

Pradhan Mantri Awas Yojana (Urban) – Housing for All

Credit Linked Subsidy Scheme for EWS/LIG (CLSS for EWS/LIG)

Operational Guidelines

January, 2017 (updated)



Ministry of Housing & Urban Poverty Alleviation
Government of India

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Note:

*The guidelines relating to CLSS component were originally part of the Pradhan Mantri Awas Yojana (Urban) – Housing for All Mission guidelines. This updated document pertaining only to CLSS has been printed, incorporating changes in this component of the Mission effective from 1.01.2017 and also renamed as “CLSS for EWS/LIG”. The original PMAY(U) Mission guidelines and amendments issued from time to time thereto may be referred to for specific information not included here.

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Definitions for the purposes of the Scheme

Beneficiary	A beneficiary family will comprise husband, wife and unmarried children. The beneficiary family should not own a <i>pucca</i> house (an all weather dwelling unit) either in his/her name or in the name of any member of his/her family in any part of India.
Carpet Area	Area enclosed within the walls, actual area to lay the carpet. This area does not include the thickness of the inner walls
Central Nodal Agencies	Nodal Agencies identified by Ministry for the purposes of implementation of Credit linked subsidy component of the Mission
Economically Weaker Section (EWS):	EWS households are defined as households having an annual income up to Rs. 3,00,000 (Rupees Three Lakhs).
EWS House	An all weather single unit or a unit in a multi-storeyed super structure having carpet area of upto 30 sq. m. with adequate basic civic services and infrastructure services like toilet, water, electricity etc.
Implementing Agencies	Implementing agencies are the agencies such as Urban Local Bodies, Development Authorities, Housing Boards etc. which are selected by State Government/SLSMC for implementing Housing for All Mission.
Low Income Group (LIG):	LIG households are defined as households having an annual income between Rs.3,00,001 (Rupees Three Lakhs One) up to Rs.6,00,000 (Rupees Six Lakhs).
Primary Lending Institutions (PLI)	Scheduled Commercial Banks, Housing Finance Companies, Regional Rural Banks (RRBs), State Cooperative Banks, Urban Cooperative Banks, Small Finance Banks* (as approved by Reserve Bank of India), Non Banking Financial Company-Micro Finance Institutions* (NBFC-MFIs) (as registered with Reserve Bank of India) or any other institutions as may be identified by the Ministry.
State Land Nodal Agencies (SLNAs)	Nodal Agency designated by the State Governments for implementing the Mission.

* Included in the definition of PLIs with effect from 01.01.2017



1.0 Scope

- 1.1 “Pradhan Mantri Awas Yojana (Urban) - Housing for All” Mission for urban area is being implemented during 2015-2022 and this Mission will provide central assistance to implementing agencies through States and UTs for providing houses to all eligible families/ beneficiaries by 2022.
- 1.2 Pradhan Mantri Awas Yojana (Urban) [PMAY (U)] - Housing for All Mission will be implemented as Centrally Sponsored Scheme (CSS) except for the component of credit linked subsidy which will be implemented as a Central Sector Scheme.
- 1.3 A beneficiary family will comprise husband, wife, unmarried sons and/or unmarried daughters. The beneficiary family should not own a *pucca* house either in his/her name or in the name of any member of his/her family in any part of India to be eligible to receive central assistance under the Mission.
- 1.4 A beneficiary family will be eligible for availing only a single benefit under any of the existing options i.e. slum redevelopment with private partner, credit linked subsidy, direct subsidy to individual beneficiary and affordable housing in partnership, as detailed in PMAY (U) guidelines.
- 1.5 Mission with all its components has become effective from the date 17.06.2015 and will be implemented upto 31.03.2022.

2. Coverage and Duration

- 2.1 All Statutory Towns as per Census 2011 and towns notified subsequently would be eligible for coverage under the Mission.
Note: States/UTs will have the flexibility to include in the Mission the Planning area as notified with respect to the Statutory Town and which surrounds the concerned municipal area.
- 2.2 Urban Local Bodies should ensure that individual houses under credit linked interest subsidy should have provision for basic civic services like water, sanitation, sewerage, road, electricity etc.
- 2.3 The minimum size of houses constructed under the Mission under each component should conform to the standards provided in National Building Code (NBC). All houses built or expanded under the Mission should essentially have toilet facility.



- 2.4 The houses under the Mission should be designed and constructed to meet the requirements of structural safety against earthquake, flood, cyclone, landslides etc. conforming to the National Building Code and other relevant Bureau of Indian Standards (BIS) codes.
- 2.5 The houses constructed/acquired with central assistance under the Mission should be in the name of the female head of the household or in the joint name of the male head of the household and his wife, and only in cases when there is no adult female member in the family, the house can be in the name of male member of the household.

3.0 Scheme Details

The Mission, in order to expand institutional credit flow to the housing needs of urban poor will implement credit linked subsidy component as a demand side intervention. Credit linked subsidy will be provided on home loans taken by eligible urban poor (EWS/LIG) for acquisition, construction of house.

- 3.1 Beneficiaries of Economically Weaker section (EWS) and Low Income Group (LIG) seeking housing loans from Banks, Housing Finance Companies and other such institutions would be eligible for an interest subsidy at the rate of 6.5 % for a tenure of 20¹ years or during tenure of loan whichever is lower. The Net Present Value (NPV) of the interest subsidy will be calculated at a discount rate of 9 %.
- 3.2 The credit linked subsidy will be available only for loan amounts upto Rs 6 lakhs and additional loans beyond Rs. 6 lakhs, if any, will be at nonsubsidized rate. Interest subsidy will be credited upfront to the loan account of beneficiaries through lending institutions resulting in reduced effective housing loan and Equated Monthly Instalment (EMI).
- 3.3 Credit linked subsidy would be available for housing loans availed for new construction and addition of rooms, kitchen, toilet etc. to existing dwellings as incremental housing. The carpet area of houses being constructed or enhanced under this component of the mission should be upto 30 square metres and 60 square metres for EWS and LIG, respectively in order to avail of this credit linked subsidy. The beneficiary, at his/her discretion, can build a house of larger

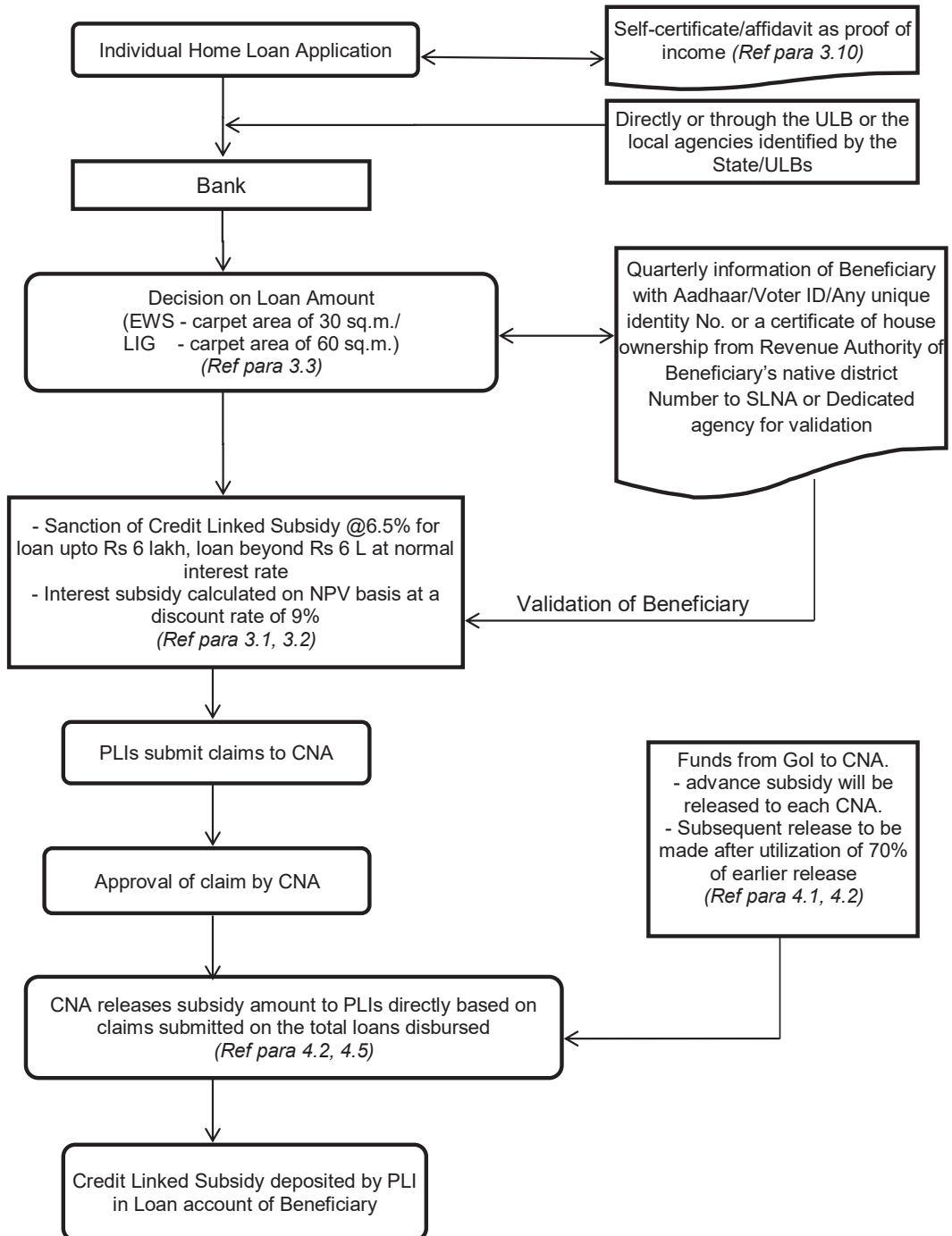
¹ With effect from 1.01.2017



- area but interest subvention would be limited to first Rs. 6 lakh only.
- 3.4 Housing and Urban Development Corporation (HUDCO) and National Housing Bank (NHB) have been identified as Central Nodal Agencies (CNAs) to channelize this subsidy to the lending institutions and for monitoring the progress of this component. Ministry may notify other institutions as CNA in future.
 - 3.5 Primary Lending Institutions (PLIs) can register only with one CNA by signing MOU as provided in Annexure 1.
 - 3.6 CNAs will be responsible for ensuring proper implementation and monitoring of the scheme and will put in place appropriate mechanisms for the purpose. CNAs will provide periodic monitoring inputs to the Ministry of Housing and Urban Poverty Alleviation through regular monthly and quarterly reports as per Annexure 2.
 - 3.7 State/UTs/ULBs/PLIs shall link beneficiary identification to Aadhaar, Voter card, any other unique identification or a certificate of house ownership from Revenue Authority of Beneficiary's native district to avoid duplication of benefits from other verticals (In-situ Slum Redevelopment using land as Resource, Affordable Housing in Partnership, Beneficiary-led individual house construction or enhancement) under the Mission.
 - 3.8** Preference under the Scheme, subject to beneficiaries being from EWS/LIG segments, should be given to Manual Scavengers, Women (with overriding preference to widows), persons belonging to Scheduled Castes/Scheduled Tribes/Other Backward Classes, Minorities, Persons with disabilities and Transgender.
 - 3.9 State Level Nodal Agency (SLNA) identified by State/UT for implementing the Mission will facilitate the identified eligible beneficiaries in getting approvals and documents, etc. to avail of credit linked subsidy.
 - 3.10 For identification as an EWS or LIG beneficiary under the scheme, an individual loan applicant will submit self-certificate/affidavit as proof of income.
 - 3.11 In case a borrower who has taken a housing loan and availed of interest subvention under the scheme but later on switches to another PLI for balance transfer, such beneficiary will not be eligible to claim the benefit of interest subvention again.



Steps in Credit Linked Subsidy Scheme for EWS/LIG





3.12 Under the Mission, beneficiaries can take advantage under one component only. Since other three components are to be implemented by State Government through Urban Local Bodies/ Authorities etc. and this component is to be implemented by PLIs, therefore, in order that beneficiaries do not take advantage of more than one component, PLIs should take NOCs quarterly from State/UT Governments or designated agency of State/UT Governments for the list of EWS beneficiaries being given benefits under credit linked subsidy. For enabling this process, the beneficiaries should be linked to his/her Aadhaar/ Voter ID Card/Any other unique identification Number or a certificate of house ownership from Revenue Authority of Beneficiary's native district and State/UT Government or its designated agency should furnish the NOC within 15 days of receipt of such request.

Till 30.06.2017, or as directed by the Ministry of Housing and Urban Poverty Alleviation, whichever is later, instead of taking NOC from States/UTs, CNAs, on behalf of PLIs, would send list of beneficiaries under CLSS on fortnightly basis to concerned States/UTs. Concerned States / UTs will consider this list, while deciding beneficiaries under other three verticals of the Mission, so that no beneficiary is granted more than one benefit under the Mission.

3.13 Primary Lending Institutions, in the home loan applications, shall disclose transparently the Scheme eligibility and ascertain willingness and eligibility of applicants under CLSS for EWS/LIG.

4.0 Release of Central Assistance

4.1 An advance subsidy will be released to each CNA at the start of the scheme. Subsequent amounts of credit linked subsidy will be released to the CNAs after 70 % utilization of earlier amounts, on quarterly basis, and based on claims raised by CNAs, as per prescribed format at Annexure 3.

4.2 Based on the loan disbursed by a PLI to EWS and LIG beneficiaries, the CNA will release the subsidy amount to PLIs directly based on the claims submitted on the total loans disbursed. Subsidy will be released to the PLI by the CNA in maximum of four instalments.

4.3 0.1% of total fund disbursement by the CNAs to the PLIs will be paid to the CNAs for their administrative expenses.



- 4.4 Subsidy will be credited by the PLI to the borrower's account upfront by deducting it from the principal loan amount of the borrower. The borrower will pay EMI as per lending rates on the remainder of the principal loan amount.
- 4.5 In lieu of the processing fee for housing loan for the borrower under the scheme, PLIs will be given a lump sum amount of Rs. 3,000/-² (Rupees Three Thousand only) per sanctioned application. PLIs will not take any processing charge from the beneficiary for housing loans upto Rs. 6 lakh under the Scheme. For additional loan amounts beyond Rs. 6 lakh, PLIs can charge the normal processing fee.
- 4.6 Beneficiary can apply for a housing loan directly or through the ULB or the local agencies identified by the State/ULBs for facilitating the applications from intended beneficiaries. In order to incentivize the designated staff of ULBs or NGOs a sum of Rs.250/- only per sanctioned application would be paid out of CLS Scheme funds payable through State Governments.

5.0 Administration and Implementation Structure

The Programme will have a three-tier implementation structure.

- 5.1 An inter-ministerial committee viz. Central Sanctioning and Monitoring Committee (CSMC) is constituted under the Chairpersonship of Secretary (HUPA) for implementation of the Mission, approvals there under and monitoring.
- 5.2 A Committee of Secretary (HUPA) and Secretary (DFS) in Government of India is also constituted for monitoring the credit linked subsidy component of the Mission, giving targets to PLIs etc. The Committee can co-opt other members as is felt necessary by it.
- 5.3 A Mission Directorate (MD) is also formed under the Ministry to implement the Mission. It is headed by Joint Secretary (Mission).
- 5.4 States/UTs are required to constitute an inter-departmental State Level Sanctioning & Monitoring Committee (SLSMC), headed by Chief Secretary, for approval of Action Plans and projects under various components of the Mission.

² With effect from 1.01.2017



- 5.5 Each State/UT will identify a State Level Nodal Agency (SLNA) under the Mission wherein a State Level Mission Directorate will be set up for coordination of the scheme and reform-related activities.
- 5.6 State may nominate a separate State Level Nodal Agency (SLNA) under the credit linked subsidy component of the Mission to identify, motivate and organize beneficiaries to seek housing loans.
- 5.7 A city level Mission for selected cities should be set up under the chairpersonship of the Mayor or Chairman of the ULB as the case may be.
- 5.8 Suitable grievance redressal system should be set up at both State and City level to address the grievances in implementing the PMAY (U) Mission including CLSS for EWS/LIG from various stakeholders.

6.0 Monitoring & Evaluation

Suitable monitoring mechanisms have been developed by the PMAY (U) Mission including CLSS for EWS/LIG. States and cities are also required to develop monitoring mechanism for monitoring the progress of PMAY (U) Mission and its different components including CLSS for EWS/LIG.



Annexure 1

(refer Para 3.5 of the Guidelines)

MEMORANDUM OF UNDERSTANDING (MOU)

This Memorandum of Understanding (MoU) has been executed on the _____ (Date in words) at New Delhi, between National Housing Bank (NHB) / Housing and Urban Development Corporation Ltd (HUDCO), IHC Complex, Lodhi Road, New Delhi – 110003, through its (Name & designation) (hereinafter called the First Party, which shall unless repugnant to the context shall mean and include their successors, assignees and administrators) ON THE FIRST PART

AND

M/S (Bank/HFC/RRB/State Co-operative Bank/Primary Lending Institution/lender)(address) through its (name & designation) (hereinafter called the Second Party/Lender”, which shall unless repugnant to the context shall mean and include their successors, assignees and administrators) ON THE SECOND PART

WHEREAS, the Ministry of Housing and Urban Poverty Alleviation (Mo/HUPA), Government of India is implementing the Interest Subvention Scheme known as “Credit Linked Subsidy Scheme” (CLSS) (hereinafter called the”Scheme”) as part of the “Pradhan Mantri Awas Yojana (Urban) – Housing for All” Mission to address the housing needs of the Economically Weaker Sections (EWS) / Low Income Groups (LIG) segments in urban areas.

WHEREAS, the Scheme envisages the provision of interest subsidy to EWS and LIG segments to enable such borrower/beneficiary to buy/construct or extend houses.

WHEREAS, Mo/HUPA, Government of India has designated the First Party as the Central Nodal Agency (CNA) to implement the scheme. The interest subsidy will be released by the CNA to the Second Party in respect of housing loan sanctioned by Second Party to various borrowers/beneficiaries as detailed in this MoU.

WHEREAS, the lender/Second Party is, inter-alia, in the business of lending housing loans to individual beneficiaries on deferred payment basis and is interested in providing the benefit of the Scheme to eligible borrowers/beneficiaries.

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND MUTUAL COVENANTS, BOTH THE PARTIES HERETO AGREE AS FOLLOWS:



- A. The MoHUPA, Government of India has recently issued the guidelines for “Credit Linked Subsidy Scheme” (CLSS) as part of the “Pradhan Mantri Awas Yojana (Urban) – Housing for All” Mission guidelines (hereinafter called the guidelines) which is part of this MoU. The broad features of the scheme, terms for loan and subsidy reimbursement, selection of beneficiaries, roles and responsibilities of various agencies under the scheme and its monitoring etc. will be as per the guidelines.
- B. The Mo/HUPA, Government of India shall be at full liberty to amend/modify/terminate the Scheme and the Scheme guidelines. However, in respect of loans already sanctioned by the lender/second party and part-disbursed, based on the availability of the eligible subsidy amount, the amount shall be made available out of the budgetary allocation in the event of the amendment /modification / termination of the scheme.
- C. That the First Party is the CNA appointed by Mo/HUPA, Government of India for grant of Interest Subsidy to the Second Party out of the subsidy released by Government of India to the First Party under the scheme.
- D. Responsibilities and Obligations of First Party**
1. The First Party shall be responsible for release of interest subsidy to the Second Party out of the funds released by Mo/HUPA, Government of India, as per the Scheme. On receipt of information regarding the loan disbursed by the Second Party to eligible borrower/ beneficiary, the First Party shall release the subsidy amount to the Second Party directly.
 2. The interest subvention will be at the rate of 6.5 (six and a half) percent on the principal amount of the loan for, both, EWS and LIG segment, admissible for a maximum loan amount of first Rs.6.00 (six) lakhs, irrespective of the total loan size, for 20* (Twenty) years or full period of the loan, whichever is lesser. If the loan size, however, is less than Rs 6.00 (six) lakhs, the subsidy will be limited to the loan amount. The Net Present Value (NPV) of subsidy will be calculated based on a notional discount rate of 9 (nine) percent and upfront subsidy shall be given to the lenders/Second Party. The NPV subsidy given to the lender will be deducted from the principal loan amount of the borrower/beneficiary, who will then have to pay interest to the Second Party at an agreed document rate on effectively reduced housing loan for the whole duration of the loan.

* With effect from 1.01.2017



E. Responsibilities and Obligations of Second Party:

1. The Lender/Second Party hereby undertakes to pass-on the entire benefit of the Scheme to its borrowers/ beneficiaries.
2. The Lender/Second Party hereby undertakes to implement the Scheme as per its terms & conditions.
3. The Lender/Second Party hereby undertakes that it will follow the best practices of lending to implement the Scheme and follow the scheme guidelines and Regulations of Reserve Bank of India (RBI) / National Housing Bank (NHB).
4. The lender/second party will exercise due diligence in risk assessment and will adopt diligent appraisal and sanction procedures, including assessment of the loan eligibility and the repayment capacity of the borrower/beneficiary.
5. The lender/second party will adhere to all extant guidelines issued by the Mo/ HUPA, Government of India under the “Pradhan Mantri Awas Yojana – Housing for All (Urban)” Mission including the modifications/amendments to such guidelines from time to time.
6. The Lender/Second Party will provide utilization/end use certificate to the First Party on a quarterly basis and also the certificate in relation to the physical progress of the construction leading up to the completion of the housing unit. The lender/Second Party shall submit a consolidated utilization certificate on completion of the housing unit within one year period from the completion of construction or a maximum of 36 months from the date of the disbursement of the 1st instalment of the loan amount. In case of default in not providing utilization/end-use certificate the lender/Second Party shall refund the amount of subsidy to the First Party. Further, any unutilized amount of subsidy shall be immediately returned by Second Party to First Party.
7. The lender/second party will monitor the construction of the dwelling units financed under the scheme, including the approvals for the building design, infrastructure facilities etc. as also the quality of the construction and verify through site visits etc. the expenditure incurred upto different stages of construction.
8. In the event of default in repayment of the loan by the borrower/beneficiary to the Second Party and the loan becoming Non-performing assets (NPA),



the lender/second party will proceed for recovery of the dues through such measures as considered appropriate, including foreclosure of the property. In all such cases, the amount of the recoveries will be charged to the subsidy amount on a proportionate basis (in proportion to the loan outstanding and subsidy disbursed).

9. The lender/Second Party will provide each borrower/beneficiary a statement, which will make him/her understand the amount given as subsidy, how the subsidy has been adjusted and the impact of the subsidy on his/her equated monthly installments (EMI).
10. The lender/second party shall provide all other information, statements and particulars as may be required from time to time by the first party or by the Mo/HUPA, Government of India under the Scheme.
11. The lender/Second Party will clearly explain to the loanees/ borrowers/ beneficiaries the consequences of availing loan on fixed/floating rates of interest.

F. Disputes and Jurisdiction

All disputes and differences between First Party and Second Party arising part of these presents shall as far as possible be resolved through negotiations. However, if any differences/disputes still persist the same shall be referred to the sole arbitrator appointed by the CMD, NHB/HUDCO under the provisions of the Arbitration and Conciliations Act, 1996. The decision of the sole arbitrator shall be final and binding on the parties. Arbitration proceedings shall be held at Delhi.

Signed at Delhi on this date as mentioned above.

For and on behalf of

For and on behalf of

**National Housing Bank/
Housing & Urban Development Corporation Ltd.
(First Party)**

**Bank/HFCs/lenders/PLI
(Second Party)**



Annexure 2
(Para 3.6 of the Guidelines)

**MASTER DATA TO BE COLLECTED FROM THE PLIS
FOR MIS/MONITORING BY THE CNA**

- 1) **PLI Details**
 - a) Name of PLI*:
 - b) PLI code*:
 - c) Category of PLI (Bank/HFC/others) *:
- 2) **Borrower Details**
 - a) Name of borrower (Should be same as Name in Housing Loan Account No)*
 - b) PAN Card No:
 - c) Address of borrower: (House/Flat/Door No, Name of Street, City/Village, District, State, Pincode)
 - d) Mobile No. of borrower:
 - e) Household Category: EWS/LIG
 - f) Household Annual Income (INR):
 - g) Religion [Hindu-01, Muslim-02, Christian-03, Sikh-04, Jainism-05, Buddhism- 06, Zoroastrianism-07, Others - 08]*
 - h) Caste [General-01, SC-02, ST-03, OBC-04]*
 - i) Preference Category: Person with Disability-01, Manual Scavenger-02, Widow-03 and Others-04 (Pl. specify)*
 - j) Sex: Male/Female/Transgender*:
 - k) Unique Identification (Aadhaar/Voter's card/PAN card/ Passport/ Any other Unique Number or a certificate of house ownership from Revenue Authority of beneficiary's native district etc*) :
- 3) **Co-Borrower Details**



- a) Name of Co-Borrower (Should be same as Name in Housing Loan Account No)*
 - b) PAN Card No:
 - c) Sex: Male/Female/Transgender*:
 - d) Unique Identification (Aadhaar/Voter's card/PAN card/ Passport/ Any other Unique Number or a certificate of house ownership from Revenue Authority of beneficiary's native district etc *) :
- 4) Number of adult dependents (upto 4): Name of Dependent alongwith Unique Identification (Aadhaar/Voter's card/PAN card/ Passport/ Any other Unique Number or a certificate of house ownership from Revenue Authority of beneficiary's native district etc *)
 - 5) Property type* (01-Flat; 02-Independent house)
 - 6) Type of House: New (01); Re-purchased (02); Existing (03)
 - 7) Carpet area of house (in sq mtrs) * [put √]
 - Upto 30 sq mtrs
 - Upto 60 sq mtrs
 - More than 60 sq mtrs
 - 8) Complete postal address of property with PIN code* (House/Flat/Door No, Name of Street, City/Village, District, State, Pincode)
 - 9) Ownership mode (only in case of enhancement). Whether
 - Self owned
 - Inherited
 - 10) Loan Amount Sanctioned (In Rs)*
 - 11) Housing Loan Account Number*
 - 12) Purpose of loan * (For purchase-01/Construction-02/Extension-03/Repair-04):
 - 13) Tenure of loan including Moratorium Period (in months)*:
 - 14) Housing loan interest*:



- 15) Moratorium period if any* (in months):
- 16) Repayment start date [DD/MM/YYYY]*
- 17) Subsidy Claim Number [Single Installment – 00, Multiple Installments – Respective Number]
 - i) Loan Amount Disbursed for this Claim (In Rs)*
 - ii) Loan Amount Disbursed Date (DD/MM/YYYY)*
 - iii) Subsidy Claim Number (00 Single instalment, Multiple Instalment (Respective Number)*
 - iv) Interest Subsidy Amount Claimed*
 - v) NPV of the subsidy
 - vi) Date of credit of subsidy DD MM YYYY format
- 18) Cumulative Amount of subsidy credited
(as subsidy is to be credited in instalments in proportion to the loan disbursed)
- 19) Source of the application (Whether direct/ULB or Govt. designated agency / NGO/ Developers)*:
- 20) Whether trunk and line infrastructure is existing or being provisioned*
 - i) Water Supply (Yes/No)
 - ii) Electricity Supply (Yes/No)
 - iii) Drainage/Sanitation (Yes/No)

* Mandatory Fields

**Annexure 3**

(Para 4.1 of the Guidelines)

Format for Utilization Certificate for CNAs

**FORMAT FOR CLAIMING SUBSIDY UNDER CREDIT LINKED SUBSIDY SCHEME
FOR EWS/LIG OF MINISTRY OF HOUSING & URBAN POVERTY ALLEVIATION,
GOVERNMENT OF INDIA**

[To be furnished by Central Nodal Agencies (NHB/HUDCO) to MoHUPA]

Summary

S.No.	Particulars	In Rs. Cr.
1	Total cumulative subsidy received from MoHUPA	
2	Interest earned on the funds available with CNA	
3	Subsidy amount released to PLIs so far (Please give State-wise and bank-wise details as per attached Format)	
4	Balance subsidy including interest available with CNA	
5	Subsidy sought from MoHUPA	

It is certified that

- 1) As certified by the PLIs, the loans have been sanctioned and disbursed in accordance with the extant guidelines for CLSS for EWS/LIG of the Ministry of Housing & Urban Poverty Alleviation Government of India.
- 2) It is further declared that there has been no negligence on the part of the CNA or any of its officers in verifying the claims and sanctioning the amounts to PLIs of the above referred loan accounts and the same has been sanctioned as per guidelines.
- 3) There is no duplicate claim of the subsidy for any of the aforesaid loan accounts.

(Authorized Signatory)
(Name and Designation)

Date:
Place



Enclosure to Annexure 3
(Para 4.1 of the Guidelines)

State- wise releases

State	No. of Beneficiaries	Amount of Subsidy released
Total		

PLI- wise releases

PLI	No. of Beneficiaries	Amount of Subsidy released to the PLIs
Total		



Features of Credit Linked Subsidy Scheme for EWS/LIG at a Glance

SI	Details	EWS	LIG
1	Household Annual Income (Rs.)		
	Min.	0	3,00,001
	Max.	3,00,000	6,00,000
2	Income Proof for Claiming Subsidy	Self declaration	
3	Property Carpet Area (sq.m.) Upto	30	60
4	Property Location	All Statutory Towns as per Census 2011 and towns notified subsequently	
5	Applicability of No <i>Pucca</i> House	Not for renovation/upgradation	
6	Woman Ownership/Co-ownership	Not for existing property. Required for new acquisition.	
7	Due Diligence Process	As per the process of the Primary Lending Institution	
8	Eligible Loan Amount	As per the policy applied by the Primary Lending Institution	
9	Identity Proof	As specified	
10	Housing Loan Sanction and Disbursement Period		
	From	17.06.2015	
	To	As specified	
11	Interest Subsidy Eligibilities		
i.	Loan Amount (Rs.) Min.	0	0
ii.	Loan Amount (Rs.) Max.	6,00,000	6,00,000
iii.	Loan Tenure (Years)* Max.	20	20
iv.	Interest Subsidy (% p.a.)	6.50	6.50
v.	NPV Discount Rate (%)	9.00	9.00
vi.	Max. Interest Subsidy Amount (Rs.)	2,67,280	2,67,280
12	Loan Category at the time of crediting the subsidy	Standard Asset	
13	Lumpsum amount paid per sanctioned Housing Loan application (Rs.)*	3,000	3,000
14	Quality of House/Flat Construction	National Building Code, BIS Codes and as per NDMA Guidelines adopted	

* With effect from 1.01.2017



15	Approvals for the Building Design	Compulsory
16	Basic Civic Infrastructure (water, sanitation, sewerage, road, electricity etc.)	Compulsory
17	Monitoring and Reporting the Completion of Property Construction	Responsibility of the Primary Lending Institution
18	Default Repayment of Loan	Recover and Pay back subsidy to CNA on proportionate basis
19	Data Submission & Accuracy, and Record Keeping & Maintenance	Responsibility of the Primary Lending Institution

Note: Data submission for claim/refund to CNA will be only through on-line portal, to promote digital transactions.



FREQUENTLY ASKED QUESTIONS

Disclaimer:

The Frequently Asked Questions (FAQs) and the responses hereunder are a synopsis of the queries/ clarifications raised by stakeholders over time. These are for general information and guidance only. These questions and responses have been framed keeping in view possible doubts that may arise and are not based on individual cases; therefore, it is not to be taken as a final view of the Ministry on the extant provisions of the Credit Linked Subsidy Scheme under Pradhan Mantri Awas Yojana (Urban) – Housing for All Mission.

Q.1: What is Affordable Housing through Credit Linked Subsidy Scheme for EWS/ LIG?

A: Under Credit Linked Subsidy, beneficiaries of Economically Weaker section (EWS) and Low Income Group (LIG) can seek housing loans from Banks, Housing Finance Companies and other such institutions for new construction and enhancement to existing dwellings as incremental housing. The credit linked subsidy will be available only for loan amounts upto Rs 6 lakhs and such loans would be eligible for an interest subsidy at the rate of 6.5 % for tenure of 20 years or during tenure of loan whichever is lower. The Net Present Value (NPV) of the interest subsidy will be calculated at a discount rate of 9%. Any additional loans beyond Rs. 6 lakhs will be at nonsubsidized rate. Interest subsidy will be credited upfront to the loan account of beneficiaries through lending institutions resulting in reduced effective housing loan and Equated Monthly Instalment (EMI).

Q.2: What is the process of crediting the interest subsidy?

A: The subsidy would be released by the CNAs based on the disbursements made by PLIs to the beneficiaries. Subsidy, so disbursed by the CNA to the PLI, will be credited by the PLI to the borrower's home loan account upfront by deducting it from the principal loan amount. As a result, the borrower will pay EMI on the remainder of the principal loan amount. E.g. the borrower avails a loan for Rs. 6.00 lakhs and subsidy thereon works out to approximately Rs. 2.67 lakhs, the amount (Rs. 2.67 lakhs) would be reduced upfront from the loan (i.e., the loan would reduce to Rs. 3.33 lakhs) and the borrower would pay EMIs on the reduced amount of Rs. 3.33 lakhs.



Q.3: What is role of State/ UTs/ ULBs for Affordable Housing through Credit Linked Subsidy scheme?

A: Role of States/UTs/ULBs under this component would be as under:

- State/UTs/ULBs/PLIs shall link beneficiary identification to Aadhaar, Voter card, any other unique identification or a certificate of house ownership from Revenue Authority of Beneficiary's native district to avoid duplication.
- State Level Nodal Agency (SLNA) identified by State/UT for implementing the Mission will facilitate the identified eligible beneficiaries in getting approvals and documents, etc. to avail of Credit Linked Subsidy.

Q.4: Who are the nodal agencies who will be operating or responsible for disbursement of the subsidy under CLSS?

A: HUDCO and NHB have been identified as Central Nodal Agencies (CNAs) to channelize this subsidy to the lending institutions and for monitoring the progress of this component. Ministry may notify other Institutions as CNA in future.

Q.5: Who are the PLIs through whom this subsidy will be released or credited?

A: Lending Institutions, Scheduled Commercial Banks, Housing Finance Companies, Regional Rural Banks (RRBs), State Cooperative Banks, Urban Cooperative Banks, Small Finance Banks (as approved by Reserve Bank of India), Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) (as registered with Reserve Bank of India) who have signed MoUs with any one of the Central Nodal Agencies (CNAs), will be the PLIs, who will operate the Scheme.

Q.6: Whether PLIs need to enter into any MoUs with CNAs for claiming subsidies?

A: Yes, PLIs need to enter into MoUs with one of the CNAs so as to claim benefit under CLSS.

Q.7: How will subsidy be disbursed to the CNAs?

A: An advance subsidy will be released to each CNA at the start of the scheme. Subsequent amounts of credit linked subsidy will be released to the CNAs after



- 70 % utilization of earlier amounts, on quarterly basis, and based on claims raised by CNAs.
- Q.8: Will any preferential treatment to given to beneficiaries proposed for Affordable Housing through Credit Linked Subsidy scheme?
- A: Preference under the Scheme will be given to Manual Scavengers, Women (with overriding preference to widows), persons belonging to Scheduled Castes/ Scheduled Tribes/ Other Backward Classes, Minorities, Persons with disabilities and Transgenders subject to beneficiaries being from EWS / LIG segments.
- Q.9: What happens where a beneficiary having availed of housing loans from one of the PLIs and also benefit under CLSS, switches over to another PLI for taking advantage of the reduced interest rate?
- A: A beneficiary who has taken a housing loan and availed of interest subvention under the scheme but later on switches to another PLI for balance transfer will not be eligible or claim the benefit of interest subvention again. Beneficiary can claim interest linked subsidy on only one loan account.
- Q.10: What happens when the subsidy has already been disbursed, but due to certain reasons, the construction of the house is stalled?
- A: In such cases, the subsidy is to be recovered and refunded to the Central Government.
- Q.11: Can a EWS/LIG beneficiary get home loan for 30 years?
- A: Yes, beneficiaries can apply for sanction of home loan for tenure of 30 years, which would depend on the due diligence norms of the PLIs concerned. In such cases, however, the interest subsidy would be restricted on home loans upto Rs. 6 lakhs for tenure not more than 20 years.
- Q.12: How the ULBs/NGOs will be incentivized for housing loan application for CLSS?
- A: For facilitating applicants in submission of their applications in proper form and certificates, designated staff of ULBs/NGOs, a sum of Rs. 250/- per sanctioned application would be paid out of CLS Scheme funds, payable through State Governments.



Q.13: Since the CLSS would be released to the PLI post claim, does it mean that PLI has to charge the EMI on the entire loan amount and after the CLSS claim amount is released, thereafter adjust the same to the loan and thereafter calculate the revised EMI payable by customer?

A: Interest subsidy will be credited upfront to the loan account of beneficiaries through lending institutions resulting in reduced effective housing loan and Equated Monthly Instalment (EMI).

Q.14: Is there any limit on the loan amount to be disbursed (ticket size)?

A: The credit linked subsidy will be available only for loan amounts upto Rs. 6 lakhs and additional loans beyond Rs. 6 lakhs, if any, will be at nonsubsidized rates.

Q.15: Is there any limit or upper cap on the value (Cost) of property for which home loan can be availed?

A: No.

Q.16: Are there any limitations on the portfolio of loans given to EWS or LIG or within the groups? e.g., certain % of loan portfolio to be disbursed to borrower under certain income levels say Rs.1 lakh rupees p.a.

A: No

Q.17: As per guidelines, the house constructed by availing loan under this scheme should be in the name of female head of the household or in the joint name of the male head of the household. But it is also mentioned that preference under the scheme is for women, persons belonging to SC/ST/OBC, Minorities, persons with disabilities and transgender. Can loans be provided under this scheme irrespective of the gender, caste, community.

A: Yes

Q.18: Who will be the competent authority for issuing NOC in the States?

A: State Level Nodal Agencies will identify the competent authority for issuing NOCs in respective states under advise to MoHUPA.



Q.19: How will the list be provided of approved Towns where the scheme is operational?

A: The list of Statutory Towns along with any other towns notified subsequently has been provided through CNAs..

Q.20: The disbursal of subsidy amount is in maximum of 4 installments whereas a builder could demand construction linked installments in more than this number. How to deal with such cases?

A: Such cases on the number of disbursal installments can be decided based on discussions between CNAs and PLIs for availing of benefit under the scheme, provided all other requirements of the scheme are complied with.

Q.21: Whether repairing work to the existing house is covered for benefit under the Scheme?

A: Repairing work to the existing house can be undertaken in houses which are kutcha, semi pucca and require extensive renovation to make it into a pucca house.

Q.22: The guidelines mention that “The beneficiary, at his/her discretion, can build a house of larger area but interest subvention would be limited to first Rs. 6 lakh.” Please clarify.

A: The construction of a new house can be undertaken as per the scheme guidelines. For extension/repair, the area limit will be 30 sq.m. and 60 sq.m. of carpet area for EWS and LIG category respectively.

Q.23: What is the situation about the charges levied by the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)? Whether these charges are to be recovered from the beneficiary or such charges are to be borne by the PLIs.

A: Presently, charges levied by CERSAI are being recovered from the concerned borrower/ beneficiary and the CLSS is independent of the same. However, PLIs may take a suitable decision at their end.



Q.24: Can CLSS be clubbed with private mortgage backed guarantee fund provided by certain private players in the market?

A: Yes

Q.25: Whether MoHUPA is contemplating to share the burden, where a loan becomes NPA and the PLI concerned is unable to recover the entire outstanding amount from the beneficiaries?

A: It is responsibility of the PLIs to carry out due diligence of the borrower as per their due diligence norms and as such recovery of NPAs, if any, is their responsibility. However, where the construction of the unit is stalled due to any reason, the subsidy released by MoHUPA is to be recovered alongwith loan recovery by the bank.

Q.26: Banks rely on income certificates and title ownership while disbursing loans. In this scheme, self certification is mentioned as income proof. Who will be responsible for title authenticity and income proof in such a situation?

A: Banks have to adopt their own due diligence process while sanctioning loans. While disbursing subsidy, a self certificate / affidavit as proof of income will be taken from the beneficiary for the purpose of interest subsidy. PLIs can resort to the remedies available under IPC and other relevant statutes in case of any fraudulent submission.

Q.27: What kind of land titles will be used for loan sanctioning in cases / areas where society pattas are prevalent?

A: The HFCs / PLIs must satisfy itself for sanctioning of loans and follow the due diligence documentation and approval process.

Q.28: Can re-finance be taken on subsidized home loans?

A: Yes

Q.29: What is the definition of new construction. Does it include:

- (a) Purchase of a new construction house from a builder
- (b) Purchase of a new construction house from a developer



- (c) Resale of a new construction house from the seller
- A: All the three instances mentioned in the question are covered under the definition of a new construction and are eligible under the Scheme for subsidy, within the prescribed terms and conditions, as applicable
- Q.30: Under this scheme, it needs to be clarified if the benefit would be extended to EWS/LIG applicants allotted dwelling units under a project being developed by a private sector without any association with public sector. Can a private developer have tie-ups with PLI(s) for the purpose of bringing the eligible beneficiaries within the fold of this central scheme?
- A: Yes
- Q.31: Is there any State Government sponsorship or approval required for availing benefits under this scheme for Private Developers?
- A: No
- Q.32: If in a standalone private sector led project, there are dwelling units/flats of sizes upto 60 sqm. carpet area, along with other dwelling units / flats of larger sizes; can the allottees of upto 60 sqm. size apply to the concerned PLI for 'credit linked subsidy' under the Mission?
- A: Yes
- Q.33: Can PLIs extend home loans under CLSS for a period of more than 20 years for the non-subsidy portion of the home loan?
- A: Beneficiaries of Economically Weaker section (EWS) and Low Income Group (LIG) seeking housing loans from Banks, Housing Finance Companies and other such institutions would be eligible for an interest subsidy at the rate of 6.5 % for a tenure of 20 years or during tenure of loan, whichever is lower.
- Q.34: Is resale from (builder/seller) allowed under CLSS?
- A: Resale cases would be allowed but it is incumbent upon banks to adopt their due diligence and banking mechanism processes to curtail speculative cases in this scenario.



Q.35: Is there a format for furnishing End-use certificate?

A: CNAs and PLIs may monitor this aspect based on their own due diligence process for granting loans. PLIs may also discuss and finalise this format in consultation with CNAs.

Q.36: Can NRIs be considered under this scheme?

A: NRIs can be considered provided they are eligible under the Scheme Guidelines and are also in compliance with other GoI/RBI rules, if any, applicable to NRIs.

Q.37: Under Coverage and Duration, it is mentioned that the houses constructed / acquired with central assistance under the Mission should be in the name of the female head of the household or in the joint name of the male head of the household and his wife, and only in cases when there is no adult female member in the family, the house can be in the name of male member of the household. Please clarify as the following cases apply:

- (a) If the loan is extended for a new purchase, then this condition can be fulfilled.
- (b) If it is a case of existing possession than the owner of the house / land cannot be ascertained to be a lady.

A: It is clarified that the condition laid down in the Scheme Guidelines that the house should be in the name of the female member of the household is applicable only for new purchases and not for new construction (on an existing piece of land) or for enhancement/repairs of an existing house.

Q.38: Please clarify on MOU format, para E7, 'the lender/second party will monitor the construction of the dwelling units financed under the scheme, including the approvals for the building design, infrastructure facilities etc. as also the quality of the construction and verify through site visits etc. the expenditure incurred upto different stages of construction'. As it is incumbent upon Third Party Quality Monitoring Agencies (TPQMA) to monitor and assure the quality of the PMAY (U) Mission, it is felt that the overlapping duty bestowed on the PLIs may be clarified owing to the expert monitoring agency established.

A: Third Party Quality Monitoring Agencies (TPQMAs) are to ensure quality



- of construction under the components of the PMAY (U) Mission, other than CLSS.
- Q.39: Is the involvement of banks required only in affordable housing through Credit Linked Subsidy Scheme or in other verticals of PMAY (Urban) also?
- A: Banks involvement is in Credit Linked Subsidy Scheme vertical of the PMAY (Urban) Mission. In so far as the other verticals are concerned, the banks are free to be involved; however, no Government of India support/ subsidy is prescribed in the scheme guidelines.
- Q.40: Do the processing charges on home loans include service charge component?
- A: The lump sum amount paid per sanctioned application to PLIs in lieu of processing charge for housing loan is all inclusive, including all taxes/levies.
- Q.41: Whether PLIs can fix the repayment tenure of more than 20 years to benefit eligible loanees under the scheme?
- A: The interest subsidy will be for tenure of 20 years or during the tenure of the loan whichever is lower. PLIs can fix the repayment tenure of more than 20 years, but the interest subvention will be applicable for tenure upto 20 years.
- Q.42: Is there any specified format for customers self-declaration for Manual Scavengers, women with over-riding preference to widows), persons belonging to SC/ST/OBC/Minorities/ PwD/ Transgenders?
- A: Certification procedure/ formats adopted by appropriate government bodies will be adopted.
- Q.43: Some banks / Financial Institutions are interpreting the condition envisaged in paragraph 1.3 of the guidelines to decline / not entertain applications from potential beneficiaries seeking housing loans for addition of room, kitchen, toilet etc. to their existing dwelling units as incremental housing under paragraph 3.3 of the guidelines, solely on the ground that the applicant is already possessing a pucca house. Is this interpretation correct?
- A: Declining to entertain an application for enhancement/ incremental housing under the PMAY (U) Mission solely on the ground that the individual has a pucca house is an incorrect interpretation of the Scheme Guidelines. It is clarified that



the condition that the beneficiary should not own a pucca house either in his/her name or in the name of any member of his/her family in any part of India, is not to be applied to cases of enhancement/ incremental housing as long as the enhancement/ incremental housing is with regard to existing lone pucca house owned by the beneficiary.

Q.44: Will the clarifications/ FAQs supersede the Guidelines?

A: The clarifications/ FAQs are to be read with the Scheme Guidelines.

Central Nodal Agencies for CLSS for EWS/LIG

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