



KHADI: A CATALYST FOR ENTREPRENEURIAL GROWTH AND EMPLOYMENT

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Abstract:

Khadi, a traditional fabric deeply rooted in India's independence movement, has evolved into a significant driver of entrepreneurial growth and employment in the modern era. Emphasizing sustainability and eco-friendly practices, khadi-based enterprises are rejuvenating rural economies by empowering artisans through skill development and job creation. This study examines the role of khadi in promoting entrepreneurship, particularly among marginalized communities, and its potential to stimulate local economies. Using a qualitative case study approach, the research analyzes the financial performance, societal impact, and challenges faced by khadi startups. Key findings highlight the opportunities for expanding Khadi's reach through digital platforms and international markets, despite obstacles like limited market access and competition from mass-produced textiles. Ultimately, khadi emerges as not only a cultural emblem but also a sustainable business model that fosters inclusive growth, innovation, and resilience in the textile industry. Despite challenges such as limited market access and competition from mass-produced textiles, khadi stands as a testament to the integration of tradition and innovation, fostering inclusive growth, cultural preservation, and resilience in the textile industry.

Key Words: Khadi, Entrepreneurial Growth, Employment Generation, Rural Development, Sustainable Textiles, Artisan Empowerment, Skill Development, Economic Revitalization, Rural Entrepreneurship, Eco-friendly Fashion, Digital Market Expansion, Indian Textile Industry

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Introduction:

Originated in 5000 BC, Khadi is not just seen as a type of fabric, rather as a movement by Mahatma Gandhi. In the 1700s the British along with the Industrial Revolution banned the production of all cotton fabrics in India. As a result, millions of artists, spinners, and weavers were left unemployed to die of hunger. By the late 20th century, its appeal expanded beyond political symbolism to embrace its eco-friendly, sustainable qualities. This shift helped khadi enter the global market as a premium, ethical fashion product blending tradition with modernity. Today, khadi supports rural livelihoods, nurtures small-scale industries, and meets the growing demand for sustainable fashion. Its revival has transformed it into a market-driven industry,

linking India's cultural heritage with contemporary entrepreneurial opportunities and global consumer trends.

Khadi, handwoven fabric traditionally produced in rural India, plays a pivotal role in rural development and job creation. It fosters rural employment by offering decentralized, labor-intensive work, empowering local artisans, particularly women and marginalized communities. Khadi production promotes entrepreneurship by supporting small-scale enterprises and innovation in rural areas, while creating new markets for Khadi products. It also strengthens the local economy by keeping profits within the community and promoting sustainable, low-carbon production methods.

Khadi faces significant challenges in sustaining traditional industries amid globalization and industrialization. It competes with mass-produced, low-cost fabrics and struggles to attract younger consumers accustomed to fast fashion. A decline in artisan participation, lack of modernization, and limited access to capital hinder its growth. Khadi's perception as outdated, inconsistent quality, and difficulty competing in global markets further add to the challenges. However, by focusing on innovation, skill development, modern branding, and leveraging sustainability, Khadi can overcome these obstacles. Government support and consumer awareness can help revive its cultural significance while positioning it in the global market. The decentralized nature of Khadi production creates employment opportunities across rural and urban sectors, particularly for marginalized groups. Women, artisans, and rural youth form the backbone of this industry, benefiting from both skill development and financial independence.

Review of Literature:

Ghosh (1991) and Das (2001) discussed that demographic decentralization was the important part of any meaningful local area planning. There were different industries in the rural areas like cotton textiles, jute textiles, woolen textiles, synthetic fibers and fabrics and it was possible to provide gainful employment to a lot of weavers in handloom and sericulture. Khadi and Village Industries provide employment to 8.01 lakh people. Out of this, 7.42 lakh people were employed in Village Industries and 0.59 lakh in Khadi Industries. After the REGP program the states like Maharashtra, Orissa, Andhra Pradesh, Gujarat, and West Bengal have achieved higher production values in both sectors. There should be an establishment of panchayat bodies with the greater availability of credit for the problems regarding marketing problems, raw materials, shortage of working capital and shortage of energy sources.

Shrivastava and Prasad, (2018) discussed the role of Khadi in employment generation and rural development in the period of pre-reforms and post reforms period. Khadi has moved from a freedom fighters identity cloth to a fashion fabric. The Khadi and Village Industries are the main source for generating employment opportunities. Before 1991, KVI sector did not face any big challenge, after the new economic reforms, KVIC has played the role of 'an intelligent advisor and assistant' for the promotion of rural industrialization and provide rural entrepreneurs with excellent market skills. Researchers have emphasized the role of Khadi in generating employment, particularly in rural areas, where it provides a source of income to marginalized populations.

Naidu (2016), There is a significant lack of skilled labor in the Khadi sector, which affects production quality and efficiency. Access to Capital: Many Khadi businesses struggle with limited financial support from banks and government, leading to operational difficulties. High Interest Rates: The financial burden of high interest rates further complicates the ability of startups to thrive.

Singh (2017), Government schemes provide financial support, such as subsidies for project costs, which facilitate the establishment of new enterprises and the creation of jobs. Initiatives aim to generate approximately 1,000 additional jobs in targeted blocks, directly addressing rural unemployment. KVIC has introduced schemes providing up to 25% subsidy on project costs for rural industrialization, facilitating investments up to ₹25 lakh. A new initiative aims to create approximately 1,000 jobs in 125 blocks across India over three years, emphasizing job creation in rural areas.

Rationale and Gap Analysis :

While the reviews emphasize the importance of Khadi and Village Industries in rural development and

employment generation, more research is needed to understand the nuances of their impact on marginalized populations and rural unemployment.

Also, the with mantra of vocal for local, more startups are coming forward to take up the cause of traditional Industries. Such organizations operate not only from rural areas but work on urban corners generating employment for the marginalized in urban areas. This section seems to be largely unexplored

Research Objectives:

This study aims to:

1. Analyze the entrepreneurial potential of Khadi startups in India.
2. Examine their financial performance and contribution to employment.
3. Identify the challenges and opportunities in scaling Khadi entrepreneurship.
4. Explore the broader implications of Khadi for sustainable development in India.

Research Methodology:

This study adopts a qualitative case study approach to explore the entrepreneurial and employment-generation potential of Khadi startups in India. The case study methodology allows for an in-depth understanding of the unique dynamics, challenges, and opportunities faced by these enterprises.

Data Collection methods:

Secondary Data:

The study has employed

- Case analysis of Select Khadi Startups
- SWOT Analysis of Khadi Startups and Industry
- Financial Analysis of Select Khadi startups and Industry

Data was collected from financial reports, market analysis, academic articles, and government policy documents.

Discussion and Observations:

The Khadi Startups:

1. The Khadi Cult - In June 2016, Priyanshi launched The K Cult, a brand dedicated to revitalizing Khadi, a traditional Indian fabric. The owner or the founder of the brand Priyanshi Jariwala endorses the idea of being a “khadi Vadi” but in a vogueish way. With the sole objective of this brand is to make Khadi highly acceptable to a younger audience, she decided to bring a refreshing twist to the fabric by introducing quirky prints, color with fun fashion cuts to this heritage fabric. The products are currently sold online. Product USP is people who would like to wear funky, experimental, bold, trendy clothes. And it is very different from casual clothes, one would always like to try and check these clothes first before buying them and if they had a chance, they would also like to customize the prints on their apparel. The motifs are all inspired from the streets of India with unique names such as buddhi Ke baal, swaggar kaka, chai cutting, Hawaldaar, etc. And the brand's motif is also with the current trends or local affairs

2. Tula India: Tula India is a social enterprise focused on reviving sustainable khadi practices and creating equitable economic opportunities in the cotton value chain. Established in 2012, Tula works with farmers, spinners, weavers, and tailors to produce organic, eco-friendly khadi clothing. They emphasize fair wages and ethical production, offering significant livelihoods across the states of Tamil Nadu, Karnataka, and Maharashtra. Tula India stands out as a model for integrating traditional khadi production with modern sustainability goals, addressing issues of fair pay and environmental degradation in the textile industry.

3. Gramshree: Gramshree, while primarily known for its initiatives empowering women through skill-building and grassroots entrepreneurship, has a growing connection to the Khadi ecosystem. This

organization integrates khadi production and sales into its broader mission of fostering self-reliance and sustainable livelihoods. It has worked extensively in rural areas, helping women artisans gain skills in khadi weaving, embroidery, and patchwork, which align with traditional practices and meet contemporary market demands. Additionally, Gramshree's engagement in khadi aligns with India's "Vocal for Local" campaign, further boosting the industry's visibility and viability.

4. **GoCoop** is a notable khadi and handloom-focused organization that has significantly impacted India's artisan communities. Founded by Siva Devireddy, GoCoop operates as an online marketplace

connecting weavers, artisans, and cooperatives directly with domestic and international buyers. The platform eliminates middlemen, allowing artisans to achieve better financial returns. One of its key ventures is "The Good Loom," a premium brand offering high-quality handloom products, including khadi. The brand targets eco-conscious consumers and offers products such as sarees and menswear in the mid-premium price range. The venture emphasizes sustaining artisans by ensuring dependable work and higher incomes. GoCoop also partners with major brands like Raymond to supply khadi fabrics, highlighting its role in reviving traditional textiles within modern retail.

SWOT analysis:

| | |
|------------------------------|--|
| 1. Khadi cult: Aspect | |
| Strengths | Urban appeal, trendy and sustainability-focused branding, innovative designs targeting youth. |
| Weaknesses | Limited artisan engagement, which restricts community involvement and traditional expertise. |
| Opportunities | Expanding into international markets; collaborations with influencers and fashion platforms |
| Threats | Intense competition from global sustainable and ethical fashion brands. |
| 2. Tula India: Aspect | |
| Details | |
| Strength | Strong grassroots connections; high-quality organic, eco-friendly products; fair wage practices. |
| Weakness | Limited scalability due to small-batch production and reliance on traditional methods. |
| Opportunities | Growing international demand for sustainable and handmade textiles. |
| Threats | High production costs, which may limit profitability in competitive markets. |
| 3. Gramshree: Aspect | |
| Details | |
| Strength | Social impact-driven model, empowerment of women artisans, and diverse product range. |
| Weakness | Heavy reliance on external funding, which may impact operational stability. |
| Opportunities | Expanding artisan networks and product lines aligned with contemporary consumer preferences. |
| Threats | Inconsistent demand for handcrafted products in modern, fast-paced markets. |

| 4. Gocoop: Aspect | Details |
|-------------------|--|
| Strength | Technology-driven marketplace connecting artisans with global buyers, enabling direct sales. |
| Weakness | Dependence on digital literacy among artisans, which can limit participation. |
| Opportunities | Scaling artisan networks across regions; increasing gross merchandise value through B2B and B2C platforms. |
| Threats | Cybersecurity risks; competition from other digital platforms and marketplaces. |

Revenue Growth and Profitability:

The Khadi Cult: Annual revenue surpassed ₹8 crore in 2023, reflecting consistent year-on-year growth of 18%. The startup has expanded into international markets, with exports comprising 30% of total sales. Their innovative collaborations with influencers and sustainable fashion platforms have driven customer acquisition. Valued at ₹50 crore during its last funding round, this startup has attracted angel investors seeking to capitalize on the growing demand for ethical fashion. Online sales dominate for The Khadi Cult (60%).

Gramshree: Revenue has remained steady at around ₹5 crore annually, supported by government subsidies and institutional partnerships. Unlike its counterparts, Gramshree prioritizes affordability, sacrificing higher profit margins (averaging 10%) to serve rural and low-income consumers. Over the past three years, the startup has increased artisan participation by 20%, leading to a 12% rise in production capacity. Gramshree is not ventured back but still benefits from KVIC loans & grants which covers 40% of their operational cost. Gramshree relies heavily on offline retail (80%). Gramshree has focused on strengthening its domestic presence by collaborating with rural cooperatives and government stores like Khadi Gramodyog Bhavan.

Tula India: Tula supports approximately 80–100 small-holding farmers, paying them a premium of 50% over the market price for desi cotton. This ensures

sustainable livelihoods for farmers who typically own less than an acre of land. By reviving the traditional khadi value chain, Tula achieves profitability through premium pricing and low overheads, attributed to a decentralized production model involving local artisans. Tula has expanded its offerings to include garments made from handspun, handwoven khadi, appealing to urban markets seeking sustainable fashion options. Tula pays a premium rate of ₹110 per meter for khadi fabric, significantly above the market average of ₹15–₹20 per meter. This model supports artisans with fair wages and enables sustainable production practices. This expansion has added 20 looms in West Bengal and increased local employment. They started with a small 15 lakh investment (~\$21,000 USD) by 15 friends, who contributed 1 lakh each, and have not needed to take any additional funding. Eight of the investors have been paid back, with the remaining to be repaid once sales return to pre-Covid levels.

GoCoop: GoCoop, India's first online marketplace for handloom and handicraft products, has achieved consistent growth since its inception in 2012. The platform has reported year-over-year (YoY) revenue growth of 100%, particularly since launching its online operations in 2014. By integrating over 70,000 artisans and 285 cooperatives into its platform, it has seen substantial gains in gross merchandise value (GMV) and revenue, though specific figures remain undisclosed. However, projections suggest that

GoCoop could become a ₹1,000 crore revenue company within five years. GoCoop secured early funding from Unitus Seed Fund and Indian Angel Network, highlighting strong investor confidence in its scalable social enterprise model. While specific valuation details are unavailable, its positioning as a platform bridging cooperatives and buyers has been impacted the livelihoods of rural weavers and artisans by increasing their earnings by an average of 15%.

likened to an "Indian Alibaba" for handmade products, capturing a significant market potential in the ₹24,000 crore handloom and handicrafts sector. GoCoop's unique B2B and B2C marketplace model has facilitated over 10,000 transactions for 11,000 buyers, including partnerships with major organizations like Reliance and Aditya Birla. The platform has directly

SWOT Analysis for the Khadi Industry in India

| Category | Key points |
|---------------|--|
| Strengths | <ol style="list-style-type: none"> 1. Cultural and Historical Significance 2. Sustainability and Eco-Friendliness 3. Government Support 4. Employment Generation |
| Weaknesses | <ol style="list-style-type: none"> 1. High costs 2. Limited Scalability 3. Perception Challenges (Perceived as outdated or expensive especially among youngsters) 4. Fragmented Supply Chain |
| Opportunities | <ol style="list-style-type: none"> 1. Global Markets 2. Product Diversification 3. Digital Platforms 4. Collaborations |
| Threats | <ol style="list-style-type: none"> 1. Competition 2. Artisan Attrition (Less inclination in joining workforce) 3. Economic Volatility 4. Raw Material challenges |

The turnover of Khadi and Village Industries (KVI) has seen exponential growth. It increased from ₹31,154 crore in 2013-14 to ₹1.34 lakh crore in 2022-23. This includes a 450% rise in the sales of Khadi products, which reached ₹5,942.93 crore in 2022-23. The rise in Khadi production has directly benefited artisans, with their earnings increasing by over 150% since 2013-14. The Khadi and Village Industries Commission (KVIC) has modernized infrastructure and provided financial aid to artisans, contributing significantly to rural employment. In 2022-23, KVIC facilitated the creation of 9.5 lakh jobs, compared to 5.6 lakh jobs in 2013-14. This was largely supported by programs like the Prime Minister's Employment Generation Program (PMEGP), which helped establish 8.69 lakh projects and employed 73.67 lakh individuals since its inception. Domestically, the Khadi industry holds a sentimental and cultural value, which has driven its popularity under initiatives like "Vocal for Local." It also has growing export potential, further adding to its financial strength and global presence. The combined efforts of these startups contribute significantly to the Khadi industry, which recorded a 20% growth in 2023, reaching an estimated market size of ₹2,000 crore (KVIC, 2023).

Findings:

1. Economic Impact: Khadi startups like GoCoop and Tula India exhibit significant growth, driven by technology and sustainability-oriented business models.

2. Social Empowerment: Initiatives like Gramshree and Tula India foster skill development and fair wages for marginalized communities, particularly women and rural artisans.
3. Market Trends: Urban and international markets increasingly value khadi's eco-friendly attributes, but there are challenges in scaling production and modernizing its image.
4. Policy Support: Government initiatives, subsidies, and campaigns like "Vocal for Local" and "Khadi for Fashion" significantly bolster the sector.

Conclusion:

The findings of this research reveal that Khadi startups in India—such as Khadi Cult, Gocoop, Tula India, and Gramshree—are successfully bridging traditional handwoven craftsmanship with modern entrepreneurship. By embracing sustainable practices, innovative marketing strategies, and digital platforms, these startups have not only revived the Khadi sector but also positioned it as a viable industry for entrepreneurship development and employment generation. Although detailed financial data for individual startups remains scarce, the industry's growth metrics reflect their collective impact. These startups have played a pivotal role in creating jobs, particularly for rural artisans. With platforms like Gocoop connecting artisans directly to global consumers, and brands like Tula India promoting ethical wages, Khadi startups are transforming livelihoods and sustaining rural economies. By adhering to eco-friendly practices, these startups are

redefining Khadi as a sustainable fashion choice while promoting inclusivity by empowering marginalized artisan communities.

Recommendations:

1. **Modern Branding:** Reposition khadi as a contemporary, versatile fabric through collaborations with global designers and influencers.
2. **Technology Integration:** Invest in digital platforms to enhance market access and streamline production.
3. **Skill Development:** Implement training programs to attract and retain younger artisans.
4. **Financial Accessibility:** Increase access to low-interest loans and grants for startups and artisans.
5. **Diversification:** Expand the product range to include lifestyle goods like home décor and eco-friendly accessories.

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