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A Study on the Awareness About Capital Market and Sip

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ABSTRACT

A systematic investment plan (SIP) is an investment vehicle offered by many mutual funds to investors, allowing them to invest small amounts periodically instead of lump sums. The frequency of investment is usually weekly, monthly or quarterly. In SIPs, a fixed amount of money is debited by the investors in bank accounts periodically and invested in a specified mutual fund. The investor is allocated a number of units according to the current Net asset value. Every time a sum is invested, more units are added to the investors account. The strategy claims to free the investors from speculating in volatile markets by dollar cost averaging. As the investor is getting more units when the price is low and fewer units when the price is high, in the long run, the average cost per unit is supposed to be lower. SIP claims to encourage disciplined investment. SIPs are flexible; the investors may stop investing a plan anytime or may choose to increase or decrease the investment amount. SIP is usually recommended to retail investors who do not have the resources to pursue the active investment. A Systematic Investment Plan is basically a method of investment where you're required to make regular monthly contributions. These contributions are then used to invest in mutual funds online. Now, when you make regular monthly investments through a SIP, you not only leverage the benefit of rupee cost averaging, but also get to enjoy the benefits of compounding as 10 well. It also helps you successfully overcome the negative effects of market volatility and can help you generate long term wealth. A major advantage of such an investment plan is that it is extremely flexible. When you start a SIP online, you get to choose the monthly amount that you're willing to invest in, the tenure, and the kind of mutual funds that you wish to invest in. To put it simply, you can customize almost every single aspect of a SIP to be in line with your needs and requirements.

Introduction

1. Regular SIP: As the name itself signifies, a regular SIP is the simplest form of a Systematic Investment Plan. Under this plan, you're required to make contributions at regular intervals, which can be monthly, bi-monthly, quarterly, or half-yearly. The contributions that you make are then invested in mutual funds of your choice. When you open this SIP online, you're given the option to choose the tenure, the contribution amount, and the frequency. However, once you've chosen the contribution amount, you cannot change it at a later point in time. When to choose this type of SIP? If you're just starting out on your stock market journey, you can opt to invest in a regular SIP. Alternatively, if you're clear with your investment tenure and your financial goals, opting to invest in such a SIP may just be the perfect choice.

2. Flexible SIP: Also known as flexi SIP, a flexible Systematic Investment Plan is very similar to a regular SIP. However, the only difference between the two is with the investment amount. In a flexi plan, you can adjust or change the amount of contribution that you 11 wishes to make towards it at any point in time. By allowing you to change the investment amount, flexi SIPs give you a greater degree of control over your investments than a regular plan. When to choose this type of SIP? If you prefer to have a greater control over the SIP by being able to adjust your investment in accordance with the market movement, then investing in a flexible SIP may just be a good idea. For instance, you can increase your contribution when the markets are performing well and decrease it when the markets are falling. Alternatively, if you don't have a steady source of income or are prone to financial crunches from time to time, then a flexible SIP may just be the perfect option for you. It allows you to lower or increase the amount depending on your current financial situation.

3. Top-up SIP: Also known as step-up SIP, this type of a Systematic Investment Plan allows you to increase your contributions at certain predetermined intervals. For instance, with a top-up SIP, you can start by investing Rs. 5,000 each month and put in an instruction to the fund house to increase the amount of contribution by Rs. 1,000 every six months till the end of the tenure. So, in the first six months of the SIP, you will be contributing Rs. 5,000 each month and for the next six months, you will be contributing Rs. 6,000 every month. This goes on till the end of the SIP tenure. When to choose this type of SIP? 12 A top-up SIP is the perfect option for salaried individuals getting regular yearly or half yearly increments. This allows you to automatically increase the SIP contributions in line with your salary hike without you having to manually intervene in any way. Also, step-up Systematic Investment Plans may be a good option for individuals who have just started working as well. You could start with a small investment amount and increase it slowly every single year as and when you receive an increment

Literature Review:

The Research method used is descriptive research. Descriptive research, also known a statistical research, de scribe's data and characteristics about the population or phenomenon being studied. Descriptive research answers the questions who, what, where, when and how. In the present research I have collected data through survey of 30 respondents

Research Method:

Objective of the study:

- To know about the investment preference or style of investors
- To know about the awareness of demat account.
- To study the attitude of the investors towards mutual funds.
- To analyse the various sources that influences the respondents in selecting mutual funds and SIP.
- To measure the level of awareness of the respondents about mutual funds and SIP.
- To analyse the factors influencing investors awareness
- To offer suggestion for the improvement on investment in mutual funds.
- To motivate them to invest in capital market

Scope of the Study

The study is confined to the factors considered by investors by selecting mutual funds for their various investments. The level of awareness about SIP, Capital Market, Mutual Fund Source of information, factors influencing decision making are studied. The above said factors are compared with demographic factors such as Occupation, Name of the respondents to analyse "A study on the awareness on the Capital Market and SIP"

Conclusion

Conclusion the Mutual Fund Industry is a growth industry it covers a spectrum of Investment Options. Start Investing Early & Systematically. The study was based on the awareness of investment opportunities in mutual funds – with special significant on SIP. It becomes essential that the mutual fund industry should stream line itself and become more compatible with global scenario in the fields of operation and services. Awareness in students, businessman, employees, self-employed towards Capital market can help to enhance their knowledge about the economic scenario. Investment in the different avenues entirely connects with individual person's interest, and it also depends on individual's income and age. It is essential for everyone to invest their earnings and capital in safe with reasonable return. Hence, through the Anova, confirmatory factor analysis, it was concluded that every investor should have adequate knowledge on stock market, obtaining information from various sources and how much importance, the investors have to give it for their investments to take timely, adequate investment decisions with regard to stock mark trading. It is finally concluded that the following three identified variables are very important and we cannot ignore these three dependent variables such as Stock Market Awareness, Stock Market Investment Information's are essential to the investors who are not having enough knowledge on it; if without it, if you invest your investments without having basic adequate knowledge about that particular field will leads to huge loss. Therefore, having adequate knowledge on identified variable will lead to take appropriate decisions, to succeed in stock market. Successful investor forever in stock market investments

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