

# A Study On Investors Awareness Towards Systematic Investment Plan In Kumbakonam

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*Abstract: The growth of the Indian financial market has witnessed a significant shift towards mutual fund investments due to their diversified portfolio and professional management. However, investor awareness and preference play a crucial role in determining the success of these schemes. This study focuses on investors' awareness and preference towards mutual funds in Kumbakonam town. The objectives of the research include assessing the level of awareness among investors regarding various mutual fund schemes, analyzing the factors influencing their investment decisions, and identifying the most preferred types of mutual funds. A descriptive research design was adopted, and primary data were collected through a structured questionnaire from a sample of investors residing in Kumbakonam. Statistical tools such as percentage analysis, chi-square test, and ranking techniques were employed to interpret the data. The findings reveal that while awareness of mutual funds has increased, many investors still rely on traditional investment options due to perceived risks and lack of detailed knowledge. The study concludes that financial literacy programs and effective promotional strategies are essential to enhance investor confidence and attract more participation in mutual fund schemes.*

**Keywords: Mutual Funds, Investor Awareness, Investment Preference, Financial Literacy.**

## I. INTRODUCTION

The Indian financial market has witnessed significant changes over the past decade, with mutual funds emerging as a preferred investment option among retail investors. Among the various modes of investing in mutual funds, the Systematic Investment Plan (SIP) has gained remarkable popularity. SIP is a disciplined approach to investing, where investors contribute a fixed amount at regular intervals into mutual fund schemes. This method not only encourages regular savings but also helps in averaging out the cost of investment through the concept of rupee cost averaging.

Despite the growing popularity of SIPs, the level of awareness among investors, particularly in semi-urban and rural areas, remains a major challenge. Many investors still rely on traditional investment avenues such as fixed deposits, gold, and real estate due to lack of proper knowledge about the benefits and risks associated with SIPs. Factors like financial

literacy, income level, risk perception, and accessibility to financial information significantly influence the adoption of SIP as an investment tool.

For investors of all experience levels, a systematic approach to investing in the financial markets (SIP) is a simple, cost-effective, and uncomplicated way to invest. It works on the basis of systematic, fixed investments made into a chosen mutual fund plan at predetermined periods, usually monthly or quarterly.

Accessibility is one of the most attractive features of SIPs. People with different financial capacities might start with little investments using them as an entry point into the world of investments.

An investor who chooses a particular mutual fund based on their preferences and invests a fixed amount of capital in that fund on a monthly basis is said to be participating in a Systematic Investment Plan (SIP). Instead of directly investing a lump sum amount of funds in one go, a systematic investment plan involves the concept of bit-wise investments

spread over a long duration. By making small monthly, quarterly, or half-yearly capital investments through a Systematic Investment Plan, an investor can invest for a lengthy period of time and eventually earn bigger returns. An investor can invest with a modest quantity of money up to large sums of money using the Systematic Investment Plan.

When it comes to investing in a disciplined way without having to worry about market timing or volatility, SIP has been gaining appeal among Indian mutual fund investors. The ideal option to start investing over the long term is definitely through one of the mutual fund company's systematic investment plans. You should start investing early in order to optimize your long-term gains since it is crucial to invest for the long run. To maximize the return on your assets, your maxim should be "Start Early, Invest Regularly."

A systematic investment plan offers far more advantages than merely an investment plan. This is an investment strategy that works for people of all ages who want to save money, earn capital and reduce their income tax. This study focuses on assessing the awareness level of investors towards Systematic Investment Plans, analyzing the factors influencing their decision-making, and identifying the gaps in financial literacy that hinder SIP adoption.

#### OBJECTIVES OF THE STUDY

- ✓ To understand systematic investment plan offered by Mutual Fund Company.
- ✓ To identify the factors influencing level of awareness among investors
- ✓ To analyse the awareness level of investors in SIP.
- ✓ To give the suitable suggestion for betterment of investors awareness about SIP.

#### STATEMENT OF PROBLEM

The problem lies in the lack of investor education and understanding about systematic investment plans (SIPs) in the Kumbakonam region. This lack of knowledge and understanding makes it difficult for investors to make informed decisions regarding their investments and restricts their ability to benefit from SIPs. Therefore, it is important to identify and address the factors that contribute to this lack of investor awareness, evaluate its impact on investor behavior, and create strategies to improve investor education and awareness around systematic investment plans.

#### RESEARCH METHODOLOGY

Descriptive Research is used for this study. Both primary and secondary sources of data were used to collect data from 120 respondents. Snowball sampling method was used by the researcher for collecting the primary data. Statistical tools like Mean Rank, Chi-square test and percentage analysis were used for analysis.

## II. REVIEW OF LITERATURE

Kabirdoss Devi and Pannerselvam (2019): The author of the paper "Users Satisfaction Towards Online Learning Resources for Sip Awareness and Education" This research outlines the introduction of the SIP e-learning system and analyzes its level of success using a theoretical framework.

S. Srimaan Ramachandra Raja (2019): The acceptance of mutual funds has increased over time. The convenience of investing has become a crucial facilitator, in addition to the many benefits of mutual funds, like diversification and expert management. But because new products are being developed, investors have many options when it comes to mutual funds nowadays. Given the increased number of available options, investors should select a mutual fund that aligns with their investment objectives and their level of risk acceptance and tolerance.

Naik et al (2020): Using descriptive and analytical research with a convenient sampling method, estimated the mutual fund investors' awareness level, portfolio preferences, most preferred channel, and factors that interest investors in SBI Mutual Funds. They also analyzed a comparative study between other top mutual funds in the current market. Reported that 30% of investors do not favor mutual funds as a means of investing because of things like low awareness, high risk, liquidity, and affordability.

Mr. Renjith RG and Dr. V. Sachithanathan (2020): carried out a "Study on investor choice of Systematic investment plan [SIP] in mutual fund" Finding out what factors influence an investor's choice to participate in a mutual fund systematic investment plan scheme in Tamil Nadu, analyzing the investment objectives of mutual fund investors, and researching the investment preferences of individual investors through the use of demographic data are the main objectives of this study. Primary data are used by the investigator. According to the survey, consumers choose investing a small sum of money, choosing a systematic investment plan based on plan futures and schemes, and acquiring a mutual fund plan after a considerable amount of time. It is imperative to emphasize that the nature of the fund, social component, economic element, performance element, promotional element and so on.

Doshi (2021): The degree of knowledge and perspective of respondents regarding investments through mutual fund systematic investment plans has been brought to light. With 125 replies to a survey conducted using a Google Form among respondents aged 18 to 60, the article focused on factors related to awareness, investment amount, purpose, and perception as well as investment barriers of SIP. Investment in mutual funds is unknown to investors, according to the survey. They rely on the advice of friends, relatives, and brokers and are not very clear about their investing objectives. SIP, Recurring Deposit, and SWP are similar phrases. Furthermore, the study recommended that mutual funds should be innovative and that investors should learn about and embrace new investment opportunities rather than clinging to tried-and true methods.

Source: Primary Data

Table No. 1: Gender of the respondents

Table 1 depicts the gender of respondents. Out of 120 respondents 75 respondents are male and the remaining 45 respondents are female.

Age	No of respondents	Percentage
18-25years	32	26.7
26-40years	55	45.8
41-50years	14	11.7
Above 50 years	19	15.8
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 2: Age of the respondents

Table 2 shows the age classification of respondents 26.7 percent of respondents belongs to 18-25 years' age group, while 45.8 percent of respondents belongs to the age group of 26-40, 11.7 percent of the respondents belong to the age group of 41-50 years and 15.8 percent of the respondents belong to the age group of above 50 years.

Marital status	No. of respondents	Percentage
Married	82	68.3
Unmarried	38	31.7
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 3: Marital Status of the respondents

Table no. 3 shows the marital status of the respondents. Out of 120 respondents majority 82 respondents are married and the remaining 38 respondents are unmarried.

Occupation	No. of respondents	Percentage
Salaried	39	32.5
Business	44	36.7
Student	17	14.2
Housewife	12	10
Retired	8	6.7
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 4: Occupation of the respondents

From table 4 it is clear that, majority 36.7 percent of the respondents are business people, 32.5 percent of the respondents are salaried people, 14.2 percent are students, 10 percent are housewives and minimum 6.7 percent are retired persons.

Income (per annum):	No. of respondents	Percentage
1,00,000-2,00,000	6	5
2,00,001-3,00,000	19	15.8
3,00,001-4,00,000	29	24.2
4,00,001-5,00,000	24	20
Above5,00,000	15	12.5
Not applicable	27	22.5
<b>Total</b>	<b>120</b>	<b>100</b>

Source Primary data

Table No. 5: Income Per Annum of the respondents

In the table no. 5 the income of the respondents are depicted. When analyzing the income levels of respondents it is found that maximum 29 respondents belongs to the income range of 3,00,001 -4,00,000 (Income per annum), 27

respondents are students and housewives who are not earning any income, 24 respondents comes under 4,00,001-5,00,00, 19 respondents are coming under the income group of 2,00,001 to 3,00,000, 15 respondents are earning above Rs. 5,00,000 and minimum 6 respondents are earning between Rs. 1,00,000 – 2,00,000.

Basis	No. of respondents	Percentage
Strongly agree	25	20.8
Agree	14	11.7
Moderate	35	29.2
Disagree	22	18.3
Strongly disagree	24	20
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 6: Primary Source Of Knowledge About SIP (Television)

From table no. 6 its is clear that out of 120 respondents 25 respondents strongly agree that the primary source of knowledge about SIP was Television media. 24 respondents strongly disagreed.

Basis	No. of respondents	Percentage
Strongly agree	74	61.7
Agree	13	10.8
Moderate	14	11.7
Disagree	13	10.8
Strongly disagree	6	5
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 7: Primary Source of Knowledge About SIP (Internet)

From Table no. 7 it is clear that out of 120 respondents maximum 74 respondents strongly agree that the primary source of of knowledge about SIP is Internet.

Basis	No. of respondents	Percentage
Strongly agree	16	13.3
Agree	25	20.8
Moderate	61	50.8
Disagree	13	10.8
Strongly disagree	5	4.2
<b>Total</b>	<b>120</b>	<b>100</b>

Gender	No of respondents	Percentage
Male	75	62.5
Female	45	37.5
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 8: Primary Source Of Knowledge About SIP (Newspaper/Journals)

Table no. 8 clearly states that out of 120 respondents 16 respondents alone strongly agree that the primary source of knowledge about SIP was newspapers and journals.

Basis	No of respondents	Percentage
Strongly agree	16	13.3
Agree	49	40.8
Moderate	36	30
Disagree	12	10

Strongly disagree	7	59
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 9: Primary Source of Knowledge About SIP (Friends and Relatives)

Table no. 9 clearly shows that 49 respondents out of total 120 respondents agree that the primary source of knowledge of SIP was friends and relatives.

Basis	No. of respondents	Percentage
Strongly agree	5	4.2
Agree	16	13.3
Moderate	17	14.2
Disagree	26	21.7
Strongly disagree	56	46.7
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 10: Primary Source of Knowledge About SIP (Sales Representative)

Table no. 10 clearly states that out of 120 respondents, 56 respondents strongly disagree that the primary source of knowledge about SIP was the sales representatives.

Schemes	No. of respondents	Percentage
Regular SIP	22	18.3
Top-up SIP	34	28.3
Trigger SIP	10	8.3
Flexible SIP	22	18.3
Multi-SIP	16	13.3
SIP with insurance	16	13.3
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 11: Type of Scheme Invested

Table 11 states that out of 120 respondents, 34 respondents preferred Top-up SIP scheme, 22 respondents of them chosen regular SIP and 10 percent of them have selected the trigger SIP scheme.

Purpose	No. of respondents	Percentage
Strongly agree	104	86.7
Agree	12	10
Moderate	4	3.3
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 12: Purpose Behind Investment (Wealth Creation)

Table 12 states that out of 120 respondents, 104 respondents strongly agreed that wealth creation was the purpose behind their investment in SIP.

Purpose	No. of respondents	Percentage
Strongly disagree	2	1.7
Disagree	7	5.8
Moderate	39	32.5
Agree	60	50
Strongly agree	12	10
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 13: Purpose Behind Investment (Tax Savings)

Table No. 13 states that out of 120 respondents, 50 respondents agreed that Tax savings was the purpose behind their investment in SIP.

Purpose	No. of respondents	Percentage
Disagree	3	2.5
Moderate	23	19.2
Agree	75	62.5
Strongly agree	19	15.8
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 14: Purpose Behind Investment (Future Expenses)

Table No. 14 clearly states that out of 120 respondents, 75 respondents agree that the purpose behind their investment in SIP was to meet out their future expenses.

Basis	No. of respondents	Percentage
Strongly agree	3	2.5
Agree	4	3.3
Moderate	30	25
Disagree	46	38.3
Strongly disagree	37	30.8
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data

Table No. 15: Purpose Behind Investment (Capital Appreciation)

Table No. 15 states that out of 120 respondents only 3 respondents strongly agreed that capital appreciation was the purpose behind their investment in SIP.

## CHI-SQUARE ANALYSIS

*H0: There is no significant relationship between Age and reason on investing in SIP*

Age	Reason on investing in SIP			Total
	Low	Medium	High	
18-25years	16	12	4	32
26-40years	25	29	1	55
41-50years	9	5	0	14
Above50years	6	12	1	19
<b>Total</b>	<b>56</b>	<b>58</b>	<b>6</b>	<b>120</b>
Chi-square Value:9.690	df6			Sig .138

The chi-square test have been applied to test null hypothesis Degree of freedom - 6

Chi-squarevalue-9.690

The distribution is 95% significant level

## RESULT

The significant value is .138 (i.e.,  $p=.138$ ), which is above 0.05 at 5% significant level. The hypothesis accepted. Therefore, there is no significance association between age and Reason on investing in sip.

*H0: There is no significant relationship between gender and reason on investing in SIP*

Gender	Reason non-investing in SIP			Total
	Low	Medium	High	
Male	35	39	1	75
Female	21	19	5	45
Total	56	58	6	120
Chi-square Value:5.934	d.f 2			Sig .051

Degree of freedom - 2

Chi-squarevalue-5.934

The distribution is 95% significant level

## RESULT

The significant value is .051 (i.e., $p=.051$ ), which is above than 0.05 at 5% significant level.

The hypothesis is accepted. Therefore, it is concluded that there is no significance association between gender and Reason on investing in SIP.

*H0: There is no significant relationship between marital status and reason on investing in SIP*

Marital status	Reason on investing in SIP			Total
	Low	Medium	High	
Married	32	48	2	82
Unmarried	24	10	4	38
Total	56	58	6	120
C chi-square value-1 12.215	df2			Sig .002

Degree of freedom - 2

Chi-squarevalue-12.215

The distribution is 95% significant level

## RESULT

The significant value is .002 (i.e.  $p=.002$ ), which is less than 0.05 at 5% significant level. The hypothesis is rejected. Therefore, it is concluded that there is significance association between marital status and reason on investing in sip.

*H0: There is no significant relationship between Occupation and reason on investing in SIP*

Occupation	Reason on investing in SIP			Total
	Low	Medium	High	
Salaried	22	17	0	39
Business	21	22	1	44
Student	6	8	3	17
Housewife	4	6	2	12
Retired	3	5	0	8
Total	56	58	6	120
Chi-square Value:14.137	d.f 8			Sig .078

Degree of freedom - 8

Chi-squarevalue-14.137

The distribution is 95% significant level

## RESULT

The significant value is .078 (i.e.,  $p=.078$ ), which is above 0.05 at 5% significant level. The hypothesis is

accepted. Therefore, it is concluded that there is no significant association between occupation and reason on investing in SIP.

*H0: There is no significant relationship between income and reason on investing in SIP*

Income	Reason on investing in SIP			Total
	Low	Medium	High	
1,00,000-2,00,000	2	2	2	6
2,00,001-3,00,000	14	5	0	19
3,00,001-4,00,000	14	15	0	29
4,00,001-5,00,000	11	12	1	24
Above5,00,000	5	10	0	15
Not applicable	10	14	3	27
Total	56	58	6	120
Chi-square Value:22.541	d.f 10			Sig .013

Degree of freedom - 10

Chi-squarevalue-22.541

The distribution is 95% significant level

## RESULT

The significant value is .013 (i.e., $p=.013$ ), which is less than 0.05 at 5% significant level. The hypothesis is rejected. Therefore, it was concluded that there is significant association between Income and reason on investing in SIP.

## III. FINDINGS

- ✓ 62.5 percent of the respondents are male.
- ✓ 45.8 percent of the respondents belongs to the age group of 26-40 years.
- ✓ Majority of the respondents 68.3 percent are married.
- ✓ Nearly 36.7 percent of the respondents are business people.
- ✓ Nearly 29 respondents comes under the Income group of Rs. 3,00,001 to Rs.4,00,000.
- ✓ 25 respondents strongly agree that the primary source of knowledge about SIP was Television media.
- ✓ 74 respondents strongly agree that the primary source of of knowledge about SIP is Internet.
- ✓ 16 respondents alone strongly agree that the primary source of knowledge about SIP was newspapers and journals.
- ✓ 120 respondents agree that the primary source of knowledge of SIP was friends and relatives.
- ✓ 56 respondents strongly disagree that the primary source of knowledge about SIP was the sales representatives.
- ✓ 22 respondents of them chosen regular SIP and 10 percent of them have selected the trigger SIP scheme.
- ✓ 104 respondents strongly agreed that wealth creation was the purpose behind their investment in SIP.
- ✓ 50 respondents agreed that Tax savings was the purpose behind their investment in SIP.
- ✓ 75 respondents agree that the purpose behind their investment in SIP was to meet out their future expenses.

- ✓ 3 respondents strongly agreed that capital appreciation was the purpose behind their investment in SIP.
- ✓ There is no significance association between age and Reason on investing in sip
- ✓ There is no significance association between gender and Reason on investing in SIP.
- ✓ There is significance association between marital status and reason on investing in sip.
- ✓ There is no significant association between occupation and reason on investing in SIP.
- ✓ There is significant association between Income and reason on investing in SIP.

#### IV. SUGGESTIONS

##### ✓ EDUCATIONAL CAMPAIGNS

To elucidate the advantages of SIPs, their mechanism of operation, and their enduring effects, initiate educational campaigns across diverse media platforms. When communicating with investors, use straightforward language and real examples.

##### ✓ ONLINE WEBINARS AND WORKSHOPS

Organize online workshops and webinars where financial professionals may go over SIPs in depth, clear up frequent misunderstandings, and respond to inquiries from investors in real time.

##### ✓ INTERACTIVE TOOLS AND CALCULATORS

Create interactive calculators and tools for your website or mobile application that let investors compare lumpsum contributions to SIPs and simulate the growth of their assets over time. They may see the power of compounding with the aid of this.

##### ✓ CASE STUDIES AND SUCCESS STORY

Give investors who have benefited from SIPs case studies and success stories. Actual cases can serve as a source of motivation for others and offer useful advice on how SIPs can assist in achieving financial objectives.

##### ✓ REGULAR COMMUNICATION

Deliver pertinent information on your SIP investments, market changes, and advice on being devoted to your investors amid market swings in a consistent manner to your investors through newsletters, emails, or SMS alerts.

##### ✓ FINANCIAL LITERACY PROGRAMS

Work together with educational institutions, businesses, and community organizations to implement financial literacy initiatives that incorporate SIPs modules in to the curricula.

##### ✓ SOCIAL MEDIA ENGAGEMENT:

Educate investors, interact with them, respond to their questions, and offer educational materials like articles, videos, and infographics by utilizing social media sites.

##### ✓ PARTNERSHIPS WITH FINANCIAL ADVISORS

Assist prospective investors with individualized advice on adding SIPs to their investment portfolios by collaborating with wealth management companies and financial advisors.

##### ✓ REGULATORY SUPPORT

For the purpose of protecting investors and ensuring regulatory compliance, collaborate closely with regulatory authorities. Due to its safety and regulation, SIPs may gain more investor trust as a result.

##### ✓ FEEDBACK MECHANISM

Provide investors a way to voice their opinions, worries, and suggestions about SIPs through a feedback mechanism. In addition to resolving any problems quickly, this can enhance the entire investment experience.

#### V. CONCLUSION

Informed and wise investing decisions are facilitated by investor understanding of systematic investment plans or SIPs. It is clear from our analysis that investors' long-term wealth building and financial stability depend on their knowledge of SIPs. By minimizing the risk of market timing and utilizing the potential of compounding overtime, SIPs provide an organized method to investing.

Financial organizations and regulatory agencies may enable people to comprehend the advantages of consistent, long-term investing methods by raising investor awareness of SIPs. Gaining more knowledge about SIPs may encourage more people to participate, which might boost the mutual fund sector and the capital markets as a whole.

But it's important to understand that investor knowledge is only one aspect of the whole picture. As important are initiatives to guarantee financial product transparency, provide access to investment resources, and raise financial literacy. We can establish a situation where investors are able to make well-informed decisions such as selecting SIPs as their preferred investment vehicle by tackling these more general concerns.

Building a financially inclusive society, in summary, requires raising investor awareness of systematic investment programs. People can take charge of their financial destiny and use SIPs to achieve their long-term investment goals if we give them the knowledge, tools, and assistance they need.

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