

CHAPTER-VI- SUMMARY AND CONCLUSIONS AND SUGGESTIONS -

In this Chapter an attempt is made to give a summary and conclusions on mobilisation of savings by Unit Trust of India covered in this study. However, the conclusions are based on the data so far available.

Unit Trust of India is one of the forms of Investment trusts developed in various countries, particularly, in U. K. and 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 and middle income group people and invest them in various securities.

* Mobilisation of Savings :-

In achieve the higher rate of savings and investment in the Indian Economy. There is need for maximum mobilisation of savings. Domestic saving has got a vital place in the National Savings. In India the major portion of domestic saving is covered by household savings. Number of financial institutions and saving organisations are engaged in mobilising household savings. UTI stands for one of them. It has been

making its efforts to mobilise household savings through the sale of units under different unit schemes introduced from time to time. Our study about the analysis and composition of household saving shows that UTI was not able to mobilise household saving even at 0.1% of the national income in any year during the entire period.

Its annual collection of savings are also low as compared to that in the commercial banks, small savings organisation and the Life Insurance Corporation.

Mobilisation of total domestic savings by the UTI, is studied with reference to its gross sales, repurchases and outstandings of units under all unit schemes during the period 1982-83 to 1986-87. The study shows that gross sales show a fluctuating trend mainly due to the changes in the economic and political conditions, change in the rates of interest in the money market, wide gap between the sale price and repurchase price, In spite of this the Trust could mobilise savings (net sales) of Rs. 2,222 Crores annually during the period.

Repurchases of units affect the inflow of savings. A comparative study of repurchases of units in relation

to gross sales and total outstandings. This shows that investors in India regard units as a long term investment.

* Progress of Unit Schemes and Saving Plans :-

To meet the different and changing investment preferences of investors, the UTI introduced new unit schemes and saving plans with different features. The extent to which the UTI has served the purpose of householders is examined with reference to the progress made under each of these unit schemes and saving plans. Considering the number of applications received for sale and repurchase of units and the amount of units sold in each year under Unit Scheme-1964, Reinvestment Plan-1966, Children's Gift Growth Fund-1986, Unit Linked Insurance Plan-1971, CRTS-1981, CGS-1983, it can be said that there was good response for these plans. This clearly shows that investors, expectations, an accumulation of fund, provision for old age, Children's education, marriage, protection against risk of life (death), have been met by the UTI to a great extent. The increasing demand for the units under CGS-1983, has proved that the Trust is able to meet the householder's expectation of high income and capital appreciation.

The performance of unit scheme 1964, Unit Scheme - 1971, Unit Scheme for Charitable and religious trusts and registered societies 1981 and Capital Gain Unit Scheme 1983 is valued on the basis of sales and repurchase of units during the period of five years under study. The sales under each scheme increased every year. This shows that gradually the Trust is becoming successful in mobilising the savings through the sale of units.

An important observation regarding the capital Gain Unit Scheme 1983, is that only a small percentage, about 9.50% of the dividend received under this scheme. This shows that there is a need that the Trust should take some positive steps to increase this percentage.

* Sales Promotion :-

In order to increase the sales of units thereby increasing the mobilisation of savings from the community, the UTI has undertaken various sales - Promotion measures from 1964 to date. An analytical study of the various sales promotion measures of the UTI during the period 1982-83 to 1986-87, gives the following highlights.

The technique of block offer price in case of Unit Scheme 1964 is followed for a period of four weeks on an average, particularly in the months of July. Sales of units fluctuated during block offer period in each year.

Various tax concessions are given by the Government of India both to the trust and unit holders. Tax incentives can be regarded as one of the factors to increase the sale of units. The investors whose income and wealth bracket is high can take more tax benefits from such tax incentives.

The Trust has organised its agency force which includes individual agents, brokers, commercial banks and post offices. The Trust has appointed increasing number of individual agents every year.

* Publicity :-

To popularise the units among investors the Trust has used various advertisement media. Excluding newspaper and T.V., Radio broadcasting, all the publicity measures are concentrated in city areas. Personal letters are mainly sent to Government employees and employees in public undertakings. The use of television has not been made to any great extent.

* SUGGESTIONS *

The researcher would like to make the following few suggestions with regard to the role of Unit Trust of India in mobilisation of savings covered under this study.

The UTI should increase the volume sales of units by encouraging the existing unit-holders to invest more of their funds in units. Unit-holders under Re - investment Plan should be persuaded to reinvest the larger part of the dividend they receive.

To make units still more popular among salaried persons, the trust should introduce a salary based unit scheme.

Unit Linked Insurance Plan will receive increasing response if the Trust attaches this plan to monthly salary like L.I.C. Premium.

No. of agents should be increased, the commission on sale of units should also be increased so that agents would take active interest in the sale of more units.

UTI should make special efforts to mobilise rural savings through the effective sale of units.

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