

How does PM Vidyalyaxmi differ from other schemes?

Does this central scheme cover middle-income students? Does it depend on NAAC and NBA certifications? Why have a lot of institutions been left out from the list?

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The story so far:

On November 6, the Union Cabinet chaired by Prime Minister Narendra Modi approved a new Central Sector Scheme, PM Vidyalyaxmi, which seeks to provide financial support to meritorious students applying for higher education. Students will now be eligible to get collateral-free, guarantor-free loans from banks and financial institutions to cover the full amount of tuition fees and other expenses related to the course.

What does the scheme cover?

The government has said that students who have gained admission in 860 quality higher education institutions, as defined by the National Institutional Ranking Framework (NIRF), are eligible for the

loans. The scheme will potentially cover 22 lakh students, a Ministry of Education spokesperson said. For students with an annual family income of up to ₹8 lakh, and not eligible for benefits under any other government scholarship, a 3% interest subvention for loans up to ₹10 lakh will be provided during the moratorium period. The interest subvention support will be given to one lakh students every year. Preference will be given to students from government institutions who have opted for technical or professional courses. "An outlay of ₹3,600 crore has been made during 2024-25 to 2030-31, and seven lakh fresh students are expected to get the benefit of this interest subvention during the period," the Ministry added.

What about past schemes?

PM Vidyalyaxmi differs from previous

central government schemes in the number of institutions eligible, mode of processing of loans, the income cap, and the amount of money to be disbursed. For example, students can apply for loans through the Vidyalyaxmi portal, which simplifies loan applications and has links to all major public sector as well as private banks. It also facilitates the tracking of the loan status.

Moreover, while previous schemes offered benefits to only low-income groups, the Vidyalyaxmi scheme expands coverage to middle-income families, irrespective of other factors such as caste.

For earlier schemes, the eligible institutions needed to be accredited with the National Assessment and Accreditation Council (NAAC) and the National Board of Accreditation (NBA). With 820 universities of NAAC and 15,501 colleges, along with 3,348 NBA

institutions, the total was about 20,000 institutions. However, under Vidyalyaxmi, only institutions with NIRF ranks are eligible. This means that the scheme will be applicable to all government and private institutions ranked within the top 100 in NIRF rankings in the overall list as well as all institutions in the category-specific and domain-specific lists. Professor O R S Rao, Chancellor, ICAI University, Sikkim, who helped to compile the list of universities eligible for the scheme, says the list does not feature 860 unique institutes as some are ranked in multiple categories. An institute has to register for the ranking as a prerequisite to feature in the rankings. While some institutions apply to a single category, some others apply for multiple categories and hence feature on more than one list.

What are the implications?

Rankings are now becoming more and more important with loan eligibility being conditional on them. As this scheme significantly reduces the number of eligible institutions, the stakes of performing well in higher education entrance tests just got higher. Banker Thomas Franco said that this makes it difficult for students who do not have excellent marks to avail the loan. Banks may charge higher rates of interest for other institutions or straight away reject them if they don't have a good rank.

THE GIST

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