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# A Study on Attitude and Awareness Towards Systematic Investment Plan (SIP)

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### ABSTRACT

Systematic Investment Plan (SIP) has become a popular way for people to invest in mutual funds. It helps investors save regularly and build wealth overtime. Even though more people are using SIPs, how much they know about it and the feelings towards it can be different from one person to another. This study investigates how much people know about SIP and their views on it as an investment choice. The research uses information gathered directly from people through questionnaires, as well as data from reports and articles. The results show how much people understand about SIP, what factors make them decide to invest, and the difficulties they face. The study also shows how knowing more about SIP affects how people feel about it and offers ideas to improve financial knowledge and encourage more people to use SIP for saving money.

**Keywords:** Mutual funds, Investor awareness, Saving habit, Wealth creation, Attitude towards SIP.

### INTRODUCTION

In today's fast-paced financial environment, investment has become an essential part of personal financial planning. Among the different investment options available, Systematic Investment Plan (SIP) in mutual funds has gained wide popularity, especially among retail investors. SIP allows individuals to invest a fixed amount at regular intervals, thereby engaging disciplined savings, reducing the burden of lump sum investments, and benefiting from the principle of rupee cost averaging and the power of compounding.

This study attempts to analyse the attitude of investors towards SIP and assess their awareness level regarding its features, benefits, and challenges. By doing so, the research aims to provide insights into investor behaviour, highlight gaps in financial literacy, and suggest measures to improve participation in systematic investment avenues.

### STATEMENT OF THE PROBLEM

Despite the increasing popularity of Systematic Investment Plans (SIPs) as a disciplined method of investing in mutual funds, a significant portion of the population – especially among young earners and middle – income group – still lack adequate awareness or hold misconceptions about its benefits and risks. Many individuals either do not invest at all or choose traditional saving methods due to a lack of financial literacy, fear of market volatility or distrust in investment schemes. This gap in awareness and perceptions can hinder personal financial growth and long – term wealth creation. Therefore, study aims to explore the level of awareness, attitude, and influencing factors that shape individual decisions regarding SIP investments.

### OBJECTIVES OF THE STUDY

1. To assess the level of awareness about Systematic Investment Plans (SIPs) among individuals.
2. To examine the attitude of investors and non-investors towards SIPs.
3. To identify the key factors that influence SIP investment decisions.
4. To analyse the relationship between demographic factors (age, income, education) and SIP awareness.
5. To suggest ways to improve awareness and positive perception of SIPs among potential investors.

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## METHODOLOGY

### Research Methodology:

A convenience sampling method has been used.

### Source of data:

**Primary data:** Collected through a structured questionnaire distributed among respondents.

**Secondary data:** Gathered from journals, articles, websites, research papers, and reports related to mutual funds and SIP.

**Sample size:** A total of 70 respondents were selected for the study to ensure meaningful analysis.

**Geographical location:** The geographical location of the study is Coimbatore, Tamil Nadu.

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## LIMITATION OF STUDY

The present study is based on responses collected from 70 participants, which may not be sufficient to generalize the findings to a larger population. The data was collected within a limited geographical area under time constraints, restricting the depth and scope of analysis. Since the study relies on self-reported responses, there is a possibility of personal bias or incomplete knowledge affecting accuracy. Moreover, awareness and attitudes towards SIP are influenced by changing market conditions and government policies, making the results applicable only to the period of study.

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## REVIEW OF LITERATURE

**Sivakumar and Satheesh (2018)** highlighted that Systematic Investment Plans (SIPs) are an effective tool for small investors to build long-term wealth. They noted that SIP promotes financial discipline, as investors contribute fixed amounts regularly, reducing the stress of lump sum investment. The study emphasized that SIP benefits from rupee cost averaging and compounding, which can significantly increase wealth over time. It also suggested that SIP is a suitable method for investors who wish to enter equity markets without assuming high risks. Overall, the authors concluded that SIP is a practical investment avenue for long-term financial planning.

**Ramesh and Kumar (2019)** conducted a study on the awareness level of investors regarding SIP. They found that urban and educated investors had higher knowledge levels, while rural and less educated individuals lacked awareness. The study highlighted the importance of financial literacy programs and the role of mutual fund advisors in improving participation. They also pointed out that many investors hesitate to start SIP due to uncertainty about returns and perceived risks. The research concluded that increasing awareness can significantly boost SIP adoption among retail investors.

**Sharma (2020)** examined the attitude of investors towards SIP and found that demographic factors such as age, income, and education level significantly influence investment decisions. Younger investors preferred safer traditional instruments. The study also noted that risk tolerance played a key role in shaping perceptions towards equity-based SIPs. Sharma emphasized that proper guidance and education could positively impact the investor's attitude and lead to increased adoption of SIPs.

**Patel (2021)** analysed investor perceptions of SIP and found that trust in financial institutions and clarity of information were major factors influencing investment decisions. Investors with access to reliable information and professional advice were more likely to participate in SIP processes, making them more accessible to younger investors. Patel concluded that improving transparency and investor education can help bridge gaps in knowledge and encourage wider adoption of SIP.

**Verma and Gupta (2021)** studied the perception of retail investors towards SIP and found that most investors appreciate the affordability and systematic approach of SIP. However, the study noted that incomplete knowledge about risks and returns limits wider acceptance. They highlighted the influence of financial advisor, peers, and media in shaping investor decisions. The authors suggested that awareness campaigns and investor-friendly tools are necessary to improve confidence and encourage long-term participation in SIP.

**Mehta (2022)** examined awareness and attitudes towards SIP among urban and semi-urban investors. The study showed that awareness levels have improved over time, but misconceptions about returns and safety persist. Investors with higher education and income were more likely to adopt SIP, while first-time investors remained hesitant. The research emphasized the need for financial literacy programs and effective communication to reduce misunderstandings and increase participation. Mehta concluded that increasing investor confidence is crucial for SIP growth.

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## ANALYSIS AND INTERPRETATION

### 1. Demographic (Age, Gender, Educational qualification, Occupation, monthly income, Marital status)

	Frequency	No of respondents	Percentage
<b>Age</b>	Below 20	13	18.6
	21 – 30	39	55.7
	31 - 40	9	12.9
	Above 40	9	12.9
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Gender</b>	Male	40	57.1
	Female	30	42.9
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Educational Qualification</b>	School	5	7.1
	Under Graduate	35	50
	Post Graduate	18	25.7
	Professional	12	17.1
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Occupation</b>	Student	22	31.4
	Salaried person	27	38.6
	Business	9	12.9
	Professional	3	4.3
	Homemaker	9	12.9
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Monthly Income</b>	Below 40,000	48	75.7
	40,000 – 50,000	6	8.6
	50,000 – 1,00,000	7	10
	Above 1,00,000	4	5.7
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Marital status</b>	Single	43	61.4
	Married	26	37.1
	Engaged	1	1.4
	<b>Total</b>	<b>70</b>	<b>100</b>

### Interpretation

The demographic profile shows that most respondents are young, with 55.7% in the age group of 21 – 30 years. Males form 57.1% of the sample, while females make up 42.9%. in terms of education, 50% are undergraduates, followed by 25.7% postgraduates and 17.1% professionals. A majority are salaried employees 38.6% and students 31.4%. Most respondents earn below Rs.40,000 (75.7%) per month, and in marital status, singles dominate with 61.4%. Overall, the study sample is largely young, educated, and from lower to middle- income groups.

## 2. Awareness on Systematic Investment Plan (SIP)

	Options	No of respondents	Percentage
<b>Aware of SIP</b>	Yes	44	62.9
	No	26	37.1
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Know about SIP From</b>	Friends/Family	46	65.7
	Bank	5	7.1
	Social media	13	18.5
	Advertisements	4	5.7
	Nil	2	2.8
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>SIP related to Mutual funds</b>	Yes	46	65.7
	No	13	18.6
	May be	11	15.7
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>SIP allows small Investments (e.g., Rs.500 pm)</b>	Yes	40	57.1
	No	30	42.9
	total	70	100
<b>Types of funds Under SIP</b>	Yes	32	45.7
	No	38	54.3
	<b>Total</b>	<b>70</b>	<b>100</b>

### Interpretation

Most respondents (62.9%) are aware of SIP, though 37.1% still lack awareness. Friends and family (65.7%) are the key source of information, followed by social media (18.5%), while banks and advertisements play a minor role. A majority (65.7%) know SIP is related to mutual funds, but some are still confused. More than half (57.1%) understand that SIP allows small investments, though 42.9% are unaware of this benefit. Awareness of types of funds under SIP is low, with only 45.7% having knowledge. Overall, while general awareness of SIP exists, detailed understanding remains limited, pointing to the need for financial education.

## 3. Investment behaviour

	Options	No of respondents	Percentage
<b>Ever invested in SIP</b>	Yes	22	68.6
	No	48	31.4
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Duration of Investment in SIP</b>	Less than 1 year	58	82.9
	1 – 3 years	5	7.1
	3 – 5 years	2	2.9
	Above 5 years	5	7.1
	<b>Total</b>	<b>70</b>	<b>100</b>

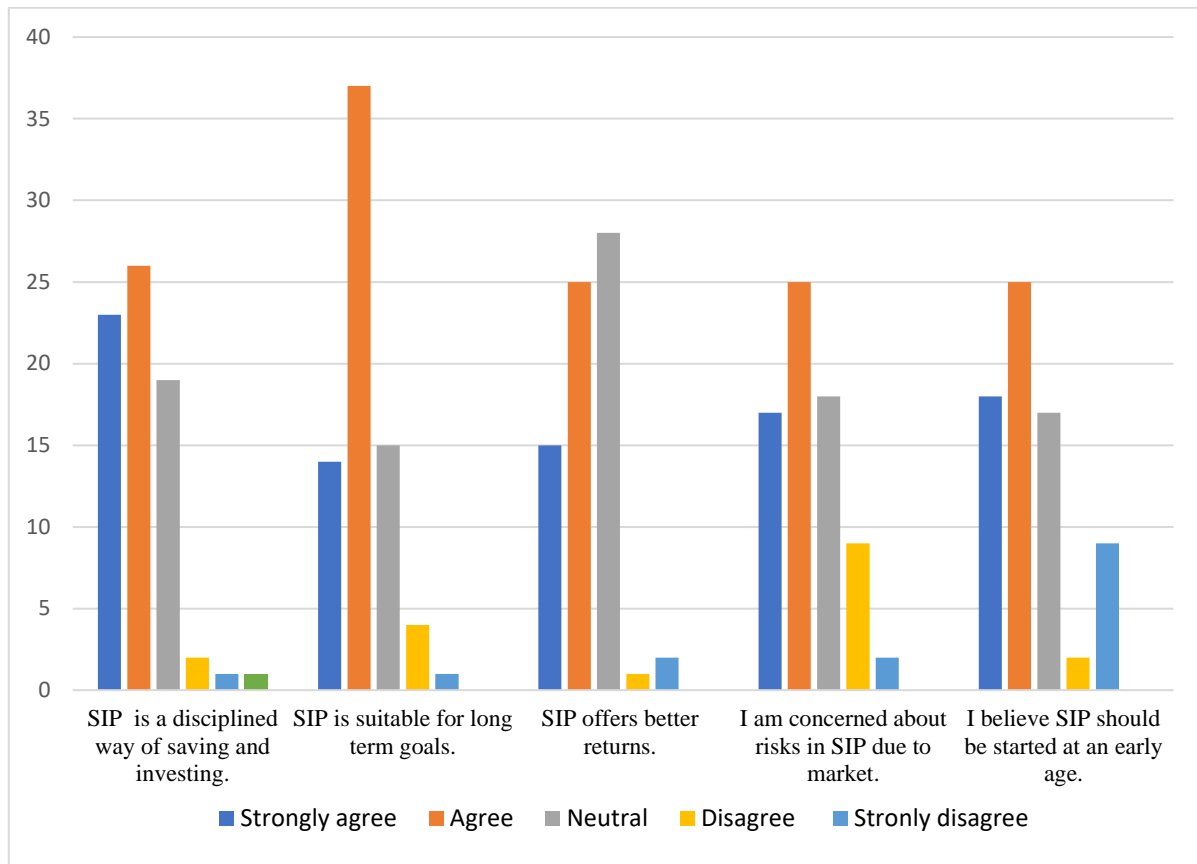
<b>Main reason For not invest</b>	Lack of awareness	18	25.7
	Lack of trust	18	25.7
	Low income	17	24.3
	Other	17	24.3
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Monthly Investment on SIP</b>	Below 1,000	43	61.4
	1,000 – 5,000	20	28.6
	5,000 – 10,000	7	10
	Above 10,000	Nil	Nil
	<b>Total</b>	<b>70</b>	<b>100</b>

<b>Main objective Of invest in SIP</b>	<b>Options</b>	<b>No of respondents</b>	<b>Percentage</b>
	Wealth creation	27	38.6
	Retirement	13	18.6
	Education/marriage	10	14.3
	Tax saving	5	7.1
	Short term goals	15	21.4
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Factor influences you most to Choose SIP</b>	Safety	35	50
	Returns	22	31.4
	Liquidity	5	7.1
	Tax benefits	8	11.4
	Peer influence	Nil	Nil
	<b>Total</b>	<b>70</b>	<b>100</b>
<b>Satisfaction on SIP as an Investment option</b>	Very satisfied	16	22.9
	Satisfied	20	28.6
	Neutral	32	45.7
	Dissatisfied	2	2.9
	Very dissatisfied	Nil	Nil
	<b>Total</b>	<b>70</b>	<b>100</b>

### Interpretation

The analysis reveals that only 31.4% of respondents have invested in SIP, while the majority remain non investors. Most investors are new, with 58% investing for less than a year, and very few continuing for more than five years. Small – scale savings dominate, as 61.4% invest below Rs.1,000 per month, and none contribute above Rs.10,000. Lack of awareness and trust, along with low income, are the major reasons for not investing. The main objectives of SIP are short – term goals, retirement, and education or marriage, with tax saving playing a smaller role. Safety (50%) and returns (31.4%) are the prime factors influencing investment decisions. In terms of satisfaction, 28.6% are satisfied, 45.7% remain neutral, and only a small fraction is dissatisfied. Overall, SIP is seen as a safe investment option, but greater awareness and confidence – building are required to boost participation.

### SIP Perception chart



### Interpretation

Respondents perceive SIPs as a disciplined and structured investment approach well – suited for long – term financial objectives like retirement planning, education funding, and marriage expenses. There's considerable agreement on SIPs suitability for such goals reflecting an understanding of its benefits in goal – oriented investing. Views differ regarding SIPs returns relative to traditional fixed deposits indicating varied perceptions of risk and reward. Market risk concerns tied to SIPs elicit mixed responses showcasing differing investor comfort levels. A recognition of compounding benefits over time. SIPs are generally viewed favourably for systematic wealth accumulation over the long haul. Awareness of SIPs advantages appears notable among respondents contributing to its positive perception in financial planning contexts. The overall sentiment highlights SIPs potential as a strategic investment tool for achieving future financial goals.

## FINDINGS

- 1. Awareness of SIP** – 62.9% of respondents are aware of SIP, while 37.1% are not, showing scope for more financial education.
- 2. Sources of income** – Friends and family (65.7%) are the, major sources of awareness, followed by social media (18.5%). Banks (7.1%) and advertisements (5.7%) play only minor role.
- 3. Investment in SIP** – Only 31.4% of respondents have invested in SIP, whereas 68.6% have not indicating low adoption.
- 4. Duration of investment** – Most investors (58%) have been investing for less than one year, while only 7.1% have continued beyond five years, showing SIP investors are mostly new.
- 5. Reason for not investing** – Lack of awareness (25.7%), lack of trust (25.7%), and how low income (24.3%) are the major barriers preventing SIP participation.

## SUGGESTION

- 1. Boost Awareness through Financial Education:** Expand literacy programs to increase SIP understanding given 37.1% unawareness.
- 2. Tap Friends/Family & social media:** Leverage word – of – mouth (65.7% awareness and sources) and social media (18.5%) for SIP promotion.

3. **Address Trust & Transparency:** Clear communication on SIP workings can build confidence amid 25.7% trust concerns.
4. **Highlight SIP Flexibility:** Emphasize flexible investments to counter low income (24.3%) barrier.
5. **Promote long – term Benefits for Retention:** Highlight compounding and goals to encourage sustained SIP investments beyond short tenure.

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## CONCLUSION

The study reveals moderate awareness of Systematic Investment Plans (SIPs) among respondents, with 62.9% aware, indicating scope for enhanced financial education. Despite this, adoption remains low at 31.4%, hindered by lack of awareness, trust concerns, and income constraints. Most investors are relatively new, investing for under a year. Key influences are friends/family and social media. To boost SIP adoption and sustainability, strategies focusing on education, trust – building, Affordability highlighting, and promoting long – term benefits are essential. Leveraging existing awareness channels and addressing barriers can enhance SIPs role in individual's financial planning for goals like retirement and education.

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