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A Study Inclination of Stakeholders Towards Equity Based Mutual Fund In Akola Region

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ABSTRACT: In today's market, there are many people working in various sectors and earning the money in different forms but there are some people who systematically invest in the share market, mutual funds, fixed deposits, or any investment organizations. On the other hand, there are many people who do not invest in any of these as mentioned above. This research paper understands the inclination of stakeholders towards equity-based mutual fund scheme in the Akola region. The objective of this research is to study investors' perception towards equity-based mutual funds, then study distributors' perception towards equity-based mutual fund and to compare the performance of different equity-based mutual funds and study the marketing strategy of distributors in the Akola region. A descriptive research design has been used in order to conduct this research. In order to collect the primary data, questionnaire is used.

The results of the study revealed useful information about the inclination of the stakeholders towards equity-based mutual fund in Akola region and this study is helpful for the distributors and marketers of the mutual fund.

I. INTRODUCTION

A mutual fund is a professionally managed type of collective investment scheme that pools money from many investors and invests it in stocks, bonds, short-term money market instruments and other securities. There are many reasons why investors prefer mutual funds. Buying shares directly from the market is one way of investing. But this requires spending time to find out the performance of the company whose share is being purchased, understanding the future business prospects of the company, finding out the track record of the promoters and the dividend, bonus issue history of the company etc. An informed investor needs to do research before investing. However, many investors find it cumbersome and time-consuming to pore over so much of information, get access to so much of details before investing in the shares. Investors therefore prefer the mutual fund route. They invest in a mutual fund scheme which in turn takes the responsibility of investing in stocks and shares after due analysis and research. The investor need not bother with researching hundreds of stocks. It leaves it to the mutual fund and its professional fund management team. The history of Mutual Funds in India can be dated back to 1963, when UTI was established, by an act of Parliament. As on 30th April 2012, the total number of mutual fund schemes in India are 1292, which is worth Rs 6,80,154 crores (also called Asset under management). In this context it becomes pertinent to study the pattern and behavior of the Mutual fund schemes, to which the common man is still unaware of. The risk-return relationship is perhaps one of the best way to analyze the performance of a mutual fund.

EQUITY BASED MUTUAL FUND SCHEME:

Equity Funds are mutual fund schemes which invest their assets in stocks of different companies based on the investment objective of the underlying scheme. These funds are a great investment option for capital appreciation as they have the potential for long term wealth creation. Investors looking to invest for long term and who want to gain exposure to the stock market can choose to invest in equity funds. There are a variety of equity mutual funds available for investors to invest in. The choice of scheme should depend on the investment objective, risk profile and the investment horizon of the investor. The broad categories of equity funds are- Large cap fund, mid cap fund, small cap fund multi cap fund etc.



II. LITERATURE REVIEW

- Poonam Devi 2017** Studied “Performance and Analytical Study of Various Mutual Funds.” To understand the perceptions of investors towards mutual funds, to know the expectation of people for the return on mutual funds. Various data interpretation methods and presentations methods were used. Mostly primary data in the form of questionnaire was used by the researcher.
Major finding Most of the investors like to invest in mutual funds. Most of the people like to invest their money for one or three years to get returns on their investments. People invest in mutual funds to get higher returns and tax benefits.
- Priyanka G. Bhatt, Vijay H. Vyas 2014** studied “A Study on Performance Evaluation of Selected Equity Mutual Funds in India.” The main objective of this work is to evaluate the financial performance of selected mutual fund schemes through the statistical parameters such as (Beta, Standard Deviation, Coefficient of Determination and Sharpe ratio.)
Major finding the researcher concluded that all the funds have performed well during the study period. The fall in the CNX NIFTY during the year 2011 has impacted the performance of the selected funds. In the eventual analysis it may be concluded that most of the funds have performed well in the highly volatile market except only one mutual fund
- Vikas Choudhary , Preeti Sehgal Chawla 2014** Studied “Performance Evaluation of Mutual Funds: A Study of Selected Diversified Equity Mutual Funds in India.” To study the performance of selected Diversified Equity Mutual Funds in India. To compare the performance of selected Diversified Equity Mutual Funds in India. To analyze whether mutual fund underperform or overperform the market index, the following statistical methods and techniques
Major finding The researcher concluded that the performance of mutual fund in terms of Average Returns, 75% of the Diversified fund schemes have shown higher and superior returns and remaining have shown inferior returns. In terms of Standard Deviation, 62% of the selected schemes are less risky than the market. All the funds have beta less than one positive which imply that they were less risky than the market portfolio and in terms of Coefficient of Determination (R^2), all eight funds were near to one 6 have been used: Standard Deviation, Beta, Coefficient of Determination, Average Return, Sharpe Index and Treynor Index will be used to analysis the data. which indicates higher diversification of portfolio. Seven out of Eight funds have shown superior performance under the Sharpe Ratio as well as Treynor Ratio.
- Treynor (1965)** developed a methodology for performance evaluation of mutual fund that is referred to as reward to volatility measure, which is defined as average excess return on the portfolio. This model has been used in detail later in the study to evaluate the performance.
- Sharpe (1966)** in his pioneering work on the performance evaluation of mutual funds developed a composite measure to consider risk and return. The study measured the performance of 34 open-ended mutual funds for the study period 1944-63. It was concluded that the average mutual fund performance was distinctly inferior to an investment in the Dow Jones Industrial Average (DJIA). Further, it was also revealed that good performance was associated with low expense ratio and low relationship between fund size and performance.

GAP-

In this research studied that in the perception of investors about the equity based mutual fund scheme is neutral nor the strongly agree nor the disagree there perception regarding the equity based scheme is neutral.

III. RESEARCH METHODOLOGY

The process used to collect information and data for the purpose of making decision. The methodology may include publication research, interviews, survey and other research techniques.

- Primary data collected from the different kinds of investors through questionnaire method.
- Also collects the primary data from the distributors through taking the personal interview.
- Secondary data collect from the various mediums likes books internet and brochure.

PROBLEM IDENTIFICATION:

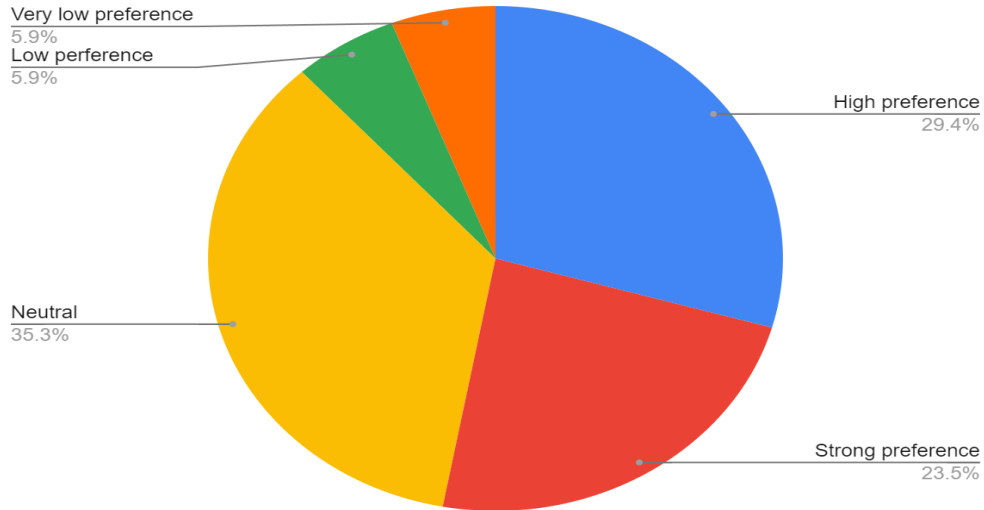
- High expense ratio
- High exit ratio before the locking period.
- Risk involve in equity based mutual fund.



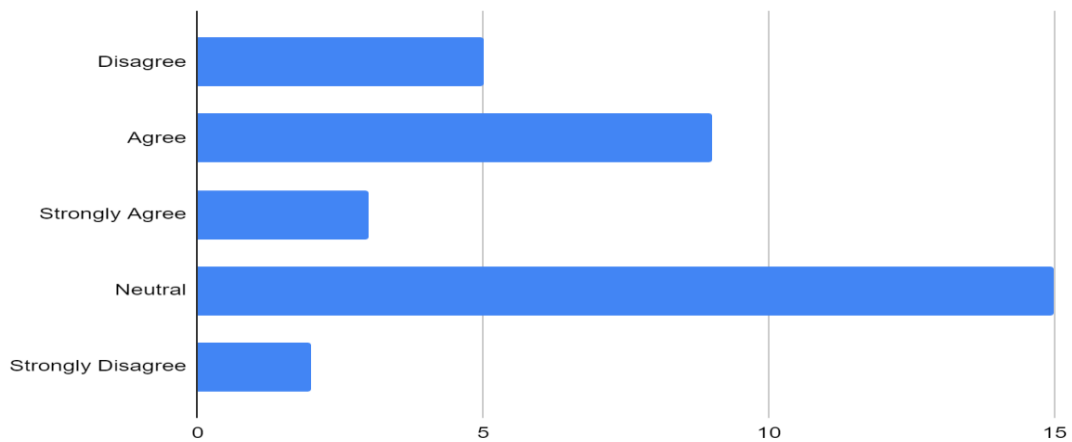
- Most of the investors are neutral to take the equity based scheme.

DATA AND ANALYSIS:

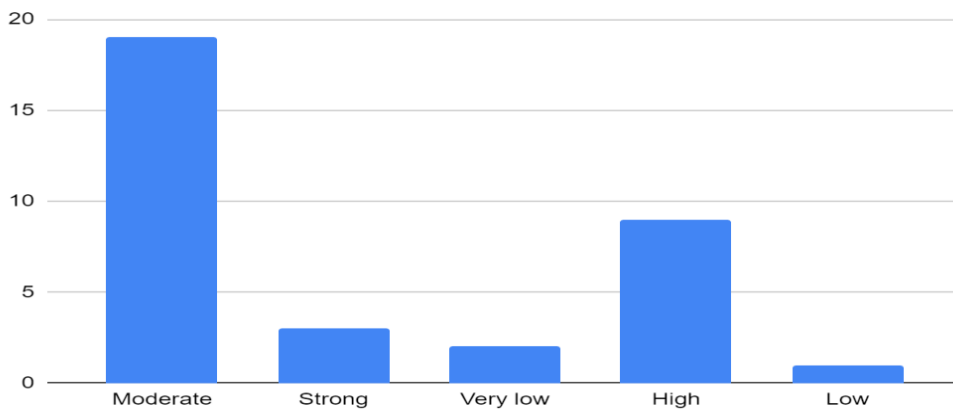
1. What is your preference to invest in Mutual Fund?



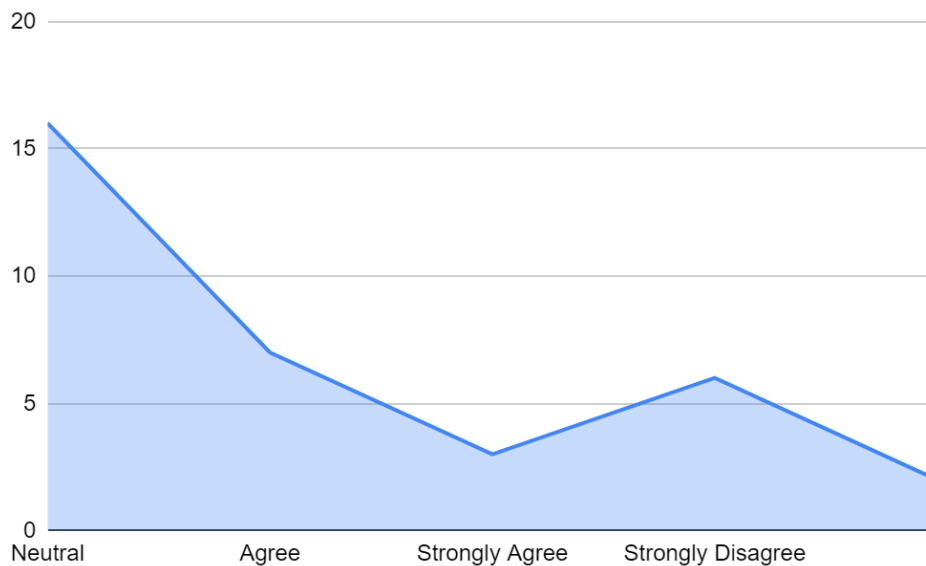
2. What is your preference to invest in Equity Based Scheme of Mutual Fund?



3. What is your awareness level of equity based scheme in mutual fund?



4. Have you invested money in equity based scheme?



OBJECTIVES:

1. To study investors' perception towards equity based mutual fund.
2. To study distributor's perception towards equity based mutual fund.
3. To compare the performance of different equity-based mutual funds
4. To study marketing strategy of distributors in Akola region

HYPOTHESIS:

- H0:** In equity based mutual fund scheme risk is very high in Akola region.
H1: In equity based mutual fund scheme returns are very high in Akola region.

SAMPLE SIZE:

Sample size would be around 100 respondents.

SAMPLING METHOD:

The Sampling method would simple random.

PRIMARY DATA AND COLLECTION:

Primary data collected from the questionnaire method.

SECONDARY DATA:

Secondary collected from the booksinternet and various brochure.

LIMITATIONS:

1. This project is limited only for Akola region.
2. In this scheme all the criteria are fixed by the association of mutual fund in India (AMFI).

IV.CONCLUSION

In this research we conclude that inclination of stakeholders towards equity based scheme in akola region. In this research we will see most of the investors invest in mutual fund scheme there different age group we find during the research who invest in the equity based mutual fund scheme there response regarding the equity based scheme is neutral because in equity based scheme there some risk involve and also good amount of returns they gives in this scheme.



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