

THE OPPORTUNITIES AND CHALLENGES OF INDIAN WOMEN TO INVEST IN MUTUAL FUND, IN VIEW OF SHARIAH LAW

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Abstract

Mutual funds cater to middle and lower-middle-income brackets and small investors, including salaried individuals and those who have limited knowledge of the stock market. Mutual fund provide an avenue for these investors, who considered mutual funds as less risky than individual stocks due to the expertise of fund managers. Now govt policy aims to redirect investments from traditional banking and insurance to stocks through mutual funds to foster economic growth. For creating the awareness Sebi established NISM(National institute of securities market) .The Indian savings market has grown steadily, with an increasing number of households saving. However, there is a noticeable gap in women investors' participation, attributed to factors like awareness and investment preferences. This paper is highlight the reason of low investment by women and factors influencing for investment in mutual fund as per Islamic law. This paper also highlight avenues available as per shariah law, such as the shariah compliance mutual fund like Tata ethical fund ,Nippon India fund and Taurus ethical fund.this paper attempt to understand women investors' preferences and the factors influencing their behaviour towards investing in various mutual funds/schemes.

Keywords: mutual fund ,shariah compliance .NISM and Ethical fund.

INTRODUCTION

The perception of women investing in mutual funds has evolved positively over time. More women are recognizing the importance of financial independence and are actively participating in investment activities, including mutual funds. initially there were some societal barriers and stereotypes thinking such as the perception that investing is primarily a male domain. There was no efforts made to educate and empower women about financial planning and investing which can help to change these perceptions and encourage greater participation of women .

In Islam, it is believed that men and women are equal, therefore women are also obligated to fulfil social and religious responsibilities outlined in the Quran. The Quran grants women rights such as property ownership and financial independence, prohibits practices like female infanticide and other forms of abuse. Women have a right to select partner for marriage and take a decision for their financial matters as well.

Shariah law is a religious law that mention governing principle for spiritual, mental and physical behaviour that must be followed by Muslim which is Islamic legal system.

Shariah Compliant Fund are investment funds which fulfil the requirement of the Shariah law and principle of Islamic religion and considered socially responsible investment.

SIGNIFICANCE OF THE STUDY

This study would help to understand women investment behavior. The study would provide guidelines to them to protect themselves from market risk and to do informed choice and avenues available as per Islamic guidelines . Due to rising inflation and high cost of living the traditional sources of investments like Gold ,Chit fund and Heera Gold fund etc are becoming less popular and the role of mutual funds' investments become more important since its giving more return compare to traditional investment plans. Investing in shariah compliance mutual fund could help to developed the habit of systematic savings among the Muslim women and help to inculcate in the new generation.

AREA SELECTED FOR THE STUDY

The area of the coverage of the study is Mumbai, the capital of Maharashtra in India. Mumbai is opted for the study because it is known as financial capital of the country. Every women have habit of saving irrespective of working or not working. But they are not habitual to invest these savings. savings have to be invested properly to attain the financial goals. Simply, keeping savings in the form of cash or in savings account in banks may not give good returns on such savings. Hence, savings have to be invested in an appropriate manner in various investment avenues so as to maximize wealth while minimizing the overall It is quite evident that Muslim women before taking investment decision, they screen the do and don't of the opportunity from the principles of Quran. At present Indian investment market is little Muslim women friendly. Therefore in the present context it is worth to study the investment behaviour and investment avenue available to the Muslim women of the Mumbai city.

Muslim women make the planning, investment and management of their saving from the prospective of their religious belief. One can invest in share market, mutual funds, commodity trading, bullion market, real estate, gold and such others.

Religion	Percentage	Population
Hindu	65.99 %	8,210,894
Muslims	20.65 %	2,568,961
Christian	3.27 %	407,031
Sikh	0.49 %	60,759
Buddhist	4.85 %	603,825
Jain	4.10 %	509,639
Others	0.40 %	49,439
Not Stated	0.26 %	31,825

Source: <https://www.census2011.co.in/census/city/365-mumbai.html>

OBJECTIVE OF THE STUDY

1. To study and analyse the behaviour of Muslim women & Shariah rules towards financial planning and management.
2. To study and assess the incomes and investment behaviour of Muslim women.
- 3 To analyse the factors influencing in Investment and opportunities available to women investors.
- 4.To study the challenges faced by Muslim women towards investment in present scenario in mutual funds.
- 5.To provide suitable suggestions on the basis of the finding of the study.

LIMITATIONS OF THE STUDY

- The samples are collected only from Mumbai City only.
- The study is limited to women investors investing in mutual funds.

RESEARCH METHODOLOGY

The purpose of the study was to gather information from Muslim women on their Islamic financial planning and management, including the reasons for their investments in Shariah-based investment avenues and their attitudes towards conventional investment avenues.

A mixed methodology has been adopted for data collection for this research work, which includes survey method as well as qualitative data in the form of personal interviews; and dependence of secondary sources, as well.

Secondary data collected from the following sources.

- a) Data from the Census of India-Census Publications such as Census reports.
- b) Data published by Government of India and compiled through various publications by the respective departments.
- c) General public survey so that a feedback can be obtained with regards to people's opinion about the perception and investment habit.

d) Miscellaneous sources like records, internet based and print media sources, newspapers, magazines, etc.

The following are some challenges that women may encounter when investing in mutual funds:

1. Financial Knowledge: Women may encounter difficulties due to limited understanding of finance and investments, impacting their confidence in making informed investment choices.
2. Income Disparity: The gender pay gap may restrict women's ability to invest substantial sums in mutual funds compared to men.
3. Confidence and Risk Appetite: Research indicates that women tend to be more risk-averse, potentially leading to hesitation in opting for higher-risk mutual funds despite potential higher returns.
4. Under representation: The investment sector historically lacks gender diversity, which might make women feel less included or represented in investment discussions and decision-making processes.
5. Life Responsibilities: Balancing various responsibilities such as caregiving and household management can leave women with less time and energy to focus on investing and financial planning.

To overcome these challenges, efforts are needed to enhance financial literacy among women, promote workplace gender equality, and provide tailored investment resources to empower women to participate confidently in mutual fund investing.

As compare to non- Muslim women, Muslim women do not invest their saving and earnings in conventional banking and other conventional funds market which provides a good rate of earnings and due to this reason Muslims are badly affected to inflation in an economy.

At presently, Muslim women investing their savings and earnings in the Shariah compliant fund market such as Islamic banking, Islamic shares, Islamic mutual funds, Islamic bullions, gold, silver and precious metals which will be a good option to be protected against inflation as on August 2021 out of 3450 companies 935 companies are Shariah compliant,

This year's study covers working professionals aged between 22 and 45 years. ETMarkets brings a sneak peek into how Indian women invested versus the Indian men in 2023. 39% of women invested in stock markets versus 47% of men. The gap is 8%.as per economics times dated 26 November 23

Opportunities and avenues available as per shariah law, In India shariah compliance 3 mutual funds are available.

Muslims have some prescribed limitations for investment in Mutual fund market. Shariah Compliant Mutual Funds provide an avenue for them to invest while adhering to these religious guidelines as followings below. Muslims are prohibited from investing in anything that could cause harm to physical or emotional derived from selling tobacco, alcohol, weaponry, pork, explicit content, betting, and related military weapons.

Muslims are required to stay clear of Riba, or interest. A Muslim investor is prohibited from investing in businesses involved in interest-based transactions. This is why Shariah-Compliant Mutual Funds strictly avoid any form of interest. Any interest earned from these investments is instead directed towards charitable purposes.

The Shariah Compliant Mutual Funds are not restricted to only Muslim investors; investors of other religions are also allowed to invest in the fund.

Sharia compliance Mutual Fund: Tata ethical fund, Taurus ethical fund and Nippon India fund.

Tata Ethical Fund Regular-Growth Fund Details

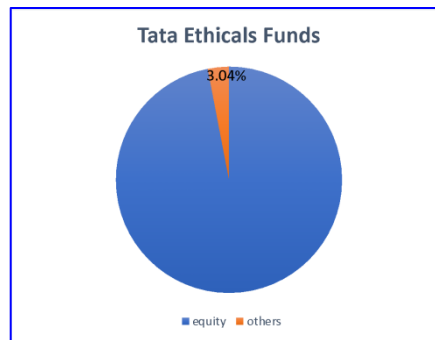
Investment Objective - The fund aims to provide medium to long term capital gains by investing in Sharia compliant equity and equity related instruments of well researched value and growth oriented companies.

Fund House	Tata Mutual Fund
Launch Date	May 24, 1996

Benchmark	NIFTY 500 Shariah Total Return Index
Return Since Launch	16.26%
Riskometer	Very High
Type	Open-ended
Risk Grade	-
Return Grade	

<https://economictimes.indiatimes.com/tata-ethical-fund-regular-plan/mffactsheet/schemeid-213.cms?from=mdr>

Assets Allocation.



Taurus Ethical Fund is also for women investors who want to invest in equity and equity-related instruments in accordance with Shariah law. It is suitable for women who are seeking long-term capital appreciation and wish to invest under sharia law.

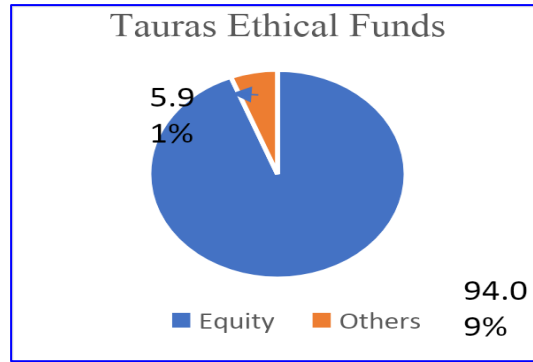
Taurus Ethical Fund Regular-Growth Fund Details

Investment Objective - To provide capital appreciation and income distribution to unitholders through investment in a diversified portfolio of equities, which are based on the principles of Shariah.

Fund House	Taurus Mutual Fund
Launch Date	Apr 06, 2009
Benchmark	S&P BSE 500 Shariah Index
Return Since Launch	17.78%
Riskometer	Very High
Type	Open-ended
Risk Grade	-
Return Grade	-

<https://economictimes.indiatimes.com/taurus-ethical-fund-regularplan/mffactsheet/schemeid-10244.cms?from=mdr>

Assets Allocation.

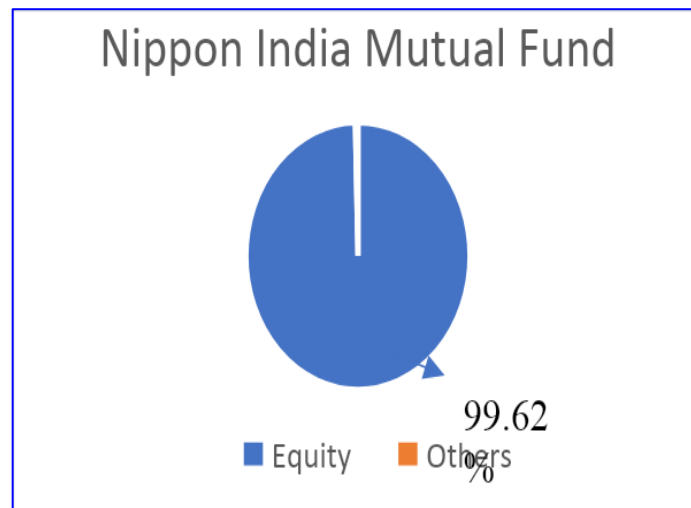


Nippon India Mutual Fund

Investment Objective - The scheme seeks to generate returns that closely correspond to the total returns of the securities as represented by the Nifty Shariah Index by investing upto 90% of its assets in securities which are constituents of CNX Nifty Shariah Index in the same proportion as in the index.

Fund House	Nippon India Mutual Fund
Launch Date	Mar 18, 2009
Benchmark	NIFTY 50 Shariah Total Return Index
Return Since Launch	14.35%
Riskometer	Very High
Type	Open-ended
Risk Grade	-
Return Grade	-

<https://economictimes.indiatimes.com/nippon-india-etf-nifty-50-shariahbees/mffactsheet/schemeid-10218.cms?from=mdr>



Sharia Compliance Mutual Fund Performance

February 28, 2024

Product	Returns(%)				
	MTD	YTD	1 Year	3 Years	5 Years
Mutual Funds					
Tata Ethical Fund	1.98	3.40	32.93	20.68	20.43
Taurus Ethical Fund	4.50	11.33	50.85	22.08	20.84
Exchange Traded Funds (Shariah Compliant)					
Nippon India IT ETF Nifty IT		6.99	27.17	17.26	
Nippon India Silver ETF		-5.39	7.10		
ICICI Pru Gold ETF		-0.02	10.30	9.76	12.71
Nifty Indices					
	1 Month	3 Months	1 Year	3 Years	5 Years
Nifty Shariah 25	2.98	14.13	37.69	17.07	15.68
Nifty 50 (Non-compliant)	1.32	9.38	28.49	16.16	16.66
Nifty 50 Shariah	2.13	12.82	30.58	15.47	16.99
Nifty 500 (Non-compliant)	1.57	11.85	39.71	19.40	18.81
Nifty 500 Shariah	1.95	12.90	38.25	19.62	20.32
SenSage Shariah Products					
SenSage Power of 3 ETF	1.46	9.31	14.24	15.45	
SenSage i25	3.95	12.44	23.95	16.86	
SenSage Shariah Compounder	0.59	5.93	23.20		
Portfolio Management Services (Shariah-compliant)					
		1 Year	2 Years	3 Years	5 years
Motilal Oswal - Ethical Strategy PMS*		55.77	20.19		
Gold / Currency					
	As on date				
Gold per gram	Rs 5,415				
INR / US Dollar Rate	82.89				

Current NAV: The Current Net Asset Value of the Tata Ethical Fund - Regular Plan as of Mar 07, 2024 is Rs 358.37 for Growth option of its Regular plan. 2. Returns: Its trailing returns over different time periods are: 29.94% (1yr).18.6% (3yr) 18.65% (5yr) and 16.41% since the launch
Current NAV: The Current Net Asset Value of the Taurus Ethical Fund - Regular Plan as of Mar 07, 2024 is Rs 119.73 for Growth option of its Regular plan. 2. Returns: Its trailing returns over the different time periods are:47.38%(1yr).19.91% (3yr) 19.27% (5yr) and 18.09% since the launch

SUGGESTION

The ideal course of action for female investors would be to hold onto their money for a long time while considering their saving habits and level of risk tolerance. They should also avoid investing in highly volatile funds, build an investment portfolio with the assistance of private financial consultants, review their investments on a periodic basis, conduct thorough risk analysis on a regular basis, and keep accurate records of every transaction. To mitigate the risk associated with investing, investors should also have a thoughtful and appropriate diversification of their mutual fund holdings. In order to increase their earnings, investors are advised to develop the habit of consistently saving money. more regularly by altering the market conditions, as modest savings will compound into a larger capital foundation. One of the key recommendations is to allocate a suitable portion of their funds to liquid securities in order to cover any unforeseen expenses.

CONCLUSION

Investing in mutual funds presents several benefits, including diversification, as funds combine investments from multiple individuals to spread risk. Professional management by experienced fund managers who saves investors time and effort in research and decision-making. Women are more accessible because to their varied asset portfolio, daily liquidity, and low starting investment requirements. Regular disclosure of assets and performance ensures transparency. Additionally, mutual funds provide flexibility in investment strategies, tax

advantages, and affordability, making them an attractive option for investors with varying goals and risk tolerances.

Investing in Sharia-compliant mutual funds offers several benefits for women:

Sharia-compliant funds adhere to Islamic principles, which can be appealing to women who prioritize ethical and religious considerations in their investments.

Sharia-compliant mutual funds typically invest in a diverse range of assets such as equities, Sukuk (Islamic bonds), and real estate, providing women investors with diversification benefits.

Many Sharia-compliant funds invest in socially responsible projects and companies, contributing positively to communities and society, which may resonate with women seeking investments with a positive impact. Investing in Sharia-compliant funds can also provide women with opportunities for financial education and empowerment, helping them take control of their financial futures and achieve their long-term goals.

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