A Study On Investor Perception Towards Systematic Investment Plan With Reference To Navia Markets Ltd, Chennai

Dr.S.Sankar* , Seethalakshmi.P , Ms. G.Bhagyalakshmi*** , MD.Saiful Islam**** , V.Manjula*****

*Associate Professor/MBA, Sri Sairam Engineering College, Chennai.

**Student, Sri Sairam Institute of Technology, Chennai

*** Associate Director, CFB Advisors Pvt. Ltd, Chennai

**** Senior Lecturer, Faculty of Business Administration, National University, Gazipur, Bangladesh.

*****Assistant Professor, Sri Sairam Engineering College, Chennai.

ABSTRACT

The study to understand the behaviour of individual in systematic investment plan, specially their attitude and perception with respect to the systematic investment plan, a survey is conducted to collect data relating to the above project.

The primary objective of the study id to study the investor's perception towards systematic investment plan. For accomplishing the objective of the study, a survey was conducted by preparing a structure questionnaire, which contains open ended, close ended and ranking questions.

The research design for the study is descriptive in nature. The descriptive study helps researchers to find out various characteristics of the population. Conveniences sampling technique was adopted for selecting sample units for the population. A sample size of 174 respondents was selected for analyzing the data.

The statistical tools used for the study may include percentage analysis, Mann Whitney U test, Chi-square, Kruskal wallis H test. The analyse data is presented with the help of different charts to make a pictorial and diagrammatic representation, findings, suggestions and conclusion have been drawn from the opinion and suggestions given by the respondents it is found maximum investors are investment in Mutual Funds and minimum

investors are invested in Insurance. Most of the investor prefer for the Flexible SIP. Thus the study made above helps us to suggest Navia Market Ltd to improve its customized products for lending against systematic investment plan.

Form the conclusion part it is clearly understood that the nature of investment differs from individual to individual and is unique to each one because it depends on various parameters like future financial goals, the present and future income model, capacity to bear the present & future income model, capacity to dear the risk, the present requirement and lot more.

INTRODUCTION OF THE STUDY

A study on Mutual fund is a pool of money, collected from investors and is invested according to certain investment objectives with a common financial goal. A Mutual Fund is created when investors put their money together. The most important characteristic of a mutual fund is that the contributors and the beneficiaries of the fund are the same class of people, namely the investors. The money thus collected is invested by the fund manager in different to debentures to money market instruments. The income earned by these instruments and the number of units owned by them. Thus a mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed portfolio at a relatively low cost.

SYSTEMATIC INVESTMENT PLAN (SIP)

A systematic investment plan (SIP) commits the investor to invest a specified amount every month (or every quarter) in the units of a funds equity scheme. The number of units bought each month for the investor under the plan will depend on the ruling price: fewer units are bought when the price is high, and more units are bought when price is low. This is a built-in advantage of SIPs. It averages out investors buying price over the entire period of holding. The SIP resolves a dilemma often facing investors due to ups and downs in the market price. The investor finds it difficult to decide when to invest in the equity scheme. The monthly or quarterly amount to be invested can be as small as Rs. 500 or Rs. 1000. Mutual funds specify the schemes for which SIP is allowed by them. Some funds charge a lower entry load under SIP than for one-time investment, but others don't make any such distinction. An exit load under SIP is charged if the investor leaves the scheme before a specific period of time. Why invest using SIP? Investing through SIP in a mutual fund indubitably is the key solution in order to avoid or prevent the loopholes of equity investment and yet, continually enjoy the high returns of investment. Isn't it great therefore to invest using this effective strategy of SIP? Obviously, yes! And not only that, it

makes all the more sense today when the stock markets are booming and are tempting to really invest.

   Investing through SIP in a mutual fund indubitable is the key solution in order to avoid or prevent the loopholes of equity investment and yet, continually enjoy the high returns of investment. Isn't it great therefore to invest using this effective strategy of SIP? Obviously, yes! And not only that, it makes all the more sense today when the stock markets are booming and are tempting to really invest. **Tension free investment:** Experts and other well versed people in this business who will definitely manage the investor's money and other forms of investment is one of the key advantages of investing through a mutual fund. They regularly carry out extensive research – on the company, the industry and the economy – thus ensuring informed investment. This then is one big advantage in view of investing one's hard earned money. In addition to that, they regularly track the market. Thus, for many of us who do not have the desired expertise and are too busy with our vocation to devote alternative. Therefore, indubitably this type of business is indeed, a tension-free form of investment. **Putting eggs in different baskets:** Another advantage of investing through mutual funds is that, even with just small amounts we are able to enjoy the benefits of diversification. Huge amounts would be required for an individual to achieve the desired diversification, which would not be possible for many of us. **It's all transparent and well-regulated:** It is interesting to note that the mutual fund industry is well regulated both by SEBI (securities and Exchange Board of India) and AMFI (Association of Mutual funds in India). They have, over the year, introduced regulations, which ensure smooth and transparent functioning of the mutual funds industry. Moreover, the mutual fund can be changed time by time, switch in different mutual funds this is one of the big profit. **Does not affect one's monthly budget:** Furthermore, with SIP small amount (Rs. 500 – Rs. 1,000) can be invested periodically in Mutual funds as against larger one-time investment required to buy directly from the market. In this way, an investment does not appear to be a burden every month. On the other hand, to prevent losses in volatile markets, investing in SIPs is the best option as every month there may be an opportunity to buy at lower levels. **Rupee cost averaging:** This is especially true for investments in equities. When you invest the same amount in a fund at regular intervals over time, you buy more units when the price is lower. Thus, you would reduce your average cost per share (or per unit) over time. This strategy is called 'rupee cost averaging'. With a sensible and long-term investment approach, rupee cost averaging can smoothen out the market's ups and downs and reduce the risks of investing in volatile markets. **Discipline:** The cardinal rule of building the corpus is to stay focused, invest regularly and maintain discipline in investing pattern. A few hundred's set aside every month will not affect the monthly disposable income. It will be easier to part with a few hundred's every month, rather than set aside a large sum for investing in one shot. **Power of compounding:**

Investment gurus always recommend that one must start investing early in life. On the main reasons for doing that is the benefit of compounding. **Helps to fulfil one's dreams:** Finally and the best of all is the fact that with the use of SIP, it will make one's dreams come true. The investments that are made are ultimately for some objectives such as to buy a house, children's education, marriage etc. And many of them require a huge one-time investment. As it would usually not be possible to raise such large amounts at short notice. It would be necessary to build the corpus over a longer period of time, through small but regular investments. This is what SIP is all about. Small investments, over a period of time, result in large wealth and help fulfil one's dreams and aspirations. **Convenience:** This is a very convenient way of investing. The investor has to submit cheques along with the filled up enrolment form. The mutual fund will deposit the cheques on the requested date and credit the units to one's account and will send the confirmation for the same. **Other advantages**: There are no entry or exit loads on SIP investments. Capital gains, wherever applicable, are taxed on a first-in, first-out basis.

REVIEW OF LITERATURE

HEMENDRA GUPTA (2015) This study focuses on the problem of mutual fund selection by investing the secret 'striking it rich' and high potential return funds among equity based mutual funds Systematic Investment Plan (large cap, small and mid cap, diversified equity, thematic_x0002_infra, ELSS etc), choice of fund based on performance and reputation of funds remains to be probed. Hypothetical assumption of that the Systematic Investment Plan is the best way to build up capital over a period of time for those who don't have lump sum amounts to invest as the risk will be reduced in to investing long term equity based systematic Investment Plan in mutual fund

ANICH UDDIN (2016) Have discussed that "the stock market provides higher returns than any of the investment options available in the financial market. A prudent investor can earn a lot from the stock market operations. But there is a chance of high risk and uncertainty. As we know, higher the return, higher will be the risk. Those investors with lack of knowledge and expertise may lose their money while investing in financial assets, especially in securities. This is where mutual funds come into picture. Mutual fund is the most suitable investment for a common man as it offers an opportunity to invest in a diversified professionally managed basket of securities at a relatively low cost. A mutual fund is an investment company or a trust that pools the resources of a large number of its shareholders and invest on behalf of them in diversified portfolios to attain the objectives of the investors which in return achieve income or growth or both.

BYJU.K (VOL-1 ISSUE-3 2016) The study is confined to the factors considered by investors by selecting mutual funds for their various investments. The level of awareness about SIP,

source of information, factors influencing decision making are studied. The above said factors are compared with demographic factors such as age, marital status, occupation and gross annual income of the respondents to analyze "the awareness of investment opportunities in mutual funds-special significance of SIP"

SAUDAGAR GODASE (2017) This study focuses on the problem of mutual fund selection by investing the secret 'striking it rich' and high potential return funds among equity based mutual funds SIP (large cap, small and mid cap, diversified equity, thematic-infra, ELSS etc), choice of fund based on performance and reputation of funds remains to be probed. Hypothetical assumption is that the Systematic Investment Plan is the best way to built up capital over a period of time for those who don't have lump sum amount to invest as the risk will be reduced in to investing long term equity based mutual funds SIP.

DR.J K. RAJU, MR. B. MANJUNATH, MR. SACHIN (FEBRUARY 2018) Mutual funds as an investment avenue provides a platform to the investor who do not want to take high risk on their hand earned investment. In India, mutual fund industry is growing rapidly and this industry has emerged as an important segment of financial market of India, especially in channelizing and mobilizing the savings of millions of individuals into the investment in equity and debt instruments. Mutual fund investment is less risky than investing directly in stocks and is therefore a safer option for risk averse investor. A competent fund manager should analyze investor behaviour, perception, and attitude and understand their needs and expectations to gear up the performance to meet investor expectations and requirements. Investment in mutual fund is affected by the attitude of investors and hence the objective of the study is to identify the investor's attitude on mutual fund as an investment avenue and the major findings reveal the factors that influence buying behaviour of mutual fund investors. The study aims at finding out the attitude of the investors towards investment on mutual funds in Davangere city with 100 respondents who are likely to be investors.

AINAPUR, (2018) The study reveals that awareness about mutual fund among the people is less. It is also found that those who have invested in mutual fund are satisfied and earned good profit.

RAJU, BR, & H, (2018) The study aims at finding out the attitude of investors in mutual fund in Davangare city. The study shows that mutual fund investors have only partial knowledge about mutual fund which prevent them to invest in mutual fund to avoid risk bearing factor and fear of losing money.

MRS. JAYALAKSHMI, DR. K. P. SARASWATHY AMMA (NOV 2019) in this paper demographic factors on investor's attitude towards systematic investment in mutual funds

have been studied. For analysing the data chi-square (X2) test has been used. Ranking was done on the basis of weighted score and scoring was also done on the basis of scale. The main objective of the study was to examine the relationship between risk perception of investors in Kerala and their investment decision in mutual funds. The investment decisions of investors were influenced by risk perception. They analysed that investors were aware of the principle that higher the risk the return will be higher. They also revealed that investors were aware that diversification reduces risk.

DR. R. PRAGYA PRASHANT GUPTA VOLUME NO.9 (2019) this paper especially studies about various saving and investment and how the investment in mutual funds through Systematic Investment Plan (SIP) can gain momentum and increase percentage of income. In the present study has studied the various factors of investment and also considered by investors in selecting a Systematic Investment Plan. The purpose of the study is to find out the motivating factor to invest in a Systematic Investment Plan and it also aims at exploring the potential of SIP in India with all problems, complexities and variables and suggesting the means and ways of meeting the challenges for developing the mutual funds in tandem with its potential of economic growth. This study is based on secondary data which also identify and analyze the challenges and opportunities for a Systematic Investment Plan.

S. SRIMAAN RAMACHANDRA RAJA (JANUARY 2019) Mutual funds over the years have gained immensely in their popularity. Apart from the many advantages that investing in mutual funds provide like diversification, professional management, the ease of investment process has proved to be a major enabling factors. However, with the introduction of innovative products, the world of mutual funds nowadays has a lot to offer to its investors. With the introduction of diverse options, investors needs to chose a mutual fund that meets his risk acceptance and his risk capacity levels and has similar investment objectives as the investors.

DR. K. SOUNDARARAJAN, MR. S. BALAMURUGAN, VOLUME IX ISSUE V, (MAY 2020) This research paper focused attention on number of factors that highlights investors perception about Systematic Investment Plan of mutual funds. It was found that SIP of mutual funds were not that much known to investors, still investor rely upon bank and post office deposits, most of the investor used to invest in mutual fund for not more than three years and they used to quit from the fund which were not giving desired results. It was also found that maximum number of investors did not analyse risk in their investment and they were depend upon their broker and agent for this work. This study analyses the impact of different demographic variables on the behaviour of investors towards SIP of mutual funds.

PROBLEM STATEMENT

The study will be basically focusing on Systematic Investment Plan which is a popular method of investing in Mutual funds, the conceptual framework and SIP offered by Navia Markets. In few years Mutual Fund has emerged as a tool for ensuring one's financing well being.   Systematic Investment Plan helped families to tap into the success of Indian industry. Therefore in the study an attempt is made to find out how to invest in Systematic Investment Plan safely and securely. The major players in the Mutual Fund Industry with special focus on investing through SIPs online as in today world everybody is too occupied so investing from the comfort of their homes in most preferred today.   Systematic Investment plan is one of the most desirable investments for small investor because they offer the opportunity to invest in relatively low-cost diverse and professionally managed investment. While selecting the mutual funds for Systematic Investment Plan investors should set some selection criteria which facilitate the selection of best mutual fund. First of all the size of the Asset under Management matters the most, so, the investor understand the truly to overcome the problem in Systematic Investment Plan. **OBJECTIVES OF THE STUDY**

To study on investor perception towards Systematic Investment Plan

To understand the concept of Systematic Investment Plan in mutual fund and to study the benefits of Systematic Investment Plan in mutual fund.

RESEARCH METHODOLOGY

Research Design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure it is conceptual structure with which the research is conducted. Descriptive research is used to describe characteristics of a population or phenomenon being studied. Descriptive research includes surveys and fact-findings enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as in exists at present.Sampling is the act, process, or technique of selecting a representative part of a population for the purpose of determining the characteristics of the whole population. In other words, the process of selecting a sample from a population using special sampling techniques called sampling. It should be ensured in the sampling process itself that the sample selected is representative of the population. The sample size is selected for the study of investor. The techniques of sampling unit in this study are convenience sampling. Sample size =174. Primary data is one which is collected by the investigator himself for the purpose of a specific inquiry or study. Data collected by a researcher is known as primary data. It is collected by a person for his own use obtained from findings. This is considered as first hand information. This is that data which is collected by us to meet our own specific purpose.   It can be accomplished through various methods, including

questionnaires and telephone interviews in market research or experiments and direct observations in the physical sciences, amongst others.

RESULTS AND DISCUSSION

MANN WHITNEY U-TEST

Null Hypothesis H0: There is no difference between incomes spend and average investment period.

Alternate Hypothesis H1: There is no difference between incomes spend and average investment period.

INCOME SPEND	31	69	44	16	14
AVERAGE INVESTMENT PERIOD	22	28	22	18	84

R1= 27   R2= 28

$\mu u = \dfrac{n_1\, n_2}{2}$

$= 5*5/2 = 5$

$\sigma 2u = \dfrac{n_1\, n_2\,(n_1+n_2+1)}{12}$

$= \dfrac{5*5\,(5+5+1)}{12}$

$= 22.92$

$\sigma u = \sqrt{22.92}$

$= 4.79$

$u_1 = \dfrac{n_1\, n_2 + n_1(n_1+1) - R_1}{2}$

$= \dfrac{5*5 + 5(5+1) - 27}{2}$

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u1 = 13

u2 = n1 n2 + $\dfrac{n2(n2+1) - R2}{2}$

   = 5*5 + $\dfrac{5(5+1) - 28}{2}$

u2 = 12

U = min (u1, u2)

   = min (13, 12)

Minimum value = 12

Null Hypothesis H0: $\mu1 = \mu2$

Alternate Hypothesis H1: $\mu1 \neq \mu2$

Z = $\dfrac{U - \mu}{\sigma u}$

 = $\dfrac{12 - 12.5}{4.79}$

  = - 0.1044

Calculated value $|Z| = 0.1044$

Value of Z $\alpha/2$ at 5% level of significance is 1.96

Calculated value < Table value

0.1044 < 1.96

Hence, Accept H0

KOLMOGOROV SMIPNOV TEST

Null Hypothesis H0: Data follows Uniform Distribution

Expected Frequency (Ei) = $\sum Oi$ = $\dfrac{174}{5}$ = 34.8

	n	5		

Observed Frequency	58	31	36	20	29
Expected Frequency	34.8	34.8	34.8	34.8	34.8

Observed Frequency (Oi)	Observed Cumulative (cum Oi)	Observe relative Frequency (p)	Expected Frequency (Ei)	Expected Frequency (cum Ei)	Expected relative Frequency (q)	| p-q |
58	58	0.33	34.8	34.8	0.2	0.13
31	89	0.51	34.8	69.6	0.4	0.11
36	125	0.72	34.8	104.4	0.6	0.12
20	145	0.83	34.8	139.2	0.8	0.03
29	174	1	34.8	174	1	0

Level of significance

$\alpha = 0.05$ d.f = 5

$KS = \max |p - q|$

Calculated Value = 0.13

Table value = 0.565

Calculated value   < Table value

0.13 < 0.565

Hence, Accept H0

CHI – SQUARE TEST FOR ATTRIBUTES

Null Hypothesis H0: Risk and Return under SIP Investment are Independent

Alternative Hypothesis H1: Risk and Return under SIP investment are not Independent

ASSOCIATES	Very High	High	Moderate	Low	Very Low	TOTAL
RISK	31	45	53	26	19	174
RETURN	62	58	33	16	5	174
TOTAL	93	103	86	42	24	**348**

Level of significance = 0.05

$$\chi 2= \sum \frac{(Oi - Ei)2}{Ei}$$

Row wise data

E(31) = 174*93/348 = 46.5

E(45) = 174*103/348 = 51.5

E(53) = 174*86/348 = 43

E(26) = 174*42/348 = 21

E(19) = 174*24/348 = 12

Column wise data

E(62) = 174*93/348 = 46.5

E(58) = 174*103/348 = 51.5

E(33) = 174*86/348 = 43

E(16) = 174*42/348 = 21

E(5) = 174*24/348 = 12

Oi	Ei	(Oi – Ei)2	(Oi – Ei)2 / Ei
31	46.5	240.25	5.1667
45	51.5	42.25	0.8204
53	43	100	2.3256
26	21	25	1.1905
19	12	49	4.0833

62	46.5	240.25	5.1667
58	51.5	42.25	0.8204
33	43	100	2.3256
16	21	25	1.1905
5	12	49	4.0833
		$\sum \dfrac{(Oi - Ei)2}{Ei}$	**27.173**

Degree of freedom

C = 5   R = 2

C – 1 = 4   R – 1 = 1

d.f = C-1*R-1

    = 4*1

    = 4

Calculated Value = 27.173

Table value = 9.488

Calculated value   > Table value

27.173   > 9.488

Hence, Reject H0

Risk and Return under SIP Investment are not Independent

CHI-SQUARE TEST FOR ATTRIBUTES

Null Hypothesis H0: Gender and Returns received under SIP Investment are Independent

Alternate Hypothesis H1: Gender and Returns received under SIP Investment are not Independent

ASSOCIATES	DIVIDENT PAYOUT	DIVIDENT REINVESTMENT	GROWTH NAV	TOTAL
MALE	57	24	22	103
FEMALE	23	36	12	71

	TOTAL	80	60	34	**174**

Level of significance = 0.05

$$\chi2 = \sum \frac{(Oi - Ei)^2}{Ei}$$

Row wise data

E(57) = 103*80/174 = 47.36

E(24) = 103*60/174 = 35.52

E(22) = 103*34/174 = 20.13

Column wise data

E(23) = 71*80/174 = 32.64

E(36) = 71*60/174 = 24.48

E(12) = 71*34/174 = 13.87

Oi	Ei	$(Oi - Ei)^2$	$\frac{(Oi - Ei)^2}{Ei}$
57	47.36	92.83	1.96
24	35.52	132.71	3.74
22	20.13	3.4969	0.17
23	32.64	92.9296	2.85
36	24.48	132.7104	5.42
12	13.87	3.4969	0.25
		$\sum \frac{(Oi - Ei)^2}{Ei}$	**14.39**

Degree of freedom

C = 3   R = 2

C – 1 = 2   R – 1 = 1

d.f = C-1*R-1

   = 2*1   = 2

Calculated Value = 14.39

Table value = 5.991

Calculated value > Table value

14.39 > 5.991

Hence, Reject H0

Gender and Returns received under SIP Investment are not Independent.

CHI-SQUARE TEST FOR HOMOGENEITY

Null Hypothesis H0: There is no difference between Oi & Ei

Alternate Hypothesis H1: There is difference between Oi & Ei

FEATURE	NO. OF RESPONDENTS
SAFETY	43
BETTER RETURN	49
REGULAR INCOME	39
LOW TRANSACTION COST	23
TAX BENEFITS	20
TOTAL	174

$X^2 = \sum \dfrac{(Oi - Ei)^2}{Ei}$

n = 5

Ei = 34.8

Oi	Ei	$(Oi - Ei)^2$	$\dfrac{(Oi - Ei)^2}{Ei}$
43	34.8	67.24	1.93
49	34.8	201.64	5.79
39	34.8	17.64	0.51
23	34.8	139.24	4.00
20	34.8	219.04	6.29

		$\sum \dfrac{(O_i - E_i)^2}{E_i}$	**18.52**

Level of significance

$\alpha = 0.05$

d.f = n-1 = 4

Table value = 9.488

Calculated Value = 18.52

Calculated value > Table value

18.52 > 9.488

Hence, Reject H0

There is difference between Oi & Ei

CONCLUSION

It is concluded that most of the respondents are make Investment for Liquidity, since more number of respondents have moderate level of awareness about Investment so the advisor and brokers should promote more knowledge about Investment. In overall, this study examines the impact on good return, flexibility, liquidity; tax benefits and investment for child education and to grow money are committed towards organization in SIP Investment. This study shows that most of the respondents are satisfied with the funds invested with the firm and the study also shows the satisfaction level of the investors towards the charges levied by the firms. All the result and statistic data shows these five independent variables have significant relationship with organizational commitment in SIP and null hypothesis will be rejected. This study has provided readers with a better understanding of tools to know about the investors view about the investment through best techniques available.

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