

## **IFC and HDFC Partner to Promote Affordable Green Housing Finance for Low-income Borrowers in India**

**New Delhi, India, July 25, 2021**— Low- and middle-income borrowers will be able to own homes with improved access to finance, thanks to a new investment aiming to boost affordable housing finance in India, while supporting the country's climate goals by focusing on green affordable housing.

IFC's \$250 million loan to HDFC Ltd—India's largest housing finance company—will support its moves to grow its affordable housing and emerging green affordable housing portfolio by improving access to such housing for people on lower incomes. Aligned with the government of India's goal to provide 'Housing for All,' the funding will also help generate jobs.

At least 25 percent of the financing has been earmarked for green affordable housing, which is likely to encourage this market in India. Green housing is largely regarded as a luxury market in the country, but given its climate benefits, IFC intends to challenge that perception and help boost green affordable housing by partnering with HDFC, with its deep penetration in the Indian housing market and significant commitment to promoting green.

**Ms. Renu Sud Karnad, Managing Director – HDFC Ltd** said, "At HDFC, we are aligned to the Prime Minister's vision of Housing for All, especially through promotion of affordable housing. We have simultaneously cultivated a strong emphasis on ESG, enhanced our environment & social due diligence for on-lending and are working towards deepening our footprint in financing more affordable, smart and green homes. This partnership with IFC covering both themes Affordable & Green housing, we hope, will materially further our outreach."

It's estimated that 275 million people – or 22 percent of India's population – don't have access to adequate housing, spurred by rapid urbanization and the lack of affordable housing finance. Recent estimates suggest the urban housing shortage was 29 million units in 2018, increasing by over 54 percent since 2012. The rural housing shortage is estimated to be twice that of urban areas.

Green affordable housing can help India on its path to deliver on its commitments under the Paris Agreement, to reduce a third of its carbon emissions by 2030 from 2005 levels. Green and energy efficient housing can help cut emissions, as residential housing accounts for about 24 percent of the nation's electricity consumption.

"This partnership with HDFC offers multiple benefits for India, as it can play a leading role in developing the country's nascent green affordable housing market, while delivering jobs and a climate dividend," said **Hector Gomez Ang, Regional Director for South Asia at IFC**. "With most banks and housing finance companies in India still at the stage of evolving their business models to lend to lower income people, this investment should send a clear demonstration that green affordable housing is viable and needed, especially as India moves on the road to recovery from the impacts of COVID-19."

IFC estimates there's a \$1.25 trillion investment opportunity in green residential housing in India to the year 2030. To help grow the market, IFC has made investments worth over \$920 million in housing finance companies in India—85 percent in the last five years—for on-lending to retail buyers of affordable housing and developers of affordable and green housing.

**About IFC**

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2020, we invested \$22 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit [www.ifc.org](http://www.ifc.org).

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**About HDFC**

Housing Development Finance Corporation Ltd (HDFC), the pioneer of retail housing finance in India has assisted over 84 lakh families to own their house. HDFC's strength has been its value-added services, delivered through a team of trained and experienced professionals. HDFC has consistently had an impeccable record of customer friendly services. HDFC has been described as a model housing finance company providing technical assistance and consultancy assignments for developing countries across Asia, Africa and East Europe.

For more information, visit [www.hdfc.com](http://www.hdfc.com)

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