

# Analysing the Financial Status of Indian Households Following Different Faiths

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# Representation in CMIE Data

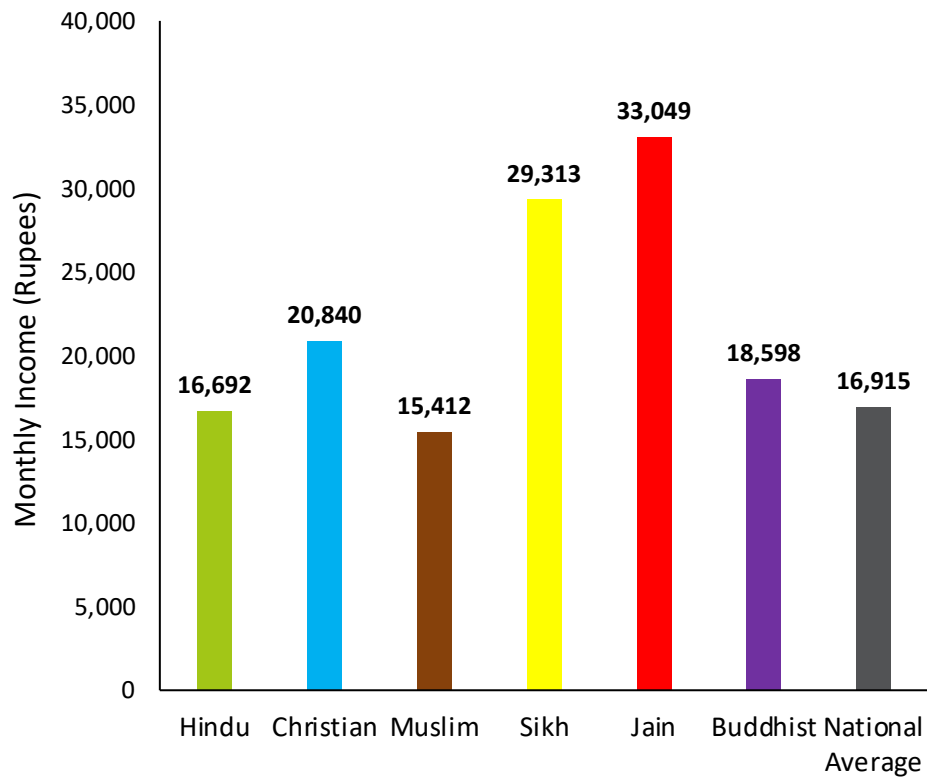
Religion	Sample (Unweighted)		Population (Weighted)		Census 2011
	Number of households	Percentage of households	Number of households	Percentage of households	Percentage of Population
Hindu	1,03,842	84.3%	27,74,84,075	87%	79.8%
Christian	2,089	1.7%	51,18,723	1.6%	2.3%
Muslim	11,682	9.5%	2,85,63,166	9%	14.2%
Sikh	4,348	3.5%	57,93,316	1.8%	1.7%
Jain	397	0.3%	5,49,728	0.2%	0.4%
Buddhist	771	0.6%	12,71,275	0.4%	0.7%
Others	59	0.05%	1,27,637	0.05%	0.1%

**Data used:** Demographic, asset and liability data from 'August – December, 2020' wave and income data from 'August, 2020' month from CMIE-CPHS dataset

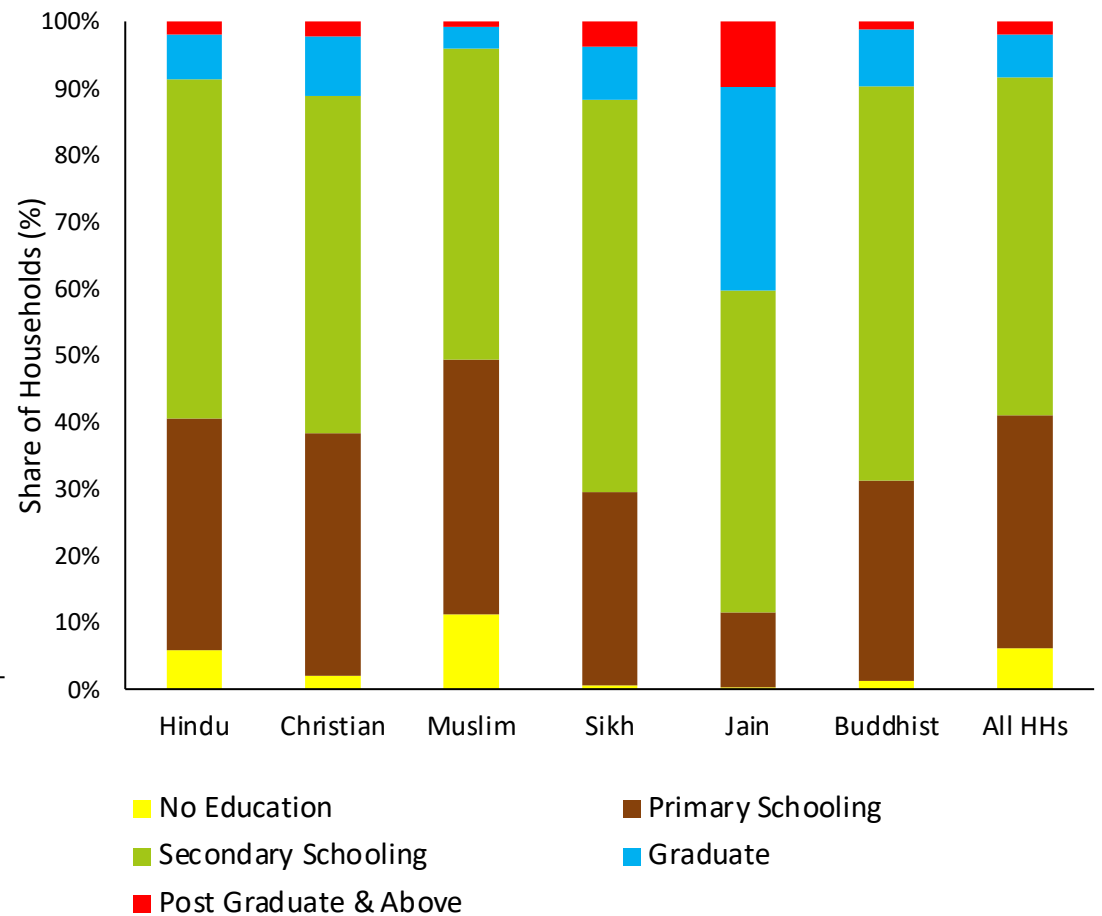
**Note:** All statistics mentioned in the slides are at the population level (weighted) and not at the sample level (unweighted). There was no noticeable difference in patterns when we considered the sample. A caveat to keep in mind however, is that Hindu households are slightly over-represented, and Christian and Muslim households slightly underrepresented, when compared to Census 2011 figures

# Income and Education Level

## Household Income

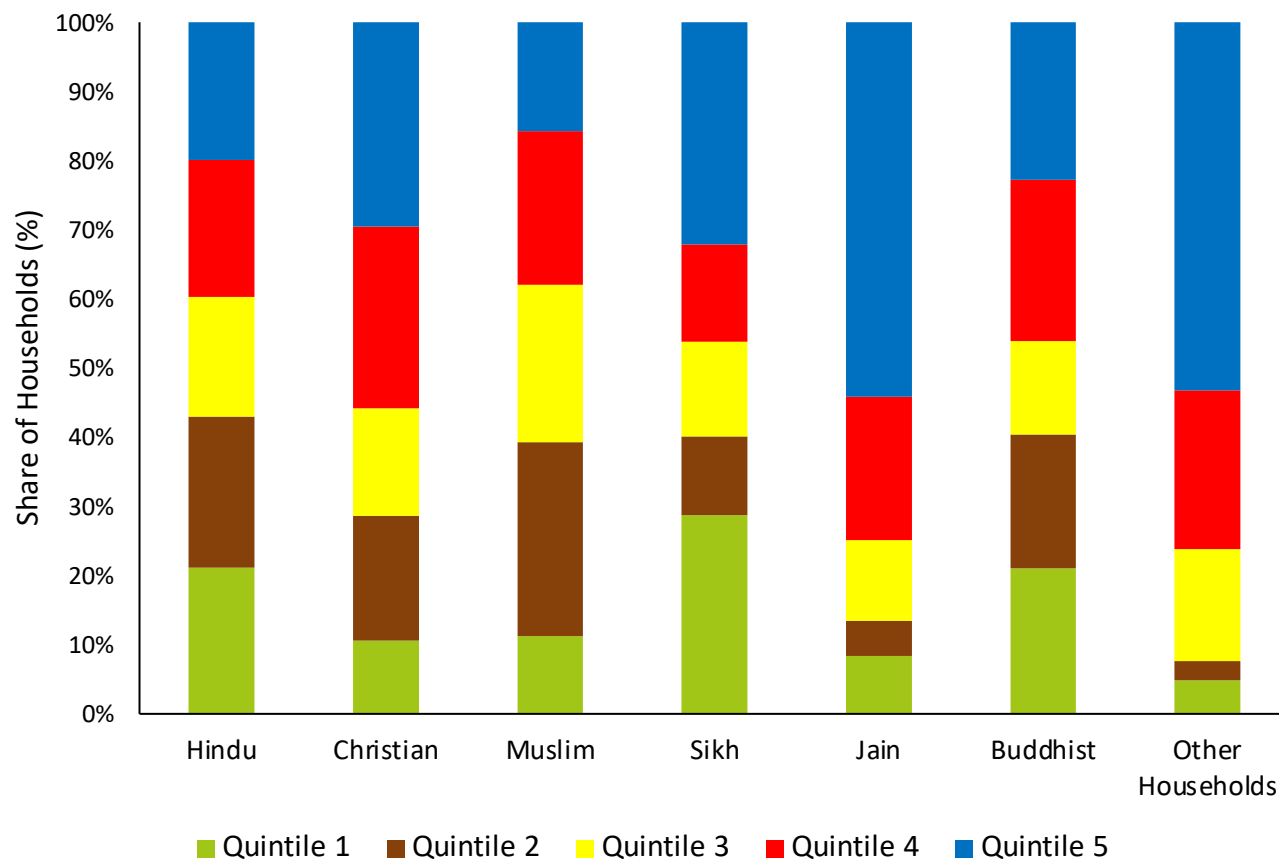


## Education Level of Head of Household



# Income Distribution

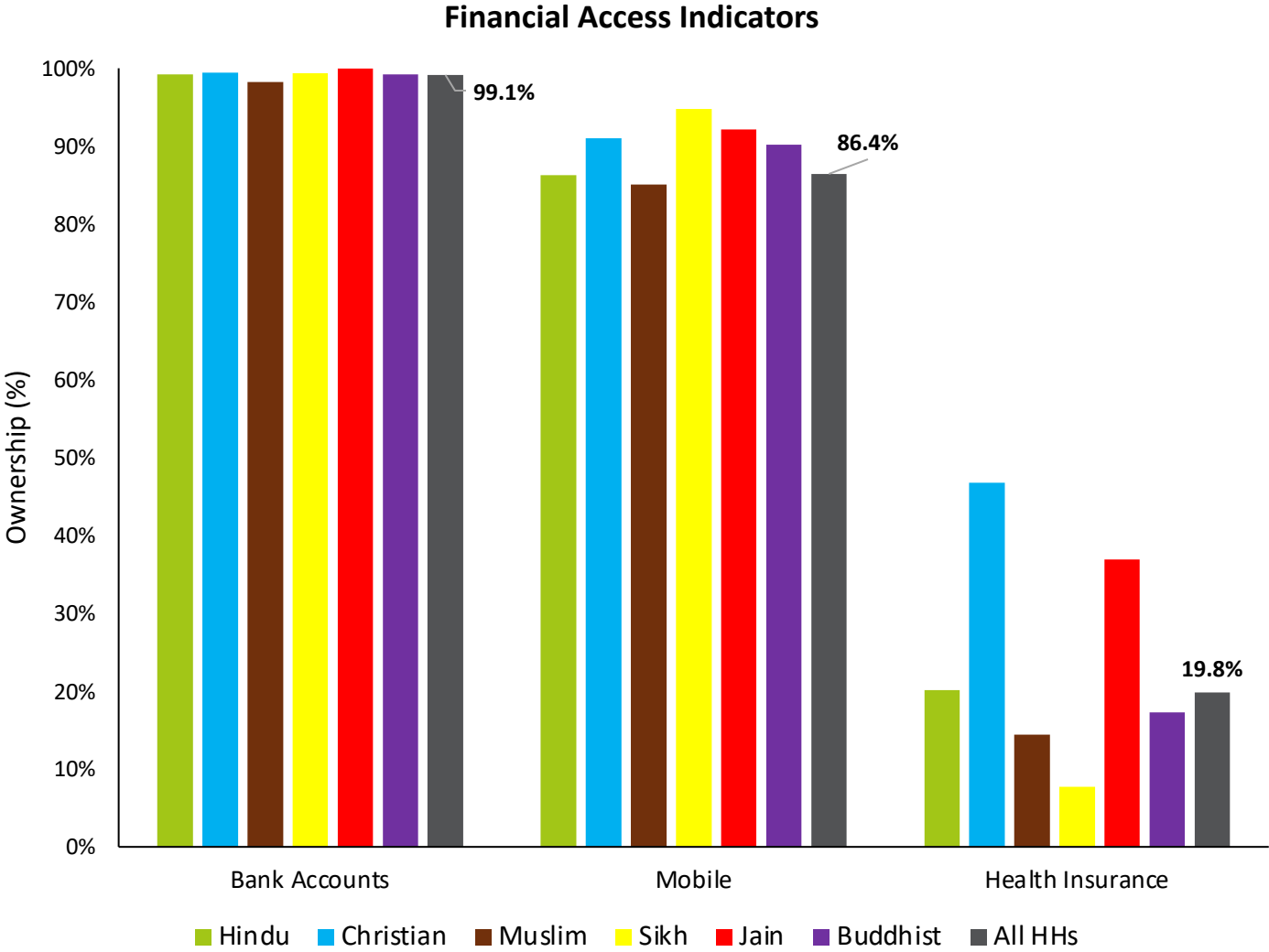
Share of Households in Different Income Segments



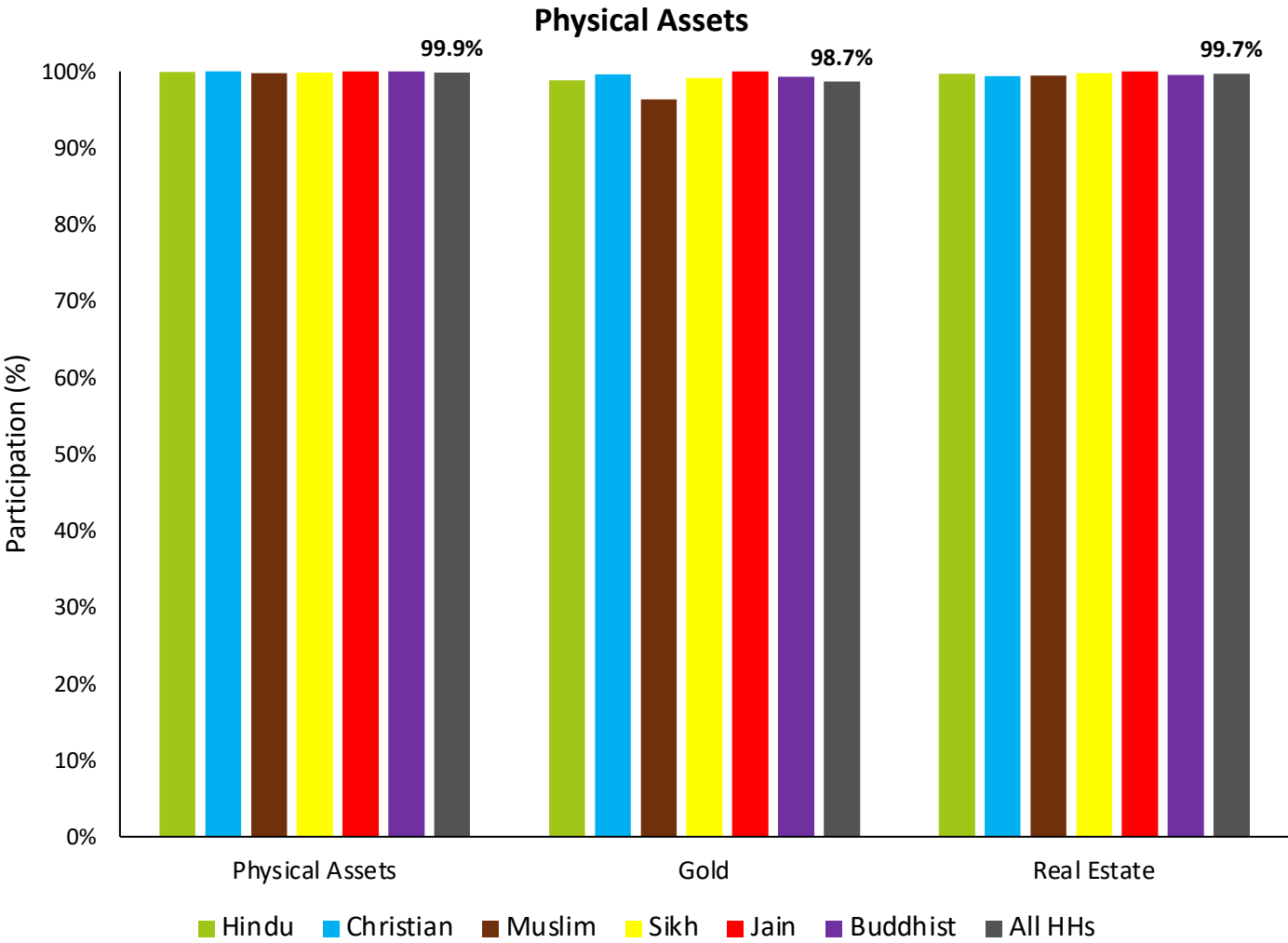
Income Quintile	Income Range (in Rupees)		
	Minimum	Mean	Maximum
Quintile 1	0	3,538	7,600
Quintile 2	7,605	9,880	12,000
Quintile 3	12,003	13,876	15,800
Quintile 4	15,805	19,125	24,165
Quintile 5	24,166	42,568	11,56,500

**Construction of income quintiles:** Households were classified into quintiles based on their monthly income; income range of each quintile can be seen in the above table

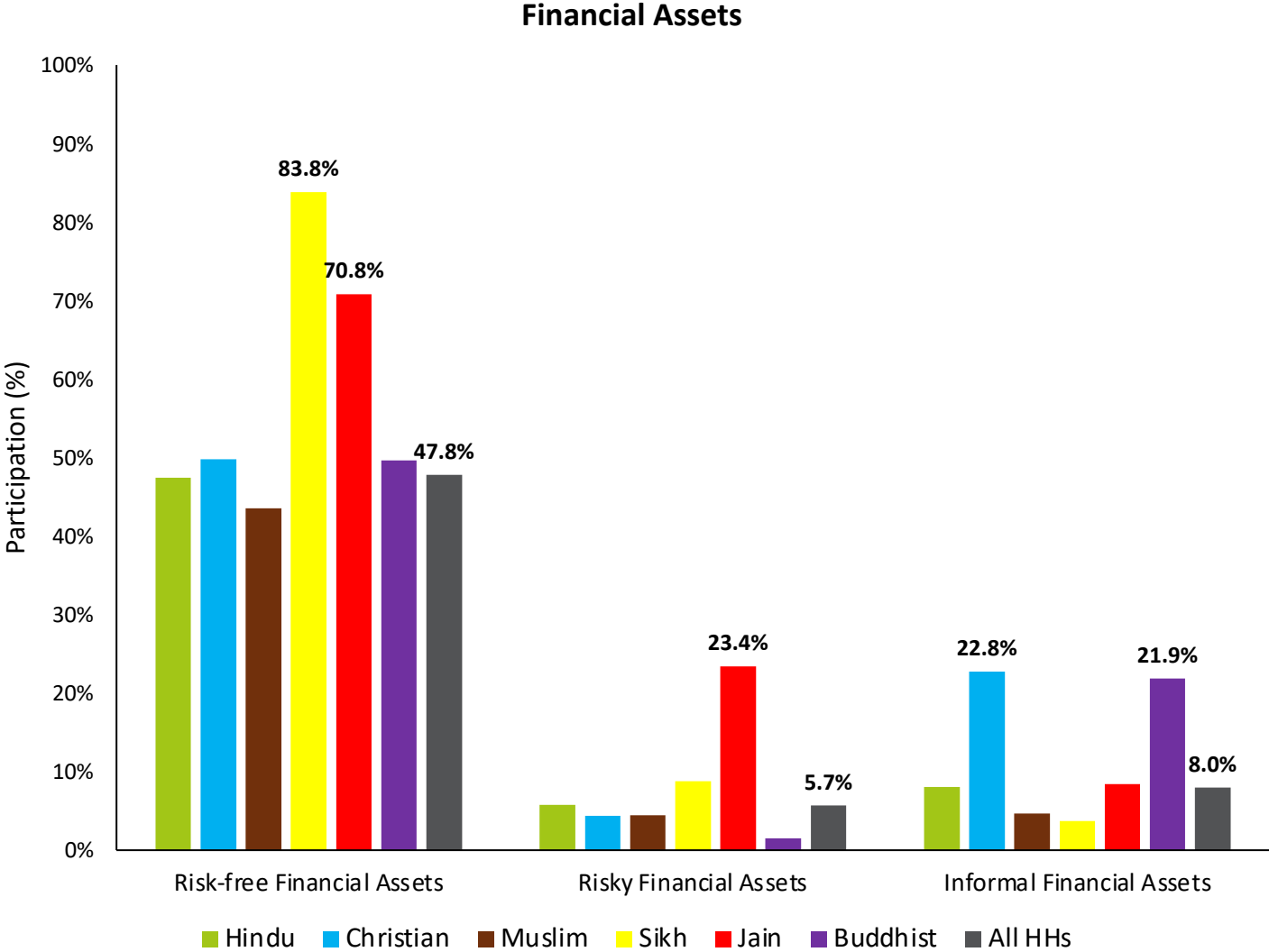
# Financial Access



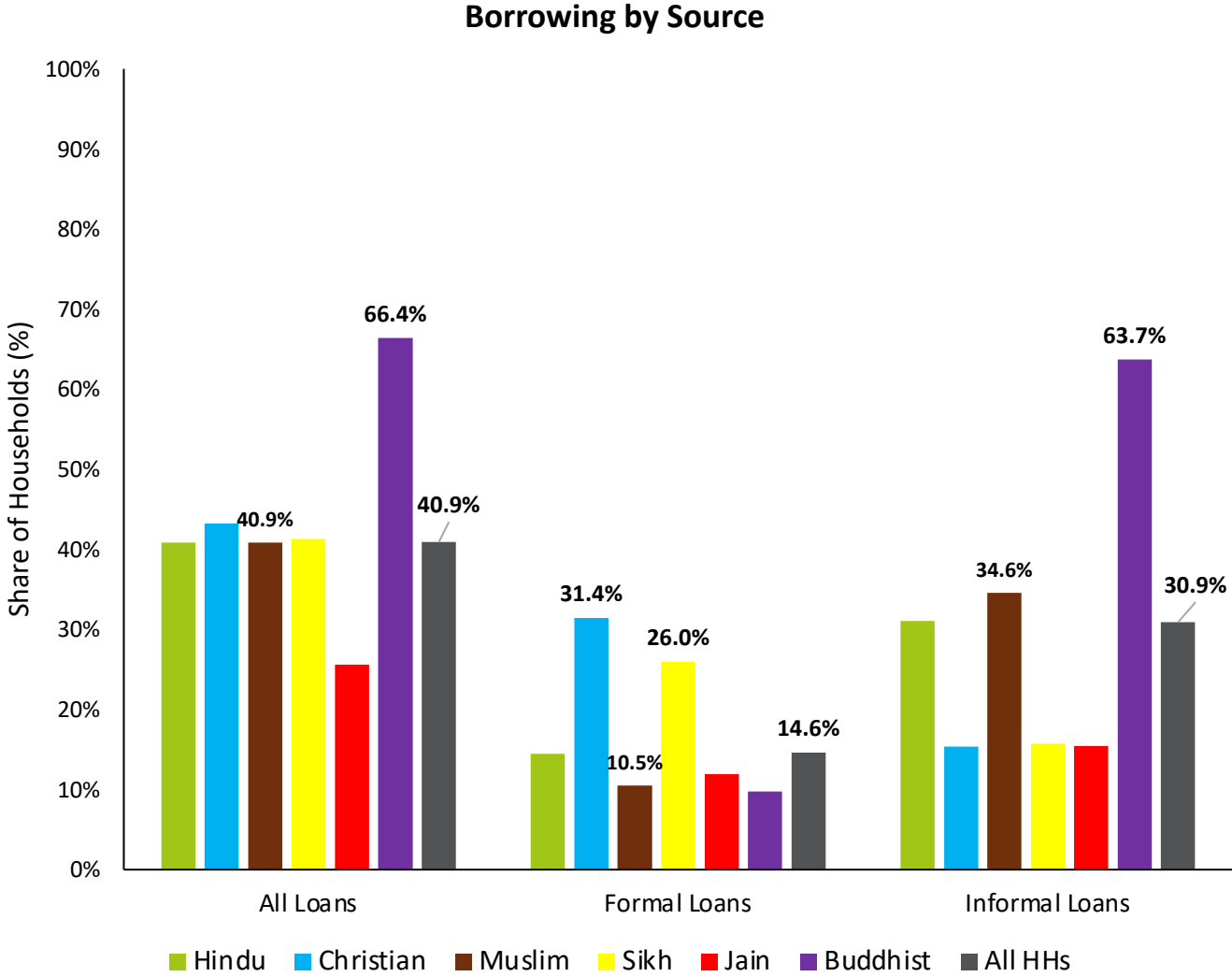
# Physical Assets



# Financial Assets

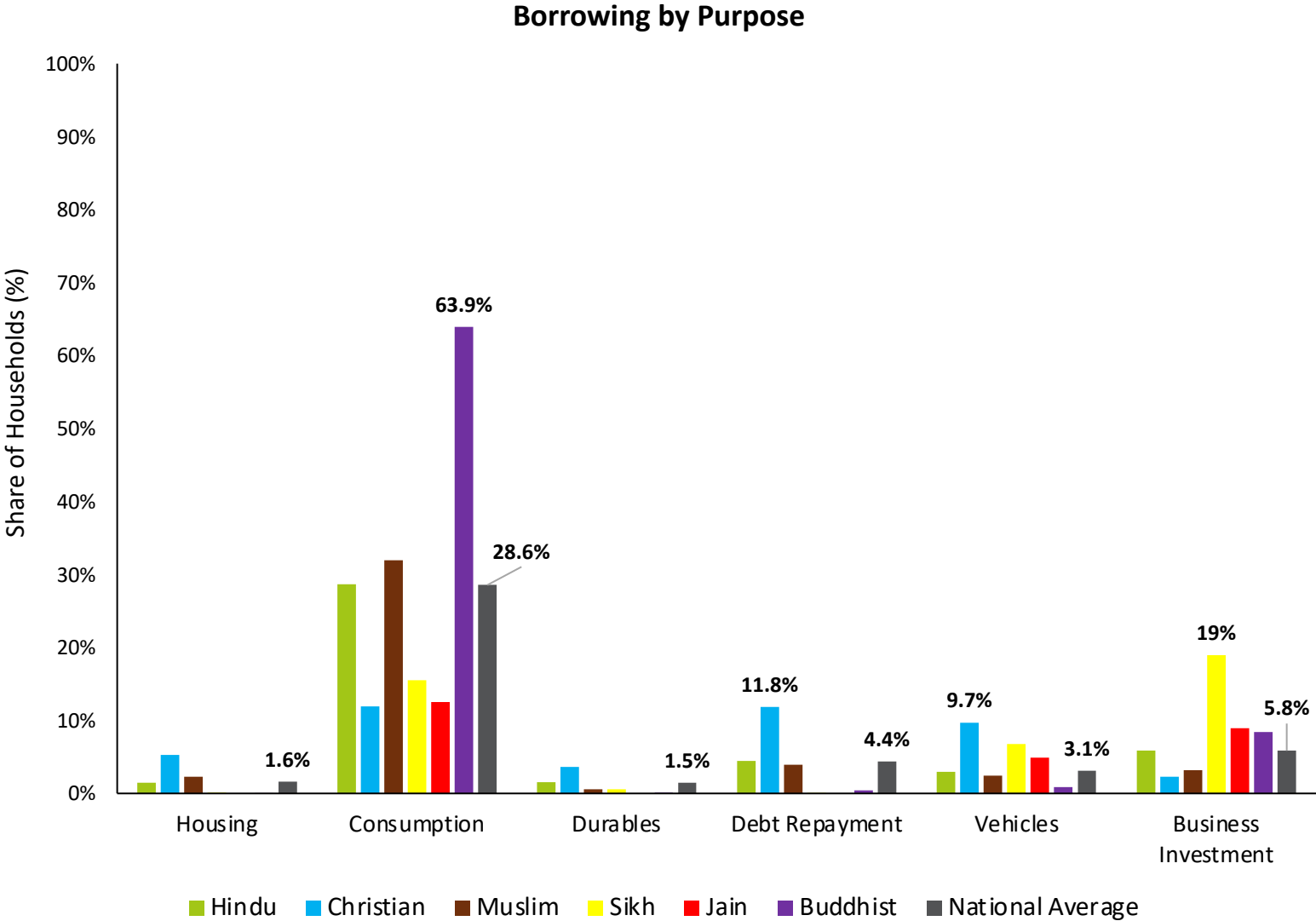


# Borrowing by Source





# Borrowing by Purpose

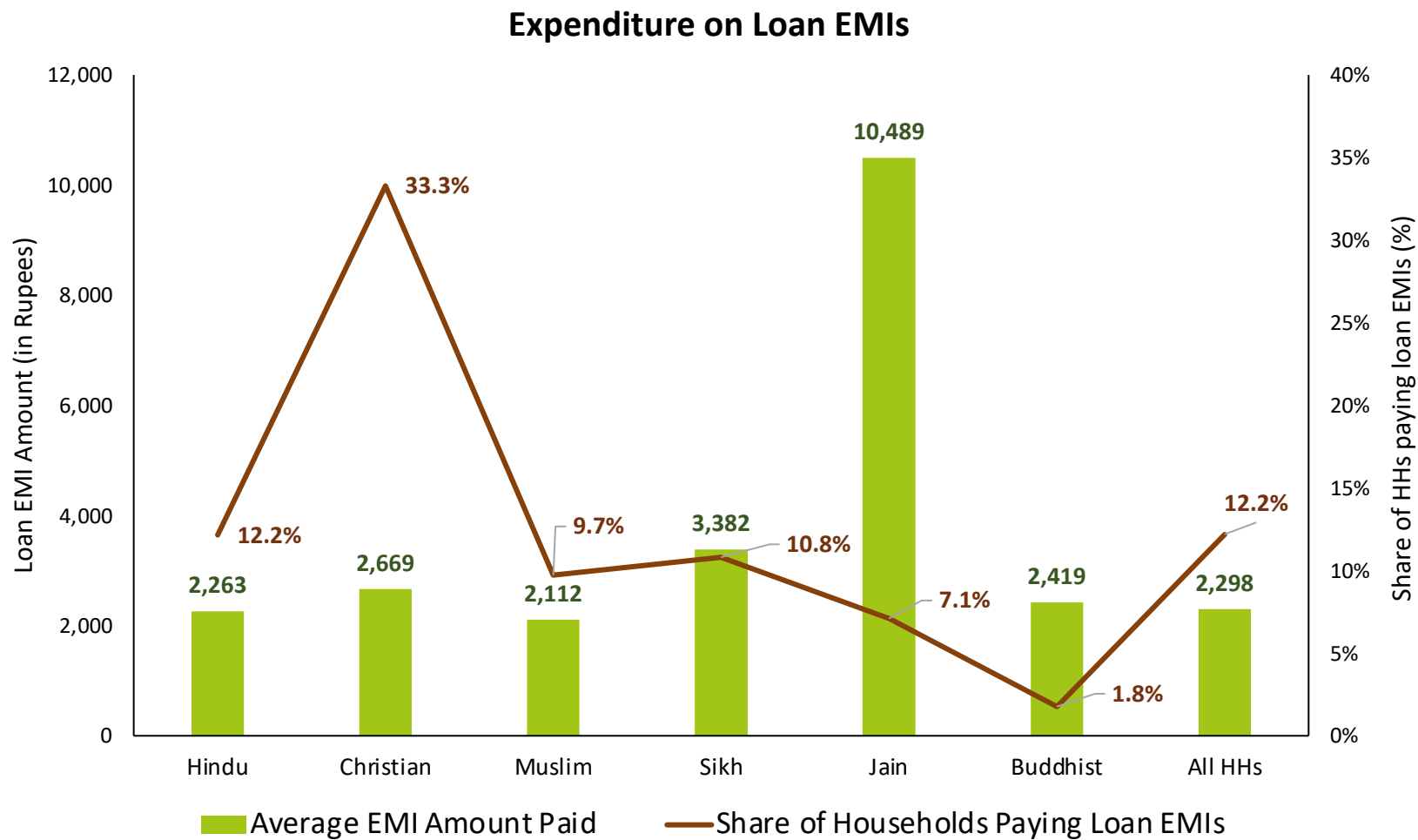


# Rural vs Urban Participation

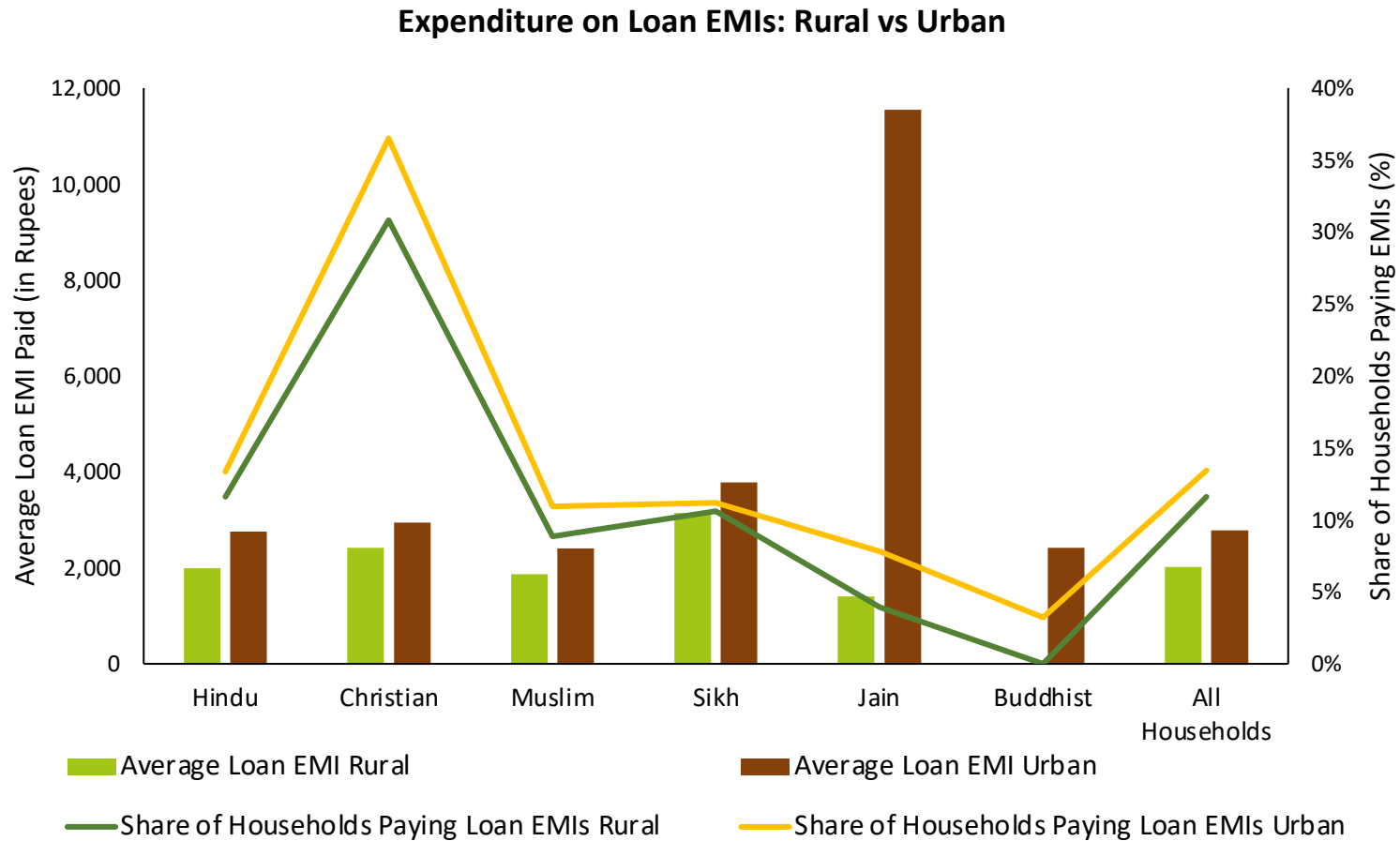
Religion	Formal Risk-free Assets		Formal Risky Assets		Informal Assets (Chit Funds)		Physical Assets (Gold / Real Estate)	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
Hindu	42.9%	57.1%	4.2%	9.1%	7.4%	9.5%	99.9%	99.8%
Christian	40.9%	62%	4.7%	3.9%	25.1%	19.7%	100%	99.9%
Muslim	40.8%	47.8%	2.8%	7.0%	4%	5.8%	99.7%	99.9%
Sikh	83%	85.3%	6.6%	12.7%	4.4%	2.5%	99.8%	99.8%
Jain	46.9%	76.5%	3.8%	28%	5.7%	9%	100%	100%
Buddhist	35.3%	60.9%	0.1%	2.6%	28.6%	16.5%	100%	100%
<b>All Households</b>	<b>43.4%</b>	<b>56.9%</b>	<b>4.1%</b>	<b>8.9%</b>	<b>7.3%</b>	<b>9.2%</b>	<b>99.9%</b>	<b>99.8%</b>

Religion	All Loans		Formal Loans		Informal Loans	
	Rural	Urban	Rural	Urban	Rural	Urban
Hindu	44.7%	32.5%	15.6%	12%	34.5%	23.5%
Christian	42.5%	44.2%	29.6%	33.9%	16%	14.5%
Muslim	47.0%	31.2%	11.2%	9.4%	41.4%	23.9%
Sikh	51.6%	22.6%	34.6%	10.4%	17.5%	12.5%
Jain	36.4%	23.1%	24.2%	9.1%	12.2%	16.2%
Buddhist	77.5%	57.7%	18.4%	2.9%	72.8%	56.5%
<b>All Households</b>	<b>45%</b>	<b>32.5%</b>	<b>15.8%</b>	<b>12.1%</b>	<b>34.6%</b>	<b>23.3%</b>

# Expenditure on Loan EMIs



# Rural vs Urban Expenditure on Loan EMIs



# Takeaways 1/2

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- **Representation:** Compared to 2011 Census, Hindu households are slightly overrepresented in CMIE-CPHS data, while Muslim and Christian households are slightly underrepresented
- **Income and Education Level:** Income and education levels of Jain, Sikh and Christian households are higher than the national average
- **Income Distribution:** Hindu and Muslim households are more or less equally distributed across income quintiles, while three fourths of Jain households fall in the richest two income quintiles. Sikh households show the most inequality, with 30% of households each in the poorest and richest income quintiles respectively
- **Financial Access:** Mobile and bank account ownership is high overall, whereas health insurance ownership is low, although a higher share of Christian and Jain households own it
- **Physical Assets:** Almost all households cutting across faiths own physical assets. Both gold and real estate ownership is >95% across households of all faiths
- **Financial Assets:** Around half of the households hold risk-free assets, but only a little under 10 per cent own risky assets and informal financial assets (chit funds)
- A higher share of Jain households hold risk-free as well as risky assets, while a higher share of Christian and Buddhist households hold chit funds. Muslim households' participation is below average in all three

# Takeaways 2/2

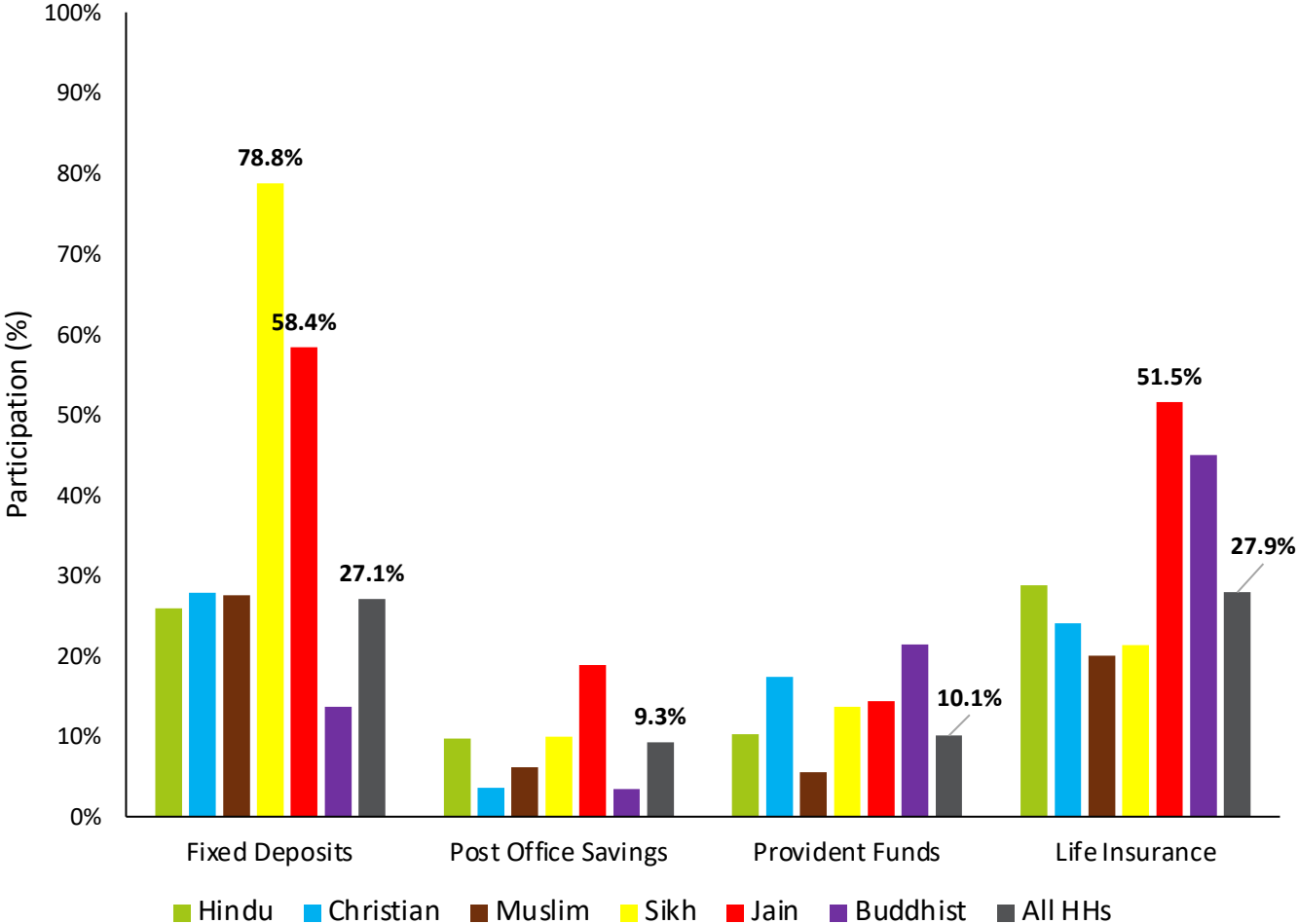
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- More than three fourths of Sikh households hold fixed deposits, while more than half of Jain households hold both fixed deposits and life insurance
- **Debt:** More than 40% of households report having outstanding debt, but only 12% of households report spending on loan EMIs. Households pay around Rs. 2-3k as loan EMIs on an average, with Jain households paying a substantially higher amount of Rs. 10k
- **Source of borrowing:** There is a higher dependence on informal (30%) than on formal (15%) credit. Christian and Sikh households are an exception, with a higher reliance on formal credit
- Banks (8% of HHs) are the most popular formal source of credit and shops (26% of HHs), the most popular informal source. However, more than a quarter of Sikh households have loans from banks, while almost two-thirds of Buddhist households have taken credit from shops
- **Purpose for borrowing:** A majority of loans are taken for consumption, followed far behind by business investment and debt repayment. Buddhist households seem to have borrowed more for consumption, Sikh households for business investment and Christian households for debt repayment
- Participation of Hindu households across all metrics hovers around the national average, owing to their large share in the population as well as slight overrepresentation in CMIE-CPHS data

# Appendix

# Risk-free Assets

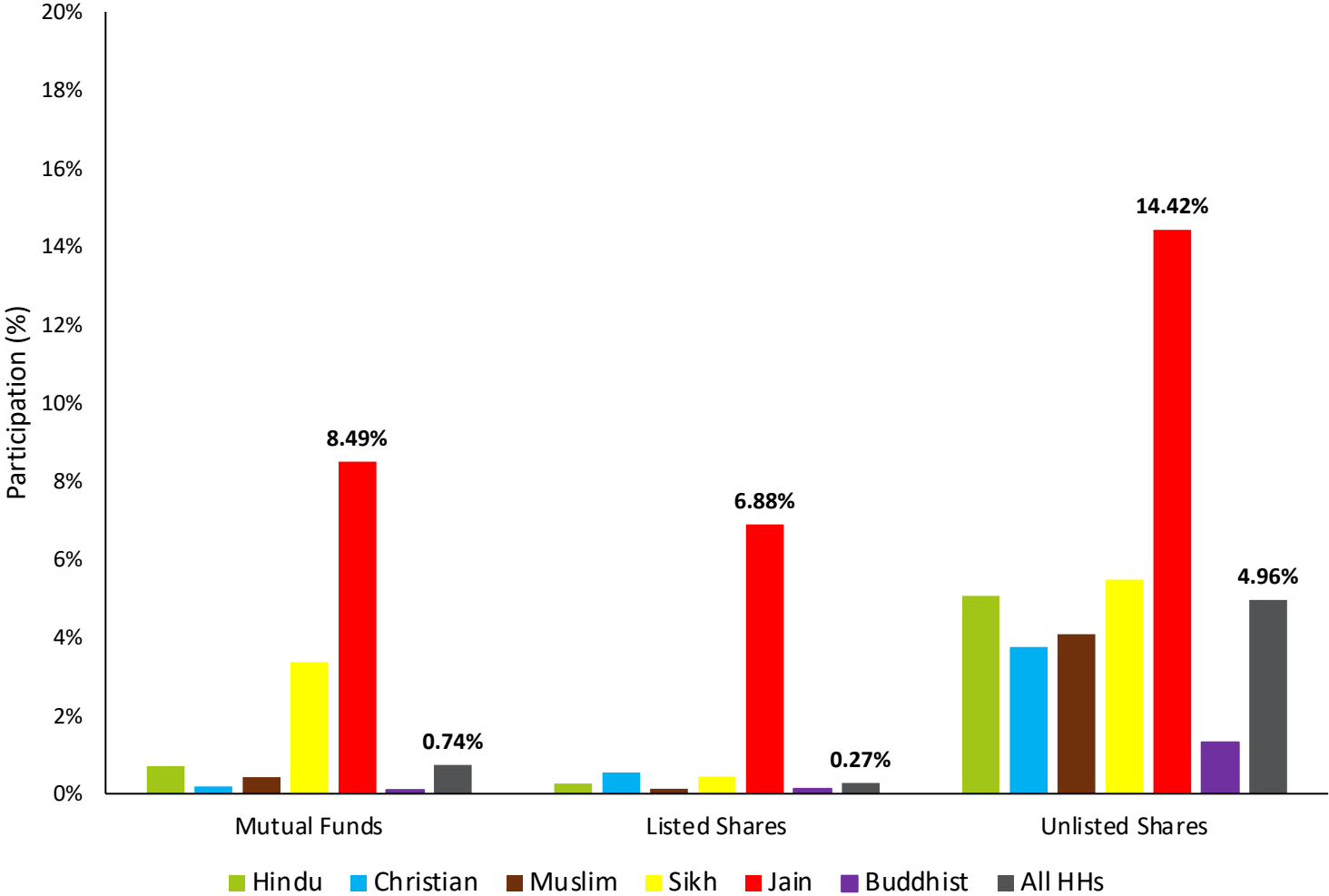
Formal Financial Risk-free Assets





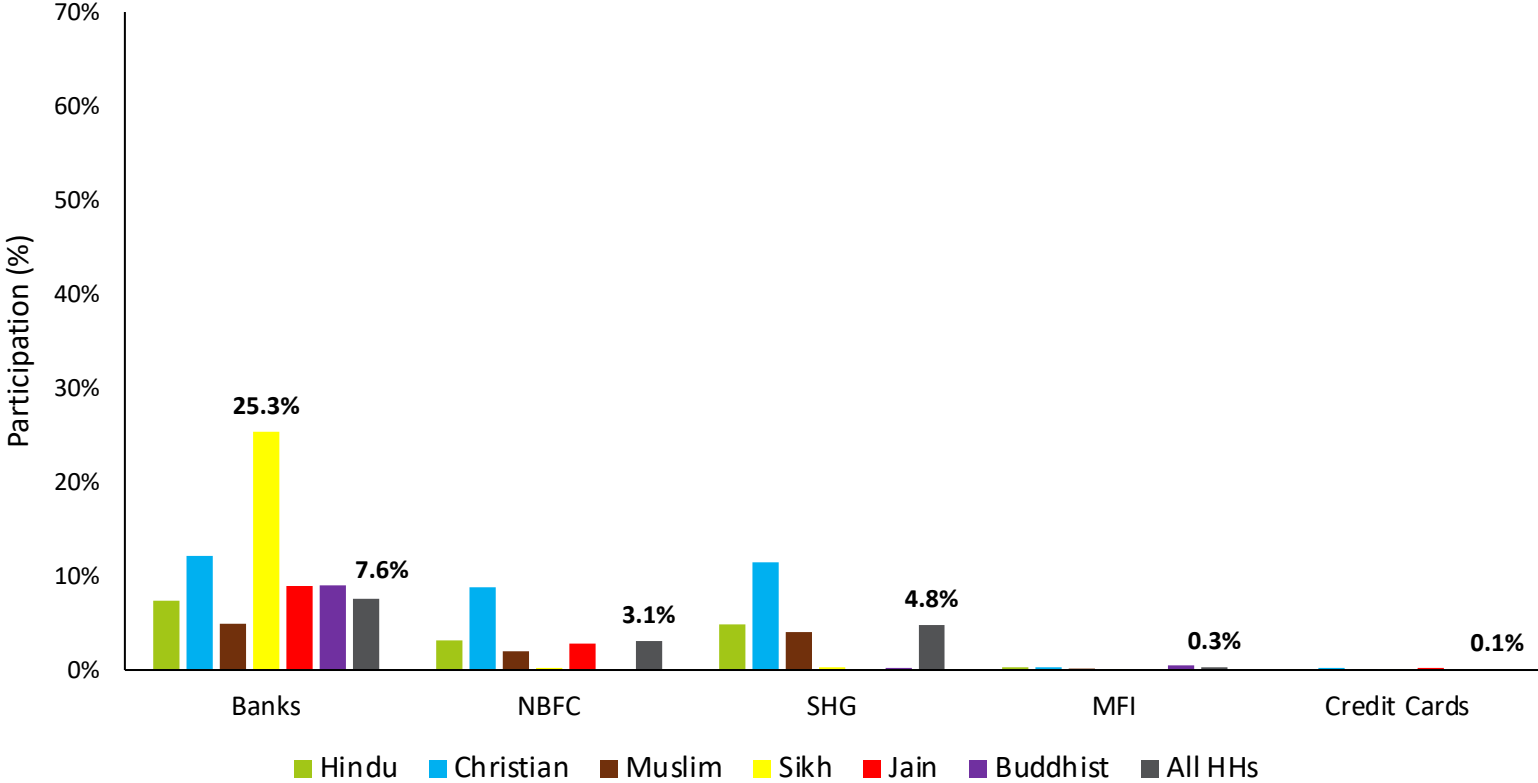
# Risky Assets

### Formal Financial Risky Assets



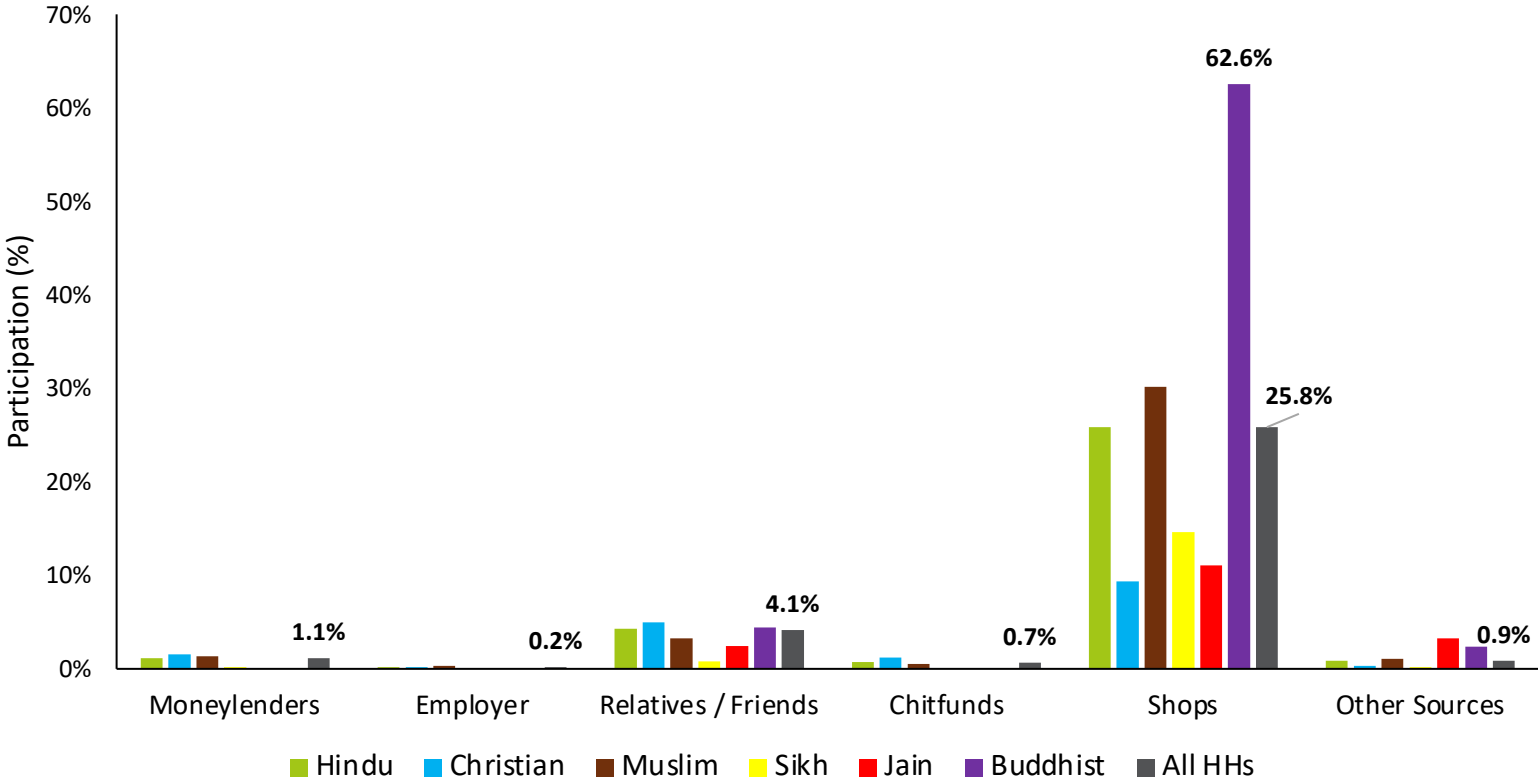
# Formal Loans

Formal Borrowing by Source



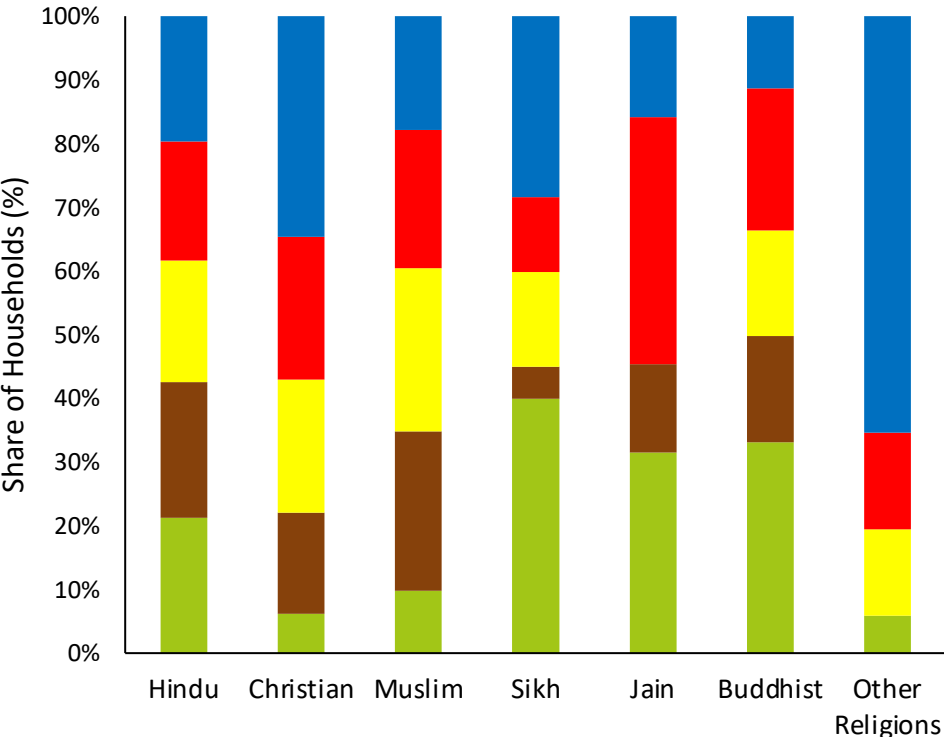
# Informal Loans

Informal Borrowing by Source

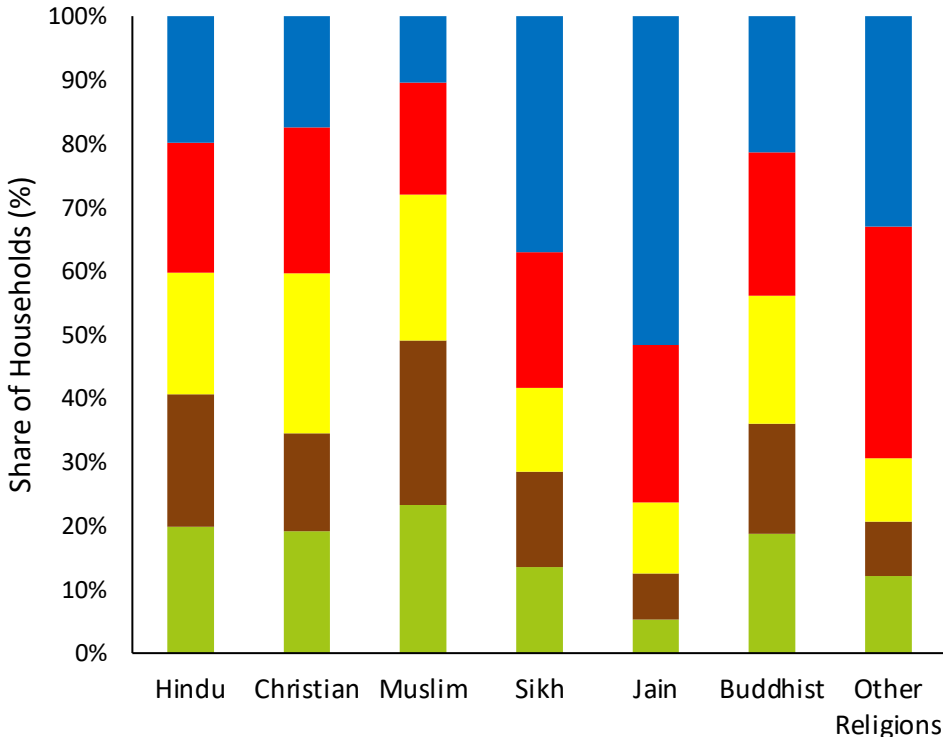


# Income Distribution: Rural vs Urban

Share of Rural Households in Different Income Segments



Share of Urban Households in Different Income Segments



■ Quintile 1 ■ Quintile 2 ■ Quintile 3 ■ Quintile 4 ■ Quintile 5

■ Quintile 1 ■ Quintile 2 ■ Quintile 3 ■ Quintile 4 ■ Quintile 5

