



To Study the Perfection of Investors Investing in SIP

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ABSTRACT:

Systematic Investment Plan (SIP) makes the process more disciplined and organized. Once the SIP is put in place, it becomes more flexible to invest in it either weekly, monthly, or quarterly basis depending on the scheme. This ensures the investor is not drained on a financial basis and makes investing much more convenient and flexible. The basic foundation of mutual funds is a systematic or organized order of using money and distributing it with interest. SIP works in order and in a disciplined manner to comply with the convenience of the investor. Although this is not limited to mutual funds, there is a small difference in the stocks market where SIP helps in investing though the market is fluctuating. When the stock market hits rock-bottom, SIP allocates the investor more units and allocates lesser units when the market prices are high.

1. Introduction:

SYSTEMATIC INVESTMENT PLAN (SIP) is the style of investment in which the investor is supposed to select a specific mutual fund as per his/her preference and invest the uniform amount of capital in that mutual fund on the periodic basis. Systematic Investment Plan involves the concept of bit-wise investment spanning over a long duration instead of directly investing a lump sum amount of capital in one go. An investor through Systematic Investment Plan invests small amounts of capital either on monthly basis or quarterly basis or Half-yearly basis for a long duration of time leading to generate higher returns in the long run. The Systematic Investment Plan is a smart way of investing that enables an investor to invest from small amount of money to considerable amount of capital as per the choice, requirement and financial goals of the investor. Although the systematic investment plan is also surrounded by the market and event driven short term risks, yet the selection of the appropriate mutual fund in terms of experience of fund manager, safety of capital and returns of the fund reward the investors' patience and perseverance in the long run. MF is set up in the form of a trust. The trust has sponsor, trustee, Asset Management Company. (AMC) and custodian.

It has to be registered with Securities exchange board of India (SEBI). MF is regulated under the SEBI (MF) Regulation, 1996. Mutual Fund is a tool for small investors and people who cannot invest directly in equity shares and debt instruments. Small investors can take benefits of stock market growth by investing in equity and debt instruments through MF.

Though it is a convenient way investment for the people who do not have knowledge, time or inclination to invest directly in stocks, it does not guarantee return or value of the original investment. The appreciation of investment depends on the performance of fund and stock market. MFs are Financial Intermediaries that pool the financial resources of investors and invest in diversified portfolio of assets. It is a mechanism for pooling resources by issuing units to the investors and investing funds in securities. It is a vehicle for collective investment, where the unit holders become part owners of the investment done under a scheme. The profit or losses are shared by the investors in proportion to their investments. Systematic Investment Plan (SIP) is a smart financial planning tool that helps you to create a wealth by investing small sum of money every month over a period of time. SIP is a planned approach to investments and an investment technique that allows you to provide for the future by investing small amount of money in mutual fund scheme of our choice. Systematic investment plans is a plan of mutual fund, in which the investments are done by paying a fixed amount at every predetermined date. Systematic investing in a Mutual Fund is the answer to preventing the drawbacks of equity investment and still enjoying the high returns. Mutual Fund SIP is a monthly based investment plan through which an investor could invest a fixed sum into mutual funds every month at pre-decided dates. This hedges the investor from market instability and derives maximum benefit as the investment is done at regular basis irrespective of market conditions. SIP is a feature especially designed for investors who wish to invest small amounts on a regular basis to build wealth over a long term. A mutual fund is a trust that pools the savings of a number of investors who share common financial goal. The money thus collected is then invested in the capital market such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them.

The plan of investing the same amount of money every month over an extended period of time regardless of whether the market is up or down is known as Systematic Investment Plan (SIP). Systematic Investment Plan is an investment strategy wherein an investor needs to invest the same amount of money

in a particular mutual fund at every stipulated time period . Investing in SIP enables an investor to take part in the stock markets without actively timing them and he/she can benefit by buying more units when the price falls and less units when the price rises.

2. Literature Review:

- (1) Mutual funds over the years have gained immensely in their popularity. Apart from the Many advantages that investing in mutual funds provide like diversification, professional Management, the ease of investment process has proved to be a major enabling factor. However, with the introduction of innovative products, the world of mutual funds nowadays Has a lot to offer to its investors. With the introduction of diverse options, investors needs to Choose a mutual fund that meets his risk acceptance and his risk capacity levels and has similar Investment objectives as the investors. SIP is Systematic Investment Plan which is very helpful to salaried and middle class men. They can invest their savings into Systematic Investment Plan and collect huge funds for Future. SIP is paid in monthly or quarterly as per the scheme. Opting SIP an investor can Invest their savings into it and can save is money doing that. SIP is good because if it seems That market will goes down in few days so investor can safely withdraw his money and can Save his money rupee Cost Averaging is an investment technique applied to regular fixed Instalments in a mutual fund scheme
- (2) “A study on Investors’ attitude towards mutual funds as on investment option” to study The structure of mutual fund, operation of mutual fund, comparison between investment In mutual fund and bank and calculation of Net Assets Value etc., and the impacts of Various demographic factors on investors’ attitude towards mutual fund had been studied. The data were analysed by the percentage, chi-square test and rank method. The study Found that most of respondents still confused about the mutual funds and have not found Any attitude towards the mutual for investment purpose. It has been observed that most of The respondents having lack of awareness about the various function of mutual funds Towards mutual funds
- (3) Comparison between 5 equity linked mutual fund schemes invested in 3 different Ways and compare the returns of the investment after a lock in period is done in This study. The result shows that SIP is the best option followed by value Averaging and finally lump sum method of investment.
- (4) They have revealed in their paper ‘A Study on Preferred Investment avenues Among the People and the Factors Considered for Investment’, that to have an insight into different Investment avenues available and to understand the preferred investment avenueAmong the people of Bangalore City. In the present day world, new financial products are Available. It has become difficult and confusing to choose the best options due to lack of Proper financial knowledge to the common man to decide the factors which are considered For making sound investment decisions. It is further analyzed that investors are not much Aware about investment in stock exchange and equity and are more inclined towards Traditional investments like bank deposits, insurance, post office savings etc. Awareness Programs should be introduced by the government and stock broking firms to make people Aware about investment options with their merits n demerits so right decisions are taken for Their personal finance.

3. Objectives:

- To study the level of awareness on mutual fund investment under systematic investment Plan.
- To analyze the factors influencing mutual fund investment under systematic investment Plan.
- To find out the preference of mutual fund investment under systematic investment plan Than Lump Sum Value.

4. Research Method:

Research Design is the arrangement of conditions for collection and analysis of data in a Manner that aims to combine relevance to the research purpose with economy in Procedure it is conceptual structure with which the research is conducted. Descriptive Research is used to describe characteristics of a population or phenomenon being studied.Descriptive research includes surveys and fact-findings enquiries of different kinds. The Major purpose of descriptive research is description of the state of affairs as in exists atPresent.Sampling is the act, process, or technique of selecting a representative part of a Population for the purpose of determining the characteristics of the whole population.

In Other words, the process of selecting a sample from a population using special sampling Techniques called sampling. It should be ensured in the sampling process itself that theSample selected is representative of the population. The sample size is selected for the Study of investor. The techniques of sampling unit in this study are convenience sampling. Sample size =174. Primary data is one which is collected by the investigator himself for the Purpose of a specific inquiry or study. Data collected by a researcher is known as primary Data. It is collected by a person for his own use obtained from findings. This is considered As first hand information. This is that data which is collected by us to meet our ownSpecific purpose

5. Data representation:

INTERPRETATION:- From the above pie chart, we can see that Out of total Respondents 68.8% people has below Rs.1 lakh, 21.1% of people has income level from Rs.1 Lakh to Rs.5 lakhs, 8.6% of respondents has their income level from rs.5 lakhs to rs.10 lakhs And remaining 1.7% of respondents has more than 10 lakhs annual income.

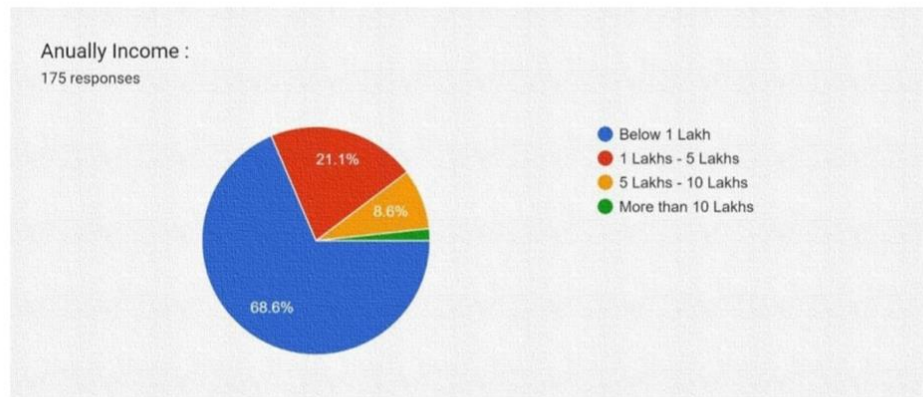


Figure 2 Source: Primary Data

6. Conclusion

The study was conducted to understand the perception of Investor on mutual fund investment under SIP. Based on the analysis, it is found that, the Investors are made aware about SIP by their brokers than any other sources, they aware Moderately about SIP. Further, it is suggested that the awareness about SIP may be promoted Through different sources like newspaper, television and internet to reach the investors at large And components of the flexibility and long term gain may be emphasized to the investors to Invest in mutual funds which is the reason for investing under SIP as per the study. On the basis of this study, I can conclude that Mutual Fund SIP is a monthly based Investment plan through which an investor could invest a fixed sum into mutual funds every Month at pre-decided dates. This hedges the investor from market instability and derives Maximum benefit as the investment is done at regular basis irrespective of market Conditions. SIP is a feature especially designed for investors who wish to invest small Amounts on a regular basis to build wealth over a long term. It inculcates the habit of regular Savings and does not encourage timing and speculation in the markets. The study would be Helpful for the small investors by entering into capital market by using the Systematic Investment plan. Like every investment avenue, SIP also suffers from various disadvantages But it still seems to be one of the best investment option available to a long term investor Especially First-time investors, Salaried people etc.

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