

**A STUDY ON INVESTORS PERCEPTION TOWARDS SYSTEMATIC  
INVESTMENT PLAN (SIPS): AN ALTERNATE INVESTMENT  
OPTION**

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## Introduction

An investment is an asset acquired with the goal of generating income or appreciation. In the contemporary era of globalization, there is large number of investment avenues available for the investors with different risk return characteristics. Mutual Funds are one among them. Mutual funds are the money-managing institutions that pool money from the public and invest it in diversified portfolio of assets, such as in stocks, bonds and other securities. The plan of investing the same amount of money every month over an extended period of time regardless of whether market conditions are up or down makes the investment in SIPs unique from other avenues of investment. Mutual Fund gives an individual four good reasons for investing through SIP

### 1. Review of Literature

Author Anich Uddin (2015) in his paper titled **“Investors Perception about Systematic Investment Plan (SIP) plan: An alternative investment strategy”** has identified the purpose of investment in SIP and their perception towards SIPs as an alternate investment avenue. In his study, he has identified that multiple factors such as awareness, amount invested in SIP, expected return, annual income & savings, occupation affects the decision of an investor by establishing a relation between the two. He has also found that one of the most common reasons of investing in SIPs is that it hedges the investors from market instability and can derive maximum benefit from it. It inculcates the habit of regular savings and does not encourage the timing and speculation of the stock market and thus concludes that SIPs would be helpful for the small or retail investors in terms of good returns, mitigation of risk when compared to that of other investment avenues.

Authors Debalina Roy and Koushik Ghosh (2011) in their paper titled **“The Scenario of Investment in Systematic Investment Plan (SIP) among the Retail Customers”** studied how the investment in Mutual funds through Systematic Investment Plan (SIP) can gain momentum and increase percentage of income. Investigations were also performed to find out what percentage of bank customers invest in mutual funds especially through SIP with specific reference to HDFC Bank, Shyambazar Branch, Kolkata. Through their analysis, they found that people with higher income tend to show higher risks and service holders generally prefer investments in fixed deposits, bonds, post office while the businessmen are more inclined to equity market. Also, by using mathematical analysis they also established that the risk in investment by Systematic Investment Plan (SIP) is expected to be less than that by lump sum investment in mutual funds. Hence, SIP seems to be a safer and beneficial mode of investment for the small investors and in a large context it is also beneficial for the big investors.

Authors Dr. K. P. Saraswathy Amma and Mrs. Jayalakshmi (2019) in their paper titled **“A Study on Investor’s Attitude towards Systematic Investment Plan in Mutual Funds - Kozhikode City, Kerala**

**State**” analysed the impact of various demographic factors on investors’ attitude towards SIPs in Mutual funds and the factors which encourage the investors to invest in Mutual funds through SIPs. In their study, they found that there is an association between the age, gender, education, income and the investors’ attitude. Factors on which their study was based are Easy to invest, portfolio diversification, professional management services, risk reduction and small monthly investments. Through their studies, they concluded that most of the respondents prefer positive attitude towards SIPs in Mutual funds.

Authors Asst. Prof. Aashka Thakkar and others (2021) in their paper titled “**Systematic Investment Plan as a Stability Builder for Retail Investor**” studied the behaviour of retail investors while investing in the market. During their research work, they found that the people fear taking risks, but want to have high rate of returns. Young investors preferred investments through SIP when compared to more aged investors. By their study, they came to a conclusion that SIPs are a better option for a retail investor when compared to that of a one-time investor.

Authors Dr.K.Soundararajan and Mr.S.Balamurugan (2020) in their paper titled “**Study on Investor Behaviour in Systematic Investment Plan of Mutual Fund**” stated the problem that mutual fund market is one of the most turbulent markets due to over speculation and thus casts its light on what attributes influence the investors to invest in SIP. In their findings, they noted that the respondents invested in SIPs because they considered it as a safe return without losses. They also established a strong relationship between the factors influencing the investors to invest in SIPs and their behaviour towards it and found that most of the general public did not feel safe to invest in Mutual funds because of market fluctuations. They concluded their paper with a point of view that more laws shall be enforced by the regulatory bodies and the government to ensure stability and security of the returns of the investors.

2.6 Authors Y Prabhavathi and N T Krishna Kishore (2013) in their paper titled “**Investor’s preferences towards Mutual Fund and Future Investments: A Case study of India**” studied the preference of respondents towards mutual funds and the investors’ preference for future investment avenues. They compared various investment avenues such as gold, investment in shares, debentures, real estate, mutual funds, bank fixed deposits, post office savings, ULIPS, and commodity market. Through their studies, they found that most of the respondents invested in gold, followed by investing in shares, real estate, mutual funds and so on. They concluded that the aggressive market can tap any individual to take risk and believe in the market they are entering into. Mutual fund industry is also to show an enormous growth in the future, if regulated by the governing bodies by enforcing strict regulations in the market.

Author S. Kulothunga Pandian (2017) in his paper titled **“Impact of Socio-Economic Conditions on Investors’ Perception towards SIP Investment – A Study with Special Reference to Virudhunagar District”** analysed the investors’ perception regarding SIP investment and studied the socio-economic factors such as gender, age, marital status, education, occupation, monthly income and monthly savings influencing the investors’ perception towards SIP investment. Through his studies, he came to a conclusion that the monthly family savings of the investors has the positive influence on overall perception of the investors towards the mutual fund investment and there is a significant impact of the socio economic variable of the investors on overall perception of the investors towards the mutual fund investment.

Authors Bodla B. S., Bishnoi Sunita (2008) in their paper titled **“Emerging trends of Mutual funds in India: A study across category and type of schemes”** has concluded in their study that the mutual fund investors in India at present have as many as 609 schemes with variety of features such as dividend, growth, cumulative interest income, monthly income plans, sectoral plans, equity linked schemes, money market schemes, etc. Though both open-end and close-end schemes have registered excellent growth in fund mobilization, but currently the former category of schemes is more popular among the investors. Portfolio-wise analysis has brought that income schemes have an edge over growth schemes in terms of assets under management. Moreover UTI’s share in total assets under management has come down to 11.8% in 2006 from 82.5% in 1998.

Authors Rao and Daita (2013) in their study titled **“Fundamental factors influencing investments in mutual funds The EIC Approach: A case study of RCAML. Indian Journal of Finance”** attempted to analyse the influence of fundamental factors such as economy, industry, and company on the performance of mutual funds. Efforts were made to carry out an in-depth analysis of the economy through a collection of monthly data pertaining to key macro-economic variables covering a period of 228 months spread over 19 years. The casual relationship between real economic variables and their impact on statistics, correlation matrix, and Granger’s causality test. To appraise the mutual fund industry various aspects such as assets under management, investor type, and product classification were studied with the help of percentage analysis

Authors Mittal and Gupta (2008) in their paper “**A Strategic Study on Investors Preferences of Mutual Funds in SIP in India**” examined the awareness of the investors about mutual funds and various factors affecting the investment decision in the mutual funds. The study revealed that mutual funds had comparative advantage over other options due to high return, high safety, high liquidity and high convenience with moderate volatility. When compared to other investment options, it ranked third most preferred option, Insurance and government bonds having first and second positions. The overwhelming majority (85%) of their respondents were aware of the mutual fund product and risk associated with it and most of them were satisfied with the service provided by mutual fund.

## **2. Objectives of the study**

This research paper mainly focuses on number of factors that highlights investors’ perception towards the investment in Mutual funds through the Systematic Investment Plans (SIPs). The following are the major objectives of the research paper:

1. To study the demographic factors influencing the investors attitude towards SIPs.
2. To study the factors that encourages the investors to invest in SIPs.

## **3. Scope of the study**

The scope of this study is confined to the awareness of the investors in Systematic Investment Plans (SIPs) & the factors considered by investors while selecting various SIP schemes. It also helps one to understand the behavior of individuals while investing in Mutual Funds through (SIPs). The geographical scope of this study, in terms of data collection is limited to the twin cities of Hyderabad.

## **4. Research Methodology**

4.1 **Source of data:** The present research is done on the basis of various sources of primary as well as the secondary data.

4.2 **Primary data:** The data was collected through a well-structured questionnaire using the Google Forms.

4.3 **Secondary data:** The secondary data included relevant published research papers/projects done by various Research scholars, academicians, professors etc. Also, relevant books, journals and websites were referred.

#### 4.4 Sample Design

The data for this study were collected from 169 respondents aged above 18 & whose income levels were more than Rs. 2,50,000 per annum, by Google form.

#### 4.5 Tools and Technique

Non-probability sampling technique via Convenience sampling method was adopted to collect the primary data.

#### 5.6 Data Type

4.5.1.1 **Data:** The study relied on primary data for its findings. Questionnaires were used to collect primary data for the study, and secondary sources of information included authenticated websites and papers. The primary data was examined further using a Chi square test of independence between the questionnaire attributes.

4.5.1.2 **Modes of collection:** Data was collected through the questionnaire method.

4.5.1.3 **Questionnaire:** The questionnaire was carefully crafted to be straightforward, concise, non-ambiguous, and free of offensive statements.

a) **Population:** The individuals who invested their money over different investment avenues are the study's target population.

b) **Sample:** A total of 169 people were chosen from a variety of occupations, and different income levels.

c) **Data Tabulation:** The data was coded and tabulated using Jamovi 1.6.23 after the questionnaire was serially numbered.

d) **Statistical Analysis:** Analysis was done by using Jamovi 1.6.23.

#### 5.7 Statistical Techniques used for Data Analysis

**5.8 Frequency Distribution:** Constructing a frequency distribution table is the most important aspect of organising and summarising statistical data. This approach categorises items based on their quantitative magnitude.

**5.9 Chi Square test for Independence of Attributes:** The chi square test is used to determine whether or not two attributes are independent. This test can be used to determine the importance of the difference in observed and predicted frequencies being independent.

**5.10 Test Statistics:**

$$\chi^2 = \sum \sum \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

**5.10.1.1 p - level :** The p-level denotes the risk of error associated with accepting our observed finding as true, that is, representative of the population. The 0.05 p-level is commonly used as a level's acceptable boundary line.

**5.10.1.2 Decision rule:** If the p is less than 0.05, we reject  $H_0$ , indicating that the attributes are not independent at the 5% level of significance.

## 5.11 Limitations of the study

5.11.1 The study is only limited to the concept of SIPs in Mutual funds and does not study any other concept of Mutual Funds.

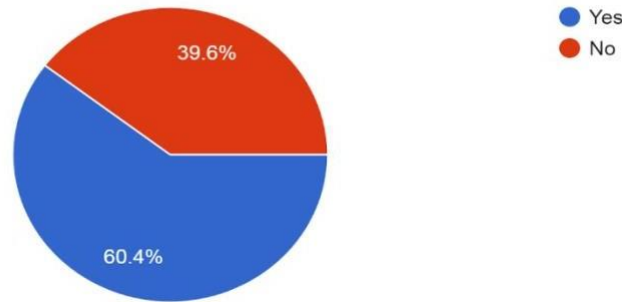
5.11.2 The drawbacks associated with the usage of primary and secondary data are also associated with the study.

5.11.3 The study will be carried out mainly in Hyderabad i.e., the respondents of the questionnaire are mainly from the twin cities of Hyderabad and therefore the results obtained may not be applicable to the whole of the investors, since their behavior might differ from each demographical area to area.

5.11.4 The reliable sample size of the study will be limited to 100-150 respondents.

### 6.1 Graph 1 – Investors of SIPs

Do you invest in Systematic Investment Plan (SIPs)?  
169 responses



#### Interpretation:

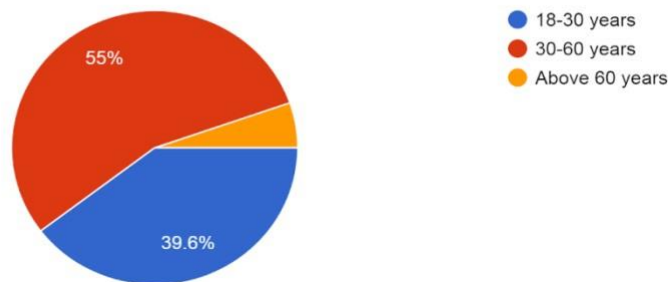
- From the above diagram, it is observed that 103 respondents i.e., 60.4% of the sample population invest in SIPs.
- And, 66 respondents i.e., 39.6% of the sample population do not invest in SIPs.

**Table 1 – Investors of SIPs**

Levels	Frequency	Percentage	Cumulative %
Yes	103	60.4 %	60.4 %
No	66	39.6 %	100.0 %

### 6.2 Graph 2 – Age group of respondents

Age  
169 responses





**Interpretation:**

6.1.1 There was a total of 169 respondents for the survey and among them 67 respondents belonged to the group 18-30 years i.e., 39.6% of the total population.

6.1.2 There are 93 of them belonging to the age group of 30-60 years i.e.,

6.1.3 55% of the total population, which makes up the majority of the respondents.

6.1.4 There are 9 members from the group belonging to the age group of above 60 years i.e., 5.3% of the total population.

**4.2.1 Table 2 – Age group of respondents**

Age group	Do you invest in SIPs		Frequency	Percentage	Cumulative %
	Yes	No			
18-30 years	33	34	67	39.6 %	39.6 %
30-60 years	63	30	93	55.0 %	94.7 %
Above 60 years	5	4	9	5.3 %	100.0 %

**7. HYPOTHESIS OF THE STUDY****100.1.1.1 Hypothesis 1**

**Null hypothesis (H<sub>0</sub>):** There is no significant relationship between the age and investors attitude towards SIPS

**Alternate hypothesis (H<sub>1</sub>):** there is a significant relationship between the age and investors attitude towards SIPS

Table 4.2.3 Chi square test analysis between age &amp; investors attitude towards SIPS

Age	What is your attitude towards investing in SIPs?					Total
	Most favorable attitude	Favorable attitude	Neutral attitude	Unfavorable attitude	Most unfavorable attitude	
18-30 years	0	23	11	0	1	35
30-60 years	14	36	12	1	0	63
Above 60 years	2	3	0	0	0	5
<b>Total</b>	<b>16</b>	<b>62</b>	<b>23</b>	<b>1</b>	<b>1</b>	<b>103</b>

**Chi square test values ( $\chi^2$ )**

	<b>Value</b>	<b>df</b>	<b>P</b>
$\chi^2$	14.7	8	<b>0.064</b>
N	103		

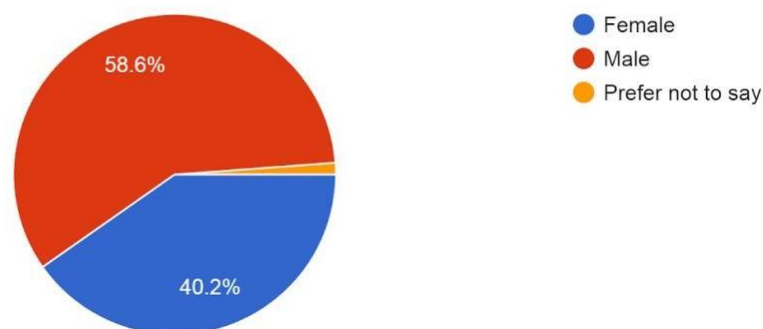
\*Source: primary data (Structured Questionnaire)

**Level of significance:** The level of significance for chi square test 5% i.e., 0.05.

Table 4.2.3 & 4.2.4 explains the association between the age & the investors' attitude towards SIPs in Mutual funds. The calculated value of chi square is greater than the tabulated value at 5% level of significance. Therefore the null hypothesis is rejected and there is a significant relationship between the age & the investors' attitude towards SIPs. About 14 respondents of the age group 30-60 years and 2 respondents of the age group above 60 years, have most favorable attitude towards SIPs. About 23 respondents of the age group 18-30 years, 36 respondents of the age group 30-60years & 3 respondents of the age group above 60 years have favourable attitude towards investment in SIPs.

## 7.2 Graph 3 – Gender of the respondents

Gender  
169 responses



### Interpretation:

7.1 From the above pie chart, it is observed that that out 169 respondents, 99 of them, i.e.,58.6% of the total population are males, which forms the majority.

7.2 There are 68 female respondents who form 40.2% of the entire population.

7.3 And 2 of the respondents do no prefer to say their gender, they form 1.2% of the total population.

#### 4.3.1 Table 3 – Gender of the respondents

Gender	Do you invest in SIPs		Frequency	Percentage	Cumulative %
	Yes	No			
Male	68	31	99	58.6 %	58.6 %
Female	33	35	68	40.2 %	98.8 %
Prefer not to say	1	1	2	1.2 %	100.0 %

#### 4.3.1 HYPOTHESIS OF THE STUDY

- Hypothesis 2

**Null hypothesis (H<sub>0</sub>):** There is no significant relationship between the gender and investors attitude towards SIPs

**Alternate hypothesis (H<sub>1</sub>):** there is a significant relationship between the gender and investors attitude towards SIPs

Table 4.3.3 Chi square test analysis between gender & investors attitude towards SIPs

Gender	What is your attitude towards investing in SIPs?					Total
	Most favorable attitude	Favorable attitude	Neutral attitude	Unfavorable attitude	Most unfavorable attitude	
Male	12	44	10	1	1	68
Female	4	18	12	0	0	34
Prefer not to say	0	0	1	0	0	1
<b>Total</b>	<b>16</b>	<b>62</b>	<b>23</b>	<b>1</b>	<b>1</b>	<b>103</b>

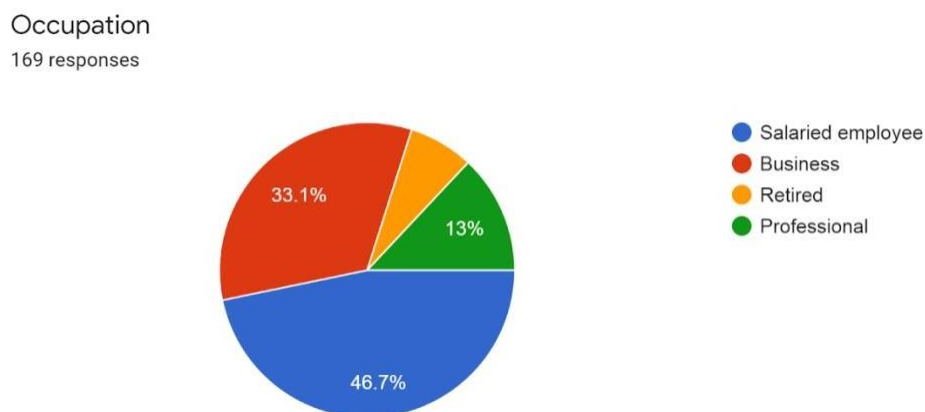
#### 4.3.4 Chi square test values ( $\chi^2$ )

	Value	df	P
$\chi^2$	9.85	8	0.276
N	103		

**Level of significance:** The level of significance for chi square test 5% i.e., 0.05.

Table 4.3.3 & 4.3.4 explains the association between the gender & the investors' attitude towards SIPs in Mutual funds. The calculated value of chi square is greater than the tabulated value at 5% level of significance. Therefore the null hypothesis is rejected and there is a significant relationship between gender & the investors' attitude towards SIPs. Out of 103 respondents who invest in SIPs, about 12 male respondents, and 4 female respondents have most favorable attitude towards SIPs. About 44 male respondents and 18 female respondents have favourable attitude towards investment in SIPs. Male members have highest favorable attitude towards SIP mode of investment. 23 of them show neutral attitude towards investing in SIPs & 1-1 each showing unfavorable and most unfavorable attitude towards investing in SIPs respectively.

#### 7.4 Graph 4 – Occupation of the respondents



#### Interpretation:

We can note from the above data that out of 169 respondents, 79 (46.7%) respondents are salaried employees and they form the majority of the group.

Next there are 56 (33.1%) respondents, whose occupation is doing business.

Next there are 22 (13%) respondents, who are professionals.

Lastly, there are 12 (7.2%) retired respondents.

#### 4.4.1 Table 4 – Occupation of the respondents

Occupation Yes	Do you invest in SIPs		Frequency	Percentage	Cumulative %
	Yes	No			
Salaried employee	45	34	79	46.7%	46.7%
Business	37	19	56	33.1%	79.9%
Professional	12	10	22	13.0%	92.9%
Retired	8	4	12	7.1%	100.0%

#### 4.4.2 HYPOTHESIS OF THE STUDY

- **Hypothesis 3**

**Null hypothesis (H<sub>0</sub>):** There is no significant relationship between the occupation and investors attitude towards SIPs

**Alternate hypothesis (H<sub>1</sub>):** there is a significant relationship between the occupation and investors attitude towards SIPs

Table 4.4.3 Chi square test analysis between occupation & investors attitude towards SIPs

What is your attitude towards investing in SIPs?						
Occupation	Most favorable attitude	Favorable attitude	Neutral attitude	Unfavorable attitude	Most unfavorable attitude	Total
Salaried employee		5	29	11	0	46
Business		7	22	8	0	37
Professional		2	6	4	0	12
Retired		2	5	0	1	8
<b>Total</b>		<b>16</b>	<b>62</b>	<b>23</b>	<b>1</b>	<b>103</b>

#### 4.4.4 Chi square test values ( $\chi^2$ )

	Value	df	P
$\chi^2$	17.3	12	0.139
N	103		

**Level of significance:** The level of significance for chi square test 5% i.e., 0.05.

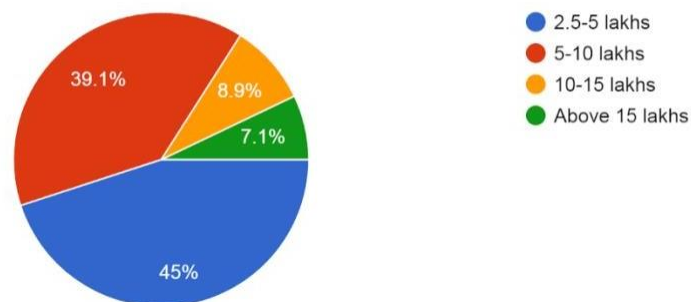
Table 4.4.3 & 4.4.4 explains the association between the occupation & the investors' attitude towards SIPs in Mutual funds. The calculated value of chi square is greater than the tabulated

value at 5% level of significance. Therefore the null hypothesis is rejected and there is a significant relationship between occupation & the investors' attitude towards SIPs. Out of 103 respondents who invest in SIPs, about 5 salaried employees, 7 business people, 2 professionals and 2 retired respondents have most favorable attitude towards SIPs. About 29 salaried employees, 22 business people, 6 professionals & 5 retired respondents have favourable attitude towards investment in SIPs. Salaried employees have highest favorable attitude towards SIP mode of investment. There are 23 respondents in total, having neutral attitude & 1-1 respondents each having unfavorable and most unfavorable attitude towards investing in SIPs respectively.

### 7.5 Graph 5 – Income levels of the respondents

Income levels (per annum)

169 responses



#### Interpretation:

We can note from the above data that 76 respondents have an annual family income between 2.5 lakhs to 5 lakhs and they form a majority 45% of the total group.

Next, there are 66 respondents whose income levels belong to the 5-10 lakhs category which constitutes 39.1% of the entire group.

Next, there are 15 respondents who belong to 10-15 lakhs category which comprises 8.9% of the total group.

Lastly, 7.1% of the respondents i.e. 12 members belong to households earning above 15 lakhs per annum.

Income levels Yes	Do you invest in SIPs		Counts	% of Total	Cumulative %
	Yes	No			
2.5-5 lakhs	31	45	76	45.0 %	45.0 %
5-10 lakhs	48	18	66	39.1 %	84.0 %
10-15 lakhs	11	4	15	8.9 %	92.9 %
Above 15 lakhs	12	0	12	7.1 %	<b>100.0 %</b>

### HYPOTHESIS OF THE STUDY

**Null hypothesis (H<sub>0</sub>):** There is no significant relationship between the income levels and investors attitude towards SIPs

**Alternate hypothesis (H<sub>1</sub>):** there is a significant relationship between the income levels and investors attitude towards SIPs

Table 4.5.3 Chi square test analysis between income levels & investors attitude towards SIPs

Income levels	What is your attitude towards investing in SIPs?					Total
	Most favorable attitude	Favorable attitude	Neutral attitude	Unfavorable attitude	Most unfavorable attitude	
2.5-5 lakhs	2	16	12	1	1	32
5-10 lakhs	8	33	7	0	0	48
10-15 lakhs	3	7	1	0	0	11
Above 15 lakhs	3	6	3	0	0	12
<b>Total</b>	<b>16</b>	<b>62</b>	<b>23</b>	<b>1</b>	<b>1</b>	<b>103</b>

#### 4.5.4 Chi square test values (x<sup>2</sup>)

	Value	df	P
χ <sup>2</sup>	14.8	12	<b>0.254</b>
N	103		

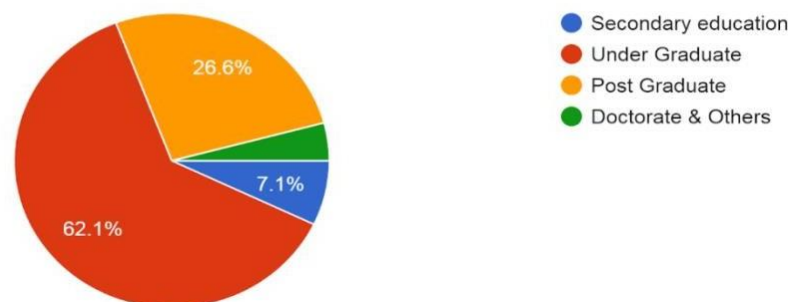


**Level of significance:** The level of significance for chi square test 5% i.e., 0.05.

Table 4.5.3 & 4.5.4 explains the association between the income levels & the investors' attitude towards SIPs in Mutual funds. The calculated value of chi square is greater than the tabulated value at 5% level of significance. Therefore the null hypothesis is rejected and there is a significant relationship between income levels & the investors' attitude towards SIPs. Out of 103 respondents who invest in SIPs, 16 respondents have most favorable attitude towards SIPs. About 62 respondents have favourable attitude towards investment in SIPs. Income level of 5-10 lakhs have highest favorable attitude towards SIP mode of investment. There are 23 respondents in total, having neutral attitude & 1-1 respondents each having unfavorable and most unfavorable attitude towards investing in SIPs respectively.

### 100.1 Graph 6 – Education levels of the respondents

Education level  
169 responses



### Interpretation:

Out of the total 169 respondents, 105 (62.1%) respondents have their qualification as under graduate.

Next, 45 (26.6%) respondents have done their post-graduation.

Next, 12 (7.1%) respondents have completed their secondary education.

Lastly, 7 (4.1%) respondents are doctorates and have other qualifications.

### Table 5 – Education levels of the respondents

Qualification	Do you invest in SIPs		Counts	% of Total	Cumulative %
	Yes	No			
Secondary education	3	9	12	7.1%	7.1%
Under Graduate	58	47	105	62.1%	69.2%
Post Graduate	34	11	45	26.6%	95.9%
Doctorate & Others	7	0	7	4.1%	100.0%

#### 4.6.1 HYPOTHESIS OF THE STUDY

**Null hypothesis (H<sub>0</sub>):** There is no significant relationship between the qualification and investors attitude towards SIPs

**Alternate hypothesis (H<sub>1</sub>):** there is a significant relationship between the qualification and investors attitude towards SIPs

Table 4.6.3 Chi square test analysis between qualification & investors attitude towards SIPs

What is your attitude towards investing in SIPs?						
Qualification	Most favorable attitude	Favorable attitude	Neutral attitude	Unfavorable attitude	Most unfavorable attitude	Total
Secondary education		0	2	0	1	3
Under Graduate		5	37	15	0	57
Post Graduate		8	20	7	0	35
Doctorate & Others		3	3	1	0	7
<b>Total</b>		<b>16</b>	<b>62</b>	<b>23</b>	<b>1</b>	<b>1103</b>

#### 4.6.4 Chi square test values ( $\chi^2$ )

	Value	df	P
$\chi^2$		42.8	12
N		103	<.001

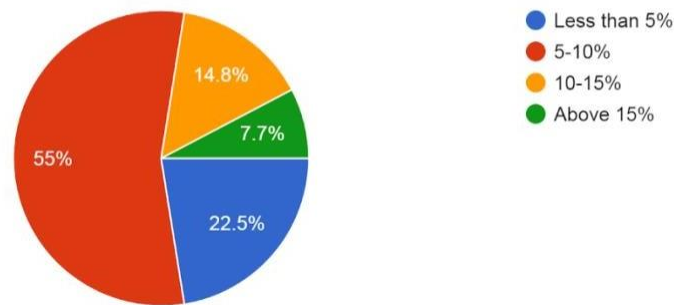
**Level of significance:** The level of significance for chi square test 5% i.e., 0.05.

Table 4.6.3 & 4.6.4 explains the association between the qualification & the investors' attitude towards SIPs in Mutual funds. The calculated value of chi square is greater than the tabulated value at 5% level of significance. Therefore the null hypothesis is rejected and there is a significant relationship between income levels & the investors' attitude towards SIPs. Out of 103 respondents who invest in SIPs, 16 respondents (5 under-graduates, 8 post-graduates & 3 doctorates) have most favorable attitude towards SIPs. About 62 respondents (2 with secondary education, 37 under-graduates, 20 post-graduates & 3 doctorates) have favourable attitude towards investment in SIPs. The under-graduates have highest

favorable attitude towards SIP mode of investment. There are 23 respondents in total, having neutral attitude & 1-1 respondents each having unfavorable and most unfavorable attitude towards investing in SIPs respectively

**Graph 7 – Yearly savings (%)**

Percentage of Yearly savings  
169 responses



**Interpretation:**

Out of 169 respondents, 93 respondents (55% of the sample population) have their yearly savings of 5-10%, which forms the majority.

38 respondents (22.5% of the entire population) save less than 5% annually.

25 respondents (14.8%) save between 10-15% annually.

And 13 respondents (7.7%) save above 15% annually.

**Table 7 – Yearly savings (%) of the respondents**

Yearly savings	Do you invest in SIPs		Frequency	Percentage	Cumulative %
	Yes	No			
Less than 5%	10	28	38	22.5 %	22.5 %
5-10%	61	32	93	55.0 %	77.5 %
10-15%	21	4	25	14.8 %	92.3 %
Above 15%	10	3	13	7.7 %	100.0 %

**4.7.1 HYPOTHESIS OF THE STUDY**

**Hypothesis 6**

**Null hypothesis (H<sub>0</sub>):** There is no significant relationship between yearly savings and investors' attitude towards SIPS

**Alternate hypothesis (H<sub>1</sub>):** there is a significant relationship between the yearly savings and investors' attitude towards SIPS

Table 4.7.3 Chi square test analysis between yearly savings & investors attitude towards SIPS

What is your attitude towards investing in SIPS?						
Percentage of yearly savings	Most favorable attitude	Favorable attitude	Neutral attitude	Unfavorable attitude	Most unfavorable attitude	Total
Less than 5%		3	3	4	0	10
5-10%		6	40	14	1	62
10-15%		3	15	3	0	21
Above 15%		4	4	2	0	10
<b>Total</b>		<b>16</b>	<b>62</b>	<b>23</b>	<b>1</b>	<b>103</b>

4.7.4 Chi square test values ( $\chi^2$ )

	Value	df	P
$\chi^2$	12.8	12	<b>0.386</b>
N	103		

**Level of significance:** The level of significance for chi square test 5% i.e., 0.05.

Table 4.7.3 & 4.7.4 explains the association between the yearly savings (%) & the investors' attitude towards SIPS in Mutual funds. The calculated value of chi square is greater than the tabulated value at 5% level of significance. Therefore the null hypothesis is rejected and there is a significant relationship between yearly savings (%) & the investors' attitude towards SIPS. Out of 103 respondents who invest in SIPS, 16 respondents (3 save less than 5%, 6 save 5-10%, 3 save 10-15% and 4 save more than 15%) have most favorable attitude towards

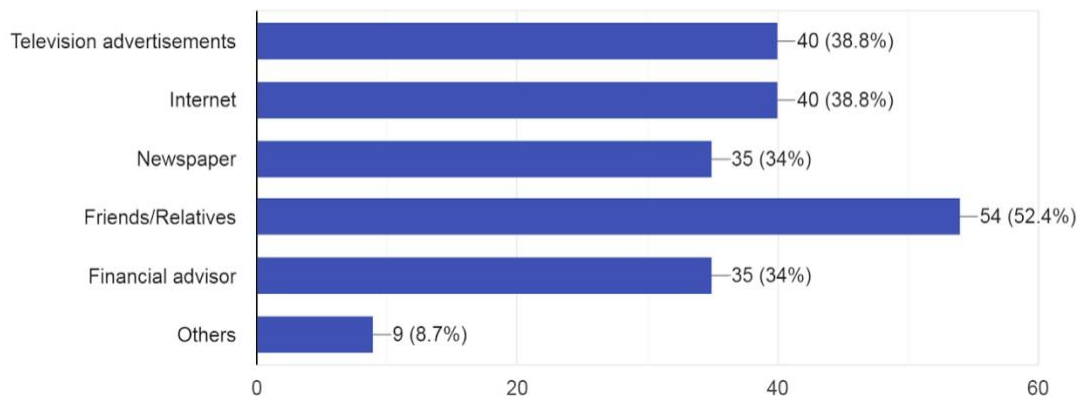
SIPS. About 62 respondents (3 save less than 5%, 40 save 5-10%, 15 save 10-15% and 4 save more than 15%) have favourable attitude towards investment in SIPS. The respondents saving 5-10% have highest favorable attitude towards SIP mode of investment. There are 23 respondents in total, having neutral attitude & 1-1 respondents each having unfavorable and most unfavorable attitude towards investing in

SIPs respectively.

#### 4.8 – Sources of awareness about the SIPs

How did you get the awareness about SIPs?

103 responses



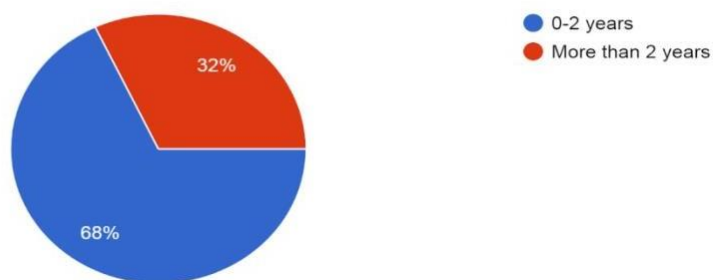
#### Interpretation:

- Out of the total 169 respondents, 103 respondents invest in SIPs
- The first most source of awareness in through Friends & Relatives, which is 52.4%
- The next most source is television & internet, which is 38.8%
- Next, we have through Newspaper & Financial advisors, which is 34%
- Lastly, the other sources with 8.7% of the population investing in SIPs.

#### 4.9 Tenure of investing in SIPs

Since how long have you been investing in SIPs?

103 responses



**Interpretation:** From graph 9, it is evident that out of the 103 respondents investing in SIPs, 68% of the population have started investing in SIPs in the recent past i.e., from 0-2 years and 32% of the population has been investing in SIPs for more than 2 years.

**4.10.1 Frequencies of Since how long have you been investing in SIPs by their income levels**

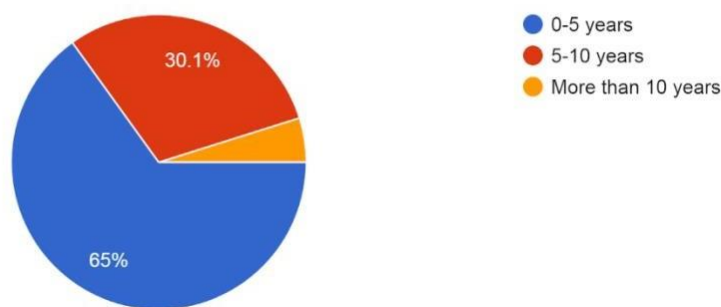
Since how long have you been investing in SIPs?	Income levels			
	2.5-5 lakhs	5-10 lakhs	10-15 lakhs	Above 15lakhs
0-2 years		31	32	4
More than 2 years		1	16	7

The table 4.10.1 depicts the tenure of since how long the investors are investing in SIPs through Mutual funds classified by their income levels. Out of the total respondents investing in SIPs for 0-2 years, 31 respondents have their income levels 2.5-5 lakhs, 32 respondents have their annual income between 5-10 lakhs, 4 respondents have 10-15lakhs as their annual income & 3 respondents have their income above 15 lakhs.

**4.10 Graph 11 – Lock-in period of investing in SIPs**

What is the tenure (lock-in period) of your investment in SIPs?

103 responses



**Interpretation:**

- Out of the 103 respondents investing in SIPs, 67 (65%) respondents have their lock-in period as 0-5 years.
- 31 (30.1%) of the respondents have the lock-in period between 5 to 10 years.
- 5 (4.9%) of the respondents have locked their investment in SIPs for more than 10years.

## **4.11 FACTORS THAT ENCOURAGES THE INVESTORS TO INVEST IN SYSTEMMATIC INVESTMENT PLAN (SIPs)**

**4.12.1 SMALL MONTHLY INVESTMENTS:** With SIP plans, you can start investing in mutual funds with an amount as little as Rs. 500 a month. Here are the best mutual funds to start SIP investment with Rs. 500. Even if your savings are not very large, you can still take advantage of the growth being experienced by India by investing in mutual funds!

### **4.12.2 MITIGATION OF RISK (EFFECTIVELY MANAGES MARKET FLUCTUATIONS):**

With SIPs, investment is done at regular intervals over a long period of time; therefore it tends to beat the market volatility. Furthermore, when market is up, more units are bought and lesser when it is on a decline. The rupee-cost averaging evens out the volatility. You must have heard that you shouldn't invest in an inflated market. When you invest using a SIP plan, you do not need to worry about timing your investment at all. At times when the markets are high, your monthly SIP buys you less number of units of a mutual fund. When the markets are low, the same monthly SIP amount buys you more units. Therefore in the long term, you do not pay very high prices for any unit of a mutual fund.

### **4.12.3 REDEEMABLE INVESTMENT AT ANY POINT OF TIME (IN CASE OF OPEN-ENDED FUNDS):**

There is no fine if you decide to stop an SIP plan, in case of open-ended funds. If you want to stop it, you simply have to opt out of the SIP plan. This has a very big advantage over recurring deposits (RD) which usually put a fine on you if you want to stop it. After stopping your regular SIP investment, you can choose to get back the amount or let it continue to be invested in the mutual fund.

### **4.12.4 POWER OF COMPOUNDING:**

Compounding occurs when the returns you earn on your investments start earning returns. This is a simple concept in theory. But its practical implications are substantial. When you invest regularly through SIPs, your returns get reinvested. Over time, this results in a snowball-effect, that may increase your potential returns manifold. An ideal way to maximise this gain is to invest for an extended period. This also means you may benefit by investing as early as possible.

Here's an example to illustrate the point. Imagine there are four investors: Varun - 20 years, Gita - 30 years, Henry - 40 years and Mira - 50 years

All of them invest Rs. 2,000 per month in an equity fund through SIPs. Assuming the equity fund offers an annual return of 12%, here's how much each one could earn by the time they turn 60:

Name	Monthly SIP (Rs.)	No. of years	Investment amount (Rs.)	Wealth gain (Rs.)	Final corpus (Rs.)
Varun	2000	40	9.6 lakh	2.3 Crores	2.4 crores
Gita	2000	30	7.2 lakh	63.4 lakh	70.6 lakhs
Henry	2000	20	4.8 lakh	15.2 lakh	20 lakhs
Mira	2000	10	2.4 lakh	2.2 lakh	4.6 lakhs

*The table shown above is for illustration and understanding purpose only*

This table clearly shows the exponential nature of SIP returns. Here, Henry's overall investment (Rs. 4.8 lakh) is exactly half of Varun's investment (Rs. 9.6 lakh). However, his wealth creation is way behind that of Varun's. Therefore, the earlier you start investing, the higher chance that you could grow your final corpus.

**4.12.5 PORTFOLIO DIVERSIFICATION:** By investing in SIPs, one can invest in different asset classes such as equity, debt, and gold and therefore spread your risks. If there is any loss by investing in a particular portfolio, the loss can be compensated by the profit from any other investment avenue.

#### **4.12.6 OTHER ADMINISTRATIVE SERVICES OFFERED BY AMC MANAGERS:**

##### **a. Asset Allocation**

Each mutual fund comes with a particular financial goal or a theme, which helps the fund manager to decide on the assets on which the investments can be made. For example, most debt-oriented funds do not invest more than 20% of their assets under management in equities

##### **Research and Analysis**

Building the fund's portfolio rides a lot on researching and analysing the performance of the asset classes. Experts study the market, micro and macro-economic aspects and fund performances regularly, and pass the reports to the fund manager, who then makes decisions to generate good returns.



## b. Portfolio Construction

An AMC typically has researchers and analysts who report their market findings and trends to the fund manager. Based on these findings and investment objectives, the fund manager then chooses the securities to buy or sell. This is how a company builds a portfolio, which depends predominantly on the experience and expertise of the manager.

## c. Performance Review

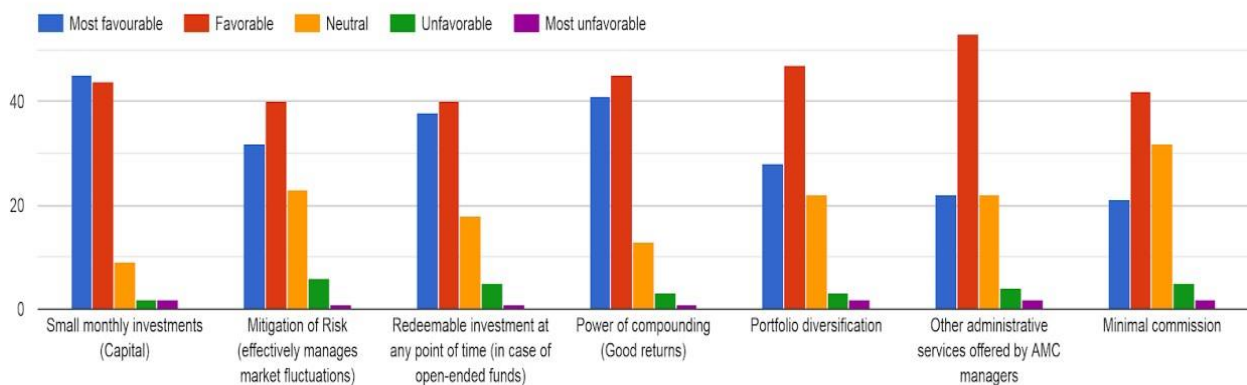
Despite the disclaimers in the fine print, AMCs face a lot of hostility from the investors and trustees, when it is not able to justify its investment decisions. For instance, the company must provide unit-holders with information that have a direct impact on their holdings. It must also send regular updates on sales and repurchases, NAV, portfolio details, and so on to investors.

**MINIMAL COMMISSION:** For **SIP** investments, an amount of Rs. 100 will be **charged** as a transaction fee. This fee will be **charged** only if the **SIP** commitment is over Rs. 10,000 or above

## RANKING THE FACTORS

### 4.13.1 Graph 12 – Factors encouraging the investors to invest in SIPs

Rank the factors that encourage the you to invest in SIPs



**4.13.1 Table 12 - Factors encouraging the investors to invest in SIPs**

<b>Factors</b>	<b>Most favorable</b>	<b>Favorable</b>	<b>Neutral</b>	<b>Unfavorable</b>	<b>Most unfavorable</b>	<b>Total</b>
Small monthly investments	46	44	9	2	2	<b>103</b>
Mitigation of Risk (mrkt. fluctuations)	33	40	23	6	1	<b>103</b>
Redeemable investment	39	18	40	5	1	<b>103</b>
Power of compounding	41	45	13	3	1	<b>103</b>
Portfolio diversification	29	47	22	3	2	<b>103</b>
Services offered by AMC managers	22	53	22	4	2	<b>103</b>
Minimal commission	22	42	32	5	2	<b>103</b>
<b>Total assigned weights</b>	<b>232</b>	<b>289</b>	<b>161</b>	<b>28</b>	<b>11</b>	

From the above graph 12 & table 12, it is observed that out of the 103 respondents investing in SIPs, 46 are most favourable towards the factor small monthly investments, 33 of them are most favorable to mitigation of risk, 39 of them are most favorable to redeemable investment factor, 41 of them have most favorable attitude towards power of compounding, 29 respondents are most favorable towards portfolio diversification, 22 respondents towards services offered by AMC managers and 22 respondents are most favorable to the factor minimal commission.

#### 4.13.1 Table showing the ranks of the factors

Factors	Weighted score	Percentage	Rank
Small monthly investments	439	15.34%	1
Mitigation of Risk (mrkt. fluctuations)	407	14.22%	3
Redeemable investment	398	13.91%	5
Power of compounding	431	15.06%	2
Portfolio diversification	405	14.15%	4
Services offered by AMC managers	396	13.84%	6
Minimal commission	386	13.48%	7
<b>Total assigned weights</b>	<b>2862</b>	<b>100%</b>	

#### 4.13.2 Table showing the assignment of ranks

Attitude	Weights assigned
Most favorable	5
Favorable	4
Neutral	3
Unfavorable	2
Most unfavorable	1

From the table 4.13.3, it is observed that in case of the factors concerned to encouraging the investors to invest in SIPs, small monthly investments have been ranked 1<sup>st</sup>, followed by the factor power of compounding is been ranked 2<sup>nd</sup>, followed by the factor mitigation of risk is ranked 3<sup>rd</sup>, followed by the factor portfolio diversification is ranked 4<sup>th</sup>, the factor redeemable investment at any point of time (in case of open-ended funds) is ranked 5<sup>th</sup>, other administrative services offered by the AMC Managers is ranked 6<sup>th</sup> and lastly, the factor minimal commission is ranked 7<sup>th</sup>

## FINDINGS:

- The study shows that most of the respondents invest in Systematic Investment Plans (SIPs).
- Out of the respondents, who invest in SIPs prefer most favorable attitude towards investing in Systematic Investment Plan in mutual funds.
- Young investors are more inclined towards investing in SIPs more than aged investors.
- Demographic factors such as age, gender, occupation, income levels, education levels & percentage of yearly savings have significantly influenced the investor's attitude towards systematic investment plan in mutual funds.
- The factors which encourage the investors to invest in mutual fund the most is small monthly investments, followed by Power of compounding, Mitigation of Risk, Portfolio diversification, Redeemable investment, Services offered by AMC managers, and Minimal commission.
- Out of the respondents who do not invest in SIPs, most common reason is lack of awareness, followed by risk factor, lack of enough savings, and other reasons.
- The ones who invest in SIPs, most of them have got the awareness of it through friends/relatives, followed by television advertisements & internet, newspaper & financial advisor and others.
- The respondents who invest in SIPs, most of them have been investing in it from 0-2 years and have their lock-in period for 0-5 years.
- To conclude systematic investment plan in mutual fund encourages investors to invest in the financial market.

**CONCLUSIONS:**

To be concise, Systematic Investment Plan (SIPs) has gained a lot of importance in the recent past. Many people understand the importance of investment. In the contemporary era of globalisation, many investment avenues are available for an investor to invest. People fear taking risk, but want higher rate of returns.

SIPs are more preferred by the people because it is a flexible mode of investment. It hedges the investor from market instability and derives maximum benefit as the investment is done at regular basis irrespective of market conditions. Like every investment avenue, SIP also suffers from various disadvantages but it still seems to be one of the best investment option available to a long term investor especially for first-time investors, salaried employees etc.

**SCOPE FOR FURTHER STUDIES:**

The present study had brought out various demographic factors and the factors that encourage an investor to invest in SIPs in the twin cities of Hyderabad. The study would be helpful for the small investors for entering into capital market by using the Systematic investment plan. This would facilitate an investor to know all the aspects of SIPs before investing in it.

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