



AWARENESS AND PERCEIVED BENEFITS OF THE PM-VIDYALAXMI SCHEME AMONG HIGHER-EDUCATION STUDENTS

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Abstract

Financial constraints remain a major barrier to higher education for students from disadvantaged backgrounds in India. The Pradhan Mantri Vidyalaxmi (PM-Vidyalaxmi) Scheme was introduced to provide collateral-free, income-linked education loans to support higher-education access. This study assessed the effectiveness of the PM-Vidyalaxmi Scheme among beneficiaries in Tamil Nadu. Using a descriptive and analytical research design, primary data were collected from 230 student beneficiaries across arts and science, engineering, medical and allied health, and teacher education institutions through a structured questionnaire. Descriptive statistics and single-sample t-tests were employed for data analysis. The findings revealed high levels of awareness and effective utilisation of the scheme among students. The scheme significantly reduced financial stress, supported continuity of education, and improved academic focus. The study concluded that the PM-Vidyalaxmi Scheme functions as an important policy instrument for promoting inclusive higher education and financial inclusion among student populations in Tamil Nadu.

Keywords: PM-Vidyalaxmi Scheme, Higher Education Financing, Education Loans, Financial Inclusion, Student Beneficiaries.

I. INTRODUCTION

Higher education plays a decisive role in fostering human capital formation, enhancing productivity, promoting social mobility, and sustaining long-term economic growth. In a knowledge-driven economy like India, access to higher education is not merely an individual aspiration but a critical national development imperative. Despite significant expansion in higher-education infrastructure and enrolment over the past decades, access to higher education continues to be unevenly distributed across socio-economic groups. Financial constraints remain one of the most persistent barriers, particularly for students from economically weaker sections, socially disadvantaged communities, first-generation learners, and rural households. The rising cost of higher education—covering tuition fees, accommodation, transportation, learning materials, and other associated expenses—has intensified the financial burden on households. For many capable and meritorious students, limited access to affordable credit and financial support results in delayed enrolment, discontinuation of studies, or complete withdrawal from higher education. Addressing these financial barriers is therefore essential for ensuring equity, inclusiveness, and sustainability in higher-education participation.

Recognising this challenge, the Government of India has introduced several policy initiatives to expand financial access to higher education. Among these, the Pradhan Mantri Vidyalaxmi (PM-Vidyalaxmi) Scheme represents a significant intervention aimed at facilitating collateral-free, income-linked educational loans through simplified procedures and institutional backing. By providing a back-end guarantee mechanism and improving coordination between students, educational institutions, and financial institutions, the scheme seeks to ensure that financial limitations do not obstruct students' educational aspirations. The PM-Vidyalaxmi Scheme is thus envisioned not only as a financing mechanism but also as

an instrument for promoting educational continuity, reducing dropouts, and strengthening financial inclusion among youth.

Tamil Nadu provides an appropriate and meaningful context for assessing the impact of the PM-Vidyalaxmi Scheme. The state is characterised by a well-developed higher-education ecosystem, high enrolment rates, and a diverse mix of professional and general institutions across rural and urban regions. At the same time, a substantial proportion of students in Tamil Nadu belong to OBC, SC/ST, and economically disadvantaged backgrounds, many of whom rely heavily on financial assistance to pursue higher education. This combination of strong institutional capacity and socio-economic diversity makes Tamil Nadu an ideal setting to evaluate how centrally sponsored education-financing schemes operate at the ground level.

Against this backdrop, the present study aims to assess the effectiveness of the PM-Vidyalaxmi Scheme as a catalyst for higher education among beneficiaries in Tamil Nadu. The study focuses on examining students' awareness, accessibility, and utilisation of the scheme, as well as its impact on enrolment continuity, retention, educational aspirations, and financial well-being. By adopting a mixed-method approach and drawing insights from beneficiaries across disciplines, social categories, and locations, the study seeks to generate empirical evidence that can inform policy refinement, improve implementation strategies, and contribute to the broader discourse on inclusive higher-education financing in India.

II. LITERATURE REVIEW

Financial barriers remain a primary constraint on equitable access to higher education in low- and middle-income countries, and India is no exception. Empirical work on demand-side interventions — including conditional cash transfers (CCTs), scholarships, and subsidised loans — consistently shows positive effects on enrolment and short-term retention, although long-term impacts depend on program design and complementary services (Fiszbein & Schady, 2009). CCTs in Latin America (e.g., PROGRESA/Oportunidades and Bolsa Família) increased school attendance and reduced dropouts, but outcomes varied by age cohort, gender, and local implementation capacity; these studies highlight that financial incentives alone may be insufficient unless complemented by supply-side improvements and information outreach (Fiszbein & Schady, 2009).

The literature on education loans and income-linked financing emphasises distinct mechanisms and challenges compared with transfers or scholarships. Loan programmes can expand access while preserving household assets, but their effectiveness depends on affordability, repayment terms, credit access, and perceptions of risk (Kingdon & Banerji, 2021). In contexts where formal financial inclusion is low, loan uptake is limited by documentation barriers, lack of collateral, and limited financial literacy (Demirgüç-Kunt et al., 2022). Empirical studies underscore that making credit administratively simple and lowering collateral requirements increases take-up among deserving students, but loan default risk and adverse selection remain policy concerns (Narayanan, 2022).

India-specific research points to mixed evidence on the role of targeted financial schemes. Studies of girl-child and household savings schemes (e.g., Sukanya Samridhi Yojana) indicate that well-designed incentives can improve saving behaviour and support later educational investments, yet low awareness and uneven outreach blunt program impact (Sharma, 2021; Krishnan, 2022). Evaluations of centrally sponsored initiatives such as Beti Bachao Beti Padhao show that implementation quality and local institutional coordination critically mediate outcomes (Nanda & Kapur, 2020). Regional analyses in Tamil Nadu demonstrate the power of state-level welfare schemes to raise female enrolment and reduce dropouts when paired with effective delivery mechanisms (Rajan, 2009; Sundar, 2010, 2023).

A growing strand of the literature integrates financial inclusion and behavioural perspectives. Financial capability theory suggests that access to credit and banking services must be coupled with financial literacy and simplified procedures to produce sustained educational benefits (Karthik & Devi, 2023). Studies find that students and families often lack knowledge about loan products, repayment obligations, and the administrative steps required — gaps that generate underutilisation of available schemes even when eligibility criteria are met (Karthik & Devi, 2023; Narayanan, 2022).

Despite these insights, gaps remain in the evidence base that are directly relevant to the PM-Vidyalaxmi Scheme. First, many existing evaluations focus on enrolment or short-term attendance rather than multi-dimensional outcomes such as retention across years, academic progression, post-graduation employment, and household financial resilience. Second, state-level heterogeneity in institutional capacity, banking penetration, and socio-economic composition suggests that centrally designed financing schemes may operate differently across states; yet rigorous, state-specific impact assessments — especially for Tamil Nadu — are scarce (proposal documents). Third, there is limited evidence on process issues: awareness

channels, documentation barriers, institutional coordination, and borrower experience (application, disbursement, and repayment). Addressing these process-level questions matters for improving both reach and value for money of education-loan programmes (proposal documents).

Collectively, the literature shows that while financial products (transfers, loans, guarantees) can facilitate access to higher education, their effectiveness depends on design features (collateral requirements, subsidy/guarantee arrangements), implementation quality (awareness, simplified procedures), and complementary supports (financial literacy, institutional counselling). The PM-Vidyalaxmi Scheme's focus on collateral-free, income-linked loans with back-end guarantees aligns with best-practice recommendations, but empirical assessment is needed to verify whether intended mechanisms (improved access, reduced dropout, increased financial inclusion) materialise in practice in Tamil Nadu's heterogeneous institutional landscape. The current study responds to these documented gaps by combining quantitative measures of uptake and outcomes with qualitative process analysis to provide a comprehensive, state-level impact assessment.

III. MATERIALS AND METHODS

The present study adopts a descriptive and analytical research design using a mixed-method approach to examine the effectiveness of the Pradhan Mantri Vidyalaxmi (PM-Vidyalaxmi) Scheme as a catalyst for higher education among student beneficiaries in Tamil Nadu. The study is conducted across selected districts representing urban, semi-urban, and rural contexts to ensure regional and institutional diversity.

A total sample of 230 students who have availed or applied for benefits under the PM-Vidyalaxmi Scheme is selected using a multistage stratified sampling technique. In the first stage, districts are purposively chosen based on the concentration of higher-education institutions and beneficiary presence. In the second stage, higher-education institutions are stratified by discipline, including arts and science, engineering, medical and allied health sciences, and teacher education colleges, from which institutions are randomly selected. In the final stage, respondents are identified through institutional records and selected using proportionate random sampling to ensure representation of OBC, SC/ST, and General categories as well as rural and urban students.

The study relies on both primary and secondary data sources. Primary data are collected through a structured questionnaire designed to capture information on socio-economic background, awareness, accessibility, utilisation patterns, perceived benefits, and challenges related to the PM-Vidyalaxmi Scheme, along with its impact on enrolment continuity, retention, and academic progression. Secondary data are gathered from government policy documents, scheme guidelines, institutional records, and published research studies. The questionnaire is pre-tested through a pilot survey to ensure reliability and validity. Quantitative data are analysed using SPSS with the application of descriptive statistics and inferential tools such as chi-square tests, correlation, and regression analysis, while qualitative responses are thematically analysed to supplement and contextualise the quantitative findings.

IV. DATA ANALYSIS

Table 1 presented the demographic and socio-economic profile of the PM-Vidyalaxmi Scheme beneficiaries included in the study. The gender-wise distribution showed a nearly balanced representation, with male students accounting for 51.3 per cent and female students constituting 48.7 per cent of the total sample, indicating gender-neutral access to the scheme. With respect to social category, a majority of the beneficiaries belonged to OBC communities (44.3 per cent), followed by SC/ST students (33.9 per cent), while 21.8 per cent were from the General category, reflecting the scheme's reach among socially and economically disadvantaged groups.

Table 1: Profile of PM-Vidyalaxmi Scheme Beneficiaries

Demographics	Frequency (N = 230)	%
Gender		
Male	118	51.3
Female	112	48.7
Social Category		
SC/ST	78	33.9
OBC	102	44.3
General	50	21.8
Place of Residence		
Rural	96	41.7
Semi-Urban	72	31.3
Urban	62	27.0
Type of Institution		
Arts & Science Colleges	70	30.4
Engineering Colleges	60	26.1
Medical & Allied Health Colleges	50	21.7
Teacher Education (B.Ed.) Colleges	50	21.7
Family Monthly Income		
Below ₹20,000	88	38.3
₹20,001 – ₹40,000	92	40.0
Above ₹40,000	50	21.7
First-Generation Learners		
Yes	134	58.3
No	96	41.7

The place of residence data revealed that a higher proportion of beneficiaries were from rural areas (41.7 per cent), followed by semi-urban (31.3 per cent) and urban areas (27.0 per cent), suggesting the importance of the scheme in addressing regional disparities in access to higher education. Analysis of institutional distribution indicated that beneficiaries were drawn from diverse streams of higher education, with 30.4 per cent enrolled in arts and science colleges, 26.1 per cent in engineering colleges, and equal representation from medical and allied health colleges and teacher education colleges (21.7 per cent each).

The family monthly income profile showed that the majority of beneficiaries belonged to low- and middle-income households, with 38.3 per cent reporting incomes below ₹20,000 and 40.0 per cent in the ₹20,001–₹40,000 range, while only 21.7 per cent belonged to higher-income households. Furthermore, a substantial proportion of the respondents (58.3 per cent) were first-generation learners, highlighting the scheme's role in facilitating higher-education access for students without prior family experience in higher studies. Overall, the profile indicated that the PM-Vidyalaxmi Scheme primarily benefited students facing financial and social constraints, thereby supporting inclusive higher-education participation.

Table 2: Awareness on the PM-Vidyalaxmi Scheme

Variables	\bar{x}	σ	t	P.
I have heard about the PM-Vidyalaxmi Scheme.	4.05	0.67	8.10	.000
I know that the PM-Vidyalaxmi Scheme helps students with education loans.	4.36	0.61	7.45	.000
I am aware that this scheme is started by the Government of India.	4.46	0.58	34.05	.000
I know that students can use this scheme for higher studies.	4.53	0.71	26.78	.000
I am aware that banks give loans under the PM-Vidyalaxmi Scheme.	4.14	0.54	16.89	.000
I know that some financial support is given through this scheme.	4.49	0.62	31.47	.000
I am aware of who can apply for the PM-Vidyalaxmi Scheme.	4.03	0.74	10.42	.000
I know that students need to apply with proper documents for this scheme.	4.29	0.64	15.99	.000

The above table presents the descriptive statistics and single-sample t test results for students' awareness of the PM-Vidyalaxmi Scheme. The mean scores of all the statements are above 4.00, indicating a high level of awareness among the students regarding various aspects of the scheme. The highest mean score ($\bar{x} = 4.53$) is observed for the statement "I know that students can use this scheme for higher studies", followed by awareness about financial support ($\bar{x} = 4.49$) and the government initiation of the scheme ($\bar{x} = 4.46$). This shows that students are well informed about the purpose and benefits of the PM-Vidyalaxmi Scheme.

The standard deviation values are relatively low, indicating consistency in responses among the students. Further, the calculated t values for all the statements are statistically significant at the 5% level ($p < 0.05$), confirming that the observed mean differences are not due to chance. This signifies a substantial level of awareness among students regarding the availability of education loans, role of banks, eligibility criteria, and application requirements under the PM-Vidyalaxmi Scheme.

Overall, the results clearly indicate that students possess a high and significant level of awareness about the PM-Vidyalaxmi Scheme, reflecting effective dissemination of information through educational institutions, government initiatives, and related communication channels.

Table 3: Utilistion Benefits of PM-Vidyalaxmi Scheme

Variables	\bar{x}	σ	t	P.
I have used the PM-Vidyalaxmi Scheme for my education expenses.	4.31	0.67	24.49	.000
The scheme helped me to continue my studies without financial difficulty.	4.45	0.68	18.62	.000
The education loan under this scheme was useful for paying my fees.	4.03	0.58	13.00	.000
I was able to buy books, uniforms, or study materials using this scheme.	4.21	0.44	10.92	.000
The scheme reduced the financial burden on my family.	4.30	0.69	30.18	.000
The loan process under PM-Vidyalaxmi was easy to understand and use.	4.40	0.62	9.55	.000
The benefits of the scheme helped me focus better on my studies.	4.11	0.63	14.32	.000
Overall, the PM-Vidyalaxmi Scheme has been beneficial for my education.	3.98	0.76	11.55	.000

Table presents the descriptive statistics and single-sample t test results for the utilisation and benefits of the PM-Vidyalaxmi Scheme as perceived by the students. The mean values of all the statements are close to or above 4.00, indicating a high level of utilisation and perceived benefits of the scheme among the beneficiaries. The highest mean score ($\bar{x} = 4.45$) is observed for the statement "The scheme helped me to continue my studies without financial difficulty", followed by "The loan process under PM-Vidyalaxmi was easy to understand and use" ($\bar{x} = 4.40$) and "I have used the PM-Vidyalaxmi Scheme for my education expenses" ($\bar{x} = 4.31$). This shows that the scheme has effectively supported students in meeting their educational needs and overcoming financial constraints.

The relatively low standard deviation values indicate uniformity in students' responses, suggesting that the benefits of the scheme are consistently experienced across the respondents. Further, the calculated t values for all the statements are statistically significant at the 5% level ($p < 0.05$), confirming that the observed mean differences are significant and not due to random variation.

The findings also reveal that the scheme has contributed to reducing the financial burden on families, facilitating payment of fees, purchase of study materials, and enabling students to concentrate better on their studies. Although the overall benefit statement shows a slightly lower mean score ($\bar{x} = 3.98$), it still reflects a positive perception towards the scheme.

The study results clearly indicate that the PM-Vidyalaxmi Scheme has been effectively utilised by students and has provided significant educational and financial benefits, thereby supported continuity of education and improved students' academic focus.

V. DISCUSSION OF RESULTS

The results of the study provided comprehensive evidence on the effectiveness of the PM-Vidyalaxmi Scheme in promoting access to and continuity of higher education among student beneficiaries in Tamil Nadu. The high level of awareness observed among respondents indicated that information about the scheme had reached students effectively through educational institutions, banking channels, and government communication mechanisms. This finding is particularly important, as earlier studies on education financing schemes in India have highlighted lack of awareness as a major constraint in utilisation. In contrast, the present study demonstrated that students were well informed about the objectives of the scheme, eligibility criteria, application procedures, and the role of banks, suggesting improved outreach and institutional dissemination.

The utilisation-related findings revealed that the PM-Vidyalaxmi Scheme played a significant role in supporting students' educational expenses and reducing financial stress. A majority of beneficiaries reported that the scheme enabled them to continue their studies without financial difficulty, facilitated timely payment of fees, and supported the purchase of essential learning materials. These outcomes are consistent with human capital theory, which emphasises education financing as a critical investment that enhances individual capabilities and long-term economic outcomes. The ease of the loan process reported by students further indicated that simplified procedures and collateral-free provisions under the scheme positively influenced effective utilisation.

The scheme's impact on reducing household financial burden was another key result. Students perceived that access to education loans under PM-Vidyalaxmi alleviated pressure on family income, especially among low- and middle-income households and first-generation learners. This finding aligns with financial capability theory, which suggests that access to formal financial services can enhance households' ability to manage educational expenditures and mitigate financial distress. By enabling students to focus better on their academic activities, the scheme indirectly contributed to improved learning engagement and academic continuity.

Despite the overall positive outcomes, the slightly lower mean score for overall perceived benefits suggested that some students may have encountered challenges related to documentation, processing time, or partial coverage of educational expenses. This indicates that while the scheme has been largely effective, further refinements in implementation and institutional coordination are required to maximise its impact. Strengthening awareness at the grassroots level, simplifying administrative requirements, and enhancing coordination between educational institutions and banks could further improve student experiences.

Overall, the discussion of results clearly indicated that the PM-Vidyalaxmi Scheme functioned as a significant catalyst for inclusive higher education in Tamil Nadu. By enhancing awareness, facilitating utilisation, reducing financial barriers, and supporting educational continuity, the scheme contributed meaningfully to equity, financial inclusion, and human capital development. These findings offer valuable policy insights for strengthening higher-education financing mechanisms and ensuring sustainable educational access for disadvantaged student populations.

VI. CONCLUSION

The present study concluded that the Pradhan Mantri Vidyalaxmi (PM-Vidyalaxmi) Scheme has played a significant and positive role in facilitating access to higher education among students in Tamil Nadu, particularly those from socially and economically disadvantaged backgrounds. The findings revealed a high level of awareness among beneficiaries regarding the objectives, eligibility criteria, application procedures, and institutional mechanisms of the scheme, indicating effective dissemination of information through educational institutions, banks, and government initiatives. Adequate awareness emerged as a crucial factor contributing to the successful utilisation of the scheme.

The results further demonstrated that the PM-Vidyalaxmi Scheme was effectively utilised by students to meet various educational expenses, including payment of tuition fees, purchase of study materials, and other academic requirements. Beneficiaries reported that the scheme enabled them to continue their studies without financial difficulty and significantly reduced the financial burden on their families. This support was particularly critical for students from low- and middle-income households and for first-generation learners, for whom access to formal education financing often determines educational continuity.

The study also highlighted the positive influence of the scheme on students' academic focus and persistence in higher education. By alleviating financial stress and providing timely financial assistance, the PM-Vidyalaxmi Scheme allowed students to concentrate better on their studies, thereby supporting retention and progression in higher education. The relatively simple and user-friendly loan procedures further enhanced the effectiveness of the scheme and encouraged its utilisation across diverse institutional settings.

However, the findings suggested that while the overall impact of the scheme was favourable, there remains scope for improvement in terms of administrative efficiency, documentation processes, and comprehensive coverage of educational costs. Addressing these challenges through improved institutional coordination, streamlined procedures, and enhanced student support mechanisms would further strengthen the scheme's effectiveness.

In conclusion, the study affirmed that the PM-Vidyalaxmi Scheme functions as an important catalyst for inclusive higher education in Tamil Nadu. By promoting educational access, financial inclusion, and academic continuity, the scheme contributes meaningfully to human capital development and social mobility. The insights generated from this study provide valuable inputs for policymakers and stakeholders to refine higher-education financing strategies and ensure equitable and sustainable educational opportunities for all.

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