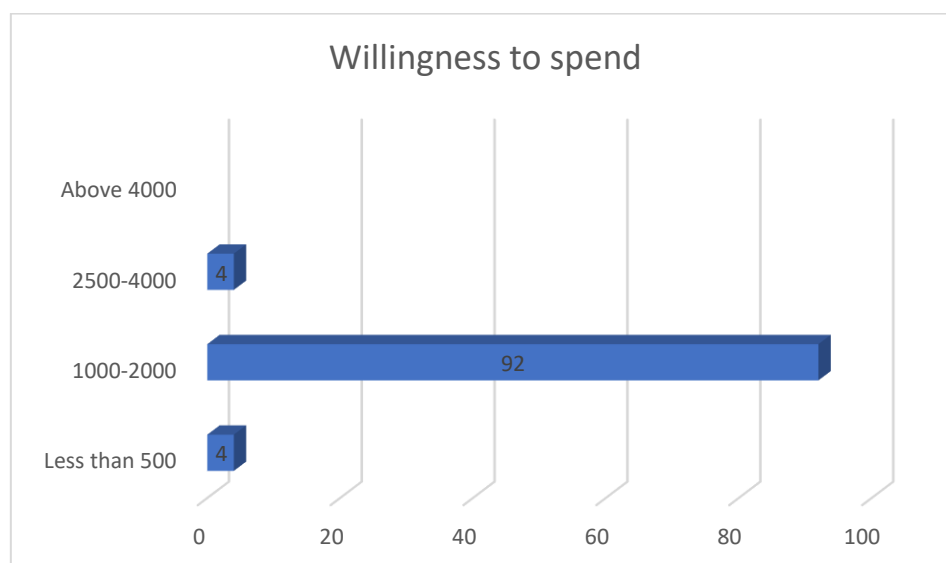
Source data: Primary data

The table offers information about individuals' price perception regarding khadi products. The biggest segment (68%) thinks that although khadi items are a bit pricey, they remain deserving of the cost. This implies that individuals appreciate the artistry, quality, or tradition associated with khadi. These consumers may be inclined to spend a bit more on products they see as better or culturally important, regarding them as investments that promote sustainability, artisan skill, or national pride. 16 per cent individuals believe that khadi products are affordable. This may suggest that the overall view of khadi is that it is not seen as an affordable choice, potentially attracting consumers with greater disposable income or those who value quality more than cost. The same percentage of individuals (16%) believe that khadi items are overly priced. This indicates that for certain individuals, the cost could be too high, particularly in comparison to less expensive options available in the market. These buyers might not perceive sufficient value in the product to warrant the elevated price, potentially because of a lack of understanding of its advantages or an actual necessity for it. Although many consumers believe khadi products are somewhat pricey but worth the investment, a considerable number still consider them either overly costly or reasonably priced.

### **3.2.9. WILLINGNESS TO SPEND ON KHADI PRODUCTS**

Willingness to spend on khadi products is influenced by the variety of factors, including consumer values, lifestyle and the perceived benefits of khadi over other alternatives.

Figure 3.4 Willingness to spend



Source data: Primary data

The table reveals that the majority of 92 per cent of the consumers are not willing to spend more than ₹1000-₹2000 on khadi products. This indicates strong inclination towards affordable option. A relatively more proportion of 4 per cent is willing to spend above ₹2500 indicating the presence of the limited demand for khadi products priced higher than normal. No respondents willing to spend above ₹ 4000 indicating a clear price sensitivity and possible resistance to premium pricing of products.

### **3.2.10. PERCEPTION ON DURABILITY OF KHADI PRODUCTS**

Khadi is renowned for its durability especially when compared to mass produced synthetic fabrics

Table 3.6 Durability of khadi products

DURABILITY	PERCENTAGE
More durable	84
Less durable	4
Equally durable	12

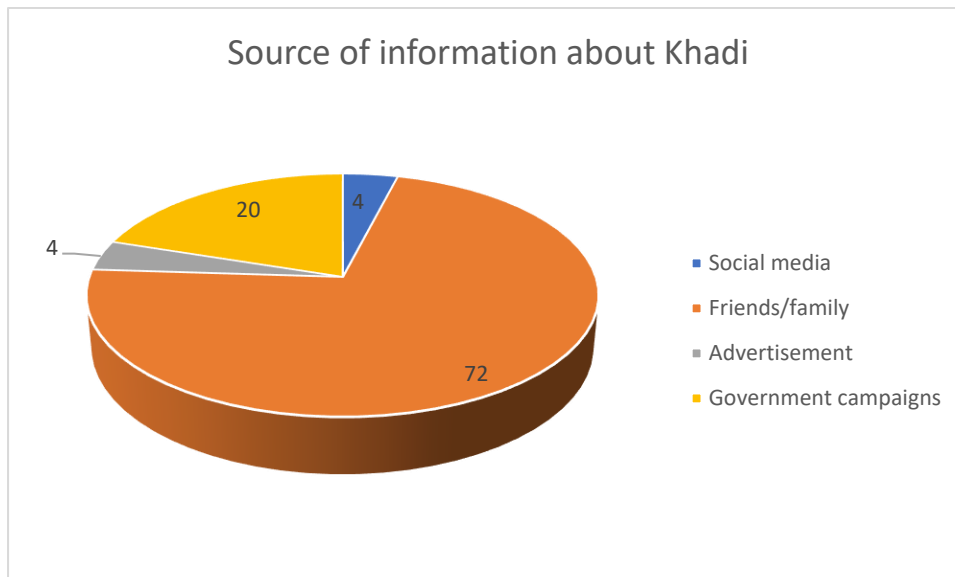
Source data: primary data

84 per cent of respondents believe that khadi is more durable than other textiles. This reflects a robust consumer confidence in its durability and quality, suggesting that people trust khadi products to withstand wear and tear over time. On the other hand, only a minor percentage, 4 per cent perceive khadi items as less durable compared to others, indicating that some consumers might doubts about the quality or lifespan of Khadi products. Additionally, 12 per cent of consumers view khadi products as equally durable as other textiles; this suggests a neutral viewpoint where they see khadi on the same level as, but not necessarily better than, other fabric options, reflecting a more balanced view on their durability. The broad acceptance of Khadi products, as shown by the significant majority of 84 per cent perceiving them as more durable, can be linked to consumers' deep trust in the superior quality, dependability, and longevity of Khadi materials, ultimately reinforcing their buying choices and encouraging a strong preference for Khadi items over other fabric alternatives.

### **3.2.11. SOURCE OF INFORMATION ABOUT KHADI PRODUCTS**

Consumers typically learn about khadi through various sources such as government run khadi outlets, online platforms and social media.

Figure 3.5 Source of information



Source data: Primary data

Consumers' widespread adoption of khadi products is driven by a combination of social media, targeted advertisements, government campaigns, and personal recommendations. The pie chart shows that Khadi awareness is primarily driven by friends and family (72%). Government campaigns also played a vital role in raising awareness about Khadi products, effectively reaching and influencing 20 per cent of respondents while social media (4%) only reached 4% of respondents, indicating that digital marketing efforts for Khadi products were minimal or ineffective. Advertisements (4%) have limited impact and influenced only 4 per cent of respondents, highlighting a gap in mainstream promotional efforts for Khadi products

### **3.2.12. REASONS FOR NOT PURCHASING KHADI PRODUCTS**

Consumers may avoid using khadi due to factors like its relatively higher price compared to mass produced fabrics can limited modern styles.



Table 3.7 Reasons for not purchasing khadi products

REASONS FOR NOT PURCHASING KHADI PRODUCTS	PERCENTAGE
High price	48
Limited availability	12
Lack of awareness	12
Prefer other brands	24
Occasion not came	4

Source data: Primary data

48 per cent of respondents believe that the high price is the main issue for not purchasing khadi products. 24 per cent of consumers favour other brands probably due to loyalty or perceived benefits like quality, variety, or price. Distribution and marketing flaws were highlighted by the 12 per cent of participants who reported limited availability and lack of awareness. Last but not least 4 per cent haven't had the chance to use khadi products.

### **3.2.13. STYLING PREFERNCES OF CONSUMERS**

Consumer preferences for khadi vary based on styling preferences.

Table 3.8 Styling preferences

STYLING PREFERENCES	PERCENTAGE
Modern clothing styles	72
Personal care products	16
Accessories	12

Table Source data: Primary data

According to the survey, people overwhelmingly favoured apparel and fashion trends, with new styles garnering the most attention (72%). This shows that an interest for new clothing styles dominate the responses. Personal care products make up 16 per cent while accessories make up the smallest portion at 12 per cent indicating that they are still popular, but less prioritized compared to clothing and personal care. It is evident that the focus is on expanding or upgrading the clothing line, even though there is little interest in personal care and accessory developments

### **3.2.14. AREA OF IMPROVEMENT DESIRED BY KHADI CONSUMERS**

Table 3.9 Area of improvement

AREA OF IMPROVEMENT	PERCENTAGE
More affordable pricing	60
Better designs/styles	32
Improved availability	4
Enhanced fabric quality	4

Source data: Primary data

60 per cent of respondents demand more affordable prices in khadi products, indicating that they would rather pay less and that pricing is their top consideration. This shows that consumers might perceive khadi items as overly expensive, which could limit their consumption. To reach a broader audience, the second most favoured improvement (32%) was better designs and styles. This emphasizes the need for more modern or varied aesthetics. While higher fabric quality and availability are important issues, the majority of consumers do not see them as major obstacles, as evidenced by the 4 per cent of respondents who mentioned these factors. Khadi items may become more appealing overall if designs are improved and pricing issues are addressed.

## **3.3 ANALYSIS OF SOCIO-ECONOMIC PROFILE OF KHADI WORKERS**

### **3.3.1. AGE OF THE WORKER**

It highlights the prevalence of different age groups and their impact on productivity.

Table 3.10 Age of the worker

AGE	PERCENTAGE
18-35	6.7
35-45	46.7
45-55	33.3
More than 55	13.3

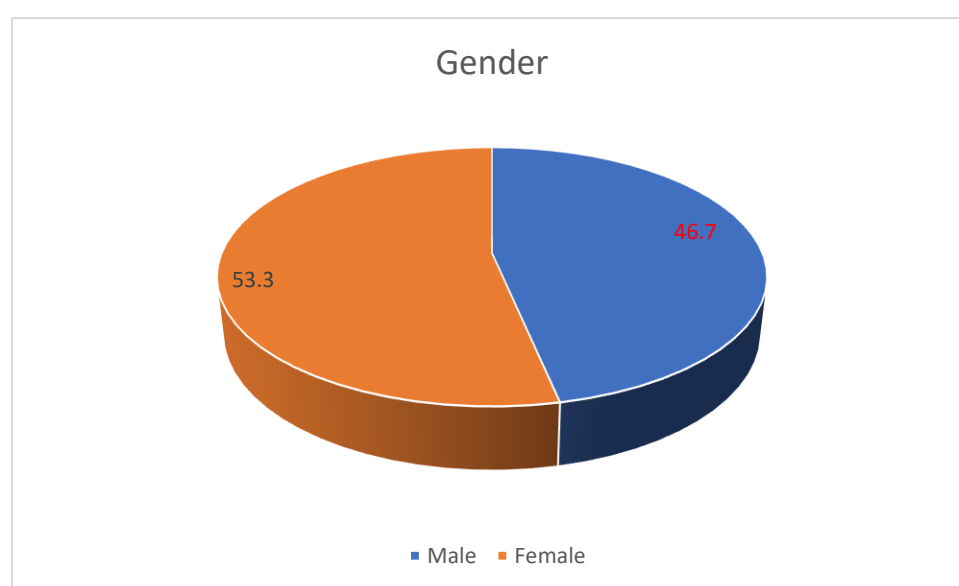
Data source: Primary data

Those between the ages of 35 and 45 make up the largest percentage of khadi workers (46.7%), followed by those between the ages of 45 and 55 (33.3%). The vast majority of khadi producers are therefore middle-aged, and it is likely that they have prior expertise making traditional textiles. Just 6.7 per cent of younger individuals (18–35 years old) participate at higher levels. This could be due to a change in job aspirations or a decline in interest in traditional crafts. 13.3 per cent of producers are above 55, indicating that skilled craftspeople are still employed in the khadi sector. These changes highlight how important it is to draw in younger audiences to keep the khadi alive

### **3.3.2. GENDER OF WORKERS**

Important factor in the khadi sector, Shaping the participation and contribution of individuals in textile production

Figure 3.6 Gender of workers



Data source: Primary data

Table on Khadi producers show that women are more likely than males to participate (53.3%) compared to 46.7 per cent. It is conceivable that women play a considerable role in Khadi manufacture given the flexibility of Khadi work, which enables women to combine domestic obligations, government measures to expand women's employment, or the historical association of textile work with female craftsmen. The nearly equal gender distribution highlights how Khadi production supports rural livelihoods and economic growth by providing

employment opportunities for both men and women. This trend demonstrates the inclusivity of the Khadi sector and promotes gender equality in traditional handloom and textile manufacture.

### **3.3.3. EDUCATIONAL ATTAINMENT**

It plays a key role in understanding the qualifications required within the sector.

Table.3.11 Educational attainment

HIGHEST LEVEL OF EDUCATION	PERCENTAGE
High school	46.7
Higher secondary school	26.7
Bachelor's degree	26.7
Master's degree	-

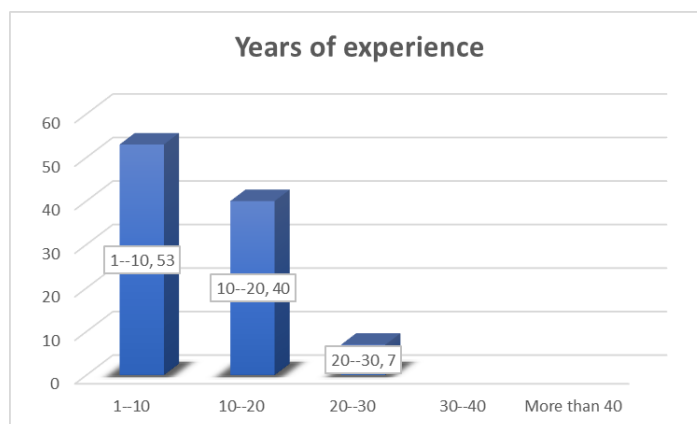
Data source: Primary data

Khadi labours are less likely to have a higher degree of formal education, as seen by the fact that just 44.7 per cent of Khadi producers finished high school. The population is evenly dispersed in terms of education, 26.7 per cent of persons have earned a bachelor's degree and completed higher secondary school. The dearth of master's degree graduates, however, suggests that employment in Khadi enterprises might not require additional education. Given that the majority of the industry's employees only possess a basic or intermediate degree, this trend may be exacerbated by the sectors traditional.

### **3.3.4. YEARS OF EXPERIENCE**

The years of experience provides is an important factor of workforce's skill level and expertise.

Figure 3.7 years of experience



Data source: Primary data

The data indicates that 53.3 per cent of participants possess 1-10 years of experience within the Khadi industry, while 40 per cent have moderate experience ranging from 10-20 years. This suggests that more than half of the workforce has relatively limited experience, and a substantial portion holds mid-level expertise. Only 6.7 per cent of participants are in the 30-40 years of experience category, highlighting a low representation of highly seasoned workers, and there is a conspicuous absence of respondents in the 20-30 years and over 40 years categories.

### **3.3.5 MONTHLY INCOME**

Monthly income is a significant factor in understanding the economic conditions of workers in the khadi industry.

Table 3.12 Monthly income

MONTHLY INCOME	PERCENTAGE
5000-15000	86.7
15000-30000	13.3
30000-55000	-
More than 55000	-

Data source: Primary data

The table presented in the table and pie chart indicate that a significant 86.7 per cent of participants within the Khadi industry have a monthly income ranging from ₹5000 to ₹15000, establishing this lower-income category as the most prevalent income range. The findings also show that 13.3 per cent of respondents receive a moderate - income level between ₹15000 and ₹30000, while there are no individuals in the higher-income brackets of ₹30000 to ₹55000 or exceeding ₹55000, signifying that substantial earnings are uncommon within the Khadi sector.

### **3.3.6. INCOME CONSISTENCY**

Table 3.13 Income consistency

It reflects the reliability of earnings over time, highlighting potential challenges such as income fluctuations and overall economic security of labourers within the sector.

INCOME CONSISTENCY	PERCENTAGE
Very consistent	-
Somewhat consistent	73.3
Inconsistent	46.7
Highly variable	-

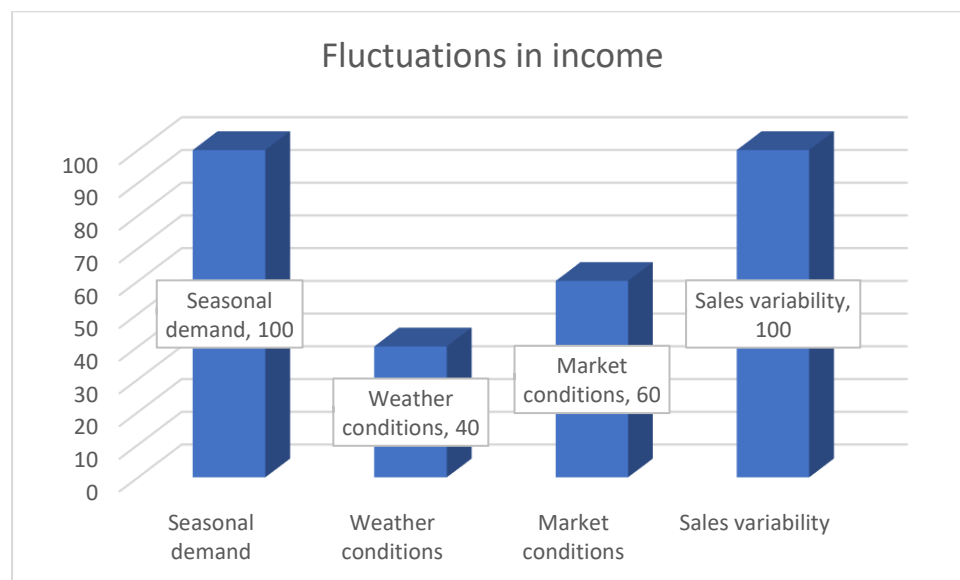
Data source: Primary data

The table illustrates the income stability among Khadi producers. A significant majority of Khadi producers (73.3%) report that their income is somewhat consistent. This indicates a level of stability. A notable portion (46.7%) of Khadi producers experience inconsistent income. This situation raises concerns regarding financial stability and potential vulnerability. The absence of data for the categories “Very consistent” and “Highly variable” reflects a moderate income across the respondents.

### **3.3.7. FLUCTUATION IN INCOME**

It is a critical factor in assessing the economic stability of workers in khadi industry.

Figure 3.8 Fluctuations in income



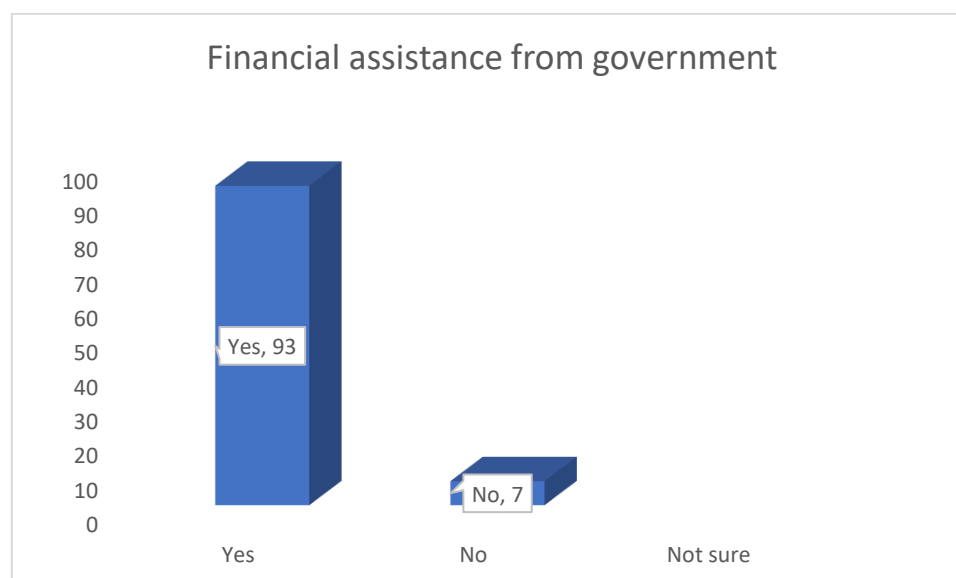
Data source: Primary data

This table shows the perceived contribution of different factors to income fluctuation. Seasonal Demand (100%) is a major driver of income fluctuation suggesting that seasonal changes in demand are considered a primary reason for income variability. This is very common for businesses with products or services tied to specific times of years (e.g., tourism, retail with holiday seasons, agriculture). Weather plays a significant, though less dominant, role. The 40 per cent indicates that weather-related events contribute to income fluctuations, but not as strongly as seasonal demand. This is typical for industries like agriculture, construction, and some retail (e.g., outdoor events). Market Conditions (60%) is also a substantial factor. The 60 per cent suggests that broader economic trends, consumer behaviour shifts, and competitive pressures have a considerable impact on income stability. This is a broad category and could encompass recessions, changes in consumer preferences, and new competitors entering the market sales. Like seasonal demand, sales variability is identified as a major contributor. The 100 per cent likely reflects the inherent ups and downs in sales that most businesses experience. This could be due to a variety of factors, including the timing of marketing campaigns, customer purchasing patterns, and even random fluctuations in demand.

### **3.3.8 FINANCIAL ASSISTANCE FROM GOVERNMENT**

It is an essential factor in supporting the sustainability and growth of the khadi industry.

Figure 3.9 Financial assistance from government



Data source: Primary data

This table shows that a very high percentage of Khadi producers (93.3%) have received financial assistance from government schemes or Khadi-related programs. This is a positive finding as it suggests that government support is reaching a significant portion of the target population. The fact that 93.3 per cent of Khadi producers have received financial assistance indicates that government schemes and Khadi programs have a wide reach and are effectively targeting the intended beneficiaries. Financial assistance can play a crucial role in supporting Khaldi producers by providing them with the resources they need to invest in their farms, improve their production practices, and increase their incomes. This can contribute to poverty reduction, food security, and sustainable development.

### **3.3.9. FINANCIAL BENEFITS RECEIVED FROM GOVERNMENT**

Important indicator of the economic support provided to workers in the khadi industry. These benefits including bonuses, pension schemes and government subsidies contribute to the financial security of producers.



Table 3.14 Financial benefits received from government

FINANCIAL BENEFITS RECEIVED FROM GOVERNMENTS	PERCENTAGE
Festival or holiday bonuses	100
Pension scheme	80
Loan /financial assistance	13.3
MMDA	100

Data source: Primary data

The table reveals that the majority of participants receives substantial financial benefits from the government, with 100 per cent reporting festival or holiday bonuses and 100 per cent receiving MMDA. 80 per cent of the producers are enrolled in pension schemes, indicating strong levels of financial security. The loan or financial assistance benefiting 13.3 per cent employees is probably quite lower relative to other sectors since the Khadi sector heavily relies on government subsidies or, to an extent, small-scale community grants that are predominantly aimed towards improvement in local production.

### **3.3.10. IMPROVEMENT IN FINANCIAL CONDITIONS**

It is a key factor in evaluating the long-term sustainability of the khadi industry.

Table 3.15 Improvement in financial condition

IMPROVEMENT IN FINANCIAL CONDITIONS	PERCENTAGE
Yes, significantly	86.7
Yes, slightly	6.7
No, change	6.6
Financial condition has worsened	-

Data source: Primary data

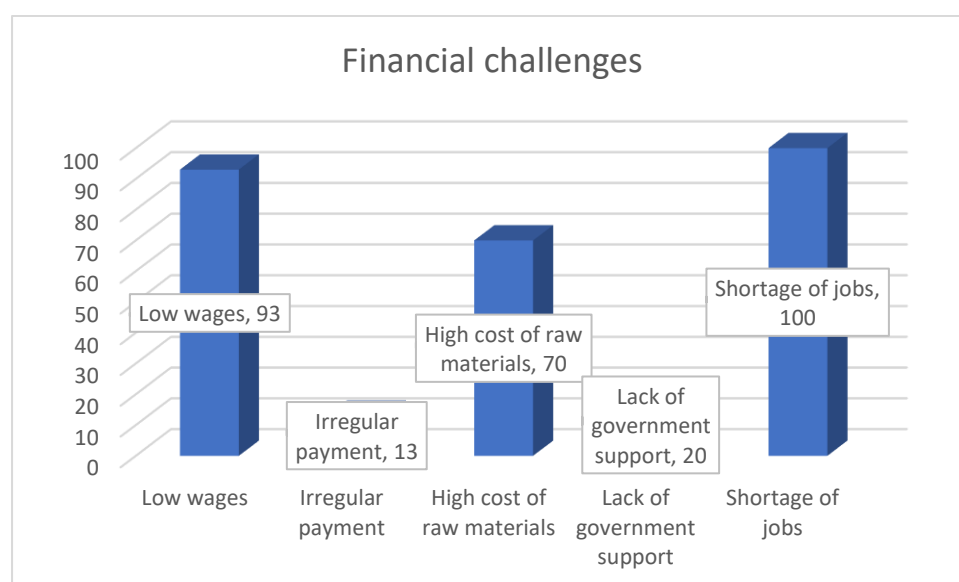
The interpretation of the table leads to the fact that 86.7 per cent of producers have improved their financial condition substantially. This could occur due to various government interventions, like either financial assistance through schemes, pensions, and bonuses. The reasons could also be formed by increased demand for khadi products cultivated through consumer sustainability awareness and quite a few handmade products. Small portion of the producers (6.7%) have noticed either a small change in their financial condition since low

variation is seen. It may be due to limited access to financial schemes or market fluctuations. And yet another percentage of producers (6.6%) expressed no change in their financial conditions. This could be attributed to lack of access to government funded schemes or lack of access to infrastructure, or it could be market situations where market conditions just are not changing to give visible change.

### **3.3.11. FINANCIAL CHALLENGES FACED BY THE KHADI SECTOR**

Financial challenges in the khadi sector are an important factor to consider, as they directly impact the sustainability and growth of the industry.

Figure 3.10 Financial challenges faced by the khadi sector



Data source: Primary data

The table elaborates, on the various financial challenges which producers faces in the khadi sector. 93.3 per cent of producer's face the issue of low wages from which indicates that khadi workers financial well-being is low. 13.3 per cent of producers face irregular payments, creating financial instability. 80 per cent of producers face the issue of high cost for raw materials, which impacts the profitability of khadi production. 20 per cent of producers feel that there is a lack of government support, which could mean that all producers don't have full access to financial subsidies or benefits needed to grow their business. Every producer is affected by the lack of sufficient employment opportunities in the sector (100%), limiting growth and development.

### **3.4 CONCLUSION**

Consumer preference and Khadi producer analysis emphasizes some of the emerging trends and challenges of the Khadi industry. Khadi continues to be an important cultural product but is struggling with affordability, contemporary appeal, and youth attraction. For the industry to sustain and expand, it needs to emphasize competitive prices, creative designs, online promotion, and new-generation artisans' recruitment to carry the tradition forward. Addressing these emerging trends and challenges will enable the Khadi industry to expand its reach and maintain its cultural and economic significance.

**CHAPTER 4**  
**FINDINGS, SUGGESTIONS AND**  
**RECOMMENDATIONS**

## **4.1 INTRODUCTION**

Khadi, has been an integral part of India's heritage, symbolizing self-reliance and sustainability. Through this project, we have explored the diverse aspects of Khadi, from its historical roots to its contemporary relevance. Our findings focus on the impact of prices on khadi product's consumption. We also found the effectiveness of government initiatives on promoting khadi production and how it supports the industry to flourish more and face the challenges encountered by the producers. Also found the approach of young generation to the khadi products and their consumption. Marketing strategies were also analysed in our project.

We also have few recommendations for the challenges faced by khadi industry which can influence policy makers and government officials to take necessary steps for the advancement of the industry and support the employees and producers from the issues faced.

## **4.2 FINDINGS**

### **4.2.1 Socio-economic profile of the khadi workers.**

Our studies on socio economic profile of khadi workers and their wages suggests that a large portion belong to the lower-income brackets, potentially affecting their spending power and economic stability. Khadi work is primarily dominated by middle-aged individuals, likely due to their experience and skill in the craft. The low percentage of younger workers possibly due to changing career preferences, lower wages, or lack of incentives.

The majority of producers are female, indicating that women play a slightly larger role in production compared to men. This suggests that women may have a stronger presence in the industry, possibly due to skill-based opportunities and cottage- based setups. The analysis of the educational background of khadi producers indicates that the majority of workers have completed high school education. A smaller proportion of the workforce possesses higher educational qualifications, such as undergraduate degrees. This suggests that while basic educational attainment is common among khadi producers, advanced academic qualifications are less prevalent within this sector.

#### **4.2.2 Impact of government initiatives and policies on khadi producers.**

Govt. policies and schemes have played significant role in helping khadi workers to achieve financial stability by providing financial assistance and promoting market taxes. Government provided festival and holiday bonuses have played a significant role in enhancing the financial stability. These bonuses, often disbursed during major festivals or year-end periods, serve as additional income, allowing workers to meet increased expenses associated with festive occasions and improve their overall economic well-being. Receiving bonuses boosts productivity and job satisfaction. Extra income can be invested in household improvements or education, contributing to long-term financial stability.

Government pension schemes have significantly contributed to the financial stability by providing regular income support during their retirement years. Khadi workers with a minimum of 10 years of service are eligible for a pension starting at ₹500 per month. The scheme also offers medical benefits providing comprehensive support to khadi workers and their families. These pension schemes ensure a steady income after retirement, offers a safety net protecting workers and their families from unforeseen financial hardships.

Modified Market Development Assistance [MMDA] provide financial support to Khadi workers. They receive a portion of the assistance as direct incentives, improving their wages and ensuring regular income. The MMDA scheme ensures that artisans, who are at the heart of the Khadi production process, receive a fair share of the profits. The guaranteed minimum of 40% assistance ensures a stable income.

#### **4.2.3 Consumer responsiveness to price of khadi products.**

Price plays a crucial role in influencing consumer purchase decisions for Khadi products due to various economic and social factors. Many consumers are price-sensitive, particularly in markets where affordability is a priority. Khadi products, which are often priced higher than mass-produced alternatives, may not seem accessible to all, especially when cheaper options appear to offer similar utility. Periods of financial uncertainty increase price sensitivity, leading individuals to prioritize cost over sustainability and cultural significance of Khadi. The price of Khadi products is influenced by raw material costs, labour-intensive production, limited mechanization, and distribution expenses. Government policies, subsidies, and tax exemptions by KVIC help regulate pricing. Branding, retail margins, consumer demand, seasonal trends, and the growing preference for sustainable fashion also impact Khadi's market price.

## **4.3 SUGGESTIONS**

### **4.3.1. Modernizing khadi designs**

Modernizing khadi designs by blending traditional fabric with contemporary styles, such as Indo-western outfits like khadi jackets and dresses, can attract a wider consumer base. Emphasizing simple, elegant designs that align with modern fashion trends and launching collections inspired by global fashion seasons while preserving khadi's authenticity will further enhance its appeal.

### **4.3.2. Change in pricing strategies.**

Pricing plays a crucial role in shaping consumers behaviour and purchasing decision. Majority of khadi consumers prefer products within a lower price range. Adopting a tiered pricing model by offering products at various price points—basic, premium, and luxury will cater to diverse consumer budgets and preferences. Additionally, introducing regular discounts, festive offers, and limited-time promotions can attract price-sensitive customers and enhance seasonal sales.

### **4.3.3. Encourage youth participation in khadi consumption**

To encourage youth participation in khadi consumption, the industry should develop modern, youth-centric designs such as casual wear and fusion fashion. Utilizing social media platforms like Instagram and Facebook, along with influencer partnerships can effectively promote khadi. Emphasizing eco-conscious messaging, offering student discounts and loyalty programs, collaborating with youth-focused brands, and organizing interactive pop-up stores and events will further engage and attract younger consumers.

### **4.3.4. Improving welfare of khadi workers**

To improve khadi workers' welfare, it is essential to ensure fair and timely wages along with social security benefits like health insurance, pensions, and accident coverage. Regular skill development programs should be implemented to enhance workers' expertise in modern techniques and digital tools. Improving workplace infrastructure, offering low-interest loans and financial aid, and providing access to education and healthcare are crucial. Additionally, recognizing artisans through awards and performance-based incentives will further support and motivate khadi workers.

#### **4.3. 5. Modernization and Product Diversification in the Khadi Industry**

Investing in modern technology for weaving, dyeing, and fabric processing will enhance the quality, durability, and variety of khadi products. Additionally, expanding the product range beyond traditional attire to include home décor, accessories, office wear, and lifestyle products will attract a broader consumer base.

#### **4.4 CONCLUSION**

While Khadi products have a unique value proposition rooted in sustainability, affordability remains a major barrier to broader consumer adoption. The economic sensitivity of consumers, coupled with the higher cost of Khadi products, calls for a delicate balance between maintaining the artisanal value of Khadi and making it more accessible to the masses.

Overall, while government efforts have contributed to the growth and stability of the Khadi industry, there is a need for further reforms in marketing strategies, price regulation, and youth engagement. Addressing these challenges will help ensure the long-term sustainability and expansion of the Khadi industry, allowing it to thrive in the contemporary global market while staying true to its cultural and sustainable roots.

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## **QUESTIONNAIRE**

1.Age of consumer

A Below 18

B 18-25

C 26-35

D 36-50

D Above 50

2.Gender of consumer

A Male

B Female

3.Place of residence

A Urban

B Semi-urban

C Rural

4.What are the most purchased products?

A Clothing

B Home furnishing product

C Personal care

5. How often do you purchase khadi products?

A Once a month

B Once every three months

C Once a year

D Occasionally

6.From where do you purchase khadi products?

A Khadi Gramodyog outlet

B Online marketplaces

C Exhibitions/Fairs

C Local artisans/stores

7.What are the factors influencing purchasing decisions of khadi products

A Quality and comfort

B Price

C Eco-friendliness and sustainability

D Support artisans

E Patriotism

8.How do you perceive price of khadi products?

A They are affordable

B Slightly expensive but worth it

C Too expensive

9.How much are you willing to spend on khadi products

A Less than 500

B 1000- 2000

C 2500-4000

C Above 4000

10. What is your perception on durability of khadi products?

A More durable

B Less durable

C Equally durable

11. Which is your source of information about khadi products?

A Social Media

B Friends/ family

C Advertisement

D Government campaigns

12. Why are you reluctant to purchasing khadi products?

A High price

B Limited availability

C Lack of Awareness

D Prefer other brands

-Occasion not came

13. What are your styling preferences?

A Modern clothing styles

B Personal care products

C Accessories

14. What are the improvements that you desire?

A More affordable clothing

B Better improvement

C Improved availability

D Enhanced fabric quality

15. Age of worker

A 18-35

B 35-45

C 45-55

D More than 55

16. Gender of worker

A Male

B Female

17. Educational attainment

A High school

B Higher secondary school

C Bachelor's degree

D Master's degree

18. Years of experience

A 1-10

B 10-20

C 20-30

D 30-40

E More than 40

19. How much do you earn monthly?

A 5000-15000

B 15000-30000

C 30000- 55000

D More than 55000

20. Do you think income is consistent?

A Very consistent

B Somewhat consistent

C Inconsistent

D Highly consistent

21. Wha are the reasons for fluctuation in income?

A Seasonal demand

B Weather condition

C Market conditions

D Sales variability

22. Do you receive any financial assistance from government?

A Yes

B No

23. What are the financial benefits do you receive from government?

A Festival or holiday bonuses

B Pension schemes?

C Loan/financial assistance

D MMDA

24. Has there any improvement in your financial conditions?

A Yes, significantly

B Yes, slightly

C No change

D Financial condition has worsened

25. What are the financial challenges that you faced in khadi sector?

A Low wages

B Irregular payment

C High cost of raw materials

D Lack of government supports

D Shortage of job