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A Study on Distribution Network of Mutual Fund Products in Maharashtra

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Abstract:

The exploration indicate that collective Fund Distribution Network marketing faithfully further recommended that the distributer give duty to investor plaintively and developed by the experimenter as a standard scale for measuring investor fulfilment the exploration has proposed fine expression for measuring the situations of investor fulfilment The Mathematical model which is break through outgrowth of this exploration can be employed by distributer marketing for precisely assessing the investor faithfully on collective fund marketing. In civic area investor some invest plutocrat in collective fund request but in pastoral area investor inadequately invest plutocrat in collective fund. collective fund is related to the share request and share request is veritably parlous to the investor understanding. Collective fund investment parlous so distributer gives the well-conditioned advice to the investor. So investors invest plutocrat substantially in collective Fund. Distributer creates good planning to the investor. Mutual Fund Distributers concentrate on pastoral area so produce further investment in collective fund request so more investor invests plutocrat.

Keywords: Collective fund, Distribution Network, Private, Government, Comparison, openings, Challenges, Invest, Money, Etc.

Introduction:

The profitable development of any country depends upon the actuality of a well – organized fiscal system that supplies the necessary fiscal inputs for goods and services which in turn promote the well – being and standard of living of the people of a country. The fiscal system is a broader term which brings under its fold the fiscal institution which supports the system. The major means trades in the fiscal system are plutocrat and financial means. The responsibility of the fiscal system is to rally. The saving in the form of plutocrat and financial means and invest them in productive gambles. The effective functioning of the fiscal system facilitates the free inflow of further productive conditioning and therefore. The fiscal system provides the intermediation between redeemer and investor and promotes briskly profitable development. The fiscal system should offer applicable impulses to attract savings and make them available for further productive gambles. therefore, the fiscal system facilitates the metamorphosis of saving in investment and consumption. The corner in the history of the development of our fiscal system is the establishment of new fiscal institutions to strengthen our system and to supply institutional credit. History of Mutual Fund The first ultramodern investment finances (the precursor of moment's collective finances) were established in the Dutch Republic. In response to the fiscal extremity of 1772 – 1773, Amsterdam-grounded businessman Abraham(or Adriaan) van Ketwich formed a trust named Eendragt Maakt

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Magt ("concinnity creates strength"). His end was to give small investors with an occasion to diversify. collective finances were introduced to the United States in the 1890s. EarlyU.S. finances were generally closed- end finances with a fixed number of shares that frequently traded at prices above the portfolio net asset value. The first open- end collective fund with repairable shares was established on March 21, 1924 as the Massachusetts Investors Trust.(It's still in actuality moment and is now managed by MFS Investment Management. Distribution Network A distribution network is an connected group of storehouse installations and transportation systems that admit supplies of goods and also deliver them to guests. It's an intermediate point to get products from the manufacturer to the end client, either directly or through a retail network. A fast and dependable distribution network is essential in moment's instant delectation society of consumers. Investment in collective finances Asset allocation is the primary premise for investments. Long term statistical analysis has shown that 90 per cent of portfolio variability is due to asset allocation, while only 10 per cent of the variability in portfolio performance is due to request timing and stock selection. The only thing in your control is asset allocation. Flash back that all means move in business and profitable cycles of their own. While one asset might be in a bear request, there might contemporaneously be another asset class in a big bull request of its own. The broader fund groups of equities, bonds and goods will lead to the gateway of long term wealth creation and food.

According to Type of Investments-

While launching a new scheme, every Mutual Fund is supposed to declare in the prospectus the kind of instruments in which it'll make investments of the finances collected under that scheme. therefore, the colorful kinds of Mutual Fund schemes as distributed according to the type of investments are as follows-

- Equity Finances Schemes
- Debt Finances Schemes (Also Called Income Finances)
- Diversified Finances Schemes (Also Called Balanced Finances)
- Gilt Finances Schemes
- Plutocrat Request Finances Schemes
- Sector Specific Finances List of Collective Fund

Distributor in Maharashtra

Table No. 1

Sr. No.	Districts	Mutual Fund Distributor
1	AURANGABAD	748
2	JALNA	70
3	BEED	35
4	NAGPUR	1593
5	AKOLA	231
6	AHMADNAGAR	135
7	PUNE	4187
8	SANGLI	190
9	SATARA	188
10	PARBHANI	56

11	SOLAPUR	150
12	THANE	3342
13	WARDHA	101
14	WASHIM	21
15	YAVATMAL	62
16	RAIGADH	21
17	NASHIK	1208
18	OSMANABAD	22
19	NANDED	123
20	MUMBAI CITY	70
21	KOLHAPUR	574
22	LATUR	81
23	MUMBAI SUBURBAN	147
24	NANDURBAR	32
25	PALGHAR	182
26	RATNAGIRI	77
27	CHANDRAPURA	174
28	DHULE	145
29	GADCHIROLI	8
30	GONDIYA	46
31	JALGAON	355
32	BULDHANA	31
33	AMARAVATI	231
34	SINDHUDURG	22
35	HINGOLI	12
36	BHANDHARA	50
TOTAL		**14720**

Source: - (Association of Mutual Fund in India)

In Maharashtra There are total no. of 36 districts and five main regions. I.e. Marathwada, Kokan, West Maharashtra, North Maharashtra and Vidarbha region. There Are in all 14,720 Distributor in Maharashtra. Since 10% is 1472 is impossible for me to undertake. Hence, by applying Taro Yamane (1967) formula. I have drawn optimum sample sizeselection. There for 14720 numbers of distributors. n = 798 distributor as optimum size accorded to Yamane (1967) Formula. Hence for more reliability, I have taken 798 sample size and distributors it. I redevised 798 response form 36 districts of Maharashtra. Respondent distributor were selected by applying random sampling method for each district.

Type of Mutual Funds companies & Mutual Funds

Table No. 2

Best Mutual Funds companies & Mutual Funds in India

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Public sector Mutual Funds		Private Sector Mutual funds (Both Indian and Foreign)
U.T.I	1963	Pioneer ITI MF
SBI MF	1987	Morgan Stanley
Canara bank MF	1987	Taurus MF
Bank Of India MF	1990	Prudential ICICI
PNB MF	1990	Alliance Capital MF
Bank Of Boroda MF	1992	Birla MF
INDIAN BANK MF		Shriam MF
GIC MF		Tata MF
LIC MF	1989	Reliance Capital MF
Indian Mutual funds	1989	Jardine FlamingMF
		Templeton MF
		CholaMandalanCazenove
		Sundaram Newton MF
		Frist India MF
		Escorts MF
		Anagram Wellington
		D.S.P. Merril Lynch
		Sun F&C MF
		ING Saving Trust
		Benchmark MF
		JM MF
		Kotak Mahindra MF
		Deutsche MF
		HDFC MF
		Standard Chartered MF
		IL&FS MF
		Dundee MF
		Apple MF
		Principal MF
		UTI MF

(Source:www.sebi.comand www.rbi.org.in)

Mutual Funds Scheme in India:-

1. Open- ended Scheme:-

In this scheme size of the funds is not predetermined as entry to or exit from the fund is open to investor who can buy or sell its securities to the fund at any time. This characteristic imparts greater liquidity to the units of these funds along with the pre- determined repurchase price based on declared Net Assets Value. Portfolio mix of such schemes consists of actively traded securities in the market, preferably equity shares. As investors can anytime withdraw from the fund therefore, the management of such is quite tedious.

2. Close-ended Scheme:-

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This scheme has deposit redemption date unlike open-ended scheme. These funds have fixed capital base and are traded among the investors in secondary market. The forces of demand and supply, hence determine their price. Price is free to deviate from its net assets value. Management of such funds is comparatively easier because managers can evolve long-term investment plans depending upon the life of the scheme. Within these two broad operational classifications we can have following sub- classifications.

Mutual fund plans

1. Growth plan:-

Under the Growth plan, the investor realizes only the capital appreciation on the investment (by an increase in NAV) and does not get any income in the form of dividend.

2. Income plan:-

Under the Income plan, the investor realizes income in the form of dividend. However, his NAV will fall to the extent of the dividend.

3. Dividend Re-investment Plan:-

Here the dividend accrued on mutual funds is automatically re-invested in purchasing additional units in open-ended funds, In case mutual offer the investor an option of colleting dividends or re-investing the same.

4. Systematic Withdrawal plan:-

As opposed to the systematic Investment plan, the Systematic Withdrawal Plan allows the investor the facility to withdraw a pre-determined amount/ units from his fund at a pre-determined interval. The investor's units will be redeemed at the existing NAV as on that day. The unit holder may set-up a systematic Withdrawal Plan on a monthly, quarterly of semi- annual of annual basis to: Redeem a fixed number of units or redeem enough units to provide a fixed amount of money.

5. Systematic investment plan (SIP):-

Here the is given the option of preparing a pre-determined number of post-dated cheques in favor of the fund. He will get units on the date of the cheque at the existing NAV. For instance, if 5th March, he has given a post- dated cheque for June 5th, he will get units on 5th June at existing NAV.

6. Retirement Pension Plan:-

Some scheme are linked with retirement pension Individuals participate in these plans for themselves, and corporate for their employees.

7. Insurance plan:-

Some schemes launched by UTI and LIC offer insurance cover to investors.

8. Tax saving schemes:-

These schemes offer tax rebates to the investors under specific provisions of the Income Tax Act, 1961 as the Government offers tax incentives for investment in specified avenues, e.g. Equity Linked Savings Schemes (ELSS), Pension schemes are growth- oriented and invest pre-dominantly in equities. Their growth opportunities and risks associated are like any equity- oriented scheme.

9. Load or No-load Fund:-

A Load Fund is one that charges a percentage of NAV for entry of exit. That is, each time one buys or sells units in the fund, a charge will be payable. This charge is used by the mutual fund for marketing and distribution expenses. Suppose the NAV per unit is Rs.10, if the entry as well as exit load charged is 2% then the investors who buy would be required to pay Rs.10.20 and those who offer their units for repurchase to the mutual fund will get only Rs.9.80 per unit. A no-load fund is one that does not charge for entry or exit. It means the investors can enter the fund/ Scheme at NAV and no additional charges are payable on purchase or sale of units.

Mutual fund Distribution Network:

Direct Channel:-

In the direct channel, investors buy and redeem shares directly from the fund or, more precisely, through the funds transfer agent. The fund company sponsoring the fund does not provide investment advice, so investors must undertake their own research to choose funds. Fund companies selling directly to investors provide a variety of products and tools to assist in decision making.

Advice Channel:-

The principal feature of the advice channel is the provision of investment guidance, assistance, and advice by financial professionals. These include full-service brokers at national wire houses, independent financial planners and advisers, registered sales representatives at banks and savings institutions, and insurance agents. Such advisers help fund shareholders identify financial goals such as retirement, tax management, education savings, and estate planning.

Retirement Plan Channel :-

In the 1990s, defined contribution retirement plans, such as 401(k) plans, became one of the primary sources through which investors buy mutual funds. In 2002, $1 trillion was invested in mutual funds through defined contribution plans, up from $67 billion in 1990. Furthermore, 62percent of all household owners of mutual funds Held shares in defined contribution plans.

Supermarket Channel

The introduction of the first mutual fund supermarket by a discount broker in 1992 represented a significant innovation in the distribution of mutual funds. Many other discount brokers, some affiliated with mutual Fund companies, have since organized fund supermarkets.

Institutional Channel

The institutional channel comprises a variety of institutions purchasing fund shares for their own accounts. These institutions include businesses, financial institutions, endowments, foundations, and state and local governments.

Full-service Broker Channel:-

The primary factor that drives respondents to purchase mutual funds through a full-service broker is the availability of initial and ongoing advice. The largest proportion of full-service broker channel users, 38 percent, cites initial and ongoing advice as the main reason for using this channel. Another 18 percent of full-service broker channel users cite an existing relationship with their adviser or institution, and 11 percent seek personalized service from a full-service broker.

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Conclusion:-

Distributors are mostly available in Latur and Mumbai city them second large of distributor available in Aurangabad and other city. Sampling is use for collecting data from different city with help of distributors so customers prefer mostly third Group of 51% to 75% interested invest money in mutual Fund. The groups of maximum of salary person invest the money in mutual fund. Customer invest the money in mutual fund mostly give the Preference of first &Second group of all investor. Customers invest the money in open ended and close ended mutual fund schemes. Distributor shown information about the mutual fund to the customer investment the money maximum Prefer the medium risk. Mostly investor invest the money in two group is Regular income & Debit Scheme and tax save.

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