A Study on the Popularity and Growth of SIP (Systematic Investment Plans) Among Indian Investors

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ABSTRACT:

Over the past decade, India's investment landscape has witnessed transformative shifts, leading to the increasing adoption of Systematic Investment Plans (SIPs) among retail investors. SIPs offer a disciplined and structured route to investing in mutual funds, reducing exposure to market volatility and encouraging long-term wealth generation. This study explores the trends fuelling the growth and acceptance of SIPs while examining investor preferences within the broader Indian financial ecosystem. It is grounded in extensive secondary data drawn from AMFI, SEBI reports, mutual fund publications, and investor behavior studies.

The research highlights the roles of enhanced financial literacy, proliferation of digital platforms, supportive regulatory frameworks, and awareness campaigns in bolstering SIP uptake. Notably, there is a rising participation of millennials, professionals, and novice investors, particularly in Tier 2 and Tier 3 cities. This study Analyzes market resilience and investor sentiment during uncertain periods, pointing to consistently growing monthly SIP inflows—a testament to the increasing confidence of Indian investors. The report also sheds light on rural acceptance, misperceptions surrounding mutual fund investments, and the obstacles these present.

Key words – Systematic investment plan, Democratization, Financial capabilities, Misperceptions.

INTRODUCTION

This investment strategy promotes the fund's regular commitment to a selected investment fund system, eliminating the need for investors to congested the market or make large investments. SIP is said to allow people with a variety of financial abilities, including people, to participate in the capital markets. The unique concept of average rupee in SIP allows investors to benefit from market fluctuations by purchasing more units when prices are high and low. This reduces the impact of short-term market volatility and promotes a more stable growth structure. SIP is particularly suitable for people with long-term investment periods, as the combined effects gradually increased the capital invested. Because investments are distributed across many financial instruments, the inherent diversification of investment funds associated with SIPS provides a risk mechanism. The flexibility to adapt the SIP amount allows investors to adapt to changes in their financial situation and use market opportunities.

PROBLEM DESCRIPTION

Today's investors are informed and proactive, conducting thorough research before committing to investment options. They anticipate reasonable, secure returns and may embrace higher risks to secure better yields. However, understanding shifts in investor behavior, preferences, and investment approaches remains a challenge for providers. Designing investment systems aligned with evolving population dynamics is complex. Behavioral gaps and demand-driven investment motivations require further examination. Hence, this study seeks to assess investor perceptions across varied demographic categories.

RESEARCH GOAL

1. To explore the factors influencing investors in SIP investments.
2. To assess investor satisfaction levels regarding SIP investments.
   This is based on a survey distributed to 172 participants, from which 160 responses were received. The analysis employs techniques such as percentage analysis, Friedman Ranking, Chi-square test, ANOVA, and T-tests. Participants span across different age groups, educational backgrounds, employment types, income levels, and SIP investment profiles.

REVIEW OF LITERATURE

- **Aashka Thakkae, Meshwa Parmar, Aachal Patel (2023)** A study titled "Appreciation Systematic Investment Plan for Retail Investors" was conducted with goals to know that SIP is a good investment vehicle for retail investors to participate in the capital market. The study was conducted

among 100 respondents with analytical tools such as district maps and line graphs. According to 84 respondents, the survey results show that SIP is a good investment area for retail investors.

- **Lunar Hardik Tejendrankumar, Vijay Gondaliya (2022)** title work "Investigating the recognition time of systematic investment plans for Chikhli region" was transferred along with targets with investors of Chikhli region investors. This study was conducted among 120 respondents with analytical tools such as Cross-Bellung. The survey results show that the majority of respondents still prefer to invest in SIP. The best of respondents believes SIP is a safe investment for them.
- **Tanya Gour (2021)** research title "Review of Systematic Investment Plans" was carried out with the goals on systematic investment plans; amounts invested in SIP sector preferences. This study is conducted under 100 respondents, and then the analysis is carried out by statistical instruments such as bivariate and univariate analysis. The results show that small investors can invest in multiples of 500.1500 2000 monthly or quarterly.
- **Rajinder and Aurora (2020)** The paper titled "A study on investor perception about SIP in the city of Mumbai "has been with the objectives the purpose of the investment mutual funds through SIP. The study was conducted by 200 respondents with analytical tools such as bivariate and univariate testing. The results show that 66% of investors feel motivated to invest in the SIP of their investment funds, as investment funds provide investors with significant long-term returns and costs of the average procedure.

RESEARCH GAP

A detailed review of literature indicates a growing preference for SIPs among investors because of their safety, liquidity, and tax efficiency. While earlier studies mostly addressed basic concepts, benefits, and influencing factors, there remains a need to evaluate demographic-specific behaviors, perception shifts, and education levels. Region-based comparisons and in-depth understanding of investor responses to mutual fund schemes under SIPs need further exploration, especially from Tier 2 and rural contexts.
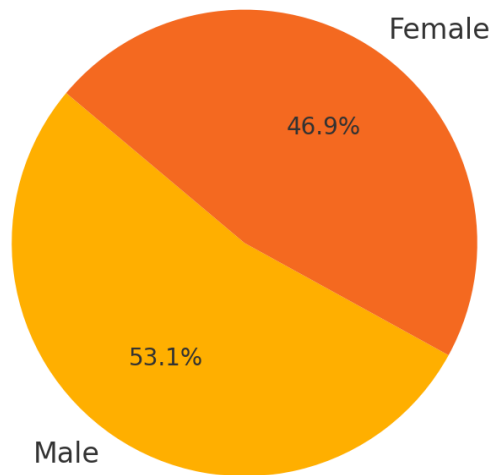
ANALYSIS AND INTERPRETATION

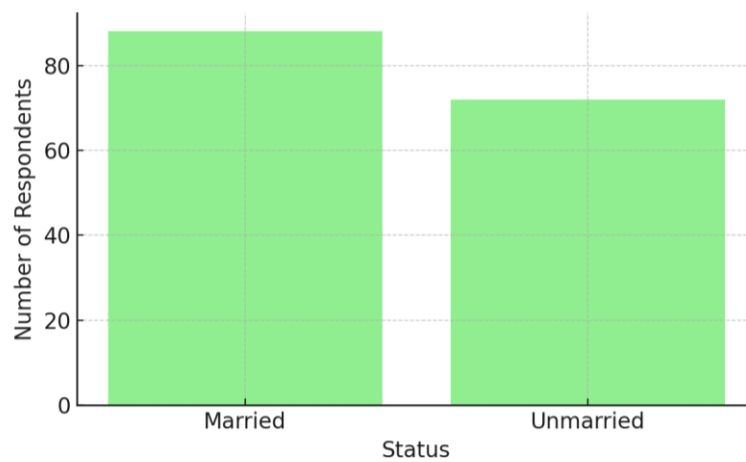**Demographic Profile of the Respondents.**

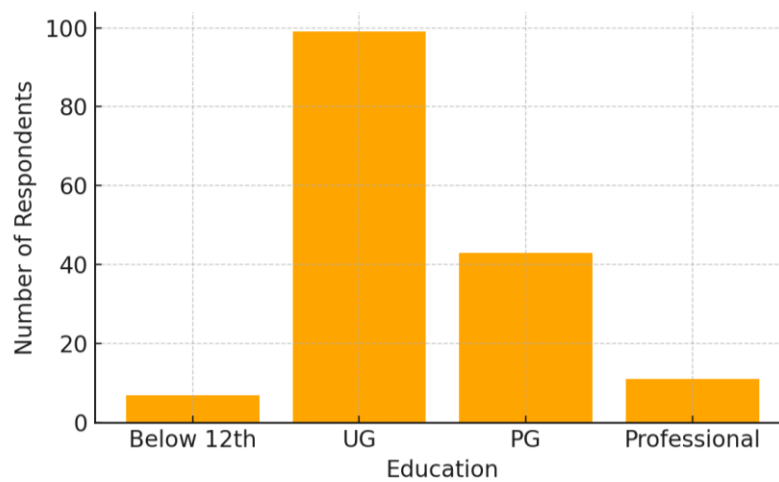Graph 1: Age Distribution of Respondents
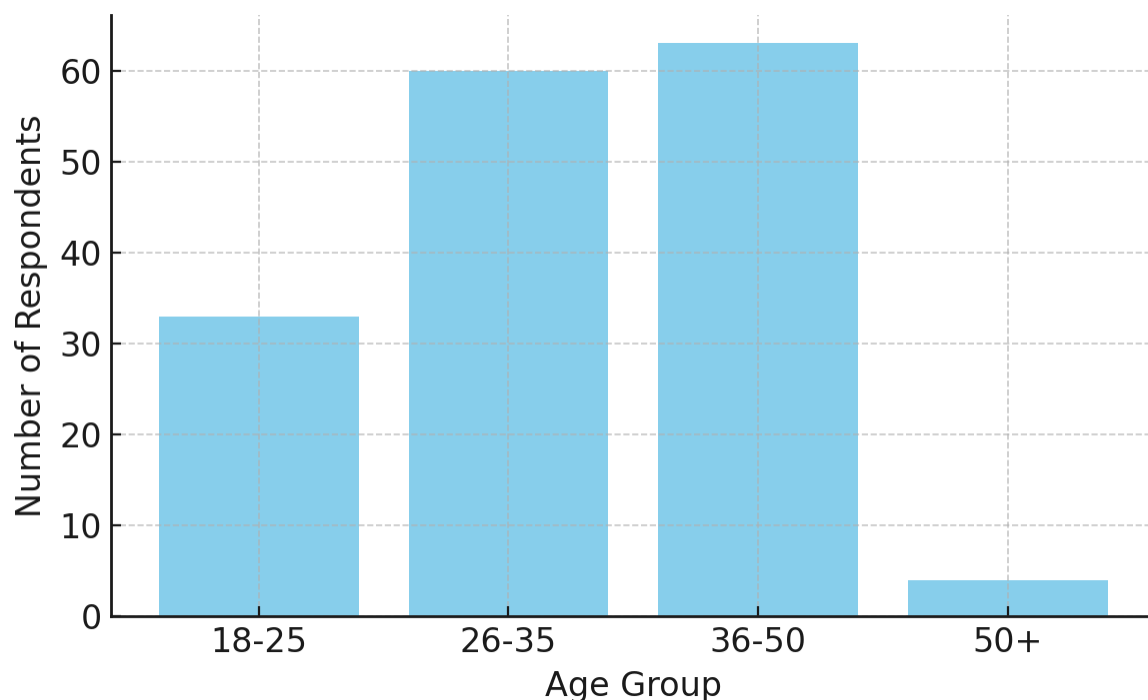
Graph 2: Gender Distribution of Respondents
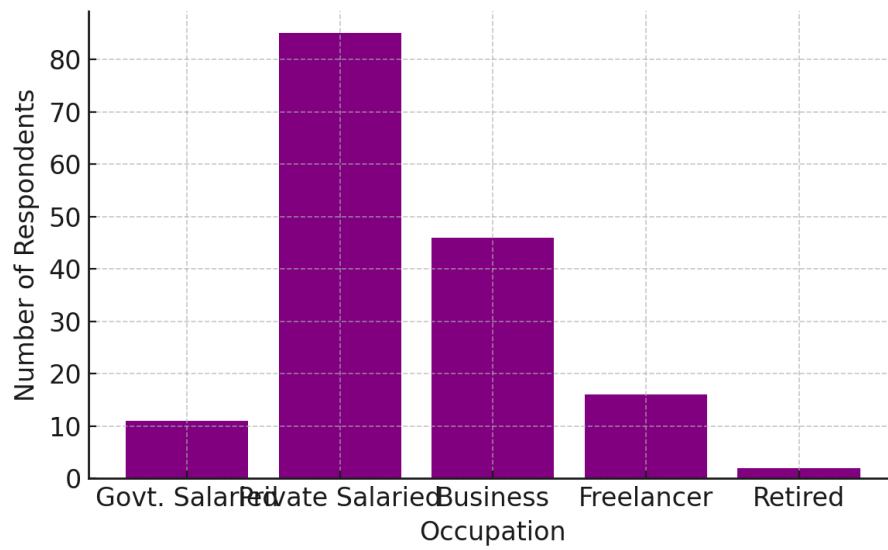

Graph 3: Marital Status of Respondents

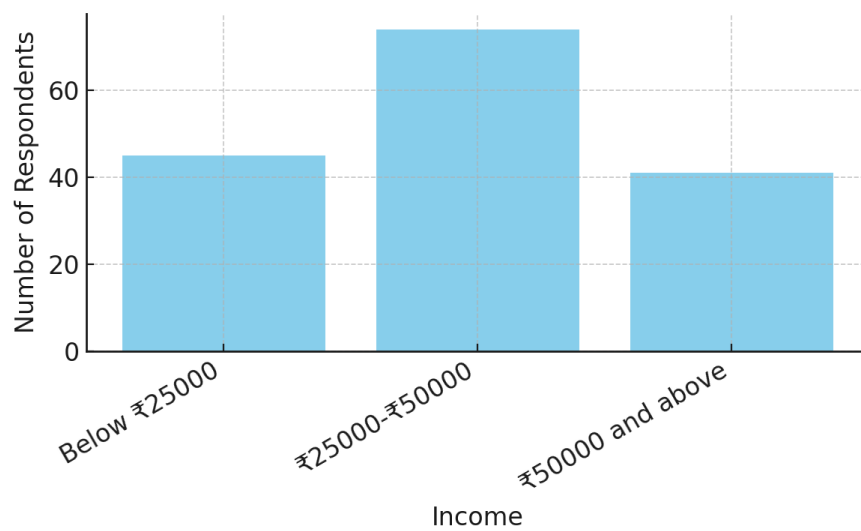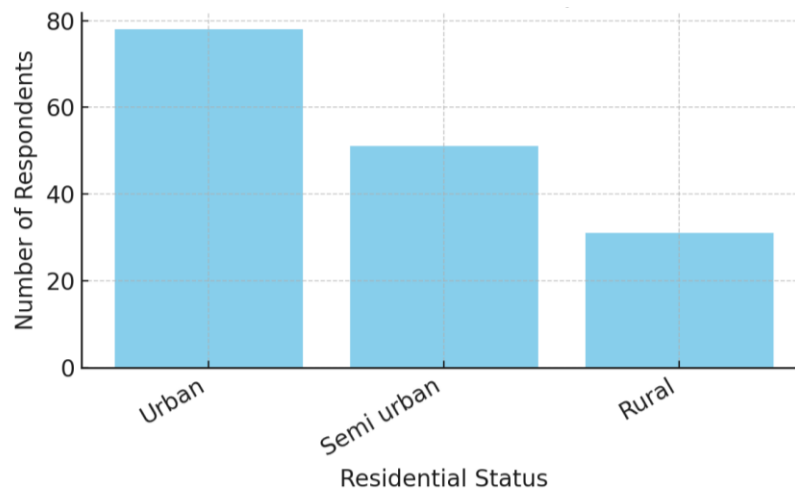

Graph 4: Education Level of Respondents

Graph 5: Occupation of Respondents

Graph 6: Income of Respondents

Graph 7: Residential Status of Respondents

INTERPRETATION

From the above table, it is evident that among the 160 respondents, the highest proportion (39.4%) falls within the age group of 36–50 years, followed by 37.5% in the age group of 26–35 years, 20.6% in the age group of 18–25 years, and the smallest group (2.5%) aged 50 years and above. Regarding gender distribution among SIP investors, 53.1% of the respondents are male, while 46.9% are female. In terms of marital status, a majority of 55.0% of the respondents are married, while 45.0% are unmarried.

When considering educational qualifications, 61.9% of the respondents hold an undergraduate degree, 26.9% have completed postgraduate studies, 6.9% are from professional courses, and only 4.4% have qualifications below 12th standard.

With respect to employment status, 53.1% of the respondents are privately salaried, 28.7% are engaged in business, 10.0% are freelancers, 6.9% are government salaried, and a minimal 1.3% are retired.

The income distribution shows that 46.3% of the respondents earn between ₹25,000–₹50,000, 28.1% earn below ₹25,000, and 25.6% earn ₹50,000 and above.

Finally, the residential status of respondents indicates that 48.8% reside in urban areas, 31.9% in semi-urban areas, and 19.4% in rural areas.

FACTORS THAT AFFECTING INVESTORS INVESTMENT DECISIONS – FRIEDMAN RANK ANALYSIS

Table 2: FACTORS THAT AFFECTING DECISION OF RESPONDENTS

Factors	Mean Rank	Rank	N	160
Risk tolerance and perception	2.26	1		
expense ratio	2.94	2	Chi- square	736.602
Exit load	3.60	3		
Confidence	4.56	4		
Professional management	5.18	5	Df	9
Long term benefit	5.98	6		
Flexibility in contributions	6.55	7		
Cost effective	7.31	8	Asymp.S ig	<.001
Regular investment	8.01	9		
ROI	8.61	10		

Source: Computed Data

INTERPERTATION

The table presents the various factors influencing investors' decisions when investing in SIPs. Among these, the most preferred factor is *risk tolerance and perception*, which has the lowest mean value of 2.26, indicating its strong influence. This is followed by *expense ratio*, with a mean value of 2.94, marking it as the second most important factor. On the other hand, *regular investment* is the least preferred factor, with the highest mean value of 8.01. This suggests that the majority of respondents consider *risk tolerance and perception* as the most critical factor affecting their investment decisions in SIPs.

DEMOGRAPHIC FACTORS VS SATISFACTION WHILE INVESTING MONEY IN SIP – ANNOVA

Ho: "There is no significant different in the respondent's satisfaction while investing your money in SIP among different age category"

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INTERPERTATION

The table illustrates the factors contributing to investor satisfaction in SIPs. Transparency and clarity received the highest mean value of 2.73, indicating that it is the most significant factor in contributing to satisfaction. This is followed by help and support, with a mean value of 2.67. Meanwhile, stability has the lowest mean value of 2.15, suggesting it is the least influential factor in terms of satisfaction.

Table 4. Demographic factors vs satisfaction while investing money in sip

Demographic Factors	Classification	N	Mean	Std. Deviation	F	Sig.	S/NS
Age	18-25 years	33	24.12	7.48	0.307	0.820	NS
	25-35 years	60	23.06	6.56			
	36-50 years	63	24.01	6.53			
	50 years and above	4	22.50	3.41			
Level of education	Below 12th	7	24.57	8.20	1.319	0.270	NS
	UG	99	23.84	6.49			
	PG	43	22.30	6.49			
	Professional courses	11	26.45	7.55			
Employment	Government salaried	11	23.18	6.73	.799	0.528	NS
	Private salaried	85	24.38	6.79			
	Business	46	22.73	6.44			
	Freelancer	16	23.25	6.14			
	Retired	2	18.50	12.02			
Income	Below ₹25000	45	23.33	7.13	2.344	0.099	NS
	₹25000-₹50000	74	24.74	6.57			
	₹50000 and above	41	22.00	6.03			
Residential status	Urban	78	22.75	6.36	2.007	0.138	NS
	Semi urban	51	23.84	6.36			
	Rural	31	25.54	7.59			

Source: Computed Data

NS-not significant S-significant

INTERPERTATION

The results of the ANOVA table indicate that the F-values are as follows: 0.307 for age, 1.319 for level of education, 0.799 for employment, 2.344 for income, and 2.007 for residential status. Correspondingly, the calculated P-values are 0.820 for age, 0.270 for level of education, 0.528 for employment, 0.099 for income, and 0.138 for residential status. Since all the P-values are greater than the 0.05 level of significance, it can be concluded that there is no statistically significant difference in respondents' satisfaction with SIP investments based on the demographic factors mentioned.

In other words, age, level of education, employment status, income group, and residential location do not significantly influence satisfaction levels related to SIP investments. Therefore, the null hypothesis is accepted. It can be concluded that respondents' satisfaction with their SIP investments does not vary

significantly when categorized according to their demographic characteristics.

SUGGESTION

- Investors generally prefer earning high returns without taking significant risks.

- Factors such as access to detailed information, understanding of risk and return, and clarity on SIP schemes were identified as key influences on investors' perceptions of mutual fund investments through SIPs.

- Although different mutual fund schemes carry varying levels of risk, investors often overlook the fact that risk directly impacts potential returns.

- The study found that investors have only a moderate level of knowledge about SIPs. Therefore, there is an opportunity to educate them further to encourage consistent investments in mutual funds.

- A key recommendation for investors is to continuously improve their understanding of mutual fund investments under SIP. This knowledge can be gained through sources such as social media, newspapers, seminars, and workshops.

- Beyond internet accessibility, investors' queries related to schemes should be addressed through appropriate financial counselling to build trust and clarity.

- To support both prospective and existing investors, mutual fund providers should clearly disclose the associated risk levels in offer documents, along with comparable returns and risk details in annual reports.

CONCLUSION

Factors influencing SIP investors include market dynamics, risk perception, and demographic characteristics, whereas satisfaction levels are shaped by perceived value, the effectiveness of communication, and actual investment outcomes. Investors often face challenges such as market fluctuations, inconsistent fund performance, and evolving regulatory frameworks. By addressing these concerns through focused strategies and comprehensive investor education, the overall effectiveness and satisfaction of SIP investments can be significantly improved.

This study on Investor Perception Towards Investment in SIP (Systematic Investment Plan) highlights the dual benefits of rupee cost averaging and the power of long-term compounding. However, it also recognizes the adverse impact of market volatility and policy changes. The findings emphasize the importance of understanding investor behavior and preferences, along with the necessity for transparent communication and effective fund management practices.

Looking ahead, these insights can guide the creation of customized solutions, investor-centric approaches, and supportive regulatory frameworks. Such measures will not only enhance the performance and appeal of SIPs but also empower investors to pursue their financial objectives with greater confidence and resilience amid market uncertainties.

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