

Cabinet approves PM-Vidyalaxmi scheme to provide financial support to meritorious students so that financial constraints do not prevent any youth of India from pursuing quality higher education

A mission mode mechanism will facilitate and drive the extension of education loans to meritorious students who get admission in the top 860 quality higher educational institutions of the nation, translating to covering more than 22 lakh students every year

A special loan product will enable for collateral free, guarantor free education loans; made accessible through a simple, transparent, student-friendly and entirely digital application process

Loan amounts up to ₹ 7.5 lakhs will be provided a 75% credit guarantee by the Government of India, to support banks to expand coverage

Furthermore, for students with up to Rs. 8 lakhs annual family income, the scheme will also provide for 3% interest subvention on loans up to Rs 10 lakh

This is in addition to the full interest subvention already offered to students with up to Rs. 4.5 lakhs annual family income

PM Vidyalaxmi will build on the scope and reach of initiatives taken over the last decade for maximizing access to quality higher education for the youth

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The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, has approved **PM Vidyalaxmi**, a new Central Sector scheme that seeks to provide financial support to meritorious students so that financial constraints do not prevent anyone from pursuing higher studies. PM Vidyalaxmi is another key initiative stemming out of the National Education Policy, 2020, which had recommended that financial assistance should be made available to meritorious students through various measures in both public and private HEIs. Under the PM Vidyalaxmi scheme, any student who gets admission in quality Higher Education Institution (QHEIs) will be **eligible to get collateral free, guarantor free loan** from banks and financial institutions to cover full amount of tuition fees and other expenses related to the course. The scheme will be administered through a simple, transparent and student-friendly system that will be inter-operable and entirely digital.

The scheme will be applicable to the top quality higher educational institutions of the nation, as determined by the NIRF rankings - including all HEIs, government and private, that are ranked within the top 100 in NIRF in overall, category-specific and domain specific rankings; state government HEIs ranked in 101-200 in NIRF and all central government governed institutions. This list will be updated every year using the latest NIRF ranking, and to begin starts with 860 qualifying QHEIs, covering more than 22 lakh students to be able to potentially avail benefits of PM-Vidyalaxmi; if they so desire.

For loan amount up to ₹ 7.5 lakhs, the student will also be eligible for a credit guarantee of 75% of outstanding default. This will give support to banks in making education loans available to students under the scheme.

In addition to the above, for students having an annual family income of up to ₹ 8 lakhs, and not eligible for benefits under any other government scholarship or interest subvention schemes, 3 percent interest subvention for loan up to ₹ 10 lakhs will also be provided during moratorium period. The interest subvention support will be given to one lakh students every year. Preference will be given to students who are from government institutions and have opted for technical/ professional courses. An outlay of ₹ 3,600 Crore has been made during 2024-25 to 2030-31, and 7 lakh fresh students are expected to get the benefit of this interest subvention during the period.

The Department of Higher Education will have a unified portal "PM-Vidyalaxmi" on which students will be able to apply for the education loan as well as interest subvention, through a simplified application process to be used by all banks. Payment of interest subvention will be made through E-voucher and Central Bank Digital Currency (CBDC) wallets.

PM Vidyalaxmi will build on and further enhance the scope and reach of the range of initiatives undertaken by the Government of India over the past decade in the domains of education and financial inclusion, for maximizing access to quality higher education for the youth of India. This will supplement the Central Sector Interest Subsidy (CSIS) and Credit Guarantee Fund Scheme for Education Loans (CGFSEL), the two component schemes of PM-USP, being implemented by the Department of Higher Education. Under the PM-USP CSIS, students with annual family income up to ₹ 4.5 lakhs and pursuing technical/ professional courses from approved institutions get full interest subvention during moratorium period for education loans up to ₹ 10 lakhs. Thus, PM Vidyalaxmi and PM-USP will together provide holistic support to all deserving students to pursue higher education in quality HEIs and technical/ professional education in approved HEIs.

MJPS/SS/SKS

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