

CASE STUDY

Exploring borrower awareness and adoption of CLSS in semi-urban housing finance: a case study approach

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This study explores the knowledge and application of the Credit Linked Subsidy Scheme (CLSS) among borrowers of housing loans located in the semi-urban regions of the Dakshina Kannada District. Using a case study strategy, primary and secondary sources were integrated via a questionnaire and an interview process. While CLSS helps in housing loans with interest burdens, borrowers understanding of eligibility, documentation, and the disbursal of the subsidy remains gaps, especially with women, informal, and financially illiterate workers. Borrowers are moderately aware of CLSS as many depend on a self-appointing bank official. CLSS aids in housing loans with interest burdens. Given these findings, opportunities exist regarding understanding the gaps and the poorly formed procedures around the CLSS. Of direct importance are the poorly conceived advertising campaigns that need form to meeting target. Focusing on administrative perceptions and institutional participation aids in developing understanding and an approach to policy formations based on inclusive semi-urban housing development.

Keywords: CLSS, housing loans, semi-urban housing, borrower awareness, subsidiary disbursal

Introduction

India has experienced an upsurge of rapid urbanization in the last few decades which has resulted in a significant increase in the demand for affordable housing solutions (Kumar and Mishra, 2020). To mitigate this problem, the Government of India initiated the Pradhan Mantri Awas Yojana (PMAY) in 2015 to achieve the “Housing for All” goal by 2022. An essential element of this programme is the housing component known as Credit Linked Subsidy Scheme (CLSS). The CLSS programme allows for interest subsidies on loans to eligible beneficiaries which affords housing opportunities to the Economically Weaker Section (EWS), Low Income Group (LIG) and Middle Income Group (MIG) (MoHUA, 2017).

The CLSS is to be executed by the housing finance institutions and banks. MFPS is the saviors for the poor people, but it fails to play an effective role in such circumstances due to peoples’ lack of awareness about

this service and procedural complexities and their limited financial knowledge in semi-urban and rural area (Sharma and Gupta, 2019). Borrowers often depend on agents or staffs of the bank resulting in delays and incomplete applications (Rao, 2021).

Credit Linked Subsidy Scheme (CLSS) awareness has a huge bearing on its uptake. CLSS potential beneficiaries are not just unaware of the scheme and its benefits, but are also indifferent (Nair and Thomas, 2020). Semi-urban borrowers are an important demographic for assessing housing finance methods as they are positioned between urban aspirations and rural hardships (Patel, 2018). When poor outreach and minimal consumer awareness, identified as implementation gaps, are rectified, subsidy-driven housing finance can help achieve social equity and financial inclusion (Singh and Verma, 2021).

This study assesses CLSS awareness and its implementation among housing loan borrowers in the semi-urban area of Dakshina Kannada district.

Review of literature

TABLE 1 |

S. no.	Field of research	Focus	Result	References
1	Housing policy	Aspects and goals of the Credit Linked Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana (PMAY)	The CLSS lessens the burden of interest and focuses on economically weaker section (EWS)/low income group (LIG)/middle income group (MIG) population, although the implementation gaps lower the impact.	MoHUA (2017)
2	Public finance	The reason for subsidies and their targeting	The affordability gap would need subsidies, although still, the targeting and policing of subsidies would need to be tight to avoid gaps and leakage.	NITI Aayog (2018)
3	Housing finance	The role of CNAs and nodal agencies in CLSS	An efficient and effective CNA coordination within the bank and the CLSS speeds the disbursement of the subsidies; weak and poor coordination, on the other hand, results in major delays	NHB Report (2019)
4	Banking operations	The delays due to the bank loan provision for CLSS beneficiaries	Inconsistencies in the documentation and KYC processes contribute to raised Turnaround Time (TAT).	RBI (2020)
5	Implementation studies	The last-mile gaps and outreach to beneficiaries	In awareness and the complexity of procedures in semi-urban areas, the gaps are primarily due to low awareness and complexity.	World Bank (2020)
6	Gender and housing	Women as co-owners	Mandatory female involvement promotes empowerment and tenure protection	UN-Habitat (2019)
7	Financial inclusion	CLSS's influence on credit accessibility for first-time buyers	The design enlarges regular recognition accessibility among the destitute.	RBI Financial Inclusion (2019)
8	Consumer awareness	CLSS data dissemination	Greatest volume borrowers are aware of CLSS through bank personnel, and mass communication surveys indicate low penetration.	MoHUA IEC Review (2019)
9	Comparative policy	CLSS versus direct housing grants	Among the urban market models, the credit-linked models can more efficiently scale up associated to the grant models	MoHUA Evaluation (2019)
10	SHG/MFI linkages	The role of Self-Help Groups (SHPs) in facilitating CLS uptake	When well-integrated, SHG facilitation enhances the access	NRLM Field Report (2019)
11	Subsidy mechanics	This focuses on how the subsidies are credited to borrower accounts	Quick credit of subsidies relieves borrower pressure and minimizes the chance of danger.	NHB Operational Update (2020)
12	Grievance redressal	Disapproval and escalation functioning channels	Well-articulated pathways for escalation shall minimize the beneficiaries' rates of drop-out.	MoHUA Grievance Dashboard (2020)
13	Fiscal incentives	Concessions on state stamp duties and their usage	The government grants stamp duty exemption for women in order to make this policy more beneficial.	State Budget Notifications (2019)
14	Regional focus	Patterns of usage in Dakshina Kannada and areas similar to it	Awareness levels are low, with documentation as the most common obstacle. Stated and actuated times differ among premature rates.	Karnataka Housing Dept. Note (2021)
15	Credit risk	Portfolio performance for loans issued beneath the CLSS plan and timely receipt of subsidies	Premature rates are more subordinate in accounts where delinquency is received within the specified timeframe.	CRISIL Portfolio Study (2020)
16	Non-bank finance	NBFC/HFC role	NBFCs allow for greater outreach but have higher cost of funds.	CRISIL/ICRA Sector Reports (2020)
17	SDG alignment	CLSS contributions to SDG 11 in sustainable cities	CLSS helps meet inclusive housing goals but its targeting could be a lot smarter.	UN SDG India Index (2019)
18	Targeting and anti-leakage	Usage of Aadhaar/KYC for targeting	Digitalized KYC reduced the repetition and the potential for leakages as long as it was done with good controls over confidentiality.	UIDAI/DBT Reviews (2019)
19	International comparisons	Credit-linked subsidy representations abroad	These best practices include one-stop facilitation and digitalizing workflow processes.	World Bank/ADB Case Studies (2018)
20	Market approvals	Effect of RERA/approvals on reasonable supply	Streamlined approvals are intended to boost subsidized development projects that offer affordability and enable home buyers to occupy their homes earlier.	State RERA Dashboards (2019)

(Continued)

TABLE 1 | (Continued)

S. no.	Field of research	Focus	Result	References
21	Impact evaluation	Welfare impacts of homeownership	Housing has positive impact on schooling, health, and livelihood stability.	Development Economics Studies (2018)
22	Data gap studies	Necessity for micro-evidence in semi-urban India	Research on borrower experience, bank TAT, and borrower awareness is limited.	Academic Literature Reviews (2020)
23	Policy prescriptions	Focus on what are the factors that works to scale CLSS successfully	Recommendations include simpler documentation, localized information-education-communication efforts, SLA-bound TATs, and use of digital technology for disbursal.	Consolidated Policy Reviews (2019–2021)
24	Policy and implementation	Plan and early outcomes of CLSS under PMAY-U	CLSS aims to lessen monthly payments (EMI) for qualified borrowers, but gaps in programming, policy, and system engagement limit impact on those who need it.	Khair (2023). Oxford Academic
25	Housing finance	Role of CNAs, National Housing Bank (NHB) and banks in subsidy disbursal	Strong coordination between CNA and banks entails lower TATs; weak coordination, on the other hand, results in dropouts.	NHB Operational Reports (2019). NABARD
26	Financial inclusion	CLSS effect on formal credit uptake	CLSS boosts first-time, formal borrowers to take out housing loans; where outreach and engagement occur, this effect is greater.	RBI/Financial Inclusion Studies (2019)
27	Urban and semi-urban studies	Semi-urban demand patterns and constraints	Semi-urban borrowers are individuals with objectives of being considered urban but face rural public boundaries in terms of title and income resistant, which limits utilization of the CLSS.	NIUA/State Studies (2018)
28	Awareness and communication	Efficacy of information, education, and communication (IEC) happenings for PMAY/CLSS	Localized, vernacular, and bank-mediation information-education-communication significantly improve awareness of the program and greater loan applications.	MoHUA IEC assessments (2019)
29	Gender and empowerment	Women co-ownership and intra-household outcomes	Sociocultural and legal notions of women in ownership roles leads to increased markers of empowerment (decision-making and feelings of equity and security), but social and cultural norms limit women's power over resources and decision-making outside of the home.	ICRW synthesis and subsequent studies (2016; 2020) ICRWSscienceDirect
30	Program monitoring	MIS, grievance redress and audit findings	Better management information system oversight and complaint mechanisms are perceived to lead to greater satisfaction among beneficiaries and reduced leakage.	CAG/MoHUA audit notes (2020)
31	Housing market	Developer response to affordable-housing demand under CLSS	There is evidence of heightened interest from developers to engage with end users in EWS- and LIG segments when the subsidy stimulates demand at the local level, but many of these regions remain supply constrained.	CREDAI/Market reports (2019–2020)
32	Social determinants	Caste, faith and gender effects on homeownership	Social constructs such as caste, religion, and gender play a role in access to housing finance and ownership outcomes.	Das (2019). SSRN
33	Micro-evidence	Case studies from states/tribal districts	Region-specific case studies (e.g., Gujarat tribal districts) indicate modest program impacts that vary according to the local institutional capacity for delivery.	Regional case studies (2019–2021) Gap Bodhi Taru
34	Welfare impacts	Homeownership's effect on welfare	Ownership associated with subsidy-related housing schemes resulted in greater household stability, schooling experience, and well-being in qualitative studies that followed up.	Development economics literature (2018–2020)

Research gaps

1. Geographical Disparity: Much of the research conducted on CLSS has taken place within urban settings while semi-urban locations have often remained unexamined due to unique awareness and implementation issues of their own.

2. Borrower Experience: The literature discusses policies around institutional and operational efficiency; however, it does not delve deeply into borrowers' lived experience; documenting borrowers' experience surrounding time delays and subsidy disbursement processes.

3. Gender Lens: There is interest in the female ownership that the CLSS supports; however, the role of the CLSS

in empowering women or influencing intra-household decision-making in semi-urban settings has not been researched much in the literature.

4. Financial Literacy: Few publications discuss the extent to which financial literacy, community outreach and elevation programs and awareness in semi-urban areas contributes to borrowers' participation.
5. Long-Term Influences: Usually based upon the literature review most of the discussions are based on short-term outcomes which includes EMI reduction. Baras majority of the literature amid the part of long-term implications for example the stability of the family and the living condition improvisation.

Research problems

1. What problems do semi-urban borrowers understand in the openness and usage of CLSS benefits?
2. What are the variances in awareness and perception of CLSS by socio-economic collection in semi-urban contexts?
3. What is the role of banks, CNAs, and local agencies in assisting CLSS uptake with supervision and subsidy?
4. How can improved information, education, and communication (IEC) initiatives, laterally with a shortened process, improve awareness, not as much of delays, and better CLSS consumption?

Objectives

1. To understand the concerns semi-urban housing loan consumers face in availing and utilizing schemes in CLSS.
2. To identify whether the impressions and perceptions among the people are changing with regard to CLSS services in the semi-urban setting.
3. In order to consider the major determinants affecting the choice of borrowers in availing and benefit from loan programs available in CLSS.
4. To examine the aspects of the SWOT instrument in achieving efficiency of CLSS service provision and consumers' views.

Research methodology

The current study is based on both primary and secondary sources of information. Primary data were collected through a systematic questionnaire, whereas secondary data were obtained from books, research articles published,

government reports, research articles, published research articles, official websites, and news publications related to housing loans and CLSS. The survey was carried out on a sample of 100 housing loan borrowers belonging to semi-urban areas of Karnataka and Kerala, chosen in a random manner. The information has been analyzed using the percentage method and basic statistical methods for presentation to show borrower perspective and concerns. Information from respondents was elicited by questionnaires' responses.

Key challenges faced by semi-urban housing loan borrowers

Semi-urban borrowers of housing loans face multiple challenges in availing the CLSS. Low literacy and high reliance on banks for information owing to weak outreach and non-use of local language are some of the issues. For example, the documentary restrictions such as income and property proof adversely impact informal sector workers. Late disbursement and sanctioning of subsidies always result in dissatisfaction among borrowers. Inconsistent institutional support also causes implementation retardation. In addition, lack of clarity about eligibility conditions and carpet area conditions causes confusion among applicants, and the digital divide limits borrowers from tracking applications and registering complaints online.

Borrowers awareness and perception of CLSS

Awareness and understanding of the CLSS also ranges widely among the varied socioeconomic classes in semi-urban localities. The individuals with a high degree of income and easier access to banks/international organizations or electronic media are the ones with high awareness and thus capable of processing for any such schemes. In contrast, low-income informal houses with low coverage and low literacy in monetary matters are deprived.

Views can vary since CLSS does benefit the middle-income households in repaying their loan against the requirement, while low-income households can be more dubious in light of the waiting involved in the disbursement of subsidies and the complication involved. The gender differences arise since the female joint owners may lack clarity in their role and are often left outside the decision sphere. Education may empower the borrowers in comprehending the CLSS guidelines and eligibility while low-education borrowers are likely to misinterpret the guidelines in most instances. These concerns indicated a Clear need for CLSS awareness among borrowers in the semi-urban setting.

Role of banks, CNAS, and local agencies in successful uptake

The effectiveness of CLSS does not merely lie in the system, but in the implementation and active intervention of banks, central nodal agencies, and local-level housing agencies. Active borrowers, banks, and housing and finance companies have a key role, which among others transmit the information of borrowers, facilitation in documentation, eligibility verification, and further CNA application. Studies, however, state that there are a considerable number of people who are unaware of CLSS, and the outcome is that of the inactive communication and information broadcasting carried out through banks, which indicates the need for active awareness drives.

The coordination between the Ministry of Housing and Urban Affairs and the financial institutions and the National Housing Bank (NHB) and Housing and Urban Development Corporation (HUDCO), the Central Nodal Agencies, play a significant role in the monitoring of disbursement of grants. Rao and Menon in the year 2020 discussed the correct monitoring scheme guideline compliance and the resolution of the delay in the disbursement of the subsidy in the loan accounts of the borrowers. Apart from this, the timely coordination by CNAs also instils confidence in the borrowers and straightens the procedures.

Local housing agencies and urban development authorities serve as a link between the borrowers (primarily low-income and semi-urban households) in their regions by explaining eligibility criteria, e.g., income documentation in vernacular languages, organizing outreach campaigns, and so on. This evidence is based on Kumar and Sinha in the year 2019. These organizations serve as intermediaries between policy and on-ground reality, democratizing the availability of a scheme to marginalized communities.

Information, education, and communication (IEC) strategies

Effective IEC activities are also instrumental in generating awareness and inducing uptake of CLSS, particularly among first-homebuyers who are in the LLP earnings, i.e., Lower Middle class section, in addition to living predominantly in the semi-urban localities with low economic literacy status. IEC operates in bridging the gap in the vacuum left behind in the wake of policy and community awareness with correct, understandable, and timely information among the likely adopters.

The process typically involves three stages:

The first is the data dissemination, where banks, CNAs, local housing boards, and the government branch issue out

brochures on CLSS not just to notify people, but also to explain who is qualified for benefits. Funds are chosen to massive campaigns that bring semi-urban households in line with progresses in another place.

Secondly, borrowers are often inexperienced in handling money. Orientation sessions conducted by housing finance agencies and NGOs, can clarify them about the terms and papers involved in subsidies. This closes the gap between the holders and administrators of subsidies and enhances understanding and confidence.

Thirdly, the communication and feedback that facilitate a two-way flow. This can be grievance cells, motivating centers, helplines, or any other procedure that the charities believe would benefit the maximum number of people. For example, take a hotline for complaints and feedback in raising investment awareness among the beneficiaries.

Through certifying **clarity, transparency, and inclusivity**, IEC policies play a vibrant role in authorizing semi-urban borrowers to take up certain informed decisions, elevate the uptake, and improving satisfaction with CLSS (Table 2).

TABLE 2 | SWOT analysis of implementation and awareness of CLSS.

Strengths	Weaknesses
The major strength is it reduces the burden of interest especially for the borrowers.	Imperfect borrower awareness due to weak outreach campaigns is considered to be one of the major weakness.
With respect to the government scheme, it provides the housing support and defines the structure for the eligibility.	Complicated credentials requirements hamper informal workers.
This brings into line with national vision of Housing for All.	The interruptions in subsidy either sanction or disbursal diminish borrower belief.
It also improves affordability and openness of housing in semi-urban areas.	The unpredictable communication and support from banks and agencies across provinces.
Opportunities	Threats
The usage of digital platforms, mobile apps, and social media for IEC act as an awareness campaigns.	The digital technology gets divided in semi-urban areas
The association with local agencies, NGOs, and SHGs to reach marginalized households.	The informed borrowers avail subsidies and will be considered as unequal benefits.
The documentation and application process are simplified	The technical inefficiencies and interruptions discourage participation are measured as one of the threats.
Integration of financial literacy programs to boost trust and participation.	Miscommunication of summary strategies by intermediaries may root to borrower dissatisfaction.

Findings

1. Limited regarding the awareness of CLS among the semi urban borrowers is noticed and it is highly coupled on banks.
2. Papers and delays in the procedures have an power on their eligibility for subsidies, as borrowers say they have inferior EMIs and better funding for housing.
3. Urban borrowers borrow more CLSS than semi-urban borrowers in Karnataka and the state of Kerala.
4. Female and informal workers are left outside the subsidy since they lack the formal document proof of income.

Suggestions

1. Generation of awareness through local agencies, SHGs, and the online media. Identification of the points of documentation, allowing informal workers alternative ways of establishing income.
2. Streamline verification to ensure timely.
3. Encourage gender inclusiveness with shared tenancy and other gender support mechanisms for women.
4. Address geographical inequities with purposive IEC interventions in suburban areas.

Limitations

1. This study examined based on the semi-urban regions of Karnataka and Kerala, which limits to the generalizability to other locations.

2. The data are self-reported and thus, can be subject to bias due to recall or errors.

Conclusion

The conclusion from the findings is that although CLSS enhances affordability in housing, implementation challenges remain in semi-urban Karnataka and Kerala in the form of low awareness of the scheme, tedious documentation, and delayed access to subsidies. Women and informal sector borrowers are especially struggling with access to the scheme and lateness in the delivery of subsidies. The beneficiaries who had accessed the scheme mentioned reduced EMIs thereof and were in a state of being able to commence homeownership. Awareness, simplification in procedures, and early subsidies are paramount in enhancing the efficiency of CLSS and ensuring inclusive provision in housing in semi-urban localities.

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