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INTRODUCTION, METHODOLOGY AND LITERATURE REVIEW
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The equity cult in India has picked up only after 1980. The boom conditions in the Indian share market over last one and a half decade have been of immense interest for investors. In 1980, the total number of share/debenture owning person was estimated to be 10.5 lakh. This number increased by more than two times (26 lakhs) in 1985 and almost four times in a span of another five years. This higher jump in the number of investors may be attributed mainly to the emergence of a sizeable risk-taking class of middle class investors.

Among the major states investing in shares and financial instruments, Gujarat occupies the first rank. An inquiry conducted by Society for Capital Market Research and Development (Delhi) in 1990, revealed that nearly 60% Urban households in Gujarat have their investments either in shares, bonds or some other securities.

It has also been found that the equity cult in other states of the country is largely confined to the urban population but in Gujarat it has, however, succeeded in percolating to the semi-urban and village levels. According to an estimate, above 30-35% of the total investment in
securities in Gujarat is contributed by the semi-urban and rural population. Therefore, considering the higher per capita income, there is still ample potential and enough of scope for mobilizing rural savings for the development of industries and infrastructure in the state.

Income of the rural people in the state has risen significantly in the last few years due to the following reasons:

1. The overall development of infrastructure (in the form of link roads, supply of electricity and communication) has opened-up new vistas for faster economic development in the rural areas.

2. The development of irrigation facilities through canals and tube-wells has resulted in higher productivity of the crops.

3. Improved farming methods and technology have also increased the farm productivity.

4. A switch from food grains to cash crops, viz. tobacco, groundnut, castor seeds, cumin, cotton, sugarcane etc, has generated more cash surplus for the rural people.

5. Supplementary income from poultry and live stock, especially from dairying, has contributed substantially towards economic betterment of farmers in the last couple of decades. Co-operative dairy societies, established under the now famous AMUL system in sixties, have transformed the lives of millions of
farmers in the state.

6. Gujarat ranks first in industrialization in the country. This has resulted in better employment to the people from rural areas that are now dotted with several well-developed industrial estates throughout the state.

7. The remittance of money from abroad has changed the life style of the Gujarati people. In areas like the Kheda district, at least one person from every third household is settled in the U.K., the U.S.A., Canada or Australia.

Though rise in prosperity has pushed up the consumption of the rural people, they still have enough savings for investment. But in the absence of proper opportunities for investment, it is observed that the surplus money is often spent on the construction of "Pucca" houses, purchase of land, milch animals and Gold. Due to lack of awareness as well as opportunities, the bulk of money is also spent on acquiring unproductive assets such as automobiles and on festivities.

Gujarat stands fourth in terms of per capita income in the country. People in the state have a long tradition of enterprise and participation in economic ventures. However, not much effort has been made so far by the financial institutes to mobilise savings from the rural areas; maybe, because marketing of an intangible product like "financial
security" to the semi-literate rural people is a daunting task. Input from field research may probably help in tailoring an appropriate strategy for attracting the rural investors.

In the marketing of financial securities (including shares, debentures, units, mutual funds, bonds, warrants and government securities), the first two components of the traditional marketing mix, namely the product itself and the price would remain the same for both rural as well as urban markets. Thus, a rural-specific marketing strategy for securities will invariably focus on the distribution and promotional aspects of the marketing mix.

1.1 INTRODUCTION TO THE RESEARCH PROBLEM:

According to the census of the 1991, the rural population in Gujarat accounts for 65.6% of the total population of the state. Between 1981 and 1991, the urban population has grown by 33.6%, indicating a trend towards a sizeable migration from the rural to the urban areas. The migration has also resulted in the increased cross-flow of population between the rural and the urban centres. This cross-flow has been instrumental in introducing the equity cult in rural areas in the late seventies and eighties. Another positive factor in this regard is education. The rural literacy level in Gujarat is about 61.29%, which is higher than the national average. The literacy has facilitated the acceptance of new concepts and ideas by the
rural population without too much of resistance. However, as no systematic study has been undertaken by any individual or organisation in this regard, this maiden study was aimed at identifying the various economic, social, behavioural and attitudinal aspects of rural population which may contribute to the shift towards investment in public securities and financial instruments. The study has also attempted to identify the strategies that could help in mobilising the rural savings for investment in financial instruments.

1.2 OBJECTIVES OF THE STUDY:

The study had the following broad objectives:

[i] To collect data on financial asset ownership of the rural people in the cash-rich Kheda, Ahmedabad and Baroda districts of Central Gujarat.

[ii] To study the investment pattern of the rural people, avenues of investment, awareness and risk perception about various investment opportunities.

[iii] To gather firsthand information on the current status of the investment in financial instruments and the problems faced by the investors in this regard.

[iv] To identify appropriate marketing and communication strategies that could help in mobilizing the rural savings.
1.2.1 HYPOTHESES TO BE TESTED:

The following hypotheses were tested:

[i] Money remitted by the NRI relatives and family members is used for investment in securities.

[ii] Cash-rich farmers are willing to take risk of investment in financial instruments if convinced.

[iii] Word of mouth is the most effective promotion in this regard.

[iv] Lack of banking facilities and unwillingness on the part of brokers and their agents to operate in rural areas is one of the reasons for low investment.

1.3 METHODOLOGY:

The methodology used for the study is summarised below:

1.3.1 RESEARCH DESIGN:

The study was based on primary data collected through field work under a descriptive research design. Secondary data, collected from various sources, were also used.

[A] Research instruments:

A well-designed, structured Questionnaire in Gujarati language was used for collecting the required primary data and information. Direct personal observations were also used to supplement the information collected through questioning of the respondents. The questionnaire was pretested in field conditions before using it as a tool for data collection.
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[B] Sampling procedure and sample size:

The study was based on a sample survey of 400 households. All villages of Kheda, Baroda and Ahmedabad districts of Central Gujarat with a population of 5000 and above formed the population for the study. According to the 1991 census, there are 182 villages in these three districts which have a population of 5000 and above. Out of these 182 villages, a sample of 10% was drawn on a semi-random (quota) basis, using the lottery method. Due care was taken to ensure proportionate representation to each district. From each village, 5-10% households (depending on the actual qualifying population of the village) were included in the sample on the stratification basis. Occupation of the households was used as criteria for stratification. All qualifying households were divided into four major occupation categories, namely farmers, businessmen (mainly traders and shopkeepers), skilled workers (including artisans and others such as carpenters, masoners etc.) and in-service people. A minimum of 30 households were included from each village to give a proper representation to each occupation category from the village society.

Household income is one of the most significant determinant of the investment capacity. But looking to the practical difficulties involved in the estimation of actual disposable income of the rural people, some surrogate indicators of income such as possession of "Pucca" house,
irrigated land, tractor and other household durables such as TV sets, two wheeler, fridge etc. were used for identifying the prospects. Only one person was interviewed from each household. The respondent had to be the head or the decision-maker in the family. Information collected through the structured questionnaire was supplemented and cross-checked with personal observations.

1.4 SIGNIFICANCE OF THE STUDY:

To accelerate the industrial growth and to provide employment to millions of jobless people, India needs large investment in industries. Mobilization of public savings for investment in industrial sector is the need of the hour. It is also necessary to develop a broad-based capital market in the country encompassing the urban as well as rural areas. Unfortunately, during the past couple of years, savings of the urban population have declined due to the twin effect of inflation and switching from traditional to the consumption-based life style.

On the other hand, income of the rural people has risen steadily due to the effect of factors discussed earlier. The consumption level in the rural areas is still low as compared to the urban population. So people have more surplus income in their hands now than ever before. In the absence of alternative investment opportunities and information, the bulk of this income is spent on acquiring unproductive or less productive assets and on festivities.
However, in spite of being a lucrative market, no attempts have been made by any private or public organisation to identify the investment potential and properly market the concept of investment in securities to the rural investors. Whatever the volume of rural investment in shares and government securities (such as Indira Vikas Patra) today, it is mainly because of the personal interest and efforts by some enterprising rural investors.

Till recently, no hard data or reliable information was available on investment capacity, existing opportunities, investment pattern and preferences of the rural people. Financial Institutions and the functionaries in capital market had no idea about rural people's perceptions of investments in shares and also about the feasibility of mobilization of rural savings through marketing efforts.

This study, therefore, opens up opportunities for business firms, financial institutions, banks, security brokers and their agents to increase their business. If they are successful in marketing the investment concept to the rural people, then it may benefit both the parties. Firms may get access to the hitherto untapped source of funds and the rural investors may get better returns on their investments. Hence, this study is of utmost practical importance to the government, business community and the rural people.
In a country like ours where there are problems galore and resources are meagre, the importance of any research should be judged on the basis of its benefit to the people and the society. This is only the pioneering study of its kind in the state and probably in the whole country. The study is a humble attempt made at generating some hard data and more reliable information about rural markets.

1.5 LIMITATIONS OF THE STUDY:

Even though the study is extensive, innovative and pioneering in some respects, it has the following limitations:

1. Constraints of time and difficulty experienced in the identification of security holders in the rural areas forced the researcher to select the sample from only three cash-rich districts of Gujarat state, viz. Ahmedabad, Baroda and Kheda. This shows the geographical limitations of the study even within the state.

2. Statistics about investment in securities relating to rural Gujarat are not available from secondary sources. Therefore the only alternative was to depend totally on the information collected through field work. This information may or may not be fit for making generalisation or to draw conclusions about the entire state.
3. The rural households do not generally maintain written records of their income and savings. Therefore, it was difficult to get the exact information from the respondents.

4. It was observed during the survey that some of the sample respondents were reluctant to give correct information about their assets and investments. Therefore, the analysis might contain some non-sampling errors.

1.6 LITERATURE REVIEW:

In the past, a number of studies have been conducted on consumption pattern, savings and investment in securities but none of them has focused on marketing of securities in the rural areas. A brief review of the available literature on the subject is given below.

V.N.Hukku (1977) has observed that the growing prosperity of rural areas still remains inadequately exploited by banks for purposes of deposit mobilisation. The savings income ratio of rural households is still low. The rural household income is still invested in an unproductive manner. There is adequate scope for mobilizing savings in the rural areas.

P.Subha Rao (1982) conducted a survey to study the influence of different media of advertisement and different forms of personal selling on the deposit mobilisation of commercial banks. He has suggested that personal selling or
direct contact is the best method since it educates the potential rural customers into the bargain.

A.S.Chavla (1987) has pointed out that the nationalisation of commercial banks helped the development of banking service through vigorous branch expansion programmes. Deposit mobilisation showed great progress, banking habits of the people showed remarkable change, and marked increase was noted in depositors accounts, especially in the rural areas.

M.K.Thinglaya (1987) pointed out that nationalisation had enabled the banks to tap to a great extent, the deposits of the rural masses. Deposits have grown very fast during this period. The concentration of banks in the rural centres has been responsible for cultivating savings habit amongst the rural population. With the penetration of banks into the rural areas, the share of the savings of the rural households flowing into these banks has increased.

K.K.Saxena (1988) has agreed that it was a mistaken belief that other instruments of saving available in the market compete with bank deposits. As each of the saving instruments aims at satisfying one or the other motive for saving and is different in nature, instruments of one group are not likely to affect the others. He has suggested that banks should adopt effective marketing strategies for identifying new potential customers in order to maintain their share in the savings of the household sector.
N.A. Majmudar (1990) has pointed out that the growth of financial companies and the capital market, and the wide spectrum of high-yielding saving instruments offered to the different target groups of savers have made the commercial banks lose their importance in the financial system. He has suggested that by permitting the banks to accept term deposits of 5 years maturity and by increasing the interest rate on savings deposits to 6 to 7 per cent and by bringing the net yield on other saving investments into alignment with the interest rates, banks could be restored to their previous position in the financial system.

S.C. Bandyopadhyay (1992) has observed that the growth-rate of bank deposits has been declining in the past few years and, even though household savings have been increasing, they are being increasingly diverted to non-banking instruments. He has concluded that stock market operations and non-banking instruments for tapping individual savings have expanded very fast, thus creating a number of options to an individual saver for his savings. There has been a shift in the household savings from bank deposits to shares, debentures, units of UTI and Mutual funds. The banks are slowly losing their traditional role of intermediatory.

Kevin John Hebner (1989) tried to develop a theory of mutual funds by examining the demand of individual investors for the services that mutual funds provide. The study shows
that individuals who choose to participate directly in equity markets, finding the necessary information and making the acquisition and portfolio selection decisions themselves, differ in several important respect from those individuals who choose to participate indirectly in stock markets via mutual funds, and that informational considerations are of paramount importance in determining why an individual chooses one mode of equity market participation over another.

Madan Sabnavis (1989) has discussed the dilemma faced by commercial banks because of their entry into the mutual arena. He has stated that mutual funds are more attractive to the investors in terms of their returns, tax benefits, growth and protection against inflation than fixed deposits and hence, an individual would have a definite preference for mutual funds vis-a-vis bank deposit and he would have reasons to shift cut from bank deposits to mutual funds. However, Sabnavis argues that banks may not be severely affected by this shift as the investments made in companies by the mutual funds would flow back into the banking system in the form of current deposits. But by permitting banks to set up such funds, the basic idea behind nationalisation would be undermined and the importance of banking as a function would be greatly reduced.

S.N. Sasidharan (1990) has, in his study on mutual funds observed that about 23 per cent of the population covered is
aware of mutual fund schemes but the awareness level is less than that of the low yielding government bonds. In spite of the promise of high returns, capital growth and liquidity, the level of awareness about mutual fund schemes is eclipsed by traditional saving methods. Out of the 23 per cent of the population, only 18 per cent has adopted mutual fund schemes. The main plank in choosing mutual fund schemes by respondents, who are aware of the schemes, is capital growth, followed by future needs, tax savings and minimisation of risk.

The Survey of Indian shareholders (1990), conducted by the Society for Capital Market Research and Development and jointly sponsored by the Securities and Exchange Board of India (SEBI), SBI Capital Markets Ltd., Can Bank Financial Services and the Bombay Stock Exchanges found that UTI/Mutual fund units are perceived as safe by a great majority of household investors. They are also perceived as yielding higher returns than bank fixed deposits. However, UTI/Mutual funds have not been as popular among the lower income groups as among the higher income groups of investors. The majority of respondents are not willing to invest in mutual fund schemes unless there is the promise of a minimum return as they consider schemes without such a promise as not being very safe. The highest preference among investors is for regular income funds and the least preferred is the unit-linked insurance schemes. Among the
upper income groups, the high growth funds and tax saving funds enjoy considerable popularity.

Subash Chander and Mukesh Mahajan (1992) conducted an investigation among the members of a number of investment clubs in the city of Amritsar. Their study revealed that the most important factors in the choice of a mutual fund scheme are the strong possibility of capital appreciation and the past record of the mutual fund organisation. Pure equity schemes are more popular among investors, followed by pure tax saving schemes, with the least preferred being the Regular Income Scheme.

A survey was conducted by M.Sahu and R.K.Jena in the city of Ahmedabad in 1990 to study the perception of individuals regarding some saving instruments including mutual funds schemes, and their attitude in preferring and adopting certain schemes rather than order schemes. The survey revealed that the mutual funds schemes are perceived differently by different users according to their requirements and that most of them adopt those schemes to avail themselves of the maximum tax savings, followed by the benefits of profitability, safety and liquidity. The survey concluded that if the institutions introduce different mutual funds schemes to provide all the above said benefits, they would get a better response in the Indian capital market.
A study (1993) conducted by the corporate and Economic Research Center reveals that the income schemes have been the most popular among all the options, although their average annual real rate of return has only been 13 per cent. On the other hand, the growth schemes have topped in terms of returns, followed by tax planning schemes. The listed schemes earn better returns when compared to the nonlisted schemes.

The society for capital Market Research and Development conducted a survey to study the changes in investor preference between 1990 and 1992. In its survey report (1993), it has concluded that the average Indian investor is still conservative, abhors risk and prefers to bank his savings with UTI. The middle class, in particular, go in for the mutual funds in a big way. The survey reveals that ownership in all mutual fund products has risen from 37 per cent in mid 1990 to 65.1 per cent in mid 1992, implying that over one-fourth of the middle class households have joined the ranks of holders of units and mutual fund products within only a couple of years, that all the income groups show a marked rise in the ownership incidence of units and other mutual fund products, and that bank deposits have fallen out of favour.

S.J.Sajanlal (1993) has, in his study observed that only 75 per cent of the sample population was aware of LIC's mutual fund schemes and the source of information was mainly
the press, followed by TV or radio and agents. His conclusion is that the level of awareness could be increased through proper advertisements in the local newspapers.

R. Geetha Krishna Pal (1993) pointed out that all the respondents were aware of and had fixed deposits with banks, whereas the level of awareness varied from 92 per cent for UTI schemes, 82 per cent for LICMF and 44 per cent for GICMF schemes. The adoption level was much lower for these mutual funds of the various financial schemes. Fixed deposits in banks was the highest, followed by investment in shares and debentures. Of the three mutual funds, UTI stands first, followed by LICMF and GICMF in terms of the amount invested.

In a survey conducted by Sobhana Subramaniam (1993), it has been found that there is very little awareness about the concept of mutual funds. They are considered safer than shares of new companies, but riskier than bank deposits. While choosing a scheme, investors look for return, safety, promoter's reputation and service in this order. UTI and SBIMF are not considered mutual funds; only tax saving schemes are perceived as mutual funds.

Jack Clark Francis (1993) has in his study pointed out that portfolio performance analysis of mutual funds suggest that investors could expect higher rates of return and less risk if they invested their own funds by selecting securities randomly.
National Credit Council set up a study group in 1968 which was chaired by Shri T.A.Pai Syndicate Bank Ltd., Manipal, to study the deposit mobilization of commercial and co-operative banks. The group suggested that the rate which banks pay for deposits should not be out of alignment with rates on competing investment outlets such as placement of funds with non-banking agencies like finance companies or chit funds, or in the form of company deposits; and that banking hours, both in the cities and in the semi-urban and rural locations should be decided on the basis of local needs.

A workshop on Deposit Mobilization (1969) organised by NIBM concluded that mobilization of resources is one fact, and an important one at the, of the various services performed by banks. Banks should classify depositors into segments and take intensive measures to market their services to them. They should promote banking habit by devising schemes to suit sub-markets and attract depositors through suitable media of publicity. As regards deposit mobilization in rural branches, it was recognised that mere schemes in themselves would not be sufficient and what was more important was the question of extending personalised services.

The Banking Commission (1972), chaired by S.G.Saraya, has reported that the increasing trend in placing deposits in banks helps to bring to the organised market the savings
that might have remained idle or might have been wasted or used in creating assets which are low in the scale of plan priorities.

C.Rangarajan (1978) has studied the sensitivity of bank deposit to interest rates. According to his analysis of time and demand deposits and maturity-wise break up of fixed deposits, interest rate variations lead to the substitution of one class of deposit with lower interest rates for another class of deposit with higher interest rates.

B.N.Bhattacharya (1985) has, in his study, observed that banks by themselves do not directly induce any deposit growth. They just create opportunities for saving in the form of bank deposits. It is the level of per capita real income that has a direct major influence on the decisions governing savings in bank deposits. Proliferation of branch network a bank will be useful only if it contributes to the rising the incomes of the surrounding areas by direct promotion of developmental activity. Thus, the contribution of bank branch expansion of a bank to the process of deposit growth is just secondary.

D.J.Kanvinde (1985) has, analysed the deposit trends of commercial banks in the states during the eighties. He found that the shares in different states have shown changes during the period and that the deposit growth in rural and non-metropolitan urban centres have been more vigorous than that in metropolitan and semi-urban centres. He has
concluded that this might be due to the tough competition in urban centres from other saving institutions.

Usha N. Iyer (1990) has observed that bank deposits are more sensitive to the effective rates of return on other competing instruments and, therefore, there is a need to narrow down the difference in effective interest rate structure on banking and non-banking financial assets. Customers prefer additional tax concessions to additional interest as incentive.

N.P. Kurup (1990) made a study of the reaction of depositors to the changes in the maturity structure and interest rates of term deposits. It was found that the proportion of long-term deposit to total deposit declined when the rate of interest on long-term deposits was reduced. Also, when the rate of interest on short-term deposits was increased while interest on long-term deposit remained unchanged, the proportion of long-term deposits showed a declining trend, while that of short-term deposits showed a rising trend. Nevertheless, maximum interest rate continued to be the criteria for depositors preference of maturity.

M.Y. Khan (1991) observed that income in real terms has been the most dominant factor influencing savings and current deposits and, whenever there has been an upward revision in the interest rates on alternative assets of fixed deposits, there has been the substitution of current and savings deposits by fixed deposits. Similarly, real
income has been found to be the dominant factor influencing fixed deposits. However, interest rate on alternative assets has been found to be not significant.

The Reserve Bank of India, in its Annual Report for 1990-91, has observed that among other things, persistent increase in the cost of living which has adversely affected the household saving propensity, and the emergence of other alternative instruments of savings, particularly mutual funds, have contributed to a slow-down in the growth of bank deposits.

Arti and Reeta (1992) have analysed the growth rate of savings deposits with commercial banks. They have argued that a low rate of growth implies the existence of a more lucrative option for savings bank account holders which can either be fixed deposit or small savings or capital market. After analysing the growth of these options over different years, they concluded that there seems to be no real diversion of funds from one savings mode to another, and that the decline in the growth rate of savings deposits is the result of people having very little to save or invest due to high consumption expenditure.

Rajagopala Nair (1994) conducted a study on the rural bank customers of Kerala. The study reveals that security and liquidity are the major pre-requisites for deposits by rural customers of the state and that interest rate on deposits is not at all a criterion for rural bank depositors
to deposit their savings with commercial banks. The study also reveals that rural people don’t prefer to invest in company shares and debentures and that co-operative banks or societies are the real competitors for the rural commercial banks, followed by the post office.

Dennis Mc Connell (1983) examined the stated return preferences of a sample of individual investors holdings the shares of a dual purpose mutual funds. The study reveals that of the set of variables like expected return, degree of risk aversion, degree of diversification, marginal tax rate and stage of life cycle, all variables except diversification are significantly associated with return preferences. The life-cycle variable was found to exert the most significant influence on return preference. However, no single variable or circumstance appears to be dominant.

N. Sriram (1992) observed that the growing acceptability of mutual funds has changed the pattern of household savings and a more realistic indicator of any shift in the savings pattern would be comparison with the growth rate of time deposits, as it is with these that mutual funds can be perceived as a competing instrument. Sriram has concluded that though for every Rs. 100 growth in time deposits, mutual funds mobilised Rs. 22 in 1987-88 and Rs. 38 in 1990-91, it does not mean that bank deposits would be substituted by mutual funds, for bank deposits have certain advantages like liquidity, a high degree of safety and convenient
access provided by the neighbourhood bank branch.

L.K.Bansal and R.K.Gupta (1992) have observed that since mutual funds manage the funds of the public at large to meet the diverse needs of return in the form of dividend or capital appreciation, the way in which the funds are managed is very important. Profit distribution should be more liberal and whatever is earned has to be distributed. They have suggested that segregating the dividend income into current income and capital gains would encourage more medium and larger investors to invest in mutual funds for tax planning.

Ashish Saha and Sree Rama Murthy (1993-94) have in their paper titled "Managing Mutual Funds: Some Critical Issues" given a brief overview of the changing needs of the Indian households, as reflected in their pattern of investment in shares and debentures over the years and its linkage with the growth of the mutual funds and their performance. They have observed that in the eighties, and that too towards the second half of the decades, individual investors were becoming more and more conscious of factors like return and capital appreciation in addition to liquidity and safety. This has been borne out by the gradual declaration of growth rate in the deposits of the Indian commercial banks.

G. Raju (1993) has, in his dissertation observed that the level of awareness of mutual funds is very poor among
the rural population. Though advertisements are the main sources of information, they evoke very little response from the public. He has suggested that special efforts should be made by the concerned agencies to propagate the mutual funds schemes, especially in the rural and semi-urban areas to increase awareness and adoption levels.

The Report of the Committee constituted by Reserve Bank of India (1978) under the chairmanship of James S. Raj to evaluate the functioning of the public sector banks has pointed out that the intensive spread of banking networks since the nationalisation of banks has contributed to the growth of household savings, bringing them into the fold of the organised monetary sector.

The National Council of Applied Economic Research conducted a survey (1971) to evaluate depositors appraisal of banking services. Its reports reveal that while 62% of the depositors did not make any comments on interest rates on deposits, 84% of those who offered comments felt that interest rates should be raised, and 59% of the bank depositors, who had deposits with companies as well, were attracted by the high rates of interest offered by companies.

T.R. Venkatachalan (1978) while estimating the demand for deposit, found that income effect was the most predominant factor in influencing savings, followed by the movement in inflation rate. The influence of interest rate
A survey conducted by O.R.Krishnaswami and C.Sreenivas (1980) to study the reasons behind the depositors selecting a particular branch depending on a bank and the type of deposit that was popular among them. They found that most of the depositors selected a particular branch on its nearness to their office or residence, and a few for its suitable timings. Only in a few cases did people select branches on account of their efficient service. The survey suggested that it would be more useful in the larger interest of the economy, if all the banks could pool their expertise and genius together and decide upon suitable schemes which would help to mobilise deposits on an increasing scale instead of each bank devising its own deposit schemes.

C.Rangarajan (1982) observed that branch expansion, through promoting banking habit over a wider geographical area, induces a larger number of people to use bank deposits, both as a form of transaction balances and as a form of savings. Besides this, branch expansion, by facilitating transaction across different geographical areas, reduces the need for holding a large amount of currency. This prevents the outflow of reserves from the banking system, leading to a larger expansion of secondary deposits.

The National Institute of Bank Management (NIBM) has in a study (1986) analysed the trends and pattern of deposits
in commercial banks in India. The report observes that new and more attractive avenues for investment have been opening up in recent years thereby eroding the deposit mobilisation efforts of the banking sector. The study stresses the need for adopting appropriate marketing strategy for deposits mobilisation.

C.R. Reddy (1989) pointed out in an article that the expansion of commercial banks virtually depends on the accumulation of deposits which helps in further mobilisation of resources.

W. Varghese and H.W. Rajashree (1989) have analysed the factors influencing bank deposits for the urban and the rural sectors separately. The study reveals that agricultural income and real interest rates have positive influence on rural deposits. Real interest rate in the case of urban savings deposits and nominal interest rate in the case of urban time deposits are important factors.

Y. Ramamurthy and Varsha Chattre (1990) have, in their study observed that interest rate differential could be a powerful factor in explaining the behaviour of the public in their choice of maturity pattern of deposits. This implies that with the development of the capital market, if other avenues of investment give better rates of return, savings will flow out of banks into these avenues.

Babu Joseph (1990) pointed out that banks in Kerala have been successful in mobilising foreign remittances from
Non-Resident Indians and that a substantial portion of the deposits has been mobilised from semi-urban and rural areas.

A study on the composition and ownership pattern of bank deposits was carried out by the Banking Statistics Division of the Reserve Bank of India in 1992. The study reveals that the ownership pattern in respect of certain types of deposits has undergone significant changes, although in respect of total deposits, the changes are not so perceptible.

According to the study, individuals are the largest deposit holders among all the population groups. This share has declined progressively over the population groups, the highest being in the rural areas and the lowest in the metropolitan areas. The share of non-resident individuals is the highest in the metropolitan areas and the lowest in the rural areas, non-resident deposits constitute an important segment of the total deposits in the state of Kerala, Goa and Maharashtra. Maharashtra has the highest amount of non-resident deposits.

D. Muraleedhaeran (1993) has, in his dissertation on the savings and investment preferences of salaried income groups in Kollam district (Kerala), observed that the majority of the investors prefer to deposit their surplus money in banks rather than invest it anywhere else. Only a few prefer UTI schemes. The deposits in banks also show an increase which reveals the disregard of the investor for the mutual funds.
and capital markets.

V.M. Jain (1973) has concluded that by mobilising domestic savings on the one hand and diverting the available resources towards appropriate channels on the other, banks play a pivotal role in fostering economic growth.

O.P. Mathur (1978) has pointed out that for profitable operations, the amount of deposit is very important and, therefore, banks compete aggressively to mobilise deposits.

Nalini J (1996), in her study on investment patterns, has found that propensity to invest depends on net domestic savings and institutional efforts for mobilising the savings.

S. Vasudeva Shethy and S.L. Narayan (1987) have found that in spite of slower growth in deposit mobilisation in the first half of the eighties compared to the seventies, bank deposits continue to occupy a prominent place in total financial assets because of their basic features like safety, liquidity and proximity.

Kalipad Deb (1988) has made an attempt to examine the extent to which the banking system has played the role expected of it. He has found that deposit mobilisation has been taken with out any earnestness and vast potential remains unexploited.
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