The importance of mobilization of resources for speedy economic development in under-developed countries cannot be over-emphasized. Ability and desire of the people to save notwithstanding, appropriate financial intermediaries are indispensable for stimulating capital formation. In the task of mobilization of resources for progressively bigger plans in India, therefore, there is need to experiment with the creation of new financial intermediaries to appeal to the varied interests and preferences of the investing public.

It is in this context of mobilizing savings that investment trusts, as financial institutions, hold promise of becoming an important investment medium for small investors as well as a source of funds for economic development. Although the importance of such institutions was highlighted by the Indian Central Banking Enquiry Committee as early as 1931 and the Shroff Committee in 1954, its treatment as related to economic development has, to my knowledge, remained largely an unexplored field. This thesis makes this emphasis as a basis for the investigation of the role of investment trusts in mobilizing small savings for the economic development of India.

Chapter I deals with the nature and types of investment trusts. The analysis leaves no doubt that the basis objectives
of all investment trusts, despite their differences as to organizational structure, sales procedure and investment policy and so on, is to pool the funds of small investors with a view to obtaining greater diversification, better management, continuous supervision and a steady rate of return. In view of these considerations investment trusts, I believe, are a suitable investment vehicle and a potent institution for making resources available for economic development via stock exchanges.

Our survey of investment trusts in India in Chapter II, however, reveals that they have failed to make any impression in the Indian Capital market although they were started as early as 1953. This is largely because their working leaves much to be desired.

Chapter III attempts a detailed study of two leading investment trusts in India. While it appreciates some of their features, it also points out the shortcomings of their objectives, investment policies etc. which have prevented these institutions from serving as one of the essential pre-requisites of economic development.

Chapter IV is a statistical survey of investment trusts in foreign countries, i.e. the United Kingdom, the United States of America and Japan. This study is meant as a background for introducing reform in the investment trusts of India.

Chapter V makes an overall appraisal and shows that investment trusts in India do not count among institutional
investors in the capital market because they have not seriously addressed themselves to this task yet. Also, it discusses the scope of genuine investment trusts in the context of the developing economy of the country. Finally, I have ventured to suggest some reforms, namely, organization of unit trusts, tax concession, management Company-trustee structure etc., in the hope that they will be helpful in the attainment of the desired objectives.

I have gathered material from a very large variety of sources, official and non-official, Indian and those of other countries and the International Organizations. A complete list of these is given in the Bibliography. Some of the tables in this thesis are reproduction from existing publications, others have been compiled by the author. In this connection I may be allowed to mention the difficulties that I had to face in collecting material about Indian Investment Trusts. In the first place, due to the multifarious activities of investment trusts, it is difficult to say with any degree of precision the exact number of investment trusts. Secondly, it was very difficult to secure the relevant statistical information from the business magnates because they invariably treat them to be a 'trade secret' to which an outsider is not allowed access. I had thus to rely largely on the information available with the Company Law Board and the Reserve Bank of India.
I do not claim any great originality in the discussion of the role of investment trusts in general. However, in making an analytical and detailed study of the investment trusts in this thesis I hope to have thrown new light on Indian investment trusts and to have suggested some useful reforms to make them an effective vehicle of investment, on the one hand, and important source of funds for economic development, on the other.

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