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CHAPTER - V

***SUMMARY AND CONCLUSIONS  
AND SUGGESTIONS***

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### SUMMARY AND CONCLUSIONS

In this chapter an attempt is made to give a summary and conclusions on employment of savings by Unit Trust of India during the period from 1983-84 to 1987-88. However the conclusions are based on the data so far available.

Unit Trust is one of the forms of investment trusts, developed in various countries, particularly in U.K. & U.S.A. in the World due to the special problems of a small investor. Unit trust of India, the need of which was felt long before 1963, established in Public sector in Feb 1964; to mobilise savings from Small & middle income group people and invest them in various industrial securities.

#### INVESTMENT POLICY AND IX INVESTMENT PATTERN -

Investible funds of the UTI under all the unit schemes upto June 1988 increased every year at a fluctuating rate. These funds have been invested in corporate securities bonds of public corporations and government securities and 'other investments' in various proportions.

More than 57 percent of investible funds at the end of every year were invested in securities, while investment in 'other investments' varied in the range of 33 to 42 percent during the entire period under study.

The Trusts investment in corporate securities varied between 57 to 66 percent of the investible funds during the period 1983-84 to 1987-88. In the five years period, a substantial amount of funds was invested in government securities. During the same period (1983-88) the Trust gave more emphasis on investments in fixed income bearing securities. (Preference Shares & Debentures) and less emphasis on ordinary shares. During this period the Trust tried to maintain a balanced portfolio consisting of ordinary shares about 10 ~~20~~ to 20 percent of the investible funds and fixed income bearing securities about 40 percent. The relative predominance of fixed income yielding securities in the Trust's portfolio shows that it has followed a very cautious investment policy upto the end of the period of 1987-88.

The investible funds of the Trust have been invested in corporate securities of various industries which are grouped under sixteen heads (Table 4.5 and 4.5a) During the five years period (1983-84 to 1987-88) The trust's investments have been largest in textile industry varying between 16 to 25 percent in engineering industry varying between 16 to 20 percent of the total investments. During this period the Trust also gradually increased its investments in cement, electricity generation and miscellaneous. The Trust has diversified its investments over a large number of companies which increased from 824 at the end of 1987 to 850 at the end of June 1988. However, the actual investments

of the Trust have been confined mostly to large and established industries grouped under financial, utility and manufacturing. Trust's participation in new industrial venture is rather limited. It is also noted that UPI does not publish the list of industries in which its investments are made each year. At the end of the study period the major portion of funds investment under the head was invested in respect of deposits and other investments with scheduled banks about 25.6 percent of the total investments. The reason for the increased proportion of the Trust's investible funds in most of these items is not clear from any source but we can say that it might have been due to non-availability of good securities on the stock market or the Trust might have found these investments as a secondary line of defence from the income point of view.

SUGGESTIONS -

The researcher would like to make the following few suggestions with regard to the role of Unit Trust of India in employment of savings.

1. The UPI should increase the volume of sales of units by encouraging the existing Unit holders to invest more of their funds in units.
2. The UPI should make special efforts to mobilise rural savings through the effective sales of units.
3. The UPI should try to invest its funds in some agricultural industries.

With an expanding Agricultura base, it can explore the possibilities of helping in the setting up of agro-based industries, food processing, and processing of animal products, for which there is an assured home market and a potential export market. This can be done by subscribing to their privately placed debentures.

4. The UTI Act, 1963 should suitably be amended as to allow the UTI to advance loans for industrial projects like any other financial institutions.

5. A schedule about the nature of industries and types of investments in which the Trust's funds are invested, should be given in the Annual Report of UTI. The investing public and unit holders will come to know the Trust's field of investments.