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Abstract of Doctoral Dissertation

A Study of Mutual Funds With Special Reference to Investors in Kolhapur District[1]

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I. Introduction

TRADITIONALLY INDIANS ARE savers who prefer to invest money in safe and risk-free instruments like bank-deposits, post-office deposits and life insurance. Since Independence almost in every planning period the gross domestic savings (GDS) have been increasing. As a percentage of GDP at current market price, GDS was 10.4% in 1950-51 and 13.9% at the end of first planning period and remained above 32% since 2004-05 till 2011-12. Despite constant increase in GDS over forty years, the major portion of household sector's savings has run towards the most secured avenues like bank-deposits (40.88%), pension and provident funds (17.32%) and life insurance policies (10.56%). It is quite surprising that only 1.53% of household's savings were invested in UTI and other MF schemes. Though India has vast growth potential backed by a resilient economy, commensurate with an accelerated GDP growth rate of 7.4%, and high GDS, a little percentage of GDS go in mutual funds compared to developed countries, where approximately 80% of savings go into mutual funds and 20% in bank-deposits. Low penetration of mutual funds in small cities is another important issue in India. The geographical spread of MFs showed that they have so far concentrated on metro and top 10 cities. Most Asset Management companies (AMCs) and distributors have a very limited focus beyond top 20 cities. Top 5 cities contributed approximately 71% of total AUM, with only Mumbai accounting for about 42.10%. The smaller towns and villages have been neglected where retail investors are in abundance. Relatively low penetration levels combined with rapid growth in the AUM point to the high growth potential for Indian MF industry. Extremely high savings rate of retail investors' presents an

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