



Social Initiatives

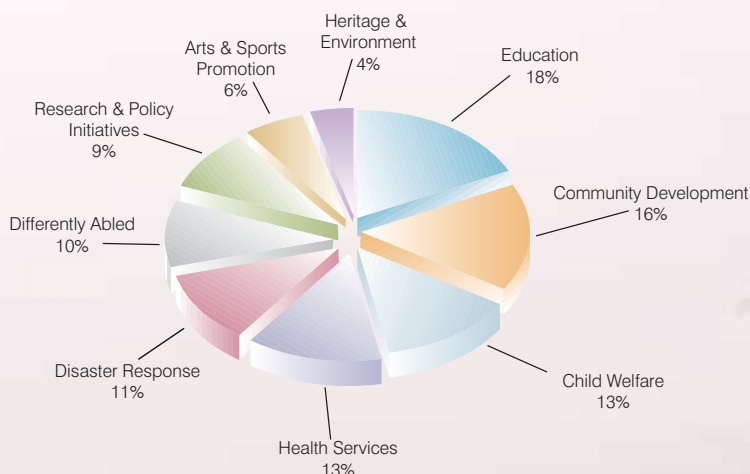
Built on the principal values of fairness, kindness, efficiency and effectiveness, HDFC, from its very inception has injected social awareness and good governance into its core business practices. In terms of its social commitment, HDFC's approach has been to make a positive impact on economic and human development while improving the quality of life of our surrounding communities. These activities largely constitute an extension of HDFC's central business encompassing varied social sectors.

The following pages illustrate the diverse projects supported by the corporation through the Shelter Assistance Reserve and our continued bulk-lending operations in the area of low-income housing and micro-finance.

SHELTER ASSISTANCE RESERVE

A wide range of social and development initiatives were supported this year, involving close to 140 voluntary and non-government organisations (NGOs) under the Shelter Assistance Reserve. The overall utilisation from the Reserve stood at Rs. 5.22 crore for the year 2008 – 09. The segment-wise break-up of the utilisation of the Reserve is illustrated in the chart below.

Segment-wise Utilisation of the reserve for 2008-09



Cited below are a few cases, in no specific order, of such NGOs and institutions, reflecting the general application of the Reserve.

Sense India

Living close to the scenic Chilika Lake, for the first seven years of his life, Soumyakanta remained oblivious to the natural beauty of the forest and lake surrounding him. Soumyakanta suffers from deafblindness and delayed mental development since birth. Unable to communicate or connect with his surroundings, his development remained stunted until the age of seven. However, with adequate support and intervention from a partner of Sense International (India), today Soumyakanta is able to communicate effectively with his family and friends using gestures and signs. He has also been successfully integrated into the local village school.

It is estimated that there are more than half a million deafblind children in India and most of them suffer in total isolation. Further, our existing schools do not understand the complex needs of deafblind children and hence are inappropriate for development of their skills. Sense

India supports the development of services for deafblind people throughout the country. It works in partnership with local organisations and professionals catering to deafblind children and adults, by involving their families to ensure that everyone challenged with this disability has access to advice, opportunities and support.

HDFC has partnered with Sense India to support their project targeting the deafblind population in the state of Orissa. The plan is to reach out to the children who do not have access to any kind of support services and to integrate them into local schools with other children who have residual vision and hearing.

Mobile Crèches

Imagine life on a construction site - no gardens or playgrounds for the children are here, only gaping foundation pits, piles of bricks, and a dry, cement dust in the air. And further imagine moving on to another barren site, yet again, once the grand apartments, gardens and playgrounds are constructed. This is the life for children of construction workers, moving from site to site, carrying with them their meager belongings and precious memories and leaving behind their friends and their childhood.

Mobile Crèches was set up to safeguard the interest of these children and to provide them with a safe, happy and healthy environment for their overall development. The vision of the organisation is to ensure that children of marginalised and mobile / migrant populations get the opportunity to develop into competent and confident

individuals. The organisation runs a holistic development program for the children encompassing education, health-care and community awareness.

Over 550 such day-care centres have been set up on building sites as well as slum clusters in Delhi, Mumbai and Pune, reaching out to over 6.5 lac children. HDFC has been a consistent supporter of Mobile Crèches, particularly in the field of early childhood care and development.

Sahaj

Sahaj was founded in 1984 with a conscious focus on marginalised and



deprived communities, aiming to make a practical difference in the social processes affecting them. Much of Sahaj's activities, have been health and education-related, breaking new ground in strategies of implementation and service delivery. The organisation is also an active participant in several networks of NGOs that run campaigns on child rights, housing rights, health, education and communal harmony.

HDFC partnered with Sahaj for one of its projects titled 'Shishu Milap'.

The project aims to help poor children gain access to education as their fundamental right. The project works towards ensuring quality education for children by making learning and curricula child-centered and child-friendly. Shishu Milap currently engages more than 2000 school going, non-school going and dropout children in the age bracket of 3 – 6 and 6 – 18 years residing in 14 slums across Vadodara. The focus is on addressing issues pertaining to their overall development while reducing the percentage of school dropouts.

Bombay Community Public Trust

As the first community foundation in India, the Bombay Community Public Trust (BCPT) was set up as a model organisation with the primary task of administering public funds for improving the quality of life of Mumbai's citizens. Over the years BCPT has acted as a facilitator and a catalyst for projects and NGOs trying to address various issues that confront the city of Mumbai. The major beneficiaries of BCPT's activities have been under-privileged children. Over the years, HDFC has associated with BCPT to partner on several projects. This year too, HDFC supported BCPT on its education related projects, highlights of which are mentioned below:

H.T. Parekh Memorial Scholarship Program offers scholarships to academically bright girl students

selected from municipal schools to help them continue their studies up to graduation or its equivalent for vocational courses. Students are selected from merit scholarship examinations held in Std. VII and top rankers in the Secondary School Certificate (S.S.C.) examinations.

HDFC further provided scholarships to 50 bright and deserving students studying for their undergraduation or those who have enrolled themselves in professional courses. Under the scholarship program developmental and career guidance workshops were also run for the selected students.

The Paragon Charitable Trust initiated its 'child centered learning' program in six municipal schools in Mumbai. One school, in South Mumbai was supported under the BCPT – HDFC partnership reaching out to 1500 students. The Trust uses its own methodology and learning aids to offer low-cost yet quality English medium education to the school children. Most of the teachers are women from the local community, specially trained and encouraged to teach in an open learning environment. Seeing the positive impact that this methodology has had on the children, the Municipal Corporation of Greater Mumbai (MCGM) has approached the Trust to expand its program to include more municipal schools.

Geeta Educational & Cultural Trust manages the Geeta Secondary School, a non-aided private school in Central Mumbai from Std. VIII – X. A total of 80 children are enrolled in the school. Although the locality has several primary and secondary schools, the Geeta Secondary School



is the only Marathi-medium school in the area. BCPT – HDFC have partnered with the Trust to run the school for a period of one year. The budget included improvement of existing facilities, suitable academic interventions, nutritional support and extracurricular activities for the children.

Pragatik Vidyarthi Sangh manages the Chembur Station Municipal School in the Eastern suburbs of Mumbai. The school runs three



Marathi medium and one Urdu medium section with a total of 1200 children across all four sections. The school also runs a balwadi (child-care centre) on its premises catering to over 100 children. BCPT – HDFC have taken up the running of this school for a period of one year. The budget includes administrative expenses, extra-curricular activities, nutritional support and scholarships.

Society for Service to Voluntary Agencies

A group of professionals came together to reflect on how to strengthen numerous NGOs in their efforts to deliver a multitude of social services. Thus was born the idea of setting up a support organization, which would help NGOs overcome their constraints so that they could carry on with their mission of helping others more effectively. Society for Service to Voluntary Agencies (SOSVA) focuses on development in the fields of health, family welfare, education, women's development and environment.

SOSVA in association with the Savarkar Trust is running schools for tribal children in the interiors of Maharashtra, who otherwise have no access to any form of education. HDFC in association with SOSVA supported two schools near Dahanu,

Maharashtra - The Waki School (10 Km from Dahanu) is a day school with 60 children and the Dabhon School (33 Km from Dahanu) is a residential school with 140 children. The schools have recently completed

two years of functioning and over 70% of the students have passed their exams. HDFC supported the running of both the schools for a period of one year.

Deep Griha Society

Deep Griha – meaning 'Light House' – is an independent charitable organisation working in the slums of Pune city. Through a range of family welfare initiatives including education, health and self-help projects, the Society aims to demonstrate the effectiveness of participatory and sustainable community development programs designed to empower the marginalised sections.

The Society's women's empowerment program includes adult education classes, promotion of self-help groups, women's cooperatives and other miscellaneous activities that facilitate women to take ownership of their own empowerment. The program is catering to women belonging to the slum communities of Tadiwala Road, Ramtekdi and

Bibvewadi. HDFC has extended financial support for running this program in the slum pockets of Pune.

RESPONDING TO NATURAL CALAMITIES

A sudden breach in the eastern embankment of the Kosi River in North Bihar on August 18, 2008 resulted in one of the worst flood situations that the state of Bihar has ever witnessed. Millions of acres of human habitation and farmlands were submerged in the river waters displacing around 2.5 million people in the six worst affected districts of Bihar.

HDFC partnered with three NGOs viz. Ramakrishna Mission, Plan India and Childline India Foundation to provide immediate relief and rehabilitation to the victims of the floods. The Ramakrishna Mission had focused on providing basic relief in the Madhepura



district. Childline India Foundation set up camps with a special emphasis on providing aid and support to the vulnerable children in the districts of Purnea and Araria. Plan India started a focused response operation in Supaul district concentrating on a population of 40,000 displaced people who were stranded in an embankment where relief operations had not reached.

HDFC's employees also made a voluntary contribution towards relief and rehabilitation efforts for the victims of the Bihar floods in August 2008 and Orissa floods in September 2008. HDFC supported two NGOs, Pratham and Goonj for relief operations in Orissa.

LOW-INCOME HOUSING AND MICROFINANCE

BWDA Finance Limited

BWDA Finance Ltd. is a non-banking finance company (NBFC) promoted by the Bullock-cart Workers Development Association (BWDA), a charitable society headquartered at Vilupuram in Tamil Nadu. BWDA was established in 1986 with the objective of improving the socio-economic conditions of the traditional bullock-cart workers as rapid growth in the transport sector rendered the bullock-cart service redundant in rural areas. During its formative years, the society implemented its development programs by raising grants from donor agencies.

BWDA was considerably influenced by the success of the Self-help Group (SHG) movement sweeping rural India and the pioneering work done by NGOs and voluntary agencies. From 1988 onwards the women members belonging to the bullock cart workers' families were organised into SHGs through a social mobilisation process. The microfinance program known as 'BWDA welfare scheme' started with an initial fund of Rs. 15 lacs.

As part of deepening their SHG activity, BWDA collaborated with the Tamil Nadu Women Development Corporation to work with economically backward

communities in Mailam and Koliyanur blocks of Vilupuram district. As the microfinance operations of BWDA started growing rapidly, BWDA realised the need to have a separate entity for efficient and better management. Accordingly, BWDA acquired an existing NBFC and after moving the microfinance portfolio, renamed it as BWDA Finance Limited (BFL), which became operational in 2003.

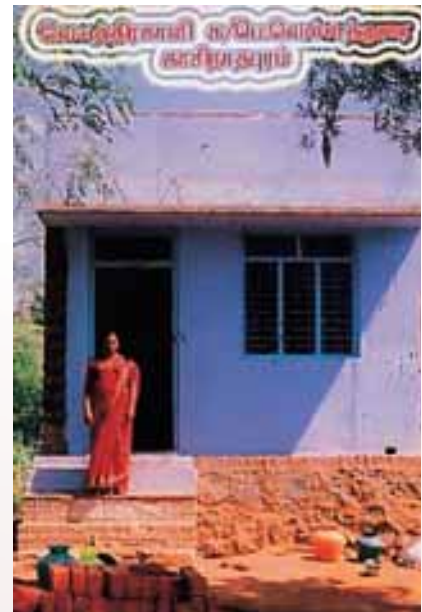
HDFC began its association with BWDA in the year 2002 by sanctioning a loan of Rs. 30 lacs for the purpose of onward lending to its women clients by way of home improvement loans. The housing loan product was a success as all the borrowers could close their loan as per their respective repayment terms. In the year 2008, after its transformation into a for-profit entity, BFL approached HDFC to scale up their home improvement loan product. HDFC sanctioned a loan of Rs. 200 lacs for housing upgradation of their SHG clients. BFL has availed Rs. 150 lacs till date catering to the shelter needs of 500 members.

A dream comes true...

It is very difficult for the rural poor to own a "pucca" house owing to irregularity of their income and lack of access to formal sources of finance. Most houses in rural areas are built with local materials such as thatch made from palm and coconut leaves and walls made up of stones with mud plastering. In reality, these "kutcha" houses are more expensive to maintain and also vulnerable to the vagaries of nature. A small loan to upgrade the dwelling unit not only helps the borrower to improve or strengthen

the structure by using quality building materials but also gives them a sense of security and social prestige.

Pathirakali is a member of a SHG promoted by BFL in Alankulum area of Tirunelveli district. She has been engaged in the beedi-rolling activity while her husband is a seasonal agricultural labourer. Their combined income was barely sufficient to run the family and meet their routine household expenses. With their limited savings and borrowings from relatives they somehow managed to construct a small house. However, the walls could not be plastered and the flooring remained unfinished. Pathirakali thought of borrowing from the local moneylender but had



to drop the idea, as the interest rate quoted was very high.

When a BWDA field staff shared about the HDFC loan facility for home improvement, she was very keen to avail the loan so as to have her house completely finished just



as her neighbours' house. She applied for a loan of Rs. 25,000 and the same was sanctioned and disbursed by BFL. With this amount Pathirakali has been able to complete the unfinished works.

Mimoza Enterprises Finance Pvt. Ltd.

Mimoza Enterprises Finance Pvt. Ltd. (MIMO) is an NBFC in Uttarakhand, which conducts its microfinance operations under the brand name of Mimo Finance. The value proposition of MIMO is to provide sustainable access to microfinance, particularly to poor women, which allows them to generate income, create jobs and thereby enable their families to access quality education and healthcare. Basically, empowering them to make choices that best serve their needs. The operational areas include urban and peri-urban regions along the major highways and towns in seven districts of Uttarakhand, Western UP, Haryana and Himachal Pradesh.

MIMO commenced its micro-finance operations in November 2006 in Dehradun and as on date, the company serves over 50,000 clients, with a total outstanding loan portfolio of Rs. 25 crore. The products offered by MIMO include joint liability group loans, individual micro-enterprise loans, home improvement loans and insurance services. By bringing microfinance services at an affordable cost to clients at their doorstep, MIMO aims to challenge and reverse the conditions that exclude women,

small entrepreneurs, and other individuals from full participation in the financial sector. It plans to reach out to over one million clients by 2015.

During mid - 2008, MIMO approached HDFC for financial assistance to launch a new home-improvement loan product for its existing clients. The eligibility criteria included completion of at least one loan cycle with MIMO with regular repayment and ownership of the property intended for upgradation. MIMO designed the product with some technical inputs from HDFC and launched it in the third quarter of FY08. HDFC sanctioned a term loan of Rs. 150 lacs exclusively for this product, of which Rs. 50 lacs stood disbursed as of March 31, 2009.

Madura Microfinance Ltd.

Madura Microfinance Ltd. (MMFL) is a microfinance NBFC headquartered in Chennai, dedicated to bringing a range of financial products and services to the under-served rural population. Working in association with commercial banks, MMFL provides credit facilities to the rural poor through a wide network of branches in rural Tamil Nadu appropriately equipped for door-to-door delivery and cash management. The primary product of MMFL is the group loan to women's SHGs for the purpose of setting up micro-enterprises.

The formation and training of these groups is managed through its partner organisation called Microcredit Foundation of India,

which was promoted by late Mr. K. M. Thiyagarajan, Chairman of the erstwhile Bank of Madura. Madura Microfinance caters to over five lac poor families covering the length and breadth of Tamil Nadu. The financial products offered by MMFL are need-based with easy repayment installments that suit rural cash flows.

While the 'SHG-entrepreneur transition loan' is provided to SHGs collectively for promoting group enterprises, the 'activity term loan' is intended as a fixed loan to SHG members for their individual economic activities. MMFL has always focused on enhancing the livelihood opportunities of their SHG members. Proper marketing and sourcing facilities have been made available for the products produced by SHGs by establishing forward and backward linkages. MMFL has disbursed loans to the tune of over Rs. 500 crore since its inception.

MMFL approached HDFC in 2008 for a loan to support its micro-credit program by way of onward lending to the SHGs for various income-generation activities. HDFC has sanctioned and disbursed a term loan of Rs. 400 lacs to MMFL under the micro-enterprise finance facility (MFF).

Mat-weaving: a group enterprise

Janath Mahiliar Mantram is an SHG



at Tirunelveli district of Tamil Nadu comprising five women members. The group was formed in the year 1999. With the passage of time the group realised that merely availing credit for consumption purposes would be of no consequence in the long run. They decided to deploy the loan availed from MMFL into productive assets and in income generating activities. The group identified 'mat-weaving' as the traditional livelihood opportunity and applied for a loan of Rs. 2.5 lac to undertake the mat-weaving activity collectively. MMFL sanctioned the loan and all the five members were involved in weaving and marketing the mats as a cottage enterprise. Today, each member earns Rs. 3000 – 4000 as a net income per month and this has led to recognition of the group members at the village level and also among other SHGs.

MicroSave India Foundation

MicroSave is an international consulting organisation that promotes the development of a market-led and

more client-responsive approach to delivering financial services among microfinance institutions (MFIs). While the microfinance industry has enjoyed a great deal of success in terms of outreach and sustainability, microfinance has remained primarily a supply driven endeavour, limited to mainly providing working capital loans to poor micro-entrepreneurs. However, it is increasingly being recognised that the poor require a wide range of financial services to manage risk and improve their welfare.

MicroSave India commenced its operations in the year 2006, when it registered MicroSave India Foundation as the not-for-profit sister organisation of MicroSave India Pvt. Ltd. The latter is a company offering technical assistance to over 60 established and emerging MFIs along with comprehensive, customized strategies that drive growth and business profitability. Most of these MFIs operate in the under-served regions of rural India, predominantly in the north and

north-east. The Foundation on the other hand offers training/workshops for the MFI staff covering a variety of technical and business aspects focusing on developing practical skills that can be applied and internalised with ease.

For capacity building of MFIs, MicroSave has developed and tested a series of practice based and practitioner focused training curricula in the form of various toolkits. The integrated microfinance curriculum, complements the Action Research Programme, which seeks the development of new products and delivery systems at the partner MFIs and refinement of existing ones. HDFC has been associated with MicroSave India since its inception when the foundation requested grant funding towards various operational costs and budgeted expenses. HDFC has sanctioned an amount of Rs. 140 lacs as grant support to Microsave India, of which Rs. 105 lac stood disbursed as of March 31, 2009.