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An Evaluation Of Retail Investors' Behaviour Towards Systematic Investment Plans

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ABSTRACT

The Indian mutual fund industry has experienced significant expansion in recent years. Systematic Investment Plans (SIPs) have become the preferred investment option for individual investors due to their disciplined, flexible, and long-term wealth creation potential. The factors impacting adoption, risk attitude, investment knowledge, and satisfaction levels are the main emphasis of this study, which assesses how retail investors in the Thoothukudi area behave with regard to SIPs. 110 retail investors provided primary data via a structured questionnaire as part of a descriptive research strategy. To investigate the association between demographic factors and SIP investing behavior, the data were analyzed using percentage analysis, descriptive statistics, and Analysis of Variance (ANOVA). The data show that characteristics such as low initial investment, regular investment discipline, fund performance, fund house reputation, and fintech-based advising support all have a beneficial impact on SIP adoption, with no significant differences across age groups. Furthermore, the study finds no significant association between income level and investors' risk attitude or knowledge of SIPs, demonstrating a consistent level of awareness and behavioral orientation across income groups. The findings indicate that retail investors in Thoothukudi engage in consistent and sensible SIP investment behaviour, driven by post-pandemic financial planning requirements and increasing access to digital investment platforms. The study provides valuable insights for mutual fund managers, financial advisors, and governments looking to improve investor education campaigns and encourage retail investors to participate in SIPs for the long term.

Keywords: *SIP, Mutual fund, Investors.*

1. INTRODUCTION:

The Indian mutual fund market has expanded significantly over the last decade, and Systematic Investment Plans (SIPs) have emerged as one of the most popular investment options among ordinary investors. SIPs allow individuals to invest small sums of money in mutual funds on a regular basis, promoting disciplined investment habits and long-term wealth growth. The growing awareness of financial planning, the growth of digital investing platforms, and the simplicity of online transactions have all contributed to the popularity of SIP. Retail investors today prefer market-linked investment outlets over traditional savings programs due to higher return expectations and the desire for financial security. In Tamil Nadu, and particularly in the Thoothukudi District, retail involvement in mutual fund investments has increased significantly in recent years. SIP investment decisions are influenced by a variety of factors, including income level, risk preference, financial literacy, investment awareness, and financial concerns following the epidemic. At the same time, market uncertainties, changing economic conditions, and fear of risk continue to influence investor behavior. Understanding the behavioral features of retail investors regarding SIP becomes critical for financial institutions, mutual fund firms, and policymakers.

REVIEW OF LITERATURE

Krishnan, P., & Joseph, M. (2025) investigated the post-pandemic behavioural shifts of retail mutual fund investors in South India with a special focus on SIP adoption. Their study found that financial uncertainty during COVID-19 increased investor preference for systematic and disciplined investment rather than lump-sum investments. The authors concluded that digital investment platforms, mobile-based SIP tracking, and higher trust in regulated fund houses were major factors driving SIP growth after 2021. The study also highlighted that investors with higher financial literacy showed a more positive attitude towards SIPs as a long-term wealth-building instrument. (Krishnan & Joseph, 2025).

Ravichandran, S., & Iyer, R. (2025) examined the determinants affecting SIP investment decisions among retail investors in Tier-II cities of Tamil Nadu. They reported that factors such as income level, perceived risk, investor education, and expected returns significantly influenced SIP participation. The study further emphasized that risk perception continues to be a major barrier among first-time investors despite increasing SIP awareness campaigns by AMFI. Their findings also indicate that post-COVID spending behaviour has shifted towards savings and long-term financial planning rather than short-term consumption.

STATEMENT OF THE PROBLEM

The investment habits of regular investors in India have been steadily changing, particularly with the growing preference for Systematic Investment Plans (SIPs) in mutual funds. While SIPs are marketed as a disciplined and low-risk investment alternative, a number of behavioral and psychological factors continue to affect consumers' choices. Retail investors in the Thoothukudi district are becoming more exposed to digital investment platforms, financial advisory content, and marketing campaigns, but there is still a lack of understanding of what motivates or discourages investors from using SIPs as a long-term investment vehicle. Despite the increase in SIP adoption in India, many investors in semi-urban areas face obstacles such as a lack of financial literacy, fear of market volatility, insufficient guidance, confusion about returns, and misconceptions about mutual fund risks. Furthermore, behavioral biases such as herding, risk aversion, and short-term thinking may have an impact on the consistency of SIP investments. There is also insufficient empirical data on the behavioural views of retail investors in smaller areas like Thoothukudi. The current study intends to assess retail investors' attitudes regarding Systematic Investing Plans, the variables influencing their investing selections, their expectations and problems, and how behavioral perspectives shape their long-term participation in SIPs. The study intends to provide meaningful insights for policymakers, financial advisors, and investment companies to promote responsible financial investment behaviour and enhance SIP adoption among retail investors in the Thoothukudi district.

OBJECTIVE OF THE STUDY

1. To examine the investment behaviour of retail investors towards Systematic Investment Plans (SIPs) in Thoothukudi district.
2. To identify the major factors influencing the adoption of SIPs, such as financial awareness, risk attitude, advisory influence, and fund performance.
3. To analyze investor satisfaction levels with SIP returns, platforms, customer support, and investment experience.

NULL HYPOTHESIS H0

1. There is no significant relationship between age and factors influencing the adoption of SIPs of the respondents
2. There is no significant relationship between income level and Risk Attitude & Knowledge toward SIPs of the respondents

METHODOLOGY

The current study uses a descriptive research approach to examine retail investors' attitudes regarding Systematic Investment Plans in the Thoothukudi area. A systematic questionnaire was used to obtain primary data on investment activity, influencing factors, risk attitudes, satisfaction, and future intent. A total of 110 retail investors were chosen via convenience sampling among mutual fund investors, bank customers, and individuals investing through online platforms and FinTech applications in Thoothukudi. The acquired data was analyzed using percentages, mean scores, and descriptive statistics, while inferential tools such as ANOVA were employed to investigate the association between demographic characteristics and SIP investment behavior. The survey only includes active and previous SIP investors who live in Thoothukudi.

FRAMEWORK AND ANALYSIS

H0: There is no significant relationship between age and factors influencing the adoption of SIPs of the respondents

ANOVA						
Factors		Sum of Squares	df	Mean Square	F	Sig.
SIPs help me invest regularly without timing the market.	Between Groups	2.646	4	.661	1.197	.317
	Within Groups	58.045	105	.553		
	Total	60.691	109			
Low initial amount is a major reason I choose SIPs.	Between Groups	2.872	4	.718	1.050	.385
	Within Groups	71.819	105	.684		
	Total	74.691	109			
I select funds based on past return performance.	Between Groups	.853	4	.213	.244	.913
	Within Groups	91.911	105	.875		
	Total	92.764	109			
Fund house reputation influences my fund choice.	Between Groups	1.719	4	.430	.447	.775
	Within Groups	101.054	105	.962		
	Total	102.773	109			
Advisory/fintech app recommendations influence my SIP selections.	Between Groups	1.118	4	.279	.376	.825
	Within Groups	77.937	105	.742		
	Total	79.055	109			
Expense ratio/fees affect my choice of mutual funds.	Between Groups	1.819	4	.455	.765	.551
	Within Groups	62.445	105	.595		
	Total	64.264	109			
Brand endorsements or	Between Groups	3.679	4	.920	1.109	.356

celebrity promotions influence my SIP choice.	Within Groups	87.093	105	.829		
	Total	90.773	109			
Availability of an automatic top-up/increase facility appeals to me.	Between Groups	.712	4	.178	.148	.963
	Within Groups	125.979	105	1.200		
	Total	**126.691**	**109**			

Source: Primary Data

Inference

The above ANOVA table results indicate that there is no statistically significant difference among the groups with respect to the factors influencing SIP investment behaviour All of the statements considered have significance (Sig.) values greater than 0.05, indicating that respondents from various groups have similar views on SIP-related factors such as regular investing without market timing, low initial investment amount, reliance on past returns, fund house reputation, influence of advisory or fintech app recommendations, expense ratios, brand endorsements, and the availability of automatic top-up facilities. The low F values support the lack of significant variance between groups. As a result, the null hypothesis is accepted, and it can be inferred that demographic differences have no substantial effect on the factors influencing SIP choice among retail investors, indicating mostly consistent investment behavior toward SIPs.

H0: There is no significant relationship between income level and Risk Attitude & Knowledge toward SIPs of the respondents

ANOVA

Factors		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
I am comfortable with moderate-risk investments for higher returns.	Between Groups	3.096	4	.774	1.258	.291
	Within Groups	64.622	105	.615		
	Total	67.718	109			
I understand the concept of rupee cost averaging.	Between Groups	1.111	4	.278	.412	.800
	Within Groups	70.853	105	.675		
	Total	71.964	109			
I regularly check my portfolio performance.	Between Groups	2.995	4	.749	.959	.433
	Within Groups	81.960	105	.781		
	Total	84.955	109			
I am aware of the tax implications on mutual fund gains.	Between Groups	2.931	4	.733	1.072	.374
	Within Groups	71.760	105	.683		
	Total	74.691	109			
I review and change my SIPs when market conditions change.	Between Groups	3.993	4	.998	1.208	.312
	Within Groups	86.780	105	.826		
	Total	90.773	109			
I prefer equity-oriented SIPs to debt-oriented SIPs.	Between Groups	9.062	4	2.265	2.022	.097
	Within Groups	117.629	105	1.120		
	Total	126.691	109			

Source: Primary Data

Inference

The above ANOVA table results reveal that the significance (Sig.) values for all the statements related to risk attitude and knowledge toward SIPs are greater than the 0.05 level. This suggests that there is no statistically significant relationship between respondents' income levels and their comfort with moderate-risk investments, understanding of rupee cost averaging, frequency of portfolio review, awareness of tax implications, proclivity to modify SIPs based on market conditions, or preference for equity-oriented SIPs over debt-oriented SIPs. Although the statement about preference for equity-oriented SIPs has a higher F value, its significance value (0.097) is still above the acceptable level. As a result, the null hypothesis is accepted, and it is possible to conclude that income level has no significant influence on respondents' risk attitudes and understanding about SIP investments.

CONCLUSION

The current study provides useful insights into retail investors' attitudes on Systematic Investment Plans (SIPs) in Thoothukudi area. The data show that SIPs are widely regarded as a disciplined and handy investment strategy that allows for regular investing without the need to time the market. Factors like as modest initial investment requirements, fund performance, fund house reputation, and the availability of digital platforms and fintech applications all influence SIP adoption; however, these factors do not differ significantly across age groups. This demonstrates that investors' perceptions and behaviours are fairly consistent, regardless of demographic variances. Furthermore, the analysis of risk attitude and knowledge toward SIPs reveals that income level has no significant impact on investors' comfort with moderate risk, understanding of rupee cost averaging, tax implications, portfolio monitoring behavior, or preference for equity-oriented SIPs. This shows that awareness and behavioral orientation toward SIPs are rather similar across income ranges, showing the district's retail investors' increasing maturity and financial literacy. Overall, the study found that behavioral characteristics associated to SIP adoption, risk perception, and investment expertise are basically similar across retail investors in Thoothukudi. The growing use of digital platforms, increased access to financial information, and the post-pandemic emphasis on long-term financial security have all contributed to this convergence in investment behaviour.

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