

‘OPTIMISING RETURNS THROUGH INVESTING IN SYSTEMATIC INVESTMENT PLANS (SIPs): A STUDY CONDUCTED IN MY SAMRUDDHI INVESTWISE PVT LTD.’

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ABSTRACT

This study examines the growth of mutual funds as a key collective investment tool, focusing on Systematic Investment Plans (SIPs) and their appeal among investors. Since the 1980s, mutual funds have expanded globally, offering access to professionally managed, diversified portfolios, and have gained traction in both developed and developing economies. The research explores investor awareness, preferences, and the factors influencing SIP investment decisions, including the benefits of disciplined investing, rupee cost averaging, and long-term wealth accumulation. With a detailed look at structural and regulatory aspects, the study investigates how investor awareness levels impact SIP participation. By analysing these factors, this research aims to provide insights into investor behaviour and preferences, with the goal of promoting better financial planning and informed investment in SIPs.

Findings are expected to support strategies to enhance SIP adoption, deepening the understanding of mutual fund dynamics and facilitating improved financial literacy and investment outcomes for individuals.

KEYWORDS: Mutual Funds, Systematic Investment Plans (SIPs), Investor Awareness, Investment Preferences, Wealth Accumulation, Rupee Cost Averaging, Financial Planning, Investment Behaviour.

INTRODUCTION

The favourable global economic climate contributed to the rapid expansion of mutual funds in most nations, especially during the 1980s. This rise might be linked to the market economy's robust emergence, which is primarily dependent on the expansion driven by the stock market. In the early and middle 1990s, mutual funds gained traction in rich nations relative to developing nations, but due to their benefits, they eventually established themselves in poor nations as well. Globally, the number of mutual funds has steadily expanded, and many developed nations have begun to create nation-specific funds to keep up with the trend set by other developed nations.

A mutual fund is a type of collective investment vehicle that invests money from a number of different participants in stocks, bonds, government securities, and money market instruments. Professional fund managers invest the funds collected in mutual fund schemes in stocks, bonds, and other securities in accordance with the investment objective of the plan. After deducting any applicable fees and charges, the income or profits generated from this collective investment are distributed equally among the investors by calculating the scheme's "Net Asset Value" (NAV). Mutual funds charge a small fee for this service. In essence, a mutual fund is the pooled contributions of a group of investors, managed by professional fund managers. SEBI (Mutual Funds) Regulations, 1996 state that

mutual funds in India are created as trusts under the Indian Trust Act, 1882. SEBI has defined restrictions on the fees and expenses that mutual funds charge to operate a scheme. These regulations apply to these charges.

A mutual fund pools money from multiple investors to invest in a diversified portfolio of assets, such as stocks and bonds. Investors own a portion of these assets, and the fund's value rises or falls with asset performance. Managed by professionals, mutual funds offer accessible, diversified investment options, though fees and expenses may slightly reduce returns.

OBJECTIVES

1. To get better understanding of Mutual funds in general and SIP in particular.
2. To Study investor awareness towards SIP.
3. To know the factors influencing investor's decision while investing in SIP.
4. To Analyze investor preference towards investment in mutual fund.

LITERATURE REVIEW:

(K Alamelu, 2023) The study examines the assumption that Systematic Investment Plans (SIPs) are an optimal method for accumulating capital over time, particularly for individuals without a substantial initial investment, as they help mitigate risk through gradual investment in equity-based mutual fund SIPs. The author aims to highlight how the volatility of mutual fund returns can be statistically assessed by comparing them to various benchmarks. The findings reveal that, over the long term, large-cap equity fund schemes generally offer lower returns compared to small- and mid-cap tax-saving fund schemes and equity sector fund schemes. The study concludes by emphasizing the significant role of risk, noting that large-cap equity funds tend to have lower risk compared to mid-cap and small-cap equity growth funds.

(Mittal, 2021) Stated that the concept of compounding in mutual funds, explaining that reinvesting earnings at the same rate of return

allows the principal amount to grow each year. Compounding interest can be utilized to purchase investments and achieve financial goals. It can be calculated on different schedules, including daily, monthly, quarterly, semi-annually, and annually. The author also noted that compounding is applied not only to investments but also to loans and deposits.

(Dr. Chandrakala V, 2017) Stated that the financial markets are increasingly offering optimistic approaches for traders looking to grow their savings through various investment methods, with a significant portion of funds held in bank accounts. The author notes that many people lack the time or knowledge to engage in investing. Mutual funds are a popular choice for such investors. The author aims to highlight an important aspect: many investors often question whether to invest a lump sum or not. This study compares different investment programs, evaluating their returns and performance.

RESEARCH METHODOLOGY:

Research Design

The research approach utilized for this study is a descriptive research design.

Target Population

The target population for optimizing returns through investing in Systematic Investment Plans (SIPs) would include individuals who are already investing in SIPs and can provide insights into their experiences and outcomes.

Sample Size

Sample Size: - For the analysis we need a specific number of respondents who could provide the information we needed to interpret. In this study the researcher selects the 70 sample were collected during simple random sampling with the help of questionnaire to make the questionnaire correct to get accurate data for this study.

Sampling Technique: - Simple Random Sampling Technique will be used for data collection. The questionnaire method will be

used with essential questions that will put the research in the right direction. About 10 important questions have been made that the respondents have to reply to with being multiple choice questions.

DATA COLLECTION

The study which is being carried out is basically depending on the two major important statistical sources which are mentioned below:-

- **Primary Data**
 - **Secondary Data**
1. **Primary Data**

Primary Data is the first-hand data collected from first-hand sources, using methods like Surveys & Questionnaire. The Primary data is collected by circulating a Questionnaire through Google Forms.

2. Secondary Data: -

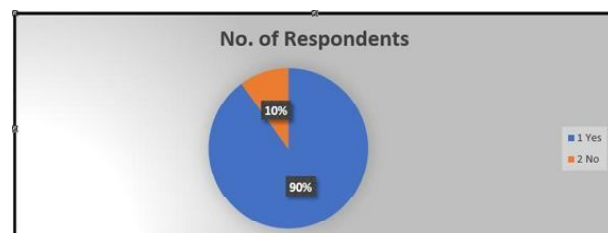
There are some secondary data collected from internet and websites to collect the proper information and the industry details about mutual fund and SIP.

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

Questionnaire

The main Objective of this study were to gather the required information through questionnaire which are being called as the primary data, containing multiple choice questions. A set of questionnaires was created for the Individuals.

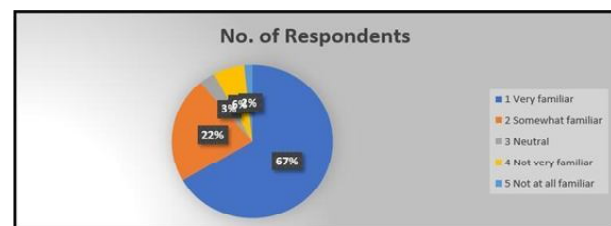
1. Distribution of Respondents Do you Know about Mutual Fund?



The data provides information on respondents' awareness of mutual funds. Out of 70 respondents, 90% indicated that they are aware of mutual funds, while 10% of

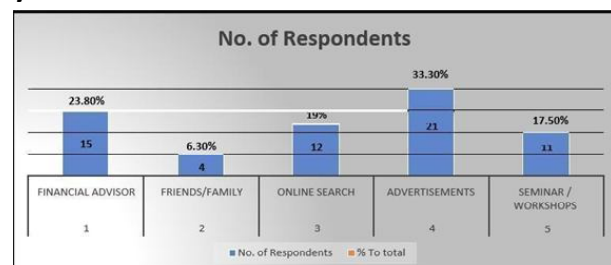
respondents reported that they are not. For those who did not have knowledge about mutual funds, their forms were not processed further. In my study, only those who are aware of mutual funds have been considered.

2. How familiar are you with Systematic Investment Plans (SIPs)?



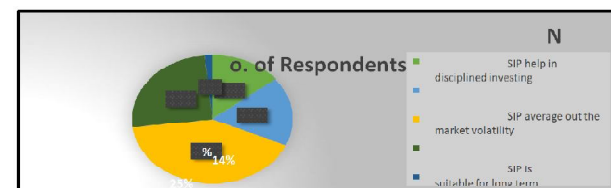
The findings highlight a strong overall familiarity with SIPs among the respondents, particularly in the very familiar category, which presents an opportunity to further educate those who are only somewhat familiar.

3. Distribution of Respondents how did you first learn about SIPs?



Advertisements and financial advisors are the top sources of SIP information, with digital and educational channels also playing a significant role.

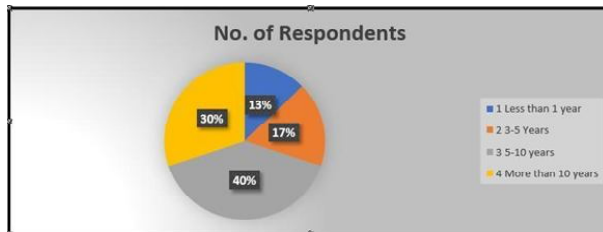
4. Distribution of Respondents Which of the following statements do you agree with regarding SIPs?



Most respondents see SIPs as a valuable tool for long-term growth, with a strong belief in better returns compared to traditional savings. Benefits related to market volatility and disciplined investing are recognized, though to

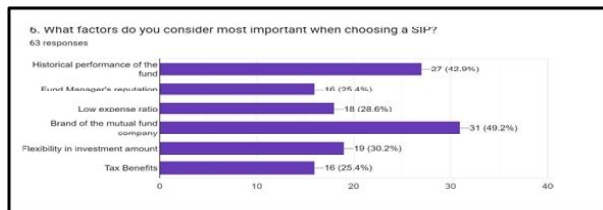
a lesser extent.

5. What is your preferred duration for investing in an SIP?



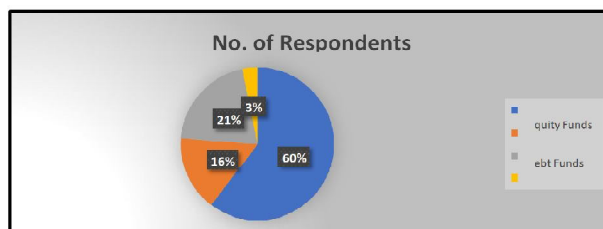
The majority of respondents prefer longer-term SIP investments, with 5-10 years being the most popular duration, followed by over 10 years. Short-term investments are less favored.

6. What factors do you consider most important when choosing a SIP?



The brand of the mutual fund and its historical performance are the most critical factors for respondents when choosing SIPs, while other factors like cost, flexibility, and reputation also contribute to decision-making.

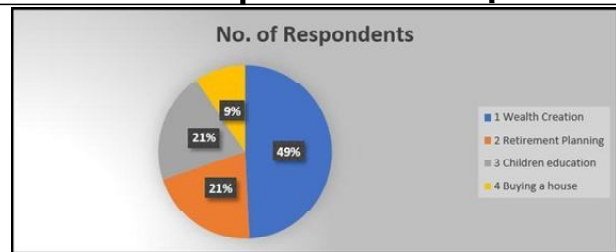
7. What type of mutual funds do you prefer to invest in through SIP?



Equity funds dominate as the most preferred investment option for SIPs, with hybrid funds serving as a secondary choice. Debt and index funds have significantly lower appeal among respondents.

8. What is the primary goal of your SIP investments?

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Wealth creation is the primary goal for most respondents investing in SIPs, while retirement planning and children's education also hold considerable importance. Buying a house is a less common motivation for SIP investments.

Key Findings/Learnings

- Financial awareness of investment options and SIPs.
- Strategies for optimizing returns through mutual fund selection and market trend analysis.
- Enhanced knowledge of personal finance and long-term wealth creation strategies.

RECOMMENDATION

- ♦ **Tailor Investment Strategies:** Customize SIP investments depending on individual risk tolerance and financial goals.
- ♦ **Regular Reviews:** Periodically review and adjust SIP investments to align with changing goals and market conditions.
- ♦ **Diversification:** Invest across various asset classes to mitigate risk and enhance potential returns.
- ♦ **Long-Term Commitment:** Stay invested for the long term to benefit from compounding effects.
- ♦ **Increase Contributions During Downturns:** Consider increasing SIP contributions during market downturns to take advantage of lower prices.
- ♦ **Educate Investors:** Provide education on SIP benefits and mechanics to facilitate informed decision-making.

CONCLUSION

According to a study on Systematic Investment Plans (SIPs) and return optimization, SIPs have a number of advantages for building long-term wealth. SIPs help investors build

wealth gradually and steadily by promoting regular investments. Because investments are made at different market levels, this methodical technique averages out costs over time, reducing the impact of market volatility. Additionally, SIPs take use of compounding's power, which over time can greatly increase returns. Furthermore, by requiring regular, fixed contributions, SIPs encourage a disciplined investment habit, which can be especially helpful for reaching long-term financial objectives. SIPs are a useful instrument for maximizing profits overall because they strike a balance between risk reduction, regular investing, and compounding gains.

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