

## **A STUDY ON INVESTORS PERCEPTION ABOUT SYSTEMATIC INVESTMENT PLAN (SIP): AN ALTERNATIVE INVESTMENT OPTION; WITH SPECIAL REFERENCE TO SALARIED EMPLOYEES IN ERNAKULAM DISTRICT**

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### **ABSTRACT**

For many investors interested in high returns but lower risk with installment payments, the systematic investment plan (SIP) has arisen as an alternative investing strategy. This study tries to analyze the use of mutual funds under a systematic investment plan (SIP). The study's goal is to identify the driving forces behind SIP investment. Through the use of a well-written questionnaire, respondents were interviewed in order to explore their demographic profiles and their mutual fund investments under a systematic investment plan. The data were then analyzed using descriptive statistics in SPSS. A sample of 106 salaried employees in Ernakulam District was taken for the study. In this study authors try to test various relationships like age of respondents and their awareness level about SIP, qualification and investment perception, annual income and attitude, occupation of the respondents and their preferred investment alternatives. After conducting various statistical tests, study revealed that all these factors are independent of each other. Findings of the study showed that the awareness levels of respondents towards SIP's different elements are different. Small investors can use a systematic investment plan to access the capital markets; the study will be beneficial to them. SIP is one of the finest long-term investment options, especially for first-time investors and salaried individuals.

**Keywords:** Mutual funds, systematic investment plan, awareness level, investment perception.

### **Introduction**

A mutual fund is a trust that collects money from a number of investors and invests it in bonds, stocks, money market instruments or other securities. Collections of funds maintained by mutual funds are managed by a fund manager. By determining a scheme's NAV, gains earned are distributed proportionately among the investors after taking into consideration necessary expenses and levies.

Systematic investment plans (SIPs), which enable investors to invest in little amounts over time rather than all at once, are offered by many mutual funds. Investments are typically made weekly, monthly, or quarterly. Systematic mutual fund investing is a way to benefit from huge rewards without the drawbacks of equity investments. To assist clients in developing a disciplined investment strategy, mutual funds offer Systematic Investment Plans (SIPs). A systematic investing strategy is a smart and hassle-free approach to invest in mutual funds (SIP).

Systematic Investment Plans (SIPs) are seen differently by investors depending on their personal preferences, level of risk tolerance, and comprehension of investment methodologies. Here are some general ideas regarding SIPs that investors might have, though: SIPs are frequently referred to as a disciplined investing strategy. Investors can create the habit of investing by setting aside a set amount each month rather than making rash judgements based on market swings.

SIPs are seen as being appropriate for long-term wealth creation. Investors view SIPs as a method to progressively build wealth over time while utilizing the power of compounding. Rupee Cost Averaging: Investors that use SIPs can take advantage of rupee cost averaging. Since the investment amount is constant, more units are bought when prices are low and fewer units are bought when prices are high. People who are knowledgeable and familiar with the workings of SIPs could see them more favorably than others who are not. It's crucial to remember that these perceptions are generalizations and that different investors may have different

ideas. Before making any investing decisions, it is always essential for investors to do extensive research, think about their financial objectives and risk tolerance, and get professional guidance.

### Literature Review

Gajera (2020), in this study, the risk and return of systematic investment plans (SIPs) vs lump-sum investments in mutual funds are compared. If the capital is available for investment, there is a lot of confusion among small investors as to whether they should go for a lump sum investment or a SIP. Ten years' worth of NAV data are gathered for study.

Rajesh (2017), the study sheds light on the many kinds of risks included in a mutual fund scheme. It is concerned with how liquidity, financial literacy, and demographics relate to investing decisions. Low risk investments and fund liquidity were found to have an effect on investor perceptions of mutual fund investing

Patel (2020), this article's major objective is to pinpoint the mutual fund investment strategies that deliver the highest returns. Mutual fund investments have been extremely popular in recent years. Investors have questioned the investment procedure when purchasing mutual funds. The study compared the returns of mutual funds over a three-year period and approximated the returns in this comprehensive analysis.

Raju (2022), India, systematic investment plans, or SIPs, are essential for building up investments over extended periods of time. With regard to a few categories of Indian mutual funds, we examine the returns and volatility of the SIP and Lump Sum Investing (LSI) methods. Results indicate that SIPs are efficient accumulation tactics over a long time.

Gondaliya (2022), this study's findings indicate that most investors know little about systematic investment plans and demonstrate that investors' age, gender, educational background, and occupation have a substantial impact on the investment they choose.

Jha (2015), many regular individuals are unsure about whether they should choose a systematic investment plan or a lump sum investment if they have both resources and want to invest their surplus funds in the stock market through mutual funds. It has been suggested that we try our time in the market rather than trying to time the market when investing in the stock market, either directly or indirectly. A comparison between SIP and lump sum investments has been conducted.

Sangwan (2019), this study was conducted to learn what Indian investors desire to invest in terms of mutual funds. According to the report, strong returns and tax advantages are the two factors existing investors most frequently choose when investing in mutual funds.

Murugan (2020), the objective of the study was to compare SIP investments with lump sum investments utilizing the NAV Method and data envelopment analysis (DEA). The results of the proposed research would be extremely beneficial to society because a substantial population still uses traditional investment alternatives and is not able to take advantage of SIP.

Seethalakshmi (2020), the study's main goal is to examine how investors perceive structured investment plans. The majority of investors favors flexible SIPs. In light of the aforementioned analysis, they advise Navia Market Ltd. to enhance its tailored solutions for financing against systematic investment plans.

Aurora (2020), the purpose of the study is to identify the driving forces behind systematic investment plans and the challenges that these plans present to investors. According to the study's findings, investors are motivated to choose systematic investment plans because they offer a larger return with lower risk.

Kishori (2019), data envelopment analysis will be used to compare SIP investments with lump sum investments as part of the current paper's goal. The results of the proposed research would be extremely beneficial to society because a substantial population is still using traditional investment alternatives and is not taking advantage of SIP.

Venkataramani (2021), the empirical findings point to SIP as a viable investment strategy for medium- and long-term investments in stocks that are low- and moderately volatile. A suitable investing plan is determined in large part by fundamental values. Stocks having a greater return on capital employed (ROCE) favor the SIP investment strategy over the long term.

### Significance Of The Study

The core of the mutual fund industry is the perception or attitude of the individual investor. The actions of investors have a significant impact on financial market pricing, transaction volume, and other financial operations. Several factors affect how investors perceive investments. Asset Management Companies, traders, and investors in the mutual fund sector will benefit from the study on how investors perceive investing in mutual funds under systematic investment plans by helping them to create and make wise investment choices.

### Objectives Of The Study

1. To study about SIP as an alternative investment strategy
2. To study the level of awareness among investors on mutual fund investment under SIP plan
3. To analyze the factors influencing the perception of investor's investment decision in SIP
4. To find out the attitude of investors towards SIP compared to other investment alternatives

### Hypothesis

- H1: Age of the investors influence their awareness level about SIP.  
H2: Qualification of the investors has an influence on their investment perception.  
H3: Annual incomes of investors have an effect on their attitude towards investment.  
H4: There is a significant relationship between occupation of the respondents and their preferred investment alternatives.

### Research Methodology

In order to achieve the above objectives information was collected from the primary and secondary sources readily available. The 60 investors in Ernakulam District make up the study sample. Primary data were gathered through questionnaires. Statistical tools like ANOVA with SPSS were used to analyze the data. The study is descriptive in nature and it tries to identify various characteristics of research objectives.

### Data Analysis

#### ANALYSIS OF PERSONAL DETAILS OF INVESTORS

##### 7.1 Age of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20 years - 40 years	84	79.2	79.2	79.2
Above 40 years	22	20.8	20.8	100.0
Total	106	100.0	100.0	

Table 1 - Age of Respondent

Source: Survey data

The research revealed that the sample data set comprises of 79.2% (84) belongs to the age group of 20 years to 40 years and 20.8% (22) belongs to the age group of above 40 years.

##### 7.2 Gender of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	47	44.3	44.3	44.3
Female	59	55.7	55.7	100.0
Total	106	100.0	100.0	

Table 2 – Gende

Source: Survey data

Study revealed that 44.3% (47) of the respondents are male and 55.7% (59) are female. Majority of the responses were from the female category.

##### 7.3 Qualification of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Undergraduate	30	28.3	28.3	28.3
Post Graduate	67	63.2	63.2	91.5
Valid Diploma	5	4.7	4.7	96.2
Others	4	3.8	3.8	100.0
Total	106	100.0	100.0	

Table 3 – Qualification

Source: Survey data

The research revealed that the sample data set comprises 28.3% (30) of undergraduates, 63.2% (67) of post graduates, 4.7% (5) of diploma and remaining respondents had qualifications like post doc., PhD, ITI etc.

#### 7.4 Occupation of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Government	13	12.3	12.3	12.3
Private Sector	73	68.9	68.9	81.1
Valid Self Employed	15	14.2	14.2	95.3
Others	5	4.7	4.7	100.0
Total	106	100.0	100.0	

Table 4 – Occupation

Source: Survey data

Above table states that 12.3 % (13) informants belong to the Government sector, 68.9 % (73) belong to the Private sector, 14.2 % (15) are self-employed and remaining informants belong to other categories. Majority of our informants are from the private sector.

#### 7.5 Marital Status of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Married	66	62.3	62.3	62.3
Valid Single	40	37.7	37.7	100.0
Total	106	100.0	100.0	

Table 5 - Marital Status

Source: Survey data

Overall 62.3% (66) of all respondents reported that they were married at the time of survey and 37.7 % (40) respondents reported that they were single.

#### 7.6 Annual income of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Below 2 Lakhs	23	21.7	21.7	21.7
2 Lakhs - 4 Lakhs	39	36.8	36.8	58.5
Valid 4 Lakhs - 6 Lakhs	21	19.8	19.8	78.3
Above 6 Lakhs	23	21.7	21.7	100.0
Total	106	100.0	100.0	

Table 6 - Annual Income

Source: Survey data

Out of the total respondents, 21.7 % (23) are earning below 2 lakhs, 36.8 % (39) are earning between 2 lakhs to 4 lakhs, 19.8 % (21) are earning between 4 lakhs to 6 lakhs and 21.7 % (23) are earning above 6 lakhs. Highest percentage of respondents are earning between 2 lakhs to 4 lakhs.

## ANALYSIS OF INVESTMENT DETAILS OF RESPONDENTS.

### 7.7 Duration of investment

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 1 year	29	27.4	27.4	27.4
1 year - 2 years	33	31.1	31.1	58.5
More than 3 years	44	41.5	41.5	100.0
Total	106	100.0	100.0	

Table 7- Duration of Investment

Source: Survey data

Out of 106 sample data, 27.4 % (29) of investors like to maintain their investment for a period below 1 year, 31.1 % (33) of investors maintain their investment duration between 1 year to 2 years. Majority of the investors like to make investments for more than 3 years.

### 7.8 Percentage of investment on total income of respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 25%	73	68.9	68.9	68.9
25% - 50%	30	28.3	28.3	97.2
Above 50%	3	2.8	2.8	100.0
Total	106	100.0	100.0	

Table 8 - Percentage of investment

Source: Survey data

The research revealed that 68.9 % (73) of the respondents like to maintain less than 25% of their total income as investment, 28.3 % (30) investors like maintain 25% to 50% of their total income as investment, only 2.8 % (3) prefer to keep more than 50 % of their total income as investment. Study revealed that the majority of the people maintain a small percentage of their income as investment.

### 7.9 Preferred investment options

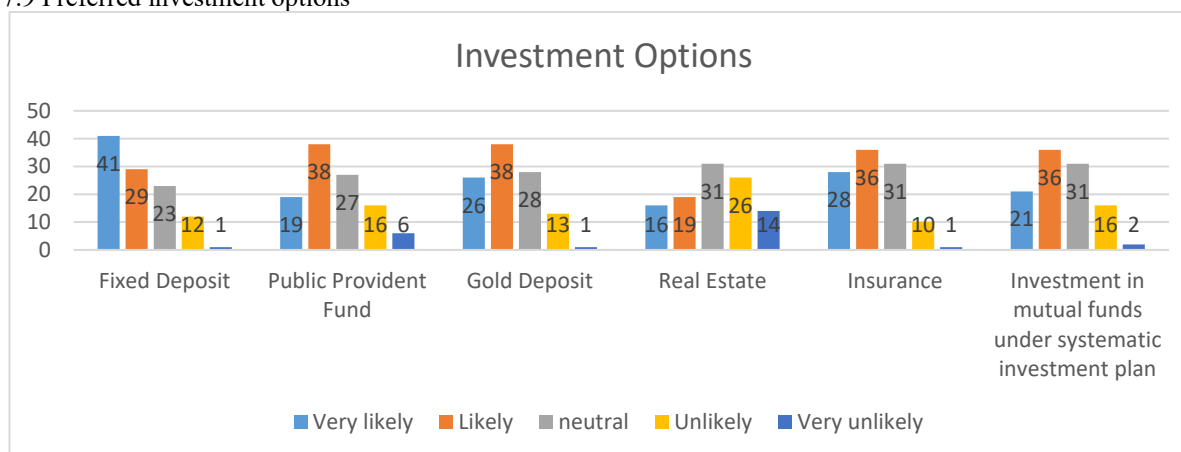
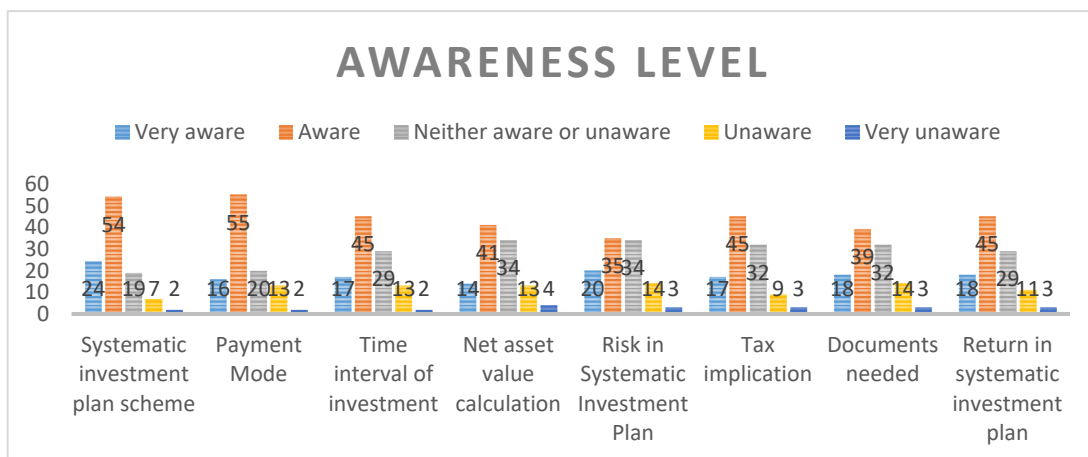


Chart 1 - Investment Option

This is the graphical representation of different investment options that investors like to include in their portfolio. Majority of the investors are very likely to include fixed deposits. And investors have a positive attitude towards all the investment options.

### 7.10 Awareness level of respondents



2 –Awareness level

This picture depicts the awareness level of investors towards systematic investment plans. Almost 55% of investors are aware about the Systematic Investment plan scheme and its payment mode. About 45% of respondents are aware about the time interval of investment, NAV calculation, return from SIP and tax implications relating to SIP. 35% of respondents are aware about the risk involved in the investment documents needed for starting SIP. Other information can be inferred from the above figure. As compared to other investment alternatives, the awareness level of investors towards SIP is low.

#### 7.11 Factors influencing the investment decision in SIP

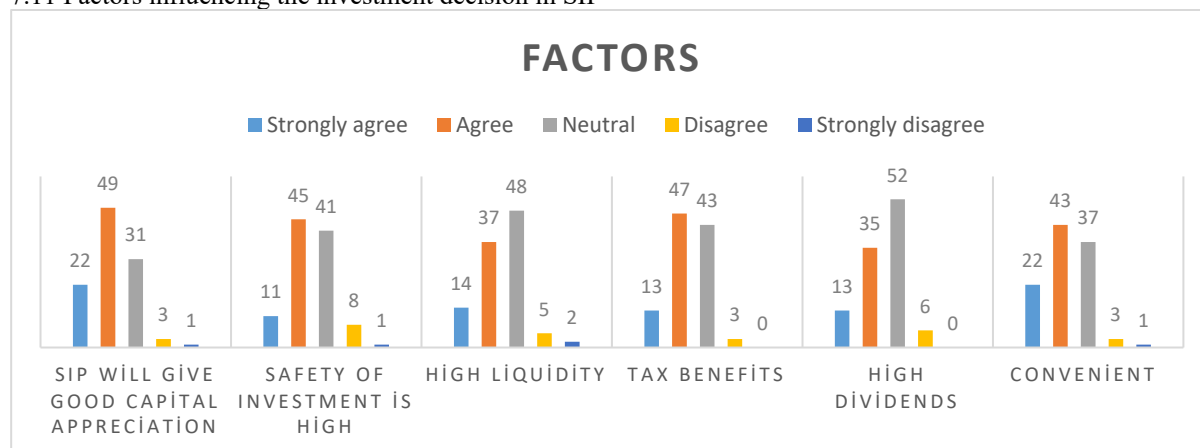
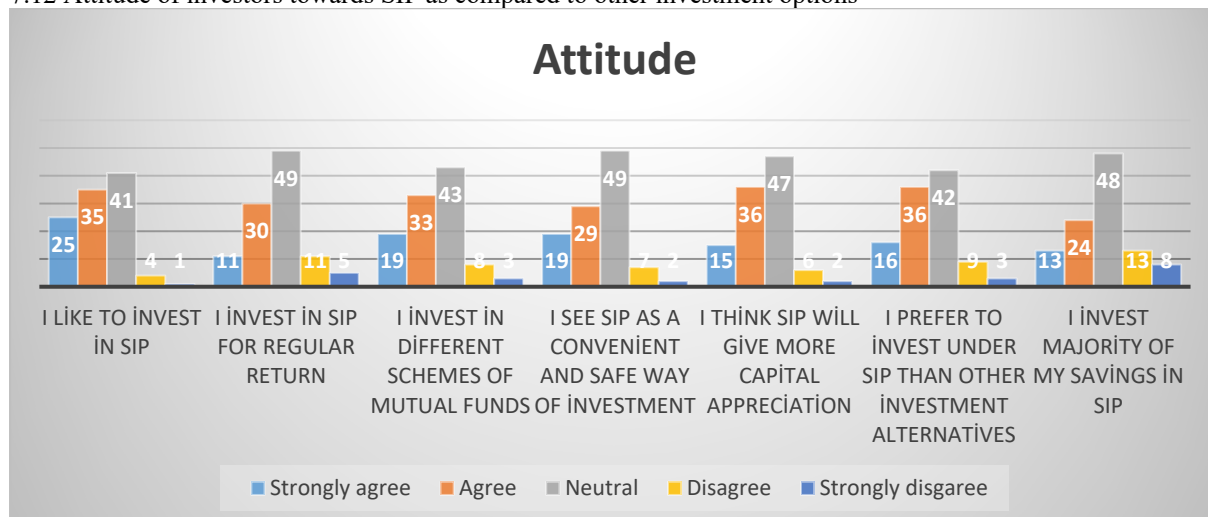


Chart 3 – Factors

From the above chart we can infer that investors have neutral perception towards all the factors influencing investment decisions of investors under the SIP scheme of mutual funds.

#### 7.12 Attitude of investors towards SIP as compared to other investment options



#### Chart 4 – Attitude of investors

From the above picture we can infer that investors have a neutral attitude towards SIP's, capital appreciation, safety, convenience etc. as compared to investment alternatives.

#### Hypothesis Testing

##### ANOVA

###### Mean Awareness

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.707	1	1.707	2.469	.119
Within Groups	71.900	104	.691		
Total	73.607	105			

Table 9 - Age of the investors influence their awareness level about SIP

H1: Age of the investors influence their awareness level about SIP

From the result of the ANOVA table, the P-value is greater than 0.05, it can be inferred that there is statistical difference in age of the investor and their awareness level. Therefore, we reject the null hypothesis.

##### ANOVA

###### Mean Factors

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.904	3	.635	1.775	.157
Within Groups	36.473	102	.358		
Total	38.377	105			

Table 10 - Qualification of the investors has influence on their investment perception

H2: Qualification of the investors has influence on their investment perception

From the result of the ANOVA table, the P-value is greater than 0.05, it can be inferred that there is statistical difference in qualification of the investor and their investment perception. Therefore, we reject the null hypothesis.

##### ANOVA

###### Mean Attitude

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.467	3	.822	1.408	.245
Within Groups	59.562	102	.584		
Total	62.029	105			

Table 11 - Annual income of investors have effect on their attitude towards investment

H3: Annual income of investors has an effect on their attitude towards investment.

From the result of the ANOVA table, the P-value is greater than 0.05, it can be inferred that there is statistical difference in annual income and attitude towards investment. Therefore, we reject the null hypothesis.

##### ANOVA

###### Mean Investment

	Sum of Squares	df	Mean Square	F	Sig.



Between Groups	.908	3	.303	.851	.469
Within Groups	36.261	102	.356		
Total	37.169	105			

Table 12: There is a significant relationship between occupation of the respondents and their preferred investment alternatives.

H4: There is significant relationship between occupation of the respondents and their preferred investment alternatives

From the statistical test we can infer that there is no significant relation between occupation of the respondents and their preferred investment alternatives.

### Findings

- From the statistical test conducted in the sample set we found out that age of the respondents and their awareness level are not related. The majority of respondents belong to the age group of 20 years to 40 years. Respondents have a different level of awareness towards various elements of systematic investment plan.
- Major part of our respondents are private sector employees, when the qualification of the investors is compared with the investment perception we found out that there is no statistical difference.
- Study revealed that majority of the respondents have an annual income of 2 lakhs to 4 lakhs. From the analysis of variance, we found out that attitude towards SIP is not related to the annual income earned by them.
- The most preferred investment alternative was fixed deposit as compared to others. When we compared occupation of respondents with their preferred investment alternatives it showed that both are not related.
- When we compared different investment alternatives preferred by respondents, more than half of our respondents were interested in investment in mutual funds under SIP, 31 had a neutral attitude and remaining respondents were not interested in SIP.
- Findings regarding the awareness level of respondents towards SIP's different elements were different. Most of the informants have knowledge of SIP and its payment mode. The knowledge about other elements like risk, tax implication, NAV calculation etc. was neutral.
- From all the factors we studied relating to the investors' perception we understood that most of the investors have neutral opinions towards tax benefits, dividend income, convenience, liquidity and safety of investment. About 49 respondents have an opinion that SIP will give good capital appreciation.

### Suggestions

- The study indicated that investors were only moderately knowledgeable about SIP, it is possible to inform them in detail about SIP in order to encourage them to make regular investments in mutual funds.
- Investors may be given specifics regarding information, risk, return, and SIP scheme which was identified as factors influencing investor perceptions of mutual fund investments made through SIP.
- Above all of these, a major recommendation for investors is to make continuous efforts to enhance their knowledge about investment in mutual funds under systematic investment plan. Knowledge of SIP can be obtained from various sources like social media, newspapers, workshops etc.

### Conclusion

Systematic investment plan scheme in mutual fund is an investment scheme that allows investors to make fixed regular investments at predetermined times. It is a tool created specifically for investors who want to make regular, little investments that will grow their wealth over time. It instills the practice of consistent saving and discourages market timing and speculation.

Study was conducted to analyze investor's perception about systematic investment plans as an alternative investment option with special reference to salaried employees in Ernakulam district. Our total sample set consisted of 106 samples the majority of them were female respondents. We found out that attitude towards investment in SIP is independent of respondent's annual income.



From the entire statistical test, we found out that there is no significant relationship between age and awareness level, qualification of respondents and their investment perception, occupation of the respondents and their preferred investment alternatives.

When small investors use a systematic investment plan to access the capital markets, the study will be beneficial to them. SIP has some drawbacks, like any investing options, but it still looks to be one of the finest long-term investment options, especially for first-time investors and salaried individuals.

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