



Cabinet

# Cabinet approves the increase in the carpet area of houses eligible for interest subsidy under the Credit Linked Subsidy Scheme for the Middle Income Group under Pradhan Mantri Awas Yojana

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The Union Cabinet chaired by Prime Minister Shri Narendra Modi has approved the increase in the carpet area of houses eligible for interest subsidy under the Credit Linked Subsidy Scheme (CLSS) for the Middle Income Group (MIG) under Pradhan Mantri Awas Yojana (Urban).

To further enhance the scope, coverage and outreach of the Scheme, the Cabinet has approved the following:

- i. increasing the carpet area in the MIG I category of CLSS from the existing 90 square metre to **"up to 120 square metre"** and increasing the carpet area in respect of MIG II category of CLSS from the existing 110 square metre to **"up to 150 square metre"**; and
- ii. making the above change effective from 01.01.2017 i.e. the date the CLSS for MIG had become effective.

The CLSS for MIG is a pro-active step in meeting the challenges of urban housing shortage. It also is a pioneering step to enable the Middle Income Group to access the benefits of an interest subsidy scheme.

The CLSS for MIG covers two income segments in the MIG viz. Rs.6,00,001 to Rs.12,00,000 (MIG-I) and Rs.12,00,001 to Rs.18,00,000 (MIG-II) per annum. In

the MIG-1, an interest subsidy of 4% has been provided for loan amounts up to Rs.9 lakh while in MIG-2, an interest subsidy of 3% has been provided for loan amount of Rs.12 lakh. The interest subsidy will be calculated at 9% NPV over a maximum loan tenure of 20 years or the actual tenure, whichever is lesser. Housing loans above 9 lakh and 12 lakh will be at non-subsidized rates.

The CLSS for MIG is currently effective up to 31.03.2019.

## Impact

- The limit of 120 sq m. and 150 sq m. is seen as a reasonable enhancement and would cater to the market generally scouted by the MIG belonging to the two income categories specified in the scheme.
- The increase in carpet area will enable the MI category of individuals to have a wider choice in Developers' projects.
- The increased carpet area will also give a boost to the sale of ready built flats in the affordable housing segment.

## Background:

Ministry of Housing and Urban Affairs is implementing the Credit Linked Subsidy Scheme for Middle Income Group (CLSS for MIG) under the Pradhan Mantri Awas Yojana (Urban) since 1.01.2017 pursuant to Hon'ble Prime Minister's address to the Nation on 31.12.2016 announcing increased benefits for poor people availing housing loans, and a new interest subsidy scheme for housing loans for the Middle Income Group (MIG).

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