

**STUDY ON GROWING THE SYSTEMATIC INVESTMENT  
PLANNING IN MUMBAI**

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**Abstract**

*Now a days investment is the core part of life. Every individual has invest in their own way, Systematic investment plan (SIP) has emerged at alternative investment plan for large number of investors interested in less risk with high returns in installments. The purpose of the study is to find out the motivating factor to invest in systematic investment plan. SIP holder belonging in Mumbai city in Maharashtra has been taken for the purpose of the study. Results of the study found that for higher return with low risk the investor motivates to invest in systematic investment plan on the other hand knowledge and operational platform is one of the main barrier that investor are facing of scheme.*

*In the present work we have studied how the investment in mutual funds through Systematic Investment Plan (SIP) can gain momentum and increase percentage of income. Hence, SIP seems to be a safer and beneficial mode of investment for the small investors and in a large context it is beneficial also for the big investors. Our sample study also suggests that young investors are tending towards mutual fund investments and preferring SIPs more than the aged investors.*

**Keywords:** *Investment, Mutual fund, Portfolio, Growth.*



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**Introduction**

Those who share the common financial goal a mutual fund is a trust that pools the savings of a number of investors. The money are to be collected from investor to invest in the capital market such as shares, debentures and other securities the company. The income earned



through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. The plan of investing the same amount of money every month over an extended period of time regardless of whether the market fluctuating or volatility is known as Systematic Investment Plan.

Mutual Fund gives us four good reasons for investing through SIP:

- 1) Can put a small amount of money into one or more funds
- 2) Makes timing of market irrelevant
- 3) Helps build for future by the power of compounding
- 4) Great way to diversify their holdings instantly.

The appreciation of investment depends on the performance of fund and stock market. MFs are Financial Intermediaries that pool the financial resources of investors and invest in diversified portfolio of assets. It is a mechanism for pooling resources by issuing units to the investors and investing funds in securities.

Systematic investment Plans is on mutual fund which the investments done by paying the fixed amount at predetermine date. Systematic Investment Plan is a smart financial planning tool that helps you to create a wealth by investing small amount of money every month over a period of time. Even it can applicable to small as well as large investor, SIP is a planned approach to investments and an investment technique that allows you to provide for the future by investing small amount of money in mutual fund scheme of our choice. The biggest positive has been a surge in retail participation through the systematic investment plan (SIP) route, mainly in equity-oriented funds. Online search trends also suggest heightened interest among individual investors to this effect. Last year, the Indian mutual fund industry managed over Rs 25 trillion assets, involving 20 million investors. Efforts are being undertaken by the industry and the regulator, Securities and Exchange Board of India (SEBI), to increase awareness of mutual funds and make them a preferred investment option for long-term wealth creation.

‘Mutual Funds Sahi Hai’, an investor awareness media campaign launched by AMFI under the guidance of SEBI, has helped make mutual funds a household name. Since the start of the campaign, the industry has added over 7 million new investors. Smaller cities and towns now contribute almost 15% of the assets under management. Digitalization too is helping



spread awareness. Indeed, 59% of all mutual funds related queries on Google India are from non-metros. With information available at fingertips, more and more first-time investors are searching for mutual funds and investing in them online.

### **Review of Literature:-**

AINAPUR, in the year 2018 stated that, The study reveals that awareness about mutual fund among the people is less. It is also found that those who have invested in mutual fund are satisfied and earned good profit.

Dr. Ravi Visa, 2012 says that mutual funds were not that much known to investors, still investor rely upon bank and post office deposits, most of the investor used to invest in mutual fund for not more than 3 years and they used to quit from the fund which were not giving desired results. Equity option and SIP mode of investment were on top priority in investors' list. It was also found that maximum number of investors did not analyse risk in their investment and they were depend upon their broker and agent for this work.

PAUL,T. July 2012 have observed Mutual funds have evolved over the years, in keeping with the changes in the economic and financial systems, as well as the legal environment of the country. New products have launched according to the requirements and changes in the investors' perceptions and expectations. Understanding the investors' expectations and meeting those expectations are the key area of interest of marketing experts.

Kandpa,V,& Kavidayal,P.C.2013have given the information for restriction of mutual fund investment in top cities or Urban areas is the lack of awareness level in the rural and semi urban areas. The absence of product diversification and confusion in the market has been enlarged by the lack of marketing initiatives for Mutual Funds. The role of mutual fund agents or distributors is to educate the investor community. Therefore the spread of Mutual Fund market has been limited.

RAJU, BR, & H, 2018 The study aims at finding out the attitude of investors in mutual fund in Davangare city. The study shows that mutual fund investors have only partial knowledge about mutual fund which prevent them to invest in mutual fund to avoid risk bearing factor and fear of losing money

WADHWA, VASHISHT, & KAUR, 2015 This study reveals that in comparison with other financial instruments, investments in mutual funds are safer and also yields more returns on



portfolio investments. Study also reveals that the feature of return from the investment and rating by credit rating agency is the upmost concern of the investors. Analysis reveals that financial literacy is very important for making investments in mutual funds.

KP & KUMAR, 2014 The main objective of the study was to examine the relationship between risk perception of investors in Kerala and their investment decision in mutual funds. The investment decisions of investors were influenced by risk perception. They analyzed that investors were aware of the principle that higher the risk the return will be higher. They also revealed that investors were aware that diversification reduces risk.

**Objective of study:-**

1. To study and analysis the impact of various demographic factors on inventor's attitude towards systematic investment plan in mutual fund
2. To study about the factors which encourage the investors to invest in systematic investment plan.

**Hypothesis:-**

H0:- There is No Significant Difference between annual Income & Attitude towards SIP Plan of the Respondent

H1:- There is Significant Difference between annual Income & Attitude towards SIP Plan of the Respondent

H0:- There is no Significant Difference between SIP plan and return on investment

H1:- There is Significant Difference between SIP Plan and Return on Investment

**Research Methodology:-**

The study is an analytical study based on primary research and also related to the analysis of investor's attitude towards systematic investment plan. To conduct this study 80 investors have been selected in Mumbai city by sampling method. Questionnaire has been used for collecting the data.

All data required for analytical study has been acquired from primary sources, Even Secondary sources data have also been measured. Data from primary source has been collected by questionnaire method. The Researcher has targeted population belongs to Mumbai city and deliberates individual investor as a sampling unit. Judgment sampling has been used for collecting the sample. For analyzing various statistical techniques basically chi-square test has



been used. For analyzing the factors responsible for investors to invest in mutual fund through the mode of SIP, ranking was done on the basis of weighted scores and scoring was done on the basis of scale.

### Finding:-

TABLE:-1 Age and investor's attitude towards systematic investment plan in mutual fund investment

Age	Positive attitude	Neutral attitude	Negative attitude	Total respondents
Below 30	4	2	3	9
30-40	20	4	5	29
40-50	12	9	4	25
Above50	8	6	3	17
Total	44	21	15	80

Calculated value of  $X^2 = 15.032$   $df = 4$  Tabulated value = 10.5 at 4 % level of significance

The studies are to be conducted to identify the Growing systematic investment plan in mutual funds. The study revealed that out of 80 respondents 44 respondents have positive attitude, 21 respondents have neutral attitude and only 15 respondents have negative attitude. Most of the respondents have positive attitude.

**Table1** explains the association between age and investor's attitude towards SIP in mutual fund .The calculated value of chi-square is greater than tabulated value at 4 % level of significance. it is highly significant and null hypothesis is rejected. Hence there is an association between age and investor's attitude towards systematic investment plan in mutual fund. About 20 respondents having age group between (30-40) years, 12 respondents having age group between (40-50) years, 8 respondent having age group above 50 years and respondents below age 30 years have positive attitude towards SIP mode of investment in mutual fund.

TABLE:2 Association between gender and investor's attitude towards systematic investment plan in mutual fund

Gender	Positive attitude	Neutral attitude	Negative attitude	Total respondents
Male	30	14	9	53
Female	14	7	6	27
Total	44	21	15	80

Calculated value of  $X^2 = 3.348$   $df = 2$  tabulated value = 3.84 at 4% significance level

Table 2 explains the association between gender and investor's attitude towards SIP mode of investment in mutual fund. The calculated value of chi -square is greater than tabulated value at 4 % level of significance. It is highly significant and the null hypothesis is rejected. Hence there is an association between gender and investor's attitude towards systematic investment plan in mutual fund. Out of 80 respondents 30 male members and 14 female members have positive attitude towards SIP in mutual fund. Male members have highest positive attitude towards systematic investment plan in mutual fund.

**TABLE 3 Association between education and attitude towards systematic investment plan in mutual funds**

Education	Positive attitude	Neutral attitude	Negative attitude	Total respondents
Under graduate	3	2	3	8
graduate	18	9	4	31
Post graduate	13	6	5	24
professionals	10	4	3	17
Total	44	21	15	80

Calculated value of  $X^2=20.289$   $df=3$  tabulated value of  $X^2=8.6$  at 4% level of significance Table3 explains the association between education and attitude towards systematic investment plan in mutual fund. The calculated value of chi square is greater than tabulated value at 5% level of significance. It is highly significant and the null hypothesis is rejected. Hence there is association between education and investor's attitude towards systematic investment plan. Out of 80 respondents, 3 respondents having qualification up to under graduation, 18 respondents having qualification up to graduation, 13 respondents having qualification up to post graduation and 10 professional respondents have positive attitude towards systematic investment plan.

**TABLE4 : Association between income and attitude of investment towards systematic investment plan in mutual fund.**

Income	Positive attitude	Neutral attitude	Negative attitude	Total respondents
Less than 3,00,000	16	9	7	32
3,00,000-5,00,000	13	6	5	24
5,00,000-8,00,000	8	4	2	14
Above8,00,000	7	2	1	10
Total	44	21	15	80

Calculated value of  $X^2=8.3649$   $df=3$  tabulated value of  $X^2=7.6$  at 4% level of significance Table4 explains the association between income and investor's attitude towards systematic investment plan. The calculated value is greater than tabulated value hence reject the null hypothesis .Therefore an association between the income level and investor's attitude towards systematic investment plan.

It explains the factors which encourage the investors to invest in mutual fund through the mode of systematic investment plan. Easy to invest, small amounts to invest, professional management service, portfolio diversification and risk reduction were the factors considered.

**TABLE 5: The factors which encourage the investors to invest in mutual fund through the mode of SIP**

	Number of	respondents	according	To	ranks	
Factors	1	2	3	4	5	Total
Easy to invest	18	16	13	12	15	80
Portfolio diversification	12	19	15	15	42	80
Professional management services	17	12	14	17	22	80
Risk reduction	19	18	20	19	48	80
Monthly investment/small amount to invest	14	15	18	20	33	80
Total	80	80	80	80	80	

It explains the factors which encourage the investors to invest in mutual fund through the mode of systematic investment plan. Easy to invest, monthly installment, professional management service, portfolio diversification and risk reduction were the factors considered.

For analyzing various ranking is done on the basis of weighed scores and scoring is done as given below. In case of factors are concerned easy to invest option has got first , monthly investment, small investments got second professional management service, portfolio diversification and reduction in risk have been ranked third, fourth and fifth respectively.

### Conclusion :-

On the basis of this study, I can 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. This hedges the investor from market instability and derives maximum benefit as the investment is done at regular basis irrespective of market conditions. The study shows that most of the respondents prefer positive attitude towards systematic investment plan in mutual funds. Demographic factors are concerned age, gender, income and education have significantly influence the investor's attitude towards systematic investment plan in mutual



funds. The factors which encourage the investors to invest in mutual fund are easy to invest facility is the most attractive followed by monthly investment facility, professional management service, portfolio diversification and reduction in risk. To conclude systematic investment plan in mutual fund encourages investors to invest in financial market.

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