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## A STUDY ON INVESTOR AWARENESS TOWARDS SIP IN MUTUAL FUNDS AT MINVEST

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### Abstract:

The mutual fund industry has witnessed significant growth in recent years, and the Systematic Investment Plan (SIP) has emerged as one of the most popular investment avenues among investors due to its simplicity, affordability, and long-term wealth creation potential. SIP enables investors to invest a fixed amount at regular intervals in mutual fund schemes, thereby promoting disciplined saving and benefiting from the power of compounding and rupee cost averaging. In this context, understanding the level of investor awareness towards SIP becomes important for financial institutions and investment platforms. Both Primary and Secondary data has been used for the study. The primary data were collected from 150 investors at minvest. *The findings of the study reveal that investors generally possess a good level of awareness regarding SIP investments, particularly about the compounding benefits and operational mechanism of SIP. However, comparatively lower awareness was observed regarding certain technical aspects such as the role of Asset Management Companies and investment requirements. The study concludes that increasing financial literacy and conducting investor awareness programs can further enhance investor participation in SIP investments through platforms like Minvest.*

**Keywords:** Systematic Investment Plan, Investors, Mutual Fund, Knowledge

### 1.1 Introduction

Investment is essential in financial planning of an individual since it assists in the generation of wealth and provision of financial stability in the future. Due to the growing understanding of financial markets, people are currently venturing into different areas of investing including bank deposits, gold, real estate, shares and mutual funds. Mutual funds are some of the available options that have been quite popular as they give an investor a chance to get involved in the financial markets where professional management and diversified investment portfolios are involved. Mutual funds combine the funds of multiple investors and investments on different financial instruments including equities, bonds and even the money market securities, thus minimizing the risk on such individual investments. The regulator of mutual fund industry in India is the Securities and Exchange Board of India that maintains transparency, protection of investors and proper operation of the mutual fund operations. The Systematic Investment Plan (SIP) is one of the most common types of investments in the field of mutual funds. SIP is a systematic approach to investment, which helps investors to put a constant sum of money into a mutual fund scheme at set intervals typically monthly. This will enable the investors to accumulate wealth over time without having to invest huge sums in the beginning. SIP has various benefits which include the benefits of rupee cost averaging, compounding, cheap and convenient to invest in, which make it an appealing product to both small and large investors. It promotes normal savings and trains investors to form a routine of systematic investment, which is necessary in long-term financial development.

Over the past years, SIP investments have experienced a phenomenal growth in India as a result of growing financial literacy, technological change and the ready accessibility of online investment facilities. The financial institutions, mutual fund companies, and regulatory authorities have also made initiatives to create awareness to the investors on the advantages of mutual fund investments using SIP. Despite these initiatives, there are numerous investors who have no proper information regarding SIP, its advantages as well as the risk involved in investing in mutual funds. Poor financial literacy, absence of appropriate guidance, and misinformation about market volatility tend to affect the decision of the investors, as well as limiting their involvement in the systematic plans of investments.



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The issue of investor awareness is very crucial in motivating people to make a good financial decision. Greater awareness would assist the investors in knowing the features, advantages and the risks that SIP investments are likely to have so that they can plan their finances better. Thus, it is necessary to conduct research on how well investors are aware of SIP with mutual funds to determine gaps in knowledge and to establish the causes of investment choices. The study is meant to examine the level of awareness of the investors about SIP in the mutual funds and to determine the perceptions and attitudes of the investors towards this form of investment. The research results will be used to develop a successful strategy that financial institutions, mutual fund firms, and policy makers can use to create investor awareness and encourage the population to make systematic investment decisions.

A Systematic Investment Plan (SIP) is a way of investing in mutual funds whereby a specific sum of money is invested at a specific frequency such as monthly or quarterly rather than investing a big sum at a single time. SIP enables the investor to save in small individual payments over time, which contributes to forming a saving and investment discipline. Under SIP, one is able to buy measures of a chosen mutual fund plan depending on the current Net Asset Value (NAV). The approach assists in alleviating the effect of market fluctuations by diversifying the investment across time. SIP is much more desirable by investors as it is cheap, flexible and has the benefit of rupee cost averaging. It has been regarded as a viable strategy in long-term generation of wealth by investing in mutual funds. The Association of mutual funds in India defines Systematic Investment Plan (SIP) as an investment facility, which is given by mutual funds enabling investors to invest pre-determined amount at a certain time in a mutual fund scheme, thus, providing disciplined and systematic investment over a period.

## 1.2 Review of Literature:

**Kaur (2021)<sup>1</sup>** in her article presented a research on the awareness, perception, and experience of mutual fund investors in Indore that gathered data of 300 investors with the descriptive research methodology and a structured questionnaire on the topic with convenience sampling. The research was to measure the knowledge of investors on mutual funds and SIPs, to identify the effects of demographic variables, and to measure perceived benefits and risks of investing using SIP. The findings revealed that the general awareness of the investors was low, and a significant number of investors were not well-informed on the benefits of SIP and long-term wealth creation plans. Results indicated that there was a big connection between the education level and knowledge of systematic investment strategies. The authors proposed financial literacy programs and investor education programs to close the gap in knowledge. The researcher concluded that investor participation in mutual funds and SIPs might be made better by increasing the awareness.

**Patel (2021)<sup>2</sup>** in his article observed that investigated the level of awareness of the investors concerning Systematic Investment Plans (SIPs) in the Navsari area using descriptive research design, pre-tested questionnaires and non-probability sampling that comprised 150 respondents. The main aim was to establish how well the investors understand the concepts of SIPs, aspects that affect the SIP investment decisions, and the perceptions of returns and risk. The respondent collected data indicated that SIP was more preferred due to its convenience of investing, security, and low investment value as well as the possibility of good returns. The research found that there was a general awareness, but limited knowledge about the long-term gains meaning that better financial communication measures should be implemented. According to the findings, Patel suggested specific awareness campaigns and guidance of the investors. The research confirmed that the improvement of transparency and financial education has the potential to create an improved SIP adoption.

**Doshi (2021)<sup>3</sup>** in his article examined systematic investment plans (SIPs) investor awareness and perception with the use of an online survey of 125 participants aged between 18 and 60 using a quantitative approach and convenience sampling to assess familiarity with SIPs concepts, purpose, and obstacle. The researchers have discovered that low awareness levels exist among participants as a considerable percentage of them were not clear on the important terms of investment used in the study like SIP, recurring deposits and SWP. The use of Google Forms to refuse data collection indicated poor formal financial education because the data was collected through means of brokers, friends, and relatives as the source of information on investment. The results implied that investors were not clear on the objectives of SIP and advantages in the



long-term with several believing that SIPs were more complicated than other products. It was concluded to reinforce financial literacy education and streamline SIP information to novice investors.

**Shambath Kumar (2021)<sup>4</sup>** in her article examined that carried research on preferences and performance of mutual fund investors in India with a sample size of 200 respondents through descriptive research design, judgmental sampling to measure the level of investor awareness, investment objective and systematic investment practices. The aim of the study was to be acquainted with the decision of the investors, gauge the level of familiarity with systematic investment strategy, and determine the perceptions of performance of the chosen mutual fund schemes. According to the data gathered using questionnaires, a significant number of investors liked using SIPs to save money and grow over the long term in a disciplined fashion, but was not well informed regarding risk and return peculiarities. It was found that risk education and performance evaluation skills should be addressed in awareness programs. The research came out with the conclusion that investor literacy might be improved to enhance the quality of investment decisions and mutual fund participation.

### 1.3 Objectives of the Study:

The Main objective of the study is to analyze the Investor Awareness Towards SIP In Mutual Funds at Minvest.

### 1.4 Research Methodology:

Research design is the procedure for collection of data. This type of research is mainly concerned with description of facts. This study is called descriptive since it describes the Investor Awareness towards SIP In Mutual Funds at Minvest.

#### 1.4.1 Selection of the study area:

Taherdoost (2016) stated that the first step in sampling is defining the target population clearly. Target population refers to the group of individuals or objects the researcher is interested in generalizing the findings. The sampling procedure begins with the selection of the study area and ends with data collection. The main purpose of the study is to analyze the Investor Awareness Towards SIP In Mutual Funds at Minvest.

#### 1.4.2 Sample Size:

The sample size for the study 200 by using row software calculator.

#### 1.4.2 Sampling Technique:

The sampling method adopted for the data collection is probability method. For selecting the Customers', Simple random sampling method was adopted in the study.

#### 1.4.3 Sources of Data:

For the purpose of the study the researcher collected both primary as well as secondary data.

#### (a) Primary Data:

The Primary data were collected from SIP In Mutual Funds at Minvest.

#### (b) Secondary Data:

The secondary data were collected from the reports of collected from research work, various published journals, magazines, websites and online articles.

#### (c) Tools used for Analysis:

Tools used for the analysis such as Mean score analysis.

### 1.5 How SIP works in Mutual Funds:

#### [1] Selection of Mutual Fund Scheme:

Selection of an appropriate mutual fund scheme is the first step in a Systematic Investment Plan (SIP). Investors select scheme depending on financial objectives, risk temperance and period of investment. The kinds of schemes available



in the mutual fund companies include equity, debt and hybrid funds. The scheme will be analyzed on the basis of its performance and objectives after which a suitable fund can be chosen. It is also important that the scheme is properly selected since returns which are generated are dependent on the performance of the selected mutual fund.

**[2] Fixing the Investment Amount and Frequency:**

Once the scheme is chosen, the investor will determine how much to be invested on a regular basis. SIP enables one to invest a small amount, which makes it appropriate to many investors. The investment can be in months, quarters or weekly depending on the preference of the investor. This is a fixed sum that is invested after some periods of time in the chosen mutual fund scheme. Frequent investment promotes saving discipline and long term financial planning.

**[3] Automatic Investment Process:**

After SIP is registered, the investment process will be automatic. The predetermined value is regularly removed through the bank account of the investor and invested in the mutual fund scheme. This automation process will make sure that the investment is done in time without necessarily having to transact manually each time. SIP therefore makes investing easy and orderly. The automated system also assists the investors to be consistent in their investment patterns.

**[4] Purchase of Units Based on Net Asset Value (NAV):**

Unit purchases of the mutually managed scheme are done with each SIP installment depending on the current Net Asset Value (NAV). NAV is the price of the units of the mutual funds on a given day. The units assigned to the investor are determined by the NAV of the time of investing. The NAV will be low when purchasing more units and when the NAV is high purchasing fewer units. This process prevents the imbalance in cost of investment over time.

**[5] Benefit of Rupee Cost Averaging:**

Rupee cost averaging is among the notable merits of SIP. The average purchase price of the units of the mutual funds is averaged across various market conditions through a regular investment. This will lessen the effect of market volatility and decrease the timing the market risk. The investor does not have to be concerned with fluctuations of the market as the investments are made on a constant basis. This strategy would assist in the attainment of steady growth in investments.

**[6] Long-Term Wealth Creation through Compounding:**

When invested over a longer period, SIP investments are advantageous to the effect of compounding. The returns made on the investment are reinvested and this assists in raising more returns. This compounding effect over a period makes the investment worth a lot. Disciplined and continuous SIP investment can thus help in creating wealth in the long run. The regulations of the securities and Exchange Board of India govern the mutual fund industry in India to ensure transparency and protection of the investors.

**1.5 Data Analysis and Interpretation:**

**1.5.1 Investor Knowledge on SIP – Mean Score Analysis:-**

Investor Knowledge on Systematic Investment Plan (SIP) refers to the level of awareness, understanding, and information that investors possess about investing regularly in mutual funds through a SIP. A Systematic Investment Plan allows investors to invest a fixed amount at regular intervals (usually monthly) in mutual fund schemes, helping them build wealth gradually over time. Table 1.1 represents the Investor Knowledge on SIP by using the Mean Score Analysis.

**Table 1.1 Investor Knowledge on SIP – Mean Score Analysis**

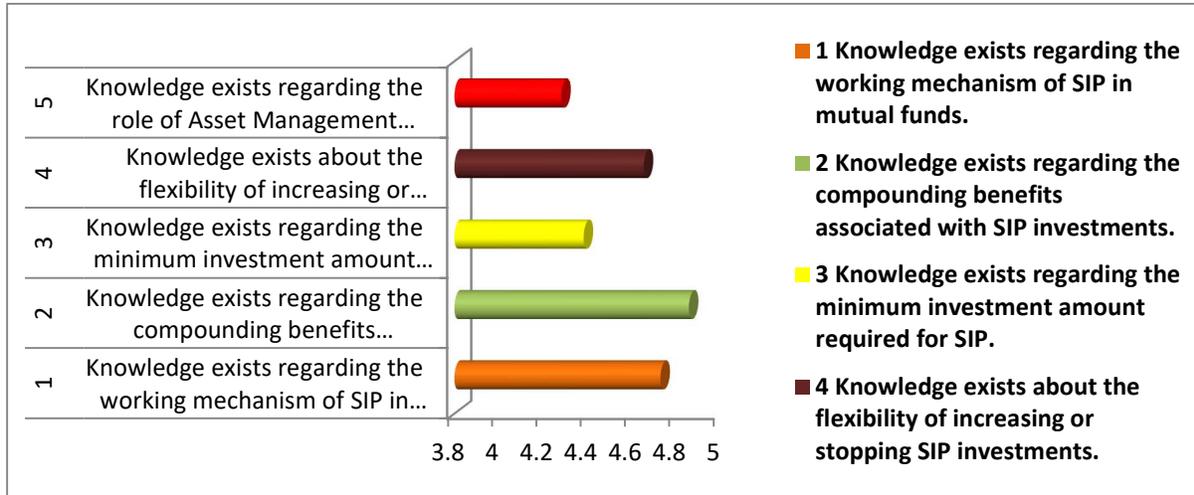
S.No	Factors	Mean	Rank
1	Knowledge exists regarding the working mechanism of SIP in mutual funds.	4.728	2
2	Knowledge exists regarding the compounding benefits associated with SIP investments.	4.856	1
3	Knowledge exists regarding the minimum investment amount required for SIP.	4.382	4
4	Knowledge exists about the flexibility of increasing or stopping SIP investments.	4.653	3



5	Knowledge exists regarding the role of Asset Management Companies in SIP investments.	4.281	5
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Source: Primary Data

Figure 1.1 Investor Knowledge on SIP



The above table presents the mean score and ranking of factors related to investor knowledge about Systematic Investment Plan (SIP) in mutual funds. The mean values indicate the level of agreement or awareness among the respondents regarding different aspects of SIP investments. The factor “Knowledge exists regarding the compounding benefits associated with SIP investments” has the highest mean score of **4.856** and is ranked **first**, indicating that the majority of investors have a strong understanding of the compounding advantage of SIP investments. This shows that investors are well aware that regular investments over a long period can generate higher returns through the power of compounding. The factor “Knowledge exists regarding the working mechanism of SIP in mutual funds” has a mean score of **4.728** and is ranked **second**. This implies that investors possess a good level of awareness about how SIP works, such as investing a fixed amount regularly in mutual fund schemes.

The factor “Knowledge exists about the flexibility of increasing or stopping SIP investments” obtained a mean score of **4.653** and is ranked **third**, indicating that investors are also fairly aware that SIP investments offer flexibility to modify, increase, or discontinue the investment according to their financial situation. The factor “Knowledge exists regarding the minimum investment amount required for SIP” has a mean score of **4.382** and is ranked **fourth**, which shows that investors have a moderate level of knowledge regarding the minimum investment requirement for starting a SIP. Finally, the factor “Knowledge exists regarding the role of Asset Management Companies in SIP investments” has the lowest mean score of **4.281** and is ranked **fifth**, indicating comparatively lower awareness among investors about the role and functions of Asset Management Companies (AMCs) in managing mutual fund investments.

### 1.6 Conclusion:

Based on the mean score analysis of factors related to investor knowledge on Systematic Investment Plan (SIP), it can be concluded that the respondents possess a high level of awareness and understanding about SIP investments in mutual funds. The analysis reveals that the factor knowledge regarding the compounding benefits associated with SIP investments has secured the highest mean score, indicating that investors clearly understand the long-term wealth creation potential of SIP through the power of compounding. Further, respondents also demonstrate strong knowledge about the working mechanism



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of SIP and the flexibility of increasing or stopping SIP investments, which suggests that investors are familiar with the operational aspects and advantages of SIP investment. However, comparatively lower mean scores were observed for knowledge related to the minimum investment amount required for SIP and the role of Asset Management Companies in SIP investments, indicating that investors have relatively less awareness in these areas. Overall, the findings suggest that while investors are well informed about the key benefits and functioning of SIP investments, there is a need to enhance awareness regarding the institutional aspects and investment requirements through financial education and investor awareness programs. Strengthening such knowledge will further support investors in making more informed and effective mutual fund investment decisions.

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