

A Study of the Factors Influencing the Decisions of the Investors to Invest in SIP of the Buldhana Region

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Abstract:

SIP act as a medium for retail investors to invest their savings in the professional fund's management system, irrespective of the sum invested. It enables the masses to enter the Indian Financial Market with much more ease. Indian SIP industry is growing rapidly which is reflected by the growth in assets under management under various AMC's year on year. Investment in SIP is less risky when compared to investment in the equities market. Less risk combined with moderate returns and professional management act as a magnet for risk-averse investors to invest their savings in the financial markets. This project aims at finding out the factors affecting investment decisions on SIP and the impact of behavioral factors on an investor. This project also aims at finding the factors that prevent people from investing in SIP. The findings will help SIP companies to identify the areas required for improvement and can also improve their marketing strategies. It will help the SIP companies to create new and innovative products according to the orientation of investors. Investor perception cites a significant impact on the investment decision-making process. It is important to understand a few basic factors such as the level of awareness and impact of the date of inception of the fund which plays a significant role in guiding the investment decision-making process of a retail investor.

Keywords —SIP Performance, Investment, Risk-returns, Factors Affecting, Behavior.

I. INTRODUCTION

Investors are the backbone of the capital market. A developing economy like India needs growing savings to flow toward Corporate enterprises. The level of equity market participation of 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 being a primary instrument of economic growth and development for the country. There are a large number of investment instruments available today. Such as MF, Stocks, Bonds, Cash, annuities, retail estate, and Domestic, some

instruments are highly risky while others are almost riskless. The investors choose avenues, depending on their specific needs, risk appetite, and return expected. Mutual funds investment instruments are the best way of investing with low risk with high return...

II. MUTUAL FUNDS

A mutual fund is a financial intermediary in the capital market that pools collective investments in the form of units from retail and corporate investors and maintains a portfolio of various schemes invest

that in collective investments in equity and debt instruments on behalf of these investors.

III.SIP

SIP stands for the Systematic Investment plan offered by Mutual Funds where people could invest a fixed amount in a mutual fund scheme periodically, at fixed intervals once a month with lump-sum investment. SIP installment amount starts from a little amount of ₹500 per month. SIP is similar to a recurring deposit where you deposit a small /fixed amount every month. SIP is a convenient method of investing in mutual funds through standing instruction to debit your account every month without the hassle of having to write a check and cash each time.

LITERATURE REVIEW:

- 1) Tapan and Nalini (2002) attempted to study the perception of investors, investor preferences, customer satisfaction levels, and problems faced by agents while selling mutual funds. Most of the investors were not satisfied with the performance of mutual funds except UTI. The study concluded that awareness campaigns should be there to catch investors' attention toward mutual funds.
- 2) Pandey (2011) analyzed investor behavior, investment patterns, and factors affecting their periodic investments. The study concluded that investors were ignorant regarding mutual funds so there was a need to change the mindset of investors.
- 3) Kothari (2012) studied the behavior and perception of investors toward investment options by different age groups in Indore City. The study concluded that there was a significant difference between the perceptions of different ages' growth toward the investment. Youngsters were more interested in investing their money in mutual funds.
- 4) Madhusudhan V Jambodekar (1996) conducted a study to assess the awareness of Mutual funds among investors, to identify the information sources influencing the buying decision and the factors influencing the choice of a particular fund.

OBJECTIVE:

1. To study the association between investor choice and the demographic profile of the investors.
2. To study the perception of risk towards SIP among the investors
3. To study the perception of return risk of different SIP among the investors.
4. To identify the factor that affects the choice of the investor to invest in different SIP.

RESEARCH METHODOLOGY:

The following is a proposed research methodology for exploring the factors influencing the decision of an investor to invest in SIP.

RESEARCH DESIGN:

The research design for this study will be a mixed-methods approach, involving both quantitative and qualitative data collection and analysis. The quantitative component will involve a survey questionnaire to gather data on demographic information, and factors influencing decision-making. The qualitative component will involve in-depth interviews with a subset of participants to gain a more detailed understanding of their experiences and perspectives.

SAMPLING:

In this research, we used sample random sampling method

DATA COLLECTION:

The quantitative data will be collected through an online survey questionnaire, while the qualitative data will be collected through semi-structured in-depth interviews conducted in person. The survey questionnaire will be distributed via email and social media, while the interviews will be scheduled and conducted based on participant availability.

LIMITATIONS:

1. This project is limited only to the Buldhana region.
2. The criteria already fixed for investing in SIP.

DATA ANALYSIS:

1. It's based on demographic research

Table No.1

	Male	Female
Count	70	30

2. Below table shows the age criteria of the respondent

Table No.2

Age Questions	18 - 24 yr.	25- 40 yr.	40-60 yr.	Above 60 yr.
Count	62	20	12	6

Median age group: 18-24 yr.

The research paper found the median age group is 18-24 yr. and a very low number of people are found above 60 yr.

2. This table shows the risk preferences of investors.

Table No.3

Risk	Very low risk-taking	Low risk-taking	Moderate	High risk-taking	Very high risk-taking
Rank	1	2	3	4	5
Response	5	12	53	19	11

Median: Most people prefer moderate risk

In this survey, there are 53 people prefer moderate risk when they are investing in SIP and very few people prefer very low risk-taking.

4. Following table shows the expectation of the investor from their investment in SIP.

Table No.4

Return	<20%	20 to 30 %	30 to 40 %	40 to 50 %	>50%
Rank	1	2	3	4	5
People	13	18	20	21	28

Median: 30 to 40 %

In this survey median group expects a 30 to 40% return from their investment.

The following is the factor that influences the decision of the investors to invest in SIP but most of the investors expect more than 50% return from their investment.

5. Following are the factor that influences the decision of the investor to invest in SIP.

Table No.5

factors	Market Risk	Liquidity Risk	Credit Risk	Currency Risk	Volatility Risk
response	48	18	15	7	13

Mode: Market risk followed by liquidity risk

Market risk is a factor that influences 48 investors' decisions to invest in SIP and very few influence their decision by currency risk.

RESULTS AND DISCUSSION

For instance, some individuals may argue that investment experience is the most crucial factor that influences investment decisions in SIPs. They may argue that investors who have a history of successful investments in mutual funds, including SIPs, are more likely to invest in them. On the other hand, some may argue that financial literacy and investment knowledge are the most critical factors that influence investors' decisions to invest in SIPs. They may argue that investors who are more financially literate and have a better understanding of investment concepts are more likely to invest in SIPs.

Additionally, some may argue that demographic factors, such as age and income, are the most critical factors that influence investors' decisions to invest in SIPs. They may argue that younger investors with lower income levels may be more hesitant to invest in SIPs due to perceived risks and a lack of knowledge about the investment product. Conversely, older investors with higher income levels may be more willing to invest in SIPs due to the potential benefits of long-term investment

However, in the research, studies on factors influencing investment decisions in systematic investment plans (SIPs), often examine various factors such as:

- 1. Risk perception:** According to this survey, 53 investors prefer moderate risk while investing in SIPs which means the investor wants to minimize risk. Investors' perception of risk associated with the investment can affect their decision to invest in SIPs.
- 2. Return expectations:** According to this survey, 28 investors expect returns greater than 50% from SIPs which means the investor is looking for higher returns on their risk. Investors' expectations of returns on their investment can impact their decision to invest in SIPs. This study shows the expectation of the investor is high in the recent era.
- 3. Financial literacy and investment knowledge:** Investors' knowledge about mutual funds, SIPs, and related financial concepts can influence their decision to invest in SIPs.
- 4. Investment experience:** Investors' experience with mutual fund investments, including SIPs, can impact their decision to invest in them.
- 5. Demographic factors:** Age, education, and other demographic factors can influence investors' decisions to invest in SIPs.

Therefore, it is essential to understand these factors that influence investors' decisions to invest in SIPs to design effective strategies to promote SIP investments, especially in regions of Buldhana.

In this research, we find most investors prefer moderate risk to invest in SIP. It will be similar to previous research conducted by the researcher.

CONCLUSION:

The study integrates constructs from the factors affecting investment in SIP. The results indicate that the fundamental factors and investor perception play a very vital role in the investment decision-making process.

In general, a conclusion to a research paper on this topic should summarize the key findings of the study and provide insights into the factors that influence investment decisions to invest in SIPs in the Buldhana region. It should also discuss the implications of these findings for investors.

The conclusion should begin by restating the research question and the objectives of the study. It should then briefly summarize the main findings of the research paper, highlighting the most significant factors that influence the investment decisions of investors in SIPs of the Buldhana region. These may include demographic factors, such as age, as well as behavioral factors, such as risk tolerance and investment goals.

Next, the conclusion should discuss the implications of these findings for investors. For example, it may suggest that financial decisions need to develop more personalized investment strategies that consider individual investors' unique needs and preferences. It may also recommend that investors diversify their portfolios to reduce risk and maximize returns.

Finally, the conclusion should discuss the implications of the research findings for factors that influence the decision of investors. It may suggest that policymakers need to create a more supportive environment for investment in the region, such as by providing tax incentives or developing infrastructure to support investment activities.

Overall, the conclusion should provide a clear and concise summary of the research findings and their implications, and leave the reader with a strong understanding of the factors that influence the investment decisions of investors in SIPs of the Buldhana region.

This research paper explores the factors influencing an investor's decision to invest in Systematic Investment Plans (SIPs) in the Buldhana region. Through a survey of investors, we studied their investment preferences and identified the various factors that influence their decisions. Our results indicate that risk tolerance is the most important factor influencing investors' decisions, followed by return expectations and liquidity needs. We also found that investors prefer SIPs with lower

minimum investment amounts and higher returns. Furthermore, our results suggest that financial advisors play a major role in helping investors make informed decisions when investing in SIPs.

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