

Systematic Investment Plan: Patterns, Preferences, Perspectives and Views of the Student Community

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Abstract

A significant demographic transitioning into financial independence is represented by college students. Their investment behaviour lays the foundation for lifelong financial habits, making it important to understand how SIPs fit into their financial journey. Understanding the college students' views on patterns, preferences, and perspectives related to Systematic Investment Plans is aimed by the present study. The primary data is gathered through the use of questionnaires as the data collection instrument. A convenient sampling approach was used to select 132 respondents for the study. It can be concluded as a result of the research that most young adults are aware of SIPs but do not invest because of knowledge gaps, money issues, and market concerns. Participation can be encouraged by affordable, simple, and student-focused options, helping them to start their investment journeys early.

Keywords: Systematic Investment Plan, patterns, preferences, perspectives, college students

Introduction

One of the widely favoured investment instruments providing investors access to financial markets with a varied portfolio managed by professionals has arisen in the form of mutual funds. Significant attention in the mutual fund space has been acquired by Systematic Investment Plans (SIPs) because of their unique investment style and feasible gains for investors. An investment avenue that allows investors to systematically invest a fixed sum at specified intervals into a mutual fund is a Systematic Investment Plan. A specific amount invested regularly, typically monthly or quarterly, in selected mutual fund schemes is offered by SIPs. Small, recurring investments in mutual funds over time are allowed by SIPs, helping individuals build disciplined savings and create wealth. The idea of investing small amounts periodically, making it accessible to individuals from diverse financial backgrounds, is the concept around which SIPs revolve.

Important trends in awareness, participation, preferences, and decision-making among investors, especially college students, are reflected by patterns of SIP usage. How students engage with SIPs, including their familiarity, barriers, and motivators, is thrown light upon by these patterns. Demographic variations, preferences for investment amounts, and types of mutual funds are also revealed, providing valuable insights into young adults' financial behavior. Gaps and opportunities for improving financial literacy and promoting SIP adoption among emerging investors are identified by understanding these patterns.

The type of SIP mutual funds individuals prefer, such as Debt SIPs for stability, Equity SIPs for higher returns, or Balanced SIPs for a mix of both, is reflected in their preferences. Factors like preferred investment amounts, desired frequency of payments, and key motivators such as ease of investment, wealth creation, or tax benefits are also included in preferences.

How people perceive SIPs in terms of their benefits and risks is the focus of perspectives. Views on safety, trust in fund management, ease of use, and expected returns are included in perspectives. Emotional and logical considerations that individuals weigh before starting their investment journey are also revealed by perspectives.

Barriers such as lack of knowledge, limited funds, or hesitation due to perceived risks are often faced by college students despite the advantages of SIPs. Identifying these barriers and proposing solutions to make SIPs more accessible is the aim of this study. Students' financial literacy influences their perspectives on SIPs, including perceptions of safety, ease of investment, and trust in fund management. The need to educate and empower students to make informed investment decisions is highlighted by this study. By encouraging early adoption of SIPs, a culture of disciplined investing can be fostered among college students, ultimately driving economic growth. Strategies to foster such behavior can be informed by insights from this study.

Literature Review

Author (year)	Title of the paper	Objectives	Findings
Venkatesh.P&K.M urugan (2022)	A study on Investor Perception towards Systematic Investment Plan (SIP)	To understand how investors feel about investing in mutual funds, with a focus on Systematic Investment Plans (SIPs).	The research findings showed that most investors were aware of Systematic Investment Plans (SIPs). A majority of these investors were willing to take on investment risks, and many recommended investing in SIPs to others.
Tejendrakumar, Luhar Hardik, and Dr. Vijay Gondaliya (2021)	To study on perception level of investors towards Systematic Investment Plan (SIP) with respect to chikhli region	<ol style="list-style-type: none"> 1. To assess how aware investors in the Chikhli region are about Systematic Investment Plans (SIPs). 2. To identify the key factors that influence investors when choosing a SIP. 3. To understand how investors in the Chikhli region perceive investing through SIPs. 	The study focuses on how people approach saving and investing. It found that most individuals prefer to invest in options that are safe and low-risk.
Patel Aastha Kaushikkumar (2021)	A Study on Awareness Level of Investors in Systematic Investment Plan in Navsari Region	To identify the factors that influence people to invest in Systematic Investment Plans (SIPs).	The study reveals that the main factor people consider when investing is the potential return, followed by safety, tax benefits, ease of investment, and the flexibility to access and modify their investments.
Anich Uddin (2017)	Investor Perception about Systematic Investment Plan (SIP) Plan: An Alternative Investment Strategy	The purpose of the study is to identify what motivates people to invest in Systematic Investment Plans (SIPs) and to understand the problems they face with this investment option.	The results of the study found that investors are motivated to invest in Systematic Investment Plans (SIPs) due to the expectation of higher returns with low risk. However, a lack of knowledge and difficulty with the operational platform are major barriers they face.
Mrs. Jayalakshmi. S, Dr. K. P. Saraswathy Amma (2019)	A Study on Investor's Attitude towards Systematic Investment Plan in Mutual Funds - Kozhikode City Kerala State	<ol style="list-style-type: none"> 1. To analyze how different demographic factors (such as age, income, education, etc.) influence investors' attitudes toward Systematic Investment Plans (SIPs) in mutual funds. 2. To identify the factors that encourage investors to invest in mutual funds through SIPs. 	It has been found that various demographic factors have a significant impact on investors' attitudes toward Systematic Investment Plans (SIPs) in mutual funds.

Research Questions

1. How familiar are individuals from different age groups with Systematic Investment Plans (SIPs)?
2. What are the common barriers preventing individuals from participating in SIP investments?
3. What are the primary factors discouraging individuals from investing in SIPs?
4. What are the key motivators influencing individuals to consider investing in SIPs?
5. What is the understanding and perceptions of SIPs features?
6. Are students willing to invest in SIPs during their undergraduate years? What factors influence students' decision-making regarding SIP investments?

Research Objectives

1. To find out how much people from different age groups know about Systematic Investment Plans (SIPs).
2. To analyze the extent of investment in SIPs and identify barriers preventing participation
3. To explore the key factors that stop individuals from investing in SIPs.
4. To investigate the primary motivators that encourage individuals to consider SIPs.
5. To understand respondents' perceptions of SIP features
6. To assess the willingness of students to invest in SIPs during their undergraduate years and factors affecting their decision-making.

Research Methodology

Research Design

Descriptive Research design is used for the present study.

Data collection

Both the primary and secondary method of data collection are used for the present study. Under the primary data collection method, Questionnaire, observation and in-depth interview methods are used for data collection. The secondary data for the present data includes the online research papers, websites, etc.

Sampling Framework

Population Definition: The population for the research includes undergraduate students of different colleges of Nagpur.

Sample Size: Keeping into consideration the limitation of time, the researcher has taken the sample of 130 undergraduate students.

Sampling technique: By keeping in view the limitations of time, resources, population researcher has decided to apply convenience sampling technique for the purpose of collecting experimental material.

Questionnaire Design

The questionnaire is carefully designed to meet the requirements of the research. The questions focussed on familiarity, investment behavior, perceptions, and preferences related to Systematic Investment Plans (SIPs). The questions are self structured to cover the diversity of research problems.

The questionnaire consists of two parts. The first part is basically focused on questions in terms of demography. The second part of questionnaire consists of questions related Perceptions and opinions on various SIP features, Motivators and influencing factors which are constructed with 5 points Likert's Scale ranging from 1(Strongly disagree) to 5 (Strongly Agree).

Limitations

1. The study covers only Nagpur city.
2. The sample size is limited. The result of the study cannot be generalized to the universe.
3. The time utilized for the study was very limited.

Data Analysis and Interpretation

1. Familiarity with Systematic Investment Plans (SIPs) Across Age Groups

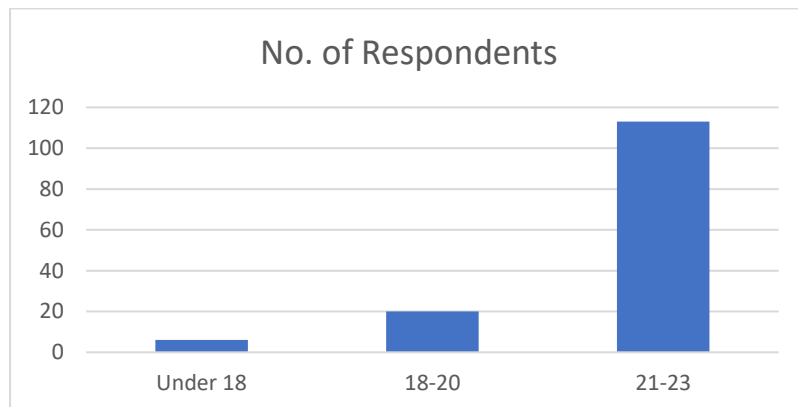


Figure 1: Familiarity with Systematic Investment Plans (SIPs) Across Age Groups

Interpretation :

Under 18: Among this age group, only 6 individuals are familiar with SIPs, indicating limited exposure or awareness regarding investment plans at a younger age.

18-20: This group shows a gradual increase in familiarity, with 20 individuals aware of SIPs. This might suggest growing financial literacy or exposure to investment-related information during early adulthood.

21-23: The majority, 113 individuals, belong to this age group and are familiar with SIPs. This demonstrates a strong awareness and interest in SIPs, possibly influenced by greater independence, earning capacity, or higher engagement with financial planning at this stage.

2. Have you ever made use of investment via Systematic Investment Plan?

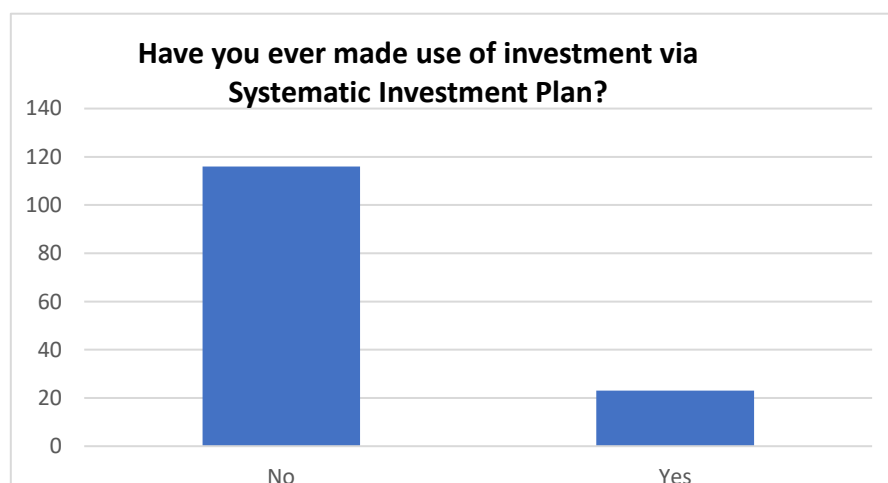


Figure 2 : Participation in SIP Investments

Interpretation :

Among the surveyed population, a substantial majority (116 respondents) have never invested in SIPs. Only 23 respondents reported having invested. This highlights a potential gap between awareness and actual participation, indicating barriers such as lack of access, resources, or motivation to invest.

3. Reasons for Not Investing in SIPs**Table 1 : Reasons for Not Investing in SIPs**

Reasons of not investing in SIPs	No. of Respondents
Don't know how to invest	2
Lack of funds	23
Lack of knowledge	62
Not interested in investments yet	27
Prefer other investment options	7
Uncertainty about market returns	7
Grand Total	128

Interpretation:

The most cited reason for not investing is a lack of knowledge (62 respondents). This signals a need for educational initiatives to improve understanding of SIPs. Financial constraints are also a significant factor, with 23 respondents mentioning a lack of funds. 27 respondents are simply not interested in investments yet, which is likely tied to their life stage or priorities. Other reasons like a preference for other investment options (7) and uncertainty about market returns (7) suggest additional hesitations regarding SIPs' perceived value and reliability.

4. Influential factor for investing in SIPs**Table 2: Factors Influencing Investment Decisions**

Influential factor for investing in SIPs	No. of Respondents
Ease of Investment	28
Long Term wealth creation	71
Tax Benefits	11
Affordable monthly Investment	10
Recommendations from Peers/Family	8
Grand Total	128

Interpretation :

1. "Long-term wealth creation" emerges as the most influential factor, with 71 respondents choosing it. This indicates that people view SIPs as a tool for building financial security over time.
2. "Ease of investment" (28) and "Tax benefits" (11) are also recognized as appealing factors but with relatively lower influence.
3. "Affordable monthly investments" (10) and "Recommendations from peers/family" (8) have minimal impact, suggesting that external endorsements or affordability alone are not strong motivators.

5. Perceptions of SIP Features

Table 3 :Perception of Systematic Investment Plan Features

Features	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
SIPs offer a good way to start investing with small amounts	13	8	38	56	24
SIPs offer better returns than traditional savings accounts	8	13	57	38	23
I trust the fund management of SIPs	11	15	55	43	15
SIPs are easy to manage with automatic deductions	10	8	59	40	22
SIPs are a safe and low-risk investment option	8	9	57	43	22

Interpretation :

1. SIPs are seen as a good way to start investing with small amounts, as many respondents agreed (56) or strongly agreed (24) with this statement.
2. The return on investment is perceived favorably by most, with many agreeing (38) or being neutral (57) about SIPs offering better returns than traditional savings accounts.
3. Trust in fund management is moderate, with many being neutral (55) or expressing agreement (43). This could indicate a need for stronger confidence-building measures by fund providers.
4. Respondents appreciate the ease of management through automatic deductions, with agreement (40) and strong agreement (22) being common sentiments.
5. SIPs are also viewed as relatively safe, with respondents agreeing (43) or strongly agreeing (22) on this point, reflecting the perception that SIPs are a low-risk investment option.

6. Interest in SIPs

Table 4: SIPs as a viable option for saving money

Would you consider SIPs as a viable option for saving money during your undergraduate study?	No. of Respondents (Count)
Yes	53
No	7
Maybe, depending on my future financial situation	74
Grand Total	134

While 53 respondents are willing to consider SIPs during their student years, a large number (74 respondents) are undecided, saying it depends on their future financial situation. This implies that while students might be open to SIPs, their financial stability and priorities play a critical role in decision-making. Only 7 respondents ruled out SIPs during their student years, showing that the majority are at least open to the idea.

7. Maximum Monthly Investment Willingness

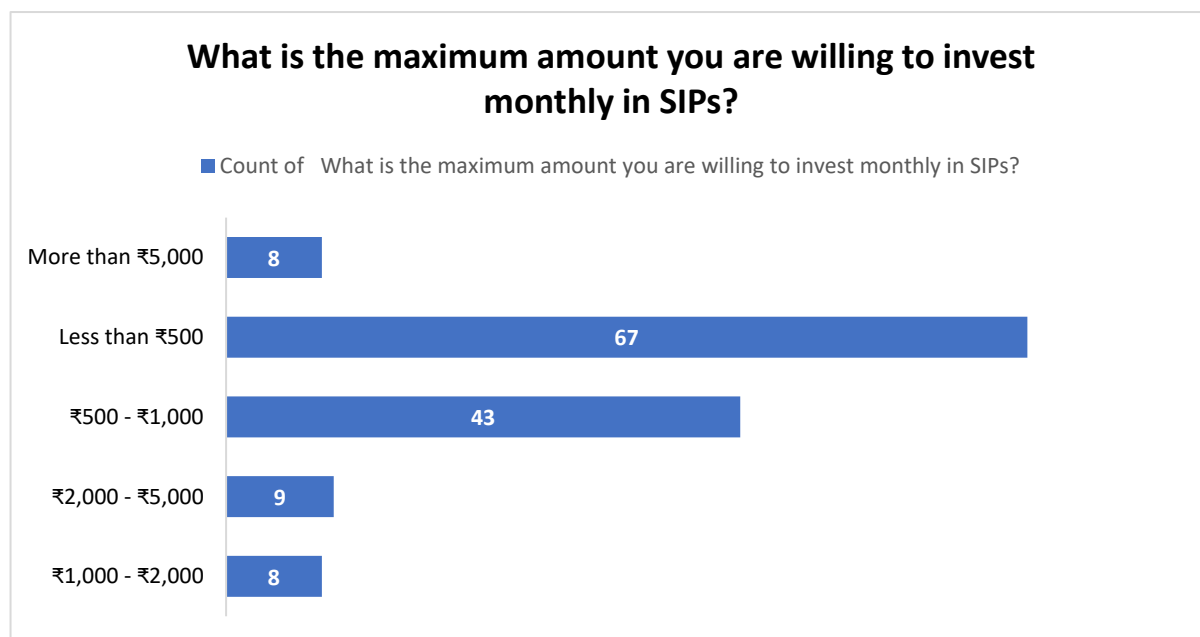


Figure 3: Maximum Monthly Investment Willingness

Interpretation:

The highest number of respondents (67) are willing to invest less than ₹500 per month, showing that affordability is a key concern. The second-largest group (43 respondents) is willing to invest ₹500-₹1,000 monthly. This indicates that a significant portion of respondents have moderate investment capacity. Only a small number are willing to invest higher amounts like ₹1,000-₹2,000 (8), ₹2,000-₹5,000 (9), or more than ₹5,000 (8). This suggests that larger investment commitments are less feasible for most respondents.

Key Findings:

1. Awareness about SIPs is highest among individuals aged 21–23, while younger groups know less.
2. Most respondents haven't invested in SIPs (116), despite being familiar with them.
3. The main reasons for not investing are lack of knowledge, financial issues, and disinterest.
4. Long-term wealth creation is the top reason people consider SIPs.
5. SIPs are seen as easy, low-risk, and a good way to start small investments, but trust in fund management is moderate.
6. Many students (74) are undecided about SIPs during their studies, though some (53) would consider them.
7. Most respondents can only afford to invest less than ₹500 per month.

Conclusion

Most young adults are aware of SIPs but don't invest due to knowledge gaps, money issues, and market concerns. Affordable, simple, and student-focused options can encourage more participation, helping them start their investment journeys early. This could lead to better financial habits and future stability. The study provides valuable understandings into how students perceive Systematic Investment Plans (SIP) and highlights some of the factors that encourage them to invest in SIP. The study concludes that factors that encourage investors to invest in SIP include easy and regular investment, as well as small investment amounts.

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