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An Analytical Study of Effectiveness of Mutual Funds Scheme of SBI with Reference to CA Firm Lokmat Building Nagpur for the Year 2024-2025

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ABSTRACT

In today's changing financial environment, individuals are increasingly adopting systematic savings and investment methods to achieve long-term financial goals. Mutual funds have emerged as a popular investment option offering growth opportunities and professional fund management. Systematic Investment Plans (SIPs), including Regular, Top-up, Flexible, Perpetual, and Market-based SIPs, allow investors to invest small amounts at regular intervals, promoting disciplined savings and wealth creation. The study reveals that SIPs are widely preferred, particularly by salaried and middle-income groups, due to their affordability and convenience. It concludes that SIPs are an effective investment option that helps manage market fluctuations through rupee cost averaging and generate long-term wealth through compounding, while providing flexibility, transparency, and investor confidence.

INTRODUCTION

A Systematic Investment Plan (SIP) is a disciplined investment strategy through which an investor invests a fixed amount at regular intervals (monthly/quarterly) in mutual fund schemes. SIPs encourage regular savings, reduce the impact of market volatility through rupee cost averaging, and help investors build wealth over the long term. In India, SIPs have gained popularity among retail investors due to affordability, flexibility, and professional fund management. A Systematic Investment Plan helps investors develop a regular saving habit and reduces the risk associated with market fluctuations through rupee cost averaging. Instead of investing a large sum at one time, SIP spreads the investment over a period, making it suitable for salaried individuals, middle income groups, and small investors. SIP also benefits investors by offering the advantage of professional fund management, transparency, liquidity, and regulatory protection provided by the Securities and Exchange Board of India (SEBI). Due to these

advantages, SIP is considered an effective tool for long-term wealth creation and financial planning. This study aims to understand the concept, benefits, and importance of SIP in mutual and analyze its role in encouraging disciplined investment behavior among investors.

2. LITERATURE REVIEW

Gupta (2017) studied the growth of SIP investments in mutual funds and found that SIP helps investors invest systematically with lower risk. The study highlighted that rupee cost averaging is a major advantage of SIP during market fluctuations. The findings of the study revealed that SIP allows investors to invest regularly without the need to time the market, which significantly lowers investment risk. One of the key observations was that SIP benefits from rupee cost averaging, where investors purchase more mutual fund units when prices are low and fewer units when prices are high. This averaging effect helps in reducing the overall cost per unit during market fluctuations.

Kumar (2018) analyze investor awareness and preference towards Several SIP in mutual funds. The findings showed that salaried and middle-income investors prefer SIP due to small investment amounts and flexibility. The findings of the study revealed that salaried and middle-income investors showed a strong preference for SIP over lump sum investments. This preference was mainly due to the low and affordable investment amount, which allows investors to start investing with small monthly contributions. The study also highlighted that the flexibility of SIP, such as the ability to start, stop, increase, or modify investment amounts, makes it convenient for investors with fixed monthly incomes.

Sharma and Jain (2019) conducted a comparative study between SIP and lump sum investments in mutual funds. The study concluded that SIP provides more stable returns and reduces market timing risk, especially in volatile market conditions. The study used secondary data collected from selected equity mutual fund schemes over a long-term investment horizon and applied statistical tools to compare returns and risk levels. The findings of the study revealed that SIP investments provide more stable and consistent returns compared to lump sum investments. This stability was mainly attributed to the rupee cost averaging feature of SIP, which spreads investments over time and reduces the impact of sudden market fluctuations.

Patel (2020) examined the role of SIP in long-term wealth creation. The study revealed that investors who continue SIP for longer periods benefit from compounding and achieve better financial goals. The study further highlighted that long-term SIP investments help investors stay invested during market ups and downs, reducing emotional decision-making. By continuing SIP during market downturns, investors accumulated more units at lower costs, which enhanced overall returns when markets recovered. Patel (2020) concluded that SIP is an effective and disciplined investment strategy that supports long-term financial planning and helps investors achieve stable and sustainable wealth creation.

Rao (2021) focused on challenges and awareness levels of SIP among retail investors. The study found that lack of financial literacy and limited guidance are major reasons for low SIP participation. The findings revealed that a significant proportion of retail investors lacked basic knowledge about SIP concepts such as compounding, rupee cost averaging, risk diversification, and long-term return potential. Many investors perceived SIPs as complex financial products and were unsure about fund selection, investment duration, and expected returns. This lack of understanding acted as a psychological barrier, preventing them from initiating SIP investments.

Mehta and Desai (2022) studied the impact of SIP on investment discipline. The research concluded that SIP encourages regular savings habits and improves long-term investment behavior. The study used a survey-based research design, collecting data from salaried individuals, self-employed professionals, and young investors who were actively investing in mutual funds through SIPs. Statistical tools such as percentage analysis, mean score ranking, and correlation analysis were applied to assess investor behavior before and after adopting SIP.

3. OBJECTIVES OF THE STUDY

- To study and analyze the mutual fund schemes offered by SBI.
- To evaluate the benefits of SBI Mutual Fund schemes
- To understand the risks and rewards associated with mutual funds.
- To assess investor awareness about mutual funds.
- To examine various types of mutual funds available in the market.

Hypothesis of the Study:

- H1: SBI mutual funds are the most preferred by investors due to low risk.
- H2: Factors such as liquidity, tax benefits, and higher returns influence investor preference for SBI Mutual Funds.

RESEARCH METHODOLOGY

Research Design

The present study is descriptive and analytical in nature, as it aims to analyze the awareness, perception, and behavior of retail

investors towards Systematic Investment Plans (SIPs) in mutual funds. The research focuses on understanding investor preferences, challenges, and the impact of SIPs on investment discipline.

Sources of Data

Primary data were collected through a structured questionnaire administered to retail investors investing or having knowledge about SIPs in mutual funds. Secondary data were collected from research journals, books, magazines, mutual fund websites, AMFI reports, SEBI publications, newspapers, and previous research studies related to SIPs and mutual fund investments.

Sample Design Population

- Investors and stakeholders of SBI Mutual Funds.
- Sample Size: 50-100 respondents sampling
- Technique: Random sampling.

Tools and Techniques used

- Percentage analysis
- Tabulation and graphical representation
- Weighted average method, Mean and ranking analysis

Data Collection

Data collection plays an important role in research work. Without proper data available for analysis you cannot do the research work accurately.

Primary Data

Primary data were collected directly from individual investors to understand their awareness and preference towards SIP investments. A structured questionnaire was used as the main research instrument for collecting primary data. Data collection in questionnaires, sample size use 100 respondents, sampling techniques convenience. The questionnaire consisted of close-ended questions related to:

- Awareness of SIP
- SIP investment status
- Monthly SIP investment amount

Secondary Data

Preferred type of mutual fund Secondary data were collected to support the primary data and to gain theoretical understanding of SIP and mutual fund investments. Secondary data helped in reviewing previous studies and understanding industry trends. Data includes research journals and published articles, Books related to mutual funds and investment management, Reports of SEBI and AMFI, Websites of mutual fund companies and Financial newspapers and magazines.

DATA ANALYSIS AND INTERPRETATION

Awareness of SIP among Respondents Awareness of SIP Number of Respondents Percentage (%) Aware 82 82% not aware Total Interpretation: 18 100 18% 100% The table indicates that a majority of respondents (82%) are aware of Systematic Investment Plans, showing a high level of awareness among investors. However, 18% are still unaware, suggesting the need for further investor education initiatives.

Table 1 Awareness of SIP among Respondents

Awareness of SIP	Number of Respondents	Percentage (%)
Aware	82	82%
Not Aware	18	18%
Total	100	100%

Interpretation:

The table indicates that a majority of respondents (82%) are aware of Systematic Investment Plans, showing a high level of awareness among investors. However, 18% are still unaware, suggesting the need for further investor education initiatives.

Table 2 SIP Investment Status

SIP Investment Status	Number of Respondents	Percentage (%)
Investing in SIP	68	68%
Not Investing in SIP	32	32%
Total	**100**	**100%**

Interpretation:

It is observed that 68% of respondents are currently investing in SIPs, reflecting good adoption of SIP as an investment option. However, 32% of respondents do not invest in SIPs, indicating potential for growth through awareness and guidance.

Table 3 Monthly SIP Investment Amount

Monthly SIP Amount	Number of Respondents	Percentage (%)
Below ₹1,000	18	18%
₹1,000 – ₹3,000	32	32%
₹3,001 – ₹5,000	30	30%
Above ₹5,000	20	20%
Total	**100**	**100%**

Interpretation:

The table shows that most respondents (32%) invest ₹1,000–₹3,000 per month through SIP, highlighting SIP's suitability for small and regular investments. This supports SIP as an affordable investment option for retail investors.

Table 4 Preferred Type of Mutual Fund

Type of Mutual Fund	Number of Respondents	Percentage (%)
Equity Fund	45	45%
Debt Fund	20	20%
Hybrid Fund	25	25%
Index Fund	10	10%
Total	**100**	**100%**

Interpretation:

Equity mutual funds are preferred by the majority of respondents (45%), followed by hybrid funds (25%). This indicates a moderate to high risk appetite among investors seeking higher long-term returns.

Table 5 Satisfaction Level of SIP Investors

Satisfaction Level	Number of Respondents	Percentage (%)
Highly Satisfied	28	28%
Satisfied	42	42%
Neutral	18	18%
Dissatisfied	8	8%
Highly Dissatisfied	4	4%

The table reveals that 70% of respondents are either satisfied or highly satisfied with SIP investments, indicating a positive investor experience and trust in SIP as a long-term investment.

CONCLUSION

The present study titled "An Analytical study of effectiveness of mutual funds scheme of SBI with reference to CA Firm Lokmat building Nagpur for the year 2024 -2025" was undertaken to analyze the awareness, investment behavior preferences, and satisfaction level of investors towards SIP. The study reveals that Systematic Investment Plan has emerged as a popular and effective investment option among retail investors due to its simplicity, affordability, and long-term wealth creation potential.

The findings indicate a high level of awareness about SIP among investors, and a majority of respondents are actively investing through SIP. The preference for SIP highlights the importance of disciplined investing and the growing acceptance of mutual funds as a reliable financial instrument. Equity-oriented mutual funds are the most preferred choice, reflecting a moderate to high risk appetite among investors aiming for higher long-term returns.

The study also shows that SIP helps investors reduce market timing risk through rupee cost averaging and encourages regular savings. Most investors expressed satisfaction with their SIP investments, indicating positive investment experiences and trust in the mutual fund system. However, the study identified certain challenges such as lack of financial knowledge, inadequate guidance, and market volatility, which still act as barriers for some investors.

In conclusion, SIP can be considered an ideal investment avenue for small and medium investors seeking long-term financial growth with controlled risk. With increased investor education, better financial advisory services, and effective promotional strategies, SIP participation can be further enhanced. The study emphasizes the need for continuous efforts by mutual fund companies and regulatory bodies to improve financial literacy and encourage systematic investment habits among investors.

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