

# An Investigation into How Investors Perceive Systematic Investment Plan

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**Abstract** -This research paper investigates how investors perceive systematic Investment plans in India. SIP is a popular investment option in which investors make regular investments at fixed intervals. Investment decision-making depends upon many factors influenced by the Investor's Behaviour.

The composition of investors and their perspectives significantly influence the decision-making process when it comes to selecting specific investment options. In this study, I have collected data from a sample of 400 participants who are engaged in Systematic Investment Plans (SIPs) and reside in the city of Meerut, Uttar Pradesh, for study purposes. The paper uses a survey questionnaire to gather data from investors who have invested in SIPs. Collected data will be analyzed by using various statistical tools.

**Keyword:** Systematic Investment Plan, Demographic Profile, Investors, Investor's Behavior

## 1. Introduction

Systematic Investment Plan (SIP) is an investment strategy that enables investors to systematically [2][5] invest a consistent sum of money at regular intervals into a mutual fund or exchange-traded fund (ETF)[4][6]. The most effective and straightforward method for an investor to venture into the realm of investments is by adopting a systematic investment plan (SIP)[17][11]. The core concept behind Systematic Investment Plans (SIPs) is that as market conditions decline, investors naturally accumulate a greater number of fund units[19][21]. This method of investment has gained popularity in recent years as it helps investors to make regular investments in a disciplined manner [12], without worrying about market volatility [10][13]. This literature review aims to understand how investors perceive systematic investment plans and identify the factors that influence their decision-making process.

## 2.1 Problem of the study

The research problem pertains to understanding investors' viewpoints and attitudes concerning Systematic Investment Plans (SIPs) are to identify the factors that influence investors' decision-making. The research problem also aims to investigate the level of knowledge and understanding among investors regarding the risks and benefits associated with SIP. This will help to identify the gaps in investor education and provide insights into how investor education programs can be designed and delivered to improve the perception of investors towards SIP. Moreover, the research problem seeks to examine the influence of different demographic and socioeconomic elements on investors' attitudes toward Systematic Investment Plans (SIP). This encompasses variables like age, sex, earnings, educational attainment, and investment experience.

## 2.2 Review of Literature

**Venkatesh.P&K.Murugan (2022)**, The research findings indicated that most investors were familiar with the concept of a systematic investment plan. The majority of these investors showed a willingness to take on investment risks, and a significant portion of them recommended the idea of investing in a systematic investment plan to others.[24]

**Tejendrakumar, Luhar Hardik, and Dr. Vijay Gondaliya(2021)** In simpler terms, the study focuses on how people think about saving money and investing it. It looks at what factors they think about before deciding where to invest their money. The researchers studied different types of people and their jobs to see how they view different ways to invest. The study found that most people like to invest in things that are safe and don't have much risk.[22]

**Patel Aastha Kaushikkumar (2021)**, In the research, individuals make small investments regularly to gradually accumulate wealth over time. Mutual fund

firms need to enhance customer knowledge about their services. The study reveals that the primary consideration for people when investing is the potential return on their investment, followed by the level of safety, tax advantages, simplicity of investment, and the ability to easily access and adjust their investments.[16]

**Alpesh Gajera et.al. (2020)** The study aimed to assess the risk and return associated with investing in mutual funds using two methods: systematic investment plan (SIP) or lump sum. Small investors often struggle with deciding between these two options. The analysis provided a clear conclusion that, in terms of risk and return, lump sum investment is more favorable than SIP investment. The decision to invest a lump sum is a topic of debate and interest for individual and retail investors. Typically, investors consider various factors such as flexibility, fund security, and liquidity before making investment choices.. [1]

**Dr. K. Soundararajan, Mr. S. Balamurugan ( 2020),** This study directed its focus towards several aspects that shed light on how investors perceive the Systematic Investment Plan (SIP) of mutual funds. The findings revealed that the concept of mutual fund SIPs was not widely familiar among investors. Despite this, many investors continued to place their trust in traditional options like bank deposits and post office schemes. A significant observation was that most investors opted for mutual fund investments lasting no more than three years, and they tended to withdraw from funds that did not meet their expectations. Additionally, a notable discovery was that a considerable portion of investors did not assess the risks associated with their investments. Instead, they relied heavily on their brokers and agents to handle this crucial aspect. [18]

**Haik Mohammad Imran, K.Mohan Kumar, P.Muthyalappa (2019),** In the study concluded very less investor were aware on investment in mutual fund. Awareness about the mutual fund to investor was challenging task for the agent.[9]

**Mrs. Jayalakshmi, Dr. K. P. Saraswathy amma (2019),** This research paper explores how demographic factors impact an investor's perspective on systematic investment in mutual funds. The study delves into how risk perception plays a crucial role in shaping investors' decisions. The findings suggest that investors understand the relationship between higher risk and potentially higher returns. Additionally, the study

highlights that investors recognize the importance of diversification in reducing overall risk. [15]

**Dr. R. Pragya Prashant Gupta (2019),** This paper focuses on examining different methods of saving and investing money, with a particular emphasis on exploring the benefits of investing in mutual funds through a Systematic Investment Plan (SIP). The research delves into the factors that influence investment decisions and how investors choose a Systematic Investment Plan. The main objective of this study is to identify the key factors that drive individuals to invest in a Systematic Investment Plan, while also investigating the potential of SIPs in India. The study aims to analyze the challenges, intricacies, and variables associated with SIPs, and to propose strategies for addressing these challenges to foster the growth of mutual funds in line with their economic potential. [8]

**Dr. J. K. Raju, Mr. B. Manjunath, Mr. Sachin (2018),** Mutual funds offer a safe haven for individuals seeking to invest their savings without exposing themselves to excessive financial risks. This investment option has gained significant traction in India, contributing to the country's financial market. The primary focus of this research is to discern the outlook of investors regarding mutual funds as an investment choice. Through this study, we aim to uncover the factors that shape investors' decision-making when it comes to purchasing mutual funds. Ultimately, our goal is to gain insights into investors' attitudes toward investing in mutual funds.[7]

**Monty Kanodia and Kiran Khinchi (2017),** The study was conducted to analysis varied mutual funds schemes and investors have compare different mutual fund scheme that which mutual fund scheme is good. In the study, risk and return in mutual funds also examine.[14]

**Mr. Ankit Goel and Dr. Rajendra K. Khatik (2017),** "Research has been conducted on the topic of "Assessing Investor Awareness and Preferences Regarding Mutual Funds as an Investment Vehicle." The study aimed to assess how informed investors are about the option of mutual funds as an investment, gauge their inclination toward choosing mutual funds for investments, and explore the factors shaping their preference for mutual funds. It was observed that a significant portion of investors can set aside approximately 20% to 35% of their total income for

savings. Among the survey participants, the Systematic Investment Plan (SIP) emerged as the favored mode of investment.[3]

### 2.3 Objectives of the Research

- Determine the level of awareness of SIP among investors in Meerut City.
- A study on the perception of investors towards SIP in Meerut City.
- Examine the factors that influence investors' decision to use SIP.

### 2.4 Research Methodology

Research design is exploratory followed by descriptive, which is typical for studies that rely on a questionnaire to gather data. The exploratory aspect of the research comes from the fact that the study aims to investigate the perception of investors towards SIP, which is a relatively new and complex investment option. The descriptive aspect of the research comes from the fact that the study provides a detailed description and analysis of the data collected through the questionnaire.

It is evident that the study relies on original data, which was generated through a questionnaire. The sample size of 400 people from Meerut city is a reasonable size for a study of this nature, and the use of random sampling ensures that the sample is representative of the general population. The statistical techniques used for data analysis, such as simple percentage analysis.

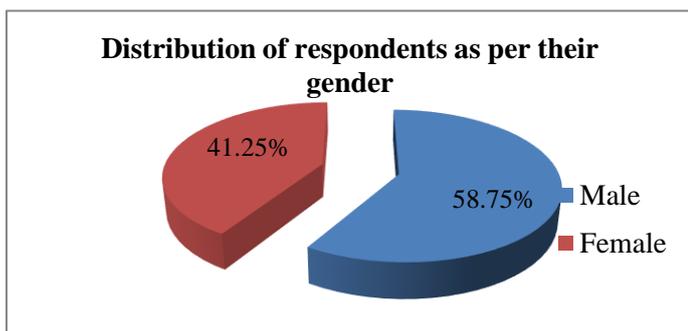
### 2.5 Data Analysis and Interpretation

**Table-1:** Distribution of respondents as per their gender

S.N	Particular	Frequency	Percentage
1.	Male	235	58.75
2.	Female	165	41.25
Total		400	100

Source: Primary Source

**Chart-1** Distribution of respondents as per their gender (In Percentage)



### Interpretation

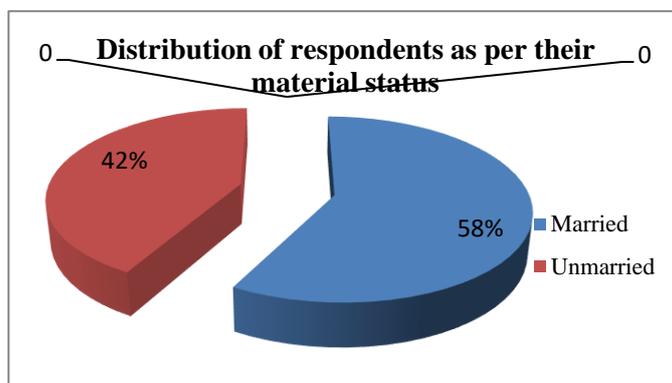
From Table1: The majority of investors are male 58.75% and 41.25% are female. In the study majority of the males have invested in SIP.

**Table - 2** Distribution of respondents as per their material status

S. N	Particular	Frequency	Percentage
1	Married	232	58
2	Unmarried	168	42
Total		400	100

S Source: Primary source

**Chart-2** Distribution of respondents as per their material status (In Percentage)



### Interpretation

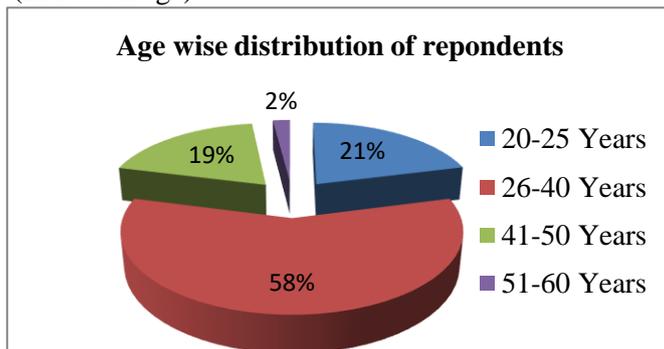
From Table 2: 58% of respondents are married and 42% of respondents are unmarried. In the study majority of the married investors have invested in the SIP.

**Table 3:Age-wise distribution of respondents**

S.N	Particular	Frequency	Percentage
1	20-25 Years	84	21
2	26-40 Years	232	58
3	41-50 Years	76	19
4	51-60 Years	8	2
Total		400	100

Source: Primary Source

**Chart-3:**Age-wise distribution of respondents (In Percentage)



**Interpretation**

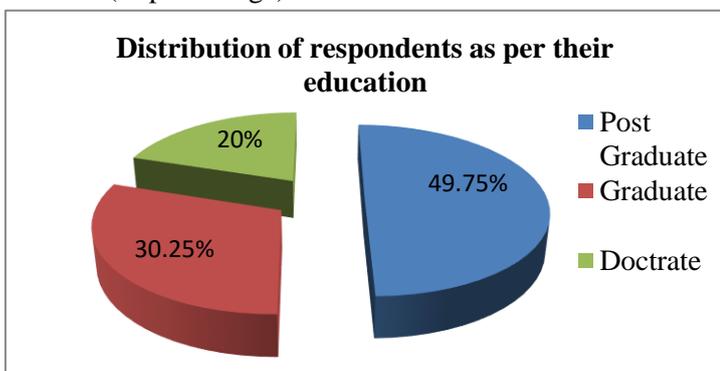
From Table 3: 21% of respondents are in the age group 20-25 Years, 58% of respondents are in the age 26-40, 19% of Respondents are in the age group 41-50Years and 2% of respondents are in the age group 51-60Years. As per data analysis, the majority of the age group from 26 years to 40 years have an investment in SIP.

**Table: 4:** Distribution of respondents as per their education

S.N	Particular	Frequency	Percentage
1	Post Graduate	199	49.75
2	Graduate	121	30.25
3	Doctorate	80	20
Total		400	100

Source: Primary Source

**Chart-4:** Distribution of respondents as per their Education (In percentage)



**Interpretation**

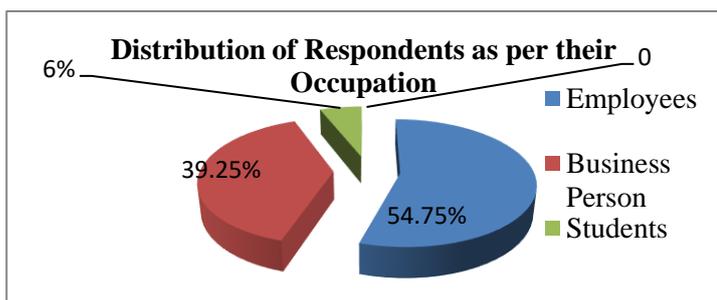
From Table 4: 49.75% of respondents are post-graduates, 30.25% of respondents are graduates 20% of respondents havea doctorate. As per data analysis, most of the postgraduate respondents have investments in SIP.

**Table:5:** Distribution of respondents as per their education

S.N	Particular	Frequency	Percentage
1	Employees	219	54.75
2	Business Person	157	39.25
3	Students	24	6
Total		400	100

Source: Primary Source

**Chart -5:** Distribution of Respondents as per their Occupation (In percentage)



**Interpretation**

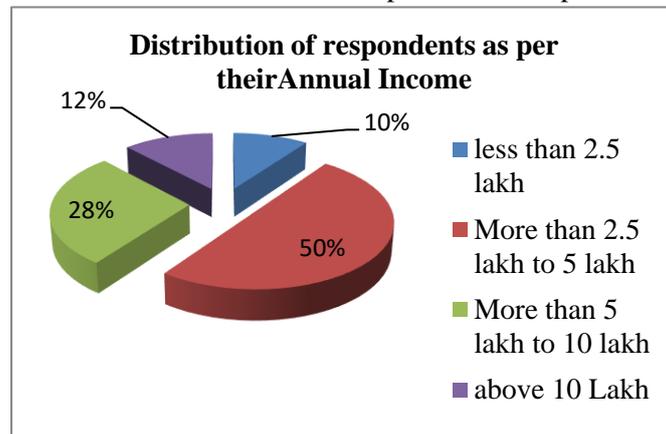
From Table 5: 54.75% of respondents are employees, 39.25% of respondents are business persons and only 6% of respondents are students. As per data analysis, most of the investors are businessmen.

**Table - 6:** Distribution of respondents as per their Annual Income

S.N	Particular	Frequency	Percentage
1	Less than 2.5 lakh	40	10
2	More than 2.5 lakh to 5 lakh	200	50
3	More than 5 lakh to 10 lakh	112	28
4	Above 10 lakh	48	12
Total		400	100

Source: Primary Source

**Chart-6:** Distribution of respondents as per their



**Interpretation**

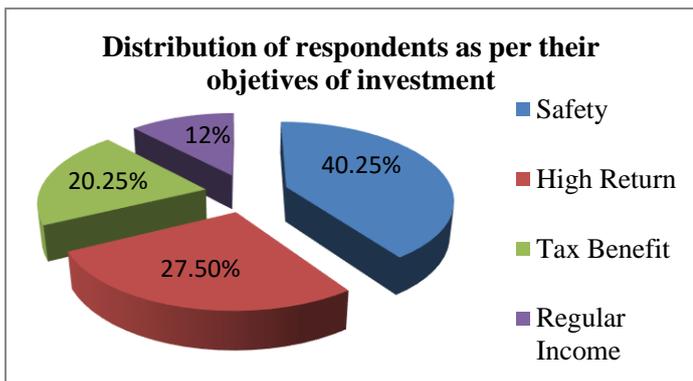
From Table 6: 10% of Respondents have an annual income of less than 2.5lakh, 50% of Respondents have an annual income of more than 2.5 lakh to 5 lakh,28% annual value of more than 5 lakh less than 10 lakh, 12% respondents are have annual value more than 10 lakh.

**Table-7:** Distribution of respondents as per their objectives of investment

S.N	Particular	Frequency	Percentage
1	Safety	161	40.25
2	High Return	110	27.50
3	Tax Benefit	81	20.25
4	Regular Income	48	12
Total		400	100

Source: Primary Source

**Chart-7:** Distribution of respondents as per their objectives of investment (In percentage)



**Interpretation**

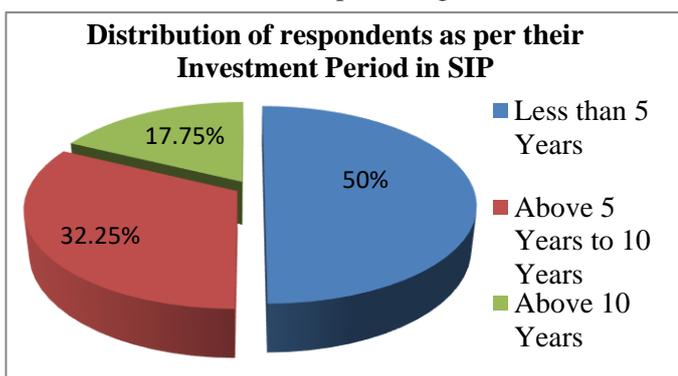
From Table7: Approximately 40.25% of the respondents prioritize their investment objective as Safety. Around 27.50% of the respondents aim for a High Return with their investments. Roughly 20.25% of the respondents seek Tax Benefits as their investment objective. About 12% of the respondents focus on achieving Regular Income through their investments.

**Table-8:** Distribution of respondents as per their objectives of investment

S.N	Particular	Frequency	Percentage
1	Less than 5 years	200	50
2	Above 5 years to 10 years	129	32.25
3	Above 10 years	71	17.75
Total		400	100

Source: Primary Source

**Chart-8:** Distribution of respondents as per their Investment Period in SIP (In percentage)



**Interpretation**

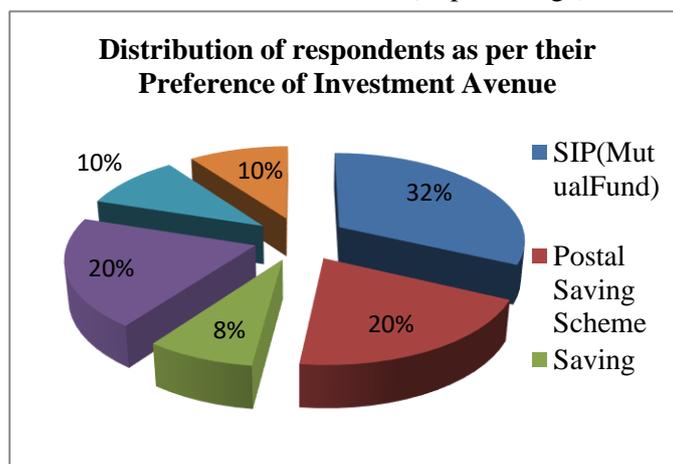
From Table 8: 50% of respondents are an investment period is Less than 5 Years 32.25% of respondents' investment period above 5 to 10 years, and 17.75% of respondents have an investment period above 10 years.

**Table 9:** Distribution of respondents as per their Preference of Investment Avenue

S.N	Particular	Frequency	Percentage
1	SIP	128	32
2	Postal Saving Scheme	80	20
3	Saving	32	8
4	Fixed Deposit	80	20
5	Insurance	40	10
6	Recurring Deposit	40	10
Total		400	100

Source: Primary Source

**Chart-9:** Distribution of respondents as per their Preference of Investment Avenue (In percentage)



**Interpretation**

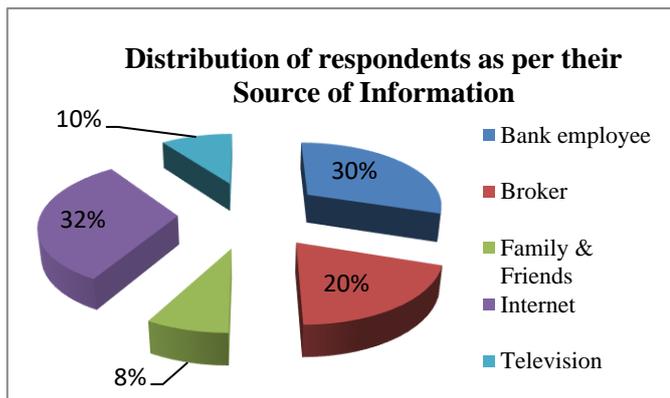
From Table 9: 32 % of respondents' preference of investment avenue is SIP(Mutual Fund), 20% in fixed deposit, 20% in Post saving scheme, 10 % in recurring deposit, 10% in Insurance, and 8% in Savings.

**Table-10:** Distribution of respondents as per their Source of Information

S.N	Particular	Frequency	Percentage
1	Bank employee	120	30
2	Broker	80	20
3	Family & Friends	32	8
4	Internet	128	32
5	Television	40	10
Total		400	100

Source: Primary source

**Chart -10:** Distribution of respondents as per their Source of Information (In percentage)



**Interpretation**

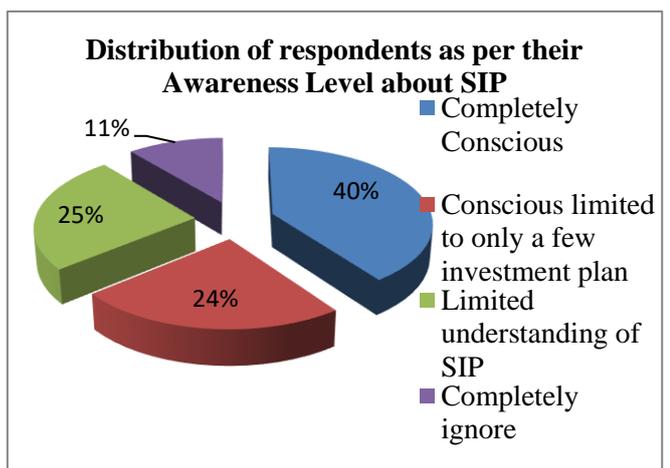
From the Table 10: 32 % of respondents’ main sources of information was Internet, 30% of bank employees, 20% of respondent’s main sources of information were brokers, only 10% of respondent’s main sources of information was television.

**Table-11:** Distribution of respondents as per their Awareness Level about SIP

S.N	Particular	Frequency	Percentage
1	Completely Conscious	160	40
2	Conscious limited to only a few investment plan	96	24
3	Limited understanding of SIP	100	25
4	Completely ignore	44	11
Total		400	100

**Source: Primary source**

**Chart-11:** Distribution of respondents as per their Awareness Level about SIP (In percentage)



**Interpretation**

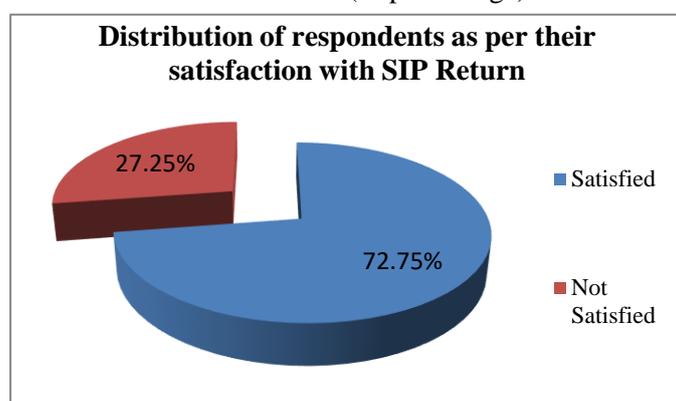
From Table 11: 40 % of respondents are Completely Conscious about SIP 24 % of respondents have Conscious and limited to only a few investment plans and only 11% of respondents do not have awareness about SIP.

**Table -12:** Distribution of respondents as per their satisfaction with SIP Return

S.N	Particular	Frequency	Percentage
1	Satisfied	291	72.75
2	Not Satisfied	109	27.25
Total		400	100

**Source: Primary Source**

**Chart- 12:** Distribution of respondents as per their satisfaction with SIP Return (In percentage)



**Interpretation**

From the table 12: 72.75 % of respondents are satisfied return from SIP and only 27.25 % of respondents are not satisfied return from SIP.

**2.6: Findings**

1. The majority (58.75%) of investors are male.
2. Majority of (58%) Investors are married
3. A significant portion (58%) of the Investors falls within the age group of 26-40 years.
4. The majority (49.75%) of the investors hold postgraduate degrees.
5. The predominant occupations (54.75%) among the investors are employees.
6. A substantial number (50%) of the investors report an annual income between 2, 50,000-5, 00,000.
7. Majority (40.25%) of investor objective of investment is safety.
8. Majority (50%) of investor have investment less than 5 years in SIP.
9. Majority (32% )of investor have investment in SIP

10. Most effective source of information of (32%) Investor investment is internet
11. Majority 40% of investor have knowledge about SIP
12. Majority (72.75%) of investor satisfied return on SIP

### 2.7. Suggestions

1. Investors may have misconceptions or limited knowledge about SIPs, so it's important to provide educational resources that help them understand the benefits and risks associated with this investment option.
2. Financial institutions that offer SIPs should communicate clearly and transparently with investors, providing information about the underlying investments, fees, and other important details.
3. Investors appreciate regular updates on their investments and how they are performing. Financial institutions should provide regular reports on SIP investments to keep investors informed and engaged.
4. SIPs are a disciplined approach to investing and work best when used for long-term investment goals. It's important to focus on this aspect and encourage investors to stay committed to their investment plan.
5. Financial institutions can help improve the perception of investors towards SIPs and encourage more people to consider this investment option as part of their overall investment strategy.

### 3. Conclusion

The study provides valuable understandings into how investors perceive Systematic Investment Plans (SIP) and highlights some of the factors that encourage them to invest in SIP.

The majority of the participants have a positive response towards SIP, which suggests that investors consider SIP to be a safe and convenient investment option. The research also pinpoints demographic factors including age, earnings, profession, and gender that influence investors' perception of SIP.

The study concludes that factors that encourage investors to invest in SIP include easy and regular investment, as well as small investment amounts. The study also suggests that most of the respondents are

aware and satisfied with SIP and have received better returns from SIP.

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