

Investors' Behavior Towards the Emergence of Systematic Investment Plan of Mutual Funds in Bengaluru

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ABSTRACT - Investment is the commitment of funds by the investors which have been saved from current consumption with a hope that some benefits will be received in future. Idle money doesn't get us anything. Money should earn along with us. Robert T Kiyosaki says, "Learn to have money work for you rather than you work for money". Based on the factors such as Demographic factors, Socio-Economic background, Life Style, etc., a lot of investment avenues is available to the investors for parking their funds. Generally the initial step in the investment process is to understand the objectives of investment and framing out the investment policy. This may rely on investor's perception and probable earning capabilities and also needs and requirements of the investor. Before investing, the investor has to analyze alternatives of investments in terms of their risk, return, term, convenience, liquidity etc. Systematic Investment Plans or SIPs are one of the most popular ways of investing in Mutual Funds. SIPs help to inculcate financial discipline and build wealth for the future. This study is taken up to know the investors' behaviour towards the emergence of Systematic Investment Plan of Mutual funds in Bengaluru in the recent times and its feasibility to make an investment. Samples of 230 respondents were selected randomly to analyze the behaviour of the respondents.

Key Words: Feasibility, Investment, Liquidity, Objective, Risk and Return, Wealth.

I. INTRODUCTION

Investors are the backbone of capital market. A developing economy like India needs a growing amount of savings to flow towards corporate enterprises. The level of equity market participation of the retail investors has been increasing over the past few years. Investment is the flow of capital that is used for productive purposes. There is a great emphasis on investment for being a primary instrument of economic growth and development for the country. There are large numbers of investment instruments available today. Some of them are marketable and liquid while others are non-marketable and illiquid. There are instruments which are highly risky while others are almost riskless.

The investors choose avenues, depending upon their specific need, risk appetite, and return expected. Investment avenues can broadly be categorized into two spheres, namely, economic investment and financial investment. Purchasing a physical asset such as a building or equipment is an economic investment. An economic investment contributes to the net additions and in turn adds

towards capital stock of a society. Financial investments, on the other hand, refer to investment in financial instruments like shares, debentures, insurance policies, mutual fund units etc. Financial investments help in creating the capital stock of the country. In a long term, investment is important for improving productivity and increasing the competitiveness of an economy.

Mutual fund is a pool of money collected from investors and is invested according to certain investment options. A mutual fund is a trust that pools the saving of number of investors who share a common financial goal. A mutual fund is created when investors put their money together. Thus, it is a pool of investor's fund. The money collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion to the no. of units owned by them. The most important characteristics of a fund are that the contributors and the beneficiaries of the fund are the same class of people namely the investors.

Systematic Investment Option

A systematic investment plan (SIP) is a method of investing in mutual funds which allows investors to invest a fixed sum in a mutual fund scheme at predetermined intervals (daily, weekly, monthly, bi-annual or annual). SIP investments reduce the potential financial risk associated with a lump sum investment. It also enables an investor to increase/decrease the investment in line with the current financial situation of the investor. Systematic Investment Plan, commonly referred to as an SIP, allows you to invest regularly a fixed sum in your favorite mutual fund schemes. In SIP a fixed amount is deducted from your savings account every month and directed towards the mutual fund you choose to invest in. A systematic investment plan (SIP) is a plan where investors make regular, equal payments into a mutual fund, trading account, or retirement account such as a 401(k). SIPs allow investors to save regularly with a smaller amount of money while benefiting from the long-term advantages of dollar-cost averaging (DCA). By using a DCA strategy, an investor buys an investment using periodic equal transfers of funds to build wealth or a portfolio over time slowly.

Investor Behaviour

Investment behavior is based on uncertainty about the future and is thus risky. News and rumors and speed and availability of information play important roles in investment markets. Risk propensity, risk preference, and attitude are the major concepts and explanations of investment behavior.

II. REVIEW OF LITERATURE

Badge, J. (2021), Savings and investments are the two essential ingredients of the capital formation of any country. Now a day's there are multiple options are available for investments and saving. This paper presents on various investment options like Banks, LIC, PPF, Bonds, Mutual Funds, Real estate, Commodity Market, Gold, Equity Shares, Futures & Options, and instruments of the Post Office like NSC & MIS to trace the preference of an investor. A survey of 300 respondents was carried by the author for finding the best investment options available in the current situation. Data analysis has been done by statistical tools like descriptive statistics and exploratory factor analysis.

Snehal Donde and Pooja Dodhia (2021), the study was to propose the financial inclusion of women through Systematic Investment Plan (SIP) schemes in the new era of investment opportunities for overall economic growth at the various geographical locations The overall findings revealed that annual income and savings of majority of women is not enough which is hindrance in investment decisions of the women in society. Although women have preferences in mutual fund but investment in SIP is seen poor only due to lack of awareness and tailor-made

products. It was observed that investments are independent of age and qualification. The present study recommends that the Government must consider women in society while designing financial products and plans for their effective inclusion and financial independence to live with dignity. Under women and child development strategies, policies must be merged with Self Help Groups, SMEs to encourage income through such investment plans and schemes.

Renuka Venkataramani and Parthajit Kayal (2021) in their paper titled Systematic Investment Plans and Market-timed investments; it examines the performance of the Systematic Investment Plan (SIP) and different market timing strategies. The components of the NIFTY50 index were considered for the analysis. The empirical results suggest SIP as a suitable investment strategy for long-term investments and for the stocks belonging to least and moderately volatile. Over the long run, stocks with a higher return on capital employed (ROCE), favour the SIP investment strategy.

Murugan, M. K., & Immaculate, M. P (2020), Investors have confusion in investment options, either directly or indirectly. On top of it, new ways of making investment have come up with the advent and development of technology. The SIP has gained a sizable popularity and hence a structured study in Indian context is in place. And it is also important to understand and analyze investor's perception and expectations and unveil some extremely valuable information to support financial decision making of mutual funds. The objective of the research includes comparison of SIP with lump sum investment using NAV Method and data envelopment analysis (DEA).

Dr. K. Karthikeyan and S Sakthivelu (2020), "Investment in Mutual Funds under Systematic Investment Plan" the research by the author attempts to analyze the investment in mutual funds under Systematic Investment Plan (SIP) and know the motivating factors and perception level of investors about SIP. The study revealed that the investors are made aware about SIP by their brokers than any other sources, they aware moderately about SIP. Further, it was suggested that the awareness about SIP may be promoted through different sources like newspaper, television and internet to reach the investors at large and components of the flexibility and long term gain may be emphasized to the investors to invest in mutual funds.

Borgaon, H. (2020), Comparative Study on Systematic Investment Plan and One Time Investment Plan in Mutual Fund, Mutual Fund has emerged as a tool for ensuring ones financial well-being. Mutual funds have not only contributed to the India's growth but have also helped families tap into the success of Indian Mutual fund Industry. The author's main objective was to compare both Systematic investment plan and one time investment and

helps the investors to make best choice. In this paper, analysis was done by using compounded annual growth rate (CAGR) for lump sum investment plan and extended internal rate of return (XIRR) for Systematic investment plan.

NEED OF THE STUDY:

There are a lot of investment avenues available today in the financial market for an investor with an investable surplus. He can invest in bank deposits, corporate debentures, and bonds where there is low risk but low return. He may invest in Stock of companies or in mutual funds of various companies. Since last few years investment in capital market for mutual fund is considered safe investment and does not need to appoint a portfolio manager by the investors. But at the same time investors need detailed study or prospects of mutual fund. Return on mutual fund investment directly or indirectly depends on fluctuations coming in the share market. Moreover, public sectors and private sectors both offer various mutual fund schemes. Hence it becomes necessary to study sector wise and scheme wise resources mobilized by Indian mutual fund industry as well as to study the investors’ opinion about systematic investment plan (SIP) performance and respective services.

OBJECTIVE OF THE STUDY:

1. To study the investors’ behaviour towards Systematic Investment Plan Scheme of Mutual Fund in Bengaluru
2. To know the influence of demographic factors on investment behaviour of investors
3. To find out how investor awareness of SIP scheme affects investment behaviour
4. To discover the investment objectives of SIP schemes investors and to analyze the financial needs and dependence of investors on investments

VARIABLES CONSIDERED FOR THE STUDY

Based on the literature reviews, the researcher identified the various factors influencing investor to behaviour of mutual fund. In Systematic investment plan, the variables are investment behaviour, attitude, financial needs, investment objectives, risk, investor opinion, plan performance, financial advisor, investor choice and awareness of SIP factors are determining the investors behaviour of mutual fund systematic investment plan. These factors are taken as the independent variables in this research. Investor behaviour is considered as the dependent variables.

III. RESEARCH METHODOLOGY

This present research is entirely descriptive research. The research instrument involved questionnaire design which has been used to measure the factors determining the

investor behaviour of mutual fund systematic investment plan. Questionnaire is a tool that is used to collect and record information from 230 respondents about specific area. Questionnaire often used to gather direct information regarding to respondent’s behaviour for basic opinion of a group of respondent regarding a specific issue. In order to collect useful and informative data from the respondents, the questionnaire was designed with effort. In this descriptive research, non-probability method is preferred, because it is convenience and sample could be chosen from many ways. Under non-probability sampling technique, one of the sampling method has been used in the research is convenience sampling technique. Convenience sampling is used, when the researcher is familiar with the respondents. Investors were chosen as sample respondents for this research due to the availability and familiarity by the researcher. Secondary data consists of various recognized journals, periodical papers, monthly magazines, studies, AMFI (Association of the Mutual Fund of India) and RBI was used. Data were categorized, tabulated and processed in an ordered manner and then analyzed

IV. ANALYSIS AND DISCUSSION

Table No 1.1: Demographic Profile of the Investors

Demographic Profile	Classification	Frequency	Percentage (%)
Gender	Male	148	64.34%
	Female	82	35.66%
Age	Less than 30 Years	52	22.60%
	31 – 40 Years	71	30.87%
	41 – 50 Years	60	26.09%
	Above 50 Years	47	20.43%
Occupation	Government Employee	37	16.09%
	Private Employee	124	53.91%
	Entrepreneurs	27	11.74%
	Others	42	18.26%
Income Range	Less than 20000	48	20.86%
	20000 – 40000	136	59.14%
	Above 40000	46	20%

Source: Primary Data

The profile of investors is displayed in the table 1.1. Gender is classified namely, male and female investors. Here, 64.34 percent of the male investors and 35.66 percent female investors participated in this study. It shows that majority of the male investors participated in this study.

In the case of age group, this is classified into four groups and the participants were less than 30 years, 31 to 40 years, 41 to 50 years and above 50 years age. Here, 30.87

percent investors were 31 to 40 years age group followed by 41 to 50 years age group (26.09 %), less than 30 years age group (22.60 %) and above 50 years age group (20.43%). It showed that majority of the investors were in the 31 to 40 years age group.

For the occupational status of the investors, 16.09 percent investors are government employees followed by 53.91 percent investors are in private employee, 14.8 percent investors are professional levels, 11.74 percent investors were entrepreneurs and 18.26 percent investors were involved in other occupational status. It showed that majority of investors are private employees.

For monthly income, 59.14 percent investors are having the income of Rs.20, 000 to 40,000 followed by 20 percent investors are having the monthly income of more than Rs. 40000, and 20.86 percent of the investors are having the monthly income of less than Rs.20, 000.

Table 1.2 Percentage of income to invest in mutual fund

Income %	No of Investors (%)
Less than 10	21.9
10 – 20	50.8
More than 20	27.3

Investors are asked to how much percentage of income was saved approximately. Investment percentage was analyzed with less than ten percent, ten to twenty percent and more than twenty percent. Further, income percent analysis is carried out. The result is displayed in the Table 1.2. From the analysis, it is noted that 50.8 percent of the investors stated that they save income approximately 10 to 20 percent followed by 27.3 percent of the investors stated that they are saving approximately more than 20 percent and 21.9 percent of the investors stated that they are save income of less than 10 percent of their income. It is inferred that the majority are 10 to 20 percent of investors are stating that they will save the income in mutual fund.

Table 1.3 Primary goal of investing in mutual fund

Objective	No of Investors (%)
Return	15.8
Funds for Future	34.1
Retirement	13.7
Children Education	16.5
Property planning	13.9
Long term purchase	6.1

Table 1.3 explains the investor’s primary objectives on investing the amount in the mutual fund. Here, the open choice was given to the investors and found that 34.1 percent of the investor’s primary goal was accumulation of funds for future use followed by 16.5 percent of the investors primary goal was future children education purpose, 15.8 percent of the investors primary goal was safe return, 13.9 percent of the investors primary goal was purchase of property, 13.7 percent of the investors primary goal was after retirement financial needs and 6.1 percent of the investors primary goal is long term purchase for their family needs. It also showed that the majority of the respondents had a primary goal to accumulation of funds for future use.

Table 1.4 Main objective of investing in mutual fund

Objective	No of Investors (%)
Preserve capital	15.8
Generate moderate capital growth with some income	34.1
Generate long-term capital growth	13.7
Generate aggressive capital growth over the long-term	16.5

Table 1.4 explains the investor’s main objectives for investing mutual fund. Here, the investors were asked to write the main objectives to investing. After collecting the data, the researcher found that, 34.7 percent of the investors main objectives was to preserve capital and generate income followed by 29.1 percent of the investors main objectives was to generate moderate capital growth with some income, 28.9 percent of the investors main objectives was to generate long-term capital growth and 7.4 percent of the investors main objectives was to generate aggressive capital growth over the long-term. It is inferred that the majority of the investor's had a main objective to preserve capital and generate income.

Table 1.5 Preference of investing amount monthly

Options	No of Investors (%)
1000 to 2000	39.5
2000 to 3000	30.8
3000 to 5000	15.0
Above 5000	14.8

Respondents were asked how much amount to invest monthly. Investment options are given. Further, frequency analysis is carried out. The result is displayed in the table 1.6. From the analysis, it is noted that 39.5 percent of the

respondents stated that they preferred to invest amount of Rs.1, 000 to 2,000 monthly followed by, 30.8 percent of the respondents stated that they preferred to invest amount of Rs.2, 000 to 3,000, 15.0 percent of the respondents stated that they preferred to invest amount of Rs.6, 001 to 10,000 and 14.8 percent of the respondents stated that they preferred to invest more than Rs.5,000.It is noted that the most of the respondents preferred to invest amount of Rs. 1,000 to 2,000 monthly in to systematic investment plan (SIP) mutual fund.

Table 1.6 Investor preferred channel for financial specialists in Mutual Fund for SIP investment

Channel	No of Investors (%)
Directly from AMCs	13.2
Agents or Brokers	55.5
Sub-Brokers	24.1
Other Sources	7.2

Table 1.6 shows that the investor preferred channel for financial specialists in Mutual Fund for SIP investment. The channels options are Directly from AMC's, Brokers, Sub-Brokers and Other Sources (Banks, friends and relations). Further, frequency analysis was carried out. It is noted that 55.5 percent of the respondents stated that they preferred channel options to invest in mutual fund (SIP) through agents or brokers followed by 24.1percent of the respondents stated that they preferred channel options to invest in mutual fund (SIP) through sub brokers, 13.2percent of the respondents stated that they preferred channel options to invest in mutual fund (SIP) through Asset Management Company (AMC) and 7.2percent of the respondents stated that they preferred channel options to invest in mutual fund (SIP) through various sources like banks, friends, relations, etc. The majority of the respondents are stated that they preferred channel options to invest in mutual fund (SIP) through agents or brokers and sub brokers.

Table 1.7 Investors Behaviour towards investment in SIP of Mutual fund

Behaviour Factors	Mean	SD
I take decision on saving after getting income	3.87	1.202
I consult my family members before taking investment	4.00	1.296
I make my investment decision on my own	3.83	1.190

I prefer investment where there is no loss	3.95	1.335
I review my investment decision frequently	3.76	1.355
I feel I make good investment decision	3.85	1.452
I prefer investment opportunities with potentially Large	3.78	1.275

Table 1.7 explains the investor behaviour towards systematic investment plan (SIP) in mutual fund. Here, investor behaviour was analyzed with seven factors in the five point likert scale. Further, mean and standard deviation values are calculated for each factor. The mean values are ranged from 3.76 to 4.00. The calculated standard deviation values lies between 1.19 and 1.45.

From the mean value, it is inferred that respondents are highly rated that they will consult with family members before taking investment (4.00) followed by, investors prefer for investment where there is no loss (3.95), investor take decision on investment safe return(3.87), investor feel good for making good investment decision (3.85), investor feel that they will make investment decision on own (3.83), investor prefer investment opportunities with potentially large (3.78) and investor need to review their investment decision frequently (3.76). From the standard deviation values, it is noted that the respondent's perception towards investor behaviour is not varied as much. It is noted that the respondents are highly rated that they will consult with family members before taking investment of systematic investment plan (SIP) and consider with safe return without loss.

Table 1.8 Investor's Willingness to take Risk towards invest in SIP of Mutual fund

Risk Factors	Mean	SD
Very conservative and try to minimize risk and avoid the possibility of any loss	3.74	1.349
Conservative but willing to accept a small amount of risk	3.88	1.378
Willing to accept a moderate level of risk and tolerate losses to achieve potentially higher returns	3.87	1.200
Aggressive and typically take on significant risk and are willing to tolerate large losses for the potential of achieving higher returns	3.99	1.288
Prompt settlement	3.96	1.206
Market goes down I tend to sell	3.84	1.447

Table 1.8 explains the respondent's opinion towards risk taking to investment in SIP mutual fund. Risk factors are analysed with six factors. The standard deviation values between 1.20 and 1.44. The mean values are 3.74 and 3.99. From the mean values, it is inferred the respondents are having more importance to risk factors in investing. They are aggressive and typically take on significant risk and are willing to tolerate large losses for the potential of achieving higher returns (3.99) followed by prompt settlement (3.96), conservative but willing to accept a small amount of risk (3.88), Willing to accept a moderate level of risk and tolerate losses to achieve potentially higher returns (3.87), Market goes down I tend to sell (3.84) and Very conservative and try to minimize risk and avoid the possibility of any loss (3.74). But, investors have given less importance toward swilling to tolerate large losses for the potential of achieving higher returns.

It is inferred that investors are having more importance towards willing to tolerate large losses for the potential of achieving higher returns and prompt settlement.

V. FINDINGS

- It is observed that the majority of respondents have given much importance towards SIP mutual fund give more tax benefit and more loan facility available in SIP mutual fund.
- Respondents are having more importance towards SIP mutual fund is one the best portfolio investment and its new scheme.
- It is inferred that most of investors feel that the financial advisors want all further services from advisors only after purchase of fund also want advisors to explain fund in detail with full information on pros and cons.
- Government can give tax exemption for SIP Investment and Consultants play a vital role in mobilizing the investment of people are having week relationship with investor behaviour towards SIP mutual fund.
- Investor considered that the willing to accept a small amount of risk factor is having strong relationship with investor behaviour. However, prompt settlement is having week relationship with investor behaviour.
- It is inferred that the investor opinion objectives, performance factor, awareness, investment objectives of mutual fund and financial factors are the factors which influence the respondents to invest in SIP of mutual fund.

VI. RECOMMENDATIONS

The findings of this study observed that attitude and financial factors affect investor behaviour. Hence, financial agents or advisor or brokers must keep in mind that in order to attract and retain consumers, they must

focus on marketing campaigns and promotional activities. Promotion must be informative and attractive to retain the consumer satisfaction and long lasting association.

The fund managers' performance was one of the important factors which influence the success of mutual fund and asset management companies as well. The study shows that the investors are not satisfied with the strategy adopted by fund managers to pick the fund and portfolio management of investors. AMC must take much care in the hiring and appointment of fund managers.

Most of the investors are satisfied with the benefits of Systematic Investment Plan and so mutual fund companies should take necessary steps to make publicity of SIP. Mutual fund penetration is comparatively low and great scope exists for the growth of mutual funds in India.

VII. CONCLUSION

This study is very important in order to judge the investors' behavior in a market like India, where the competition increases day by day due to the entry of large number of players with different financial strengths and strategies. The present investigation outlined that mostly the investors have positive approach towards investing in mutual funds. In order to maintain their confidence in mutual funds they should be provided with timely information relating to different trends in the mutual fund industry. For achieving heights in the financial sector, the mutual fund companies should formulate the strategies in such a way that helps in fulfilling the investors' expectations. Today the main task before mutual fund industry is to convert the potential investors into the reality investors. New and more innovative schemes should be launched from time to time so that investor's confidence should be maintained. All this will lead to the overall growth and development of the mutual fund industry.

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