



The Perception of Investment in SIP (Systematic Investment Plan) among Individual Investors

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ABSTRACT

In the current work, we have looked at how a Systematic Investment Plan (SIP) might help investments in mutual funds develop momentum and boost income percent. Additionally, research is done to determine the percentage of bank clients who invest in mutual funds, particularly through SIP, with particular reference to individual investors living in Lucknow, India. According to the results of the current investigation, higher-income individuals have a tendency to take more risks, and employees typically favor investments in fixed deposits, bonds, and post offices. The risk associated with investments made through Systematic Investment Plans (SIPs) is anticipated to be lower than that associated with one-time lump sum mutual fund purchases, according to our current mathematical analysis. Consequently, SIP appears to be a safer and advantageous style of investment for small investors, and in a larger context, it is advantageous for big investors as well. Our sample study also indicates that younger individuals are more likely to invest in mutual funds and like SIPs than older investors. Keywords: Mutual fund through SIP, Investors' behavior, Factors responsible.

KEY WORDS

Investment, Systematic Investment Plan (Sip), Individual Investors.

INTRODUCTION

One of the professionally well-managed portfolios that frequently pools cash to buy various shares from various participants is a mutual fund.

Mutual funds use the wealth of small investors and families to distribute it to the economy in the form of ownership stakes in companies that deal in securities, bonds, and other financial instruments. Since risk management is the most crucial aspect of any market operation and it's crucial to examine all the factors that have an impact on investors, mutual funds are crucial. Additionally, the mutual fund facilitates the investment of small investors' resources in profitable portfolios managed by more experienced fund managers who lack the necessary knowledge, skills, and low-risk tolerance.

A mutual fund is a trust that combines the savings of several individuals with similar financial objectives. The funds thusly raised are subsequently invested in assets such as shares, debentures, and other financial instruments on the capital market. According to the amount of units they own, the income generated by these investments and the capital gains obtained are distributed among the unit holders.

Systematic investment plans invest the same sum of money each month for a long period of time, regardless of whether the market is up or down (SIP). Mutual Fund offers us four compelling justifications for investing via SIP:

- lighter on the pocketbook.
- makes market timing irrelevant.
- empowers future development through the power of compounding.
- Rupee cost averaging reduces your risk of losing money.

Rupee cost averaging is a reliable market-timing strategy that does away with the necessity for market timing. All that is required is frequent, long-term investment of a set, previously determined sum of money. Since the monthly investment remains constant, buying more units at low prices and fewer units at high prices makes sense. Because of this, regardless of how much the market rises, falls, or fluctuates, the average unit cost will always be less than the average sale price per unit. Money market, debt, and equity investments are made through mutual funds.

Objectives of The Study

- To investigate how a SIP investment in mutual funds might grow and enhance the income percentage.
- To evaluate the impact of demographic variables associated with SIP versus lump-sum mutual fund investments.
- To make SWOT analysis.

Research Methodology

The present study is based on primary data gathered through questionnaire from the relevant respondents. The primary information have been collected by having various walk-in clients fill out a questionnaire, by chatting to consumers over the phone about mutual funds and SIP, and by visiting them in their homes or places of business.

The study is based on the perception of salaried investors. Information have been gathered from 129 respondents. The data have been analyzed through an appropriate software by using descriptive statistics.

Analysis and Interpretation

Table 1: Preference of SIP or Lump-sum more

	Frequency	Percent	Valid Percent	Cumulative Percent
SIP	77	59.7	59.7	59.7
Lump-sum investment	52	40.3	40.3	100.0
Total	129	100.0	100.0	

(Source: Primary Data)

The above table 1 reflects that out of 129 respondents who are salaried employee 77 are habitual in investing in mutual funds through systematic investment plan which is about 60% of total sample size. The study found that 52 investors have been opting lump-sum option of investment.

Table 2: Percentage of Investible Fund, Invest in SIP with Age Crosstabulation

Count		Age Group				Total
		Under 25	26-35	36-45	46-55	
Percentage Of Investible Fund Invest In SIP	0-20%	19	28	03	1	51
	20%-40%	18	22	06	1	47
	40% & above	11	11	06	3	31
Total		48	61	15	5	129

(Source: Primary Data)

The above crosstab table 2 shows that 51(lump-sum 40%) investors are in the habit of investing through SIP, invest up to 20% amount of their total investment in mutual funds in which 28 (lump-sum 55%) investors are from the age group of 26 to 35 years while 19 (lump-sum 37%) are under 25 years of age.

Table also reflects that 47 (lump-sum 36%) investors are investing 20 to 40% amount of their total investors through SIP. Out of 47 investors 22are from 26 to 35 years of age group and 18 respondents are under 25 years of age.

It is visible in the table that 31 respondents are investing their more than 40% of total of investing amount through SIP.

Table 3: Average Return from Mutual Funds with Age Crosstabulation

Count		Age				Total
		Under 25	26-35	36-45	46-55	
Average Return From Mutual Funds?	10%-20%	11	14	03	1	29
	20%-30%	26	35	10	3	74
	30%-40%	07	09	02	0	18
	40% & above	04	03	00	1	8
Total		48	61	15	5	129

(Source: Primary Data)

The above crosstab table no. 3 shows that 74 (lump-sum 57%) investors are getting average return between 20% to 30%, in which 35 (lump-sum 47%) investors are from the age group of 26 to 35 years while 26 (lump-sum 35%) are under 25 years of age.

Table also reflects that 29 (lump-sum 39%) investors are getting average return between 10% to 20% through mutual fund. Out of which 14 investors 26 to 35 years of age group and 18 respondents are under 25 years of age.

It is visible in the table that 18 respondents are getting average return between 30% to 40% from investment through SIP.

Table 4: Percentage of Investible Fund Invest in SIP with Gender Crosstabulation

Count		Gender		Total
		Male	Female	
Percentage Of Investible Fund Invest In SIP	0-20%	24	27	51
	20%-40%	28	19	47
	40% & above	14	17	31
Total		66	63	129

(Source: Primary Data)

It is visible in the table that 51 respondents have been investing up to 20% of the investment amount through SIP, in which 24 are male and 27 are female. 47 respondents have been investing 20% to 40% of the investment amount through SIP, in which 28 are male and 19 are female. 31 respondents have been investing 40% and more of the investment amount through SIP, in which 14 are male and 17 are female.

Swot Analysis of Systematic Investment Plan

Strength

One may invest a relatively small sum each month in a Systematic Investment Plan (SIP). SIP lowers cost on average. SIP aids in utilizing compounding. SIP stays clear of market timing hazards. SIP helps one establish a presence in the market over time. By averaging rupee costs, SIP promotes disciplined wealth accumulation.

Weakness

Businesses tack on entry and exit loads. Over a length of time that is specified, investments of the same amount of money are to be made at regular intervals.

Opportunities

An SIP is more helpful in the case of an equity fund because it places a strong emphasis on averaging out. An SIP can be helpful for a debt fund to create a savings pool because the volatility is higher.

Threats

Systematic Transfer Plan (STP) is a type of investment plan that allows daily investments in place of SIPs with monthly or quarterly investment plans. Because STP allows investors to follow the market on a daily basis, they can benefit more from the power of compounding and rupee cost averaging.

Limitations of The Study

- Narrow target region and short time frame.
- Resources are scarce.
- Lack of sufficient awareness on the respondents' behalf about Mutual Funds, notably in SIP.
- All responders withheld their entire and accurate data due to factors including confidentiality and security concerns.

Findings and Suggestions

- People want to enjoy high rates of return instead of taking risks.
- Many investors begin the investment process without properly preparing and establishing their investment objectives.
- The greatest option to accumulate capital over time for people without a lump sum to invest is through a systematic investment plan (SIP), since our current analysis indicates that the risk of a SIP investment is anticipated to be lower than that of a lump sum investment.
- The risk profiles of various mutual fund schemes vary, but investors frequently forget that such risks will also affect their returns.
- The preferences of young investors above those of older investors are mutual funds and systematic investment plans.
- Investors in mutual funds frequently fail to understand the adage "Slow and steady wins the race." The investors make a huge investment all at once and wind up losing money when the markets fall. The volatility of stock markets is inherent. Investors can use SIPs to turn this volatility to their advantage. Therefore, potential clients should receive plenty SIP marketing.

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