

IFC invests \$25 million in Mahindra Rural Housing Finance for housing loans to rural poor

Finance

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August 02, 2018, New Delhi, India: IFC, a member of the World Bank Group, is investing INR 1.6 billion (\$25 million) in Mahindra Rural Housing Finance Ltd. (MRHFL), one of the largest finance companies, focused on rural housing. MRHFL will use the proceeds to give loans to low-income borrowers in villages.

The demand for affordable homes in India is rising at an unprecedented pace due to economic growth and urbanization. The National Real Estate Development Council estimates the housing shortage in the country to touch 114 million units by 2022, of which 68 million will be in the rural areas.

MRHFL has 85 percent of its portfolio in the rural areas with an average loan size of only \$1,200, and demonstrates its ability to serve economically weak segments in a commercially sustainable way. Its customers include farmers, micro-entrepreneurs, and salaried workers in the unorganized sector, who often do not have documentary evidence of income and lack a proven credit history.

"MRHFL is the pioneer of rural housing finance in India. Most of the housing finance in rural areas is for incremental construction or completion of homes and lack of appropriately designed product options is a key challenge. We

identified this need and built an innovative business model around it. There is great potential for growth in this segment. This association with IFC will help us capitalize on these opportunities, while making a huge social impact," said **Ramesh Iyer, Vice-Chairman & Managing Director, Mahindra Finance.**

Bridging the housing gap in India is a strategic priority for IFC and aligned with the World Bank Group's twin goals of eliminating extreme poverty and increasing shared prosperity. In recent times, IFC has made available nearly \$2 billion, including mobilization, for purchase and construction of affordable homes. According to estimates, every house built creates up to 13.5 direct and indirect jobs.

"There is high demand for affordable housing, particularly in rural and semi-urban areas. The supply is beginning to increase. IFC's investment will send a positive signal to investors, increasing confidence and encouraging potential creditors to provide long-term debt to this sector," said **Arun Kumar Sharma, Chief Investment Officer, IFC.** "Home ownership helps improve living standards and the housing construction industry is a significant employment generator. Both are critical to IFC's mission."

"MRHFL has extended loans to more than 700,000 households in rural India. We also assist our customers by providing advisory services and financial literacy campaigns. This investment will be a further boost to our mission to expand and reach out to underserved customers in rural markets, thus transforming rural lives," said **Anuj Mehra, Managing Director, Mahindra Rural Housing Finance Ltd.**

Last month, IFC committed INR 6.4 billion (\$100 million) in Mahindra & Mahindra Financial Services Ltd. (MMFSL) to increase loans to farmers for buying tractors, commercial vehicles, and other equipment for modern farming. Both MRHFL and MMFSL are parts of the Mahindra & Mahindra

Group, whose relationship with IFC goes back to 1963.

About IFC

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY17, we delivered a record \$19.3 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity. For more information, visit www.ifc.org.

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About Mahindra & Mahindra Financial Services Limited

Mahindra & Mahindra Financial Services Limited (Mahindra Finance), part of the Mahindra Group, is one of India's leading non-banking finance companies. Focused on the rural and semi-urban sector, the Company has

over 5.3 Million customers and has an AUM of over USD 8.49 Billion. The Company is a leading vehicle and tractor financier and also offers fixed deposits and loans to SMEs. The Company has 1,284 offices across the country.

Mahindra Finance is the only Non-Banking Financial Company from India to be listed on Dow Jones Sustainability Index in Emerging Market Category. Mahindra Finance has been ranked in Top 15 India's Best Workplaces to Work in BFSI, 2018 by Great Place to Work® Institute India. We have also been recognized as Aon Best Employer 2017 and Best BFSI Brands 2018 by The Economic Times.

Mahindra Rural Housing Finance Limited (MRHFL) a subsidiary of Mahindra Finance provides loans for purchase, renovation, construction of houses to individuals in the rural and semi-urban areas of the country.

About Mahindra Group

The Mahindra Group is a USD 20.7 billion federation of companies that enables people to rise through innovative mobility solutions, driving rural prosperity, enhancing urban living, nurturing new businesses and fostering communities. It has a leadership position in utility vehicles, information technology, financial services and vacation ownership in India and is the world's largest tractor company, by volume. It also enjoys a strong presence in agribusiness, components, commercial vehicles, speedboats, consulting services, energy, industrial equipment, logistics, real estate, steel, aerospace, defence and two wheelers. Headquartered in India, Mahindra employs over 240,000 people across 100 countries.

Learn more about Mahindra on www.mahindra.com / Twitter and Facebook: @MahindraRise

Media contact information:

International Finance Corporation

Tanu Chhabra Bahl

Tel: +91 11 41111064

Mobile: +91 8527566005

Email: Tbahl@ifc.org

Mahindra Finance

Metabelle Lobo

Tel: +91 22 24975178

Mobile: +91 9769212078

Email: lobo.metabelle@mahindra.com

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