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Khadi and Village Industries Commission (KVIC)

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Khadi and Village Industries Commission (KVIC)

A body set up to spin cotton by hand now reports business of about ₹1.87 lakh crore a year. That is KVIC. This lesson covers what it is, what it does, and how PMEGP and Khadi support fit in. It also clears the mix-up with handloom.

Must know: the body and its work

1 What is KVIC?

KVIC is a **statutory body**. That means a law made by Parliament created it. It is not just a government office.

What are the key facts?



Khadi weaving in Kinnaur, Himachal Pradesh. Photo: Wikimedia Commons, CC BY-SA 4.0.

- The law is the **Khadi and Village Industries Commission Act, 1956**. It is Act No. 61 of 1956.
- KVIC came into existence in **April 1957**.
- It took over the work of the earlier **All India Khadi and Village Industries Board**.
- It works under the **Ministry of MSME**.
- It has a **Chairman**, who is responsible for its proper functioning.
- The current Chairman is Manoj Kumar, as reported in May 2026. Some reports also write his name as Manoj Goel.

What is a simple example?

- A statutory body is like a school board set up by a state law. The law gives it a name, powers and duties.

- This is only an illustration.

What is the common misconception?

- Some students think KVIC is a private trust or a company.
- It is a public body made by an Act of Parliament.

> **Quick check 1.** KVIC was set up by the Khadi and Village Industries Commission Act, 1956, and works under the Ministry of MSME. *(True or False?)* See answer ↓

Sources: kvic.gov.in; aninews.in

2 What does KVIC do?

KVIC plans and runs programmes for **Khadi** and other **village industries** in rural areas. Khadi means hand-spun, hand-woven cloth.

What are its main aims?



A charkha, the hand spinning wheel used to make Khadi yarn. Licence: CC BY-SA 4.0, via Wikimedia Commons.

- A **social** aim: to provide employment.
- An **economic** aim: to make articles that sell.

- A **wider** aim: to build self-reliance among the poor and a strong rural community spirit.

What are its main jobs?

- It builds a reserve of raw materials and tools for producers.
- It sets up common service facilities and helps with marketing.
- It trains artisans and encourages co-operative effort.
- It supports research on production methods.
- It gives financial help to institutions and individuals.
- It takes steps to check that products are genuine and meet quality standards.

What is a simple example?

- Think of a Khadi weaver’s group. KVIC may help with training, raw cotton and a shop to sell the cloth.
- This is only an illustration.

What is the common misconception?

- Some students think KVIC only sells Khadi cloth.
- Its work is wider. It also covers village industries and research.

> **Quick check 2.** KVIC's work is limited to selling Khadi cloth in shops. *(True or False?)* See answer ↓

Sources: kvic.gov.in

Good to know: PMEGP and Khadi support

3 How did PMEGP begin?

PMEGP did not start from nothing. It joined two older schemes into one.

Which two schemes merged?

- The **Prime Minister's Rojgar Yojana (PMRY)**.
- The **Rural Employment Generation Programme (REGP)**.
- Both were running until 31 March 2008.
- The merged scheme is the **Prime Minister's Employment Generation Programme (PMEGP)**, a credit-linked subsidy scheme for micro-enterprises.

Who runs PMEGP?

- The Ministry of MSME administers it as a central sector scheme.
- KVIC is the **single nodal agency** at the national level.
- At State level it works through KVIC directorates, State Khadi and Village Industries Boards, District Industries Centres and banks.

What do the 2026 figures say?

- In May 2026 the KVIC Chairman said PMEGP had given about ₹30,000 crore of margin money against loans of about ₹80,000 crore.
- He said more than 10 lakh units had been set up so far.

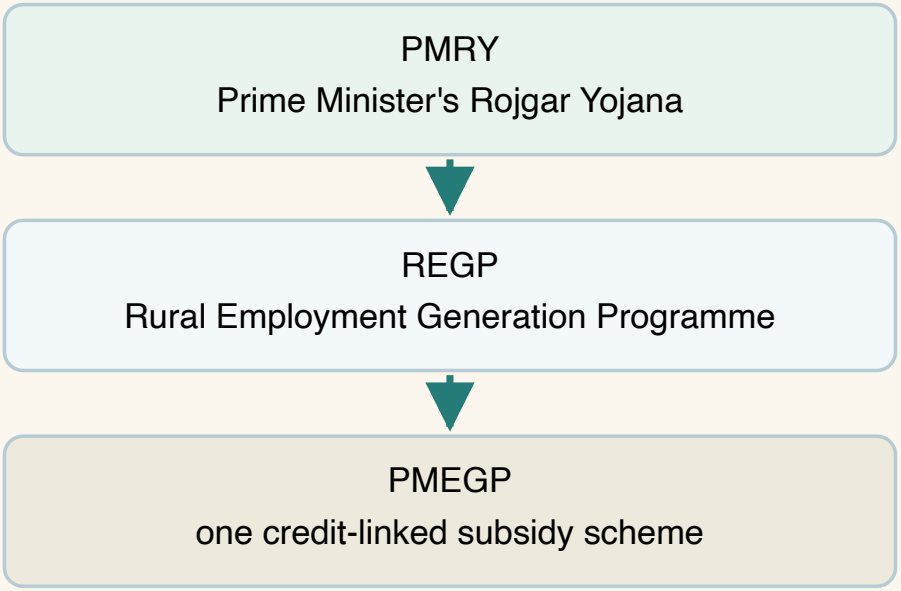
What is a simple example?

- A young person plans a small bakery. PMEGP gives a subsidy on the project cost, and a bank gives the loan.
- This is only an illustration.

What is the common misconception?

- A question may ask which single scheme became PMEGP. That is a trap.
- Two schemes merged into it, not one.

> **Quick check 3.** PMEGP was formed by merging two earlier schemes, PMRY and REGP. *(True or False?)* See answer ↓



Two schemes in, one scheme out. Original explanatory diagram.

Sources: kvic.gov.in; aninews.in

4 How is Khadi supported?

The way the government helps Khadi institutions has changed over time. It moved from a **rebate** to **market development assistance**.

What replaced the rebate?

- KVIC says **Market Development Assistance (MDA)** was introduced in place of the earlier system of rebate.
- Under MDA, help is about 20 per cent of the cost of production of Khadi and Polyvastra.
- The institution can use it to improve outlets, products and production.

What is MMDA?

- **Modified Market Development Assistance (MMDA)** came with the Ministry's expanded scheme from the third quarter of 2016-17.
- It aims at technology upgrades, product design, and modern sales outlets.
- It is paid on the prime cost at a set rate. For cotton, muslin, wool and Polyvastra the rate is 35 per cent.
- Later, the scheme came under the Khadi Gramodyog Vikas Yojana, from 2018-19.

What is a simple example?

- A rebate lowers the price at the shop counter. MMDA instead pays the institution to improve its tools, design and shops.
- This is only an illustration.

What is the common misconception?

- Some students think MMDA is only a renamed rebate.
- It works differently. It funds upgrades and incentives, not just a lower price.

KVIC must also check that products are genuine and meet quality standards. The **Khadi Mark** is one tool for that.

What is the Khadi Mark?

- KVIC publishes **Khadi Mark Regulations, 2013**.
- Khadi institutions that take MMDA must hold a valid **Khadi Mark Certificate**.
- The mark tells a buyer that the product is certified Khadi.

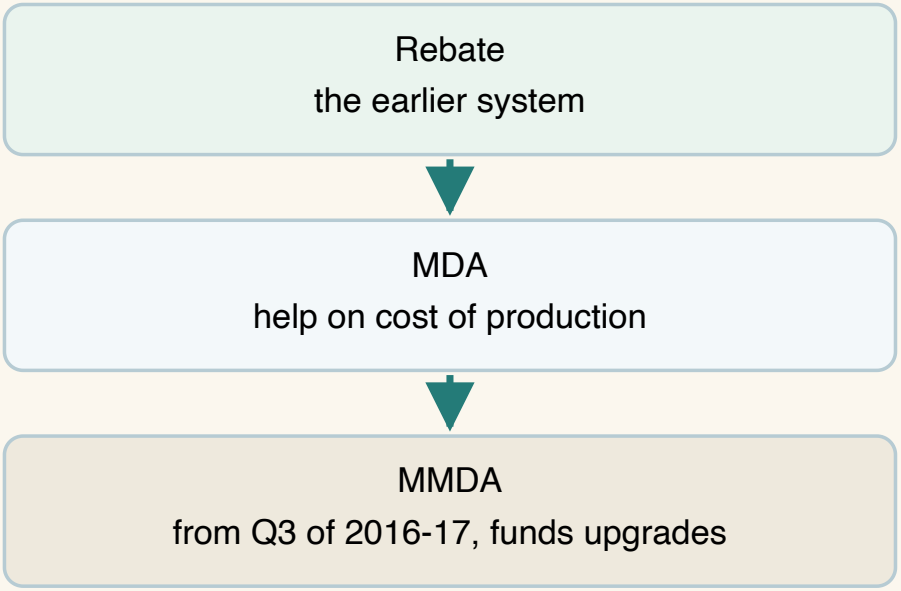
What is a simple example of the Khadi Mark?

- A shopper sees a Khadi Mark on a shirt. It tells her the maker holds a certificate.
- This is only an illustration.

What is the Khadi Mark misconception?

- Some think any shop may use the word Khadi freely.
- KVIC's rules exist to guard against wrong use of the name.

> **Quick check 4.** MMDA is only the old rebate scheme under a new name. *(True or False?)* See answer ↓



Rebate, then MDA, then MMDA. Original explanatory diagram.

Sources: my.msme.gov.in; kvic.gov.in

Great to know: handloom, 2026 figures and the exam link

5 Is handloom KVIC's job?

No. Khadi and handloom are close, but they have **different bodies**.

Who looks after handloom?

- The **Development Commissioner for Handlooms** looks after handloom.
- This office is under the **Ministry of Textiles**.
- It runs the National Handloom Development Programme.

What is a simple example?

- A hand-spun, hand-woven Khadi shirt is KVIC’s field.
- A silk handloom saree from a weaver’s cluster belongs to the handloom office.
- This is only an illustration.

What is the common misconception?

- Many students think KVIC is the nodal body for handloom too.
- It is not. Handloom has its own office and its own ministry.

> **Quick check 5.** KVIC is the nodal body for handloom development across India. *(True or False?)* See answer ↓

Sources: handlooms.nic.in; kvic.gov.in

6 How big is KVIC?

KVIC reported record business in 2025-26. Treat these as **provisional** figures.

What did KVIC report?

- Business of about **₹1.87 lakh crore** in 2025-26.
- A target of ₹2.51 lakh crore for 2026-27.
- Employment of more than **two crore** people.

How do they compare with 2024-25?

- Provisional data for 2024-25 gave production of over ₹1.16 lakh crore.
- Sales in 2024-25 were over ₹1.70 lakh crore.
- Production was over ₹26,000 crore in 2013-14.

What about artisan pay?

- KVIC raised spinners' pay to **₹15 per hank** from 1 April 2025.
- KVIC said artisans' wages had risen by 275 per cent over 11 years.

What is a simple example?

- A hank is one measured bundle of yarn. A spinner who makes 10 hanks earns ₹150 at this rate.
- This is only an illustration.

What is the common misconception?

- Some students mix up turnover, sales and production. They are different measures.

- Production is lower than sales in these reports. Read the label before you pick a figure.

Sources: aninews.in; newsonair.gov.in

7 How may exams ask this?

Exams like **one-line facts** about KVIC. Learn these in a set.

What are the likely questions?

- Under which Act was KVIC set up? **The KVIC Act, 1956 (Act No. 61).**
- Under which ministry? **MSME.**
- Which two schemes merged into PMEGP? **REGP and PMRY.**
- What came in place of the Khadi rebate? **Market Development Assistance, and later MMDA.**
- Who looks after handloom? **A separate office under the Ministry of Textiles.**

How do you answer fast?

- Link each fact to one word: **Act, MSME, merger, MDA, handloom**.

Why are the wrong options wrong?

- An option naming the Rural Development Act or the Cottage Industries Act is made up.
- An option naming Rural Development, Commerce or Textiles as KVIC's ministry is wrong. KVIC is under MSME.

Sources: kvic.gov.in

8 Which traps should you avoid?

Five slips are common on this topic.

What are the traps?

- **One scheme:** saying one scheme became PMEGP. It was two.
- **Wrong ministry:** naming the wrong ministry for KVIC. It is MSME.
- **Rebate as MMDA:** calling MMDA a renamed rebate. It funds upgrades.
- **Handloom:** treating handloom as KVIC's field.
- **Figures:** mixing sales, production and turnover. Read the label.

How do you remember it?

- Use this chain: **Act 1956, MSME, REGP plus PMRY, MDA, no handloom.**

Sources: kvic.gov.in; my.msme.gov.in

Review the feedback after each answer. The understanding-check score lasts for this page session. Reset the checks when you want another attempt. This score is separate from the Native Practice score below.

Questions to think through

Why was KVIC made a statutory body?

A law gives a body fixed powers and duties. It lasts beyond any one government order. That suits a long task like rural industry.

Why did PMEGP merge two schemes?

One scheme is easier to run than two. It also avoids the same person getting help twice. The guidelines bar units that already took subsidy under other schemes.

Why might a subsidy fund upgrades, not just a lower price?

A lower price helps once. Better tools, design and shops help every year. MMDA is built around that idea.

Why are handloom and Khadi kept in different offices?

Khadi is hand-spun and hand-woven under KVIC rules. Handloom is a wider weaving sector with its own centres and schemes under Textiles.

Practice MCQs

1. KVIC is a statutory body set up under which Act, and functions under which Ministry?

A. The Khadi and Village Industries Commission Act, 1956, under the Ministry of MSME

B. The Rural Development Act, 1956, under the Ministry of Rural Development

C. The Cottage Industries Act, 1948, under the Ministry of Commerce

D. The Handicrafts Board Act, 1952, under the Ministry of Textiles

See answer ↓

2. PMEGP, launched in September 2008, was formed by merging which two earlier schemes?

A. Start-Up India and Stand-Up India

B. REGP (run by KVIC) and PMRY (run by District Industries Centres)

C. NREGA and SGSY

D. IRDP and TRYSEM

See answer ↓

3. In 2016-17, which scheme replaced Market Development Assistance (MDA) for Khadi?

A. Nothing — MDA is still in use today

B. Modified Market Development Assistance (MMDA)

C. The Khadi Mark certification

D. The PM Vishwakarma Yojana

See answer ↓

4. What is the main purpose of the Khadi Mark certification, introduced under 2013 regulations?

A. To set minimum export prices for Khadi products

B. To verify genuine hand-spun Khadi and guard against unauthorised use of the 'Khadi' name

C. To fix the annual production quota for each Khadi institution

D. To register new village industries with the Ministry of MSME

See answer ↓

5. At Bharat Tex 2026, KVIC Chairman Manoj Goel said the Khadi and Village Industries sector's turnover for FY 2025-26 crossed what figure?

A. ₹10,000 crore

B. ₹92 lakh crore

C. ₹1.87 lakh crore

D. ₹50,000 crore

See answer ↓

6. Per KVIC's May 2026 provisional FY 2025-26 data, artisan remuneration rose from Rs 4 per hank in 2013-14 to what rate now, a 275% increase?

A. Rs 8 per hank

B. Rs 10 per hank

C. Rs 15 per hank

D. Rs 20 per hank

See answer ↓

Answer Key

1. **A.** The answer is the Khadi and Village Industries Commission Act, 1956, under the Ministry of MSME. KVIC's own site says it is a statutory body set up by Act No. 61 of 1956. The PMEGP guidelines say it works under the Ministry of MSME. The Rural Development Act, the Cottage Industries Act and the Handicrafts Board Act are not named as KVIC's law. Hook: Act 1956, MSME. ↑ Q1
2. **B.** The answer is REGP and PMRY. The PMEGP guidelines say the government merged these two schemes, which ran until 31 March 2008. KVIC is the single national nodal agency. NREGA and SGSY, IRDP and TRYSEM, and Start-Up India and Stand-Up India were not merged into PMEGP. Hook: two schemes, not one. ↑ Q2
3. **B.** The answer is Modified Market Development Assistance (MMDA). The old Khadi rebate scheme was replaced by MDA from 1 April 2010. MMDA, the modified form of MDA, began from the third quarter of 2016-17. It funds upgrades, design and sales outlets. The Khadi Mark is a certificate, not a funding scheme. Hook: rebate gave way to MDA in 2010, then MDA gave way to MMDA in 2016-17. ↑ Q3
4. **B.** The answer is to verify genuine Khadi and guard the Khadi name. KVIC must ensure the genuineness of its products and set quality standards. It publishes Khadi Mark Regulations, 2013. Institutions that take MMDA must hold a valid Khadi Mark Certificate. Export prices, registration of village industries and production quotas are not what the mark is for. Hook: Khadi Mark means genuine. ↑ Q4
5. **C.** The answer is ₹1.87 lakh crore. ANI reported in May 2026 that KVIC posted record business of about ₹1.87 lakh crore in 2025-26. Its target for 2026-27 is ₹2.51 lakh crore. The other options are far from this figure. The year before, sales were over ₹1.70 lakh crore. The Chairman is named Manoj Kumar by ANI and Manoj Goel in some reports. Hook: 1.87 lakh crore in 2025-26. ↑ Q5
6. **C.** The answer is ₹15 per hank. ANI reported that KVIC raised spinners' pay from ₹12.50 to ₹15 per hank from 1 April 2025. It had been ₹10 in 2023-24 reports. KVIC said wages rose 275 per cent over 11 years. That fits a start near ₹4. ₹8, ₹10 and ₹20 do not match the current rate. Hook: 15 per hank since April 2025. ↑ Q6

Quick-check answers

1. **True.** It is a statutory body created by Act No. 61 of 1956. ↑ 1
2. **False.** this is false. KVIC also trains artisans, supplies raw materials, supports research and helps village industries. ↑ 2
3. **True.** Both schemes were running until 31 March 2008. ↑ 3
4. **False.** this is false. MMDA funds upgrades, design and sales outlets, and pays an incentive on prime cost. ↑ 4
5. **False.** this is false. The Development Commissioner for Handlooms, under the Ministry of Textiles, looks after handloom. ↑ 5

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