

# **Pradhan Mantri Awas Yojana (Urban)**

## **- Housing for All**

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### **Credit Linked Subsidy Scheme for Middle Income Group (CLSS for MIG)**

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### **Operational Guidelines January, 2017**



**Ministry of Housing and Urban Poverty Alleviation  
Government of India**



### Definitions for the purposes of the Scheme

Beneficiary	<p>A beneficiary family will comprise of husband, wife, unmarried sons and/or unmarried daughters. An adult earning member (irrespective of marital status) can be treated as a separate household;</p> <p>Provided that he / she does not own a <i>pucca</i> (an all weather dwelling unit) house in his / her name in any part of India.</p> <p>Provided also that in the case of a married couple, either of the spouses or both together in joint ownership will be eligible for a single house, subject to income eligibility of the household under the Scheme.</p>
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 Scheme for Middle Income Group.
Middle Income Group (MIG) - I:	MIG - I households are defined as households having an annual income between Rs.6,00,001 (Rupees Six Lakh One) up to Rs.12,00,000 (Rupees Twelve Lakh).
Middle Income Group (MIG) - II:	MIG - II households are defined as households having an annual income between Rs.12,00,001 (Rupees Twelve Lakh One) up to Rs.18,00,000 (Rupees Eighteen Lakh).
Primary Lending Institutions (PLIs)	Scheduled Commercial Banks, Housing Finance Companies, Regional Rural Banks (RRBs), State Cooperative Banks, Urban Cooperative Banks, Small Finance Banks, Non Banking Financial Company – Micro Finance Institutions (NBFC-MFIs) or any other institutions as may be identified by the Ministry.



**1. Scope**

- 1.1 “Pradhan Mantri Awas Yojana (Urban) – Housing for All” Mission for urban areas is being implemented with effect from 17.06.2015 to provide central assistance to implementing agencies through States and UTs for providing houses to all eligible families/ beneficiaries. As a Central Sector Scheme, the existing Credit Linked Subsidy Scheme (CLSS) component of the Mission provides interest subsidy on home loans taken by eligible urban poor [Economically Weaker Section (EWS) / Lower Income Group (LIG)] for acquisition/construction of house.
- 1.2 Given the projected growth of urbanization in India and the consequent housing demands, Ministry of Housing and Urban Poverty Alleviation hereby introduces an interest subsidy scheme for acquisition/ construction of house (including re-purchase) to cater to the Middle Income Group (MIG) called “Credit Linked Subsidy Scheme (CLSS) for MIG”, which will also be implemented as a Central Sector Scheme.
- 1.3 The existing Credit Linked Subsidy Scheme under Pradhan Mantri Awas Yojana (Urban) Mission has, accordingly, been renamed as “CLSS for EWS/LIG”.
- 1.4 To be eligible to receive central assistance under CLSS for MIG:
- 1.4.1 The beneficiary family should not own a *pucca*<sup>1</sup> house either in his/her name or in the name of any member of his/her family in any part of India.
- 1.4.2 A beneficiary family should not have availed of central assistance under any housing scheme from Government of India.
- 1.5 A beneficiary family will comprise husband, wife, unmarried sons and/or unmarried daughters. An adult earning member (irrespective of marital status) can be treated as a separate household;

Provided that he / she does not own a *pucca*<sup>1</sup> house in his / her name in any part of India.

Provided also that in the case of a married couple, either of the spouses or both together in joint ownership will be eligible for a single house, subject to income eligibility of the household under the Scheme.

- 1.6 CLSS for MIG will be implemented initially in 2017 for a period of one year w.e.f 1.01.2017.

<sup>1</sup> An all weather dwelling unit



## 2.0 Coverage

- 2.1 All Statutory Towns as per Census 2011 and towns notified subsequently will be eligible for coverage under CLSS for MIG.

Note: Planning Area as notified with respect to the Statutory Town and which surrounds the concerned municipal area will also be covered under the Scheme.

## 3.0 Scheme Details

- 3.1 Beneficiaries of Middle Income Group seeking housing loans for acquisition/ construction of houses (including re-purchase) from Banks, Housing Finance Companies and other such notified institutions will be eligible for an interest subsidy with the following features:

Particulars	MIG I	MIG II
Household Income (Rs. p.a) <sup>2</sup>	12,00,000	18,00,000
Interest Subsidy (% p.a.)	4.00%	3.00%
Maximum loan tenure (in years)	20	20
Eligible Housing Loan Amount for Interest Subsidy (Rs.)	9,00,000	12,00,000
Dwelling Unit Carpet Area	90 Sq. m.	110 Sq. m.
Discount Rate for Net Present Value (NPV) calculation of interest subsidy (%)	9.00%	9.00%

- 3.2 CLSS for MIG will support acquisition/ construction of house (including re-purchase) of 90 square meters and 110 square meters carpet area as per income eligibility with basic civic infrastructure like water, toilet, sanitation, sewerage, road, electricity etc.
- 3.3 Houses constructed under CLSS for MIG should conform to the norms and standards provided in extant guidelines on construction and structural safety in the country.

<sup>2</sup> As per definitions for the purpose of the Scheme



#### 4.0 Implementation Methodology

- 4.1 The credit linked subsidy will be available only for loan amounts indicated in paragraph 3.1 above for a tenure of 20 years or during tenure of loan whichever is lower. Additional loans beyond the aforementioned specified limit, if any, will be at non-subsidized rate.
- 4.2 Interest subsidy will be credited upfront to the loan account of beneficiaries through Primary Lending Institutions resulting in reduced effective housing loan and Equated Monthly Installment (EMI).
- 4.3 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. Ministry may notify other institutions as CNA in future.
- 4.4 Primary Lending Institutions (PLIs), identified as Scheduled Commercial Banks, Housing Finance Companies, Regional Rural Banks, State Cooperative Banks, Urban Cooperative Banks, Small Finance Banks<sup>3</sup>, Non Banking Financial Company – Micro Finance Institutions (NBFC MFIs)<sup>4</sup> or any other institution as may be identified by the Ministry, can register only with one of the CNAs by signing MOU for CLSS for MIG as provided in Annexure 1.
- 4.5 The Primary Lending Institutions (PLIs) that have signed MoU with the CNAs under the existing CLSS vertical (now to be treated under CLSS for EWS/LIG), of Pradhan Mantri Awas Yojana (Urban) Mission, will be given the option to extend the mandate of their MoU<sup>5</sup> to CLSS for MIG.
- 4.6 Primary Lending Institutions, in the home loan applications, shall disclose transparently the Scheme eligibility and ascertain willingness and eligibility of applicants under CLSS for MIG.
- 4.7 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.

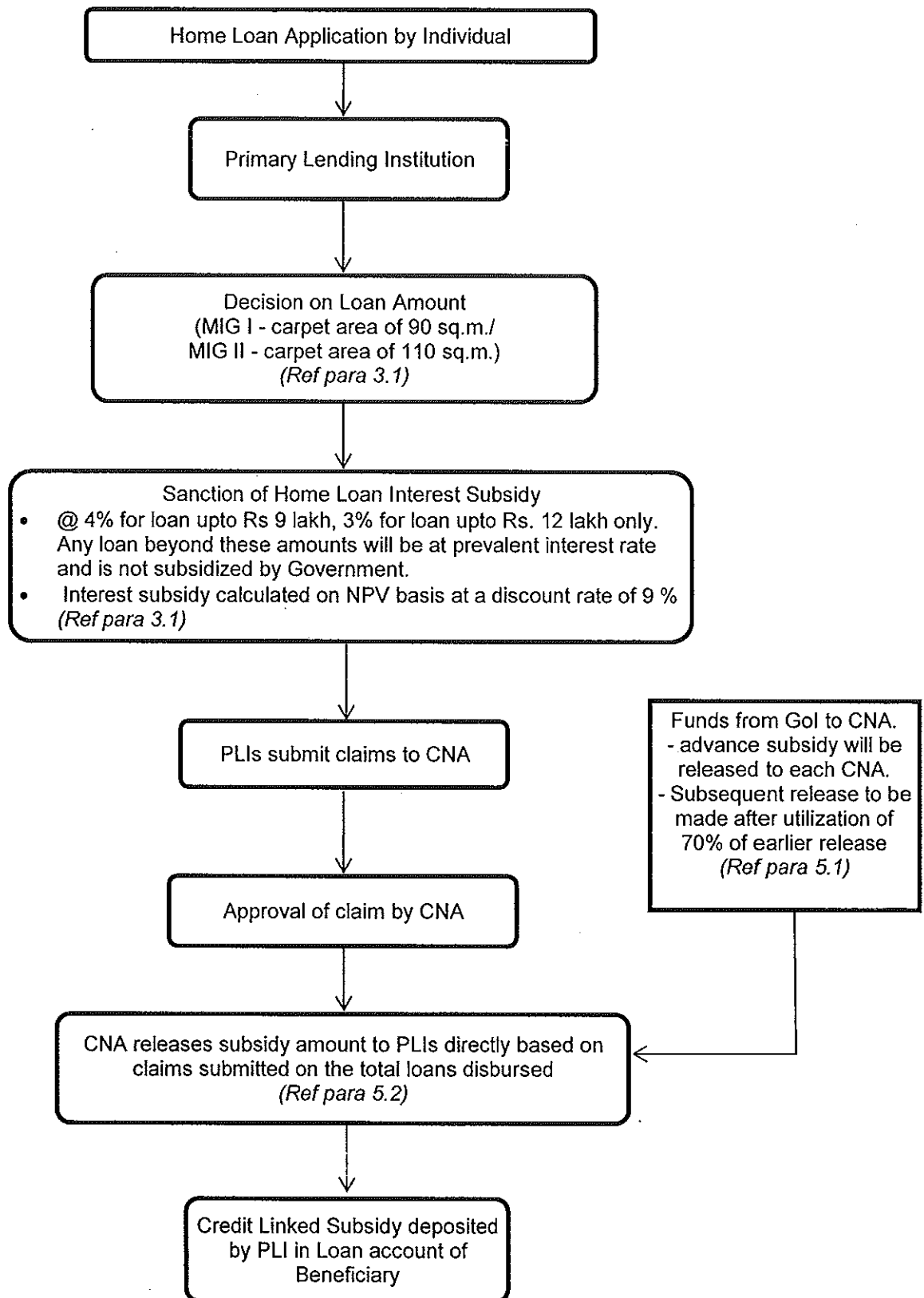
<sup>3</sup> As approved by Reserve Bank of India

<sup>4</sup> As registered with Reserve Bank of India

<sup>5</sup> Through appropriate execution of legal documents, other than MOU, as applicable.



Fig. 1 : Steps in Credit Linked Subsidy Scheme for MIG





- 4.8 Primary Lending Institutions (PLIs) shall link the details of Aadhaar number(s) of beneficiary family to avoid duplication before submitting claims to CNAs.
- 4.9 Preference under the Scheme, subject to beneficiaries being from MIG segments, may be given to women (with overriding preference to widows, single working women), persons belonging to Scheduled Castes/Scheduled Tribes/Other Backward Classes, Persons with disabilities and Transgender.
- 4.10 In cases where a borrower who has taken a housing loan from one PLI and availed of interest subsidy under CLSS for MIG, switches to another PLI for balance transfer, such a beneficiary will not be eligible to claim the benefit of interest subsidy subsequently.
- 5.0 Mechanism for Release of Central Subsidy**
- 5.1 An advance subsidy will be released to each CNA. 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 format at Annexure 3.
- 5.2 Based on the loan disbursed by a PLI to MIG beneficiaries, the CNA will release the subsidy amount to PLIs directly based on the claims submitted on the total loans disbursed.
- 5.3 0.1% of total fund disbursement by the CNAs to the PLIs will be paid to the CNAs for their administrative expenses.
- 5.4 Subsidy will be credited by the PLI to the borrower's account upfront on receipt of subsidy from the CNAs by deducting it from the principal loan amount of the borrower. The borrower will pay EMI as per agreed document rates on the remainder of the principal loan amount.
- 5.5 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. 2,000 (Rupees Two Thousand only) per sanctioned application. PLIs will not take any processing charge from the beneficiary for eligible housing loan amount as per income criteria under the Scheme. For additional loan amounts beyond the eligible loan amounts for interest subsidy as indicated in Para 3.1, PLIs can charge the normal processing fee.



**6.0 Monitoring and Implementation of the Scheme**

- 6.1 CLSS for MIG will be implemented and monitored by the Mission Directorate formed under Ministry of Housing and Urban Poverty Alleviation to implement Pradhan Mantri Awas Yojana (Urban) Mission, headed by the Joint Secretary and Mission Director (HFA).
- 6.2 State Level Bankers Committee (SLBC) will monitor the Scheme through its prevalent institutional mechanism.
- 6.3 In case of any false declaration by a beneficiary under the Scheme, he / she would be liable for legal proceedings under applicable laws.



## Memorandum of Understanding (MoU)

This Memorandum of Understanding (MoU) has been executed on \_\_\_\_\_ at \_\_\_\_\_

### BETWEEN

National Housing Bank (NHB) / Housing and Urban Development Corporation Limited (HUDCO), \_\_\_\_\_ India Habitat Centre, Lodhi Road, New Delhi – 110003, through Shri \_\_\_\_\_ (name) its \_\_\_\_\_ (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. \_\_\_\_\_ (Primary Lending Institution Name), \_\_\_\_\_ (Address) through Shri \_\_\_\_\_ (name) its \_\_\_\_\_ (designation) (herein after 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 \_\_\_\_\_ (Primary Lending Institution Name), \_\_\_\_\_ (Address) has already executed the MoU with NHB/HUDCO for the implementation of Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme (PMAY-CLSS) for beneficiaries of EWS/LIG

WHEREAS, the Ministry of Housing and Urban Poverty Alleviation (MoHUPA), Government of India is implementing an interest subsidy scheme to cater to the Middle Income Group ("MIG") named as Credit Linked Subsidy Scheme (CLSS) for MIG (hereinafter called as the "Scheme") to address the housing needs of the MIG segment in urban areas as part of the "Pradhan Mantri Awas Yojana (Urban) – Housing for All" Mission.

WHEREAS, the Scheme envisages the provision of differential interest subsidy to MIG I and MIG II segments to enable such borrower/beneficiary to buy/construct a *pucca* house.

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/Lender in respect of housing loan sanctioned by Second Party/Lender to various borrowers/beneficiaries under the Scheme as detailed in this MoU.

WHEREAS, the Second Party/Lender is, inter-alia, in the business of lending housing loans to individual beneficiaries on deferred payment basis and is interested in passing on the benefit of the Scheme to eligible borrowers/beneficiaries by crediting the eligible subsidy amount to their housing loan account as per the Scheme.

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

- A. The Mo/HUPA, Government of India has issued the operational guidelines for the Scheme (hereinafter called the "Scheme Guidelines") by setting out 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.. The Scheme Guidelines shall be treated as part and parcel of this MoU and shall be read together for all purpose.
- B. The Mo/HUPA, Government of India shall be at full liberty to amend/modify/withdraw/terminate the Scheme and/or amend/modify the Scheme Guidelines.

C. That the First Party is the CNA appointed by Mo/HUPA, Government of India for channelizing the Interest Subsidy to the Second Party/Lender 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/Lender out of the funds released by Mo/HUPA, Government of India, as per the Scheme Guidelines. On receipt of information regarding the loan disbursed by the Second Party/Lender to eligible borrower/beneficiary, the First Party shall release the subsidy amount to the Second Party/Lender directly.
2. The interest subsidy will be at the rate of 4.0 (four) percent and 3.0 (three) percent on the principal amount of the loan for the MIG I and MIG II borrower/beneficiary, respectively and the subsidy shall be admissible for a maximum loan amount of first Rs.9.00 (nine) lakh for MIG I and Rs. 12.00 (twelve) lakh for MIG II, as the case may be, irrespective of the total loan size, for 20 (twenty) years or full period of the loan, whichever is less. If the loan size, however, is less than Rs.9.00 (nine) lakh for MIG I and Rs. 12.00 (twelve) lakh for MIG II, the subsidy will be calculated based on the actual loan amount. The Net Present Value (NPV) of subsidy will be calculated based on a notional discount rate of 9.0 (nine) percent and upfront subsidy shall be released to the Second Party/Lender. The NPV subsidy given to the Second Party/Lender will be deducted from the principal loan amount of the borrower/ beneficiary, who will then have to pay interest to the Second Party/ Lender at an agreed documented rate on effectively reduced housing loan for the whole duration of the loan.

**E. Responsibilities and Obligations of Second Party/Lender**

1. The Second Party/Lender hereby undertakes to pass-on the entire benefit of the Scheme to its borrowers/ beneficiaries.
2. The Second Party/Lender hereby undertakes to implement the Scheme as per the terms & conditions under the Scheme Guidelines.
3. The Second Party/Lender hereby undertakes that it will follow the best practices of lending to implement the Scheme and follow the Scheme Guidelines and the Regulations of Reserve Bank of India (RBI) / National Housing Bank (NHB) issued from time to time.
4. The Second Party/Lender will exercise necessary 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 Second Party/Lender will adhere to all extant guidelines issued by the Mo/HUPA, Government of India under the Scheme Guidelines including the amendments/ modifications issued from time to time.
6. The Second Party/Lender 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 financed under the Scheme. The Second Party/Lender 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 1<sup>st</sup> instalment/tranche of the loan amount. In case of default in not providing

utilization/end-use certificate, the Second Party/Lender shall refund the amount of subsidy to the First Party. Further, any unutilized amount of subsidy shall be immediately returned by Second Party/Lender to the First Party.

7. The Second Party/Lender 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 up to different stages of construction.
8. In case of pre-closure of housing loan by the borrower/beneficiary any time before the expiry of the contracted loan tenure, the Second Party/Lender will recover the interest subsidy credited in the home loan account of the borrower/beneficiary on proportionate basis(i.e. in proportion to the tenure), and refund the amount to the First Party after deducting 10 % of the recovered amount for meeting the administrative expenses.
9. In the event of default in repayment of the loan by the borrower/beneficiary to the Second Party/Lender and the loan becoming Non-performing asset (NPA), the Second Party/Lender will proceed for recovery of the dues through such measures as considered appropriate, including foreclosure of the property, as per law. In all such cases, the amount of the recoveries will be charged on first charge basis to the subsidy amount and shall be appropriated on proportionate basis (i.e. in proportion to the loan outstanding and subsidy disbursed).
10. The Second Party/Lender 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).
11. The Second Party/Lender 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.
12. The Second Party/Lender shall furnish the credit information periodically on the CLSS for MIG beneficiaries to credit information companies, as per the prescribed format.
13. The Second Party/Lender will clearly explain to the loanees/ borrowers/ beneficiaries the consequences of availing loan on fixed/floating rates of interest.

**F. Governing Laws, Disputes and Jurisdiction**

This MoU shall be governed by the laws of India and all disputes and differences between First Party and Second Party/Lender 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 Managing Director and CEO/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 on this date as mentioned above.

For and on behalf of

For and on behalf of

(First Party/CNA)

(Second Party/Lender)

**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/NBFC-MFI/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: MIG I/MIG II
  - 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, Working Women-02, Widow-03 and Others-04 (Pl. specify)\*
  - j) Sex: Male/Female/Transgender\*:
  - k) Unique Identification (Aadhaar ID card number)\* :
- 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 ID card number)\*:
- 4) Number of unmarried son/daughter (upto 4): Name of adult along with Unique Identification (Aadhaar ID card number):
- 5) Property type\* (01-Flat; 02-Independent house)
- 6) Type of House: New (01); Re-purchased (02)

- 7) Carpet area of house (in sq.m.)\* [put ✓]
- Upto 90 sq.m.
  - Upto 110 sq.m.
- 8) Complete postal address of property with PIN code\* (House/Flat/Door No, Name of Street, City/Village, District, State, Pincode, Town code)
- 9) Loan Amount Sanctioned (In Rs)\*
- 10) Housing Loan Account Number\*
- 11) Purpose of loan \* (For purchase/re-purchase)-01/Construction-02):
- 12) Tenure of loan including Moratorium Period (in months)\*:
- 13) Housing loan interest\*:
- 14) Moratorium period if any\* (in months):
- 15) Repayment start date [DD/MM/YYYY]\*
- 16) 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]
- 17) Cumulative Amount of subsidy credited  
(as subsidy is to be credited in instalments in proportion to the loan disbursed)
- 18) 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)
19. Sanction Date [DD/MM/YYYY]\*

\* Mandatory fields

**Format for Utilization Certificate for CNAs**

**FORMAT FOR CLAIMING SUBSIDY UNDER CREDIT LINKED SUBSIDY  
SCHEME – II FOR MIG 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 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**

**Annexure 3**  
(Para 5.1 of the Guidelines)

**State- wise releases**

<b>State</b>	<b>No. of Beneficiaries</b>	<b>Amount of Subsidy released</b>
<b>Total</b>		

**PLI- wise releases**

<b>PLI</b>	<b>No. of Beneficiaries</b>	<b>Amount of Subsidy released to the PLIs</b>
<b>Total</b>		

Comparative Chart – 1 page  
(excel sheet)



**Central Nodal Agencies for CLSS for MIG**

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National Housing Bank  
(wholly owned by Reserve Bank of India)  
Core 5-A, India Habitat Centre,  
Lodhi Road, New Delhi 110 003  
CLSS Toll free helpline No.:  
1800-11-3377; 1800-11-3388  
E-mail: [clssim@nhb.org.in](mailto:clssim@nhb.org.in)

Housing and Urban Development  
Corporation Ltd.  
(A Govt. of India Enterprise)  
Core 7-A, India Habitat Centre, Lodhi  
Road, New Delhi - 110 003  
CLSS Toll free Helpline No.: 1800-11-6163  
E-Mail: [hudconiwas@hudco.org](mailto:hudconiwas@hudco.org)

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The Joint Secretary & Mission Director (Housing for All)  
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