



A study on awareness level of investors towards Systematic Investment plan (SIP) with respect to Navsari Region

Brahmbhatt Khushali

Students of B.V Patel Institute of Management UTU, Tarsadia, Maliba Campus, Gujarat, India

Abstract

Investment is an economic activity and fascinated by people from all walks of life. There are large no of investment avenues for investors with different risk return characteristics. Choosing wise investment from various avenues is the crucial problem to an investors. Systematic Investment Plan is a plan of mutual funds, in which the investment is done by paying a fixed amount at every predetermined date. SIP is a best option planned for small investors who wish to invest small amounts regularly to build wealth over a long period of time. This paper is focused on the comparative between one-time investment that is lump sum investment and Systematic Investment Plan for this present study analyses the returns of selected SIP schemes using ratio come with the conclusion which investment plan is best for investing in SIP. The analyst utilized the Primary data information technique in review.

Keywords: systematic investment plan, mutual funds, lump sum, frequency, SIP company

Introduction

A Mutual Fund is a kind of investment that uses money from investors to invest in stocks, bonds or type of investment. A systematic investment plan (SIP) is an investment vehicle offered by many mutual funds to investors, allowing them to invest small amounts periodically instead of lump sums. The frequency of investment is usually weekly, monthly or quarterly. This variant allows you to increase the amount invested at regular intervals. This is particularly suited for investors with irregular income as in the case of self-employed individuals, and professionals with higher variable income. Top-up SIPs let you invest sudden profits or bonus to enable early accomplishment of financial goals. Such facility also enables you to take advantage of well performing funds by adjusting your investments accordingly. Experienced investors can take advantage of trigger SIPs. This type is suitable for investors having sound knowledge of financial markets as this involves speculations and regular market tracking. An investor can set an index level, NAV, event or a particular date to start this SIP. Systematic investment plan is a method to build an investment portfolio with a small sip investment in mutual funds at regular intervals. Many investors choose this route to enter the financial markets and benefit from compounding returns the best way.

Literature Review

Before beginning with the research work, we would like to go through some existing literature on the awareness about the Systematic Investment Plan (SIP). According to ^[14] (Priyanka Kapoor and Dr Shobit Goel), Along with the factors influencing the investors in selection of fund and their preferences for various avenues, investor's preferences for future investment avenues. The analysis of the above study helps us to understand the attitude and behaviour of the investors based on their preferences ^[15]. (Anich Uddin) the study include various factor that affect the investment in

systematic investment plan. The other objectives include the study of purpose of investment in SIP, amount of investment in SIP, awareness of investors about the Mutual Fund SIP, sector preferences for SIP. The study found were to conclude that Mutual Fund SIP is a monthly based investment plan through which an investor could invest a fixed sum into mutual funds every month at pre-decided dates. The study would helpful for the small investors by using the SIP ^[16]. (Debalina Roy and Koushik Ghosh) the investment in mutual funds through SIP can gain momentum and increase percentage of income, to find out what percentages of bank customer invest in mutual funds especially through SIP with specific reference ^[17]. (Dr. Aruna K and M. Senthamil Selvi) the demographic profile of the scenario of mutual fund investment in SIP in Vellore district, to know the extent of awareness and their preferences of investment towards SIP mutual funds in Vellore district, to spot out the findings and suggestion for future investors.

Objective Of the study

- To find out factors affecting selection of SIP plan by investors.
- To analysis different SIP plan offer by mutual fund Company for investors.
- To identify investors demographic factors, influence selection of SIP plan.

Hypothesis

H1: There is negative relationship between SIP and SIP factors

H2: There is Positive relationship between SIP and SIP factors

Research Methodology

In this study, I have used research design with determining the relationship between SIP and Their investors. I have used Primary data. I had started first with an organization

own data archives. Research gathered data from the Questionnaire collection. The primary data was collected from the Investors, Company members, the Company Websites and the publication of the research paper. The sample size is collected of the 100 respondents. In this study for the data analysis used Cross tabulation, Frequency and Chi- Square.

Scope of the study

The study basically focusing on Systematic Investment Plan which is a popular method of investing in mutual funds, the conceptual framework and SIP offered by different companies. The studies help the company to understand the behaviour of individual while investing in Systematic Investment Plan schemes. The systematic investment plan to make strategies to improve their services to meet their investor’s perception.

Limitation of the study

The study is limited to areas of Navsari only. The sample size of only 100 was taken from the large population for the purpose of study, so there can be difference between results of sample from total population. Time limit: Because of my academic purpose I got only 2 month for the research. Due to continuous change in environment, what is relevant today may be irrelevant tomorrow.

Data analysis and Interpretation

All the data collected from the questionnaire and the companies websites.

Table 1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	22	22.0	22.0	22.0
	Tax saving	21	21.0	21.0	41.0
	High return	43	43.0	43.0	84.0
	Liquidity	4	4.0	4.0	88.0
	Flexibility	7	7.0	7.0	95.0
	Convenience	5	5.0	5.0	100.0
	Total	100	100.0	100.0	

From the above table shows that the Systematic Investment Plan main objectives and the investors main objectives. Above table the most of respondent agree to fulfil their SIP objective in High return and it is 43%. 21% respondents agree in tax savings. The lowest objectives are Liquidity and it is 4%. The flexibility rate is 7%. And the convenience rate is 5%. The mostly investors are highly agree in High return. The SIP give high return to their SIP holders and the SIP holders are very satisfied in SIP high return.

Cross- tabulation Analysis

Table 2

Crosstab				
Count		Gender		Total
		Male	Female	
Safety	0	9	13	22
	Strongly Agree	24	21	45
	Strongly Disagree	10	4	14
	Neutral	8	4	12
	Interested	3	7	10
	Total	51	49	100

From above table shows that the relationship between safety and gender. Above table 45% respondents are strongly agree with SIP plan or gave priority to SIP. 14% respondents are strongly disagreeing with SIP. The 12% respondents are neutral and reaming 10% are interested in SIP plan. Most of respondents are strongly agree with the SIP plan.

Table 3

Crosstab				
Count		Gender		Total
		Male	Female	
Liquidity	0	9	13	22
	Strongly Agree	11	4	15
	Strongly Disagree	24	18	42
	Neutral	10	10	20
	Interested	0	4	4
	Total	51	49	100

The table shows that the relationship between liquidity and gender. 42% respondents are strongly disagreeing to not give priority to liquidity. 20% respondents are neutral. 15% respondents are agree and 4% respondents are interested in to give priority to liquidity.

Chi-Square Analysis

Table 4

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.247 ^a	4	.083
Likelihood Ratio	8.462	4	.076
N of Valid Cases	100		
a. 1 cells (10.0%) have expected count less than 5. The minimum expected count is 4.90.			

H0= There is no relationship between Gender and safety
 H1= There is relationship between Gender and safety

Table 5

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.667 ^a	4	.031
Likelihood Ratio	12.403	4	.015
N of Valid Cases	100		
a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 1.96.			

H0= There is no relationship between Liquidity and gender.
 H1= There is relationship between Liquidity and gender.

Interpretation

Here, The Cross-Tabulation and Chi –Square are related to the investors income and investors SIP objectives. 20% respondents are neutral. 15% respondents are agree and 4% respondents are interested in to give priority to liquidity. The male are mostly dis-agrees in SIP marketability. The 12% female are strongly Dis-agrees in SIP marketability.

Findings

The analysis of the data shows that in Navsari out of 100 respondents 44% investors invest 10-20% part of their

salaries so we can say that they have invest only some part of their money. Majority of the respondents still prefer to invest in Savings account. It shows that most of the respondents are feel SIP is a safe investment for them. In Navsari almost all the investors have monthly investment pattern for their SIP. Out of the 100 respondents 53% investors has been using professional, agent and brokers services for any kinds of information about the SIP. It is shows that there is more scope or the agent are more demanded for the information. The investors always want to get higher return at a minimum risk. Most of the respondents consider 5-10 years for the SIP investment.

Conclusion

On the basis of this study, conclude that Mutual Fund SIP is a monthly based investment plan through which an investor could invest a fixed sum into mutual funds every month at pre-decided dates. The study would be helpful for the small investors by entering into capital market by using the Systematic Investment Plan. Like every investment avenue SIP also suffers from various disadvantages but it still seems to be one of the best investment options available to a long-term investor especially First-Time investor. This hedges the investors from market instability and derives maximum benefits as the investment is done at regular basis irrespective of market condition. SIP is a feature especially designed for investors who wish to invest small amounts on a regular basis to build wealth over a long term. It indicates that more efforts have to be made by the Mutual funds to create awareness among the investors regarding the earning into capital market by using the Systematic Investment Plan.

References

- Batra D, Batra G. A deal comparison of systematic and lump sum investment in mutual funds. *international journal of computing and business research (ijcbr)*, 2012, 3(2).
- Debalina R, Ghosh K. The Scenarior of Investment in Systematic Investment. *Global journal of finance and economics Management*, 2011, 1.
- Joseph G, Telma M. A study of sip and lip of selected large cap stocks listed in use. *International journal of management research and review*, 2015, 5(2).
- Sharma S. ELSS Mutual Funds in India: Investors Perception an Satisfaction. *International journal of finance and accounting*, 2015.
- Rathnamani V. Investor's preferences towards Mutual Fund Industry in Trichy. *Journal of Business and Management*. 2013; 6(6):48-55.
- Vennila R. Nandhagopal Investors' Preference towards Mutual Funds in Coimbatore City, *European Journal of Social Sciences* ISSN 1450-2267. 2012; 29(1):115-125.
- Atmaramani KN. Mutual Funds: The best Avenue for investment, chartered secretary. 2001; 31(1):9-11.
- Agapova Anna. "The Role of Money Market Mutual Funds in Mutual Fund Families", *Journal of Applied Finance*. 2011; 21(1):87-102.
- Agarwal Vikas, Boyson Nicole, M Naik, Narayan Y. "Hedge Funds for Retail Investors? An Examination of Hedged Mutual Funds", *Journal of Financial & Quantitative Analysis*. 2009; 44(2):273-305.
- Vennila R. Nandhagopal. "Investors' Preference towards Mutual Funds in Coimbatore City", *European Journal of Social Sciences* ISSN 1450-2267. 2012; 29(1):115-125.
- Binod Kumar Singh. "A Study on Investors' Attitude towards Mutual Funds as an Investment Option", *Journal of Asian Business Strategy*. 2011; 1(2):8-15.
- Almazan A, Brown K, Carlson M, Chapman DA. "Why Constrain Your Mutual Fund Manager?" *Journal of Financial Economics*, 2004; 73:289-321.
- Asness C, Krail R, Liew J. "Do Hedge Funds Hedge?" *Journal of Portfolio Management*, 2001; 28:6-19.
- Boyson NM. "Another Look at Career Concerns: A Study of Hedge Fund Managers." Working Paper, Northeastern University, 2008.
- Brown K, Harlow V, Starks L. "Of Tournaments and Temptations: An Analysis of Managerial Incentives in the Mutual Fund Industry." *Journal of Finance*, 1996; 51:85-110.
- Brown SJ, Goetzmann WN, Ibbotson R. "Offshore Hedge Funds: Survival and Performance 1989-1995." *Journal of Business*, 1999; 72:91-117.
- Carpenter JF, Lynch AW. "Survivorship Bias and Attrition Effects in Measures of Performance Persistence." *Journal of Financial Economics*, 1999; 54:337-374.
- Chen Y, Fresno W, Peters H. "The Timing Ability of Fixed Income Mutual Funds." Working Paper, Boston College, 2005.
- Chevalier J, Ellison G. "Risk Taking by Mutual Funds as a Response to Incentives." *Journal of Political Economy*, 1997; 105:1167-1200.
- Cooper MJ, Gulen H, Rau PR. "Changing Names with Style: Mutual Fund Name Changes and Their Effects on Fund Flows." *Journal of Finance*, 2005; 60:2825-2858.
- Wermers R. "The Potential Effects of More Frequent Portfolio Disclosure on Mutual Fund Performance." *Investment Company Institute Perspective*, 2001; 7:1-12
- Agapova Anna. "The Role of Money Market Mutual Funds in Mutual Fund Families", *Journal of Applied Finance*. 2011; 21(1):87-102.
- Agarwal Vikas, Boyson Nicole, M Naik, Narayan Y. "Hedge Funds for Retail Investors? An Examination of Hedged Mutual Funds", *Journal of Financial & Quantitative Analysis*. 2009; 44(2):273-305.
- Vennila A, Nandhagopal R. "Investors' Preference towards Mutual Funds in Coimbatore City", *European Journal of Social Sciences* ISSN 1450-2267. 2012; 29(1):115-125.
- Binod Kumar Singh. "A Study on Investors' Attitude towards Mutual Funds as an Investment Option", *Journal of Asian Business Strategy*. 2011; 1(2):8-15.
- Badrinath SG, Gubellini S. "On the characteristics and performance of long-short, market-neutral and bear mutual funds", *Journal of Banking & Finance*. 2011; 35(7):1762.
- Nishi Sharma. "Indian Investors Perception towards mutual funds", *Business Management dynamics*vol. 2009; 2(2):01-09.
- Hansen M, Nohria N. "What's your Strategy for Managing Knowledge?" *Harvard Business Review*. 1999; 77(2):110.
- Raja J Ganesh. "Mutual Funds, the Millennium Strategy", *The Journal of The All India Management Association*. 2000; 39(10):42-47.

30. Badrinath SG, Gubellini S. "On the characteristics and performance of long-short, market-neutral and bear mutual funds", *Journal of Banking & Finance*. 2011; 35(7):1762.
31. Aswathappa K. *International Business*, Tata McGraw Hill Education Private Ltd, New Delhi, 4th Edition, 2010.
32. Rajwade AV. *Foreign Exchange International Finance Risk Management*, Academy of Business Studies, New Delhi, 4th Edition, 2004.
33. Gil-Bazo, Javier Ruiz, Verd Pablo. "The Relation between Price and Performance in the Mutual Fund Industry", *Journal of Finance*. 2009; 64(5):2153-2183.