

Relaunch PMAY with inbuilt credit-linked insurance: CII

Says this will ensure 'Housing for All'

OUR BUREAU

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In a bid to ensure the continuous success of the Pradhan Mantri Awas Yojana (PMAY) scheme, the CII has suggested that the government must consider its re-launch, with an in-built credit-linked insurance cover for loans that utilise the benefits of the scheme.

This will ensure that in all circumstances the intended benefit of the scheme of 'Housing for All' is fulfilled, and families are able to retain their dream home.

Shortcoming of PMAY

Launched in 2015, the PMAY is an ambitious mission of the government, aimed at 'Housing for All', as India completes 75 years of Independence by 2022.

The scheme, however, falls short of covering the risk of death or disability of the borrower, as



the loans sanctioned under the scheme do not have an in-built insurance provision.

"There is a need for a relaunch of the PMAY scheme with an in-built credit linked insurance or a mandatory life insurance for all borrowers under the PMAY scheme to ensure that the intent of providing 'Housing for All' does not take a hit due to death or disability of the primary borrower. The family should inherit a home not a loan," said Chandrajit Banerjee, Director General, CII.

Now, with the pandemic hitting lives and livelihood of Indian citizens hard and with increased mortality rate, the importance of protection to families becomes paramount, as all sections of society struggle to meet medical

costs, unemployment, inflationary pressures. With an in-built insurance cover in the PMAY loans, the inherent lacuna of risk-protection can be plugged with minimum additional disruptions, he added.

The scheme could have standard premium rates, which could be utilised by any insurer to offer the credit cover with their partner banks. The in-built level cover equal to the loan amount could be taken at by the borrower at the inception.

As per the current version of the scheme, banks or lenders are partially protected as the property is mortgaged with them; however, the family is left to pay the loan or lose the home.

This also means that the intended long-term benefit of the scheme is not fully utilised and, instead of providing housing for all, the bereaved families may not have a house and may slide further down the economic ladder, while lenders/ banks may be left behind with NPAs.