THE SCENARIO OF MUTUAL FUND INVESTMENT IN SYSTEMATIC INVESTMENT PLAN (SIP) IN VELLORE DISTRICT

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Abstract
Investment is an economic activity and fascinated by people from all walks of life. There are large no of investment avenues for investors with different risk return characteristics. Choosing wise investment from various avenues is the crucial problem to an investor. Mutual Fund is one of the investment options available to the small investors. Systematic investment plans is a plan of mutual fund, in which the investments are done by paying a fixed amount at every 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.

Keywords: Investment; Mutual Fund; Systematic Investment Plans; Volatility.

Introduction

Investment is the employment of funds with the aim of getting return on it. In general terms, investment means the use of money in the hope of making more money. In finance, investment means the purchase of a financial product or other item of value with an expectation of favorable future returns. Investment of hard earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested in assets depending on their risk and return demands. Investment is a parallel concept to Savings, where savings is done with an intent to cope with increasing inflation, Investment on the other hand is done with and intention to earn revenue streams or have capital gains from money invested, and it also generates employment and increases the production level of a country. Individuals either save or invest their surplus money based on how much risk they are willing to take. More risk taking individuals prefer investing over savings.

Scope of the Study

The studies help the company to understand the behavior of individual while investing in Systematic Investment Plan schemes. The mutual fund in Systematic Investment Plan to known the expectation of individual from their investment in systematic investment plan. The Systematic Investment Plan to make strategies to improve their services to meet their investor's expectations.

Objectives of the Study

- To study the demographic profile of the scenario of mutual fund investment in systematic investment plan (SIP) in Vellore district
- To know the extent of awareness and their preferences of investment towards SIP mutual funds in Vellore District
- To identify the factors influencing and its priority of investment in SIP Mutual fund
- To spot out the finding and suggesting for future investors.

Limitations of the Study

This study was carried out mainly in Vellore district and therefore the results obtained may not be applicable whole, since the investors differ from each other. Due to time constraint, the reliable sample size was restricted to 150. The study was based on Systematic investment plan in mutual fund.

Review of Literature

Debalina Roy and Koushik Ghosh (2011) in the present analysis it was found that people with higher income tend to show higher risks and service holders generally prefer investments in fixed deposits, bonds, post office while the businessmen are more inclined to equity market. The sample study also suggests that young investors are tending towards mutual fund investments and preferring Systematic Investment Plan more than the aged investors.

Gunjan Batra (2012) Investors have a plethora of investment options, either directly or indirectly. The objective of the present paper include comparison of Systematic Investment Plan with lump sum investment using data envelopment analysis (DEA) .No such study has been conducted on comparing Systematic Investment Plan with lump sum in India. Since a sizable

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population is still using the traditional investment options and are deprived of the benefits of Systematic Investment Plan, the findings of the proposed research would be of immense benefits to the society.

Hemendra gupta (2015) This study focuses on the problem of mutual fund selection by investing the secret 'striking it rich' and high potential return funds among equity based mutual funds Systematic Investment Plan (large cap, small & mid cap, diversified equity, thematic-infra, ELSS etc.), choice of fund based on performance & reputation of funds remains to be probed. Hypothetical assumption is that the Systematic Investment Plan is the best way to build up capital over a period of time for those who don't have lump sum amount to invest as the risk will be reduced in to investing long term equity based Systematic Investment Plan in mutual funds.

Rathnamani V. (2015) saving is an important vitamin for the growth of any economy. Those days the ideas of savings are Income less Expenses, but recent trend tells Income fewer saving should be your expenses. Savings of people are invested in assets depending on their risk and return demand. The monthly savings schemes offered by various financial institutions help the people to save regularly to meet out their long term commitments. Thus this paper aims to study the performance of Systematic Investment plan offered by Mutual Funds and Recurring Deposits offered by Banking and Non Banking Financial Institutions.

Sharma S.K (2015) Investment is the sacrifice of certain present value for the uncertain future reward. The basic objective of this research paper is to identify why and how an individual decides for investment? And also if he decides for systematic investment plan then what are the factors responsible for the decision making for systematic investment plan? The present scenario of investment in share market is highly unpredictable. In this situation the systematic and careful study before investment is very necessary.

Methodology
The research design is empirical in nature since the study is conducted using both analytical and diagnostic research types. The major part of the study is based on the primary data. Primary data have been collected from the customers in the Vellore district. Secondary data was collected from various published and unpublished sources which include journals, magazines, publications, reports, books, articles, research paper and web sites.

Analysis of Data

Table 1 Demographic profile of the mutual fund in systematic investment plan (frequency and percentage)

Variables		Frequency	Percentage
Gender	Female	60	40.0
	Male	90	60.0
Age	18 – 30	36	24.0
	31 – 40	42	28.0
	41 – 50	45	30.0
	Above 51	27	18.0
Qualification	Dropout in school	18	12.0
	$10^{th}/12^{th}$/diploma	36	24.0
	Graduate	68	45.3
	Professional	28	18.7
Occupation	Government employee	18	12.0
	Private employee	44	29.3
	Farmer	31	20.7
	Business	21	14.0
	IT/financial institutions/others	36	24.0
Annual income	1 – 3 lakh	82	54.7
	3 – 5 lakh	46	30.7
	5 – 7 lakh	11	7.3
	Above 7 lakh	11	7.3

Source: primary data

Inference: From the table that the sample unit comprises 40.0% of female customers and 60.0% are male customers. The sample unit comprises a maximum number of male customers. It is found that the sample unit comprises 24% of Systematic

Investment Plan customers are between the age group of 18 – 30 years, 28.0% are between the age group of 31 – 40 years, 30.0% are between the age group of 41 – 50 years, 18.0% are in the group of above 51 years. The sample unit comprises a maximum number of 41 – 50 age groups prefer to invest in Systematic Investment Plan of mutual fund. explores that 12% of dropout in school prefer to invest in mutual fund, 24% of Systematic Investment Plan customers are either fall on 10th, 12th, diploma level, 45.3% are graduate holders, and 18.7% are professional. Maximum number of graduate is availing Systematic Investment Plan in the sample unit. It is that the sample unit which comprises 12% of the customers is government employee, 29.3% are private employee, 20.7% are farmer, 14% are businessmen and 24% of the investors are in IT/financial institution/others. Maximum numbers of private employee persons are availing Systematic investment plan in mutual fund in the sample unit. It is found that the sample units 54.7% of the income is between 1 – 3 lakhs per annum, 30.7% of the income between 3 – 7 lakhs per annum, 7.3% are between 5 – 7 lakhs per annum and 7.3% are between above 7 lakhs per annum on the annual basis. Hence it is found that 1 lakh to 3 lakh income group are the majority investor in systematic investment plan of mutual fund.

ANOVA – table 2 Influence of income and period of systematic investment plan

Mutual fund companies		Sum of Squares	Df	Mean Square	F	Sig.	Significant /not significant
Birla sun life frontline equity fund	Between Groups	3.150	3	1.050	3.528	.017	Significant
	Within Groups	43.444	147	.298			
SBI blue chip	Between Groups	2.934	3	.978	1.302	.276	not significant
	Within Groups	109.659	147	.751			
HDFC large cap fund	Between Groups	.120	3	.040	.176	.912	not significant
	Within Groups	33.213	147	.227			
Franklin Asian equity fund	Between Groups	20.954	3	6.985	18.087	.000	Significant
	Within Groups	56.379	147	.386			
Franklin India high growth companies fund	Between Groups	.136	3	.045	.750	.524	not significant
	Within Groups	8.804	147	.060			
UTI multinational company fund	Between Groups	1.474	3	.491	1.391	.248	not significant
	Within Groups	51.599	147	.353			
ICICI pru value discovery fund	Between Groups	.346	3	.115	.588	.624	not significant
	Within Groups	28.694	147	.197			
Franklin India prima plus fund	Between Groups	.468	3	.156	1.251	.293	not significant
	Within Groups	18.205	147	.125			
Birla sun life mid cap fund	Between Groups	.337	3	.112	4.510	.005	Significant
	Within Groups	3.636	147	.025			
Franklin India smaller companies fund	Between Groups	.022	3	.007	.552	.648	not significant
	Within Groups	1.951	147	.013			
SBI magnum mid cap fund	Between Groups	4.357	3	1.452	5.851	.001	Significant
	Within Groups	36.236	147	.248			
ICICI pru mid cap fund	Between Groups	1.223	3	.408	4.148	.007	Significant
	Within Groups	14.350	147	.098			
HDFC balance fund	Between Groups	12.038	3	4.013	12.021	.000	Significant
	Within Groups	48.735	147	.334			
Birla sun life balance fund	Between Groups	.022	3	.007	.272	.845	not significant
	Within Groups	3.951	147	.027			
Franklin india balance fund	Between Groups	.543	3	.181	1.534	.208	not significant
	Within Groups	17.217	147	.118			
UTI balance fund	Between Groups	.839	3	.280	1.714	.167	not significant
	Within Groups	23.834	147	.163			

Source: primary data

Inference: The table 2 shows that, Birla sun life frontline equity fund (F=3.528, P=.017), Franklin Asian equity fund (F=18.087, P=.000), Birla sun life mid cap fund (F=4.510, P=.005), SBI magnum mid cap fund (F=5.851, P=.001), ICICI pru mid cap fund (F=4.148, P=.007), and HDFC balance fund (F=12.021, P=.000) are statiscally significant at the 5% level. H_o –

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There is an relationship between the annual income and Birla sun life frontline equity fund, Franklin Asian equity fund , Birla sun life mid cap fund, SBI magnum mid cap fund, ICICI pru mid cap fund and HDFC balance Fund of SIP - Mutual Fund.

Linear Regression Analysis

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.427	.182	.136	.9709

Source: primary data

Inference: From the table 3, it is found that R square =.182, Adjusted R square = .136 and standard error of estimated is .9709. This implies the opinion regarding SIP in mutual fund.

Table 4: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	29.627	8	3.703	3.929	.000[b]
Residual	132.913	141	.943		

Source: primary data

Inference: From the table 4, it is found that f = 3.929, p = .000 are statistically significant at 5% level. This shows that, there is an association between ages of respondent over opinion regarding SIP in mutual fund.

Table 5: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.992	.351		8.517	.000
Safe investment	.154	.102	.122	1.505	.135
Less risk in invest	-.265	.103	-.221	-2.571	.011
Remedy before maturity	-.298	.089	-.285	-3.343	.001
Electronic payment	.268	.095	.241	2.822	.005
Expert advice	.108	.113	.081	.956	.341
Good return than invest in capital market	-.148	.086	-.141	-1.722	.087
High return	-.002	.100	-.002	-.022	.983
Monitor fund performance regularly	.007	.100	.006	.071	.943

Source of data

Inference: From the table 5, It is found that Less risk (β = -.221, t = -2.571, p = .011), Remedy before maturity (β = -.285, t = -3.343, p = .001), and Electronic payment (β = .241, t = 2.822, p = .005) are statistically significant at 5% level. That implies the opinion regarding Systematic Investment Plan in mutual fund.

Findings
It revealed that majority of respondent are from the age group of 41 – 50years. Private employees prefer to invest than others. Male respondent are more preferable in systematic investment plan in mutual fund than female respondents. With regard to education most of the respondents of graduate persons have intension on saving habits. 54.7% of the respondents were between the annual incomes of 100000 – 300000. 92.7% of respondents were aware of Systematic Investment Plan. The analysis revealed that 47.3% of the respondents were preferred to save on tax savings scheme of mutual fund. 34.7% of respondents invest a sum of 5000 – 10000 every month. 34.7% of respondents consider safety as top most important factor. From the regression analysis it is revealed that there is a relationship between age and opinion regarding investment.

Suggestion
- The Systematic Investment Plan in mutual fund has auto debit option but still the customer did not aware of it.
- Schools and college students are to be encouraged to cultivate the saving habits.
- Many people do not aware of Systematic Investment Plan in mutual fund so, proper education should be taken to create awareness among people.
- Majority of the investing respondents were found to be in the age group of 41 - 50 years. Hence it is suggested that investment schemes tailored to the junior citizens need to be developed.

Conclusion

The Recent Trend and Announcements by Reserve Bank of India make the people to think about wise Investments. The investments should be in such a way that it should match the Inflation. Thus the study reveals that by investing in mutual funds especially In Systematic Investment plans definitely, Investors get a sizable return with which their future need will be meat.

Scope for further Research

Study is limited to top mutual fund in Systematic Investment Plan scheme. Other mutual fund in Systematic Investment Plan can be taken for future research. Study can be done based on future upcoming investment in Systematic Investment Plan schemes.

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