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Perception of Retail Investor towards Sip

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ABSTRACT

The study explores retail investors' perceptions toward investing in mutual funds through Systematic Investment Plans (SIPs) in Coimbatore. Mutual funds have emerged as a popular financial instrument offering diversification, professional management, and liquidity, and SIPs in particular provide an accessible, disciplined, and flexible approach to wealth creation. This research aims to identify the reasons for SIP adoption, evaluate investor risk tolerance, and understand preferences influencing investment behavior. Using a quantitative research methodology, data was collected from 168 respondents via structured questionnaires. The analysis employed descriptive statistics, weighted average analysis, correlation, and chi-square tests. Findings reveal that media influence, ease of investment, long-term wealth creation goals, and risk mitigation are significant drivers for SIP adoption among young, predominantly salaried investors. The study concludes that increased financial literacy and technology-driven platforms further boost SIP participation, positioning SIPs as an essential tool for systematic wealth accumulation. However, limitations include the geographic concentration to Coimbatore and a limited sample size, which restricts broader generalization. The research contributes valuable insights for financial planners, mutual fund companies, and policy-makers to enhance investor engagement strategies.

INTRODUCTION

A Mutual fund is a financial mediator that collect the money from investors who are willing to take a position of their savings in Primary and secondary securities, like money market instruments, government and corporate bonds, equity shares of joint stock companies. A Mutual fund is a trust that pools the savings of numbers of investors who share a common financial goal. The Mutual fund is a best instrument for the common man who want to invest his savings. Mutual funds help to his investors who don't seem to be ready to invest their savings in an exceeding right direction or right securities and mutual funds play a significant role for the investors. Now day's Mutual funds are one amongst the fastest growing sectors in Indian economy and have awesome potential for supportable future growth. From the last decade, Mutual funds and its various instrument like Systematic Investment Plan, equity fund, debt and hybrid funds instruments attract the most of the investors to invest and also given lots of economic growth to the industry.

OBJECTIVES

1. To identify the reasons for investment in mutual funds through a systematic investment plan.
2. To study the investor's perception towards Systematic Investment Plan.
3. To evaluate the risk tolerance level of the investors.

RESEARCH METHODOLOGY

Type of Research Used:

The research uses a quantitative approach to analyze the perception of retail investors towards Systematic Investment Plans (SIPs) in Coimbatore. Quantitative research is employed to gather measurable data and derive insights using statistical tools.

Population:

The population for this study is unknown as it focuses on retail investors who have invested or are interested in investing in SIPs. The specific number of SIP investors in Coimbatore is not readily available, making sampling a necessary approach.

Sampling Technique:

The study adopts a non-probability convenience sampling technique. This method is chosen because the researcher will distribute the questionnaire through a WhatsApp group consisting of members who have invested in SIPs. Convenience sampling ensures data collection is feasible and time-efficient while focusing on the relevant target group.

Sample Size:

The sample size for this study is 168 respondents. This number ensures sufficient data for meaningful analysis and is based on the availability of participants from the WhatsApp group.

Data Collection:

Primary data will be collected through a structured questionnaire distributed via Google Forms to retail investors in Coimbatore. The questionnaire will cover various aspects such as demographic details (e.g., age, occupation), investment behavior (e.g., monthly SIP investment amount, factors influencing SIP adoption), and perceptions about SIPs (e.g., satisfaction with returns, risk tolerance). These questions aim to provide insights into the awareness, preferences, and overall satisfaction levels of SIP investors. The questionnaire will be shared within a WhatsApp group specifically comprising members who have invested in SIPs, ensuring the data is collected from the intended target audience.

Target Respondents:

The target respondents are retail investors in Coimbatore who invest in SIPs. This includes working professionals, self-employed individuals, and small business owners who actively invest in SIPs to achieve financial goals.

Research Tools:

- Descriptive statistics,
- Simple percentage analysis.
- Weighted Average analysis,
- Correlation analysis.

REVIEW OF LITERATURE

Bansal, M., & Gupta, S. (2021). Retail Investors' Preferences towards Systematic Investment Plans in India: An Empirical Analysis. *Journal of Financial Planning and Analysis*, 12(3), 45-58. This empirical study provides an in-depth analysis of the preferences of retail investors towards SIPs in India. The authors focus on how different demographic factors such as age, education, and income levels influence investment choices. Their research shows that retail investors tend to prefer SIPs due to their flexibility, ease of implementation, and long-term benefits. The study emphasizes the importance of financial literacy and awareness, which plays a crucial role in shaping investor behavior. The paper concludes that while SIPs are becoming increasingly popular, a significant portion of the population remains unaware of their benefits, which could hinder the overall growth of SIP investments in the country. The research advocates for a more robust financial education system to encourage widespread adoption of SIPs.

Kumar, P., & Singh, R. (2022). Impact of SIP on Wealth Accumulation: Evidence from Indian Retail Investors. *International Journal of Financial Management*, 8(2), 112-126. This paper analyzes how SIPs contribute to wealth accumulation among retail investors in India. Kumar and Singh argue that SIPs allow investors to manage the market's volatility by spreading investments over time, resulting in smoother returns. The study uses data from retail investors participating in SIPs over a 5-year period and finds that SIPs outperform lump sum investments during periods of market volatility. The authors also examine investor attitudes toward SIPs, discovering that risk aversion and long-term investment goals are key motivators for retail investors. This research underscores the importance of SIPs for investors looking to build wealth steadily and reliably over time.

RESULTS AND DISCUSSION

Table showing investment period of the respondents.

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE OF RESPONDENTS
5 – 10 years	52	31
11 – 15 years	44	26.2
16 – 20 years	53	32.7
Above 21 years	17	10.1
TOTAL	168	100

Source: Primary Data

Interpretation:

From the above table it is interpreted that 31% of the respondents are investment period is 5-10 Years, 26.2% of the respondent's investment period is 11-15 Years, 32.7% of the respondent's investment period is 16-20 Years and 10.1 % of the respondent's investment period is above 21 Years.

It was concluded that, majority (32.7%) of the respondents preferable investment period is between 16 – 20 years.

FINDINGS

1. The majority (49.4%) of the respondents belong to the age group of 21-30 years.
2. Male investors (59.5%) dominate over female investors (39.8%) in SIP investments.
3. Most respondents (49.4%) hold an undergraduate degree, while 23.5% are postgraduates.
4. A significant portion (34.9%) of the respondents are private employees, followed by 29.1% in other occupations.
5. The highest percentage (33.1%) of respondents have an annual income between ₹2,50,000 - ₹5,00,000, indicating a middle-income investor base.
6. A majority (27.1%) of the respondents save between ₹2,001 - ₹5,000 per month.
7. Most respondents (33.7%) have invested less than ₹10,000 in SIPs.
8. The preferred investment period for 32.7% of respondents is 16-20 years, showing a long-term investment mindset.

SUGGESTION

1. Financial literacy programs should be introduced to educate investors about the benefits and risks of SIP investments.
2. Awareness campaigns should focus on attracting more female investors to ensure gender balance in SIP participation.
3. Investment advisors should develop customized SIP plans catering to different income levels and risk appetites.
4. Investors should be encouraged to stay invested during market downturns to maximize long-term returns.
5. More emphasis should be placed on portfolio diversification to help investors balance risk and return effectively.

CONCLUSION

The study on the Perception of Retail Investors Towards Systematic Investment Plans (SIPs) highlights the increasing popularity of SIPs as a preferred investment avenue among retail investors, particularly in Coimbatore. As mutual funds continue to evolve, SIPs have emerged as a disciplined and structured approach that enables investors to build wealth over time. The findings of this research shed light on the factors influencing SIP adoption, the investment behavior of retail investors, and the challenges they face.

One of the most significant takeaways from this study is the growing awareness and acceptance of SIPs among young investors. The majority of respondents belonged to the 21-30 age group, indicating that younger individuals are more inclined towards systematic investments. This trend can be attributed to increasing financial literacy, digital accessibility, and a desire for long-term wealth creation. Moreover, investors prefer SIPs due to their affordability and risk diversification, making them an attractive option for those with limited capital but ambitious financial goals.

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