

## Assessing the Financial Support Mechanisms of KVIC and Their Effectiveness in Rural Wardha

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### Abstract

The financial assistance systems offered by the Khadi and Village Industries Commission (KVIC) in rural Wardha are evaluated in this research with an emphasis on how they affect job creation, rural entrepreneurship, and socioeconomic development. One hundred recipients of KVIC's financial programs were given a structured questionnaire as part of the descriptive study design. The results show that although the majority of respondents think KVIC's assistance programs are helpful, there are still issues with accessibility and fund distribution. According to the study's findings, KVIC's programs generally have a good effect, but in order to realise their full potential, outreach and operational effectiveness must be improved. Simplifying application procedures, increasing awareness, and enhancing non-financial support networks are among the suggestions.

**Keywords:** KVIC, financial support mechanisms, rural entrepreneurship, job creation, socioeconomic development, Wardha, access to finance, rural development, etc.

### Introduction

Rural development has long been recognized as a cornerstone for sustainable national growth, particularly in countries like India where a significant portion of the population resides in rural areas. One of the critical pillars supporting rural economies is the promotion of micro, small, and medium enterprises (MSMEs), especially through initiatives in traditional industries. The Khadi and Village Industries Commission (KVIC), established under the Khadi and Village Industries Commission Act of 1956, operates with the objective of fostering, developing, and promoting village industries to provide employment opportunities and strengthen rural economies. KVIC's financial support mechanisms—ranging from grants and subsidies to soft loans and capacity-building initiatives—are vital for enhancing the productivity and sustainability of rural enterprises (Government of India, 2021).

The district of Wardha in Maharashtra, with its rich Gandhian legacy and rural character, presents an ideal case for evaluating the effectiveness of KVIC's financial interventions. Despite policy efforts and financial incentives, questions about the adequacy, reach, and impact of these support mechanisms persist. Thus, this research aims to critically assess the financial support mechanisms extended by KVIC in rural Wardha and to evaluate their effectiveness in terms of employment generation, entrepreneurial growth, and socio-economic development. The study assumes significance in offering insights that could inform policy refinements and help improve the delivery of rural financial support schemes.

### Literature Review

The role of financial support in the growth of rural industries has been widely acknowledged in development literature. According to Singh and Kaur (2020), financial assistance plays a crucial role in enabling rural entrepreneurs to overcome barriers such as lack of capital, inadequate technology, and limited market access. The Khadi and Village Industries Commission, as one of the apex organizations for rural development, provides various schemes such as the Prime Minister's Employment Generation Programme (PMEGP) and the Interest Subsidy Eligibility Certification Scheme (ISEC) to promote entrepreneurship among rural youth and traditional artisans (KVIC Annual Report, 2022).

Several studies highlight both the strengths and challenges associated with KVIC's financial support. Deshmukh and Waghmare (2019) observed that while KVIC schemes have successfully generated employment and empowered rural women in Maharashtra, bureaucratic delays and inadequate awareness among beneficiaries often limit their effectiveness. In similar vein, Jain (2018) emphasized that the success of rural financing programs is closely linked not

only to the availability of funds but also to the efficiency of delivery mechanisms and the robustness of institutional support.

In the context of Wardha, few empirical studies exist, but broader regional research suggests mixed outcomes. According to Patil (2021), KVIC initiatives in Maharashtra's Vidarbha region have contributed significantly to promoting traditional industries like handloom and handicrafts, yet challenges like irregular funding disbursement and lack of technical support have hindered long-term sustainability. Furthermore, Shukla and Verma (2020) argued that financial support mechanisms need to be complemented by skill development programs and market linkages to truly uplift rural entrepreneurs.

Internationally, financial interventions in rural development exhibit similar trends. For instance, the work of Yunus (2007) on microcredit in Bangladesh revealed that financial support, when paired with capacity-building initiatives, significantly boosts rural entrepreneurship and poverty alleviation. Applying these insights to the Indian context, it becomes evident that the effectiveness of financial support mechanisms like those of KVIC hinges on a holistic approach that integrates finance with training, mentorship, and market facilitation.

Theoretical frameworks like the Sustainable Livelihood Approach (SLA) proposed by Chambers and Conway (1992) also underscore the importance of diversified support—financial capital being one critical asset among others such as human, social, and physical capital. Thus, an overreliance solely on financial support without addressing other complementary needs may limit the overall impact on rural livelihoods.

Government reports also provide important evaluations. The Ministry of Micro, Small, and Medium Enterprises (MSME), Government of India (2021), in its review of the PMEGP scheme, indicated that while thousands of micro-units were established annually, issues such as the low rate of loan utilization, lack of follow-up support, and marketing difficulties continued to plague rural entrepreneurs. These findings resonate with Kumar and Sharma's (2020) study which concluded that awareness campaigns, capacity-building workshops, and improved monitoring mechanisms are essential for enhancing the effectiveness of financial assistance programs.

In summary, while KVIC's financial support mechanisms have positively contributed to rural development, several gaps persist in their delivery and outcome measurement. Literature suggests that while financial aid is necessary, it must be effectively combined with non-financial support to realize its full potential. This research, focusing specifically on rural Wardha, intends to fill the empirical gap by evaluating how KVIC's financial interventions perform in practice and what improvements can be recommended to optimize their impact on rural entrepreneurship and livelihoods.

### **Objectives:**

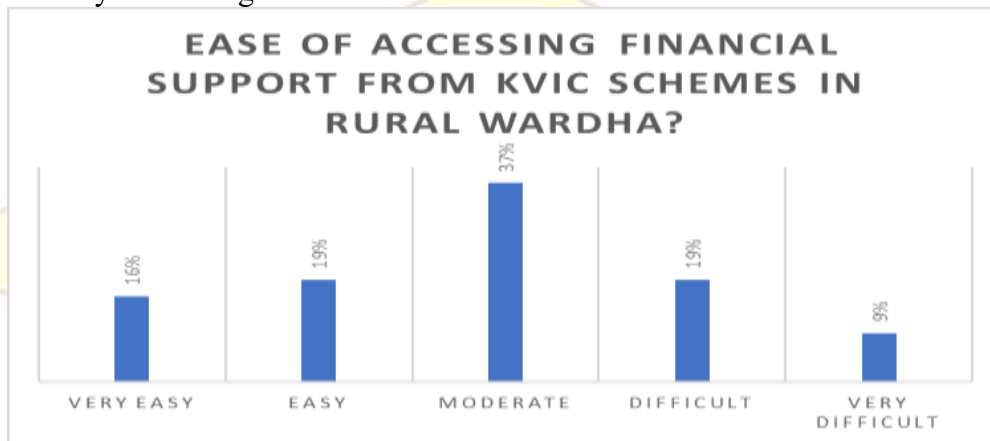
This study's main goal is to analyse the efficiency of the financial support systems that KVIC offers in rural Wardha. It seeks to identify gaps and make recommendations for changes while examining the reach, utilisation, and effects of these programs on rural entrepreneurship, job creation, and socioeconomic development.

### **Methodology:**

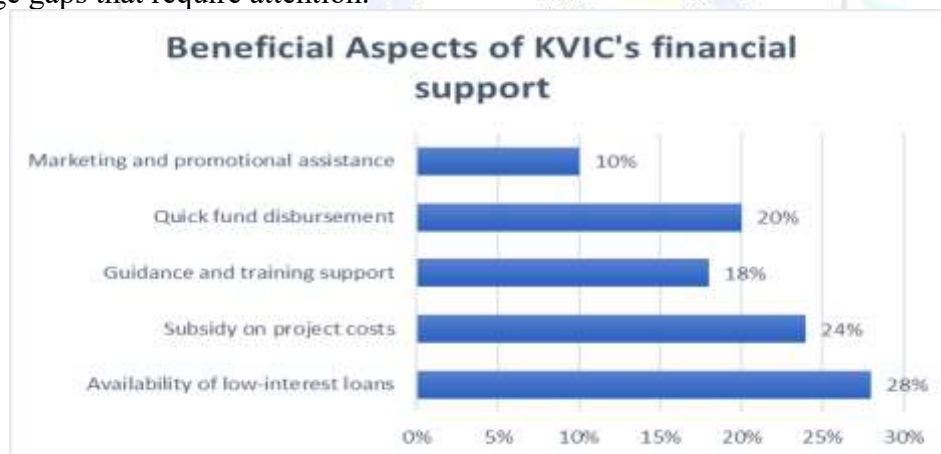
In order to methodically evaluate KVIC's financial assistance systems and their efficacy in rural Wardha, this study uses a descriptive research approach. A standardised questionnaire will be used to gather data from KVIC scheme beneficiaries. Purposive sampling was used to choose a sample size of 100 respondents, with an emphasis on those who had received financial aid through different KVIC programs. In order to offer a thorough knowledge of the schemes' reach, utilisation, and influence on rural entrepreneurship and socioeconomic development, the questionnaire will record both quantitative and qualitative characteristics.

**Data Analysis:**

Evaluating the availability, sufficiency, and efficacy of different programs, including the Prime Minister's Employment Generation Programme (PMEGP), the Interest Subsidy Eligibility Certificate (ISEC) scheme, and direct financial assistance programs, is part of assessing the financial support mechanisms offered by KVIC in rural Wardha. The evaluation focusses on the ways in which these mechanisms have helped rural business owners launch or grow their enterprises, provide jobs, and enhance their standard of living. It also looks at the degree of beneficiary satisfaction, the difficulties encountered during implementation, the simplicity of application, and the promptness of fund payment. The study intends to ascertain the overall effect of KVIC's financial interventions on promoting sustainable economic development in rural Wardha by examining these variables.

**Fig. 1**

According to the study results, most people in rural Wardha believe it is reasonably straightforward to obtain financial assistance from KVIC initiatives. A noteworthy 37% of respondents assessed the procedure as moderate, indicating potential for improvement, despite 16% and 19% of respondents finding it very easy and easy, respectively. Furthermore, 28% of respondents (including those who found it difficult (19%) and extremely difficult (9%)), indicated difficulties in obtaining financial assistance, indicating procedural obstacles or knowledge gaps that require attention.

**Fig. 2**

According to the study results, 28% of respondents cited the availability of low-interest loans as the main advantage of KVIC's financial assistance for company expansion in rural Wardha. Project cost subsidies come in second at 24%, while 20% of respondents say they appreciate prompt grant delivery. Marketing support is seen as the least helpful, with just 10% of respondents choosing it, while 18% of respondents value guidance and training support. These findings imply that financial aid is given precedence over non-financial help.



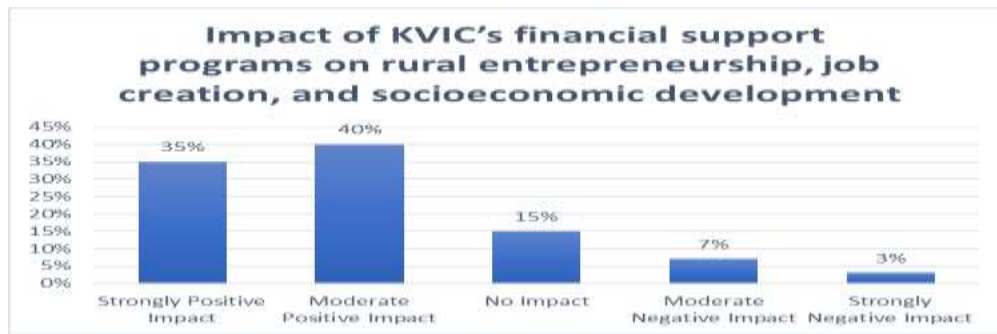


Fig. 3

According to the survey's findings, KVIC's financial assistance initiatives for rural entrepreneurship, job creation, and socioeconomic development are seen favourably overall. Seventy-five percent of those surveyed believe the impact is either fairly favourable (40%) or highly positive (35%). However, just 10% of respondents said they had an unfavourable opinion, 7% said they had a somewhat bad impact, and 3% said they had a highly negative impact. just 15% of respondents said they had no impact. According to these results, KVIC activities are generally seen favourably for fostering rural development.

### Conclusion

According to a research on KVIC's financial assistance systems in rural Wardha, most recipients believe the programs have a beneficial effect on rural entrepreneurship, job creation, and socioeconomic development. There are still significant obstacles in terms of the accessibility and prompt distribution of cash, even if the majority of respondents say that financial support is easy to obtain and value the availability of low-interest loans and project cost subsidies. Although KVIC's activities are clearly beneficial overall, they might yet be improved to increase their efficacy and reach.

### Recommendations

In order to address the issues raised by beneficiaries—especially those who find the procedures time-consuming or challenging—KVIC is advised to shorten the application and fund disbursement processes. To guarantee that all possible beneficiaries are properly informed about the various schemes and their advantages, further awareness activities should also be carried out. Non-financial support, which is now viewed as less helpful, such marketing help and business advice, should also receive more attention. Lastly, in order to evaluate the ongoing effect and adjust the programs to the changing requirements of rural entrepreneurs, it is necessary to put in place systems for regular monitoring and feedback.

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