



EVALUATION OF SYSTEMATIC INVESTMENT PLANNING FOR RETAIL INVESTORS

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Abstract: A systematic investment plan is a clever financial planning tool that helps you to accumulate money by depositing a certain amount each month in the mutual fund scheme of your choice. For many investors seeking large returns with little risk, it is an alternative investment strategy. To avoid the disadvantages of equity investments while yet receiving good returns, it incorporates systematic mutual fund investing. The goal of the study is to determine what drives systematic investment plans, what problems these plans have, and which funds are ideal for retail investors' portfolios. Using a survey method with 100 sample respondents, data were gathered from primary sources.

Keywords: Financial Planning, Investment, Mutual fund, Systematic Investment Plan.

I. INTRODUCTION

Financial services are services offered by the financial sector. The financial sector comprises a wide range of businesses that handle money management. Financial services are the goods and services that financial organizations provide to enable different financial transactions and other associated activities. A country's economy is mostly fueled by the financial services industry. It ensures that money may move freely and that there is liquidity in the market. When the industry is robust, the economy expands and businesses in this area are better able to manage risk.

The health of a nation's financial services industry has a bearing on how prosperous its people are. Consumers typically make more money when the sector and economy are robust. This increases their purchasing power and self-confidence. They seek out borrowing from the financial services industry when they require access to credit for significant purchases. The nation's economy is primarily driven by the financial services sector. It ensures that money may move freely and that there is liquidity in the market. When the industry is robust, the economy expands and businesses in this area are better able to manage risk.

The financial services industry segment includes three segments:

- Capital market
- Insurance
- NBFCs

Literature Review

1. **Mr. RG and Dr. Sachithanatham (2020)**, identify the factors that influence the investor 's choice of mutual fund systematic investment scheme in Tamil Nadu. which preference of individual investors threw demographic factors and investment decisions of mutual fund investors in Tamil Nadu.
2. **Rasha and Khan (2019)**, in a study in this paper amobile-friendly application we develop which is a modern approach to simplify the process of investing in mutual funds threw sip via an assets management or hedge fund company the, proposal work consisting of PA (Progressive web app) and admin panel, makes incredibly convenient for both the investors and fund manager.
3. **Louis, K.C.C. and Lakonisho k, C.C.(1999)** have discussed "they provide an exploratory investigation of mutual funds' investment styles. Funds' styles tend to cluster around a broad market benchmark. When funds deviate from the benchmark, they are more likely to favor growth stocks with good past performance. There is some consistency in styles, although funds with poor past performance are more likely to change styles. Some evidence suggests that growth funds have better-style-adjusted performance than value funds. The results are not sensitive to style identification procedure, but an approach based on fund portfolio characteristics performs better in predicting future fund returns.
4. **Singhal,s.& Goel, M.(July 2011)** The Empirical result reported that SIP Plans have performed better than one-time investments.
5. **Uddin, 2017)** has researched " Investor Perception about Systematic Investment Plan (SIP) Plan: An Alternative Investment Strategy". The study's goal is to look at a variety of elements that influence investment in a systematic investment strategy. The examination of (a) the purpose of the SIP investment is one of the other aims. (b) the amount of money invested in a SIP (c) Investor awareness of mutual fund SIPs, and (d) SIP sector preferences.
6. **(AINAPUR, 2018)**The study reveals that awareness about mutual funds among people is less. It is also found that those who have invested in mutual funds are satisfied and earned good profits.
7. **(Mr. Renjith RG and Dr. V. Sachithananthan, 2020)** has done a study on "Study on investor choice of Systematic investment plan [SIP] in mutual fund". The study's goal is to discover the elements that impact an investor's decision to invest in a mutual fund systematic investment plan scheme in Tamil Nadu, to research individual investors' investment preferences using demographic data, and to analyze mutual fund investors' investment objectives. The researcher employs primary data. The survey discovered that customers place a higher value on picking up a mutual fund plan after a lengthy period and selecting a systematic investment plan based on plan futures and schemes, as well as investing a small amount. It should be emphasized that the type of the fund, social factor, social element, economic element, performance element, advertisement element, and risk. tolerance elements are all elements that influence a customer's decision to invest in a mutual fund systematic investment plan in the future.

Research Methodology

The main component of any type of research we have conducted during our research study time is the research methodology. In the research methodology, we learn about the various types of solutions from impartial people or, actual market surveys, from questioning or, using an actual direct interview with the industry people as well as students and other people who are currently working or have some basic knowledge with any kind of our research topic or related our research industry. The data collection method we are applying for this research will be the primary data collection method and data analysis by factor analysis method. We used a descriptive research design for our research. It aims to systematically obtain information to describe a phenomenon, situation, and population. Primary data was collected by questionnaire survey method with the help of google form. Secondary data was collected from various sources like Wikipedia and Google scholar.

3.1 Population and Sample

Sampling Size - 100

3.2 Sampling Method

Questionnaire Survey Method through Google form.

3.3 Objective of the study

- To know about the various factors affecting the SIP investment.
- The purpose of investing in SIP.
- To know that SIP is a good investment vehicle for retail investors to participate in the capital market.
- Awareness of investors about the mutual fund SIP

3.4 Problem Statement

- Averaged return
- Identify the market for benefit of retail investor
- The investor making small-cap funds a part of the core portfolio
- Discontinuing SIP when the market is weak
- Less control

3.5 Hypothesis

H₀: Age is not affecting the investment.

H₁: Age affects investment.

H₀: monthly income is not affected by the investable amount.

H₁: monthly income is affected by the investable amount.

H₀: The investment horizon is not affected by the expected return.

H₁: The investment horizon is affected by the expected return.

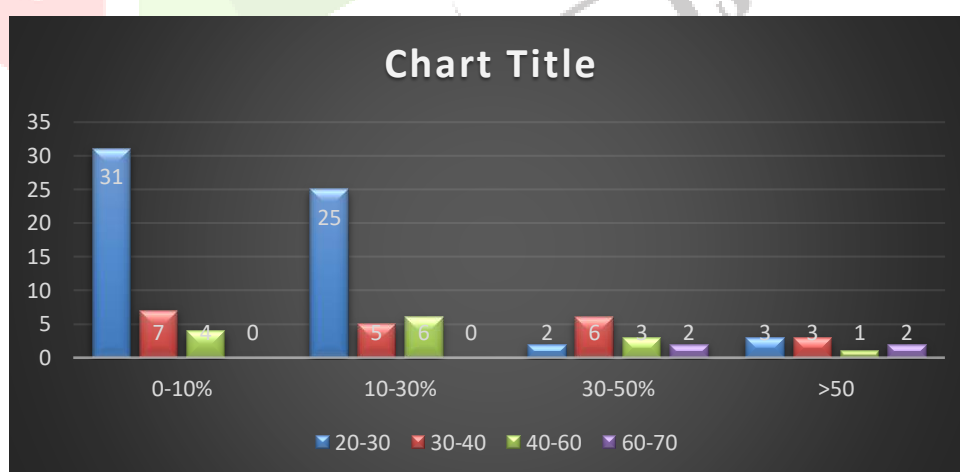
IV. RESULTS AND DISCUSSION

Hypothesis 1:

H₀: Age is not affecting the investment.

H₁: Age affects investment.

Age	0-10%	10-30%	30-50%	>50
20-30	31	25	2	3
30-40	7	5	6	3
40-60	4	6	3	1
60-70	0	0	2	2



Interpretation:

According to the survey conducted, the different age group of respondents invests their money in different proportions and their age group is affected by their investment. As shown in the above table the 20 – 30 years age group invests 0-10% & 10-30% of their income. And from 60 -70 years of age group invest more in 30- 50% or >50%.

Hypothesis Testing:

So the study suggests that the age group of the respondent affected the percentage of investable amount or investment.

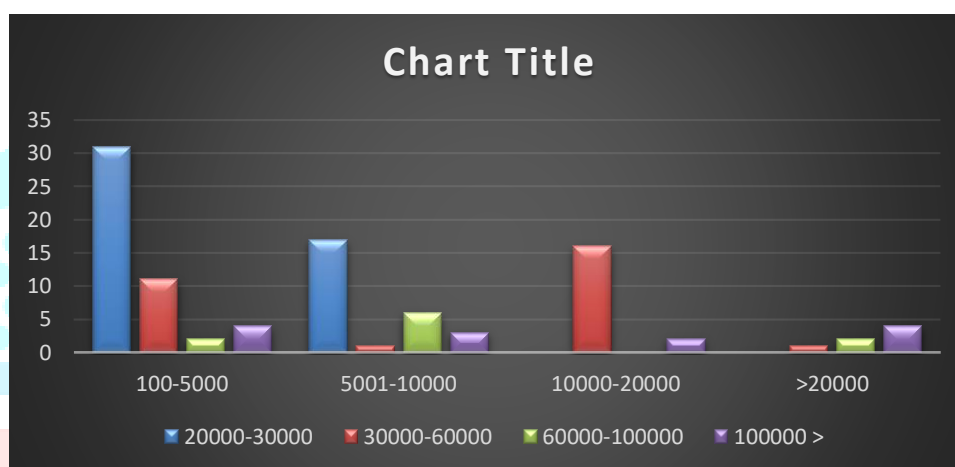
The null hypothesis(H0) is rejected.

Hypothesis 2:

H0: monthly income is not affected by the investable amount.

H1: monthly income is affected by the investable amount.

Monthly income	100-5000	5001-10000	10000-20000	>20000
20000-30000	31	17	0	0
30000-60000	11	1	16	1
60000-100000	2	6	0	2
100000 >	4	3	2	4

**Interpretation:**

According to the survey conducted, the monthly income of respondents affects the SIP monthly investment amount. So, a respondent who earns 20,000 to 30,000 invest highly 100- 5000 and 5001 – 10,000 every month in SIP and they are not willing to invest >20000 every month in SIP. However other respondents who earn more than 30,000 are willing to invest more than 10000.

Hypothesis Testing:

So the study suggests that respondents' income affects their amount of monthly SIP investment.

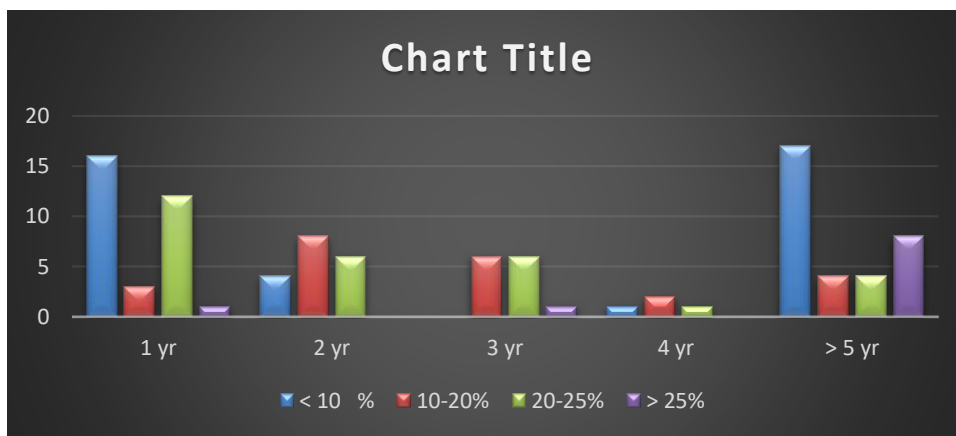
So, the null hypothesis (H0) is rejected.

Hypothesis 3:

H0: The investment horizon is not affected by the expected return.

H1: The investment horizon is affected by the expected return.

Invest. Horizon	< 10 %	10-20%	20-25%	> 25%
1 yr	16	3	12	1
2 yr	4	8	6	0
3 yr	0	6	6	1
4 yr	1	2	1	0
> 5 yr	17	4	4	8



Interpretation:

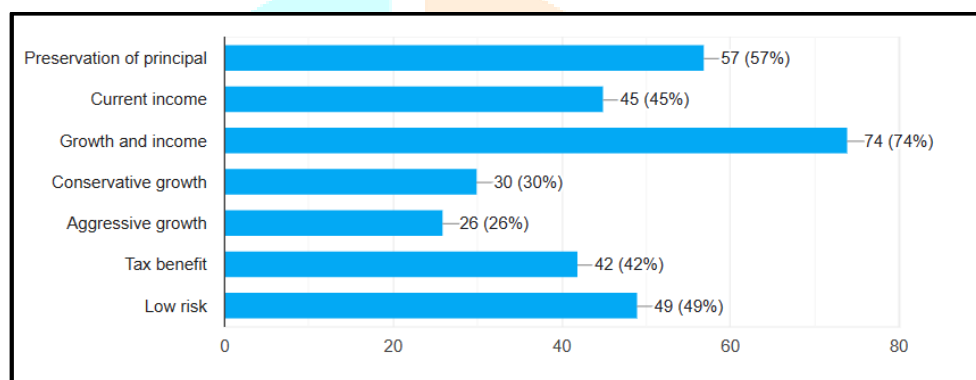
According to the survey conducted investment horizon and expected return affect each other and the SIP investment also. The respondents expect a high return (>25%) in > 5 years and the respondents whose investment horizon is less than 2 years or 1 year their expected return in SIP is low.

Hypothesis testing:

So the study suggests that investment horizon is the expected return affects.

So, the null Hypothesis(H0) is rejected.

The objective of investing in SIP:



Interpretation:

As shown in the above graph that the respondent objective for investing in SIP is different for different investors but the majority of the respondent investing objective is Growth and income the other is the preservation of principal then low risk. Very few investors prefer aggressive growth because they also know that aggressive growth also has high risk.

SIP is a good investment vehicle for retail investors to participate in the capital market.

Yes	84%
No	16%

Interpretation:

According to the research conducted it is stated that 84% of the respondent believes that SIP is a good investment vehicle for retail investors to participate in the capital market.

Findings:

People use a Systematic investment plan in which, investors make regular, equal payments into the mutual fund, trading account, or retirement account. SIP allows investors to save regularly with a small amount of money while benefiting from the long-term advantage. SIPs provide investors with a variety of benefits. The first, and most obvious, benefit is that once you set the amount you wish to invest and the frequency, there's not much more to do. Since many SIPs are funded automatically, you just have to make sure the funding account has enough money to cover your contributions. It also allows you to use a small amount so you don't feel the effects of a big lump sum being withdrawn all at once. Most people, especially those who are salaried, prefer monthly SIP. It is because, when they receive their monthly paycheck, they may quickly and conveniently deposit the SIP amount from their bank account to the chosen mutual fund. According to our 100 respondents, the 20 to 30 age group invests heavily in SIP

because the risk is low and they can invest in a low minimum amount, SIP is a good investment vehicle for retail investors, according to 84 out of 100 respondents. Growth and income with low risk are the objectives of 74% of respondents. SIP is a more straightforward method for long-term investment because it requires discipline and commitment to a set period and strict adherence to the plan regardless of market conditions. According to our sample of 100 respondents, they invest in SIP after considering factors like expenditure ratio, risk level, saving ratio, and objective. Market-linked risk is a factor when investing in mutual funds via SIP, and equities funds are most likely to have higher market-linked risk than debt and balance mutual funds. The investment option selected while taking the risk profile into account will determine the level of risk in a SIP.

Conclusion:

Given the discoveries of this exploration, it can state that a Mutual Fund SIP is a month to month based growth strategy wherein a financial backer puts a limited sum in common assets on pre-decided dates every month. This safeguards the financial backer from market instability and guarantees that the venture is made consistently, paying little mind to showcase conditions. Taste is an element grown explicitly for people who need to contribute humble totals consistently to a mass abundance over the long haul. It imparts the propensity for saving money consistently and deters market timing and guessing. The examination would be useful to little financial backers who need to join the capital market using an orderly contributing system. SIP, like other investing avenues, has its drawbacks, but it still seems to be one of the finest long-term investment options accessible, particularly for first-time investors, salaried individuals, and others. In the current market, a systematic investment plan (SIP) is the winning approach. Small investors may invest in equity funds on a monthly or quarterly basis in multiples of 500, 1000, 1500, 2000... and so on. And it's risk tolerance is also low By investing regularly, a small investor may benefit from the volatility (ups and downs). SIP investment RETURN is much better than ONE TIME INVESTMENT in this current downturn.

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