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A STUDY ON SYSTEMATIC INVESTMENT PLAN (SIP) AMONG INVESTORS – WITH REFERENCE TO PRAKALA WEALTH PVT. LTD, CHENNAI

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ABSTRACT

This study focuses on analyzing investor perception towards Systematic Investment Plans (SIPs) in mutual funds with special reference to Prakala Wealth Pvt Ltd. SIP has become one of the most preferred investment methods among investors due to its affordability, flexibility, disciplined investing approach, and long-term wealth creation benefits. The study aims to understand the level of awareness, preferences, attitudes, and factors influencing investors to choose SIP investments.

The research is based on both primary and secondary data. Primary data was collected through a structured questionnaire from 105 respondents, while secondary data was gathered from books, journals, websites, and financial reports. Statistical tools such as percentage analysis, chi-square test, correlation, and t-test were used for data analysis and interpretation.

The findings reveal that most respondents are aware of SIP investments and prefer SIP over lump sum investment because of regular savings, risk reduction, diversification, and higher return expectations. Financial advisors and digital platforms play a major role in influencing investment decisions. The study also shows that investors consider SIP a disciplined and convenient investment option suitable for long-term financial planning.

The study concludes that SIP investments are gaining increasing acceptance among investors due to their simplicity, affordability, and financial benefits. Improving financial awareness and providing effective advisory services can further encourage greater participation in SIP investments and strengthen long-term financial security among investors.

INTRODUCTION

Investment plays an important role in achieving financial stability and long-term wealth creation. In today's modern financial environment, individuals are increasingly interested in investing their savings in profitable financial instruments rather than keeping money idle. Various investment options such as stocks, bonds, insurance, fixed deposits, and mutual funds are available for investors based on their financial goals and risk tolerance. Among these investment avenues, mutual funds have gained significant popularity because they provide diversification, professional management, liquidity, and flexibility to investors. Mutual funds are especially suitable for individuals who seek long-term financial growth with managed risk.

A Systematic Investment Plan (SIP) is one of the most popular methods of investing in mutual funds. SIP allows investors to invest a fixed amount regularly at monthly or quarterly intervals instead of investing a large amount at one time. This method helps investors develop disciplined saving habits and reduces the burden of investing huge sums. SIP also offers benefits such as rupee cost averaging and the power of compounding, which support long-term wealth creation and reduce the impact of market fluctuations. Due to these advantages, SIP has become a preferred investment option among salaried employees, middle-income groups, and retail investors.

The present study focuses on analyzing investor perception towards SIP investments in mutual funds with special reference to Prakala Wealth Pvt Ltd. The study aims to understand investor awareness, preferences, attitudes, and factors influencing SIP investment decisions. It also examines the role of financial advisory firms in promoting SIP investments and improving financial literacy among investors. The study helps in identifying investor expectations and provides useful insights regarding the growing acceptance of SIP as a disciplined and reliable investment avenue for long-term financial planning.

OBJECTIVE OF STUDY

PRIMARY OBJECTIVE

- To analyze the investor perception towards Systematic Investment Plans (SIPs) in mutual funds.

SECONDARY OBJECTIVES

- To examine the level of awareness among investors about SIP investment in mutual funds.
- To identify the factors that influence investors to choose SIP as an investment option.
- To analyze the role of financial advisory firms in promoting SIP investments.
- To study the preferences of investors regarding mutual fund investment through SIP.

NEED FOR THE STUDY

The study is undertaken to understand the awareness, perception, and preferences of investors towards Systematic Investment Plans (SIP) in mutual funds. It helps to identify the factors influencing investors to choose SIP as an investment option and understand their expectations regarding returns, risk, and financial security. The study also examines the role of financial advisory services in promoting SIP investments and creating financial awareness among investors. Additionally, it provides useful insights to encourage disciplined investment habits and improve investor participation in mutual funds.

SCOPE OF THE PROJECT

The study focuses on analyzing investor perception towards Systematic Investment Plans (SIP) in mutual funds. It examines investor awareness, preferences, attitudes, investment behaviour, and factors influencing SIP investment decisions. The study also evaluates the role of financial advisory services in promoting SIP investments and creating financial awareness. It helps in understanding the effectiveness of SIP as a disciplined and long-term investment option. However, the study is limited to a specific sample size and geographical area.

LIMITATIONS OF THE STUDY

1. The study is based on a limited sample size of respondents.
2. The research is confined to a specific geographical area only.
3. The study focuses mainly on investors associated with Prakala Wealth Pvt Ltd.
4. The responses collected are based on personal opinions and perceptions of respondents.
5. The study was conducted within a limited time period.
6. The research focuses only on SIP investments and not on other investment avenues.

REVIEW OF LITERATURE

1. Burton G. Malkiel (2020) explained the importance of diversification and long-term investing in mutual funds. The study highlighted that systematic investments help reduce investment risk and improve financial stability. It also emphasized that SIPs are suitable for disciplined wealth creation.
2. Pragya Gupta (2019) analyzed SIP as an alternative investment option and stated that SIPs are simple, flexible, and convenient for investors. The study highlighted that regular investments through SIP encourage saving habits and support long-term financial growth.
3. Nagajyothi S. & Srinivas G. (2018) focused on SIP as a tool for disciplined investment. The study revealed that SIP promotes regular investing, reduces emotional investment decisions, and helps investors achieve long-term financial goals effectively.
4. Khan A.H. & Agarwal S.K. (2017) studied investor perception towards mutual funds and found that financial advisors play a significant role in influencing investment decisions. The research also highlighted that awareness and trust are important factors affecting SIP investments.
5. Mukesh H.V. (2015) examined investor awareness and behaviour towards mutual funds. The study identified lack of financial knowledge as a major barrier to SIP investment and emphasized the need for investor education and financial literacy programs.

RESEARCH METHODOLOGY

RESEARCH DESIGN

The study adopts a descriptive research design to understand and analyze investor perception towards Systematic Investment Plans (SIPs) in mutual funds. Descriptive research helps in identifying investor awareness, preferences, attitudes, and factors influencing investment decisions in a systematic manner.

SOURCES OF DATA

Primary Data

Primary data was collected directly from investors and clients of Prakala Wealth Pvt Ltd through structured questionnaires. The collected responses helped in understanding investor behaviour, awareness, and perception regarding SIP investments.

Secondary Data
Secondary data was collected from journals, books, company reports, SEBI publications, websites, financial articles, and research papers related to mutual funds and SIP investments. These sources provided theoretical and background information for the study.

SAMPLE SIZE
Population: Approximately 200 investors
Sample Size: 105 respondents
The selected sample size was considered adequate to obtain reliable information regarding investor perception and investment preferences towards SIP.

SAMPLING TECHNIQUE
Convenience sampling method was used for selecting respondents based on their accessibility, availability, and willingness to participate in the survey.

STATISTICAL TOOLS USED
The following statistical tools were used for analysis and interpretation of data:

- Percentage Analysis
- Chi-Square Test
- Correlation Analysis

DATA ANALYSIS AND INTERPRETATION

The analysis reveals that the majority of respondents are aware of Systematic Investment Plans (SIPs) and prefer SIP over lump sum investment because of affordability, disciplined investing, and long-term financial benefits. Most respondents belong to the below 25 age group, indicating increasing financial awareness among younger investors. Male respondents constitute the majority of the sample, and private employees form a significant portion of investors due to regular income and systematic investment opportunities. Most respondents fall under the monthly income group of ₹25,001–₹50,000, showing active participation of middle-income individuals in SIP investments.

The study also indicates that financial advisors are the primary source of knowledge regarding SIP investments, followed by internet platforms and banks. The majority of respondents invest through SIP because it allows small monthly investments and supports long-term wealth creation. Most investors prefer a 5–10 year investment horizon and invest moderate amounts through SIP based on their financial capacity. Respondents strongly agree that SIP promotes disciplined and regular investment habits, while higher return expectations, risk reduction, and diversification are major factors influencing investment decisions. The findings further reveal that market volatility affects investor behaviour, although many investors continue SIP investments for long-term financial security.

Chi-Square Test
The chi-square analysis between age group and awareness of SIP indicates that there is no significant relationship between the two variables. This shows that investors across different age groups possess similar levels of awareness regarding SIP investments.

Correlation Analysis
The correlation analysis between disciplined investment behaviour and higher return influence shows a strong positive relationship ($r = 0.960$). This indicates that investors who believe SIP promotes disciplined investing also strongly feel that SIP provides better long-term returns and financial growth opportunities.

FINDINGS

- Majority of respondents belong to the below 25 age group.
- Male respondents constitute the majority of the sample population.
- Most respondents are private employees with stable monthly income.
- SIP is the most preferred mode of mutual fund investment among respondents.
- Awareness regarding SIP investments is high among investors.
- Financial advisors are the primary source of knowledge about SIP investments.
- Small monthly investment facility is the major reason for choosing SIP.
- Most investors prefer a 5–10 year investment horizon through SIP.

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- Respondents believe SIP promotes disciplined and regular investment habits.
- Higher returns, diversification, and risk reduction influence SIP investment decisions.
- Market volatility affects investor investment behaviour and decisions.
- Most respondents are willing to recommend SIP investments to others.

SUGGESTIONS

- Financial institutions should conduct more awareness programs regarding SIP investments and mutual funds.
- Financial advisors should provide proper guidance and regular communication to investors.
- Mutual fund companies should improve transparency regarding investment performance and risks.
- Investors should be encouraged to continue SIP investments for long-term wealth creation.
- Digital investment platforms should be improved to make SIP investments more convenient and accessible.
- Financial literacy programs should be conducted to improve investor knowledge and confidence.
- Investment firms should focus on personalized financial solutions based on investor needs and goals.

CONCLUSION

The study concludes that Systematic Investment Plans (SIPs) are widely accepted as an effective investment option for long-term financial planning and wealth creation. Investors prefer SIP because of its affordability, flexibility, disciplined investment approach, and diversification benefits. The study also reveals that awareness regarding SIP investments is increasing among investors, and financial advisors play an important role in influencing investment decisions. Although market volatility affects investor behaviour, many investors continue SIP investments due to long-term financial benefits. Overall, SIP is considered a safe, convenient, and reliable investment avenue suitable for investors from different income groups and financial backgrounds.

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