

Mutual growth

Funds can empower women financially and, thereby, widen their own market



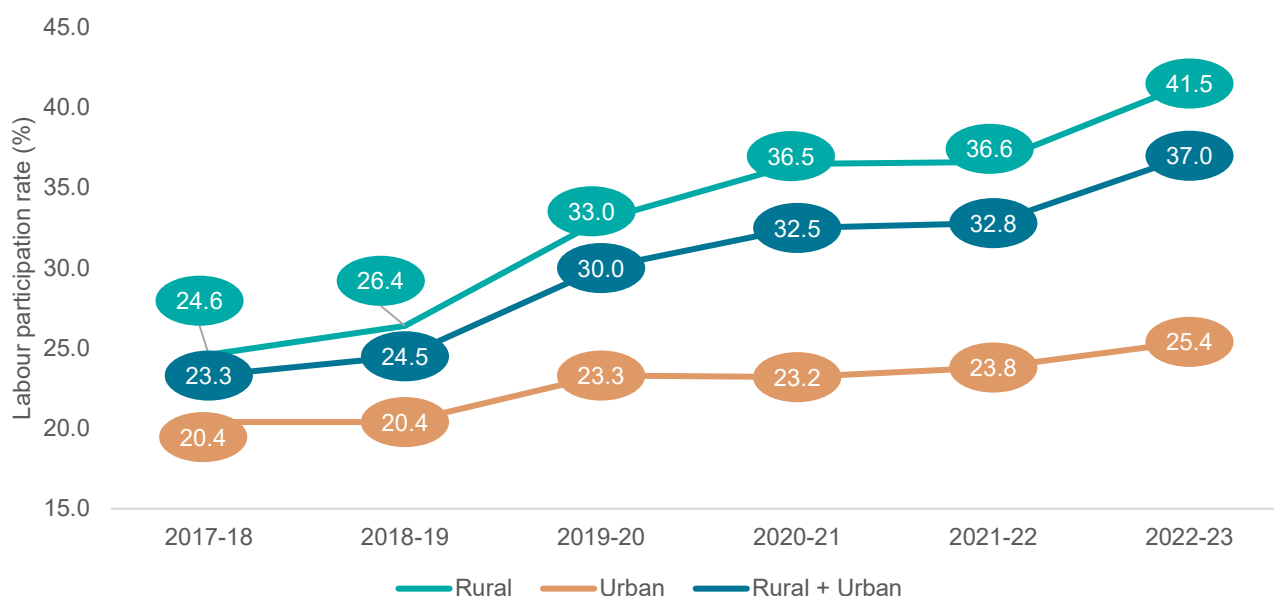
True independence starts where financial dependence ends.

Women have traditionally been under-represented in many spheres in India, including workforce participation and financial planning. However, there is visible churn in these spaces.

As per the Periodic Labour Force Survey of October 2023, participation of women in the labour force has jumped from 23.3% in 2017-18 (July to June) to 37.0% in 2022-23 (July to June). The participation rate has grown at a faster pace, rising to 41.5% versus 24.6% five years back.

In parallel, women are slowly gaining some control over financial decision-making. The latest CRISIL and DBS report, 'Women and Finance', showed 47% of women take financial decisions on their own, reflecting the momentum in financial independence; and this percentage only increases with age.

Labour force participation rate in usual status (ps+ss) for women aged 15 years and above



Source: Ministry of Statistics & Programme Implementation

Note: Principal activity status (PS) + subsidiary economic activity status (ss) determined considering both principal activity status and subsidiary economic activity status

2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18

The autonomy of women in taking financial decisions depends on income source, age and stage of affluence. Self-employed women are likely to have more autonomy in taking financial decisions, at 55%, versus 39% of salaried women.

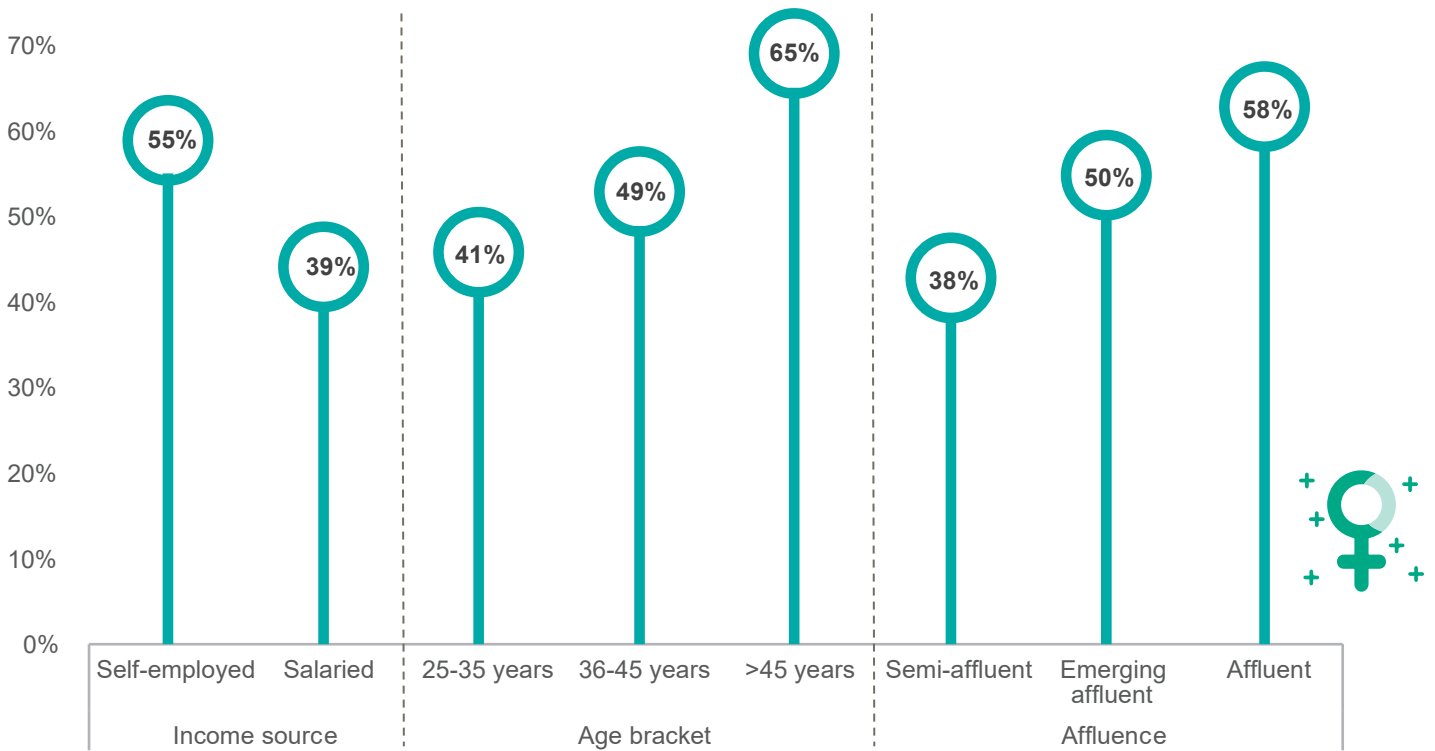
Autonomy also improves with age and affluence. Older women are financially more independent, with 65% of women above the age of 45 years managing their finances independently, primarily due to their experience and understanding of financial products and services. Similarly, 58% affluent women tend to have higher financial autonomy versus 38% of semi-affluent ones due to higher financial literacy and access to resources.



While there is significant improvement in labour participation by women, policy action is required to ensure the increase continues. Closing gender gaps in education and increasing the number of women in higher education are important focus areas, as these would help women attain high-quality jobs. Further, creating jobs in sectors with higher female intensity, such as childcare and teacher’s aid, nursing, primary and school education, and garment-related trades and providing training for these jobs could encourage women to join workforce.

These steps would not only help women gain more financial independence, but also generate more wealth for the society at large.

Financial autonomy decision trees



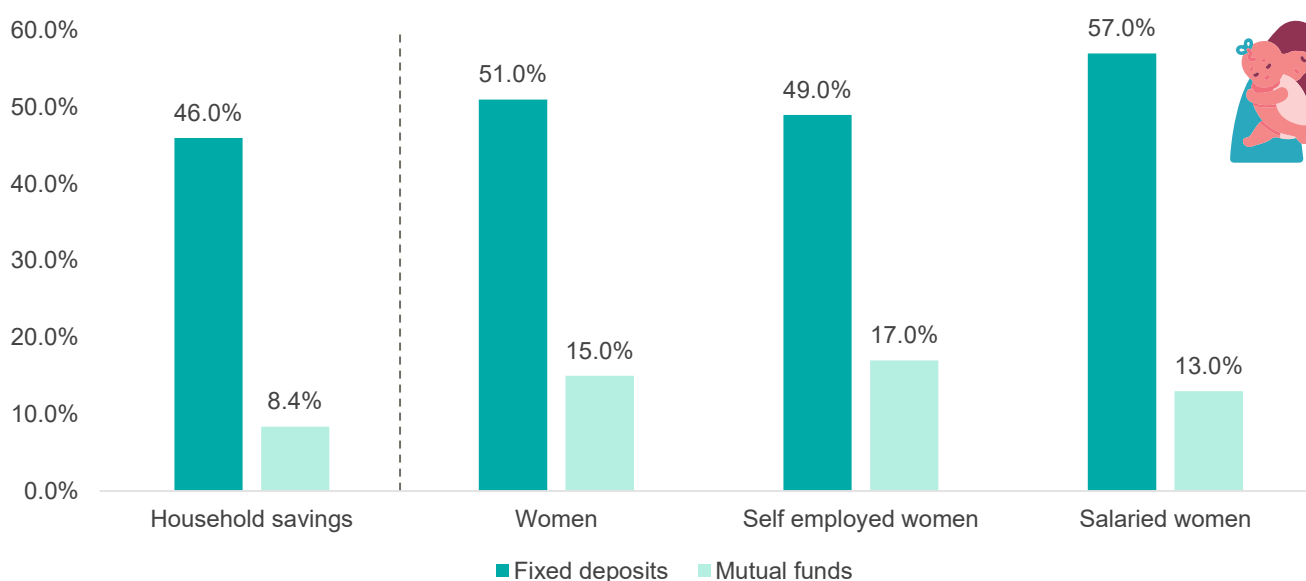
Source: CRISIL DBS report – Women and Finance



Traditional bent in investment planning, with an eye on new-age instruments

While the financial autonomy of women has strengthened, most of them stick with what they know best when investing — traditional instruments. As per the CRISIL DBS report, 'Women and Finance', women parked a higher share of their money in bank fixed deposits and savings bank accounts at 51% versus 46% for households in India. Their investments in capital market instruments, such as mutual funds, were also higher at 15% versus 8.4% for households. Further, as per the report, self-employed women had higher exposure to mutual funds (17%) and lower investments in bank deposits (49%) versus salaried women who had 13% and 57% exposure, respectively.

Women's financial investments versus household savings



Source: Household savings based on RBI Stocks of Financial Assets and Liabilities of Households, Data on women based CRISIL DBS report – Women and Finance

Increasing participation by women in mutual funds

Women's empowerment in financial decision-making and their increasing momentum towards embracing capital market instruments is visible in the mutual fund industry. In line with the mutual fund industry's exponential growth, crossing the Rs 50 lakh crore mark, women are also increasingly making their presence felt in the industry.

As per industry data, while the share of women folios has remained constant in the past six years, their share in industry assets has expanded from 15% in March 2017 to nearly 21% as of December 2023. What is more heartening is that this pace of growth is more prominent in the hinterland versus urban centres; the share of women folios and assets in B-30 cities has increased from 15% to 18% and from 17% to 28% during the period.



Increasing share of women in the mutual fund industry

Period	Share of women		Share of women in T30 cities		Share of women in B30 cities	
	Folios	AUM	Folios	AUM	Folios	AUM
Mar-17	21.0%	15.2%	25%	15%	15%	17%
Mar-20	21.8%	17.3%	24%	16%	18%	24%
Dec-22	20.6%	19.8%	23%	18%	18%	27%
Mar-23	20.6%	20.1%	23%	19%	18%	27%
Dec-23	20.8%	20.9%	23%	19%	18%	28%

Source: AMFI, CRISIL MI&A Research; AUM: Assets under management

An analysis of the state-wise share of women in the mutual fund industry shows Goa has the highest share, at 40%, followed by states from the northeast, all in the high 30s. Chandigarh, Maharashtra and New Delhi also have over 30% share of women in the industry’s assets under management.

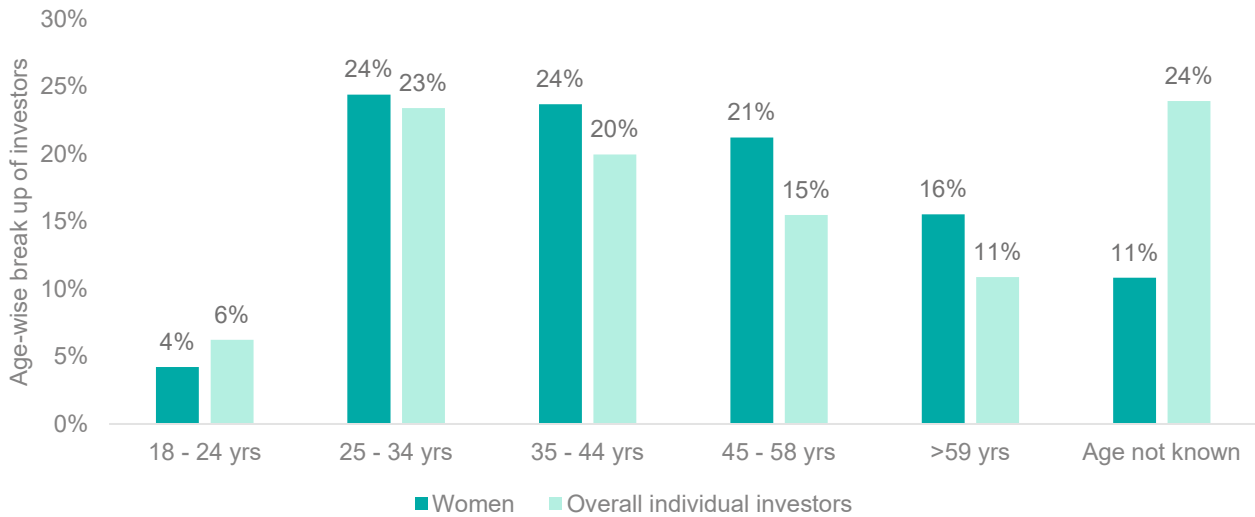
State-wise share of women in the mutual fund industry



Source: AMFI, CRISIL MI&A Research

The age analysis of women investors indicates almost 50% fall in the 25-44 year age group, versus around 45% for overall set of individual investors, showcasing higher inclination among young and middle-age women to invest in new-age capital market instruments. Women in the 45-58 and above 59 years group account for 21% and 16% of the folios versus 15% and 11% respectively for the overall set. Women in the higher age brackets would be using their investing experience to expand into products such as mutual funds for their financial planning needs.

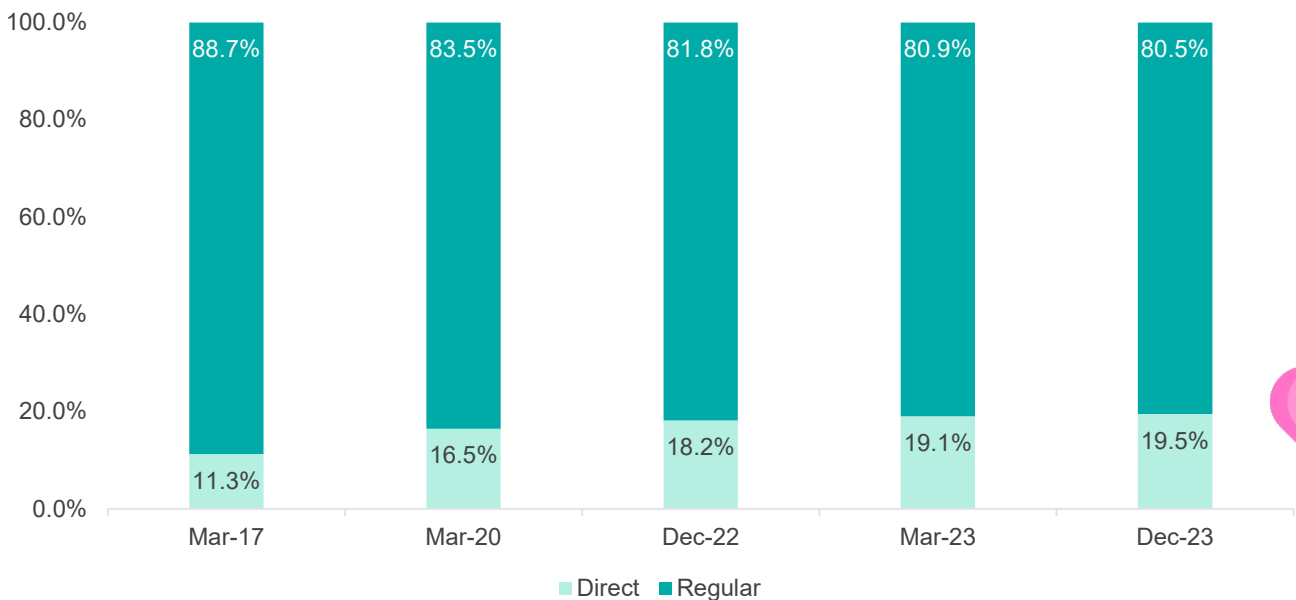
Age profile of mutual fund investors



Source: AMFI, CRISIL MI&A Research

With improving ease of access to information and technology, we are seeing women investors opting to invest directly in the mutual fund industry through direct plans however most continue to invest through the regular plan route in mutual funds.

Break-up of investment in regular versus direct plan by women



Source: AMFI, CRISIL MI&A Research

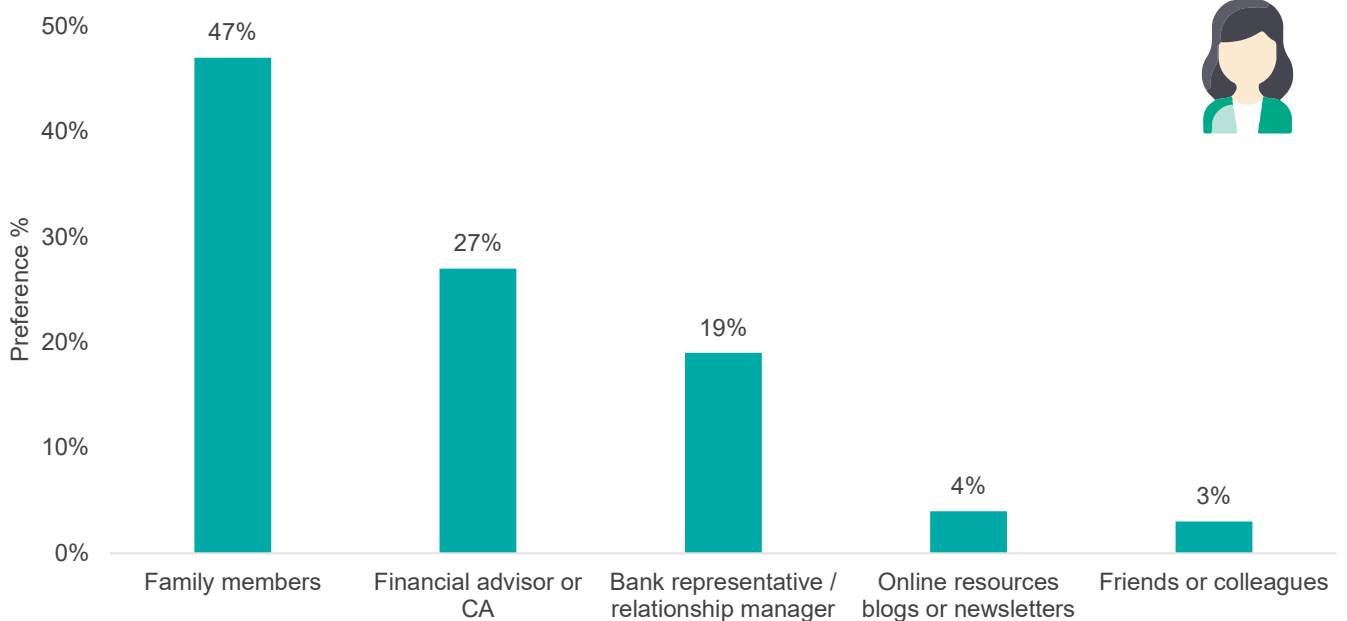


Distributors can help increase mutual fund penetration

Even as an increasing number of women are investing in mutual funds, we have only scratched the surface of the market's potential. Improved access to the right mutual fund advice can play a vital role in deepening and widening mutual fund penetration.

The CRISIL DBS report, 'Women and Finance', showed while women mostly (47%) relied on family members in financial decision-making, their second most trusted resources are financial advisors or chartered accountants, at 27%.

Source of guidance for women investors



Source: CRISIL DBS report – Women and Finance

Investing in mutual funds can be a complex exercise. Hence, it is paramount that domain experts, i.e., professional financial experts, guide investors to the product most suited to their requirements. Further, most individual investors tend to exit when markets are volatile; hence, handholding of the women investors is important to provide studied guidance to prevent a knee-jerk reaction.

The importance of handholding is also corroborated by the holding period data of women investors in systematic investment plans (SIPs). Data shows women investors are parking their funds in regular SIPs, at 17% in both B30 and T30 cities, for more than five years compared with 3-5% for direct plans in these regions respectively.

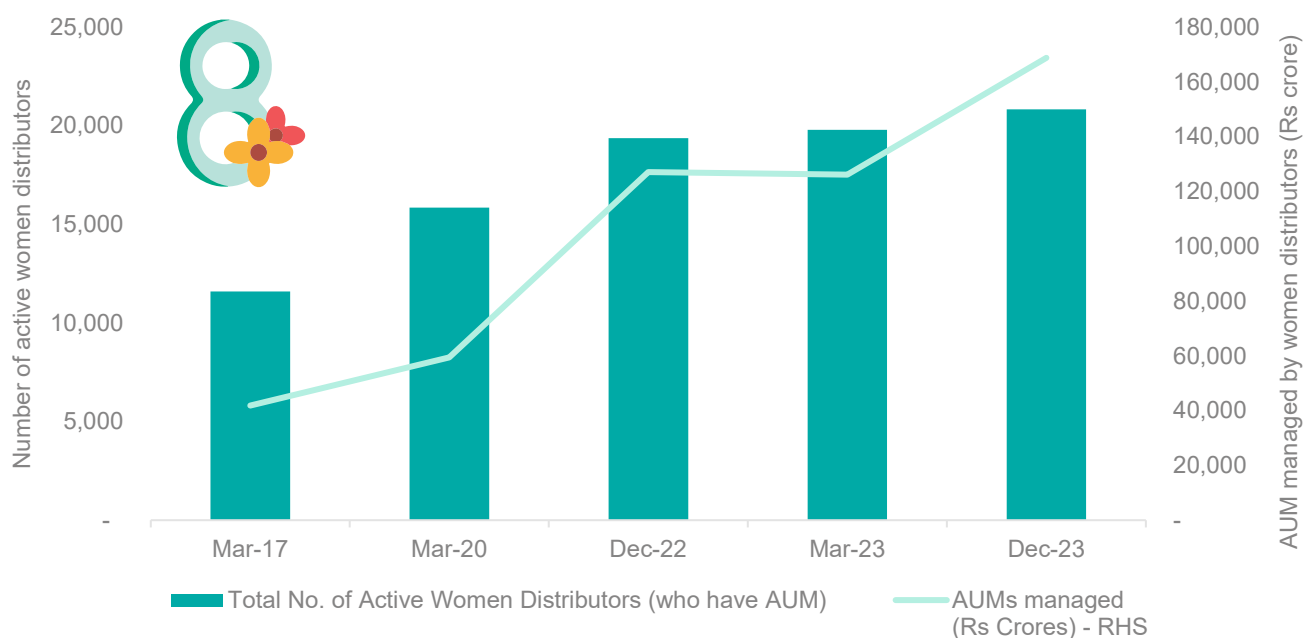
Holding period of SIPs by women investors

Holding period	Direct		Regular	
	T30	B30	T30	B30
> 5 years	5%	3%	17%	17%
> 4 years up to 5 years	4%	3%	6%	6%
> 3 years up to 4 years	6%	5%	6%	6%
> 2 years up to 3 years	20%	19%	16%	16%
> 1 year up to 2 years	23%	23%	21%	21%
Less than < 1 year	43%	47%	33%	35%

Source: AMFI, CRISIL MI&A Research

And who better to handhold a woman investor than a woman herself, since she may understand the financial planning needs better. The number of active women distributors has increased steadily since March 2017 to near the Rs 21,000 registration mark as of December 2023, with the total AUM managed by them closing in around Rs 1.7 lakh crore as of that period.

Growth of women mutual fund distributors



Source: AMFI, CRISIL MI&A Research

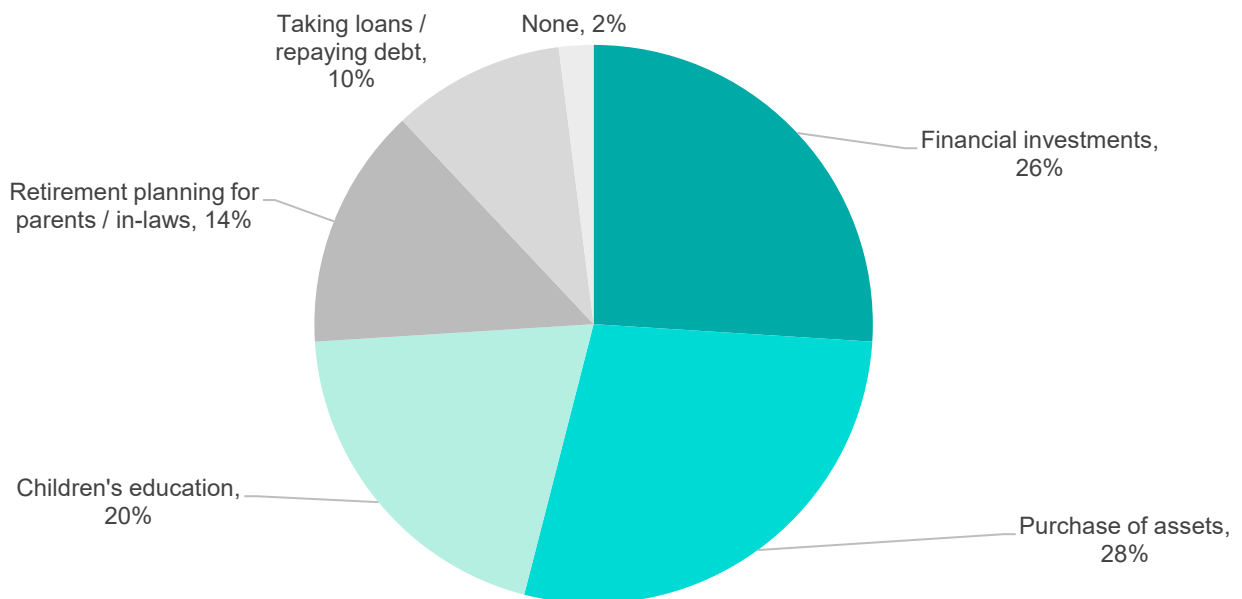
It is imperative that more women join the distributor community, not only to further the penetration of mutual funds in the country, but also to generate more employment for women in the country.



Financial empowerment of women a win-win for the financial ecosystem

Women in India are increasingly active and participative decision-makers in family decisions. Based on the National Family Health Survey, the urban women's involvement in key household decisions surged to 91% in 2019-20 from just 49% in 2005-06. The CRISIL DBS report, 'Women and Finance', found 98% of urban women were at the forefront of long-term family decisions, including household financial investments.

Areas of decision-making by women



Source: CRISIL DBS report – Women and Finance

Women have come a long way from stashing money under clothes or in a jar in the kitchen for emergency needs. They are now breadwinners as well, taking increasing control of their finances, irrespective of whether they work or not.

Hence, it is important that women are empowered with the right set of information and tools to enhance their financial planning process. From money savers, they can become wealth creators for themselves and the financial ecosystem as a whole with prudent financial planning.

Those unsure about how to go about investing their hard-earned money can take the help of professional financial planners, a good lot of them being women themselves.

Notes



MUTUAL FUNDS *Sahi Hai*

About CRISIL Market Intelligence & Analytics

CRISIL Market Intelligence & Analytics, a division of CRISIL, provides independent research, consulting, risk solutions, and data & analytics. Our informed insights and opinions on the economy, industry, capital markets and companies drive impactful decisions for clients across diverse sectors and geographies.

Our strong benchmarking capabilities, granular grasp of sectors, proprietary analytical frameworks and risk management solutions backed by deep understanding of technology integration, make us the partner of choice for public & private organisations, multi-lateral agencies, investors and governments for over three decades.

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong, UAE and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [LINKEDIN](#) | [TWITTER](#) | [YOUTUBE](#) | [FACEBOOK](#) | [INSTAGRAM](#)

CRISIL Privacy Statement

CRISIL respects your privacy. We may use your personal information, such as your name, location, contact number and email id to fulfil your request, service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com/privacy.