PM Vidyalaxmi Scheme

Promoting Educational Inclusion in India

July 29, 2026

The Pradhan Mantri Vidyalaxmi Scheme is a flagship initiative of the Education Ministry that seeks to make quality higher education accessible to deserving students facing financial constraints. The scheme provides collateral-free and guarantor-free education loans to such students for studying in top ranked higher education institutions in the country. It further supports beneficiaries through interest subvention based on family income, reducing financial constraints to educational attainment. In doing so, the scheme contributes to India's progress towards SDG 4, which seeks to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all by 2030.

Bridging Financial Barriers to Higher Education

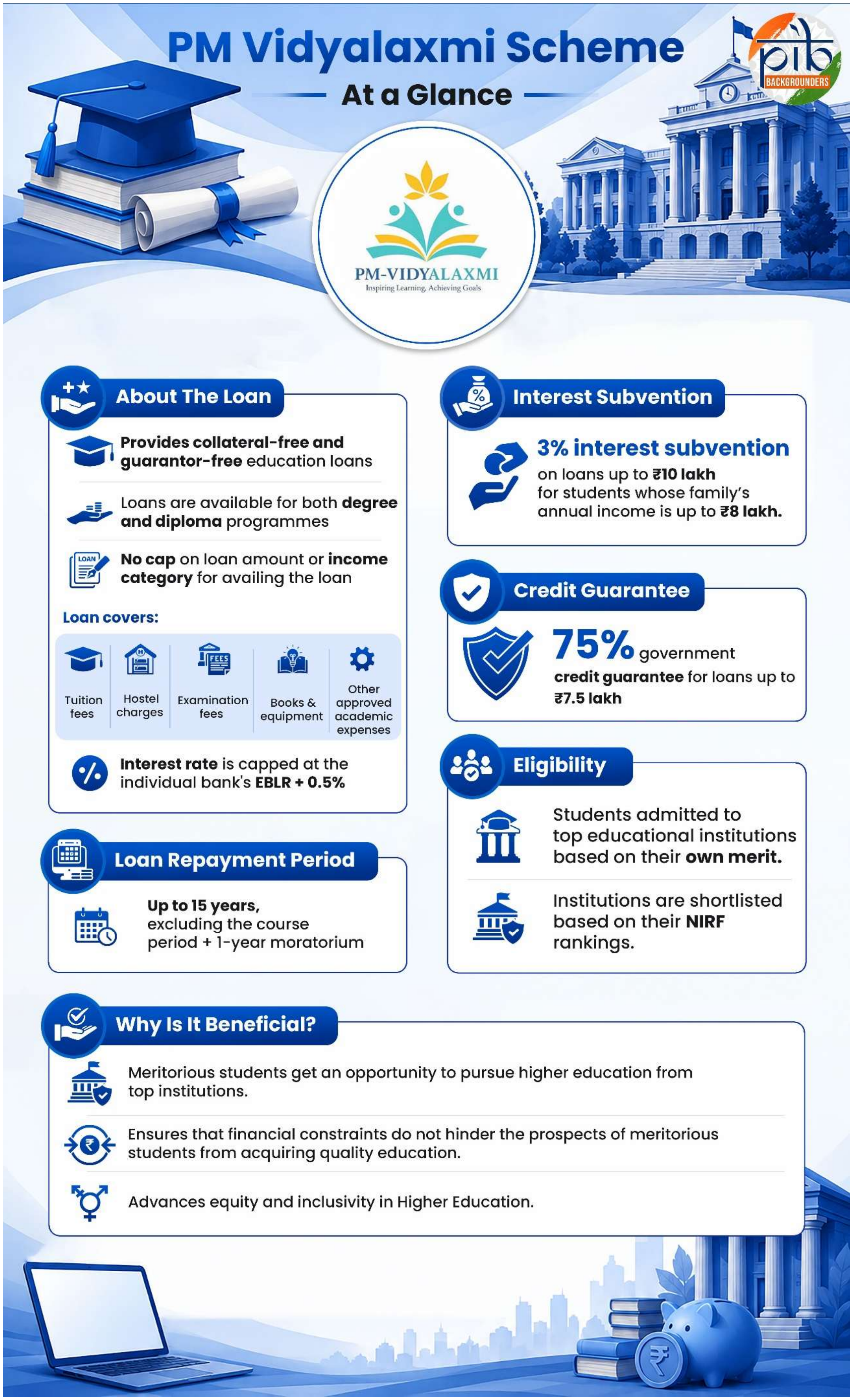
India has witnessed rapid expansion in higher education enrolment over the last decade, with the Gross Enrolment Ratio **(GER)** rising from **23.7%** in **2014-15** to **30.0%**in **2023-24.** However, for many meritorious students, access to quality higher education in the top-ranked institutions of the country often remains difficult due to financial constraints. Many try to fill the gaps through education loans, but there are many more who cannot afford the high interest rates on these loans. The dreams of these students to study in IITs, IIMs and many other top-ranked institutions of the country remain unfulfilled despite their merit. The PM Vidyalaxmi Scheme (**PM-Vidyalaxmi**), approved by the Union Cabinet on **6th November 2024**, comes to the aid of such students. This is a mission-mode intervention under which **collateral-free, guarantor-free** education loans are provided to students who have got admission on their own merit to one of the designated **Quality Higher Educational Institutions (QHEIs)** in the country. A **3% interest subvention** is also provided for students with annual family income up to **₹8,00,000**. The entire process for getting these loans is **simple, transparent, student-friendly** and **entirely digital**. There is a unified portal through which students can apply for education loans, track the status of their applications, claim interest subvention and also raise grievances.

The scheme stems from the **National Education Policy (NEP), 2020** , which recommends that financial assistance should be made available to meritorious students through various measures for studies in both public and private **Higher Education Institutions (HEIs)** . The **objective** is to ensure that lack of finance does not prevent any meritorious student from studying in the best institutions in the country. PM-Vidyalaxmi positively contributes to the goals of **SDG 4** and **NEP 2020**by advancing **inclusive** and **equitable** quality education and promoting **lifelong learning** opportunities for all.

Features, Benefits and Coverage

PM-Vidyalaxmi provides **collateral-free and guarantor-free** education loans for students admitted on their own merit to designated **QHEIs** in the country. Currently, **1,425 QHEIs** are covered under the scheme, including both **public** and **private** institutions. Management quota, NRI quota, etc. admissions will not get this benefit.

Loans up to **₹ 7.5 lakhs** are provided **75% credit guarantee** by Government of India, to support banks to expand coverage. For students with up to **₹ 8 lakhs** annual family income, the scheme provides for **3%** interest subvention on loans up to **₹ 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 Scheme
At a Glance
PM-VIDYALAXMI
Inspiring Learning, Achieving Goals
pib BACKGROUNDERS
About The Loan
Provides collateral-free and guarantor-free education loans
Loans are available for both degree and diploma programmes
LOAN
No cap on loan amount or income category for availing the loan
Loan covers:
Tuition fees
Hostel charges
FEES
Examination fees
Books & equipment
Other approved academic expenses
Interest rate is capped at the individual bank's EBLR + 0.5%
Loan Repayment Period
Up to 15 years, excluding the course period + 1-year moratorium
Interest Subvention
3% interest subvention
on loans up to ₹10 lakh for students whose family's annual income is up to ₹8 lakh.
Credit Guarantee
75% government credit guarantee for loans up to ₹7.5 lakh
Eligibility
Students admitted to top educational institutions based on their own merit.
Institutions are shortlisted based on their NIRF rankings.
Why Is It Beneficial?
Meritorious students get an opportunity to pursue higher education from top institutions.
Ensures that financial constraints do not hinder the prospects of meritorious students from acquiring quality education.
Advances equity and inclusivity in Higher Education.

Collateral-free, Guarantor-free Education Loans

Students admitted to eligible **QHEIs** can obtain education loans without furnishing collateral or third-party guarantees under PM-Vidyalaxmi. There is no cut-off on highest amount of education loan. It will depend on course fee and other fees charged by the QHEI and other associated expenses (like mess, hostel fee, other refundable and non-refundable fees of the QHEI, cost of a reasonable quality laptop and reasonable amount of living expenses required by the student during the course period) and students from all income categories are eligible to apply.

To encourage lending institutions to extend loans to students, the Government provides a **75% credit guarantee** for loans up to **₹7.5 lakh.** This significantly reduces lender risk and improves loan accessibility.

The interest rates charged on the educational loan under the scheme will be capped at the individual bank's **Externally Benchmarked Lending Rate (EBLR) + 0.5%.** The rate will always be less than the interest rate charged by the bank on other education loans not covered under PM-Vidyalaxmi. The repayment period of the education loan is up to **15 years**, excluding a moratorium period of the course period plus one year. The loan is available for all degree /diploma programmes in India and there is no limit on the number of students getting such loans. The educational loans are provided through **Scheduled Banks, Regional Rural Banks (RRBs), and Cooperative Banks** participating in the scheme.

Interest Subvention

PM-Vidyalaxmi supplements the PM-USP CSIS (Pradhan Mantri Uchchatar Shiksha Protsahan Central Sector Interest Subsidy Scheme). Under PM-USP CSIS, students who are pursuing technical/ professional courses from approved NAAC accredited HEIs/ NBA accredited courses and whose annual family income is up to ₹4.5 lakhs, shall be eligible for 100% interest subvention during moratorium period for education loan up to ₹ 10 lakhs.

PM-Vidyalaxmi interest subvention scheme's coverage is broad-based and includes all courses at designated Quality Higher Educational Institutions (QHEIs). Under the scheme, **interest subvention** of **3%** on loans up to **₹ 10 lakh**s is awarded during the moratorium period (course period plus one year) to those meritorious students whose family's **annual income** is less than ₹**8,00,000.**

If the education loan amount is more than **₹ 10 lakhs**, interest subvention is provided for the disbursed total principal amount of the loan up to ₹ 10 lakhs only.

Student availing any other Central /State Government Scholarship or any other interest subvention scheme or Fee reimbursement shall not be eligible for availing interest subvention benefits under CSIS or PM-Vidyalaxmi.

In a year, a maximum of one lakh students shall be eligible for 3% interest subvention during the moratorium period. No such limit is for CSIS beneficiaries.

Understanding Interest Subvention under PM-USP CSIS and PM-Vidyalaxmi – available on PM-Vidyalaxmi Portal:

	PM-USP CSIS	**PM-Vidyalaxmi**
Institutions	NAAC/ NBA accredited, INIs, technical institutes approved by regulatory bodies like Medical Commission of India, Nursing Council, Bar Council, Pharmacy Council, Dental Council	Top 100 in NIRF – Private State govt- top 200 in NIRF Remaining central govt
Course	Professional/ technical courses	All degree/diploma courses
Family income	₹ 4.5 lakh	₹ 8 lakh
Interest subvention	Full interest subvention during moratorium period	3% interest subvention during moratorium period
No of slots	No limit	1 lakh fresh slots per year
Loan repayment	Up to 15 years after moratorium period (course period + 1 year)	

The scheme offers affordable education loans with interest rates capped at the bank's Externally Benchmarked Lending Rate **(EBLR) + 0.5%.** In addition, banks may provide up to **1% additional interest concession** to the borrowers if the interest is serviced during the study and the moratorium period. The scheme also provides **tax benefits** on the interest paid under Section 80E.

Interest subvention and credit guarantee benefits are available **only once** for undergraduate, postgraduate, or integrated courses. **The Government has allocated a budget** of **₹ 3,600 Crores from 2024-2025 to 2030-2031** for the scheme. **7 lakh** fresh students are expected to get the benefit of this interest subvention during the seven-year period.

Eligibility Criteria for Students

- The scheme is available to students who have secured merit-based admission through competitive exams in any of the designated **Quality Higher Education Institutions (QHEIs)** in India.
- The scheme provides education loans for all **degree and diploma courses.**
- The repayment period of the education loan would be up to **15 years** excluding the moratorium period (course period + 1 year).
- To avail all these benefits, students are required to register through **Aadhaar**, remain enrolled in their courses, and maintain a satisfactory academic performance.

Additional Conditions:

- The applicant must not discontinue the course midway or be expelled from the institution due to disciplinary or academic reasons.

- From the second year onwards, the student must maintain satisfactory academic performance to continue receiving interest subvention benefits.
- The student can avail of interest subvention and credit guarantee benefits only once, either for an undergraduate, postgraduate, or integrated course.

Eligibility Criteria for Higher Education Institutions

The criteria for shortlisting institutions are based on their NIRF rankings. It currently covers institutions that are

- Top 100 ranked HEIs in the overall/ category-specific and/or domain-specific rankings in the latest list of NIRF published by the Ministry of Education
- Top 200 ranked HEIs under the governance of State/Union Territories governments in the latest list of NIRF published by the Ministry of Education
- All remaining HEIs under the governance of the Government of India.

Indian campuses of foreign education institutions, foreign campuses of Indian education institutions and foreign education institutions are not covered under the scheme.

The criteria to select HEIs across India ensures equitable inter-state representation.

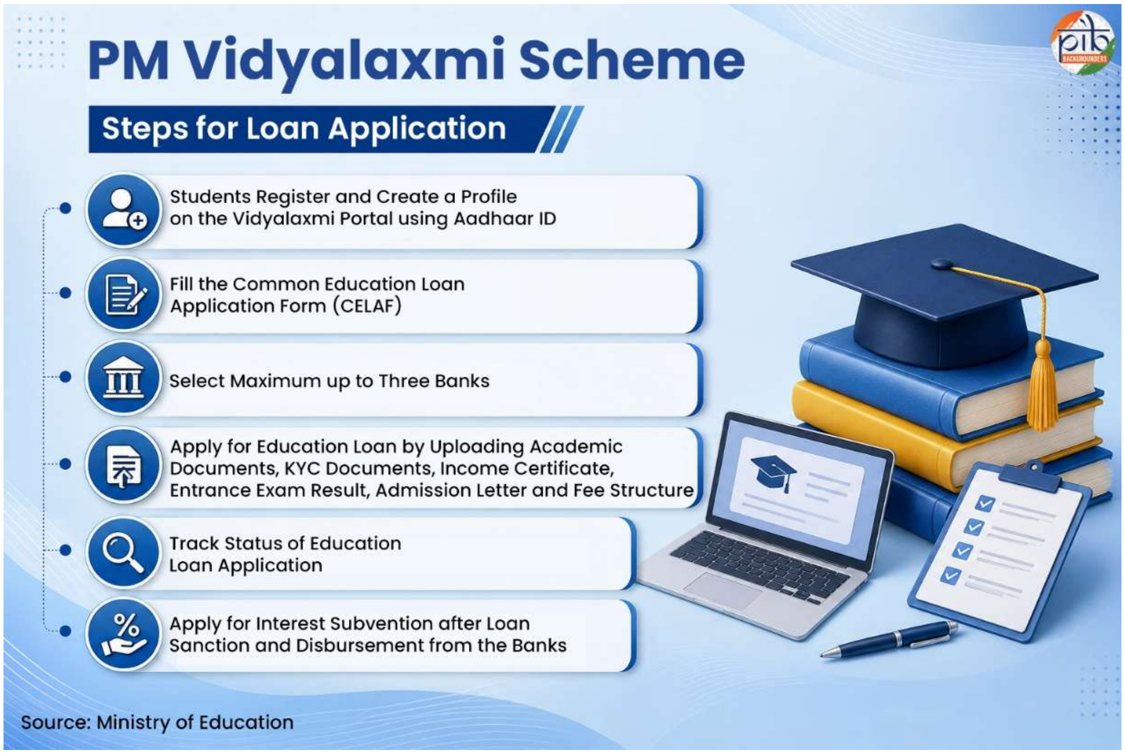
This list is updated using the latest NIRF ranking. As of now**, 1,425 institutions** are covered under PM-Vidyalaxmi and are eligible for PM-Vidyalaxmi education loans.

Steps for Availing Benefits

PM-Vidyalaxmi aims to make higher education more accessible by providing students with easy access to educational loans through a user-friendly digital platform. The scheme simplifies the loan process by enabling students to apply online, track their applications, and receive timely approvals and disbursements.

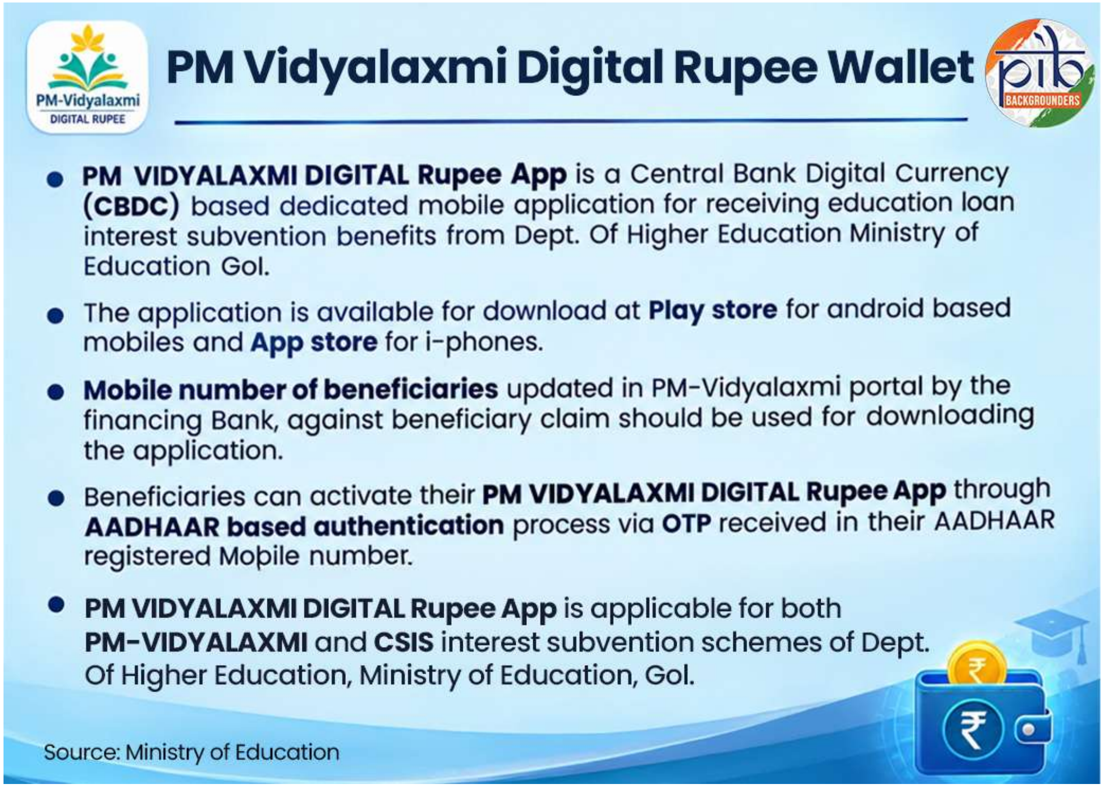
The scheme operates through a dedicated scheme portal that enables:

- Common loan applications
- Bank selection
- Tracking of application status
- Interest subvention requests
- Digital processing and transparency.



PM Vidyalaxmi Digital Rupee App (CBDC Wallet)

Once the loan is sanctioned and disbursed, eligible students can apply for interest subvention based on their family income. The subsidy amount is credited to the beneficiary's **PM Vidyalaxmi Digital Rupee App (CBDC Wallet)** and subsequently transferred to the education loan account.



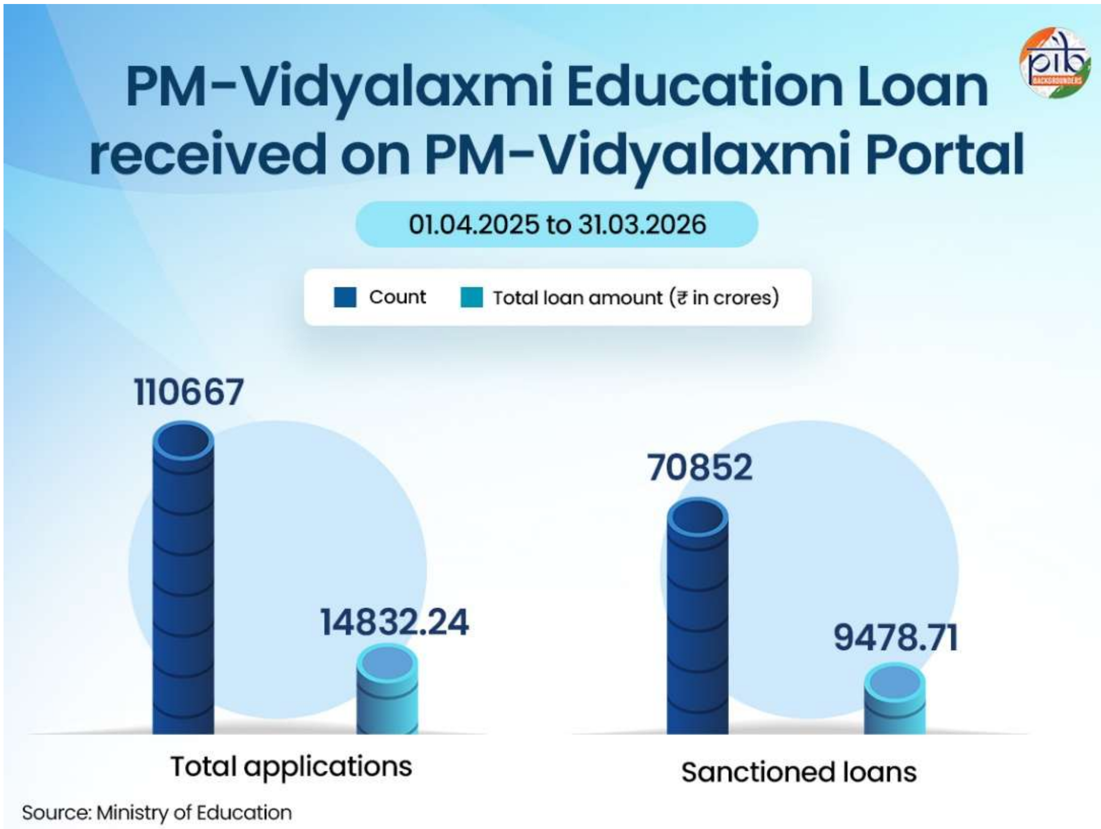
Central Sector Interest Subsidy Scheme (CSIS) provides full interest subsidy during the moratorium period on loan availed for pursuing technical/professional courses in India. Students whose annual gross parental/ family income is up to ₹ 4.5 lakh are eligible under the scheme.

Existing PM-USP CSIS is being administered through the PM-Vidyalaxmi portal and PM-Vidyalaxmi Digital Rupee Wallet. As of July **22, 2026**, there are **35,777 active wallets** enabling disbursement of subsidies worth **₹57.66 crore**. This digital mechanism has helped streamline benefit delivery, reduce delays, and ensure that financial support reaches eligible students efficiently. For FY 2025-26, total claims pertaining to 2024-25, received at Canara Bank are 414844 amounting to ₹ 892.81 crores, which will significantly reduce repayment burden of the student beneficiaries. The portal also provides students with a platform to raise and monitor grievances, ensuring transparency and timely resolution of disputes.

Impact of PM Vidyalaxmi Scheme

PM-Vidyalaxmi is designed as a unified, fully digital and transparent education loan facilitation platform, enabling students to apply to banks for all kinds of education loans including PM-Vidyalaxmi loans, through a single portal and track their application status online. The dashboard provides real-time statistics on applications, approvals and processing stages.

In FY 2025-26, 645514 education loan applications were received on the portal across all education schemes. Out of these, 110667 applications were for PM-Vidyalaxmi loans.



In FY 2025-26, 110667 education loan applications were received under PM-Vidyalaxmi. Out of these, 70852 loans were sanctioned and 67728 loans have already been disbursed.

Gender Inclusion

PM-Vidyalaxmi ensures that all eligible meritorious students have access to financial support for higher education, regardless of their gender. Women and transgender students also stand to benefit from the scheme, making higher education more inclusive and accessible. By reducing financial barriers, the scheme helps students pursue quality education, improve their skills, and build better career prospects. This, in turn, increases their employability and encourages greater participation in the workforce, contributing to more inclusive social and economic development. In **FY 2025-26**, **368742** men and **276764** women applied for loans. **203438** loans were sanctioned for men and **158629** for women.

Empowering Underprivileged Students

The scheme facilitates the inclusion of students from financially weaker backgrounds into the mainstream education system, thereby enhancing overall inclusivity. Among the total applications submitted, there were students from the Economically Weaker Section (EWS), General category, Non-Creamy Layer Other Backward Classes (NCOBC), Other Backward Classes (OBC), Scheduled Castes (SC), Scheduled Tribes (ST), and Persons with Disabilities (PwD). The involvement of applicants from all major social groups reflects the scheme's extensive reach and inclusive framework. This underscores the scheme's contribution to reducing financial barriers and promoting fair and equitable access to educational opportunities across different sections of society.

PM Vidyalaxmi Scheme: A Step Towards Educational Equity

The PM-Vidyalaxmi is a significant step towards expanding equitable access to higher education by providing collateral-free and guarantor-free education loans to meritorious students, complemented by targeted interest subvention for eligible families. By reducing financial barriers, the scheme enables greater participation in quality higher education, particularly for economically disadvantaged students. In doing so, it advances the objectives of the NEP 2020, contributes to the achievement of Sustainable Development Goal 4 on inclusive and equitable quality education, and supports the development of a skilled and future-ready human capital base for the country.

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