

KHADI REIMAGINED: ENTERPRISES, STARTUPS AND INDIA'S SUSTAINABLE FUTURE

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Abstract

Khadi holds a distinctive place in India's historical, social, and economic development. While it symbolised self-reliance during the freedom movement, the contemporary phase marks its reimagination as a modern, enterprise-driven sector within the MSME framework. This paper examines how khadi is being repositioned as a viable platform for entrepreneurship, start-up growth, rural industrialisation, and sustainable livelihoods. Particular emphasis is placed on the role of institutional support, especially initiatives undertaken by the Khadi and Village Industries Commission, in promoting micro and small enterprises, decentralised production, and inclusive economic growth. The study highlights that rising global awareness of sustainable lifestyles and ethical consumption has significantly enhanced khadi's relevance. Its low carbon footprint, minimal water usage, and labour-intensive production processes align closely with green economy objectives, creating new market opportunities for enterprises and start-ups. Supported by strong government schemes and wage reforms, the sector has recorded notable expansion, with sales increasing by 447 per cent between 2013–14 and 2024–25 and overall turnover reaching approximately ₹1.7 lakh crore.

The paper further analyses the evolving entrepreneurial ecosystem of khadi, where traditional skills are combined with modern design, technology, and business practices. Technological interventions such as improved and solar-powered charkhas, along with digital platforms and institutional marketing networks, have enhanced productivity, market access, and income stability for artisans. From an employment perspective, khadi remains one of the most labour-intensive sectors in rural India, with high participation of women artisans,

contributing to non-farm employment generation and reduced migration. The study concludes that khadi has the potential to function as a sustainable start-up ecosystem that integrates heritage-based production with contemporary enterprise models, thereby advancing inclusive entrepreneurship and employment-led growth in India.

Keywords: Khadi, Start-ups, Innovation, socio-economic & Sustainable Development, Rural Employment, MSMEs

Introduction

Khadi occupies a unique and enduring position in India's historical, social, and economic development. Originating as a symbol of self-reliance and resistance during the freedom movement, khadi was closely associated with the ideals of swadeshi, decentralised production, and dignity of labour. In the contemporary period, however, khadi has moved beyond its symbolic legacy and is being reinterpreted as a strategic economic sector with significant potential for entrepreneurship, employment generation, and sustainable development within the Micro, Small and Medium Enterprises (MSME) framework. This transition reflects a broader shift in India's development discourse, where traditional knowledge systems and crafts are being aligned with modern enterprise models and market-oriented growth strategies.

A central role in this transformation has been played by the Khadi and Village Industries Commission, which has undertaken sustained efforts to modernise the khadi sector while preserving its core values. Through a range of policy interventions, financial support schemes, technology upgrades, and market development initiatives, KVIC has promoted the establishment of micro and small enterprises and facilitated entrepreneurial opportunities across rural and semi-urban regions. These initiatives aim to strengthen decentralised production systems, enhance local value chains, and contribute to the national objective of self-reliant and inclusive economic growth. The increasing presence of khadi-based start-ups indicates a clear shift from subsistence-oriented activity towards enterprise-led models that integrate traditional skills with contemporary business practices.

The renewed relevance of khadi is also closely linked to changing global consumption patterns. Rising awareness of climate change, environmental degradation, and social responsibility has led to a growing preference for sustainable lifestyles and ethically produced goods. In this context, khadi offers distinct advantages due to its low carbon footprint, minimal

water usage, and labour-intensive production processes. As consumers increasingly seek eco-friendly and responsibly produced products, khadi has emerged as a viable alternative within the broader sustainable fashion and lifestyle segment. This shift in demand has opened new market opportunities, encouraging start-ups and entrepreneurs to enter the sector and generate employment, particularly in rural and semi-urban areas.

The reimagination of khadi rests on interconnected dimensions of sustainability, modernisation, entrepreneurship, and innovation. Environmentally responsible production aligns khadi closely with green economy objectives, while contemporary design interventions have expanded its appeal among younger and more diverse consumer groups. New entrepreneurial models within the khadi ecosystem emphasise fair wages, skill development, and improved market access for artisans, thereby strengthening rural employment and income stability. Technological interventions, including improved and solar-powered charkhas, have enhanced productivity and efficiency without undermining the hand-spun character of khadi. At the same time, digital platforms and institutional marketing networks have enabled direct market access, reduced intermediary dependence, and improved returns for producers.

From an employment perspective, khadi remains one of the most labour-intensive sectors in rural India, with a notably high participation of women artisans. The expansion of khadi-based enterprises and start-ups has contributed significantly to non-farm employment generation, skill upgradation, and reduced migration from rural areas. By linking entrepreneurship with artisan livelihoods, the khadi ecosystem functions not only as an economic activity but also as an instrument of social development and inclusion. In recent years, the sector has recorded substantial economic expansion. Supported by strong government schemes and wage reforms, khadi sales increased by 447 per cent between 2013–14 and 2024–25, with overall turnover reaching approximately ₹1.7 lakh crore. By 2025, the khadi ecosystem reflects a convergence of rural craftsmanship, urban design sensibilities, digital marketplaces, and sustainability-conscious consumer demand. Artisans are increasingly connected to national and global markets, while start-ups introduce contemporary designs, natural dyes, value-added branding, and export-oriented business models. This progress is the outcome of sustained institutional efforts that have enhanced skills, technology adoption, and market integration.

Against this backdrop, the present study examines khadi as an evolving entrepreneurial ecosystem that combines heritage-based production with modern enterprise practices. It seeks

to analyse the socio-economic impact of this transformation, the role of start-ups and policy support, and the potential of khadi to contribute to inclusive entrepreneurship, employment-led growth, and India's sustainable economic future.

Objectives

- To analyse the socio-economic impact of the khadi Industries on employment, livelihoods, and rural development.
- To examine the role of start-ups, MSMEs, and innovation in shaping khadi's entrepreneurial ecosystem.
- To study market repositioning of khadi as a sustainable and value-added product.
- To assess the global market potential of khadi.
- To evaluate the influence of policy and institutional support on the growth of the khadi Industry.

Data Sources and Methodology

The study is based on secondary data covering the period 2014–2024, collected from the Annual Reports of the Ministry of MSME and the Khadi and Village Industries Commission (KVIC), the Economic Survey of India, and publications of the Directorate of Industries and Commerce, Government of India. Earlier census reports on MSMEs and small-scale industries have been used for contextual comparison. The data have been analysed using simple statistical and mathematical tools to examine trends in enterprise growth, start-up participation, employment generation, and sustainability in the khadi industry.

Review of Literature

The concept of rural entrepreneurship has been widely examined in development literature, with particular emphasis on its role in sustainable local development. **Korsgaard and Tanvig (2015)** distinguished between “entrepreneurship in the rural areas” and “rural entrepreneurship.” While the former is largely profit-oriented and spatially mobile, the latter is deeply rooted in local resources, community engagement, and long-term sustainability. This distinction is relevant to khadi-based enterprises, which largely align with the principles of rural entrepreneurship by utilising indigenous skills and strengthening local economies. In the Indian context, **Mukeshbhai Patel et al. (2013)** analysed rural entrepreneurship and identified key constraints such as inadequate infrastructure, limited access to finance, lack of skills, and

weak market linkages. The study emphasised the need for government support, capacity-building programmes, and improved market access to strengthen rural enterprises. Similarly, **Aggarwal (2013)** highlighted the role of developmental institutions such as **NABARD** and **KVIC** in promoting rural entrepreneurship through financial assistance, training, and enterprise development programmes.

Several studies have specifically examined the role of the Khadi and Village Industries Commission (KVIC). **Katoch Gaurav (2018)** analysed KVIC's contribution to rural economic development and observed a steady increase in financial support and positive growth in production and sales in both khadi and village industries, although employment growth in the khadi sector showed fluctuations during the study period. **Supekar and Dhage (2022)** reported consistent growth in production, sales, and employment in khadi and village industries between 2016 and 2021, attributing this progress largely to the Prime Minister's Employment Generation Programme (PMEGP). Further, **Murmu (2024)** established a strong positive relationship between sales growth and employment generation, concluding that KVIC initiatives have significantly strengthened rural entrepreneurship in India. Literature on khadi as a fabric and cultural symbol traces its origins to the Swadeshi movement and rural industrialisation (**Sinha & Sinha, 1984**). Recent studies describe khadi as a transformational fabric that blends tradition with modern design and sustainability (**Gupta et al., 2018**). Researchers have highlighted khadi's eco-friendly nature, comfort, adaptability, and suitability across seasons (**Ambre & Lad, 2017**).

However, despite its heritage and sustainability value, khadi historically struggled with mass acceptance due to limited awareness, lack of modern designs, pricing issues, and weak urban accessibility (**Upadhyay & Deodiya, 2013**). Studies suggest that improved branding, design innovation, youth-oriented marketing, and urban retail expansion are essential for repositioning khadi in contemporary markets (Kaur & Rathore, 2017).

Research Gap

The existing literature largely focuses either on rural entrepreneurship in general or on khadi from cultural, fabric, or consumer perception perspectives. Limited studies comprehensively examine khadi as an integrated start-up ecosystem linking entrepreneurship, employment generation, sustainability, and policy support in the post-2014 period. There is a clear gap in analysing khadi's recent enterprise-led transformation, start-up participation, and

its contribution to inclusive and sustainable economic growth, which the present study seeks to address.

Performance of Khadi Industry

The khadi sector has witnessed one of its most significant growth phases over the past decade, driven by the expansion of khadi-based start-ups and rising consumer preference for hand-spun, natural, and ethically produced textiles. According to KVIC and MSME reports, khadi sales increased by 447 per cent between 2013–14 and 2024–25, while production grew by 347 per cent during the same period. In FY 2024–25, the sector achieved a record turnover of ₹1.7 lakh crore. Khadi clothing production rose by 366 per cent to ₹3,783 crore, and garment sales increased sharply by 561 per cent to ₹7,145 crore, reflecting strong market demand for sustainable products. Alongside economic expansion, khadi has made a substantial contribution to employment generation and socio-economic development.

Overall employment in the sector increased by 49.23 per cent over the decade, supporting nearly 1.94 crore livelihoods by 2025. With more than 80 per cent of artisans being women, khadi plays a vital role in promoting women's empowerment through home-based and income-generating work. Government interventions have further strengthened this growth. The Prime Minister's Employment Generation Programme (PMEGP) has facilitated the establishment of over 10.18 lakh units and generated more than 90 lakh jobs. Wage reforms, including a 275 per cent increase in artisan wages over eleven years and an additional hike in 2025, have improved income security. Support under the Khadi Vikas Yojana has enhanced productivity and artisan welfare.

Employment Provided by the Khadi Sector

(As on 31 March 2024)

Table-1

State/Union Territory	Total Employment	% Share of Total Employment
Jammu & Kashmir	21921	4.40
Himachal Pradesh	2278	0.46
Punjab	5191	1.04
Chandigarh	54	0.01
Haryana	56085	11.25
Delhi	1180	0.24
Rajasthan	30651	6.15
Uttarakhand	18078	3.63
Uttar Pradesh	137149	27.51

Chattisgarh	6179	1.24
Madhya Pradesh	3707	0.74
Sikkim	28	0.01
Auranachal Pradesh	31	0.01
Nagaland	295	0.06
Manipur	168	0.03
Mizoram	12	0.00
Tripura	25	0.01
Meghalaya	59	0.01
Assam	5125	1.03
Bihar	72755	14.59
West Bengal	32831	6.58
Jharkhand	1875	0.38
Odisha	5347	1.07
Andaman and Nicobar Islands	0	0.00
Gujrat	18964	3.80
Maharashtra	3091	0.62
Goa	0	0.00
Andhra Pradesh	9092	1.82
Telangana	2347	0.47
Karnataka	27708	5.56
Kerala	14339	2.88
Tamil Nadu	20464	4.10
Puducherry	465	0.09
Total	498594	

The above table depict as on 31 March 2024, total employment in the khadi sector stood at 4,98,594 persons, with a clear regional concentration across a few key states. Uttar Pradesh accounts for the largest share of employment at approximately **27.5 per cent**, reflecting its strong artisan base and institutional presence. Bihar follows with **14.4 per cent**, while Haryana contributes around **11.3 per cent** of total employment. West Bengal and Rajasthan account for **6.6 per cent** and **6.1 per cent**, respectively.

Together, these five states constitute nearly **66 per cent** of total khadi employment in India, indicating a high degree of geographical concentration. Southern states such as Karnataka (**5.6 per cent**) and Tamil Nadu (**4.1 per cent**) also contribute significantly, supported by organised production clusters and market access. Northern hill states, including Jammu and Kashmir (**4.4 per cent**) and Uttarakhand (**3.6 per cent**), reflect khadi's role in sustaining livelihoods in ecologically sensitive and rural regions.

Key Performance Indicators of the Khadi and Village Industries

(FY 2013–14 vs. FY 2023–24)

Table-2

Metric	FY 2013–14 (Approx.)	FY 2023–24 (Approx.)	Percentage Increase (approx.)
KVI Production	₹26,109 crore	₹1,16,600 crore*	347%
KVI Sales	₹31,154 crore	₹1,70,551 crore*	447%
Cumulative Employment	1.30 crore persons	1.87 crore persons	43.65%
New Employment Generated	5.62 lakh jobs	10.17 lakh jobs	80.96%

*Note: Some sources provide provisional figures for FY 2024-25, which show even higher numbers. The figures above reflect the data available for the period ending FY 2023-24.

Analysis

The table highlights a strong transformation of the Khadi and Village Industries (KVI) sector between FY 2013–14 and FY 2023–24. Production increased by 347 per cent, while sales grew by an even higher 447 per cent, indicating improved market demand and effective marketing outreach. Employment also expanded significantly, with cumulative employment rising by 43.65 per cent and new job creation increasing by 80.96 per cent. Overall, the data reflect khadi's shift towards an enterprise-driven, market-oriented, and employment-intensive sector contributing to inclusive and sustainable economic growth. Within the broader KVI sector, khadi fabric has shown particularly strong performance. Khadi production increased from ₹811.08 crore in 2013–14 to ₹3,206 crore in 2023–24, registering a growth of 295.28 per cent. Sales of khadi fabrics rose from ₹1,081.04 crore to ₹7,145.61 crore, reflecting a sharp increase of about 561 per cent, based on provisional data for 2024–25.

Artisan welfare has also improved substantially, with khadi artisan wages rising by approximately 275 per cent over the last eleven years. Government initiatives such as the Pradhan Mantri Employment Generation Programme (PMEGP) and the Gramodyog Vikas Yojana have played a significant role in employment generation, skill development, and the distribution of machinery and toolkits to artisans. A notable social outcome of this growth has been women's empowerment. More than 80 per cent of the nearly five lakh khadi artisans are women, underlining the sector's importance in promoting inclusive employment and strengthening rural livelihoods.

The Changing Face of Khadi

Over time, the public perception of khadi has undergone a notable transformation. Once associated primarily with tradition, khadi now appeals across generations and social groups and contributes meaningfully to India's contemporary economic landscape. This renewed

relevance has been reinforced by consistent public advocacy from national leadership, which has helped reconnect khadi with everyday consumption and national economic participation. The Union Home and Cooperation Minister, Amit Shah, has encouraged citizens to purchase at least ₹5,000 worth of khadi annually, emphasising that such consumption strengthens both individual livelihoods and the national economy.

Similarly, ahead of Gandhi Jayanti 2025, Prime Minister Narendra Modi reiterated the centrality of khadi to the idea of swadeshi, recalling Mahatma Gandhi's belief in khadi as its enduring symbol. He noted that although khadi's prominence declined in the years following independence, it has witnessed a strong revival over the past eleven years, reflected in substantial growth in sales and public acceptance. He further appealed to citizens to purchase at least one khadi product on 2 October and to take pride in supporting swadeshi. Together, these appeals have contributed to repositioning khadi as a contemporary, inclusive, and economically meaningful choice, bridging heritage values with present-day consumption pattern.

Financial and Infrastructural Support for Khadi

The Khadi and Village Industries Commission (KVIC) supports the khadi entrepreneurial ecosystem through targeted financial assistance and infrastructure development. In 2023–24, ₹267.52 crore was disbursed under the Modified Market Development Assistance (MMDA) scheme to 1,088 institutions, while ₹37.36 crore was provided through the Interest Subsidy Eligibility Certificate (ISEC) scheme, offering concessional credit at 4 per cent. These measures reduced capital constraints, strengthened artisan incomes, and promoted enterprise growth in rural areas.

Infrastructure support has been extended through the Work-shed Scheme for Khadi Artisans, benefiting 1,305 artisans by December 2024 and improving working conditions and productivity. KVIC has also strengthened marketing through an extensive network of Khadi India outlets and institutional sales centres. As a result, khadi production and sales have shown steady growth, alongside rising employment and skill training, reinforcing khadi's role in rural livelihoods and inclusive entrepreneurship.

Start-up Models, Innovation, and Entrepreneurial Opportunity in Khadi

Khadi is undergoing a significant transformation, with 2025 emerging as a key phase in its evolution as an entrepreneurship-friendly sector. Young entrepreneurs and emerging

enterprises are revitalising khadi through innovative business models, contemporary design approaches, and technology-enabled production. The use of digital platforms and online marketplaces has expanded market visibility, particularly among sustainability-conscious youth, while preserving khadi's traditional manners.

Although structural challenges such as manual production processes limit scale, these constraints are increasingly offset by supportive government policies, technology upgradation, and rising ethical consumer demand. Schemes such as PMEGP and SFURTI have strengthened financial access, infrastructure, and cluster-based productivity, creating a strong institutional foundation for start-ups. Key success factors include effective utilisation of policy support, product diversification, integration with MSME networks, and digital commerce for wider market reach. Overall, khadi's contemporary journey reflects renewal and reinvention, positioning it as a high-impact, sustainable start-up opportunity within India's rural and MSME ecosystem.

Empowering Artisans and Expanding Markets

Over the past eleven years, a series of targeted initiatives have been implemented to strengthen khadi production systems and improve artisan welfare. Wage revisions have enhanced income security, with higher spinning and weaving wages across cotton, wool, and polyvastra categories. Market Development Assistance has improved institutional competitiveness, while infrastructure support through workshed schemes has provided artisans with safer and more productive workspaces. Access to affordable credit has been expanded through interest subsidy mechanisms, reducing borrowing costs for institutions, and financially stressed khadi units have received direct support to restore operational stability and sustain livelihoods.

At the same time, focused efforts have been made to expand markets and improve khadi's contemporary appeal. Design collaborations have upgraded product quality and branding, while digital marketing platforms and e-procurement portals have widened access to institutional and retail buyers. Exclusive urban retail formats have further strengthened consumer engagement. In addition, mandated government procurement of khadi products has ensured stable demand from public institutions. Collectively, these measures have enhanced artisan incomes, expanded market reach, and reinforced khadi's position as a sustainable and inclusive economic sector.

The Future of Khadi: From Heritage Fabric to a Global Sustainable Powerhouse

As India increasingly adopts sustainability, heritage revival, and circular economic practices, khadi stands at a crucial turning point. Once a symbol of political resistance and self-reliance, khadi has evolved into a model of ecological responsibility and inclusive entrepreneurship. Its future vision is anchored in three key pillars—innovation, integration, and internationalisation—which together provide a roadmap for scalable and socially impactful enterprise growth. Innovation will shape khadi's next phase through advancements in fibre research, sustainable processing, solar-powered charkhas, digital quality tools, and ethical production systems, creating opportunities for technology-driven start-ups. Integration across the value chain—linking artisans, designers, markets, and supply networks—will be essential to improve efficiency and competitiveness. Internationalisation represents the most transformative dimension, as global demand for sustainable, low-carbon, and culturally authentic textiles continues to rise.

The expansion of khadi start-ups has direct implications for artisan incomes, rural stability, and regional development, with women forming a significant share of the workforce. For young entrepreneurs, khadi offers diverse opportunities across fashion, home décor, wellness, and digital platforms. Overall, khadi is emerging as a symbol of responsible enterprise and global sustainability, rooted in tradition and driven by innovation.

Conclusion

The study highlights that khadi has undergone a significant transformation from a symbol of self-reliance to a dynamic, enterprise-driven sector aligned with India's sustainable development agenda. Supported by consistent policy interventions and institutional backing, particularly from the Khadi and Village Industries Commission (KVIC), khadi has emerged as a viable platform for start-ups, MSMEs, and rural entrepreneurship. Empirical evidence from 2013–14 to 2024–25 demonstrates substantial growth in production, sales, employment, and artisan incomes, alongside strong participation of women artisans. The integration of technology, digital marketplaces, and modern design has enhanced market reach while preserving traditional values. Government schemes, wage reforms, and infrastructure support have strengthened artisan welfare and enterprise sustainability. Overall, khadi's reimagination reflects its potential to contribute meaningfully to inclusive growth, non-farm rural employment, and ethical production. With continued innovation, market integration, and global

outreach, khadi can play a strategic role in shaping India's sustainable and self-reliant economic future.

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