

## Public Information Summary

<b>Host Country</b>	India
<b>Name of Borrower</b>	Vastu Housing Finance Corporation Limited
<b>Project Description</b>	Long term financing to support the origination of approximately 3,400 mortgage loans to the economically weaker segment of the population in India.
<b>Proposed DFC Loan/Guaranty</b>	\$50,000,000
<b>All-Source Funding Total</b>	\$55,000,000
<b>Policy Review</b>	<p>The Project is expected to have a positive development impact in India by supporting access to affordable housing and micro, small, and medium enterprise (MSME) loans for Indians in the “Economically Weaker Section” (EWS) and “Lower Income Group” (LIG) population segments. Up to 37 million families in urban areas in India live in informal housing, unplanned or illegal settlements that often lack access to roads, sewage, and drainage. Nearly all of India’s housing shortage is for the EWS and LIG segments. In addition, women are particularly underrepresented as homeowners in India due to insufficient income and traditional gender roles that limit the involvement of women in household decision-making. The Project will provide affordable home loans to over 2,000 Indians in the EWS and LIG segments, over 95% of which will include women as a sole borrower or co-borrower. The Project will also provide over 1,000 loans to MSMEs, the majority of which are expected to be women-owned or -led.</p>
<b>Developmental Objectives</b>	<p>The Project will address two development challenges in India: the lack of access to financing for affordable housing, and the lack of formal financial options for MSMEs.</p> <p>Population growth coupled with rising levels of urbanization in India has created pressure on the housing sector, particularly for low-income Indians with limited access to traditional bank financing.<sup>1</sup> Up to 37 million families in urban areas in India, or 47 percent of the urban population, live in informal housing, unplanned or illegal settlements that often lack access to roads, sewage, and drainage.<sup>2</sup> Nearly all (96%) of India’s housing shortage is for the officially-designated “economically weaker section” (56%) and “lower income group” (40%) population categories.<sup>3</sup> Women are particularly underrepresented as homeowners in India due to insufficient income and</p>

<sup>1</sup> FSG. [State of the Low-income Housing Finance Market](#). 2018.

<sup>2</sup> FSG. [Informal Housing, Inadequate Property Rights Understanding the Needs of India’s Informal Housing Dwellers](#). December 2016.

<sup>3</sup> WRI India. [Sustainable Housing](#).

	<p>traditional gender roles that limit the involvement of women in household decision-making.<sup>4</sup> While there are various causes of this shortage, appropriate formal housing finance remains extremely constrained: only three percent of women and six percent of men in India have outstanding mortgages.<sup>5</sup></p> <p>In addition, MSMEs are a critical driver for the country's economic development and productivity, accounting for 30% of India's GDP, 49% of exports, and employing an estimated 111 million people.<sup>6</sup> The country's MSME financing gap is estimated to be \$230 billion, or equivalent to 11% of GDP, and represents a critical barrier to MSME growth. The majority of MSMEs rely on their own funds or loans from family and friends to meet their business needs since accessing capital from institutional sources often requires collateral.</p>
<b>Environment and Social Assessment</b>	No conditions

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<sup>4</sup> IFC. [Her Home: Housing Finance For Women](#). November 2019.

<sup>5</sup> World Bank. [Global Financial Inclusion — Findex — Database](#). 2017.

<sup>6</sup> IFC. [Opportunities and Constraints of Women Owned Very Small Enterprises in India](#). 2022.