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# TODAY'S ANALYSIS

## (09 November 2024)

### TOPICS TO BE COVERED

- PM VIDYA LAXMI SCHEME
- MAHASAGAR



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## PM VIDYA LAXMI SCHEME

**Cabinet Decisions**

6<sup>th</sup> Nov 2024

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### PM-Vidyalaxmi

**Collateral-free, Guarantor-free Education Loans**

**Maximising access to quality Higher Education**

for **Yuva Shakti**

-  Students having annual family income of upto **₹8 lakh** shall be eligible to get **3%** interest subvention on loans upto **₹10 lakh**.
-  Loans upto **₹7.5 lakhs** shall be eligible for **75%** credit guarantee.
-  Education loans will be facilitated through a **transparent, student-friendly** and **digital application process** common to all banks.
-  **PM Vidyalaxmi** is another concrete step towards implementation of NEP.

 dpradhanbjp /  DharmendraPradhanOdisha /  DharmendraPradhanBJP

### Why in News?

- Recently, The Union Cabinet, chaired by Prime Minister Narendra Modi, has approved the **PM-Vidyalaxmi scheme**, which aims to provide financial support to meritorious students to pursue higher education without financial constraints.
- This scheme is a part of the government's broader effort to maximize access to quality higher education for Indian youth.

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- The initiative is aligned with the **National Education Policy (NEP) 2020**, which advocates for providing financial assistance to deserving students.
- The scheme will focus on providing **collateral-free loans, interest subventions, and credit guarantees** for education loans, enabling meritorious students to study in the country's top educational institutions.

## KEY FEATURES

- **Target Group and Eligibility:**
  - **Meritorious Students:** Any student admitted to one of the top **860 quality higher educational institutions (QHEIs)** in India, as determined by the **National Institutional Ranking Framework (NIRF)**, is eligible for the scheme.
  - The scheme covers both **government and private institutions** ranked in the top 100 in the NIRF, as well as government institutions ranked between 101-200.
  - **Annual Family Income:**
    - Students with a family income of up to **₹8 lakhs** will benefit from **3% interest subvention**.
    - Students with a family income of up to **₹4.5 lakhs** will be eligible for **full interest subvention** under the **Central Sector Interest Subsidy (CSIS)**.

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- **Loan Amount and Financial Support:**

- **Loan Coverage:** The scheme provides education loans to cover the full cost of tuition fees and other related expenses (e.g., accommodation, books).
- **Collateral-Free Loans:** Loans will be offered **without collateral or guarantor** requirements, making it accessible to a larger number of students.
- **Loan Amount Limit:** Students can apply for loans up to **₹10 lakh** (for both domestic and overseas education).
- For loans up to **₹7.5 lakh**, the government will provide a **75% credit guarantee** to banks to reduce the risk of default.

- **Interest Subvention:**

- **3% Interest Subvention:** Students with an annual family income of up to ₹8 lakh, not eligible for other government subsidies, will receive **3% interest subvention** on loans up to ₹10 lakh during the moratorium period.
- **Full Interest Subvention for Low-Income Students:** Students with an income of up to ₹4.5 lakh annually, pursuing **technical and professional courses**, will receive **full interest subvention** under the existing **Central Sector Interest Subsidy (CSIS)** scheme.

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- **Coverage:** The scheme will benefit **1 lakh students every year** with the interest subvention, with an expected **7 lakh students** to benefit by the end of the scheme (2024-2030).
- **Application Process:**
  - **Unified Digital Portal:** The entire process will be streamlined and digital, with a dedicated online portal—**PM-Vidyalaxmi**. Students can apply for loans and interest subventions directly through this portal, which will be **transparent, student-friendly,** and **inter-operable** with all banks.
  - **Simplified Application:** The application process will be simple, and **E-vouchers** and **Central Bank Digital Currency (CBDC)** wallets will be used for the payment of interest subvention, ensuring a seamless experience.
- **Additional Support Mechanisms:**
  - **Loan Disbursement and Coverage:** The scheme will cover educational loans for students enrolled in quality higher educational institutions. The scope of the scheme includes **technical, professional,** and **general education** courses.
  - **State and Central Government Institutions:** All **central government institutions,** as well as top-ranked state institutions, are eligible under the scheme.

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## BUDGET & FINANCIAL OUTLAY

- A total outlay of **₹3,600 crore** has been allocated for the period from **2024-25 to 2030-31** to support the implementation of the scheme.
- This funding will provide financial assistance to around **7 lakh students**, supporting both the loan disbursement and interest subvention components.

## HOW WILL IT COMPLEMENT OTHER SCHEMES?

The PM-Vidyalaxmi scheme builds on existing education financing mechanisms and further strengthens the government's commitment to providing access to education through financial inclusion. Specifically, it will work in conjunction with:

1. **Central Sector Interest Subsidy (CSIS):**
  - Under this existing scheme, **students from families with an income of up to ₹4.5 lakh** who are pursuing technical and professional courses from approved institutions get full interest subvention during the **moratorium period**.
2. **Credit Guarantee Fund Scheme for Education Loans (CGFSEL):**
  - The **75% credit guarantee** under PM-Vidyalaxmi will reduce the risk for financial institutions and banks, encouraging them to offer loans to students without collateral.

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Together, these schemes will ensure that all deserving students, particularly those from economically weaker sections, have access to quality higher education without the barrier of financial constraints.

## SIGNIFICANCE

- **Promoting Financial Inclusion in Education:**

- By offering **collateral-free loans** and **interest subvention** schemes, the PM-Vidyalaxmi initiative significantly reduces the financial burden on students and their families, making higher education more accessible, particularly for those from low- and middle-income backgrounds.

- **Boosting Higher Education Enrollment:**

- The scheme targets more than **22 lakh students** annually, covering students across diverse fields and institutions. This will help increase access to **quality education** and create a more skilled workforce in India.

- **Digital and Transparent Application System:**

- The digital nature of the scheme ensures greater transparency, reduces delays, and simplifies the loan application process for students, enhancing their overall experience.

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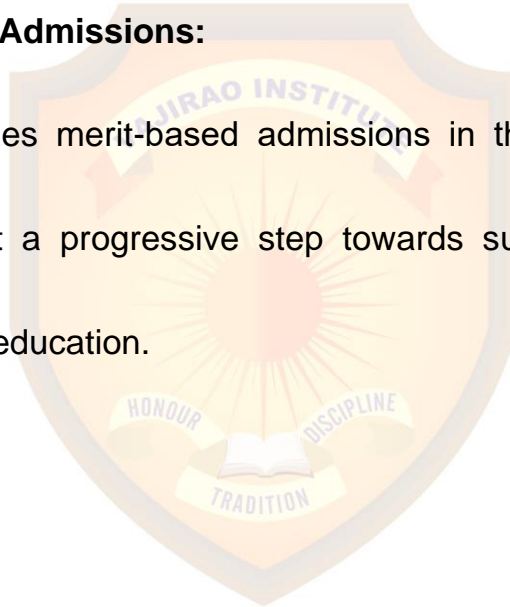
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- **Alignment with National Education Policy (NEP) 2020:**

- PM-Vidyalaxmi directly contributes to the **NEP 2020** vision of increasing access to higher education for all deserving students by ensuring that financial limitations do not hinder their academic aspirations.

- **Support for Merit-Based Admissions:**

- The scheme encourages merit-based admissions in the country's **top educational institutions**, making it a progressive step towards supporting excellence and skill development in higher education.



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## MAHASAGAR



TRADITION

- The **third edition** of **MAHASAGAR**—a high-level virtual interaction organized by the **Indian Navy**—was conducted on **5th November 2024**.
- During this event, **Admiral Dinesh Kumar Tripathi**, Chief of the Naval Staff of India, engaged with the **Heads of Navies and Maritime Agencies** from **Indian Ocean Region (IOR) littoral nations**.
- The theme of this year's discussion was "**Training Cooperation to Mitigate Common Maritime Security Challenges in the IOR.**"

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- The interaction focused on addressing **shared maritime security challenges** in the region through **training collaboration** and enhancing the maritime security capacities of the countries involved.
- **MAHASAGAR**—which translates to "vast ocean" in Hindi—represents India's **commitment to promoting security, stability, and cooperation** in the IOR, with an emphasis on **training and capacity building**.
- This edition of MAHASAGAR was attended by senior leaders from maritime agencies and naval forces of IOR littoral countries, including **Bangladesh, Comoros, Kenya, Madagascar, Maldives, Mauritius, Mozambique, Seychelles, Sri Lanka, and Tanzania**.

## KEY HIGHLIGHTS

### Purpose and Objective of MAHASAGAR:

- **MAHASAGAR** is an outreach initiative by the Indian Navy, designed to foster **cooperation and dialogue** between the **navies and maritime agencies** of IOR nations.

The goal is to promote the "**Active Security and Growth for All**" in the region (SAGAR), a strategic concept championed by India.

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- The event is aimed at **strengthening regional cooperation** to **mitigate common maritime security challenges** through joint efforts, including **training** and the development of necessary maritime capabilities among littoral nations.
- **Training cooperation** is emphasized as a critical aspect of the region's collective security, helping to build **skilled maritime manpower** to address contemporary challenges like **piracy, maritime terrorism, illegal fishing, and human trafficking**.

#### **Focus on Training Cooperation:**

- The key theme of this edition was the need for **collaborative training programs** to improve **maritime security** in the IOR. All participating nations discussed the importance of developing **requisite capacities** and **skilled personnel** who can tackle shared security challenges in the maritime domain.
- Training cooperation is vital to ensuring that maritime forces and agencies in the IOR are **well-equipped** to respond to emerging challenges and build a **robust maritime security architecture** that benefits all nations in the region.

#### **The Strategic Importance of the Indian Ocean Region (IOR):**

- The **Indian Ocean** is a critical area for global maritime trade, with **over 80% of global oil trade** passing through its waters. The region is also home to a complex mix of **security challenges**, including **piracy, terrorism, and illegal activities**.

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- The IOR is crucial for global maritime security, as it connects vital shipping routes between **East Asia, Africa, the Middle East, and Europe**. As a result, ensuring its security is of paramount importance for the peace and stability of the global maritime community.
- The IOR is strategically important for **India**, which is increasingly positioning itself as a **regional leader** in maritime affairs. India's **SAGAR initiative** reflects its vision of a **peaceful, stable, and prosperous** Indian Ocean, where all countries work together to secure shared interests.

#### **Collaborative Maritime Security:**

- The discussions during the MAHASAGAR interaction also focused on how **training** can lead to the **development of maritime security frameworks** that are responsive and adaptive to contemporary challenges.
- The participating nations agreed that **joint training exercises, sharing of best practices,** and the **use of advanced technologies** are essential tools to enhance **operational effectiveness** in safeguarding the IOR's maritime domain.
- The cooperation during MAHASAGAR underscores the importance of **regional partnerships** in addressing issues such as **illegal maritime activities, humanitarian assistance,** and **disaster relief** during times of crisis.

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## INDIA'S ROLE & STRATEGIC VISION

- The Indian Navy's **MAHASAGAR initiative** plays a key role in promoting **India's maritime leadership** in the IOR. As part of its broader **Indo-Pacific strategy**, India has been proactively engaging with **littoral states** to strengthen maritime security and foster **capacity-building** across the region.
- India's **SAGAR doctrine** underscores the importance of **cooperation** among Indian Ocean nations to ensure that the region remains free from external threats and unregulated activities.
- **Training cooperation** helps **Indian Navy** share its knowledge and capabilities with smaller regional players, ensuring that they are better prepared to handle their maritime security challenges, ultimately contributing to **regional stability**.

## FUTURE OF MAHASAGAR

- Since its inception in 2023, MAHASAGAR has become a highly anticipated event in the IOR, and its **bi-annual** nature ensures that the countries involved can continuously evaluate and refine their **maritime security cooperation**.

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- Moving forward, MAHASAGAR is expected to evolve into a more **comprehensive training platform** with a focus on **specialized training** in areas such as **counter-piracy operations, humanitarian assistance and disaster relief, and maritime domain awareness.**



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