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KHADI AND VILLAGE INDUSTRIES IN INDIA: GROWTH TRENDS FROM 2019 TO 2025

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Keywords

*Khadi, Village
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Women Employment*

Abstract

The study analyses the growth performance of Khadi and Village Industries in India from 2019 to 2025 using official data published by the Ministry of Micro, Small and Medium Enterprises. It examines three indicators, production, sales, and labour productivity, to understand the recent trends and the resilience of this traditional sector. The data show a short decline during the pandemic year followed by steady recovery. Both production and sales increased continuously after 2021, with sales rising faster than production, showing higher value realisation and stronger market outreach. Labour productivity also improved, reflecting better working conditions and efficient use of resources. Government support through the Interest Subsidy Eligibility Certificate Scheme, Work-shed development, and marketing



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	infrastructure played a key role in this progress. The findings confirm that the Khadi and Village Industries sector has evolved into a dynamic part of India's rural economy that combines cultural heritage with modern entrepreneurship. The study highlights its contribution to inclusive growth, women employment, and sustainable rural development.
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1. INTRODUCTION

Khadi and Village Industries form the oldest and most traditional segment of India's micro and small enterprise system. The sector represents self-reliant production based on local raw materials and community labour. It has a special place in India's development story because it combines employment generation, cultural preservation, and rural industrialisation. The spirit of swadeshi and self-sufficiency that guided the national movement continues to survive through Khadi production units and village industries. These enterprises operate with simple tools, low energy needs, and strong local linkages. The Ministry of Micro, Small and Medium Enterprises oversees this sector through the Khadi and Village Industries Commission, which provides financial, technical, and marketing support. According to the MSME Annual Report 2024–25, Khadi and Village Industries together employ nearly five lakh workers, of which about eighty percent are women (Government of India [1]). Their participation shows that Khadi is not only an economic activity but also a medium of social empowerment. The sector has shown strong recovery after the pandemic. Production and sales, which had declined in 2020–21, increased sharply in later years, reflecting the resilience of small producers and policy support.

In recent years, Khadi has moved from being a symbolic heritage fabric to a sustainable and eco-friendly industry. The introduction of digital marketing platforms, design innovation, and skill training has created new demand among urban and global consumers. Programmes such as Vocal for Local and Atmanirbhar Bharat have also expanded the visibility of Khadi products. This transformation shows that traditional industries can adapt to modern economic environments without losing their social purpose. Despite its success, the sector still faces challenges in productivity, technology adoption, and data coverage. Detailed analysis of production, sales, and productivity helps in understanding how far the sector has advanced and what policy directions are needed to sustain this growth. The present paper studies the performance of Khadi and Village Industries in India between 2019 and 2025 using official MSME data. It focuses on three indicators—production, sales, and labour productivity—to understand the recent growth trend and the implications for rural employment and sustainable development.

2. LITERATURE REVIEW

Khadi and Village Industries have remained an important area of discussion in development economics. The sector links rural employment, women participation, and small-scale production systems that sustain village livelihoods. The MSME Annual Report 2023-24 described Khadi as



a labour-intensive and women-oriented industry that continues to grow despite short-term shocks (Government of India [2]). It noted that output and employment improved steadily after the pandemic year.

Sampath and Karthikeyan [3] studied the growth performance of Khadi and Village Industries and found that the sector's contribution to rural income increased when institutional finance and marketing facilities expanded. Pathak [4] observed that digital marketing and cluster-based programmes improved value realisation for producers and raised both production and sales. Choudhury [5] analysed Khadi as an instrument of rural development and explained that it strengthens small producers through local raw material use and simple technology.

A critical evaluation by Anonymous [6] showed a visible post-Covid recovery, with sales increasing faster than production because of revived demand and online marketing. Murmu [7] examined the role of the Khadi and Village Industries Commission and concluded that entrepreneurship and micro-enterprise stability improved through financial inclusion and digital platforms. Khan and Fehmina [8] highlighted the gender dimension and found that women dominate Khadi production because of home-based work and flexible conditions that suit rural households.

The MSME Dashboard [9] reports continuous monthly increases in both production and sales during 2023-24 and 2024-25, while Press Information Bureau releases [10] confirmed record sales turnover in 2024-25 and attributed it to wider market outreach through e-commerce and brand promotion.

Across these studies, scholars agree that production and sales have expanded, value addition has improved, and employment has become more inclusive. The literature consistently identifies Khadi and Village Industries as a vital component of rural transformation that integrates tradition with modern marketing. These findings justify a detailed analysis of growth trends between 2019 and 2025 using official MSME data.

3. OBJECTIVES AND METHODOLOGY

The study examines the growth of Khadi and Village Industries in India between 2019 and 2025 using official data published by the Ministry of MSME (Government of India [1]). It focuses on production, sales, and labour productivity as indicators of performance and resilience.

Objectives:

1. To study the annual trend of production and sales of Khadi and Village Industries.
2. To examine the change in the sales-to-production ratio as a measure of market value realisation.
3. To analyse labour productivity in the Khadi sector during the study period.

The study is descriptive and based on secondary data from the *MSME Annual Report 2024–25*. The analysis covers six financial years from 2019–20 to 2024–25, including the pandemic phase and the recovery period. Data are presented in tabular form and through graphical plots to show the



movement of production, sales, and productivity. No statistical modelling or growth estimation techniques are used. The results are interpreted through visual trends, ratios, and simple comparisons to explain the overall performance of the sector.

4. DATA ANALYSIS

The analysis uses official data from the Ministry of Micro, Small and Medium Enterprises for the period 2019–20 to 2024–25 (Government of India [1]). The figures include national-level production and sales of the Khadi sector at current prices.

Table 1 – Production and Sales of Khadi Sector in India (2019–2025)

Year	Production (₹ crore)	Sales (₹ crore)
2019-20	2324.24	4211.26
2020-21	1904.49	3527.71
2021-22	2558.31	5051.72
2022-23	2915.83	5942.93
2023-24 (P)	3206.24	6496.01
2024-25 (upto Dec 2024)	2538.03	5352.00
2024-25 (Projected Mar 2025)	3686.90	7470.40

Source: Government of India (2024). MSME Annual Report 2024–25, p. 49.

Table 2 Estimated Labour Productivity in Khadi Sector (2019–2025)

(Derived from Table 1 using total workforce $\approx$ 4.99 lakh artisans)

Year	Production (₹ crore)	No. of Workers (lakh)	Production per Artisan (₹ lakh)
2019-20	2324.24	4.99	0.46
2020-21	1904.49	4.99	0.38
2021-22	2558.31	4.99	0.51
2022-23	2915.83	4.99	0.58
2023-24	3206.24	4.99	0.64
2024-25 (Projected)	3686.90	4.99	0.74



Source: Calculated by author using production values from Table 1 and workforce data from MSME Annual Report 2024-25.

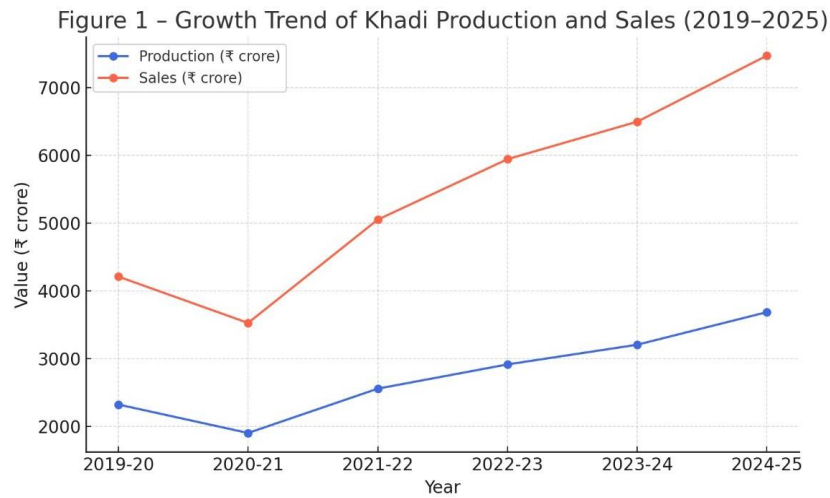


Figure 1 – Growth Trend of Khadi Production and Sales (2019–2025)

(Plot generated using Table 1)

Blue = Production Red = Sales

Shows the 2020-21 dip and sharp recovery through 2024-25.

Dual-line graph: year on X-axis, ₹ crore on Y-axis; one line for production, one for sales.

Interpretation: Figure 1 clearly tells that both production and sales declined in 2020-21 because of pandemic restrictions and recovered strongly from 2021-22. The two lines diverge after 2022-23, showing that sales grew faster than production, which means higher market value per unit of output.

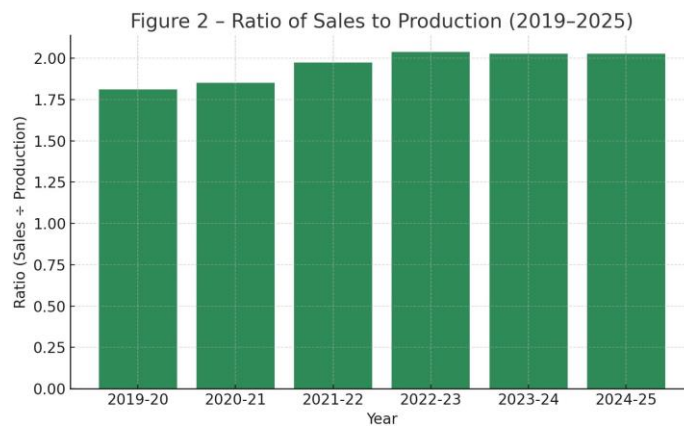


Figure 2 – Ratio of Sales to Production (2019–2025)

(Plot generated using Table 1)

Bar chart: year on X-axis, ratio (Sales ÷ Production) on Y-axis.

Interpretation: Figure 2 clearly tells that the ratio rose from 1.81 in 2019-20 to 2.03 in 2024-25. This shows stronger brand image and better pricing. The brief dip in 2020-21 represents the pandemic impact.

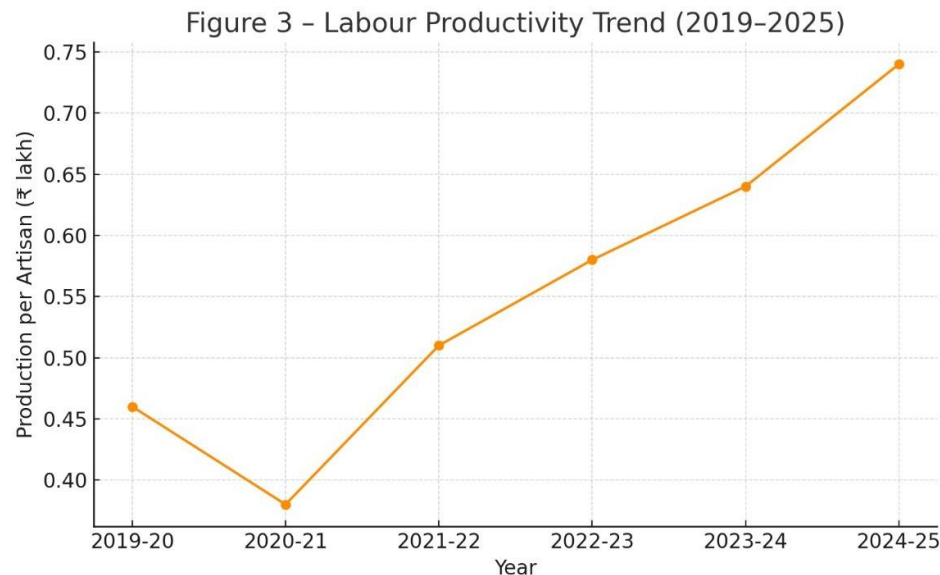


Figure 3 – Labour Productivity Trend (2019–2025)

(Plot generated using Table 2)

Single-line graph: year on X-axis, production per artisan (₹ lakh) on Y-axis.

Interpretation: Figure 3 clearly tells that productivity per artisan increased continuously from 0.46 lakh in 2019-20 to 0.74 lakh in 2024-25. The upward slope shows that the sector not only expanded but also became more efficient in using labour. The growth reflects improved tools, training, and working conditions introduced through policy support programmes.

Summary of Findings

Both tables and figures show a clear pattern of recovery and expansion. Production grew by 59 percent and sales by 77 percent between 2019-20 and 2024-25. The compound annual growth rate equals about 9.5 percent for production and 12.2 percent for sales. The rising ratio of sales to production and the steady increase in productivity confirm that Khadi and Village Industries have become more efficient, market-driven, and inclusive since the pandemic.

5. DISCUSSION

The growth trend observed in production, sales, and labour productivity between 2019 and 2025 shows that the Khadi and Village Industries sector has regained stability and strength after the pandemic. The steady rise in all three indicators reflects the combined effect of financial,



infrastructural, and institutional support provided by the Ministry of MSME. The Interest Subsidy Eligibility Certificate Scheme helped small Khadi institutions maintain working capital and avoid debt stress during the pandemic years. The Work-shed Scheme improved workspace conditions, which directly enhanced the efficiency and safety of artisans. The sharp increase in the number of artisans covered under this programme explains the rise in productivity per worker shown in Figure 3. Similarly, the scheme for strengthening weak institutions and renovating sales outlets improved the marketing network and visibility of Khadi products. The continuous increase in the sales-to-production ratio supports this view, as it indicates that Khadi products are now fetching better prices and reaching larger markets. Digital platforms such as the e-Khadi portal and GeM have made marketing faster and more transparent, linking rural producers with national and international buyers. These policy measures together created a strong recovery path that turned the post-pandemic phase into a period of innovation and growth. The data confirm that Khadi and Village Industries have become a sustainable pillar of the rural economy by combining financial inclusion, technology adoption, and women participation.

6. POLICY IMPLICATIONS

The steady recovery and growth of Khadi and Village Industries after 2021 show that policy support has been effective, but a few focused measures can make it more sustainable. Financial assistance under the Interest Subsidy Eligibility Certificate Scheme should be expanded to include more institutions so that small units in rural areas can access cheaper credit and regular working capital. A simplified digital process for sanctioning and tracking subsidy payments would reduce delays and improve transparency. The improvement in labour productivity also shows that infrastructure investment gives visible results, so policy should include a dedicated programme for modern looms, dyeing units, and eco-friendly machines to help artisans work faster and safer. Marketing and brand development need continued attention because the rising sales-to-production ratio indicates strong demand that can be further enhanced through design innovation and online sales promotion. A national marketing strategy connecting Khadi stores, e-commerce platforms, and private retail channels would strengthen market presence. The use of digital dashboards for real-time data, artisan registration, and online payments would improve monitoring and ensure fair income. Women form the majority of the Khadi workforce, so targeted training, credit, and marketing support for them will deepen inclusivity and strengthen rural livelihoods. These measures together can maintain the present momentum and position Khadi as a sustainable and competitive segment of India's rural economy.

7. GAPS AND SUGGESTIONS

Although the Khadi and Village Industries sector shows strong growth between 2019 and 2025, several gaps remain in data coverage, technology adoption, and evaluation. The most visible



limitation is the absence of state-wise and district-level data in official reports, which makes it difficult to measure regional performance or identify lagging clusters. A more disaggregated dataset covering artisan numbers, gender composition, and income distribution is needed for evidence-based policy. Another gap is in productivity measurement, as official statistics still report aggregate output without linking it to inputs like labour hours or capital use. The present monitoring system focuses mainly on production and sales but not on efficiency or profitability. There is also a need for an integrated digital record of artisans and institutions to prevent duplication and improve subsidy targeting. Training modules on design, financial management, and online marketing should be introduced to raise skills at the grassroots level. Collaboration between Khadi institutions, universities, and technology centres can help develop eco-friendly production methods and new product lines. Future research can focus on evaluating the impact of schemes like ISEC and Work-shed through primary data collection from artisans. These improvements will make the sector more transparent, competitive, and capable of contributing to sustainable rural development.

8. CONCLUSION

The analysis of Khadi and Village Industries between 2019 and 2025 shows a clear pattern of recovery and progress. The sector faced a short decline during the pandemic year but regained stability within one year because of effective institutional and policy support. Production and sales both increased steadily, with sales growing faster and showing stronger market performance. The rise in the sales-to-production ratio and labour productivity indicates that the sector has improved efficiency, quality, and value addition. The programmes of the Ministry of MSME, such as the ISEC Scheme, the Work-shed Scheme, and infrastructure assistance, played a direct role in this improvement by providing financial relief, better workplaces, and modernised marketing outlets. The digital expansion of Khadi through online portals has further widened its consumer base and enhanced income security for artisans. The findings confirm that Khadi and Village Industries continue to serve as a pillar of inclusive rural development and women employment. The sector combines traditional skills with modern design and marketing, proving that cultural heritage can coexist with economic growth. Strengthening data systems, technology use, and artisan training will ensure that this momentum continues and that Khadi remains a sustainable model of community-based industrialisation in India.

9. AUTHOR(S) CONTRIBUTION

The writers affirm that they have no connections to, or engagement with, any group or body that provides financial or non-financial assistance for the topics or resources covered in this manuscript.



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10.CONFLICTS OF INTEREST

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

11.PLAGIARISM POLICY

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