

**TECHNOLOGICAL DUALISM AND THE RESPONSE OF TRADITIONAL  
HOUSEHOLD ENTERPRISES OF INDIA IN THE POST-REFORM (1991)  
ERA : A CASE STUDY OF KHADI INDUSTRY.**

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**ABSTRACT**

In the recent Development Discourse creation of '*Sustainable Livelihood*' has gained a central stage as it assumes a high correlation in the instrumental process of overcoming poverty, reducing inequality and in creating a healthy society. Sustainable livelihood can be understood as, a livelihood which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable opportunities for the next generation. After briefly browsing through the theories related to development we find that the peculiar characteristics of 'Dualism' in various sectors is one of the major causes of underdevelopment in the Asian Countries. After these few observations next we moved onto exploring the Indian experience of creating employment opportunities to its teaming labour-force. India was characterised by a high share in agriculture (70 %) till 1960s. However, there has been a shift of workforce towards non-agriculture sector from the early seventies onwards. But around 92 percent of the employment is concentrated in the unorganised/informal non-farm sector therefore we next explored the broad structure of the unorganised sector in India and then looked at the technological dualism as a frame-work to understand the status of household based industries and within that the Khadi industry. In the **frame-work of Technological dualism**, we **hypothesised** that, i.e. co-existence of divergent technologies at same point of time leads to predominance of slightly technologically advanced industries over existing traditional industries. Eventually the technologically superior quality industrial goods might even take over the '*Market Share*' of the hitherto traditional household based goods leading to slow deceleration of the latter industries. Further the process of deceleration could have been accelerated after adopting the *Liberalisation* Policy in India (post 1990).

It is very difficult to study all the traditional industries in a very short span of time, but we can draw some broad consensus emerging from studying a selected industry in detail. Within the traditional Industries Khadi and Village Industries Commission (KVIC) has been employing around 5 million people across the country. But within the KVIC it is the Khadi industry that has been facing enormous problems to survive the competitive environment under freer markets after 1990. Therefore the study focuses on exploring the Khadi industry in its multi-dimensional facets to get a wholistic picture about *what was envisaged of the industry visa-a-vie what is its current position today and what efforts are imperative to strengthen it to survive in the current competitive market conditions*. KVIC is based primarily on actualization of the Gandhian Philosophy of Gram Swaraj (Village freedom). The basic objectives for setting up of the KVIC are:

- **Social Objective**-To create employment opportunities in the non-farm sector in the rural areas at wages/earnings which are, at least, comparable to the prevailing levels of wages in the farm sector during the non-peak season.
- **Economic Objective**-To produce saleable articles to provide services for which there is effective demand.
- **Wider Objective**-To support rural development in its widest sense and to improve the quality of life.

## OBJECTIVES OF THE STUDY

Based on the above premises we defined our specific objectives as looking into: A brief historical review of emergence of 'Khadi ideology' and how it acquired the central stage of 'all-round development' strategy in Gandhian philosophy; Exploring the position of Khadi Industry within the overall textile industry; Secondary data analysis to cover aspects of production (quantity and value), sales, stock, employment, working capital, interest subsidy and rebate; To understanding the organizational structure of KVIC and role of Support organisation; To analyse Efficiency of the Institutions through balance sheets analysis; To look at the state of technology in Khadi, in terms of allocation of funds, innovations and R & D activities of both KVIC and institutions; Current status of employment and working conditions of artisans; Marketing strategies adopted by KVIC and their relevance; And finally summary and conclusions.

## DATA SOURCES AND METHODOLOGY OF DATA ANALYSIS

The **secondary data** sources included Annual Reports and Statistical Abstracts available with the KVIC and KVIBs and reports of the various committees appointed by the KVIC. The details of data used are mentioned in the beginning of each chapter. The timeframe is right from the inception of the KVIC program in 1956. For primary data analysis data collected from the field work in year 1998-99 is utilised. We use extensively the data (primary and secondary) collected from an earlier report of 'Evaluation of Khadi' sponsored by Ministry of Industry, Department of SSI and ARI, Co-authored by Prof. Datta, Dr. Vikas Pandey, Mr.P.Gopinath, Ms.Kukadea and Mr. Aithal in 2000.

The **Primary Data** is collected through three questionnaires from Artisans, Institutions and Customers. The sample size included 52 institutions, around 360 artisans (both home-based and shed-based more or less evenly distributed), and around 75 Khadi customers chosen randomly. The data was generated from some of the major states like Uttar Pradesh, Tamilnadu, Gujarath, West Bengal, Rajasthan, Kerala, Himachal Pradesh, Punjab, Haryana, Chandigarh, Maharashtra and Delhi, where around 90 percent of the Khadi work is carried out. Regarding the qualitative aspects of the primary data, Opinions regarding the 'current status of Khadi' and its 'future' have been collected through interviews and group discussions of officials of KVIC, KVIBs, experts on Khadi industry. As regarding the **methodology of the study**, it is an explorative study combining political philosophy and socio-economic dimensions of the industry to get a wider understanding and wholositic picture of the issues involved in it. The study extensively uses growth rates, percentages, graphs, etc as a part of the data analysis. Analysis through correlation is also undertaken and moreover, Financial or structural ratio analysis is used to judge the liquidity, turnover and profitability of the institutions implementing the programme from the five-year balance sheets collected (1994-1999).

## MAJOR FINDINGS

**In Chapter 2** we looked at how Gandhiji has evolved three ideologies (Trusteeship, Nai Taleem, Decentralised small-scale industrial production) to promote *Gram Swaraj*. The chapter concludes that Gandhiji's view on the relevance of the concept of 'village development', as being the '*prime-mover*' of overall development of the nation, cannot be ruled out even today. However the Nai Talim and Trusteeship principles have not penetrated into masses. Review of significance of Khadi within textile sector in **Chapter 3** revealed that that the traditional sectors is being pushed to a corner as its share in output is concerned, in 1996-97 it had contend with mere 8.36 percent share in output against as high as 60.36 percent share in employment. Over

time, the traditional rural industries have steadily lost their ground to modern small-scale industries. **Chapter 4** analysed data on the production (quantity and value), sales, stock, employment, working capital, interest subsidy and rebate. The growth rates of the production in quantity terms (i.e. deflated by the price variable) shows stagnation after 1985. The employment opportunity cost, lost due to the piling up of stock was calculated. It came to around 38 lakhs employment blocked in stocks accumulated over the years. In short the **Social objective** of Khadi to **create employment opportunities** in the non-farm sector is **defeated**. In **chapter 5** on KVIC structure and support organisations we found that institutions are finding it difficult to get personnel, working in their offices and bhandars, who are ideologically influenced by the Khadi mission. There seems to be no democratic representation of the institutional secretaries as most of them hold on to the same post for years together without any retirement age limit and sometimes it is even hereditary. *Information* network flow within KVIC and its agencies is quite poor. **Chapter 6** on adequacy of funds available to institutions and analysis of Balance-sheets (1994-1999) revealed that financial assistance from the KVIC to institutions is quite substantial. Further, Annual reports appeared to be hastily prepared which shows lack of interest in presenting financial figures and information properly. There is a clear case of Poor Utilisation of Capital as returns on fixed capital are very low. Institutions have received funds amounting to crores of rupees from 1996-97 onwards (Consortium Bank Credit (CBC) loans) and the entire amount was either invested in fixed assets or resulted in stock in trade. A large chunk of the expenditures are concentrated in establishment costs that need to be curbed. **Chapter 7** on technology in Khadi industry revealed that technology in Khadi is quite rudimentary. There are no improvements in the implements to reduce the drudgery of the artisans. There is definitely a need for powerisation in pre-weaving stage to reduce child-labour. Further sustained attempts should be made to use power in the charaka to reduce drudgery, Technological Diffusion is incomplete and though there exists physical *capacity* and *opportunity* to invent by sizeable institutions and KVIC research agencies, but lack of *pressure* to innovate scuttle the progress of R & D. **Chapter 8** explored the question of how far Khadi program had made an impact on the livelihoods of the artisans. It is found that contrary to Gandhiji's assumption of achieving social well-being through promoting Khadi it is leading to '*occupational interlocking*', where freedom to move from one occupation to other is highly restricted in the name of *employment* generation. Thus the **Wider Objective**-to support rural development in its widest sense and to **improve the quality of life** was also **not accomplished**. Our analysis raised many questions like, can we call employment in Khadi sector as 'decent-work' with such low levels of wages and without any social security? What kind of social security are we talking about when many artisans are forced to buy products produced by them in the name of circulation of resources within the village economy from the small money saved through artisan's welfare fund and incentives? The only areas where hope seems to be lying is innovation of higher spindle charkas, which involve lesser drudgery and fetch more wages. Training of Weavers and innovation in improvement of looms and designs of products, to encourage production of highly value-added products in order to improve the socio-economic conditions of the artisans. Further artisans should be encouraged to unionise/organise to improve their working conditions. In **chapter 9** we found that the marketing strategies adopted by Institutions are quite *naïve*. The amount allocated to market the product in cost-chart is also meagre compared to other handloom textiles. Customer survey data revealed that rebate was least important for a regular buyer of Khadi. What is required is the improving quality and design pattern to suit the changing needs of customers. Thus we find that even **Economic Objective** of **producing saleable articles** to provide

services for which there is effective demand has **not been achieved**. With growing importance of ‘*green products*’, ‘*fashion designing*’ and rise in importance for cotton (*eco-friendly*), *Brand* building, creating *niche* markets and selling through ‘*retail chains*’ are components which cannot be ignored today by KVIC.

**Finally**, what lessons can be drawn for similar traditional based industries from the current study? In the frame-work of Technological dualism, we hypothesised that co-existence of divergent technologies where technologically advanced industries (especially after liberalisation) might become detrimental to the existence of traditional industries. It is quite clearly evident from our study that the slightly technologically advanced industries like powerlooms and mills sector (from within the country and outside) had even taken over the ‘*Market Share*’ of the hitherto traditional goods like *Khadi* resulting in the slow deceleration of those industries. However, this is true only in the case of handloom industries and many of the other crafts have gained significantly under the rule of free-market as pointed out by the study of Liebl and Tirthankar Roy (2003) on handmade crafts in India. Therefore one has to interpret the impact of *technological dualism* quite cautiously when it comes to handicrafts. Where ever the traditional products are in direct competition with other technologies like clothe produced by Khadi is competing directly with clothe produced by a technologically advanced mill sector then it may have a negative impact. But if the markets for handicrafts are not directly competing with the technologically advanced products but catering only to *niche* markets they may not face a great deal of problems.

Further, there is also an obligation to standardise and improve the working conditions of labour in unorganised sector through formation of labour unions or provision of social security to meet the social clauses concerns of both national and international institutions which are unavoidable in the Globalised era. Moreover, the notion of ‘*occupational interlocking*’ discussed in our study can be found true for people belonging to SCs/STs, women and other backward communities engaged in unorganised traditional industries like leather, fishing, making of traditional artefacts etc. Therefore any programme offered to ‘*protect and promote*’ traditional industries either in the name of promoting ‘*employment generation*’ or in the name of ‘*preserving the cultural capital*’ of Traditional industries needs also to be judged with the yardstick of whether it is creating conditions of ‘*occupational interlocking*’ and ‘*consequent deprivation*’ for the ‘*marginalised groups*’ in their ‘*socio-economic mobility*’ or ‘*not*’? Further, it also needs to adhere to some of the basic tenets of providing ‘*sustainable livelihood*’ to people.