

IMPACT OF SYSTEMATIC INVESTMENT PLAN ON MUTUAL FUND

^aSonu Mandal, ^bAkshita and ^cRaman Kumar

^aBBA Student, School of Commerce & Management, Lingaya's Vidyapeeth, Faridabad

^bAssistant Professor, School of Commerce & Management, Lingaya's Vidyapeeth, Faridabad

^cBBA Student, School of Commerce & Management, Lingaya's Vidyapeeth, Faridabad

ABSTRACT

The Systematic Investment Plan (SIP) has become a prevailing investment strategy within the aims of mutual fund, transforming the wealth accumulation. This research paper investigates the impact of sip on mutual fund investments examining historical trends, investor behaviour, and fund performance. Analysing data from diverse sources, this study unveils the significance of SIP in promoting financial discipline, portfolio growth, diversified, and effective risk management. The paper also explores the future implications of SIP for mutual fund investors and their financial goals. The paper focuses on different investment methods and their identification that is adopted by different biases along with the investor and making decision for investment. It is to the study help to examine different behaviour of an investor in mutual fund, performance of various fund houses of the investors.

KEYWORDS

Systematic Investment Plan, SIP; Investment Strategy; Portfolio Growth; Risk Management; Mutual Funds.

INTRODUCTION

The investment landscape has undergone a significant transformation. SIPs have become a well-known and cutting-edge investing technique that enables people to consistently invest a set amount in mutual funds. In addition to changing how people invest, this idea—which originated in India and has since spread to other nations—has had a significant effect on the mutual fund sector as a whole. The multifaceted effects of SIPs on mutual funds are the focus of this research paper.

The Evolution of SIPs and Their Historical Context

It is crucial to comprehend the historical background of SIPs' emergence in order to comprehend their impact. In the early 2000s, mutual fund houses in India introduced SIPs for the first time. These plans let people invest a set amount of money on a regular basis, usually once a month, in an effort to promote disciplined and consistent investing. The objectives of this strategy were to address the difficulties of lump-sum investing, market timing, and the lack of financial discipline among retail investors.

The Revolution in Retail Investment

SIPs have been instrumental in encouraging retail investors to adopt a disciplined, long-term investing mindset. Individual investors' cash flows and financial objectives are in line with the fixed periodic investment pattern. People of all income levels can now systematically participate in the capital markets thanks to this method. SIPs have made mutual funds more accessible to a wider range of people by lowering the entry barriers for retail investors.

Average Rupee Cost

The rupee-cost averaging strategy is used by SIPs, where investors buy more units at times of low fund net asset value (NAV) and fewer units at times of high NAV. Large investments made during market peaks are automatically less risky with this strategy, which also lessens the effect of market volatility on the total investment.

Stabilization of the Market and Fund Inflows

The stabilization of fund inflows is one important effect of SIPs on the mutual fund business. SIPs offer mutual fund managers a steady and predictable source of funding, in contrast to lump-sum investments, which frequently fluctuate with market sentiment. The regularity of these inflows lowers transaction costs, lessens

the need for frequent buying and selling of securities, and helps fund managers better plan their investment strategies.

Wealth Accumulation

The ability of SIPs to generate long-term wealth has been shown. Compounding returns have the power to produce sizable wealth over time. Investors with diverse financial objectives, such as retirement planning, funding children's education, and home ownership, are drawn to this feature of SIPs. The flexibility to alter SIPs to meet specific goals

Asset Allocation and Diversification

Investors have been encouraged to diversify their portfolios across a range of asset classes, including debt, hybrid funds, and equity, thanks to SIPs. By diversifying investments, one can spread risk and match investment decisions to personal risk tolerance and financial objectives. It is worthwhile to look into this trend in order to determine how it affects the larger investment ecosystem.

Dynamics of the Mutual Fund Industry and Cost Efficiency

SIPs have changed the mutual fund industry's dynamics in addition to having an impact on individual investors. The economics of mutual funds have changed as a result of SIPs' low cost and capacity to draw a sizable number of retail investors. This research must take into account the important change in industry dynamics.

Regular mutual funds versus direct mutual funds

The mutual funds that are directly offered by mutual fund houses are known as direct mutual funds. There are no agents or entries from third parties involved. The expense ratio for direct mutual funds is lower because there are no commission or brokerage fees to be concerned with. The result is a larger return. Typical mutual funds are those in which an outside party invests. results in brokerage and commissions, increasing the expense ratio. The return is therefore somewhat less than that of direct mutual funds. Investors in regular schemes are those who do not intend to monitor their portfolio or possess market knowledge. By paying a small fee to a third party, they can continue investing their money without having to invest their time.

Potential Risks and Challenges

Despite the fact that SIPs have many benefits, it is important to consider any

potential risks and difficulties that may arise from using this investment strategy. An issue of concern is the excessive reliance on SIPs, which could result in a deficiency of proactive portfolio management. Additionally, it is important to look into the behavioral biases of investors who participate in SIPs as well as the effect of market fluctuations on SIPs.

LITERATURE REVIEW

The systematic investment plan has had a long-lasting effect on the financial market by drastically changing the way individuals invest in mutual funds. The purpose of the literature review is to draw attention to the significance and ramifications of SIPs' impact on mutual funds.

1. The Diversification Principle

Mutual funds are praised for their innate ability to provide diversification. The importance of diversification in minimizing risk and maximizing returns for investors is highlighted by research by **Malkiel (2020)**. SIPs use this basic feature of diversification to make investing affordable and successful for a wide range of people.

2. The Rise of Mutual Funds

Gaining a thorough comprehension of the mutual fund industry's historical evolution is necessary to appreciate its current significance. Mutual funds have grown significantly over the years and have a rich history. Scholars such as Elton and Gruber (2019) have examined the development and history of mutual funds, highlighting their increasing complexity and appeal. This historical viewpoint offers the context needed to understand SIPs' place in the current investment framework.

3. SIP A Tool for Disciplined Investing

SIPs have brought about a methodical approach to investing. SIPs make systematic and accessible investing possible by enabling people to invest fixed amounts at regular intervals, usually starting with as little as Rs 100 per month. According to Nagajyothi, S., & Srinivas,

G. (2018), SIPs play a significant role in helping investors develop financial discipline by lowering their propensity for making rash decisions and market timing.

4. Impact on Asset Under Management (AUM)

The mutual fund industry has been significantly impacted by SIPs, which has resulted in more stable Asset under Management (AUM). Increasing SIP contributions have produced consistent and reliable fund flows, enabling fund managers to more efficiently plan and manage their portfolios. Kumar, K. K. (2016) has observed that SIPs have a positive impact in this area.

5. Market Volatility and Encouraging Stability

By using rupee-cost averaging, SIPs lessen the effects of market volatility. According to Joshi and Agarwal (2018), this tactic guarantees that investors buy more units during periods of low price and fewer units during periods of high price. Thus, SIPs provide investors with a

less hazardous entry point, increasing the accessibility of mutual funds for individuals who are apprehensive about market volatility.

6. Behavioural Finance and Investment Psychology

An important theme in SIP research is the function of investment psychology and behavioral finance. Prominent investigators such as Hersh Schiffrin have investigated the impact of psychological elements and cognitive biases on investment decisions. By encouraging consistent and disciplined investing, SIPs take advantage of our understanding of investor behaviour and lessen the effects of behavioral biases and snap judgments. Harvey, N., and G. Muradoglu (2012).

7. Rupee-Cost Averaging and Risk Management

The core idea behind SIPs, rupee-cost averaging, has attracted a lot of interest from scholars. emphasize the possible advantages of using Rupee-cost averaging (R Gupta, H., 2015) to manage risk and lessen the effects of market volatility. The main factor luring risk-averse investors to SIPs is this risk management approach.

8. SIP's Role in Promoting Long-Term Investment

SIPs encourage investors to stick with their investments for extended periods of time by promoting a long-term investment horizon. This is consistent with the long-term wealth creation objective of the mutual fund industry. The lengthy Misra, G., and Singh, K. N. (2023). An essential component emphasized in the work of financial scholars such as is the ability for investors to profit from the power of compounding through an investment horizon.

9. Increasing Retail Investor Engagement with Mutual Funds

SIPs have been a major factor in increasing retail involvement in the mutual fund sector. SIPs' accessibility and ease of use have drawn investors from a wider range of backgrounds, including young professionals and novice investors. The mutual fund industry has grown as a result of this spike in retail participation.

OBJECTIVES

The goals of the study on the effects of Systematic Investment Plans (SIPs) on mutual funds would be to gather, examine, evaluate, and summarize the body of existing research. The study specifically seeks to accomplish the following goals:

1. Analyze the actions of mutual fund investors who select SIP investments. Examine elements like the investment horizon, the frequency of contributions, and the rationale behind choosing SIPs. To ascertain the effect of SIPs, examine risk-adjusted returns, volatility, and additional performance measures.
2. Evaluate the success of SIP-related investor education and awareness campaigns. Examine whether you can affect the goals, decisions, and actions of investors.
3. Analyze the actions of investors who prefer SIPs to lump sum mutual fund investments. Examine elements like the investment horizon, the frequency of contributions, and the rationale behind choosing SIPs.

RESEARCH METHODOLOGY

Data source: Primary data is being used in the study on Systematic Investment Plans' (SIPs') effects on mutual funds. It's critical to comprehend your data collection strategies and research methodologies thoroughly. The research methodologies and data collection strategies are explained as follows:

Survey Research: It is able to create surveys aimed at investors in mutual funds who have utilized SIPs. Their investment behavior, objectives, time horizon, and experiences with SIPs may all be covered in the survey.

Survey Data: The answers provided by survey respondents will be the main source of data. **Data Collection:** The data collection method is a Google forms and total of 95 responses were collected.

DATA COLLECTION AND DATA ANALYSIS

I'm happy to inform that our online survey, which was conducted using Google Forms, has gathered 95 insightful responses. We are grateful to the participants for

their contributions, which are reflected in these responses, which reflect their varied viewpoints and insights.

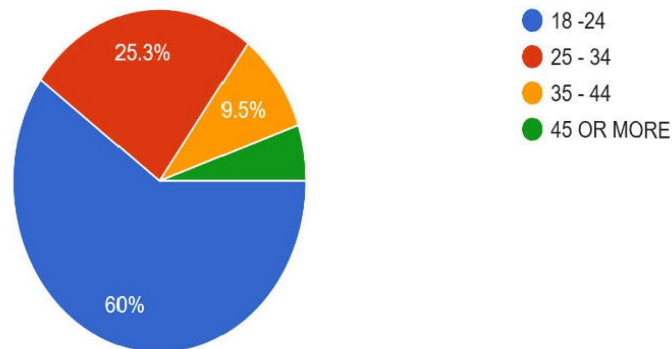
Data Collection, Questionnaire Responses, and Analysis: A Visual Exploration through Pie Charts and Bar Graphs

1. AGE:

The distribution of survey responses divided into various age groups is presented in this section. The gathered data allows us to investigate differences in responses according to generational viewpoints because it includes participants from a broad range of age demographics. Pie charts are used to illustrate the analysis, which offers insightful information about how age affects survey results.

2. AGE

95 responses



To analyze the distribution of age groups as presented in the pie chart, you can describe the significance and patterns within the data:

(A) Highlight the Dominant Age Group: -

Determine and talk about the age group that is most prevalent first. 60% of the respondents in this instance are between the ages of 18 and 24. Given that it comprises the greatest portion of the survey population, this is noteworthy.

(B) Discuss Less Represented Groups: -

the age groups where the percentages are lower. For example, 5.2 of the respondents, or "45 or more," Given that it comprises the smallest portion of the survey population, this is noteworthy.

(c) Summarize Overall Age Distribution:

The distribution as a whole and how it affects your analysis. Saying something along the lines of "The survey respondents show a diverse range of ages, with the 18 to 24 age group being

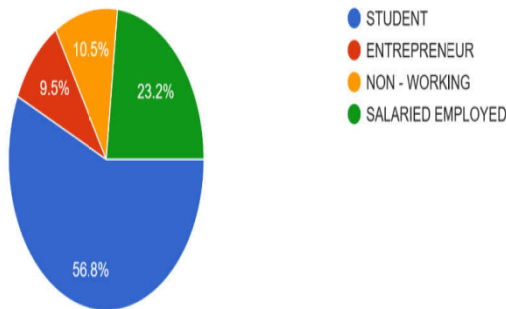
the largest, indicating possible discrepancies in answers depending on viewpoints."

When conducting research, keep in mind to use data and percentages to bolster your analysis and derive significant conclusions from the distribution of age groups.

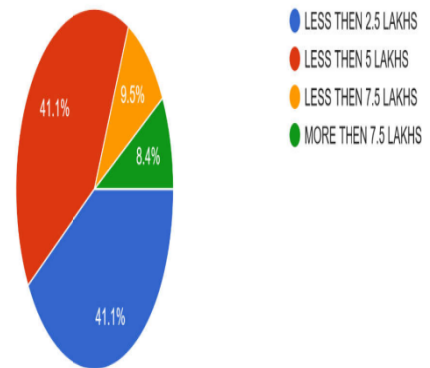
2. Occupation

In order to better understand the range of viewpoints included in the study, we delve into the professional backgrounds of the survey participants in this section. Based on various occupations, we examine the distribution of responses and look for any noteworthy patterns or trends. This analysis offers

4. OCCUPATION
95 responses



5. ANNUAL INCOME
95 responses



To examine how the jobs are distributed according to the pie chart:

(A) Highlight the Dominant Occupation:

Determine and talk about the most common occupational category first. The largest group in this instance is "Student," which accounts for 56.8% of the respondents.

(B) Discuss smaller categories:

the smaller groups, with "non-working" at 10.5% and "entrepreneurs" at 9.5%. their proportions in relation to the bigger groups.

(C) Summarize Occupational Diversity:

The distribution of occupations overall and how it affects your study. For instance, "A widerange of viewpoints in our survey is implied by the diverse range of

occupational backgrounds, with a significant representation of students and salaried employees."

This analysis aids in your interpretation of the survey's occupational diversity and its possible significance for your study's conclusions.

3. *Annual incomes*

We go into our survey respondent's annual income in this section. We examine the response distribution according to the participant's various yearly income.

To examine the annual income distribution shown in the pie chart:

(A) *Emphasize The Predominant Income*

Determine and talk about the most prominent income category first. Less than 2.5 lakh

respondents make up the largest group in this instance.

(B). *Talk About More Limited Subjects:*

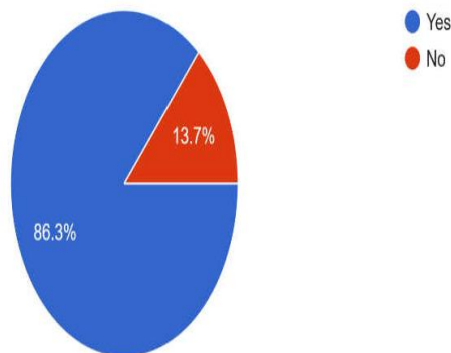
The smaller categories, with 8.4% of them being "more than 7.5 lakhs, "Possibly noted as being less represented in your sample.

The analysis ought to include our respondent's yearly income.

Analysis of Multiple-Choice Question Responses:

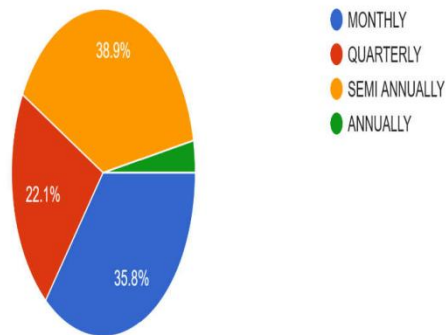
1. DO YOU HAVE A SYSTEMATIC INVESTMENT PLAN (SIP) IN ANY MUTUAL FUND?

95 responses



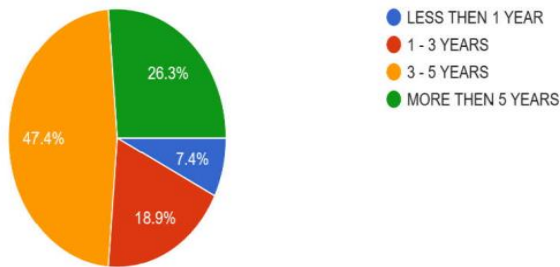
2. HOW FREQUENTLY DO YOU CONTRIBUTE TO YOUR SIP?

95 responses



3. HOW LONG TERM YOU BEEN SIP IN MUTUAL FUND?

95 responses



To evaluate the amount of people's mutual fund systematic investment plan:

86.3% of mutual fund categories use a systematic investment plan. Furthermore, 13.7% of users do not have a mutual fund systematic investment plan.

This analyze help to how much people contribute in systematic investement plan on mutual fund.

To evaluate the user's contribution to a systematic investment plan based on regularly used criteria:

(A) Emphasize the Group in Domination:

Finding and talking about the group that contributes the most is the goal. The largest

systematic investment plan this instance is grouped by its contribution of 38.9% in semiannual c

(B) Talk About Smaller Category: Talk About Smaller Categories:

The smaller

category makes an annual contribution of 3.2%. It can make remarks about how small a percentage it is in comparison to the bigger groups. year," which

c). Enumerate Diversity in Usage Duration:

It provides an overview of the investor's overall benefit from a systematic investment plan using mutual funds. This suggests that there were a lot of seasoned users in our poll.

To examine the duration of a mutual fund systematic investment plan (SIP):

(A) Emphasize Users Who Use It the Most Often:

It involves determining and debating the category in which investments are made most frequently. In this instance, 47.4% of users use "3-5 year" mutual funds, making it the most time period category.

(B) Less Common Subjects:

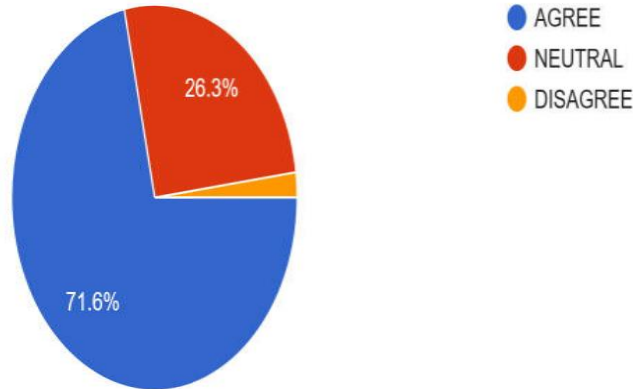
Recognize the investor categories that are less common, like "less than 1 account for 7.4%. Talk about how their proportions are comparatively lower than those of the more common categories.

(C) Compile Usage Frequency Analysis Results:

Based on the frequency of use, it summarizes the total distribution of SIPs among mutual fund investors. For example, "Our survey data shows a predominance of frequent investors, with the most common usage being 3 to 5 years and more than 5 years." This demonstrates the high degree of mutual fund engagement among our respondents.

4. SIP HELPED YOU IN BUILDING A DISCIPLINED APPROACH TO INVESTING?

95 responses



To analyze the pie chart representing people's intentions to building a disciplined approach to investing

(A) *Highlight the Strong responses:*

- Begin by emphasizing the category with the highest percentage of respondents. In this case

(B) "AGREE" investor for 71.6% of respondents, indicating a strong intention to a disciplined approach to investing. *Discuss the Other Responses:* 2.1%, which

Mention the other categories, such as "neutral" at 26.3% and "disagree" at

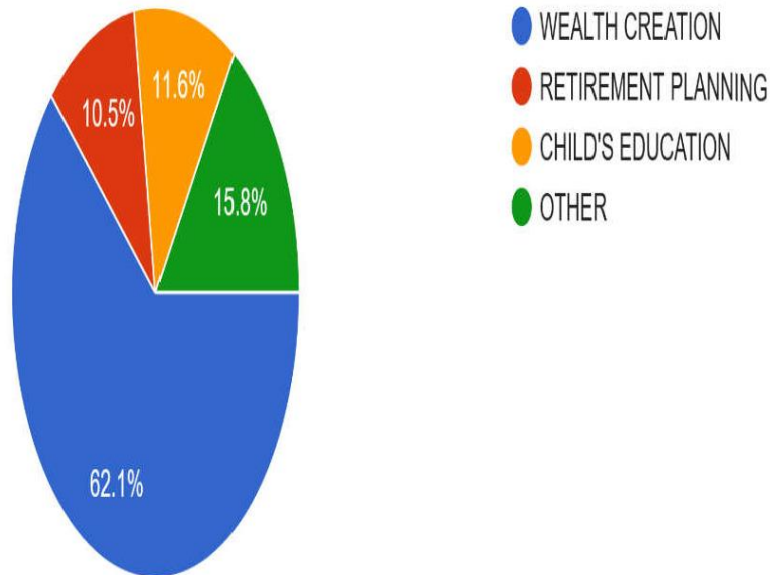
represents respondents with varying degrees of intention to a disciplined approach to investing.

(c) *Recap the Goal to Proceed:*

It summarizes all of the responses in one category about how people intend to take a disciplined approach to investing for the future. This indicates that our participants have a high degree of satisfaction and confidence in the durability of these services.

5. WHAT WAS THE PRIMARY MOTIVATION FOR STARTING A SIP ON MUTUAL FUND?

95 responses



To examine the main reason shown in the pie chart for an investor to start a mutual fund sip

(A) Emphasize the Sincere Intention:

Focus on the category that has the largest proportion of responders first. In this instance, 62.1% of investors were in the "wealth creation" category, suggesting a strong incentive to keep investing in mutual funds.

(B) Talk about the opposing response:

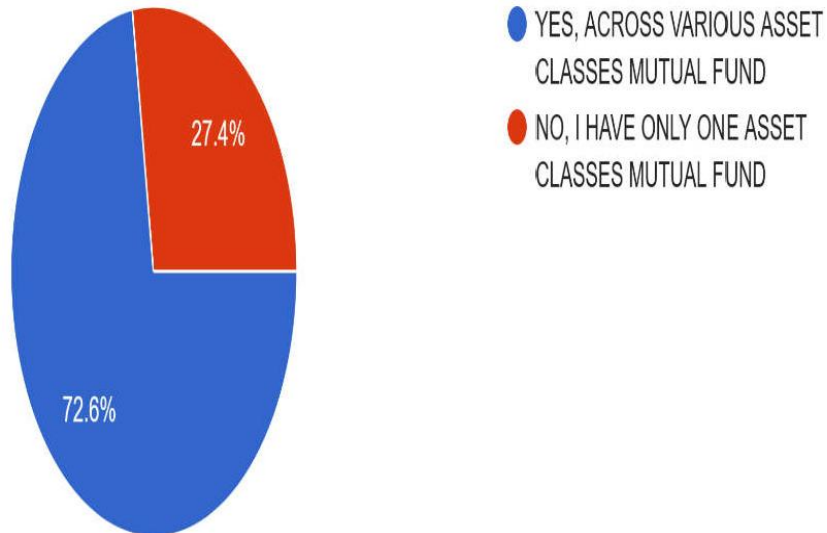
Mention the other categories, which show that respondents were motivated to use mutual funds to achieve their goals and were motivated to use "other" at 15.8%, "child education" at 11.6%, and "retirement planning" at 10.5%.

(c) Recap the Goal to Proceed:

It is a summary of the respondent's main objective to encourage them to keep sipping mutual funds. This shows that a sizable portion of our participants had a positive user experience.

6. HAVE YOU DIVERSIFIED YOUR SIP INVESTMENT ACROSS DIFFERENT MUTUAL FUND?

95 responses



To examine the diversified investment portfolio across mutual funds using a pie chart:

(A) Draw attention to the category with the highest respondent percentage—the strong response.

In this instance, 72.6% of respondents said that they had diversified their investments "yes, across various asset classes mutual fund."

(B) Talk About the Other Answers:

The remaining categories show that respondents do not diversify their investments, such as "no I have only one asset classes mutual fund," which stands at 27.4%.

(C) Recap the Practical Knowledge:

The statement provides an overview of the general feedback from investors on the ease of having a highly diversified investment portfolio. This shows that a sizable portion of our participants had a positive user experience.

To examine the pie chart that illustrates an appropriate threshold to achieve their long-term objective:

(A) Appropriate or inappropriate combination response:

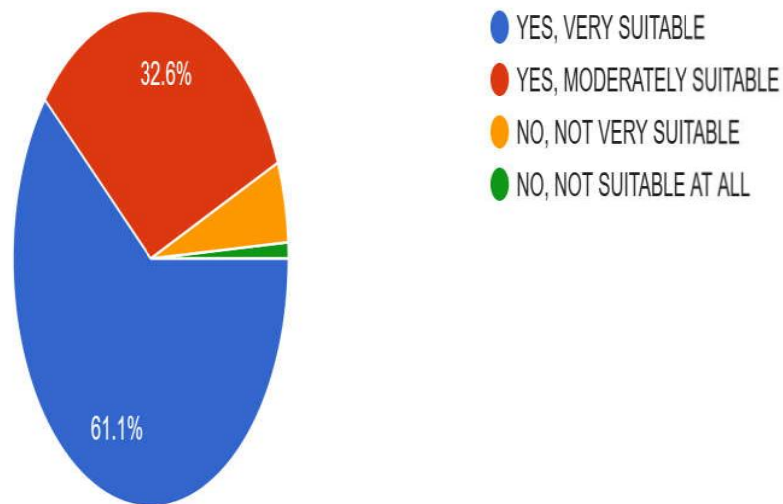
Out of all the categories, the highest category—"very suitable," which achieved the loan term goal at 61.1%—was the most satisfied, followed by "moderately suitable," at 32.6%, "no, not very suitable," at 4.2%, and "no, not suitable at all," at 2.1%.

(B) summarizes

It summarizes the general feedback on the best tool for long-term goals in mutual funds. Most of the participants are appropriate for long-term financial objectives.

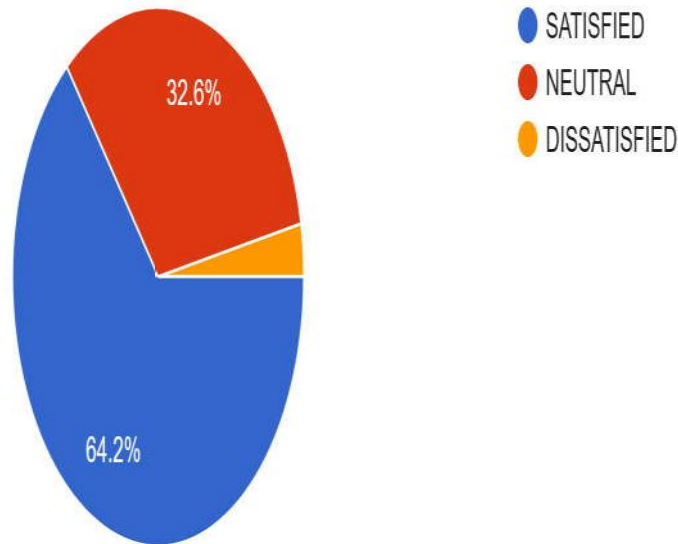
7. DO YOU BELIEVE SIP IS A SUITABLE TOOL FOR ACHIEVING LONG - TERM FINANCIAL GOALS?

95 responses



8. ARE YOU SATISFIED WITH THE PERFORMANCE OF YOUR SIP INVESTMENT?

95 responses



To examine the pie chart that illustrates the mutual fund's performance.

(A) Emphasize the Common Answer:

The group comprising the largest proportion of participants. In this instance, 64.2% of respondents rated their performance as "satisfied," suggesting that most people were happy with their sip performance.

(B) Talk About the Opposite Answer:

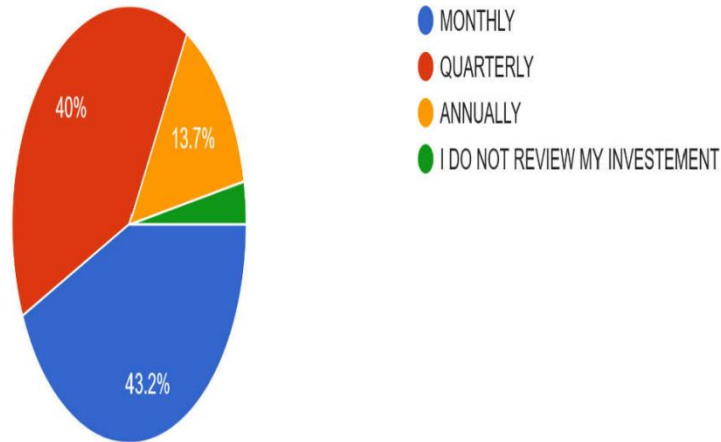
Mention the categories "Neutral" (32.6%) and "Dissatisfied" (3.2%), which indicate that a small percentage of investors are not happy with their return.

(c) summarizes

The majority of users are frequent users, according to our survey data, which summarizes overall performance satisfaction. This indicates that our respondent had a high degree of engagement with the performance of their sip investments.

9. HOW OFTEN DO YOU REVIEW THE PERFORMANCE OF YOUR SIP INVESTMENT?

95 responses



To analyze the investor how much time review her sip investment performance:

(A) Highlight the Most Frequent Users:

It identifies and discusses the category that is reviewed the most frequently. Here, "monthly" is the most popular category with 43.2% of users.

(B) Discuss Other Frequent Categories:

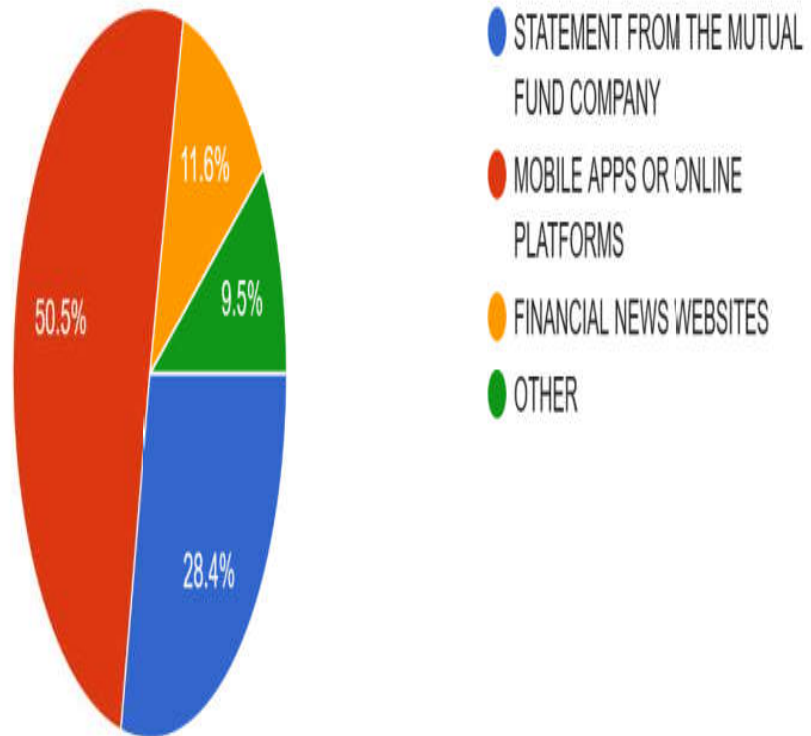
Mention additional categories, like "quarterly" at 40% and "annually" at 13.7%. A small percentage of investors who "not review her investment" collectively account for 3.1% of users.

(c) Summarize:

It provides an overview of the sip's performance when using frequency. Our survey data shows an investor's physiology in relation to the investor review

11. WHAT SOURCES DO YOU PRIMARILY USE TO STAY UPDATED ON YOUR SIP INVESTEMENT?

95 responses



To examine the pie chart that shows your investments' main update:

(A) Emphasize the Group in Do ination:

It finds and discusses the most recent investor information about your stock investment. In

this instance, the largest group of respondents—50.5%—was identified as "online platforms."

(B) Observe Additional Important Groups:

A sizable majority of respondents (78.9%) fall into the other notable categories, which include "statement from the mutual fund company" at 28.4%, "financial news website" at 11.6%, and "other source" for a small number of investors.

(C) Condense:

It provides an overview of the most recent updates to mutual fund SIPP investments. "The results of our survey show that every investor used a different platform. Additionally, it views the most recent investment value.

CONCLUSION

In order to gather information for this survey on mutual fund users' usage of Systematic Investment Plans (SIPs). The results of the survey showed that participants' contribution frequencies varied; some gave monthly contributions, while others chose different intervals, which reflected their flexibility. SIPs are frequently used as a tool for reaching long-term financial goals, as indicated by the large number of respondents who reported investing in long-term mutual funds through them. Most participants said that SIPs have helped to develop a disciplined approach to investing, highlighting the significance of regular contributions. A variety of reasons were mentioned by participants as to why they began SIPs, such as retirement planning, wealth accumulation, and children's education. These objectives fit in with SIP investments' long-term orientation. Several participants indicated that they diversified their SIP investments among various mutual funds, which suggests that this is a wise approach to investing. SIPs are a good tool for reaching long-term financial goals, according to participants. Some participants indicated high levels of contentment, while others expressed varying degrees of satisfaction with the performance of their SIP investments. According to the

responses, SIP investors evaluate the performance of their investments at various times, with a segment reviewing it on a regular basis. When selecting mutual funds for their SIP investments, participants took into account a number of factors, such as expense ratios, risk tolerance, and past performance. According to the survey results, investors use a variety of resources, such as financial news, mutual fund statements, and financial advisor advice, to stay informed about their SIP investments. The varied experiences and reasons that investors use SIPs in mutual funds are highlighted by this survey. The possible contributions of your research to the field of investments and the implications of the survey results.

REFERENCES

- Cremers, K. J. M., Fulkerson, J. A., & Riley, T. B. (2019). Challenging the conventional wisdom on active management: A review of the past 20 years of academic literature on actively managed mutual funds. *Financial Analysts Journal*, 75(4), 8–35. <https://doi.org/10.1080/0015198X.2019.1628555>
- Elton, E. J., Gruber, M. J., & Green, T. C. (2007). The impact of mutual fund family membership on investor risk. *Journal of Financial and Quantitative Analysis*, 42(2), 257–277. doi:10.1017/S0022109000003276
- Gupta, H. (2015). A study on performance of Sensex and Evaluation of Investing Lumpsum or Monthly Regular Investment in Equity on Risk and Return for Investor. *International Journal of Development Research*, 5(4), 4323–4327.
- Kishore, B., & Midhun, M. (2019). A comparative study on one time investment and systematic investment plans in mutual funds. *Pramana Research Journal*, 9(5), 727–737.
- Malkiel, B. G., & Saha, A. (2020). Mutual fund returns and their characteristics: A simple approach to selecting better performing actively managed funds. *Journal of Investing*, 29(3), 63–75. <https://doi.org/10.3905/joi.2020.1.117>
- Muradoglu, G., & Harvey, N. (2012). Behavioral finance: The role of psychological factors in financial decisions. *Review of Behavioral Finance*, 4(2), 68–80. <https://doi.org/10.1108/19405971211284862>
- Sharma, K., & Joshi, P. (2023). A study ON awareness level OF investment through systematic plans IN mutual funds amongst people residing IN north Ahmedabad. *Sachetas*, 2(3), 31–42. doi:10.55955/230003.
- Singh, K. N., & Misra, G. (2023). Divergence between economic growth and stock

market performance in India: Implications for investor education and financial well-being. *International Journal of Indian Culture and Business Management*, 28(4), 542–568. <https://doi.org/10.1504/IJICBM.2023.130095>

Wu, S. W., Dutta, J., & Huang, C. Y. (2018). The systematic biases in decision-making in the mutual-fund markets: Market states and disposition effect. *Cogent Economics and Finance*, 6(1), 1537538. [doi:10.1080/23322039.2018.1537538](https://doi.org/10.1080/23322039.2018.1537538).