

# Cabinet approves Pradhan Mantri Awas Yojana-Urban 2.0 Scheme

## 1 crore houses to be constructed for urban poor and middle-class families

## Investment of 10 lakh crore and Government Subsidy of 2.30 lakh crore under PMAY-U 2.0

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The Union Cabinet, chaired by Hon'ble Prime Minister Shri Narendra Modi, today approved **Pradhan Mantri Awas Yojana-Urban (PMAY-U) 2.0** 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. The Government Assistance of ₹ 2.30 lakh crore will be provided under the Scheme.

PMAY-U is one of the major flagship programmes being implemented by Government of India to provide all-weather pucca houses to all eligible beneficiaries in the urban areas. Under PMAY-U, 1.18 crore houses have been sanctioned while more than 85.5 lakh houses have already been constructed and delivered to the beneficiaries.

Hon'ble Prime Minister in his Independence Day speech on 15<sup>th</sup> August 2023 from the ramparts of Red Fort had announced that Government of India will come up with a new scheme for the coming years to provide benefit to weaker section and middle-class families in owning a house.

The Union Cabinet on 10<sup>th</sup> June 2024 resolved to provide assistance to 3 crore additional rural and urban households for the construction of houses, to meet the housing requirements arising out of the increase in the number of eligible families. In pursuance of the Hon'ble Prime Minister's vision, PMAY-U 2.0, with an investment of ₹ 10 lakh crore, will address the housing needs of one crore families, ensuring that every citizen leads a better quality of life.

In addition, the corpus fund of Credit Risk Guarantee Fund Trust (CRGFT) has been increased from ₹1,000 crore to ₹3,000 crore to provide benefit of credit risk guarantee on affordable housing loans from Banks/Housing Finance Companies (HFCs)/Primary Lending Institutions (PLIs) to Economically Weaker Section (EWS)/Low Income Group (LIG) segments for construction/purchase of their first home. Further Management of Credit Risk Guarantee Fund will be transferred to National Credit Guarantee Company (NCGTC) from National Housing Bank (NHB). Credit Risk Guarantee Fund Scheme is being restructured and modified guidelines will be issued by Ministry of Housing & Urban Affairs (MoHUA).

### **PMAY-U 2.0 Eligibility Criteria**

Families belonging to EWS/LIG/Middle Income Group (MIG) segments having no pucca house anywhere in the country are eligible to purchase or construct a house under PMAY-U 2.0.

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

### Coverage of the Scheme

All statutory towns as per Census 2011 and towns notified subsequently, including Notified Planning Areas, Areas falling within 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 also be included for the coverage under PMAY-U 2.0.

### PMAY-U 2.0 components

The Scheme seeks to address the affordable housing requirement in urban areas through following verticals:

- Beneficiary-Led Construction (BLC):** Under this vertical, financial assistance will be provided to individual eligible families belonging to EWS categories to construct new houses on their own available vacant land. In case of landless beneficiaries, land rights (*pattas*) may be provided by States/UTs.
- Affordable Housing in Partnership (AHP):** Under AHP, financial assistance will be provided to EWS beneficiaries for owning houses being built with different partnerships by States/UTs/Cities/Public/Private agencies.
  - Redeemable Housing Vouchers will be given to beneficiaries who purchase house from private projects. States/UTs/ULB shall whitelist the private sector projects complying with all the necessary norms
  - An additional Grant in the form of Technology Innovation Grant (TIG) @₹1000 per sqm/unit shall be provided to AHP Projects using innovative construction technologies
- Affordable Rental Housing (ARH):** This vertical will create adequate rental housing for working women/industrial workers/ urban migrants/homeless/destitute /students and other eligible beneficiaries. ARH shall ensure affordable and hygienic living spaces for urban dwellers who do not want to own a house but require housing for short term basis or those who do not have the financial capability to construct/buy a house.

This vertical will be implemented through two models as under:

- Model-1: Utilizing existing Government funded vacant houses in cities by converting them into ARH under Public Private Partnership mode or by public agencies.
- Model-2: Construct, Operate and Maintain rental housing by Private/Public agencies  
For projects constructed using innovative technologies, TIG at the rate of ₹3,000 per sqm shall be released by Central Government while State/UT Government shall provide ₹2000/ per sqm as part of State Share.

**iv. Interest Subsidy Scheme (ISS):** The ISS vertical will provide benefits of subsidy on home loans for EWS/LIG and MIG families. Beneficiaries taking loan up to ₹25 lakh with house value up to 35 lakh will be eligible for 4 percent interest subsidy on first ₹8 lakh loan up to 12 years tenure. A maximum of ₹1.80 lakh subsidy will be given to eligible beneficiaries in 5-yearly instalments through push button. Beneficiaries can access their accounts through website, OTP or smart cards.

PMAY-U 2.0 will be implemented as Centrally Sponsored Scheme (CSS), except for the Interest Subsidy Scheme (ISS) component, which will be implemented as Central Sector Scheme.

### Funding Mechanism

The cost of house construction under different verticals, except for ISS, shall be shared among Ministry,

State/UT/ULB and identified eligible beneficiaries. The Government Assistance in AHP/BLC verticals under PMAY-U 2.0 will be ₹2.50 lakh per unit. State/UT share shall be mandatory under the Scheme. For UTs without legislature, Central: State sharing pattern will be 100:0, For UTs with legislature (UT of Delhi, J&K and Puducherry), North-Eastern States and Himalayan States (Himachal Pradesh and Uttarakhand) sharing pattern will be 90:10 and for other states sharing pattern will be 60:40. To improve affordability of houses, States/UTs and ULBs may give additional assistance to beneficiaries.

Under ISS vertical, Central Assistance up to ₹1.80 lakh subsidy will be given to eligible beneficiaries in 5-yearly instalments

Detailed sharing pattern is as below.

S. No.	States/UTs	PMAY-U 2.0 Verticals		
		BLC & AHP	ARH	ISS
1.	North-Eastern Region States, Himachal Pradesh, Uttarakhand and Union Territory (UT) of J&K, Puducherry and Delhi	Central Govt.- ₹2.25 lakh per unit State Govt.- Min. ₹0.25 lakh per unit	Technology Innovation Grant	Home Loan Subsidy to ₹1.80 lakh (Actual Release) per unit by Government of India Central Sector Scheme
2.	All other UTs	Central Govt. - ₹2.50 lakh per unit	GoI: ₹3,000/Sqm per unit	
3.	Remaining States	Central Govt. - ₹1.50 lakh per unit State Govt.- Min. ₹1.00 lakh per unit	State Share: ₹2,000/Sqm per unit	

Notes:

- State/UT share shall be mandatory under PMAY-U 2.0. Apart from the minimum State Share, the Governments may also provide additional top-up share to increase the affordability.
- In addition to Central Assistance, MoHUA will provide Technology Innovation Grant (TIG) only to the projects using innovative building materials, technologies & processes @ ₹1,000 per sqm upto 30 sqm per dwelling unit to the implementing agencies to offset the impact of any additional cost implication under AHP projects.

### Technology & Innovation Sub-Mission (TISM)

TISM will be set up under PMAY-U 2.0 to guide and facilitate States/UTs and other stakeholders in adoption of modern, innovative and green technologies and building material for faster and quality construction of houses. Under TISM, States/UTs/Cities will be assisted through innovative practices and projects in challenge mode focused on disaster resistant and environment friendly technologies for climate smart buildings and resilient housing.

### Affordable Housing Policy

In order to seek benefit under PMAY-U 2.0, States/UTs will have to formulate “Affordable Housing Policy” containing various reforms and incentives for ensuring active participation of Public/Private entities and promote Affordable Housing Ecosystem. ‘Affordable Housing Policy’ will include such reforms which will improve the affordability of ‘Affordable Housing’.

### Impact:

PMAY-U 2.0 will achieve the vision of 'Housing for All' by fulfilling the housing dreams of EWS/LIG and MIG segments. The Scheme will also ensure equity across different segments of population by addressing the requirement of slum dwellers, SC/STs, minorities, widows, Persons with Disabilities and other underprivileged sections of the society. Special focus will be given to Safai Karmi, street vendors identified under PMSVANidhi Scheme and different artisans under Pradhan Mantri-Vishwakarma Scheme, anganwadi workers, building and other construction workers, residents of slums/chawls and other groups identified during operation of PMAY-U 2.0.

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**MJPS/DS/BM/SKS**

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