

A STUDY ON THE IMPACT OF DEMONETISATION IN SYSTEMATIC INVESTMENT PLANS (SIPs)

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Abstract : In our country most of the people consider investment in gold, fixed deposits, land, insurance etc. as safe modes of investment. However in the recent period our economy has faced a major setback through both fiscal and monetary policy changes, i.e. GST and DEMONETISATION. Also failure of public sector banks due to large amount of Non-Performing Assets (NPA s) and fraudulent actions have shaken the confidence of common man as investors. In this scenario it is very crucial to analyse the factors which influence the investment portfolio of the people and also suggest more safe and diversified investment avenues to the common man. This study is an attempt to find out a more safe investment avenue for small investors in the middle income group. It is expected that SIPs have a prominent status among other investment avenues among the investors in the middle income group. The growth in SIPs is mainly due to their low risk and steady growth pattern. However there is lack of professional assistance given in this field which makes many investors averse to investments in SIPs. Hence a study on SIPs is very relevant.

Keywords – Systematic Investment Plans, investment avenues, demonetisation

INTRODUCTION

We know that India is the second most populated country in the world hosting nearly twenty percentage of the world's population. It is projected that India would be the most populous country in the world by 2024. According to NCAER (National Council of Applied Economic Research), India's middle class population is 267 million in 2016. Further ahead, by 2025-26 the number of middle class households in India is likely to more than double from the 2015-16 levels to 113.8 million households or 547 million individuals. People from different income backgrounds are interested in different types of investment avenues based on their financial objectives, for example, rich people are keen to invest in gold, land and other forms of capital investments. At present, Bonds, Debentures, Equity Shares, Preference shares, Real estate, Insurance, Bank Fixed Deposit, Provident Fund, LIC, Mutual Fund, etc. offer a wide variety of investment avenues which are open to the investor to suit his varied preferences in terms of liquidity, safety, risk appetite, return, tax concessions etc. Some of them involve high risk and some others are almost risk less. Investor has to choose proper avenues from among them depending on his preference, needs and ability to take risk. The options of investments are huge, all of them having different risk-reward trade off. After thorough understanding of the investment industry, an investor can create and manage his own investment portfolio such that the returns are maximized with the least risk exposure. But in India more than half of the population belongs to middle class and they also want to ensure the safety of their future by building a strong monetary background. In our country most of the domestic savings go into bank deposits, post office deposits, provident fund, insurance schemes etc. Small investors are still not aware that inflation eats into a chunk of their saving and they need instruments that give healthy inflation adjusted returns. Very few investors are doing proper planning & determining investment objectives at right time investing systematically in the right avenues but most of the investors are not investing their money with proper financial planning.

Systematic investment plans is a plan of mutual fund, in which the investments are done by paying a fixed amount on a predetermined date. This protects the investor from market volatility and derives maximum benefit as the investment is done at regular basis irrespective of market conditions. SIP is a best option planned for small investors who wish to invest small amounts regularly to build wealth over a long period of time. SIP is a way to promote those investors who have low income pattern and not invest huge fixed or lump sum amount in one time. Systematic Investing in a Mutual Fund is the answer to prevent the drawbacks of equity investment and still enjoy the high returns. Mutual Fund SIP is a monthly based investment plan through which an investor could invest a fixed sum into mutual funds every month on 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.

WORKING OF SIP

SIP works on the principle of regular investments. It is similar to recurring deposits where we put in a small amount every month. It allows to invest in a Mutual Fund by making smaller periodic investments (monthly or quarterly) in place of a heavy one-time investment i.e. SIP allows you to pay 10 periodic investments of Rs.500 each in place of a onetime investment of Rs.5,000 in a Mutual Fund. Thus, one can invest in a MF without altering other financial liabilities. It is imperative to understand the concept of rupee cost averaging and the power of compounding to better appreciate the working of SIPs. Every time one invests money, additional units of the scheme are purchased at the market rate and added to their account. Hence, units are bought at different rates and investors benefit from Rupee-Cost Averaging and the Power of Compounding. The rule for compounding is simple - the sooner you start investing, the more time your money has to grow. This is the basic principle behind the wealth creation through SIPs. By investing through this route the investor actually ends up with more number of

units and hence can get more returns whenever he disposes them off. This happens due to the reduction in average cost of each unit of the scheme that is purchased.

ADVANTAGES OF SIPs

1. **Ease:** The process of investing in SIP is very easy. It can be operated by just providing post-dated cheques with the completed Electronic Clearing system (ECS) instructions.
2. **Portfolio Diversification:** Portfolio diversification is the best way to reduce the risk. In SIP, the Mutual Funds invest in various companies, across a broad cross-section of industries and sectors, in line with the objectives of the scheme. This diversification reduces the risk because hardly ever do all stocks decline at the same time and in the same proportion.
3. **Professional Management:** The next importance of SIP is that with the help of it the investor avails the services of experienced and skilled professionals who are backed by a dedicated investment research team, who always lead to invest after the analysis of the performance and prospects of companies and help to achieve the objectives of the scheme.
4. **Reduction of Risks:** An investor holds a diversified portfolio when he makes some investment in mutual funds. In adverse case of losses, the loss is shared by all the unit holders of the fund. Thus, the risk is reduced as compared to direct market where in adverse cases all the money is lost.
5. **Advantage of compounding of money:** SIP provides Fund Schemes opportunities for investing early and to keep investing regularly. These regular amounts of savings, (no matter however small) may go a long way in creating a considerable amount of wealth over a long-term and help in achieving our ultimate goal of accumulating wealth through the compounding interest rate or return.

OBJECTIVES OF THE STUDY

1. To study about the various factors influencing awareness and willingness of the people to invest in SIPs with special reference to Kottayam district in Kerala.
2. To analyse the impact of demonetization in changing the investment portfolio of individuals

STATEMENT OF THE PROBLEM

India is a country where about half of the population is in the middle or average income group. The traditional Indian culture and attitude of the people inculcates 'saving' as a habit among the people to meet various commitments they have to fulfil throughout their lifetime. Systematic Investment Plan is an ideal investment avenue for the small and middle income group of salaried people. SIPs provide investment in small amounts and help in wealth creation without compromising on other financial liabilities. However they are not widely used or practised by the public.

SCOPE OF THE STUDY

This study is intended to make a detailed understanding on the factors influencing the awareness and willingness to invest in SIPs. It is expected that SIPs have a prominent status among other investment avenues among the investors of the middle income group. The growth in SIPs is mainly due to their low risk and steady growth pattern. However there is lack of professional assistance given in this field which makes many investors averse to investments in SIPs. Hence a study on SIPs is very relevant.

METHODOLOGY OF THE STUDY

The study is based on primary data. The information on the working of SIPs was collected using secondary resources such as Books, Journals, Magazines and Websites. The primary data was collected by conducting online survey of the respondents, through a structured questionnaire created using online Google Forms. Primary data was collected from a sample of 100 respondents from the Kottayam district in Kerala, chosen through convenient sampling method.

The study is an explorative and descriptive study. It uses Tables and Diagrams. Diagrams including bar diagrams and pie charts are used for descriptive analysis and easy interpretation of the collected data. Analysis has been done through Statistical package for Social Science (SPSS) using Chi Square tests to find out the significance of association between the various independent variables and the dependent variables.

LIMITATIONS OF THE STUDY

Any study is confined to time, cost and availability of resources constraints which are unavoidable. There are many limitations regarding primary data collection from investors especially due to lack of technological efficiency and lack of questionnaire literacy. There are many difficulties in drawing fruitful conclusions from the obtained data due to limited knowledge on the econometric tools. The sample size of the study is small and hence findings are typically not generalizable to the population at large.

REVIEW OF LITERATURE

Review of both theoretical and empirical researches on the topic helps the researcher to have a better understanding of the topic. This review of the available literature on the subject helps the researcher in identifying and bridging the gaps in the study. The following section includes the brief reviews on the related theories and earlier empirical studies on Systematic Investment Plans.

REVIEW OF THEORETICAL WORK

Harry Markowitz (1952)¹, made the first formal attempt to quantify the risk of a portfolio and develop a methodology for determining optimal portfolio. His theory also known as Modern Portfolio Theory, represents the mathematical formulation of risk diversification in investing, that aims at selecting a group of investment assets which have collectively lower risk than any single asset on its own. This becomes possible, since various asset types frequently change in value in opposite directions. Actually investing, being a tradeoff between risk and return, presupposes that risky assets have the highest expected returns. Thus, Modern Portfolio Theory shows how to choose a portfolio with the maximum possible expected return for the given amount of risk. It also describes how to choose a portfolio with the minimum possible risk for the given expected return. Therefore, Modern Portfolio Theory is viewed as a form of diversification which explains the way of finding the best possible diversification strategy. According to the diversification theory, Markowitz states that given the efficient frontier and risk-return indifference curves, the optimal portfolio is found at the tangency between the efficient frontier and a utility indifference curve.

William Sharpe and his followers (1964)², developed the Capital Asset Pricing Model (CAPM), which predicts the relationship between the risk of an asset and its expected return. This relationship is very useful in two important ways. First it produces a benchmark for evaluating various investment alternatives. Secondly, it helps to make an informed guess about the return that can be expected from an asset that has not been yet traded in the market. CAPM is the centerpiece of modern financial economics and is the most widely used risk return model.

REVIEW OF EMPIRICAL WORK

B.Raghava Reddy, P.Sreenivasulu (2015)³, through their article 'A Study On Systematic Investment Plan As An Effective Investment Option In Mutual Funds' points out that Systematic Investment Plan or Mutual Funds SIP is fast becoming common term in the investment market. But a lot of people are still uncertain and some are cynical about new things in the market while most are just confused. Through their study they made an attempt to avoid all confusions of investors.

Dr. Punita Soni, Mrs. Iram Khan⁴ through their article 'Systematic Investment Plan v/s other Investment Avenues In Individual Portfolio Management (A Comparative Study)', opine that choosing a wise investment option is very necessary to minimize the risk and to maximize the return because a balance is required to be maintained between the risk and return. With the fulfillment of this objective, SIP has played a significant role in the Indian financial market. It gives opportunities to small investors to invest their small amount and to get return from the financial market with minimum risk.

Juwairiya P. P. (2014)⁵, through his article 'Systematic Investment Plan-The Way to Invest in Mutual Funds', explains vividly about SIPs. This article ascertains investment as an economic activity which fascinates people from all walks of life. The author promotes Systematic Investment Plan as a tool to create wealth by investing small amount of money every month over a period of time. Through this study the author attempts a SWORT analysis of SIPs. The study unveils the major advantages of the SIPs like ease of investment, portfolio diversification, professional management, reduction of risks, advantage of compounding of money, protection from market volatility and maximum benefit as the investment is done at regular intervals irrespective of market conditions. The study concludes that like every investment avenue, SIP also suffers from various disadvantages but it still seems to be one of the best investment options available to a long term investor especially first-time investors, salaried people etc.

¹ Markowitz, H.M. (March 1952). "Portfolio Selection", *The Journal of Finance* 7 (1): 77–91.

² William Sharpe, "Capital Asset Prices: A Theory Of Market Equilibrium Under Conditions Of Risk," *The Journal Of Finance*, (September 1964)

³ Reddy, B.Raghava and P.Sreenivasulu, 'A Study On Systematic Investment Plan As An Effective Investment Option In Mutual Funds', *International Journal Of Marketing, Financial Services & Management Research* _ ISSN 2277-3622 Vol.4 (10), October (2015), pp. 71-80

⁴ Dr. Punita Soni, Mrs. Iram Khan, 'Systematic Investment Plan V/S Other Investment Avenues In Individual Portfolio Management (A Comparative Study)', *International Journal in Multidisciplinary and Academic Research (SSIJMAR)*, Vol. 1, No. 3, September-October (ISSN 2278 – 5973)

⁵ Juwairiya P. P., 'Systematic Investment Plan-The Way To Invest In Mutual Funds', *Sai Om Journal of Commerce & Management*, Volume 1, Issue 9 (September, 2014) Online ISSN-2347-7563

Leelawati and Shweta Agarwal (2014)⁶, through their article 'Assets Creation By Systematic Investment Plan', provide a clearer picture on the working and asset creation aspects of Systematic Investment Plans. In a growing country like India, people from different income backgrounds are interested in different types of investment pattern for example rich people are keen to invest in gold, land and other capital intensive investments. But in India more than half of the population belongs to middle class and for them SIPs are the best investment option. SIP is a way to promote those investors who have low income pattern and does not invest huge fixed or lump sum amount in one time. The study brings out that through the Systematic Investment Plan investors commit to investing a fixed amount at regular interval like the recurring deposits. SIPs also allow middle income group to invest in a Mutual Fund by making smaller periodic investments (monthly or quarterly) in place of a heavy one-time investment. The study also makes an attempt to imperatively understand the concept of rupee cost averaging and the power of compounding to better appreciate the working of SIPs. The study concludes that SIP is just a method of getting on to the investment vehicle to reach one's destination and is the safest route. The study also makes suggestions to the Government to promote Systematic Investment Plan, especially for people of rural areas who do not have more income for wealth creation.

Byju.K (2016)⁷, in his article, 'A Study On Awareness Of Investment Opportunities In Mutual Funds - Special Significance On SIP', confines his study to the factors considered by investors in selecting mutual funds for their various investments. The level of awareness about SIP, source of information and factors influencing decision-making were studied. The above said factors are compared with demographic factors such as age, marital status, occupation and gross annual income of the respondents to analyze the awareness of investment opportunities in mutual funds. The study concludes that the Mutual Fund Industry is a growing industry and it covers a spectrum of investment options and the demographic factors have a significant impact on investment decisions. This study also suggests that it is essential that the mutual fund industry should streamline itself and become more compatible with global scenarios in the fields of operation and services.

Laxman Prasad and Dr.S.K.Sharma(2015)⁸, through their article 'Identifying the Consumer's Investment Behaviour towards Systematic Investment Plan in Bhilai Region', claims that investment is the sacrifice of certain present value for the uncertain future reward. Investment in share market and especially in any of the Systematic Investment Plans requires a lot of calculations and study of that particular investment plan. The basic objective of this research paper was to identify why and how an individual decides to invest. Financial transactions involve several risk factors. SIP is instrumental in alienating those risk factors from traditional instruments and shifting risks to those entities that are ready to take them. As in the present scenario, if the market is highly uncertain and unpredictable, the investor should analyze the market with care and then go for investment.

METHODS OF ANALYSIS

The methods of analysis used in the study include descriptive analysis and statistical analysis using Chi-Square Tests.

ANALYSIS USING SPSS

Analysis has been done using descriptive statistics in Statistical Package for Social Science by applying Chi Square Tests to find out the association between the various independent variables and the dependent variables. MS EXCEL was also used for analysis. The data was cross tabulated and analysed by the software package – IBM SPSS statistics, version 16.

CHI-SQUARE TEST

A chi-square test for independence shows how categorical variables are related. A **chi-squared test**, also written as χ^2 test, is any statistical hypothesis test where the sampling distribution of the test statistic is a chi-squared distribution when the null hypothesis is true. The chi-squared test is used to determine whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. A chi-squared test can be used to attempt rejection of the null hypothesis that the data are independent.

Null and Alternative Hypotheses

Tests of statistical significance all begin with a null and an alternative hypothesis. The null hypothesis is the statement of no effect or a statement of commonly accepted state of affairs. The alternative hypothesis is what we are attempting to prove. The working assumption in a hypothesis test is that the null hypothesis is true.

⁶ Leelawati and Agrawal, Shweta (2014), 'Assets creation by systematic investment plan', *Internat. J. Com. & Bus. Manage.*, 7(1) : pp.158-161.

⁷ BYJU.K, 'A study on awareness of investment opportunities in mutual funds - special Significance on SIP', International Conference on "Research avenues in Social Science" Organize by SNGC, Coimbatore, Vol-1 Issue-3 2016, IJARIE-ISSN(O)-2395-4396

⁸ Laxman Prasad and Dr.S.K.Sharma, "Identifying the Consumer's Investment Behaviour towards Systematic Investment Plan in Bhilai Region", *IOSR Journal Of Humanities And Social Science (IOSR-JHSS)*, Volume 20, Issue 8, Ver. III (Aug. 2015), PP 10-15

ANALYSIS AND INTERPRETATION OF DATA

The significance of demographic factors like age, gender, level of education, occupation, monthly income and monthly savings on various factors like awareness about Systematic Investment Plans and willingness to invest in Systematic Investment Plans were analyzed using Chi-Square statistics. The impact of demonetization on the awareness and willingness to invest in SIPs were also analyzed.

DESCRIPTIVE ANALYSIS OF SURVEY RESULTS USING DIAGRAMS

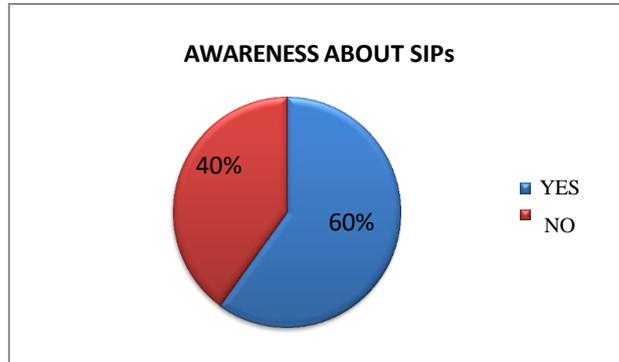


Fig 1 Awareness about SIPs Source: Primary Data

The diagram clearly states that a majority of the respondents (60%) are aware about Systematic Investment Plans.

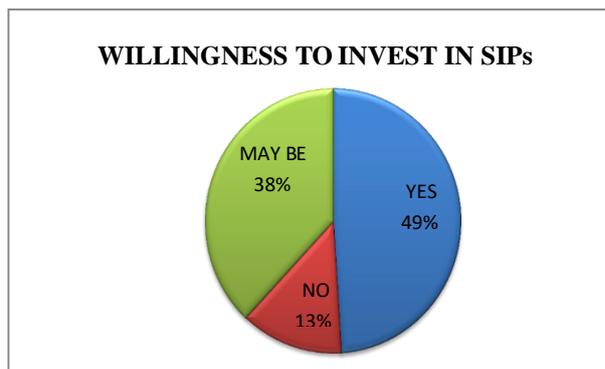


Fig 2 Willingness to invest in SIPs Source: Primary Data

The diagram depicts that about half of the respondents are willing to invest in SIPs. A significant proportion of the people may invest in SIPs if they are given proper guidance and professional assistance to invest in SIPs. They should also be convinced about the benefits and advantages of investment in SIPs.

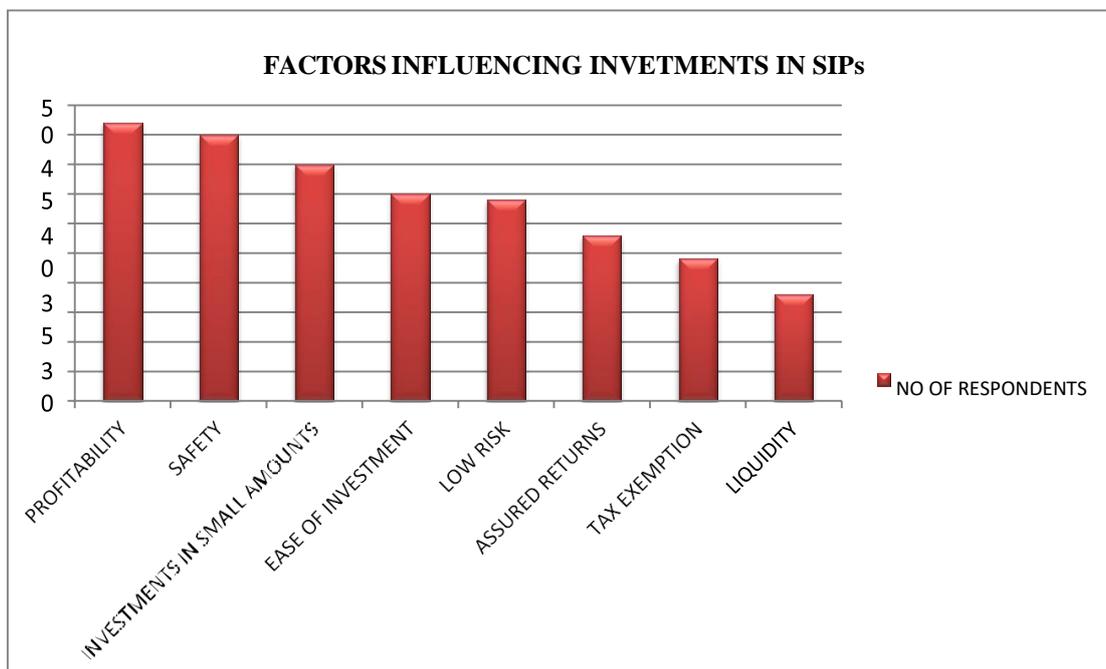


Fig 3 Factors influencing investments in SIPs Source: Primary Data

The diagram depicts that profitability is the most important factor influencing investments in SIPs followed by safety and investments in small amounts.

ANALYSIS OF CHI-SQUARE RESULTS USING SPSS

HYPOTHESIS 1

H_0 : There is no significant association between age and awareness on SIP.

H_1 : There is significant association between age and awareness on SIP.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.125 ^a	2	.010
Likelihood Ratio	11.622	2	.003
N of Valid Cases	100		

Since the P value obtained through CHI-SQUARE test shows that $0.01 < 0.05$, the null hypothesis is rejected. Hence we accept the alternate hypothesis and conclude that there is a significant association between age and awareness on SIPs. The cross tab analysis of age and awareness shows that people in the age group 26-50 are more aware of SIPs followed by people in the age group 18-25, compared the people above 50 years.

HYPOTHESIS 2

H_0 : There is no significant association between monthly savings and awareness on SIP.

H_1 : There is significant association between monthly savings and awareness on SIP.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.538 ^a	5	.004
Likelihood Ratio	17.966	5	.003
N of Valid Cases	100		

Since the P value obtained through CHI-SQUARE test shows that $0.004 < 0.05$, the null hypothesis is rejected. Hence we accept the alternate hypothesis and conclude that there is a significant association between monthly savings and awareness on SIP. The result shows that monthly savings is a very significant factor determining awareness and investment in SIPs.

HYPOTHESIS 3

H_0 : There is no significant association between age and willingness to invest in SIPs.

H_1 : There is significant association between age and willingness to invest in SIPs.

age * willingness Crosstabulation

			willingness			Total
			Maybe	No	Yes	
Age	18-25 years	Count	30	7	16	53
		Expected Count	20.7	6.9	25.4	53.0
	26-50 years	Count	7	5	28	40
		Expected Count	15.6	5.2	19.2	40.0
	51-65 years	Count	2	1	4	7
		Expected Count	2.7	.9	3.4	7.0
Total		Count	39	13	48	100
		Expected Count	39.0	13.0	48.0	100.0

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.824 ^a	4	.002
Likelihood Ratio	17.589	4	.001
N of Valid Cases	100		

Since the P value obtained through CHI-SQUARE test shows that $0.002 < 0.05$, the null hypothesis is rejected and hence we accept the alternate hypothesis and conclude that there is a significant association between age and willingness to invest in SIPs. The cross tab analysis of age and willingness shows that people in the age group 26-50 are more willing to invest in SIPs followed by people in the age group 18-25, compared to the people above 50 years. This may be because of the resistance of elderly people to adapt to the changes and new forms of savings and investment options.

HYPOTHESIS 4

H_0 : There is no significant association between occupation and willingness to invest in SIPs.

H_1 : There is significant association between occupation and willingness to invest in SIPs.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.631 ^a	8	.034
Likelihood Ratio	17.424	8	.026
N of Valid Cases	100		

Since the P value obtained through CHI-SQUARE test shows that $0.034 < 0.05$, the null hypothesis is rejected. Hence we accept the alternate hypothesis and conclude that there is a significant association between occupation and willingness to invest in SIPs. The analysis shows that people who are employed in Government sector and private firm are more willing to invest in SIPs. This leads to the conclusion that salaried people who enjoys a fixed monthly income are more induced to invest in SIPs.

HYPOTHESIS 5

H_0 : There is no significant association between monthly savings and willingness to invest in SIPs

H_1 : There is significant association between monthly savings and willingness to invest in SIPs.

monthly_savings * willingness Crosstabulation

			willingness			Total
			Maybe	No	Yes	
monthly_savings	10,001-30,000	Count	9	5	6	20
		Expected Count	7.8	2.6	9.6	20.0
	30,001-50,000	Count	4	3	16	23
		Expected Count	9.0	3.0	11.0	23.0
	5001-10,000	Count	11	1	17	29
		Expected Count	11.3	3.8	13.9	29.0
	<5000	Count	7	2	7	16
		Expected Count	6.2	2.1	7.7	16.0
	above 50,000	Count	4	0	0	4
		Expected Count	1.6	.5	1.9	4.0
	no savings	Count	4	2	2	8
		Expected Count	3.1	1.0	3.8	8.0
Total		Count	39	13	48	100
		Expected Count	39.0	13.0	48.0	100.0

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.886 ^a	10	.030
Likelihood Ratio	22.120	10	.015
N of Valid Cases	100		

Since the P value obtained through CHI-SQUARE test shows that $0.030 < 0.05$, the null hypothesis is rejected. Hence we accept the alternate hypothesis and conclude that there is a significant association between monthly savings and willingness to invest in SIPs. The result shows that monthly savings is a very significant factor which influences willingness to invest in SIPs. The cross tab analysis shows that a person who saves in the range ₹30,001-₹ 50,000 is more willing to invest in SIPs, followed by people in the savings category ₹5000-₹ 10,000 and less than ₹ 5000. The reason for this could be the change in priorities of the investment objectives or financial goals of the people. The preference for other investment avenues could also be another factor for this significant relationship between monthly savings and willingness to invest in SIPs.

HYPOTHESIS 6

H_0 : There is no significant association between impact of demonetization and willingness to invest in SIP.

H_1 : There is significant association between impact of demonetization and willingness to invest in SIP.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.595 ^a	4	.032
Likelihood Ratio	9.486	4	.050
N of Valid Cases	100		

Since the P value obtained through CHI-SQUARE test shows that $0.032 < 0.05$, the null hypothesis is rejected. Hence we accept the alternate hypothesis and conclude that there is a significant association between impact of demonetization and willingness to invest in SIP. This clearly implies that demonetization of Indian currency on 8 th November 2016 had a positive impact on increasing the willingness of people to invest in SIPs. This change in attitude could be attributed to the need for diversification of portfolio to have more safety and profitability from investments. This may be due to the feeling of the people that their hard-earned money is not safe even when it is kept idle or as fixed deposits.

MAJOR FINDINGS

- The study reveals that 60 % of the respondents are aware about Systematic Investment Plans and 29% of the total respondents got information from their friends and relatives, followed by 23% from family members. It is also found that there is no sufficient promotion and marketing for SIPs through media, newspapers or even institutional agencies.
- The study shows that among the factors influencing investments in SIPs majority consider profitability and safety as more significant factors than the others followed by investments in small amounts.
- The study shows that a major factor which leads to absence of investment in SIPs is lack of information followed by the factors like risk involved and unreliability of returns.
- The result of the Chi-Square test indicates that among various demographic factors like age, gender, level of education, occupation, monthly income and monthly savings only age and monthly savings have a significant influence on awareness of people about SIPs.
- The chi-square results show that among various demographic factors, age, occupation and monthly savings have a significant influence on willingness to invest in SIPs.
- The study also shows that demonetization had a very significant influence on the awareness and willingness to invest in SIPs. This may be due to the fear of people to continue their investments with commercial banks which is threatened by the economic reforms and policy regulations of the Government.
- It is also noted that changes in the current scenario due to scam and fraudulent activities in public sector banks has led to a change in attitude of people regarding savings and investments. People are looking forward for more safe and diversified choice of investment portfolio as they will not lose all their hard-earned money in one go.

SUGGESTIONS

- More awareness about SIP should be provided to the general public through advertisements and promotional programs. Seminars, conferences and training programs should be arranged for this purpose.
- Proper guidelines must be provided to business, self-employed, farmers and other people in the middle income category for improving their awareness regarding SIP investments.
- Companies should design their schemes especially for women, as women are increasingly getting educated, their participation should be encouraged in the preparation and decision making for selecting investment options.
- Companies should promote Systematic Investment Plan especially among the people of rural areas those who do not have high income for wealth creation.
- The firms should target more and more young investors as well as persons at the height of their career. New innovative and attractive promotional and marketing strategies should be undertaken by institutional agencies.

CONCLUSION

SIPs are instrumental in alienating those risk factors from traditional instruments by protecting the investors from market volatility and derive maximum benefit as the investment is done at regular basis irrespective of market conditions. SIP is a best option planned for small investors who wish to invest small amounts regularly to build wealth over a long period of time. It inculcates the habit of regular savings and does not encourage timing and speculation in the markets. India being a country with a large group of people in the middle income category should encourage and promote the investments through SIPs. Many of the people may not have invested in SIPs due to lack of awareness although they have money to invest. The investors prefer to go for fixed deposits in banks because of their less risky nature, some of the investors treat mutual fund investments as risky but they always give good returns if investment is for a long time period.

Like every investment avenue, SIP also suffers from various disadvantages but it still seems to be one of the best investment options available to a long term investor, especially those in the middle income category through investments in small amounts particularly first-time investors, salaried people and others.

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