

# Rajiv Rinn Yojana (RRY)

Compendium of queries raised on  
Rajiv Rinn Yojana and responses of  
the Ministry of Housing and Urban  
Poverty Alleviation in Q&A format

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Government of India  
Ministry of Housing & Urban Poverty Alleviation

## **Key points discussed on RRY at Southern States Regional Meet held at Bengaluru**

**Question:** Whether beneficiaries under RAY could avail benefit of RRY loans?

**Clarification:** Yes, they are not mutually exclusive.

**Question:** The Banks are not really coming ahead and partaking in the ISHUP/RRY.

**Clarification:** the revised loan limits which have been revised upwards 5 times along with the income criteria should be a good incentive. The income certification has been delegated to the State representatives, which is a new feature. Further securing the funds through Credit Risk Guarantee Fund and refinancing through Urban Housing Fund are going to negate any further apprehensions that Banks/HFCs may have.

**Question:** Government of India need to educate and motivate Bankers

**Clarification:** Media plans and regular interactions are being planned. The States need to come up with their own media plan and interact with Bankers through SLBCs. Posters and information materials will be prepared. Further, the CNAs viz. HUDCO and NHB will also meet Banks and HFCs regularly. The Ministry will also try to write to RBI to issue a circular to this effect.

**Question:** Whether a checklist for the ULBs/Facilitators could be prepared for them to forward a completed package to the Banks/HFCs?

**Clarification:** though it could be done, however, the documentation requirements of Banks and HFCs are not same and hence it has not been attempted. If required, this could be done. However, banks have to simplify their application forms and procedures for the EWS and LIG applicants, the same yardstick and documents for all categories cannot be applied for these beneficiaries.

## **Key points discussed on RRY at Western States Regional Meet held at Mumbai**

**Question:** Whether SLNAs need to be created for RRY?

**Clarification:** Though it is not mandated, States could notify one department as SLNA for regular coordination, monitoring and interaction with the key stakeholders. A number of states have SLNAs for ISHUP/RRY. The SLNAs could also undertake TPIM.

**Question:** How can CRGF be accessed by Banks?

**Clarification:** first of all, Banks have to enter into an MoU with CRGFT and then secure/guarantee the loans being provided under RRY. Further all non-mortgaged default loans' principal amount could be secured from CRGFT.

**Question:** Whether district level nodal agencies and ULB level cells need to be created?

**Clarification:** as stated, they are not mandatory. Kerala has a three tier structure at State/District and ULB level which could be followed as a model. States need to monitor the targets at District and ULB levels. The Banks are *inter se* allocated the State targets, which could be monitored periodically.

**Question:** The Banks are apprehensive in providing loans to EWS/LIG.

**Clarification:** one of the critical issues is income certificate, which has been to a large extent resolved by designating an income certification official by the State.

**Question:** Banks require Form 16 or IT returns as a proof of income, could this be done away with for EWS/LIG?

**Clarification:** The Form 16/IT returns are sought for assessing the creditworthiness of the applicant. However, Banks are free to use their own methods for due diligence for assessing the creditworthiness of the prospective loanee. The RBI has, to a large extent, simplified the KYC norms too. The Ministry will persuade RBI to come up with a circular for RRY.

## **Key points discussed on RRY at North Eastern States Regional Meet held at Guwahati**

**Question:** whether the loan limits should be fixed at 5 lakhs

**Clarification:** The cap of Rs 5 lakhs has been arrived at based on assessment of the repayment capacity of the beneficiaries. For the EWS, it was Rs 1 lakh and the loan ceiling has been fixed at 5 times the annual income, though it is generally take 3.5 to 4 times.

**Question:** whether a project under AHP under which a benefit of Rs 75,000/DU was given by Gol, would be eligible for seeking benefits under RRY.

**Clarification:** Getting benefit from one scheme of Gol does not preclude the beneficiary to get the benefit of RRY. So, both RAY and AHP beneficiaries could take advantage of RRY. However, in case of AHP the project Developer gets the benefit of Rs 75,000 and not the individual.

**Question:** Though there is limited role of ULBs in RRY, but it can't be completely washed off, why was it necessary to route the applications through ULB?

**Clarification:** It is not required to route the applications through ULB and the beneficiaries can directly approach the PLIs. The only point of ULB intervention in this case would be seeking the requisite building permits.

**Question:** whether land cost could be considered under RRY.

**Clarification:** As long as the Banks/HFCs are okay to fund the same and the costs are below the prescribed limits, there should be no problem in funding land cost as part of the cost of house construction. However, RRY would not be available to purchase only land.

**Question:** It was stated that the role of states is to carry out media and IEC campaigns. Whether there are some funds available for the same? If so, were there any caps?

**Clarification:** Around 2.5% of the scheme funds were available for A&OE, Media Campaigns, MIS etc. and there will be caps. The State however, needs to prepare a Media plan and seek the approval of the Gol before undertaking any campaigns.

**Question:** whether the loans under RRY were covered under CRGF?

**Clarification:** They could be covered. However, the banks need to enter into an MoU with CRGF to this extent.

**Question:** whether Cooperative Banks are covered under the RRY?

**Clarification:** Cooperative Banks are not covered under RRY. However, as and when Cooperative Banks and/or any other financial institutions are included under the Scheme, it will be separately notified.

**Question:** who would set the targets to Banks?

**Clarification:**, The State Targets have to be translated to Bank Targets via SLBC meeting and based on their convenience and presence of the local lead banks.

**Question:** who would monitor the targets?

**Clarification:** It is the responsibility of the States to monitor the targets via SLBCs and DLBCs. A State Level Nodal Agency (SLNA) for RRY could be constituted for the same, though it is not mandatory.

**Question:** In case of HUDCO giving project financing to low income housing schemes, can those loans be covered under RRY?

**Clarification:** Project finance is not covered under RRY only individual loans are covered.

**Question:** In case of a Housing Board undertaking a PPP project under AHP, whether it be covered under RRY?

**Clarification:** Individual beneficiaries under AHP could avail RRY.

**Question:** Whether State Financing Agencies could act as Primary Lending Institutions under RRY to pass on subsidized loans to individuals?

**Clarification:** The MoHUPA will consider inclusion of such State Financing Agencies/Corporations who have a mandate to lend housing loans to individuals under RRY. For this, the State needs to send proposal to the Ministry for them to be covered.

**Question:** what is the role of HUDCO?

**Clarification:** as a Central Nodal Agency mainly a facilitator role and to pass on subsidy to banks and HFCs.

## **Queries from the State of Madhya Pradesh**

**Question:** We are planning to provide Loan to EWS/LIG as well as to the beneficiaries of BSUP, IHSDP & RAY under Rajiv Rinn Yojana (RRY) with credit guarantee support to HFIs by means of CRFG.

**Clarification:** That would be great to begin with. However, as you are aware, all these schemes target only slum dwellers. Hence, efforts should be driven to include the non-slum urban poor in the scheme. This would be only possible by popularizing the scheme and creating awareness about the benefits of the scheme. You can further link any State driven housing schemes under RRY and all affordable housing projects targeted to be taken up in near future too.

**Question:** Furthermore we shall be conducting meeting of SLBC in Dec-2013 for inclusion of HUDCO in State Level Bankers Committee (as directed by JS(H), MoHUPA vide D.O. Letter No. 17034/39/2013-H/FTS-9344). Kindly suggest any other requisite that needs to be included in SLBC Agenda for implementation of RRY & CRGF, like fix the inter se Bank Targets, etc.?

**Clarification:** As such, the lead Banks in the State will need to be given inter se targets based on their outreach and coverage (For instance of the 14000 target a lead bank could be given say 30%, another bank 20% or what ever the banks are comfortable to achieve.). The Banks may voluntarily sign up or they could be assigned targets by the State based on their loan portfolio. As you will appreciate, the targets are nominal and it wouldn't be much of the hassle for the Banks, provided ULBs/State Agencies put in efforts in bank linkages.

**Question:** Will the State Government/SLNA nominate a Certifying Authority to give Income Certificate to Beneficiaries?

**Clarification:** Yes, the State needs to nominate an income certifying official. The official could be from any background as outlined in section 5.1.1 of the guidelines. Experience has shown that a revenue official could be best bet as they already undertake this activity. However, the prerogative is that of the State to decide and nominate appropriate official.

**Question:** Beneficiary directly or NGO/CBO/ULB will collect the applications of beneficiaries and apply for Loan to the HFIs (with Income Certificate & Documents required by the Bank to avail Loan).

**Clarification:** Yes

**Question:** We are assuming that minimum/maximum house size limit for EWS is 21/28 Sq. Mt. & for LIG is 28/60 Sq. ft. Kindly clarify?

**Clarification:** Yes they are right. Also kindly see section 2.1.

**Question:** Who will certify that a beneficiary owns a house or not. Kindly clarify?

**Clarification:** There is no particular restriction that RRY beneficiaries need not have a house or that this is applicable for first house purchase. If the beneficiary owns a house and wishes to expand it to first floor, they may apply. If they want to add a room or two or even bath/kitchen they are eligible.

**Question:** Kindly clarify whether HFIs have signed the MoU with HUDCO/NHB for RRY & CRGF? If so kindly provide the list of HFIs.

**Clarification:** They have signed, the list is enclosed for MOUs with NHB are available here [http://www.nhb.org.in/Urban\\_Housing/LIST\\_ISHUP.pdf](http://www.nhb.org.in/Urban_Housing/LIST_ISHUP.pdf) and CRGF is available at [http://mhupa.gov.in/W\\_new/CRGFT.htm](http://mhupa.gov.in/W_new/CRGFT.htm)

**Question:** Kindly clarify whether Target of HFIs will be fixed by SLBC or not?

**Clarification:** The targets for HFIs will be fixed by NHB in consultation with this Ministry. There is no need for SLBC to fix the targets for HFIs and they are not under SLBCs preview. However, if states have access to HFIs or HFIs approach states, States may give indicative targets.

**Question:** 2.5% of the Scheme Fund is earmarked for IEC, A&OE, PMU & MIS. Can you kindly define the Scheme Fund and who will be the recipient of amount earmarked for IEC, A&OE, PMU & MIS?

**Clarification:** The State can prepare a Media and IEC plan for the State to popularize the scheme and to create awareness. The plan with budget can be sent to this Ministry for approval and could be rolled out subsequently. However, A&OE, PMU and MIS, are only at the national level and there is no provision for States.

**Question:** As per guidelines "In order to incentivize the designated staff of ULBs or NGOs a sum of Rs.100 per sanctioned application would be paid out of RRY funds". We are assuming that the incentive will be provided only on sanctioned application. But kindly clarify that the incentive of Rs. 100 will be paid to the NGO/ULB by means of HFIs or State Level Nodal Agency?

**Clarification:** Based on each of the sanctioned application the Banks/HFIs will receive Rs 600 in their account from CNAs, of these, the Rs 100 facilitation fee will be then handed over to the Municipal Commissioner/Executive Officer of the concerned ULB, who in turn will disburse the monies to the facilitators. This would mean speedy and decentralized disbursal.

**Question:** It is mentioned in RRY guidelines that Loan Tenure can be between 15-20 Years. Kindly clarify the criteria of fixing the Loan Tenure?

**Clarification:** The criteria of fixing the loan has been the consideration of financial outlays for the Scheme. As you are aware, unlike ISHUP, where in the monies were upfront paid to the beneficiaries, RRY aims to disburse monies on a monthly basis. Hence, the calculations have been made for 5 Plan periods and thus 15-20 year time frame. Further, the tenure of the loan is prerogative of the Banks and their due diligence. In case of longer tenure of loans, the support of Gol (subsidy) will be limited to maximum of 20 years.

**Question:** As per guidelines Women, SCs, STs, Minorities and persons with disabilities to be given preference. Kindly clarify whether a set %age has been fixed or not?

**Clarification:**

No percentages have been prescribed or fixed by the Gol. It is again left to the States.

**Question:** As per guidelines "The borrowers selected by State / ULBs / banks should as far as possible be in the ratio of 50:50 respectively for EWS and LIG categories". We assumes that it is not a mandatory requisite as most of beneficiaries of BSUP/IHSDP/RAY belongs to BPL/EWS category. Kindly clarify?

**Clarification:** Yes the ratio is not mandatory, however it is indicative with an aim at balancing the needs of targeted segment of the society.

**Question:** As per Press Release of Gol, CRGFT will have an initial corpus of Rs. 1200 Crore of which Rs. 1000 Crore is being contributed by Center & the remaining Rs. 200 Crore will come from State Governments: Kindly clarify what needs to be done at State Level to avail guarantee under CRGF.

**Clarification:** The State Governments role is essentially limited to the contribution to the corpus of the Fund Trust (who draw on it in accordance with their slum population.). However, in order for the Banks to avail the benefit of CRGFT Guarantee cover under RRY, they need to sign a MoU with the CRGF Trust. The list of PLIs that have already signed the MoU is given in the link: . [http://mhupa.gov.in/W\\_new/CRGFT.htm](http://mhupa.gov.in/W_new/CRGFT.htm).

**Question:** As per RRY guidelines "Mortgage of the dwelling unit may be accepted as primary security. However, there would be no collateral security/third party guarantee for loan under RRY upto Rs.5 Lakhs". Kindly clarify in case credit guarantee support to HFIs is provide by means of CRFG, then also Mortgage of Dwelling Unit is required or not?

**Clarification:** CRGFS negates only the need for collateral or third party guarantee by the intended borrowers. However, mortgage of Primary Security is essential for those loans covered under CRGFS.

**Question:** As per CRGF one-time guarantee fee at the rate of 1% of the total loan amount shall be paid. Kindly clarify whether the 5% interest subsidy under RRY will be reduced to 4% in case credit guarantee support to HFIs by means of CRFG?

**Clarification:** Payment of the specified guarantee fee to Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) by the Member Lending Institutions ( MLIs) is a prerequisite for availing Guarantee Cover the eligible housing loan portfolio. Under the CRGFS, the guarantee fee is 1% of the loan amount which is only one time. 50% of the gurantee fee paid by PLI can be covered from the beneficiary by loading the same in the interest rate to be charged from the borrower during the whole tenure of the loan. While the guarantee fee has to be paid by the MLIs is the premium to be paid for availing the guarantee cover from CRGFTLIH , the interest subsidy under the RRY is a benefit given by the GOI, to be passed on to the borrowers by the lending institutions through reduced EMI for the eligible beneficiaries under the Scheme. Therefore 5% interest subsidy under RRY will not be reduced in any manner.

### **Queries of Punjab National Bank and RAVIL, Rajasthan:**

**Question:** It is mentioned that in case of constructions, release of loan will be linked to pace of construction, which ideally is to be completed in two years. Please confirm that repayment period of 15-20 years inclusive of moratorium up to two years can be permitted in such cases.

**Clarification:** The Maximum permissible time to which the subsidy will be paid is 20 years. This would include moratorium period too.

**Question:** Please also advise the maximum period permissible for making additions/ renovations and whether moratorium can be permitted in case of additions/ renovations etc also.

**Clarification:** Moratorium may be permitted. However, RRY is applicable to for additions/extensions and renovation is NOT covered.

**Question:** There is no mention of margin to be taken from beneficiaries. Please advise specifically.

**Clarification:** The Margin will be as notified by RBI on DBOD.BP.BC.No. 104/ 08.12.015/ 2012-13 dated June 21, 2013 of 10%.

**Question:** It is mentioned that loan tenure can be between 15-20 years. However, the loans extended in the last year of Scheme will also have repayment period of 15 years. Does this imply that loans extended in 2016-17 will have max repayment period of 15 years, loans extended in 2015-16 will have max repayment 16 years and so on. Please clarify.

**Clarification:** No, the implications are not accurate. The Cabinet has approved loan tenures up to 15-20 years. So, the loans sanctioned on 31st March 2017 (last day of the financial year and 12th Plan) will also have a maximum repayment period of 20 years and adequate financial resources are made available for reimbursement of subsidy up to 16th Plan period.

**Question:** Designated Authority to issue Income certificate to the prospective beneficiaries may please also be advised.

**Clarification:** A State Government representative, as outlined in para 5.1.1 of the guidelines would be designated and notified by the respective State Governments.

**Question:** Whether only a new construction is eligible or the acquisition of house on re-sale basis is also permissible.

**Clarification:** Acquisition of house on resale basis is also permissible.

**Question:** Whether there shall be requirement of approved map by the respective agency/corporation for being eligible under the Scheme.

**Clarification:** This shall be as per the due diligence norms of the Banks/HFCs.

**Question:** What shall be the treatment of account which, otherwise eligible under the Scheme were sanctioned loan earlier. However, actual disbursement and repayment has commenced on or after 01.10.2013.

**Clarification:** Any loan sanctioned on or before September 30, 2013 and disbursement post October 1, 2013, could be covered under RRY, if found eligible as per the Guidelines. Or, can be treated as ISHUP even if the disbursement starts post October 1, 2013. The NPV subsidy for such loans can be claimed by the Bank from the CNA as the ISHUP account is active till December 31, 2013.

**Question:** Our Bank (PNB) is acting as Convener of SLBCs in some States viz. Punjab, Haryana, etc. Principal Secretary, State Urban Development Authority, Haryana, has made a point that some of the identified beneficiaries under Rajiv Awaas Yojna (RAY) are so poor that they are unable to contribute their share of 10% or 12% to get benefits under the Scheme. Accordingly, it has been desired that the banks in the State should extend financial assistance to the beneficiaries of RAY to meet out the Margin requirements out of the credit flows extended under RRY. It is, therefore, requested to please advise as to whether the Margin requirements under RAY can be financed under RRY subject to other eligibility criteria, etc.

**Clarification:** Yes, Margin requirements under RAY could be financed under RRY, if found eligible.

**Question:** What would be the status of subsidy under ISHUP to those applicants whose applications are sanctioned by Banks/Financial Institutions till 30/09/2013 but not disbursed or partially disbursed?

**Clarification:** All loans which have been sanctioned but not disbursed prior to 30/09/2013, if eligible could be covered under either RRY or ISHUP as per the discretion of the Bank.

In case of partially disbursed loans prior to 30/09/2013 and wherein subsidy for the partial disbursement have been claimed and credited to the borrowers account, the remaining portion of the subsidy may be considered under ISHUP Scheme only. However, the reminder of the subsidy or the entire loan amount needs to be claimed and disbursed on or before December 31, 2013.

