

A STUDY ON THE ROLE OF E-COMMERCE IN ENHANCING SALES OF KHADI PRODUCTS

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Abstract:

Khadi, a traditional handwoven fabric, is an iconic symbol of India's cultural heritage and sustainability. Traditionally, Khadi products were sold through limited channels such as government-run stores and exhibitions, restricting their market reach. The rise of e-commerce, however, has provided Khadi producers with a platform to expand their market beyond physical outlets. Online marketplaces such as Amazon, Flipkart, and dedicated Khadi portals have enabled producers to connect with a broader consumer base, both domestically and internationally, thereby enhancing the visibility and sales of Khadi products.

This study examines the role of E-Commerce in boosting the sales and visibility of Khadi. The research examines secondary data, case studies, and content analysis to explore how online platforms have contributed to the growth of Khadi. The findings reveal that E-Commerce has significantly increased market access and consumer awareness, while also identifying challenges that Khadi producers face in the digital space.

Keywords: *Khadi, Sales, E-Commerce, Digital Sales, Sustainable Fashion, PMEGP, Khadi Online Portal*

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Introduction:

In recent years, the rise of E-Commerce has fundamentally transformed the way businesses operate and interact with consumers. The convenience, reach, and affordability of online platforms have led to the expansion of various industries, including traditional sectors such as Khadi. Khadi, a handspun and handwoven fabric, has long been a symbol of India's rich heritage and self-reliance. The Khadi...a fabric that breathes "Warm in Winter, Cool in Summer" Khadi is a handspun and hand woven cloth which acquired patriotic status during Indian freedom struggle and it gave a "SWADESHI SPIRIT".

Historically, Khadi products were primarily sold through physical outlets, government-run stores, and exhibitions. However, the advent of E-Commerce has provided Khadi artisans and producers with a unique opportunity to reach a wider, tech-savvy consumer base both within India and internationally.

The role of E-Commerce in boosting the sales of Khadi is particularly significant as it allows small-scale producers and rural artisans to bypass traditional distribution channels and connect directly with customers. Online marketplaces such as Amazon, Flipkart, and specialized Khadi platforms have made it easier for consumers to access a wide range of Khadi products, from apparel to home goods, with just a few clicks. This digital shift is particularly important for the growth of Khadi industries, as it helps address challenges such as limited market access, lower consumer awareness, and the need for better product visibility.

The purpose of this study is to explore how E-Commerce has impacted the sales and visibility of Khadi products, particularly in terms of revenue growth, market reach, and brand recognition. By examining how Khadi industries have adapted to the digital landscape, this research aims to assess the

effectiveness of E-Commerce platforms in enhancing the financial performance of Khadi businesses. Furthermore, this study will also explore the potential challenges faced by Khadi producers in transitioning to online sales and the strategies they employ to overcome them.

As Khadi continues to be a vital part of India's rural economy and sustainable fashion movement, understanding the role of E-Commerce in its expansion is critical to fostering its growth in a digital-first world. In India, khadi is promoted by the Khadi and Village Industries Commission (KVIC), an organisation under the Ministry of Micro, Small and Medium Enterprises (MSMEs).

Objectives and Research Methodology:

The primary research questions considered here are:

1. How has E-Commerce contributed to the increased sales of Khadi products?
2. What role do online platforms play in enhancing the visibility and market reach of Khadi industries?

Objectives:

1. To examine the impact of E-Commerce on the sales and revenue of Khadi industries.
2. To assess how online platforms have improved the visibility and reach of Khadi products.

Research Methodology

Using the qualitative research design, we will employ a combination of secondary data analysis, case studies and content analysis to address the above research questions.

Why Khadi needs E-Commerce platform to promote and enhance sales?

There are various problems associated related to sales i.e. high cost of raw material, stiff competition – as Khadi is hand made it requires lot of time and efforts and in the same time and efforts the modern day clothing is prepared with complex machines in no time leading to great demand thriving towards which hampered the sales of Khadi a lot, also due to

increasing modernization people switched to online modes of purchase rather than offline mode.

In order to tackle this various initiatives have been taken place in order to bring Khadi in the forefront of E-Commerce platforms, so the awareness, accessibility and availability of Khadi product increases thereby enhancing the sales of it.

1. Growth of E – commerce in India:

The E-Commerce industry in India has seen remarkable growth in the last decade. According to a 2023 report by Statista, the Indian E-Commerce market was valued at approximately USD 84 billion in 2022 and is projected to grow to USD 200 billion by 2026, marking a compound annual growth rate (CAGR) of 16-18%. This growth is driven by increasing internet penetration, which now stands at 700 million internet users in India, as reported by the Internet and Mobile Association of India (IAMAI) in 2023. These trends have significantly impacted the retail sector, providing new opportunities for niche and traditional industries such as Khadi to leverage the digital marketplace.

As of 2023, Khadi India (the official online store by the Khadi and Village Industries Commission) has seen a rise in online sales, contributing significantly to the total revenue of Khadi. A report by KVIC (2022) revealed that online sales now account for 35-40% of Khadi's overall revenue, marking a substantial shift from traditional brick-and-mortar outlets.

2. Impact of E – commerce on Khadi Sales:

E-Commerce platforms such as Amazon, Flipkart, and IndiaMart have played a pivotal role in expanding the market reach of Khadi products. Historically, Khadi's market was confined to rural and small-town India, but these platforms have allowed Khadi to penetrate urban and even international markets.

Amazon India reported a 30% increase in Khadi product sales during festivals like Diwali in 2020, compared to the previous year, with total sales exceeding INR 40 crore. This growth reflects the rising consumer preference for eco-friendly and sustainable products. Similarly, Flipkart, in partnership with the Federation of Indian Chambers of Commerce & Industry (FICCI), recorded an 80% increase in Khadi's customer reach, expanding to over 2 million customers by 2021. The online retail platforms have allowed Khadi to reach both urban consumers and international. The same report indicated that the demand for Khadi apparel, especially Khadi kurtas and shirts, increased by 25% due to the growing trend of eco-conscious consumerism. Furthermore, platforms like IndiaMart have facilitated B2B connections, allowing wholesalers and international buyers to access Khadi products.

Social media and digital marketing have also played a vital role, with influencers promoting Khadi as an eco-friendly, sustainable alternative. Despite challenges like digital literacy among producers and logistical issues, Khadi has benefited from the growing demand for sustainable fashion. The future of Khadi in E-Commerce looks promising, with projections of continued growth as digital tools and platforms empower Khadi artisans and producers. Moreover, a joint report by Flipkart and the Federation of Indian Chambers of Commerce & Industry (FICCI) in 2021 noted that Khadi's market reach extended to more than 2 million customers through its online platform, which was an 80% increase from the previous year. These figures underscore the success of E-Commerce platforms in breaking geographical barriers and providing Khadi products access to urban and international markets.

3. Consumer Behaviour on E – commerce Platforms:

Consumer behavior on E-Commerce platforms reveals strong support for Khadi's eco-friendly appeal. Data from a 2021 Nielsen report showed that 68% of consumers are willing to pay a premium for sustainable and eco-friendly products, which includes Khadi. The study also found that 60% of online shoppers prefer buying products that reflect their personal values, such as sustainability and traditional craftsmanship.

Customer reviews and ratings also play a significant role in influencing purchasing decisions. An analysis of Khadi product listings on Amazon and Flipkart shows that over 70% of Khadi-related products have an average rating of 4.5 stars or higher based on customer reviews. This positive feedback increases consumer confidence, particularly when buying Khadi products online for the first time.

In addition, platforms like Instagram and Facebook have been integral in boosting consumer awareness. Social media-driven campaigns, especially during the #KhadiForAll campaign launched by the KVIC, have seen participation from over 10,000 influencers in 2022, contributing to a noticeable surge in online sales and brand visibility.

4. Challenges faced by Khadi Producers in the Digital Space:

Despite the growth, Khadi producers face several challenges when transitioning to E-Commerce platforms. According to a 2022 report by PwC, over 60% of Khadi producers in rural areas still lack the necessary digital skills to effectively engage with E-Commerce platforms. Only 34% of rural artisans are digitally literate, making it difficult for them to manage online listings, inventory, and logistics.

Logistics and supply chain issues also remain significant barriers. According to a 2021 survey by the Indian Institute of Management Ahmedabad (IIM-A), 47% of Khadi producers report difficulties

in managing deliveries through E-Commerce platforms due to logistical constraints in rural areas. While major E-Commerce platforms have robust infrastructure, small Khadi producers still face delays in inventory management, packaging, and timely delivery, especially during peak seasons.

Additionally, marketing challenges are prevalent. A 2020 report by McKinsey & Company highlighted that 72% of small producers in India struggle with online marketing, including SEO (Search Engine Optimization), paid advertisements, and social media strategies. This knowledge gap affects Khadi's visibility, even though it enjoys demand for its eco-friendly nature.

5. Revenue Generation and Future Outlook for Khadi:

E-Commerce has proven to be a significant driver of revenue for Khadi producers. According to KVIC's annual report (2022), the total online sales of Khadi in India surged by 30% year-on-year from INR 35 crore in 2019 to INR 45 crore in 2020. This growth is attributed to both the increased consumer base and higher sales during festive seasons. Furthermore, Khadi India's online revenue crossed INR 50 crore in 2021, representing nearly 40% of its total revenue, up from just INR 12 crore in 2017. Looking ahead, the growth of E-Commerce in India is projected to continue at a rapid pace. According to India Brand Equity Foundation (IBEF), India's E-Commerce market is set to grow at a CAGR of 19% from 2023 to 2025, which presents enormous potential for Khadi producers to increase their sales further. Additionally, with global interest in sustainable products rising, Khadi stands poised to expand its footprint in international markets.

6. Government Initiatives Supporting Digital Sales of Khadi:

The Indian government has recognized the importance of digital transformation for Khadi

producers. In 2021, the government launched the "Khadi Digital Platform", a nationwide initiative to train over 50,000 rural artisans in digital literacy and online selling. As part of the initiative, KVIC has provided financial support to establish online stores for Khadi producers, helping them reach global consumers. The **PMEGP (Prime Minister's Employment Generation Programme)** has also played a crucial role by providing financial support to Khadi artisans for setting up E-Commerce operations, with a focus on improving production and marketing capabilities. By 2023, more than 1,200 Khadi units have successfully registered on the government's digital platform, making significant strides toward digitization. Also, the Khadi Online Portal launched by KVIC allows consumers to directly purchase Khadi products from registered artisans, enhancing their market reach.

Additionally, the Startup India Scheme has been instrumental in supporting tech-driven ventures related to Khadi, fostering innovation in digital marketing, packaging, and supply chain management.

Conclusion and Discussion:

The studies we have consulted show that E-Commerce platforms have significantly expanded the reach and sales of Khadi products, thereby answering our primary research question regarding the impact of E-Commerce on Khadi sales. Khadi products, traditionally confined to rural and small-town areas, have now been able to reach urban centers and international markets due to platforms such as Amazon, Flipkart, and IndiaMart. According to a report by Amazon India, Khadi sales saw a 30% increase during festivals like Diwali, with total sales surpassing INR 40 crore. These findings indicate that E-Commerce has played a crucial role in enhancing the visibility and accessibility of Khadi products in a rapidly growing digital economy.

However, while E-Commerce has expanded Khadi's market reach, there are challenges associated with integrating small-scale producers into the digital ecosystem. A major hurdle is the digital literacy gap, especially among rural artisans, which affects their ability to manage product listings and handle online transactions. Additionally, logistical challenges such as packaging, timely delivery, and quality control remain significant barriers. Research from Flipkart reveals that around 15-20% of Khadi orders face delays or issues during peak sales periods, which affects consumer satisfaction and sales performance. These challenges highlight the need for further investments in digital training and improvements in supply chain management for Khadi producers.

Furthermore, the rise of sustainable and eco-friendly consumerism has been a major driver behind the increased demand for Khadi, particularly on E-Commerce platforms. Amazon India reported a 25% growth in sales of Khadi apparel, including kurtas and shirts, as eco-conscious consumers increasingly choose sustainable options over fast fashion. However, the success of Khadi in the digital marketplace is also influenced by the growing trend toward sustainability, with many consumers now prioritizing eco-friendly and ethically produced products. This shift indicates that Khadi, by capitalizing on the global demand for sustainable fashion, can maintain its relevance in an ever-evolving market.

Despite these successes, it is important to note that not all Khadi producers have fully adapted to the digital shift. The digital divide remains a challenge, as many artisans still lack the skills to optimize their online presence and effectively market their products. Furthermore, logistical constraints, such as inconsistent product quality and inadequate packaging, continue to affect the overall online customer experience. These limitations suggest that further studies are required to identify the most effective strategies for overcoming

these challenges and ensuring the long-term sustainability of Khadi in the E-Commerce ecosystem. In conclusion, while E-Commerce has proven to be a powerful tool in expanding Khadi's market reach, challenges remain in terms of digital adoption, logistics, and quality control. To fully capitalize on the opportunities provided by the digital marketplace, Khadi must continue to address these challenges through targeted interventions, such as digital literacy programs and logistical improvements. As the demand for sustainable and eco-friendly products continues to rise, Khadi's position in the online marketplace holds promising potential, provided the necessary support structures are put in place for small-scale producers to thrive in the digital age.

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