

The Productivity Analysis of Village Industries Clusters in India

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Abstract

The role of Khadi and Village (KVIs) in the economic and social development of the country is well established. The KVI sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. This sector contributes country's GDP, manufactured output employment and exports. For inclusive growth and sustainable development most of the VIs has adopted the Cluster Development Approach. The objective is to Study the Technical Efficiency (θ), Peer Weights (λ_i), Input Slacks (S^-) and Output Slacks (S^+) of 10 Village Industries (VI) Beekeeping Clusters (Decision Making Units -DMUs) in India. The methodology adopted is collection of data from KVIC, Government of India and analyzing with Data Envelopment Analysis of Input Oriented Banker Charnes Cooper (BCC) Model by taking No. of artisans and Production as input and annual Sales and exports as output. A DMU is efficient if $\theta = 1$, $S^- = 0$ and $S^+ = 0$. 6 VI Cluster has got $\theta = 1$ and $S = 0$ (Score =1 and Rank =1) and for other 4 MSME clusters $\theta < 1$ and $S > 0$ (Score <1 and Rank = 7 to 10). The non-zero λ_i 's represents the weights for efficient clusters is peers to 4 VI Clusters and got rank 7 to 10. The $S > 0$ obtained for 4 MSME clusters (rank 7 to 10) reveals the excess no. of artisans (S^-) and production employment (S^-) and shortage in Sales (S^+) and exports (S^+). However the Variable Returns to Scale (VRS) are increasing for 5 clusters, constant for 5 more clusters and decreasing for nil Clusters. To conclude, for inclusive growth and sustainable development, the inefficient Village Clusters should increase their Production or Sales. Moreover the Village Clusters should strengthen infrastructure interrelationships, technology interrelationships, procurement interrelationships, production interrelationships and marketing interrelationships and should make use of the benefits announced by Government of India under SFRUTI. The soft and hard intervention on Cluster Development Programme of Government of India will help Village Industries Clusters in India to increase their productivity and efficiency.