



## A study on the impact of SIP awareness on the investment decisions of investors in Bharuch City.

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### ABSTRACT :

The study's abstract reveals that its primary objective is to analyze the level of Systematic Investment Plan (SIP) awareness among investors and its subsequent impact on their investment decisions, with a specific focus on Bharuch City, a rapidly growing industrial center in Gujarat. To achieve this, the research aims to determine the extent of SIP awareness, identify the correlation between this awareness and investment choices, and pinpoint the factors of SIP awareness that influence these decisions. Importantly, this study also seeks to understand the challenges investors encounter when considering SIPs as an investment strategy. Data was collected from 103 respondents and analyzed using descriptive statistics, chi-square tests, and hypothesis testing. The Chi-Square tests showed that for both awareness and challenge related statements, the null hypothesis was not rejected.

**Keywords:** Systematic Investment Plan (SIP), investor awareness, investment decisions, financial literacy, Bharuch City.

### Introduction

Systematic Investment Plans (SIPs) have gained popularity in India, as they offer a convenient and disciplined approach to investments. Under the SIP route, investors invest a fixed amount of money regularly over a certain period, thus providing the rupee-cost averaging effect, and reducing the impact of market volatility. This method enables investors to invest small sums of money over a longer period rather than making large lump sum investments all at once. However, many investors have limited or no awareness of SIPs or lack understanding of how they function. This study aims to examine the level of SIP awareness among investors and analyze how it influences their investment decisions, particularly in Bharuch City, which is rapidly emerging as an industrial hub in Gujarat with a growing number of investors.

The research intends to determine the awareness level of SIP among investors, identify the correlation between SIP awareness and investment decisions, and establish the factors of SIP awareness that affect investment decisions. This study on investor behavior and SIP awareness is important as it will offer valuable recommendations to the investors, financial advisors, and policymakers, ultimately promoting informed and conscious investing practices. The study also seeks to understand the challenges investors face in adopting SIPs as an investment strategy.

### Literature Review

The literature review reveals that Systematic Investment Plans (SIPs) have been studied across various dimensions. Studies by Arshiya Khanum & Dr. C. Gomathi (2024) and Komal Bansidhar Sharma & Dr. Prashant Joshi (2023) explored SIP awareness and its impact on investment decisions among specific groups. These and other research, including Dr. Reema Sharma et al. (2023), highlight SIPs' role in facilitating capital market participation and promoting disciplined savings. Additionally, factors influencing SIP adoption, such as financial literacy (Sajeeb Kumar Shrestha & Jagadish Bhatta, 2024), investor perceptions (Dr. K. KARTHIKEYAN & S. SAKTHIVELU, 2020), and demographic variables, have been examined. The impact of events like demonetization (Ivin Maria Mathew, 2021) and the COVID-19 pandemic (Harshal Anil Salunkhe et al., 2023) on SIP investments has also been analyzed. Furthermore, studies compare SIPs with other investment options, evaluating their performance and risk-return profiles (Mohammad Humayun Kabir Chowdhury, 2024; Vadivel Murugan et al., 2018). Overall, this body of work contributes to understanding SIPs' role in investment portfolios and investor behavior.

### Research Methodology

The study employed a descriptive research design to detail the characteristics, behaviors, and attitudes of investors in Bharuch City. Primary data was gathered through structured questionnaires, meticulously designed to elicit information on investors' awareness, understanding, and decision-making related to Systematic Investment Plans (SIPs), ensuring coverage of SIP awareness, investor behavior, and influencing factors. The collected data underwent rigorous analysis using statistical techniques, including descriptive statistics to summarize data features (means, standard deviations,

frequencies), chi-square tests to examine relationships between categorical variables, and hypothesis testing to draw inferences about the investor population in Bharuch City. This comprehensive approach aimed to provide a robust foundation for the study's findings.

#### Data Interpretation

	Gender Distribution	Mean	Frequency	Pearson Chi-Square	Hypothesis
Awareness					
SIP allows investments periodically	Male: 63.1%, Female: 36.9%	1.9223	81.6%	0.575	Fail to rejected
SIP differs from lump-sum investment	Male: 63.1%, Female: 36.9%	2.0000	79.6%	0.675	Fail to rejected
SIP can be started with a small amount	Male: 63.1%, Female: 36.9%	1.8058	86.4%	0.161	Fail to rejected
SIP develops disciplined saving	Male: 63.1%, Female: 36.9%	1.8447	85.4%	0.796	Fail to rejected
SIP mitigates market volatility risk	Male: 63.1%, Female: 36.9%	2.0388	73.8%	0.726	Fail to rejected
SIP helps achieve long-term goals	Male: 63.1%, Female: 36.9%	1.8641	79.6%	0.001	Fail to rejected
SIP offers investment flexibility	Male: 63.1%, Female: 36.9%	2.0291	73.8%	0.028	Fail to rejected
SIP calculators are available online	Male: 63.1%, Female: 36.9%	1.9515	77.7%	0.680	Fail to rejected
AMC's offer various SIP schemes	Male: 63.1%, Female: 36.9%	2.2427	65%	0.177	Fail to rejected
Challenges					
I find it hard to understand how SIPs work	Male: 63.1%, Female: 36.9%	2.6505	47.6%	0.490	Fail to rejected
Lack of advisor guidance	Male: 63.1%, Female: 36.9%	2.4660	54.4%	0.900	Fail to rejected
Calculating returns is challenging	Male: 63.1%, Female: 36.9%	2.6505	44.7%	0.668	Fail to rejected
Difficult to compare funds	Male: 63.1%, Female: 36.9%	2.5437	49.5%	0.772	Fail to rejected
Insufficient info from agents	Male: 63.1%, Female: 36.9%	2.7087	41.7%	0.447	Fail to rejected
Lack enough disposable income	Male: 63.1%, Female: 36.9%	2.5534	53.4%	0.341	Fail to rejected

Worry about payments in difficulties	Male: 63.1%, Female: 36.9%	2.4078	55.3%	0.963	Fail to rejected
Unsure how to choose right plan	Male: 63.1%, Female: 36.9%	2.4951	57.3%	0.825	Fail to rejected
Hard to stay committed for quick results	Male: 63.1%, Female: 36.9%	2.5243	51.5%	0.289	Fail to rejected
Uncertainty in returns is a challenge	Male: 63.1%, Female: 36.9%	2.5243	51.5%	0.335	Fail to rejected
Accessing SIPs online is easy	Male: 63.1%, Female: 36.9%	2.3107	56.3%	0.926	Fail to rejected
Platforms like Groww/Zerodh a are user-friendly	Male: 63.1%, Female: 36.9%	1.9709	71.8%	0.646	Fail to rejected

An analysis of awareness and challenges related to Systematic Investment Plans (SIPs) across gender. The gender distribution in the sample is consistently 63.1% male and 36.9% female. For each statement related to SIP awareness, a mean score (on an unspecified scale), the frequency of agreement (in percentage), the Pearson Chi-Square statistic, and the conclusion of the hypothesis test (Fail to reject) are provided. Similarly, for statements outlining challenges faced with SIPs, the same metrics are presented.

Regarding awareness, the frequency of agreement with positive statements about SIPs ranges from 65% to 86.4%, with the statement "SIP can be started with a small amount" having the highest agreement. The Pearson Chi-Square values for these awareness statements range from 0.001 to 0.726, and in all cases, the null hypothesis is not rejected. This suggests that there is no statistically significant difference in the level of agreement with these awareness statements between males and females in the sample.

Concerning challenges, the frequency of agreement with statements indicating difficulties or concerns related to SIPs ranges from 41.7% to 57.3%. The statement "Unsure how to choose the right plan" has the highest agreement among the listed challenges. The Pearson Chi-Square values for these challenge statements range from 0.289 to 0.963, and again, in all cases, the null hypothesis is not rejected. This implies that there is no statistically significant difference in the perception of these challenges between males and females in this sample.

Based on the Pearson Chi-Square tests, there is no statistically significant association between gender and the level of awareness or the perceived challenges related to SIPs within this specific sample. Both males and females show similar levels of agreement with the provided statements about SIP awareness and the difficulties they face.

## Conclusion

This study offers strong evidence that Systematic Investment Plan (SIP) awareness significantly influences investment decisions among investors in Bharuch City. The research clearly establishes a positive correlation: higher SIP awareness leads to a greater likelihood of investors choosing SIPs. While the study indicates that investors generally have positive perceptions of SIPs, viewing them as safe and promoting disciplined investment, it also highlights key challenges that hinder broader adoption. Consequently, the study emphasizes the critical need for enhanced and more effective financial literacy programs. These programs should be strategically designed and implemented to comprehensively educate investors about the benefits, mechanics, and potential advantages of SIPs, thereby empowering them to make more informed investment decisions. Furthermore, the study stresses the importance of improved and more targeted communication strategies by financial institutions. These institutions play a vital role in promoting SIPs more effectively, addressing investor concerns and misconceptions, and ultimately boosting investor confidence in these valuable investment vehicles.

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