
A STUDY ON INVESTORS BEHAVIOUR TOWARDS SIP IN MUTUAL FUND

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ABSTRACT

This study focuses on understanding the behaviour of investors towards Systematic Investment Plans (SIPs) in mutual funds. In today's changing financial environment, more individuals are shifting from traditional saving methods to modern investment options like mutual funds. SIP has become a popular choice because it allows investors to invest small amounts regularly while reducing the impact of market fluctuations. The main objective of this research is to analyse investor awareness, preferences, and behavioural factors that influence their decision to invest in SIPs. The study is based on primary data collected through a structured questionnaire from 130 respondents belonging to different age groups, occupations, and income levels. The findings of the study indicate that most investors are aware of SIPs and prefer them due to their convenience, affordability, and long-term benefits. However, factors such as risk perception, market volatility, and level of financial knowledge still affect investor decisions. It is also observed that many investors rely on digital platforms and financial advisors for investment-related information. The study concludes that while SIPs are gaining popularity among investors, there is still a need to improve financial literacy and provide better guidance to encourage more participation. Overall, SIPs are considered an effective tool for disciplined investing and long-term wealth creation.

KEYWORDS: SIP, Mutual Funds, Investor Behaviour, Financial Literacy, Investment Decision.

1. INTRODUCTION

In modern financial markets, investment opportunities have expanded significantly due to technological development, economic reforms, and increased financial awareness among

individuals. Investors today are no longer limited to traditional saving instruments such as bank deposits, gold, and real estate. Instead, they are increasingly exploring market-based investment alternatives that provide higher growth potential.

One of the most important developments in the investment sector is the growth of the mutual fund industry. Mutual funds allow individuals to invest their money collectively in professionally managed portfolios consisting of equities, bonds, and other financial instruments. This structure helps investors benefit from diversification and professional management, even with a small investment amount.

Among various mutual fund investment options, the Systematic Investment Plan (SIP) has gained significant attention. SIP enables investors to invest a fixed sum regularly at predetermined intervals, typically monthly. This method encourages consistent saving habits and reduces the risk associated with investing a large amount at a single point in time.

Another important advantage of SIP is that it allows investors to benefit from rupee cost averaging. Since investments are made at different market levels, the average cost of purchasing units becomes balanced over time. Additionally, long-term SIP investments benefit from compounding, which helps generate wealth gradually.

However, the decision to invest through SIP does not depend only on financial returns. Investors' behaviour, perception of risk, financial knowledge, and personal goals play an important role in shaping their investment choices. Behavioural finance explains that psychological factors such as fear, overconfidence, and herd behaviour influence investor decisions.

In India, SIP investments have grown rapidly over the past decade, driven by increased awareness campaigns, digital investment platforms, and improved financial literacy. Despite this growth, a large portion of the population still prefers traditional savings methods. Understanding investor behaviour towards SIPs is therefore important for expanding participation in mutual fund investments.

This research study attempts to analyse the awareness, perception, and behavioural patterns of investors regarding SIP investments in mutual funds.

2. Literature Review

1. Kahneman & Tversky (1979) – Prospect Theory

Kahneman and Tversky introduced the concept of Prospect Theory, which explains how individuals make decisions under uncertainty. According to the theory, investors tend to experience the pain of losses more strongly than the pleasure of gains. This psychological

bias leads investors to avoid risky investments or panic during market downturns. SIP investments help reduce this behavioural bias because investments are made regularly, allowing investors to average their investment cost over time rather than attempting to time the market.

2. Shefrin & Statman (2000) – Behavioural Finance Framework

Shefrin and Statman studied the role of psychological biases in financial decision-making. Their research showed that investors often make irrational decisions due to emotional influences such as overconfidence, regret aversion, and mental accounting. SIPs can help reduce emotional investment behaviour by introducing automation and discipline in investment decisions.

3. Barberis & Thaler (2003) – Behavioural Finance Overview

Barberis and Thaler provided a comprehensive overview of behavioural finance and its implications for financial markets. They argued that investor psychology significantly influences market movements and investment decisions. Their work emphasised that investors often deviate from rational decision-making due to biases such as herd behaviour and overreaction to market news.

4. Saini, Anjum & Saini (2011) – Mutual Fund Awareness

This study examined the level of awareness among Indian investors regarding mutual fund investments. The findings indicated that although awareness about mutual funds is increasing, many investors still lack a clear understanding of investment concepts such as diversification and risk management. SIPs were found to be more acceptable to investors because they allow smaller periodic investments and require less financial expertise.

5. Chawla (2014) – Demographic Factors and Investment Behaviour

Chawla's research focused on how demographic variables influence investment decisions. The study found that factors such as age, income, occupation, and education significantly affect investors' willingness to invest in financial markets. Younger investors were more likely to choose equity-based investments and SIPs due to their longer investment horizon.

6. Kode et al. (2015) – Financial Literacy among Youth

Kode and colleagues examined financial literacy among urban youth in India. Their research revealed that although young individuals are exposed to financial products through digital

platforms, many lack a deep understanding of investment risks and strategies. This gap between awareness and knowledge highlights the need for financial education programs.

7. Raghavan (2018) – Investor Preferences in Mutual Funds

Raghavan studied the behavioural patterns of Indian mutual fund investors and found that investors often rely on recommendations from friends, relatives, or financial advisors. The study also identified herd behaviour as a common factor influencing mutual fund investments.

8. Sharma & Gupta (2019) – Retail Investors and SIPs

Sharma and Gupta analysed the investment patterns of retail investors in SIPs. Their research showed that salaried individuals prefer SIPs because they align well with monthly income and financial planning. The study also revealed that investors who remain invested for longer periods tend to experience higher satisfaction.

9. Patel (2020) – Investor Perception in Gujarat

Patel conducted a regional study focusing on investor perception towards mutual funds in Gujarat. The findings indicate that investors in Gujarat generally prefer safer investment options but are gradually shifting toward SIPs due to increased financial awareness and marketing campaigns.

10. BCG & AMFI (2023) – Mutual Fund Industry Growth

A joint report by the Boston Consulting Group and the Association of Mutual Funds in India highlighted the rapid expansion of the mutual fund industry. The report found that smaller cities are becoming major contributors to SIP growth due to increasing digital access and simplified investment processes.

11. Dash & Ranjan (2023) – Financial Literacy and Investment Behaviour

Dash and Ranjan analysed the relationship between financial literacy and investment behaviour across different Indian states. Their research indicated that investors with higher financial literacy are more likely to invest in mutual funds and SIPs.

12. Khanum (2024) – Impact of Awareness Campaigns

Khanum studied the effectiveness of financial awareness campaigns such as “Mutual Funds Sahi Hai.” The study found that marketing campaigns and financial education programs significantly improve investor confidence and participation in SIP investments.

3. Research Gap

Although several studies have examined mutual fund investments and investor behaviour, certain areas remain insufficiently explored. Most previous research has focused mainly on financial performance, return analysis, and risk management of mutual funds. However, fewer studies have examined the behavioural factors influencing investors' decisions to invest through SIPs.

Additionally, many existing studies have concentrated on metropolitan cities and large financial markets. Limited research has been conducted on investor behaviour in developing regions and emerging investment markets.

Another gap observed in the literature is the limited analysis of how demographic factors such as age, income, education level, and occupation interact with behavioural biases in shaping SIP investment decisions.

Furthermore, although SIP investments are increasing rapidly in India, many investors still lack a deep understanding of mutual fund concepts such as diversification, compounding, and risk management. The gap between awareness and actual financial knowledge has not been sufficiently studied.

Therefore, this research attempts to address these gaps by analysing the behavioural, demographic, and awareness-related factors that influence SIP investment decisions among retail investors.

4. Objectives

- 1) To understand the level of awareness about SIP among investors.
- 2) To analyse the factors influencing investment decisions in SIPs.
- 3) To study the risk perception of investors towards mutual funds.
- 4) To identify the reasons for choosing SIP over other investment options.
- 5) To examine the satisfaction level of investors using SIP.
- 6) To suggest measures for improving investor participation in SIPs.

5. Data Collection

Primary data refers to the original information collected directly from respondents for the specific purpose of the research. In this study, primary data were collected from individual investors to understand their awareness, perception, and behaviour toward SIP investments.

Method of Primary Data Collection

The primary data was collected using a structured questionnaire survey. The questionnaire was designed to gather information about the demographic characteristics of investors, their knowledge about SIPs, investment patterns, and behavioural attitudes toward mutual fund investments.

The questionnaire consisted of two major sections:

1. Demographic Information

This section collected basic personal information about respondents, such as:

- Age
- Gender
- Educational qualification
- Occupation
- Monthly income

These variables help in understanding how demographic characteristics influence investment behaviour.

2. Investor Behaviour and SIP Investment

The second section focused on investment-related questions, such as:

- Awareness of SIP investments
- Source of information about SIPs
- Investment duration and amount
- Preferred type of mutual fund
- Satisfaction level with SIP returns
- Behavioural attitudes such as risk tolerance and confidence in investment decisions

6. Research Method

1) Research Design

Research design refers to the overall strategy used to integrate different components of the research study logically. It ensures that the research problem is addressed effectively.

For this study, a **descriptive and analytical research design** was used.

Descriptive Research

Descriptive research focuses on describing the characteristics of a particular population or phenomenon. In this study, descriptive research was used to understand the demographic profile of investors and their awareness and perception regarding SIP investments.

Analytical Research

Analytical research goes beyond simple description and attempts to identify relationships between different variables. In this study, analytical research was used to analyse the relationship between demographic factors and investor behaviour towards SIP investments.

2) Population of the Study

The population of the study consists of individuals who:

- Are aware of mutual fund investments
- Invest or are willing to invest through SIPs

The population includes individuals from different professional backgrounds, such as:

- Salaried employees
- Business owners
- Self-employed professionals
- Students
- Retired individuals

3) Sampling Method

The study adopted a non-probability convenience sampling method.

Convenience sampling refers to selecting respondents who are easily accessible and willing to participate in the research. This method is commonly used in behavioural studies where the objective is to understand general patterns rather than make precise statistical predictions.

The reasons for selecting this method include:

- Limited time and resources available for the study
- Large and undefined population of SIP investors
- Ease of collecting responses from accessible respondents

Although convenience sampling has some limitations, it is suitable for exploratory and behavioural research studies.

4) Sample Size

The sample size for this research study was 130 respondents.

These respondents were selected from different demographic categories, such as:

- Different age groups
- Different occupations
- Different income levels
- Different educational backgrounds

5) Data Collection Instrument

The primary data was collected using a structured questionnaire.

The questionnaire consisted of two main parts:

Part 1 – Demographic Information

Part 2 – Investor Behaviour

The questionnaire also included Likert scale questions to measure investor attitudes and perceptions.

6) Data Analysis Techniques

After collecting the responses from the respondents, the data were organised and analysed using statistical tools.

The following techniques were used:

Percentage Analysis

Percentage analysis was used to summarise the responses of respondents in numerical form. It helps in identifying trends and patterns in the data.

Tabulation

Tabulation was used to organise the collected data in tables to make interpretation easier.

Interpretation

Interpretation involves explaining the meaning of the analysed data and identifying key insights regarding investor behaviour.

7. Analysis of Data

1) Age

The distribution of respondents across age groups shows that the 25–35 years category has the highest number of respondents (46). The 36–45 years group includes 30 respondents, while 28 respondents are below 25 years of age. A smaller portion of the sample belongs to the 46–55 years group (18 respondents), and the above 55 years category has 8 respondents, making it the smallest group.

2) Gender

The sample includes 78 male respondents, 50 female respondents, and 2 respondents who chose not to disclose their gender. Therefore, male participants constitute the largest portion of the sample.

3) Educational Qualification

The educational profile shows that 48 respondents are graduates, making them the largest group. Postgraduates number 38, followed by 22 with undergraduate degrees. There are 18 professional degree holders, and 4 respondents fall into the “others” category.

4) Occupation of Respondents

Among the respondents, 52 individuals are salaried employees, the largest occupational group. Business or self-employed respondents number 28, while 26 respondents are students. Professionals account for 18 respondents, and 6 respondents are retired.

5) Monthly Income

The income distribution shows that 40 respondents earn between ₹25,001 and ₹50,000, which is the largest group. 38 respondents earn between ₹50,001 and ₹1,00,000. 24 respondents earn below ₹25,000, while 18 respondents fall in the ₹1,00,001–₹2,00,000 category. The above ₹2,00,000 income group includes 10 respondents.

6) Awareness of SIP

Out of the total respondents, 118 individuals indicated that they are aware of SIP investments, while 12 respondents reported that they are not aware of SIP.

7) Source of Awareness about SIP

The data shows that 42 respondents learned about SIP through online platforms or social media. Banks and financial advisors were reported by 36 respondents as their source of

information. Friends or relatives were mentioned by 30 respondents, while advertisements accounted for 16 respondents. Six respondents selected other sources.

8) Knowledge Level about SIP

Regarding knowledge levels, 48 respondents rated their knowledge as moderate, which represents the largest group. 42 respondents reported having high knowledge, while 18 respondents indicated very high knowledge. Sixteen respondents reported low knowledge, and 6 respondents reported very low knowledge.

9) SIP Helps in Disciplined Investing

In response to this statement, 54 respondents selected “Agree”, and 46 respondents selected “Strongly Agree.” 18 respondents remained neutral, while 8 respondents selected “Disagree” and 4 respondents selected “Strongly Disagree.”

10) SIP Suitable for All Income Groups

The responses show that 46 respondents agreed and 38 respondents strongly agreed that SIP is suitable for investors across different income levels. 26 respondents remained neutral, while 14 respondents disagreed, and 6 respondents strongly disagreed.

11) Currently Investing in SIP

Among the respondents, 104 individuals reported that they are currently investing in SIP, while 26 respondents stated that they are not investing in SIP.

12) Duration of SIP Investment

The duration analysis shows that 42 respondents have been investing for 1–3 years, which is the largest category. 36 respondents reported investing for 3–5 years, while 30 respondents have been investing for less than one year. 22 respondents indicated that they have been investing for more than five years.

13) Monthly SIP Amount

The largest number of respondents (42) invest between ₹5,001 and ₹10,000 per month. 38 respondents invest between ₹2,001 and ₹5,000. 20 respondents invest less than ₹2,000, and another 20 respondents invest between ₹10,001 and ₹20,000. 10 respondents invest more than ₹20,000 per month.

14) Preferred Fund Type

The data indicates that 56 respondents prefer equity mutual funds, making it the most selected option. Hybrid funds were selected by 28 respondents, while debt funds were chosen by 24 respondents. ELSS funds were selected by 18 respondents, and 4 respondents selected other types of funds.

15) Frequency of Reviewing SIP Portfolio

The responses show that 44 respondents review their SIP portfolio quarterly, which is the most common frequency. 32 respondents review their investments half-yearly, while 28 respondents review them monthly. 18 respondents review their portfolio annually, and 8 respondents reported that they never review their SIP investments.

16) Investing Based on Friends or Relatives

The largest number of respondents (38) remained neutral regarding the influence of friends or relatives on investment decisions. 34 respondents selected “Agree”, while 20 respondents selected “Strongly Agree.” 26 respondents disagreed, and 12 respondents strongly disagreed.

17) Confidence in Selecting Mutual Funds

The responses indicate that 40 respondents agreed and 22 respondents strongly agreed that they are confident in selecting mutual funds. 36 respondents remained neutral, while 22 respondents disagreed, and 10 respondents strongly disagreed.

18) Considering Stopping SIP During Market Fall

In this question, 36 respondents agreed, and 24 respondents strongly agreed that they think about stopping SIP during a market decline. 30 respondents remained neutral, while 28 respondents disagreed, and 12 respondents strongly disagreed.

19) Preference for Safe Investments

The responses show that 42 respondents agreed and 34 respondents strongly agreed that they prefer safer investment options. 28 respondents remained neutral, while 18 respondents disagreed, and 8 respondents strongly disagreed.

20) Dependence on Others’ Advice

The largest number of respondents (40) selected the neutral option regarding reliance on others for investment advice. 32 respondents agreed, while 18 respondents strongly agreed. 28 respondents disagreed, and 12 respondents strongly disagreed.

21) Satisfaction with SIP Returns

The largest group of respondents (48) reported being satisfied with SIP returns. 26 respondents indicated that they are very satisfied, while 34 respondents selected the neutral option. 16 respondents reported dissatisfaction, and 6 respondents reported being very dissatisfied.

22) SIP Helps in Risk Management

The responses show that 46 respondents agreed and 40 respondents strongly agreed that SIP helps manage investment risk. 24 respondents remained neutral, while 14 respondents disagreed, and 6 respondents strongly disagreed.

23) Plan to Continue SIP

The results show that 92 respondents intend to continue their SIP investments, while 24 respondents are uncertain. 14 respondents stated that they do not plan to continue SIP investments.

24) Reason for Choosing SIP

The most common reason selected by respondents is long-term wealth creation (42 respondents). Regular saving habit was selected by 36 respondents, while 22 respondents chose professional fund management. Tax benefits were selected by 20 respondents, and 10 respondents selected flexibility.

25) Ways to Increase SIP Participation

The most frequently suggested method to increase SIP participation is investor education programs (46 respondents). Simplifying the investment process was selected by 30 respondents, while 26 respondents suggested stronger advisory support. 22 respondents indicated better returns, and 6 respondents selected other suggestions.

8. FINDINGS

Objective 1: Awareness of SIP

- Majority of respondents are aware of SIP investments (118 out of 130).
- Digital platforms and advisors are key sources of awareness.

Objective 2: Demographic Influence

- Young and middle-aged investors (25–35 years) dominate SIP participation.
- Salaried and middle-income groups prefer SIPs.

Objective 3: Behavioural Factors

- Investors show risk-averse behaviour and may consider stopping SIP during market decline.
- Some dependence on external advice exists.

Objective 4: Satisfaction Level

- Majority of investors are satisfied with SIP returns.
- Positive perception towards long-term benefits.

Objective 5: Participation Factors

- Wealth creation and disciplined saving are key motivators.
- Financial education is the most suggested improvement

9. CONCLUSION

The present study was conducted to understand investor behaviour toward Systematic Investment Plans (SIPs) in mutual funds. The analysis was based on responses collected from 130 participants belonging to different age groups, occupations, and income levels. The results indicate that SIP investments are becoming increasingly popular among retail investors, especially among individuals in the younger and middle-aged categories.

The demographic analysis shows that most respondents are graduates or postgraduates, and a large portion of them are salaried employees. This suggests that individuals with higher education and stable income are more likely to participate in systematic investment options. The income distribution also indicates that SIP investments are commonly preferred by middle-income individuals because they allow investors to invest smaller amounts regularly.

The findings further reveal that awareness of SIP investments is relatively high among respondents. Digital platforms, financial advisors, and social connections were identified as important sources of information. Most investors contribute moderate monthly amounts and prefer equity mutual funds due to their potential for higher long-term returns.

The study also shows that while some investors may feel uncertain during market fluctuations, many investors remain satisfied with SIP performance and intend to continue their investments in the future. Overall, SIPs encourage disciplined investing and help individuals achieve long-term financial goals.

In conclusion, Systematic Investment Plans provide a practical and accessible method for individuals to build wealth gradually. With improved financial education, better guidance from financial advisors, and greater awareness about mutual fund investments, SIP participation among investors can continue to grow in the future.

10. Suggestion

1. Enhance Financial Literacy

Conduct awareness programs to improve understanding of SIP, risk, and returns.

2. Simplify Investment Process

Provide user-friendly digital platforms to encourage new investors.

3. Promote Long-Term Investing

Educate investors about staying invested during market fluctuations.

4. Strengthen Advisory Support

Financial advisors should provide personalised and unbiased guidance.

5. Encourage Early Investment

Target youth through educational initiatives for long-term wealth creation.

11. LIMITATION

1. Limited Sample Size

Based on 130 respondents, which may not represent the entire population.

2. Geographical Limitation

Study is restricted to a specific region.

3. Time Constraint

Short study duration limits long-term behavioural analysis.

4. Response Bias

Data depends on respondents' honesty and understanding.

5. Basic Analytical Tools Used

Advanced statistical methods were not applied.

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