

Role of Systematic Investment Plan in Growth of Mutual Funds in India: A Study

Dr. V. Masulamani

Lecturer in Commerce, Govt. Degree College Pakala Tirupati (DT) Andhra Pradesh

ABSTRACT

Systematic Investment Plan is one way to invest in mutual funds.. These are quick and easy ways in which the consumer must consistently invest a certain sum of money. SIPs are a fantastic method to grow your money over time and improve your wealth. Because SIPs distribute assets, guarantee market participation, and enable the long-term advantages of compounding returns, they are perfect for achieving financial objectives.

It has the option to invest a specific sum of money on a weekly, monthly, or quarterly basis. Because SIPs are flexible, you can adjust the investment amount to suit your financial situation. By lowering risks and averaging market highs and lows, SIPs contribute to the gradual accumulation of wealth.

Investors can quickly and easily transfer their money between mutual fund schemes with a systematic transfer strategy. Occasionally, this change takes place, giving investors a competitive edge by switching to securities with higher returns. It lowers losses by safeguarding investors' interests in the face of market volatility.

Investing in SIP is a smart move for long-term gain. It makes regular investment easier, reduces the risk associated with market timing, and lets you benefit from compounding. Even though returns may vary based on market conditions, SIP is a dependable and safe way to grow your money over time.. This article highlights the growing of SIP investment in Mutual Funds in India and the role of SIP in Investments.

Keywords: SIP, NAV ,MUTUAL FUND, INVESTMENT, RUPEE

1. Introduction

A Systematic Investment Plan (SIP) enables people to make fixed-amount investments in mutual funds on a regular basis, typically on a monthly or quarterly basis. With SIP, you can automate your investments over time and take advantage of rupee cost averaging, compounding, and discipline rather than making a single, large commitment. It is intended for anyone who wants to consistently accumulate wealth, whether they are investors looking to retire, parents saving for their children's education, or young professionals just starting out.

Mutual funds provide an investing strategy (methodology) called the Systematic investing strategy, or SIP for short. One could regularly deposit a predetermined amount in a mutual fund scheme at specific intervals, like once a month, in place of making a lump sum investment. The monthly SIP installment amount under Chhoti SIP may be as minimal as ₹250 or ₹500. SIP is similar to a recurring deposit where you make a small, fixed deposit each month.

For individuals looking to engage in mutual funds in a methodical and structured way, investing in a Systematic Investment Plan (SIP) is a prudent option with numerous benefits. By requiring monthly contributions of a set amount, SIP encourages disciplined investing. This strategy discourages people from trying to forecast the market's volatility. It makes it possible to develop a dependable, continuous saving and investing habit, which is essential for building long-term wealth.

Because SIP has a low minimum investment threshold, a wide range of investors can invest in mutual funds. Additionally, dividing the investment into regular, smaller chunks lessens the impact of market swings. Additionally, the costs of using SIP to invest in mutual funds are comparatively cheaper than those of other approaches.

2. Objective Of The Study

The aim objective of study is to know the role SIP in mutual fund growth in India

3. Methodology :

Data taken from various secondary sources websites Journals and Books

4. Types of SIP

SIP is available in a variety of forms to accommodate a range of investment philosophies and financial requirements. The several kinds of SIP are as follows:

1. **Top-Up SIP:** The first SIP allows you to increase your investment amount on a regular basis, such as every year or every six months. For people whose income increases over time, it's perfect. You can invest more when your income increases, which will help your wealth grow more quickly and effortlessly.
2. **Flexible SIP:** You have total control over your monthly investment amount with flexible SIPs. You can modify the amount based on your financial flow, such as earning bonuses, dealing with unforeseen bills, or managing monthly budgets. For those with erratic earnings or shifting financial priorities.
3. **Perpetual SIP:** A perpetual SIP has no expiration date, in contrast to fixed-tenure SIPs. Investing can continue for as long as you choose, and you can only quit after you've achieved your financial objective. For long-term investors who don't want their investments to expire on their own, this strategy is excellent.

Table-1

5. Systematic Investment Plan Contribution In Crores

Month /Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
April	3,122	4,269	6,690	8,238	8,376	8,596	11,863	13,728	20,371	26,632
May	3,189	4,584	7,304	8,183	8,123	8,819	12,286	14,749	20,904	26,688
June	3,310	4,744	7,554	8,122	7,917	9,156	12,276	14,734	21,262	27,269
July	3,334	4,947	7,554	8,324	7,831	9,609	12,140	15,245	23,332	28,464
August	3,497	5,206	7,658	8,231	7,792	9,923	12,693	15,814	23,547	28,265
September	3,698	5,516	7,727	8,263	7,788	10,351	12,976	16,042	24,509	29,361

October	3,434	5,621	7,985	8,246	7,800	10,519	13,041	16,928	25,323	29,529
November	3,884	5,893	7,985	8,273	7,302	11,005	13,306	17,073	25,320	29,445
December	3,973	6,222	8,022	8,518	8,418	11,305	13,573	17,610	26,459	
January	4,095	6,644	8,064	8,532	8,023	11,517	13,856	18,838	26,400	
February	4,050	6,425	8,095	8,513	7,528	11,438	13,686	19,187	25,999	
March	4,335	7,119	8,055	8,641	9,182	12,328	14,276	19,271	25,926	
Total	43,921	67,190	92,693	1,00,084	96,080	1,24,566	1,55,972	1,99,219	2,89,352	2,25,653

Source: Association of Mutual Funds in India Site 2025

Table – 1, shows the SIP contribution in crores in India. SIP contribution gradually increased from 2017 to 2025. The Contribution was in April 2027, Rs. 3,122 crores But in November 202, it grows up to Rs. 29,445 crores. But Compare to 2019 contribution to 2020 Contributions were decreased because of Covid Effect

Table-2
Insurance Companies Investment Plans

S.No	Fund Name	5 Years	7 Years	10 Years
1	Equity Fund - SBI Life	13.96%	13.51%	12.42%
2	Opportunities Fund -HDFC Life	19.50%	16.12%	15.90%
3	High Growth Fund -Axis Max Life	22.70%	22.42%	18.40%
4	Opportunities Fund -ICICI Prudential Life	16.72%	15.00%	13.28%
5	Multi Cap Fund -Tata AIA Life	29.00%	23.30%	21.11%
6	Accelerator Mid-Cap Fund II -Bajaj Life	17.94%	14.59%	14.30%
7	Multiplier -Birla Sun Life	19.50%	16.47%	15.90%
8	Pension Mid Cap Fund -PNB MetLife	31.41%	24.68%	18.41%
9	Equity II Fund -Canara HSBC Life	13.61%	11.93%	11.26%
10	US Equity Fund -Star Union Dai-ichi Life	15.20%	-	14.80%

Source: Policy Bazaar 2025

Table-3
Mutual Funds Investment Plans

S.No	Fund Name	3 Years	5 Years	10 Years
1	Motilal Oswal BSE Enhanced Value Index Fund Regular - Growth	35.31%	NA	35.07%
2	Bandhan Small Cap Fund Regular-Growth	29.34%	30.26%	NA
3	Motilal Oswal Midcap Fund Regular-Growth	25.97%	33.24%	17.66%
4	ICICI Prudential Infrastructure Fund-Growth	28.79%	37.23%	17.14%
5	Canara Robeco Large Cap Fund Regular-Growth	16.08%	17.34%	13.87%

6	Mirae Asset Large Cap Fund Direct- Growth	14.85%	17.48%	14.46%
7	Kotak Midcap Fund Regular-Growth	22.42%	27.51%	18.07%
8	SBI Small Cap Fund-Growth	13.89%	23.99%	18.17%
9	SBI Gold ETF	31.81%	17.85%	15.14%

Source: Policy Bazaar 2025

Table 2 and 3 shows the Insurance companies and Mutual Fund investment plans . Different companies gives different returns with 3 years, 5 years, 7years and 10 years period of investments. Based on the observation Mutual Fund investments plans will give more returns compared to Insurance Company plans.

6. Procedure to invest Money in SIP

A. Steps should be follow online

1. Use the online tools or questionnaires on the AMC or broker's website, determine your risk tolerance and make clear your financial goals (such as retirement or home ownership).
2. During the registration procedure, have scanned copies of your PAN card, Aadhar, proof of address, and bank information ready for quick upload.
3. To verify your identity and address, submit your KYC documentation via the AMC's web portal or your bank's app.
4. Go to the official website or mobile app of the AMC or broker of your choice, register for an account, and finish the SIP registration by completing the required forms.
5. Look through the website's available mutual funds, review important information including returns, risk profile, and fund manager background, and choose one that fits your investing objectives.
6. Choose the frequency (e.g., monthly or quarterly) for your SIP and indicate the amount you wish to invest on the AMC or broker's platform.
7. Link your bank account and permit automatic deductions for your SIP payments using the online platform's e-mandate feature.
8. Verify your SIP registration and electronically submit the form after going over all the information. A confirmation email will be sent to you.

B. Steps should be follow Offline Through Broker/ AMC Office

1. Talk to a financial advisor at the AMC or broker's office about your investment goals, such as saving for a child's school or purchasing real estate.
2. Gather hard copies of your Aadhar card, PAN card, utility bills, and bank account information to present in person.
3. To finish the KYC process and submit your documents for verification, physically visit the AMC or KYC registration facility.
4. Get the SIP registration form from the broker or AMC office, fill it out by hand, and send it in with the necessary paperwork.
5. Discuss potential mutual fund schemes with an advisor at the AMC or broker's office. Talk about the fund's performance, risks, and suitability in light of your objectives.
6. Based on your financial capabilities and objectives, determine at work how much you want to invest and how frequently (monthly, quarterly).
7. To set up auto-debit instructions for regular SIP payments from your bank, fill out the necessary documentation at the AMC or broker's office.

8. Deliver the completed SIP form and your KYC paperwork to the broker or AMC office. Your request will be processed, and a confirmation will be sent.

7. Advantages of SIP

1. SIP is appropriate for people on a tight budget because it lets start with a tiny amount.
2. SIP ensures stable investments by eliminating the need to forecast market highs and lows.
3. If you want to consistently save in a disciplined manner, SIP is fantastic. It increases the wealth
4. SIP allows you to invest in both rising and falling markets while lowering risk.
5. It's ideal for reaching objectives like purchasing a home, paying for schooling, or making retirement plans.
6. You have control and convenience because you can alter SIP levels or stop it whenever necessary.
7. Due to compounding over time, the returns from SIP are higher the earlier you begin.
8. In addition to potential market-linked profits, SIP in ELSS funds provides tax benefits under Section 80C.

8. Disadvantages of SIP

1. SIP might not be the ideal option if you need the money in less than three years.
2. Lump sum investments may provide higher returns than SIPs if the market is continuously rising.
3. SIP in conventional mutual funds could not yield the desired returns if you are searching for high-risk, high-reward investing.
4. Making a monthly SIP commitment could be difficult for you if your income is erratic.
5. SIP investments are long-term. SIP might not be the best choice if you need to access your money quickly.
6. When you invest for a long time, SIP works best. You might not get the full benefit if you can't wait for results.
7. SIPs are less involved. SIP might not be for you if you would rather actively manage your assets.
8. SIP is for long-term, consistent growth. SIP could not live up to your expectations if your goal is to time the market for short-term gains.

9. Suggestions(Recommendations)

1. Specify your investment goals, such as a significant purchase, retirement, or an emergency fund
2. To determine how much to invest each month and to predict returns, use a SIP calculator.
3. Choose the duration of your investment. Higher risk can be handled via longer horizons.
4. Make investing decisions based on your level of risk tolerance. Younger investors are able to take on more risk.
5. Before making an investment, review a fund's historical performance and returns.
6. You can increase your chances of profitable returns by hiring a knowledgeable fund manager.
7. To make sure they don't reduce your returns, be aware of the fund's expense ratio, exit load, and other fees.
8. Invest half of your SIP in growth-oriented equities funds while maintaining a balance with safer options.
9. Avoid hurrying while the market is volatile. Patience over time pays dividends.
10. As market fluctuations level out, longer investment periods yield larger rewards.

11. Frequent fund switching raises expenses and lowers returns. Follow through on your plan.
12. To lower risk and smooth returns, diversify among several fund kinds.

10. Conclusion

A straight forward, disciplined, and efficient method of gradually increasing wealth is through Systematic Investment Plans (SIPs). Investors can take advantage of the power of compounding, lower market risk, and rupee cost averaging by making frequent, fixed-amount investments. SIPs often make investing accessible to all, enabling people to start with modest sums while upholding financial restraint. SIPs offer an organised method for reaching long-term financial objectives, regardless of your level of experience as an investor. SIPs can be a dependable option for anyone wishing to gradually increase their wealth because of the added advantages of diversification and possible tax savings.

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