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ANALYZING THE EFFECTS OF MACRO VARIABLES TOWARD THE DEMAND OF EQUITY FUNDS IN INDONESIA

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ABSTRACT: *The purpose of this research is to analyze how macroeconomics variables, such as interest rate (BI rate), inflation, exchange rate rupiah, GDP per capita and the money supply, influence the demands of equity funds in Indonesia. This research use time series data from 2001 through 2011quarter by using multiple linear regression model and Ordinary Least Square (OLS) method. The result of this research indicates that Net Asset Value of equity funds in Indonesia has increased in 2002 – 2004 in the period of the research. It is influenced by 4 strong macroeconomics indicators in Indonesia along with the improving economic of the country. Downward trends of interest rate happened in early 2002 until 2005 has encouraged investors to search another alternative investment instrument, so that the demands of equity funds increased.*

KEYWORDS*:* Interest rate (BI rate), Inflation, Exchange rate rupiah, GDP per-capita, money supply, influence the demands of equity funds.

BACKGROUND

The increase of life prosperity will make an individual think about future prosperity. The important of asset saving which is usually separated out the income, the purpose is its value will increase in the future. To allocate an asset in the financial instrument, which is hoped its value will increase in the future, is called investment. The important of investment is based on three main things. Firstly, there is future need or today need, and then there are the longing to increase and the need to maintain asset value which has been owned. Lastly, there is the inflation (Sugiarto, 2003). Therefore, the people try to separate out their income in productive phase and to save it in less than productive phase.

In this journal, definition of investment will be discussed in the scope of financial investment. Financial investment is carried out in financial market that is divided into two kinds those are money market and capital market (Elton, 1995). Money market is a market for valuable paper of short period, such as; *Certificate of Bank Indonesia, Valuable Letter of Money Market* and *Commercial Paper* while capital market is valuable paper of long period where the instrument is traded, such as; stock and debenture/bond. Today, in the modern economy, investment is more developed because of financial investment is relatively easier, more practical, and also more objective. Capital market is one of financial markets which carry out economy function and financial function. The way of Capital market carries out economy function is to allocate asset efficiently from the provider whose asset is to the obtainer who needs it while financial function can be shown by the probability of retainer for the provider who give asset as suitable as characteristic investment which they choose.

In the other side, for the owner asset, capital market gives the number of investments choices. Sum of investments choices are getting more increased consisting of high risky choices till low risky choices. The alternatives were formerly limited by stock and debenture, now they become getting diverse because of attendant of portfolio that was the inception of equity funds was formed.The attendant of equity funds is a new solvent in investment activity where owner of asset can implement the principle of diversification, *"don't put all your eggs into one basket",* without own great asset relatively, adequate knowledge and without sacrificing the time to choose and to take control the condition and market development intensively. Government's policy of monetary influences the macro condition extremely toward fluctuation of stock cost and asset of equity funds.

From all macroeconomic variables, the most customary which is used to predict stock fluctuation is the variable of per capita income and the variable which is directly controlled by policy of monetary with mechanism of transmission through financial market, including interest rate, inflation rate and exchanging rate (Tandelilin, 2001). Stock market is very influenced by a country's condition of economy. The development of economy which increases along with condition of national politics and national security that is getting better is a conducive condition for development of stock market in Indonesia. It also can be seen in the macroeconomics' indicators, such as inflation and low interest rate with the stability of exchanging rate. It shows that economy fundamental in Indonesia today is strong enough, so it will be better for the development of stock market.

The Purpose of Research

To analyze variable of macro effect, such as; BI Rate, inflation, exchanging rate, GDP per capita and money supply to demand of equity funds in Indonesia during period 2001-2011

REVIEW OF RELATED LITERATURE

The Concept of Investment

Investment is a wealth sacrifice in the present day to get profit in the future day with certain level of difficulty. According to Francis (1991), investment is investing asset which is intended to get more asset in the future. In addition, Reilly (2003) said that investment is one dollar commitment in one certain period will be able to fulfill the investor's need in the future, in the conditions; the period of time which is used, inflation rate that happen, unpredictable condition of economy in the future.

The Concept of Equity Funds

According to Darmadhi and Fakhrudin (2001), equity funds is a medium to assemble assets from the people who are the owners of assets and have desirability to invest, but have limited time and knowledge only. In addition, according to book of A Guide to Understanding Mutual Funds (1998), equity funds is *"Mutual Funds is a company that invest a diversified portfolio securities"*. While according to the law of asset market Number 8 in 1995, 1st article, 27th entry, equity funds is a medium to assemble assets the people who are the owners of assets and then the assets are invested into the effect of portfolio by the manager of investment.

The Concept of Stock

Simatupang (2010) said that stock is valuable paper which shows that there is an ownership or legal entity toward stock cooperation. Stock is purest and simple of cooperation ownership. Another definition, stock is a paper that proves a part of cooperation ownership. And also, stock is the securities which own the claim toward income and asset of the cooperation. Securities can be decipherable as the claim on the future income of a borrower that sold by borrower to the lender or it is often called financial instrument (Mishkin, 2001).

The Concept of Demand

Demand of economic is the combination between cost and the number of things that are wanted to buy by consumers in a variety of cost of certainty period. Demand of things is very influenced by the income and the cost. If the costs of things increase while the incomes don't, so the cost of things will decrease. On the contrary, if the costs of things decrease while the incomes are unadjusted, so demand of things will increase (Sukirno 1985). Then demand in common definition is the number of things needed. In the reality, the things in the market have a cost or price, so demand of things will have significance, if it is supported by purchasing power of consumers. The demand which is supported by purchasing of consumers is called effective demand while the demand that is based on need only is called absolute demand or potential demand (Sudarsono, 1983).

Term of Reference

Interest rate has negative relation to demand of equity of funds in stock form. The cause of it is if interest rate increases, most of people will choose saving their money than investing their asset, the purpose is the risk will be lower than investing their asset in stock form. If the interest rate decreases, the investors will choose to invest their asset in stock form, so that demand of stocks will increase and encourage net asset value of equity funds.Inflation has negative relation to demand of equity funds. Inflation increases the income and cooperation cost. If the increase of production factor cost is higher than the increase of price which is got by the cooperation, so profitability of cooperation will decrease to be cause of stock demand decrease and impacting toward the net asset value of equity funds.Development of economy has positive relation to demand of equity funds, because by increasing of economy development will impact to stock demand increase and it will impact to its net value asset in the last.Sum of money supply has positive relation to equity funds demand. In the developing nations, the increasing of sum of money supply is effected by deficit of government budget. This deficit can be the cause of sum of money supply expansion if it is defrayed by printing money. Sum of money supply can influence net value asset of equity funds. When the increasing of money supply is happening, the people are considered have more proportion to invest, so demand of investment stock instrument will increase then it will increase net value asset of equity funds.

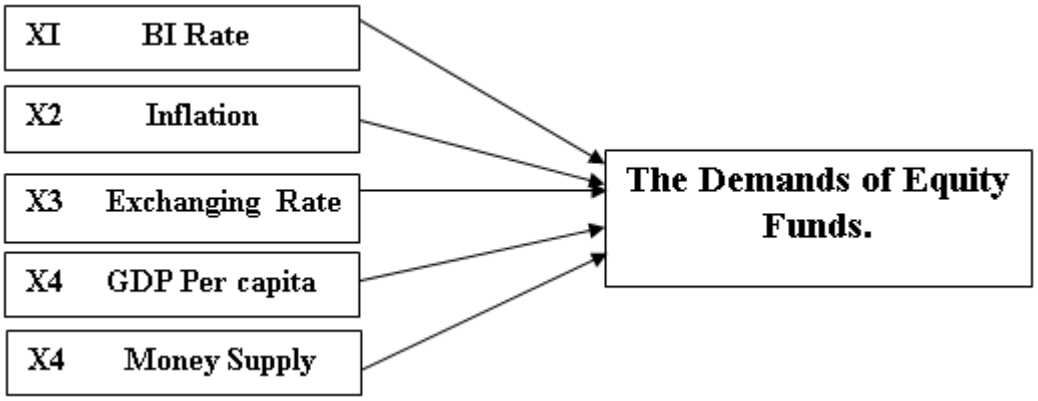

Figure 1: Term of Reference

Hypothesis

Based on term of reference above, so hypothesis of research are:
H_1 = Supposed BI rate is negative effect to demand of equity funds.
H_2 = Supposed the inflation is negative effect to demand of equity funds.
H_3 = Supposed exchanging value is positive effect to demand of equity funds.
H_4 = Supposed GPD per capita is positive effect to demand of equity funds.
H_5 = Supposed sum of money supply is positive effect to demand of equity funds.

METHOD OF RESEARCH

The kind of data which is used in this research is secondary data and qualitative data. The data of *time series* which is used is quartile data from 2001 till 2011.Data is got from monthly report and yearly by Institution of Statistically Centre and Financial Statistically of Indonesian Bank. In this research, the data is god from a period of three months, those are 3^{rd}, 6^{th}, 9^{th} and 12^{th} months, so in a year, it is taken quarterly data (four months).

The Method of analyzing and Test

In analysis of dependent variables effect to dependent variables are usually used econometric model by analyzing double regression that describes the relation among interest rate, inflation, exchanging rate of rupiah and income per capita as dependent variables toward equity funds as independent variables, to get value of Y if variables of X are known with formulation below:

$$Y = f(X_1,X2,X3,X4,X5) \quad \ldots\ldots(1)$$

Or explicitly can be realized in Cobb-Douglas's function below:

$$Y = \alpha_0 . X_3^{\alpha 3} . X_4^{\alpha 4} . X_5^{\alpha 5} . e^{(\alpha 1 x 1 + \alpha 2 x 2 + \varepsilon 0)} \quad \ldots\ldots(2)$$

For OLS estimation, equation (2) being linear as below:

$$Ln\ Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 LnX_3 + \alpha_4 LnX_4 + \alpha_5 LnX_5\ \varepsilon_0 \quad \ldots\ldots(3)$$

Where:

Y = Demand of equity funds / NVA (rupiah)
α_0 = Constanta
α_1, $\alpha 2$, $\alpha 3$, $\alpha 4$, α_5 = regression coefficient
X_1 = BI Rate (%)
X_2 = inflation (%)
X_3 = exchanging rate (rupiah)
X_4= GDP per capita (rupiah)

X_5= sum of money supply (rupiah)

ε_0 = Error term

In the analyzing, it is conducted the test: linearity, t test, F test, determination coefficient analysis and classic assumption.

FINDING AND DISCUSSION

Data Analysis

The result of model test or structural equation based on analyzing statistically was conducted with several of statistics test to know equation variables significant, such as; F-statistic, t-statistic test, autocorrelation, estimation of determination coefficient. While analyzing economically was conducted with seeing consistency of each independent variables toward dependent variables.Data analysis was conducted was double regression analysis by using computer program of *eviws 07*. To get best estimation, firstly, secondary data had to be conducted classic assumption test, those are multicollinearity test, heteroskedasticity test, autocorrelation test, normality test.

Multicollinearity Test

One of way to analyze there is or not multicollinearity effect in the research by seeing *Correlation Matrix* value used eviews07. The data can be recognized free of multicollinearity indication, if correlation value is about independent variables lower than 0,8 (correlation <0,8).

From data which was processed by using eviews program, it was got result of Multicollinearity test as Table 1 below:

Table 1: Multicollinearity Test (*Correlation Matrix)*

	BI	INF	NTR	PDB	JUB
BI	1.000000	**0.839846**	0.107988	-0.611754	-0.631444
INF	**0.839846**	1.000000	0.245437	-0.250140	-0.309833
NTR	0.107988	0.245437	1.000000	0.166171	0.195986
PDB	-0.611754	-0.250140	0.166171	1.000000	-0.611754
JUB	-0.631444	-0.309833	0.195986	0.611754	1.000000

Source : counting result of eviws07

Based on Table 1, it was known that there was multicollinearity problem between BI Rate and inflation with correlation value was 0.839846. So it was concluded that there was multicollinearity problem between independent variables in this regression model. One of treatments to break out dependent variables that had high collinearity was BI Rate, after that it was tested by using Wald test.

Table 2: Wald Test

Equation: HASIL			
Null Hypothesis:	C(2)*BI		
F-statistic	1.064557	Probability	0.310425
Chi-square	1.064557	Probability	0.302178

Source: counting result of eviws07

The result of Wald test was known that F-statistic insignificant extremely (0.310425) > 0.05, so it was broke out variables which had multi-so-linearity in this research BI Rate was been able to, because it didn't change interpretation and its regression equation, so that the result won't be refraction.

Heteroskedasticity Test

The test was conducted to know whether each annoyed variables had equation variable or not. To know there was or not problems, it was conducted white heteroskedasticity test by using eviews07 in the Table 3 below:

Table 3: The Result of White Heteroskedasticity Test

Heteroskedasticity Test: White			
F-statistic	1.501126	Prob. F(5,29)	0.2201
Obs*R-squared	7.196068	Prob. Chi-Square(5)	0.2065

Source: counting result of eviws07

To detect there was or not heteroskedasticity with comparing R-squared value and and table X^2:

a. If R-squared value > X^2 table, so it doesn't pass heteroskedasticity test
b. If R-squared value < X^2 table, so it passes heteroskedasticity test

From output result above was known that obs* R-square Value for result of estimation white no coss terms test was 7.196068 and table X^2 value with degree of trust was 5% and df as suitable as sum of dependent variables that was 9.48773. Because R-squared value (7.490932) < table X^2 (9.48773), so it was concluded model above that passed heteroskedasticity test.

Normality Test

The purpose of normality test is to test whether in a regression model, dependent variables, independent variables or both of them have distribution normal data or close to normal.

To know normality of data, it was used eviews test as the diagram (picture 2nd) below:

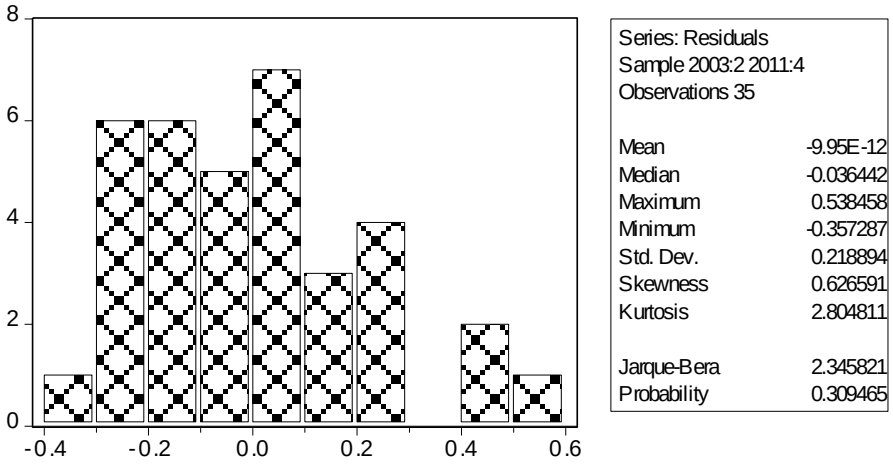

Figure 2: The Result of Normality test

To detect whether its residual have normal distribution or not by comparing Jarque Bera with table X^2, those were:

a. If JB value > X^2 Table, so the residual isn't in normal distribution.
b. If JB value < X^2 Table, so the residual is in normal distribution.
The result of normality test in picture 4.1, JB value (2.345821) < X^2 table (5,99), so it can be conclude that residual have normal distribution.

Autocorrelation Test

Autocorrelation in the regression model means that there is correlation among samples of components which are in the right based on the time correlating each other. To know whether there is or not autocorrelation in a regression model which is conducted through the test toward value of Durbin Watson test (DW test) with certainty as below:

Less 1.10 = there's autocorrelation
1.0 Till 1.54 = without conclusion
1.55 Till 2.46 = without autocorrelation
2.46 Till 2.90 = without conclusion
More 2.91 = there's autocorrela

Table 4: The Estimation Result of OLS Method

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-74.14282	9.982203	-7.427500	0.0000
INF	-0.053973	0.015262	-3.536468	0.0013
NTR	1.254115	0.709830	1.766781	0.0871
PDB	2.426740	0.643260	3.772568	0.0007
JUB	1.836977	0.731030	2.512862	0.0174
R-squared	0.979469	Mean dependent var		28.82200
Adjusted R-squared	0.976820	S.D. dependent var		1.788903
S.E. of regression	0.272359	Akaike info criterion		0.364853
Sum squared resid	2.299558	Schwarz criterion		0.584786
Log likelihood	-1.567350	F-statistic		369.7342
Durbin-Watson stat	**1.104116**	Prob (F-statistic)		0.000000

Source: the result of processing data

From the result of OLS above, it can be described that the model above has autocorrelation because of DW value, so to minimize the autocorrelation problem, it is used treatment with inputting AR variable (1) (lagged variable) into estimation model. It is the estimation after inputting lagged variable into the model:

Table 5: The Result of Estimation of Additional OLS AR(1)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-68.11062	11.98206	-5.684385	0.0000
INF	-0.036914	0.018389	-2.007340	0.0541
NTR	1.337143	0.810603	1.649565	0.1098
PDB	3.113986	0.655118	4.753322	0.0001
JUB	1.181945	0.700246	1.687900	0.1022
AR(1)	0.515941	0.161676	3.191208	0.0034
R-squared	0.984643	Mean dependent var		28.89056
Adjusted R-squared	0.981996	S.D. dependent var		1.766380
S.E. of regression	0.237014	Akaike info criterion		0.113412
Sum squared resid	1.629097	Schwarz criterion		0.380043
Log likelihood	4.015295	F-statistic		371.8836
Durbin-Watson stat	**1.811886**	Prob (F-statistic)		0.000000
Inverted AR Roots	.52			

Source: the result of processing data

Based on the result of estimation above, it is got the result of Durbin Watson test as below:

Table 6: Durbin-Watson Method OLS Test

Category	Value
k’	4
N	44
D-W Stat	1.811886
In the Table D-W α = 5%	
dL	1,3263
dU	1,7200

sum of variables described (dependent variables)

n = sum of observations

Source: the result of counting

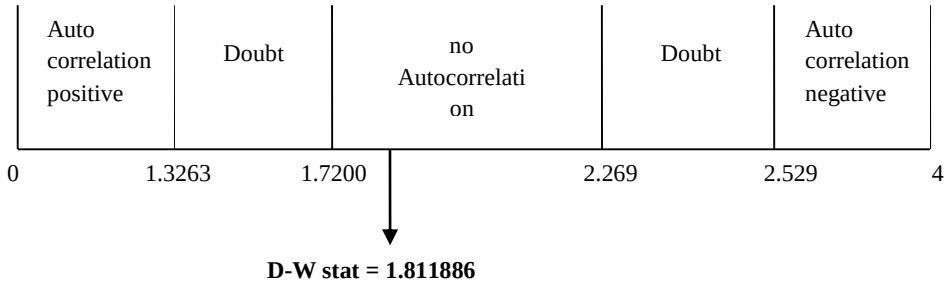

Figure 3: Durbin Watson Test OLS Method

From picture above, it is known that the value of Durbin Watson is 1.811886 in no autocorrelation area shown that this model is released from autocorrelation problem.

The Formulation of Regression Equation Model

From the result of classic assumption test, it can conclude that regression in this research is suitable to be used because the regression model has been released from the problem normality data, no multicollinearity, no autocorrelation and no heteroskedasticity. The next, it is conducted double linear estimation test and it is interpreted on the table below:

Table 7: The Result of Estimation OLS Method

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-68.11062	11.98206	-5.684385	0.0000
INF	-0.036914	0.018389	-2.007340	0.0541
NTR	1.337143	0.810603	1.649565	0.1098
PDB	3.113986	0.655118	4.753322	0.0001
JUB	1.181945	0.700246	1.687900	0.1022
AR(1)	0.515941	0.161676	3.191208	0.0034
R-squared	0.984643	Mean dependent var		28.89056
Adjusted R-squared	0.981996	S.D. dependent var		1.766380
S.E. of regression	0.237014	Akaike info criterion		0.113412
Sum squared resid	1.629097	Schwarz criterion		0.380043
Log likelihood	4.015295	F-statistic		371.8836
Durbin-Watson stat	1.811886	Prob (F-statistic)		0.000000
Inverted AR Roots	.52			

Source: the result of counting

Based on the output of linear regression above, double regression model which is used in this research can be formulated as below:

NAB = -68.11062 – 0,036914 inflation + 1.337143 exchanging rate + 3,113986 GDP per capita + 1,181945 JUB

Estimation of Determination coefficient (R^2)

Determination coefficient (R^2) shows that the changeable of independent variables in describing the change of dependent variables as together, by purpose to measure the relation rightness and goodness between variables and used model. Determination coefficient value is about 0 till 1($0<R^2<1$), where coefficient value is close to 1, so the model is considered good because the relation between dependent variables and independent variables are getting closer. The result of model estimation and OLS model show determination coefficient value (R^2) is 0.984643, it means that the change of net asset value of equity funds is 98,46% which is influenced by certainty variables in this model while its residual (1,54%) is described by other variables which isn't inputted in this model.

F-Statistic Test

F-statistic test is used to test all dependent variables significant as an unity or to measure dependent variables effect as together. The test is done by using F distribution with comparing F value-statistic that is got from regression result with F Table. From the result of analysis shows that F-statistic is 371.8836 and F table with $N_1=4$ $N_2=44$ in the level 0.05 is 2.58.So that F-statistic (371.8836) > f-table (2.58), it means that all independent variables as together have significant effect to dependent variables. In the other words, the significant of inflation variable, exchanging rate, GDP per capita and sum of money supply influence direction of demand (Net Asset Value) equity funds in the trust level is at 95%.

T-Statistic Test

T-test is done to know the significant of each dependent variable impacting the independent variables. In this test, a coefficient is called significant statistically if T-statistic in the critics that is limited by T-table value as the level certain significant. In the econometric that is used to estimate, it is got T-critics as below:

Table 8: T-statistic

Degree of freedom df = (n – k)	Significance Level	T-table
39	0.05 (5%)	2,022
39	0.10 (10%)	1,303

N = sum of observation = 44

k = sum of used parameter including Constanta = 5

Variables Inflation phase

The hypotheses are:

•Ho = no inflation variable effect to net asset value of equity value

•H_2 = there is negative effect of inflation variable to net asset value of equity value.

If : t-statistic > t-table : Ho rejected, H_2 accepted

t-statistic < t-table : Ho accepted, H_2 rejected

From the result of estimation, it is got t-statistic = -2.007340 and t-table (left side) -2.02269 , with α = 0.05 (5%) and df = n-k =44-5 = 39.

This research proves t-stat (-2.007340) > t-table (-2.02269), so it is in acceptation H_2 area, it is not in the acceptation Ho. So the decision is accepting the right hypothesis. It means that the variable of significant inflation phase and negative effect to net asset value of equity funds in 95% trust level.

Variable of Exchange rate

The hypotheses are:

•Ho = no variable of exchanging rate effect to net asset value of equity value

•H_3 = there is positive effect of variable of exchanging rate to net asset value of equity value.

If: t-statistic > t-table : Ho rejected, H_2 accepted

t-statistic < t-table : Ho accepted, H_2 rejected

From the result of estimation, it is got t-statistic = 1.649565 and t-table 1.30364, with α = 0,10 (10%) and df = n-k =44-5 = 39.

This research proves that the value of T-statistic which is got from regression estimation is (1.649565) > t-table (1.30364), so it is in the acceptation H_3 area, then it is decision is accepting the right hypothesis. It means that Rupiah exchanging rate has significant and positive to to net asset value of equity funds in 90% trust level.

Variable GDP Per capita

The hypotheses are:

•Ho = no variable of GDP effect to net asset value of equity value.

•H_4 = there is positive effect of GDP variable to net asset value of equity value

If: t-statistic > t-table: Ho rejected, H_2 accepted

t-statistic < t-table: Ho accepted, H_2 rejected

From the result of estimation, it is got t-statistic = 4.753322 and t-table 2.02269, with α = 0.05 (5%) and df = n-k =44-5 = 39.
This research proves that t-stat (4.753322) > t-table (2.02269), so it is in the acceptation, it isn't in the acceptation Ho. then it is decision is accepting the right hypothesis. It means that Rupiah exchanging rate has significant and positive to net asset value of equity funds in 95% trust level.

The Variable of Sum of Money Supply (VSMS)

The hypotheses are:
•Ho = no variable of sum of money supply effect to net asset value of equity value
•H_3 = there is positive effect of variable of sum of money supply to net asset value of equity value.
If: t-statistic > t-table: Ho rejected, H_2 accepted
t-statistic < t-table: Ho accepted, H_2 rejected
From the result of estimation, it is got t-statistic = 1.687900 and t-table 1.30364, with α = 0.10 (10%) and df = n-k =44-5 = 39.
This research proves that the value of T-statistic which is got from regression estimation is (1.687900) > t-table (1.30364), so it is in the acceptation H_5 area, then it is decision is accepting the right hypothesis. It means that Rupiah exchanging rate has significant and positive to to net asset value of equity funds in 90% trust level.

Interpretations of Analysis Result

The first dependent variable interest rate (BI Rate) in the beginning, it is inputted as independent variable model, but after testing variable classic assumption, BI Rate has strong multicollinearity. This is shown by wild test of BI Rate variable that can be eliminated. So that, in the model of variable linear equation of BI Rate isn't inputted in the model.

The second dependent variable, the level of inflation has coefficient value that is –0.036914, it can be meant that this variable influence significantly and negative toward demand of equity funds in 95% trust level. The interpretation shows that each increase of 1% inflation, with another variable assumption *ceteris paribus*, so it will decrease Net Asset Value of equity funds that is RP. 0.036 Billion.

The third dependent variable, exchanging rate (Rupiah exchanging rate toward Dollar US) has coefficient value that is 1.337143 which can be meant that this variable influences significantly and positive to demand of equity funds in 90% trust level. The interpretation shows that each Rupiah appreciation is RP. 1 with another variable assumption *ceteris paribus*, so it will increase Net Asset Value of equity funds that is Rp. 1.3 Billion.

The fourth dependent variable, GDP per capita has coefficient value that is 3.113986 which can be meant that this variable influences significantly and positive to demand of equity funds in 95% trust level. The interpretation shows that each Rupiah appreciation is RP. 1 income per capita, with another variable assumption *ceteris paribus*, so it will increase Net Asset Value of equity funds that is Rp. 3.1 Billion.

The fifth dependent variable, sum of money supply has coefficient value that is 1.81954 which can be meant that this variable influences significantly and positive to demand of equity funds

in 90% trust level. The interpretation shows that each Rupiah appreciation is RP. 1 income per capita, with another variable assumption *ceteris paribus*, so it will increase Net Asset Value of equity funds that is Rp. 1.2 Billion.

CONCLUSION AND SUGGESTION

This research has assumption that investor has two choices in doing investment, those are; (1) in the asset market through investment instrument of equity funds, (2) in the money market, such as banking deposit. If the investors choose the instrument of money market, so it means the investors take their asset from asset market to money market. It happens because investment in the equity funds is not quite benefit than the instrument of money market. .The variable of significant inflation and negative effect to demand of equity funds in the 5% significance level. The relation means that if the inflation is getting higher, so demand of equity funds is getting lower. On the contrary, if the inflation is getting lower, so demand of equity funds are getting higher. The result of estimation shows that the hypothesis of this research is proved.

The variable of significant Rupiah exchanging rate and positive effect to demand of equity funds in the 10% significance level. The relation means that if Rupiah is appreciated, so equity funds are getting higher. On the contrary, if Rupiah is depreciated, so equity funds are getting lower. The result of estimation shows that the hypothesis of this research is proved.
The variable of significant GDP per capita and positive effect to demand of equity funds in the 5% significance level. The relation means that if GDP per capita is getting higher, so demand of equity funds is getting higher. On the contrary, if GDP per capita is getting lower, so demand of equity funds are getting lower. The result of estimation shows that the hypothesis of this research is proved.

The variable of significant sum of money supply and positive effect to demand of equity funds in the 10% significance level. The relation means that if sum of money supply in the society is getting higher, so demand of equity funds is getting higher. On the contrary, if GDP per capita is getting lower, so demand of equity funds are getting lower. The result of estimation shows that the hypothesis of this research is proved.To avoid decrease of Net Asset Value of equity funds that is caused by level of inflation, so the government, Directorial of Task, should remove general tariff of tax toward *capital gain* for equity funds and this removing is also relate with daily closing book for equity funds in the counting of Net Asset Value.

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