

PMAY - U 2.0 Interest Subsidy Scheme (ISS)

Building the home of your dreams is an expensive undertaking. To ensure that you can create a space for yourself, you can rely on MHFCL to help you out with the finances. And while MHFCL can assist you in buying or building your home, an extra interest subsidy can reduce the weight of repaying the loan liability. Now, with the Interest Subsidy Scheme (ISS) of Pradhan Mantri Awas Yojana (Urban) (PMAY-2.0), you can avail of a Home Loan subsidy easily to repay Home Loans.

However, before you avail for a Home Loan Subsidy, here are a few things to know about Pradhan Mantri Awas Yojana – Urban 2.0.

What is the Pradhan Mantri Awas Yojana -Urban 2.0 (PMAY-U 2.0) – [Link for PMAY 2.0](#)

In pursuance of Government's vision of facilitating Housing for All, Ministry of Housing and Urban Affairs (MoHUA), Government of India is implementing Pradhan Mantri Awas Yojana- Urban (PMAY-U) – 'Housing for All' Mission since 25.06.2015. With the rapid urbanisation of the country, the need for Affordable housing is increasing.

In the Union Budget 2024, Finance Minister announced that under PMAY-U 2.0, housing needs of 1 crore urban poor and middle-class families will be addressed in the next 5 years. Launched with effect from September 1, 2024, this new phase seeks to continue the mission of ensuring "Housing for All" by offering financial assistance for the construction or purchase of pucca houses in urban areas.

Pradhan Mantri Awas Yojana - Urban 2.0 (PMAY-U 2.0) is flagship scheme of Ministry of Housing & Urban Affairs (MoHUA) under which financial assistance will be provided to 1 crore urban poor and middle-class families through States/Union Territories (UTs)/PLIs to construct, purchase or rent a house at an affordable cost in urban areas in 5 years starting from September 1st, 2024. Families belonging to EWS/LIG/MIG segments, having no pucca house anywhere in the country, are eligible to purchase or construct a house under PMAY-U 2.0. Central assistance of up to ₹2.50 lakh crore is provided under the Scheme.

PMAY-U 2.0 is implemented through four verticals i.e., Beneficiary Led Construction, Affordable Housing in Partnership, Affordable Rental Housing and Interest Subsidy Scheme. Interest Subsidy Scheme (ISS) is designed to make housing loans more affordable for the eligible beneficiaries.

What is Interest Subsidy Scheme (ISS)

The Mission will implement Interest Subsidy Scheme (ISS) vertical as a Central Sector Scheme to expand institutional credit flow to the affordable housing sector. Subsidy will be provided on home loans sanctioned and disbursed on or after September 1st, 2024 to eligible beneficiaries of EWS, LIG & MIG segments for purchase/ re-purchase/construction of houses. Households belonging to EWS, LIG and MIG category with an annual income of up to ₹3 lakh, ₹6 lakh and ₹9 lakh, respectively will be eligible to avail the benefit of the Scheme.

The Interest Subsidy Scheme under Pradhan Mantri Awas Yojana Urban 2.0 (PMAY-U 2.0) is applicable for home loans that allows beneficiaries to avail of an interest subsidy when they take up a Home Loan. Under this scheme, eligible home loan borrowers can obtain an interest subsidy of up to ₹1.80 lakhs towards the principal amount. Since the principal amount gets lowered, the EMI of the home loan gets reduced.

For identification as an EWS/LIG/MIG beneficiary under the Scheme, an individual loan applicant will submit self-certificate/affidavit as proof of income.

Eligible beneficiaries with a loan tenure of more than five years can receive an interest subsidy of up to ₹1.80 lakh, with a maximum net present value (NPV) of ₹1.50 lakh, based on a discount rate of 8.5%. A beneficiary family will comprise of husband, wife, unmarried sons and/or unmarried daughters. Families belonging to EWS/LIG/MIG segments, living in urban areas, should not own a pucca 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.

Key features of Interest Subsidy Scheme (ISS)

- An interest subsidy of 4% is available under this scheme. The Net Present Value (NPV) of the interest subsidy is being calculated at a reduced rate of 8.5%.
- The total subsidy amount can be up to ₹1.8 lakh, available on the first ₹8 lakh of the PMAY Home Loan scheme, spread over 12 years.
- The subsidy will be released in 5 yearly instalments through DBT in loan accounts of beneficiary provided loan is active at the time of release of subsidy and more than 50% principal is outstanding. Subsidy will be credited by the lender 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.
- The loan must be active, and at least 50% of the principal amount must be due at the time of the release of the subsidy. The subsidy reduces the borrower's principal loan amount as this gets adjusted against the principal loan amount borrowed.
- The subsidy will be provided to those beneficiaries who have submitted the approved layout plan as per guidelines of States/UTs. However, the layout plan may not be insisted where States/UTs have provided the exemption for construction of houses having provision of deemed approval or pre-approved building plan.
- The houses constructed/ acquired/purchased with Central Assistance under the Scheme 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. In cases where the applicant is a widower, unmarried, separated person, or transgender, the house will be made in the individual's name. In case of death of beneficiary(s), the legal heir of the beneficiary will get the benefit under the scheme.
- An undertaking from the beneficiary will be taken as a declaration of the fulfilment of eligibility criteria of income and not owning a pucca house anywhere in India on his/her name or any other family members in a specified format as mandated under the PMAY guidelines.

- The Interest Subsidy Scheme is applicable for eligible house properties situated in all Statutory Towns as per Census 2011 and towns notified subsequently and areas falling within the boundary of Notified Planning Areas, Notified Planning/ Development area under the jurisdiction of Industrial Development Authority/Special Area Development Authority/Urban Development Authority or any such Authority under State legislation which is entrusted with the functions of urban planning and regulations shall be included for the coverage under the Scheme for all verticals

Eligibility Criteria	Economically Weaker Sections (EWS)	Low-Income Group (LIG)	Middle-Income Group (MIG)
Annual Household Income (₹)	Up to ₹3 lakh	₹3 lakh - ₹6 lakh	₹6 lakh - ₹9 lakh
Interest Subsidy (% P.A.)	4% on the first ₹8 lakh of the loan		
Maximum Home Loan Eligible (₹)	₹25 lakh		
Maximum House Value (₹)	₹35 lakh		
Maximum Carpet Area(sqm)	120 sqm		
Maximum Benefit of Interest Subsidy (₹)	₹1.80 lakh		
Applicable Date	Home loans sanctioned and disbursed on September 1st, 2024 or after		
Validity of Scheme	5 years from the launch of scheme		
Categories of Home loans	Purchase, Re-purchase & Construction of house		

Exclusions (ineligibility) criterion under Interest Subsidy Scheme

- The subsidy under the scheme will be provided only once for a property. If it is sold to someone else, the purchaser can't take benefit of ISS on this property.
- If two or more family members take combined or separate loan on same property, they will be treated as same family for calculation of family income and benefit.
- The beneficiaries who have availed any previous benefit of schemes under Central/State/UT/Local bodies in the last 20 years, shall not be eligible under the scheme.
- Home loans sanctioned and disbursed prior to September 1st, 2024 are excluded from the benefits of Interest Subsidy Scheme.

- In case a borrower has taken a housing loan from one financial institution and later on switches to another lender for balance transfer, such beneficiary will not be eligible to claim the benefit of interest subsidy again. If a person has not claimed interest subsidy from first lender, he/she shall not be eligible after balance transfer.
- Only loan up to ₹25 lakh with the house value up to ₹35 lakh will be eligible for subsidy under this vertical. If the family income or property value as assessed by financial institution for sanction of loan is higher than eligibility limit, loan will not be eligible for subsidy.

How to apply for Interest Subsidy Scheme (ISS) ON MHFCL home loan?

MHFCL offers Home Loans that provide quick disbursal of the loan amount at affordable interest rates. With various repayment options and EMI facilities, you can pay off the loan amount with relative ease. However, to help your buy/construct your first pucca house, MHFCL also facilitate you to benefit from the Interest Subsidy Scheme. You can avail of the interest subsidy on MHFCL with utmost ease and convenience.

1. Apply for MHFCL Home loan – www.muthoothousing.com
2. Apply for ISS subsidy here – [PMAY portal link](#)

You may contact your nearest MHFCL branch to learn more about our home loan options

*Terms and conditions apply. Home Loan at the sole discretion of MHFCL limited. Loan disbursal is subject to documentation and verification as per Banks requirement.

The interest subsidy on home loans under government schemes is subject to eligibility norms prescribed by the Ministry of Housing and Urban Affairs. Kindly refer to the scheme guidelines – [PMAY-HFA](#)

PMAY FAQs

- **What is PMAY-U 2.0?**

Pradhan Mantri Awas Yojana-Urban 2.0 (PMAY-U 2.0) aims to provide Central Assistance to eligible families/beneficiaries through PLIs for constructing or purchasing (new as well as resale) affordable houses in urban areas.

- **What would be the implementation period of PMAY-U 2.0?**

The scheme will be implemented for a period of 5 years starting from 1st Sept'2024 to 2029.

- **What is the eligibility criteria for seeking benefit under the scheme?**

Families belonging to EWS/LIG/MIG segments, living in urban areas, having no pucca house either in his / her name or in the name of any member of his / her family anywhere in the country are eligible to purchase/construct or rent a house under PMAY-U 2.0.

- **What is the definition of beneficiary family under the scheme?**

A beneficiary is defined as a family comprising of husband, wife and unmarried children.

- **What is the definition of EWS, LIG and MIG for the purpose of the scheme?**

EWS households are defined as households with an annual income up to ₹3 lakh. LIG households are defined as households with an annual income from ₹3 lakh up to ₹6 lakh. MIG households are defined as households with an annual income from ₹6 lakh up to ₹9 lakh.

- **What is the coverage of PMAY-U 2.0?**

PMAY-U 2.0 covers all statutory towns as per Census 2011 and towns notified subsequently. It also includes Notified Planning Areas and areas within the jurisdiction

of Industrial Development Authorities, Special Area Development Authorities, Urban Development Authorities, or any such Authority under State legislation entrusted with urban planning and regulation functions.

- **Will the newly notified towns be included in PMAY-U 2.0?**

Yes, towns notified during implementation period of PMAY-U 2.0 will also be included under the scheme based on gazette notifications of States/UTs with approval from the Ministry of Housing and Urban Affairs (MoHUA).

- **How Women empowerment is promoted under the scheme?**

The scheme guidelines mandate ownership of the house to be in the name of female head of the household or in joint ownership with the male member.

- **What is the cutoff date for eligibility of interest subsidy under ISS vertical?**

Subsidy will be provided on home loans sanctioned and disbursed on 01.09.2024 or after to eligible beneficiaries of EWS/LIG and MIG for purchase/ re-purchase/construction of houses.

- **How much subsidy is permissible under this vertical?**

A maximum of ₹1.80 lakh subsidy will be given to eligible beneficiaries under ISS.

- **How will the beneficiary apply for availing the benefit of interest subsidy under the scheme?**

The beneficiary interested to avail subsidy will be required to register their demand and provide the PLI details for home loan through Unified Web Portal.

- **How will I know if I am eligible for ISS?**

The beneficiary can find out their eligibility based on the following eligibility parameters under ISS at unified web portal:

- i. Undertaking on not owning a house anywhere in India except for the one being acquired/constructed
- ii. Declaration on not availing benefit under any housing schemes in last 20 years
- iii. Household income is not exceeding ₹9 lakh per annum
- iv. Home loan is not more than ₹25 lakh
- v. House value is not more than ₹35 lakh
- vi. Carpet area of the house is not more than 120 sqm

- **How Interest subsidy will be released to the beneficiary?**

Subsidy will be released in 5 yearly instalments through DBT in loan accounts provided loan is standard and live at the time of release of subsidy and more than 50% principal is outstanding.

- **Under what circumstances a subsidy be denied to an active loan account of the beneficiary?**

The subsidy for a beneficiary shall not be released if the beneficiary Loan account is NPA or principal loan amount outstanding is less than 50%.

Muthoot Housing Finance Company Ltd
Corporate Office Address:
12A 01, 13th Floor, Parinee Crescenzo, Plot No. C-38 & C-39,
Bandra Kurla Complex – G Block, Bandra (East), Mumbai - 400051

Registered Office Address:
TC 14/2074-7, Muthoot Centre, Punnen Road, Trivandrum,
Kerala - 695039

Toll Free Number - 1800 267 8811

Website details - www.muthoothousing.com