


## PREFERENCE OF INVESTORS FOR DIFFERENT TYPES OF SIPs: A STUDY WITH SPECIAL REFERENCE TO ERNAKULAM DISTRICT, KERALA

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### Abstract

Systematic Investment Plan (SIP) is one of the best mutual fund options for long-term gain. SIPs offer tailored options that attract the individual investors who are recently attracted towards SIPs due to the awareness of higher returns in long run bearing minimum risk. The study intends to analyse the preference of individual investors towards the different types of SIPs and assesses few demographic factors specifically the gender of the respondent and its association with preference. Primary data were collected through questionnaires from respondents in Ernakulam District of Kerala. The findings revealed that Regular SIPs, SIPs based on equity funds and multi-SIPs are preferred by majority. The gender is found to be not associated to the preference of investors on different types of SIPs.

**Keywords:-** Types of SIPs, Preference of Investors, Gender, Regular SIP, Equity-Fund and Multi-SIPs.

 One of the key factors that drive the retail growth in the mutual fund industry is Systematic Investment Plan (SIP) contribution from the retail investors. (Sharma, 2024). Among the types of SIPs, Regular SIP is the simplest form which is preferred by all types of investors, in which a fixed amount is invested at regular intervals.

Trigger SIPs allow investment of huge amount at market lows. The Flexible SIP offers an option to pause, increase or decrease investment amount based on changes in cash flows (Das, 2023).

Top-up SIP enable to invest in high-performing funds as per the increase in income. Pause SIP allows investors to stop or hold payment for a fixed period

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without cancellation. The Perpetual SIP enables investors to invest as long as the investors' desire. (Sahu, 2024). Multi-SIP is an SIP option that allows investors to make investment in Multiple SIP schemes simultaneously through a single SIP account. SIP with in-built insurance coverage is suitable to claim insurance coverage in the event of death of the investor. (Biswas, 2020). SIPs based on equity that offer huge returns and carry higher risks make investment in equity stocks. SIPs based on debt-funds that offer assured steady returns and the hybrid fund SIPs are the balanced funds that make investment in both equity stocks and debt instruments ensuring stability and growth at the same time. (Jalan, 2023). The present study intends to examine the preference of retail investors towards different types of SIPs as very few studies are carried out in this area. Moreover, the study checks whether the gender influences the preference of investors towards the SIPs. Overall, the findings of the study are crucial to investors, fund houses and economy as a whole.

### **Statement of the Problem**

SIP is the most preferred mode of mutual fund investments among retail investors as per the Zeroda fund house study (Das, 2024). Moreover, the smaller cities are contributing more to SIPs recently (Sharma, 2024). The present study intends to examine the preference of individual investors for different types of SIP options with particular reference to Ernakulam district which is the progressing and emerging hub of business in Kerala. Many studies have been conducted to analyse the preference and satisfaction of investors towards SIPs

(Aggarwal, 2024), (Amudha, 2018) etc. and the preference for debt, equity and hybrid funds as well as small, mid and large cap funds (Soni et al; 2022), (Sharma & Thripathi, 2023). However, studies that focus on different types of SIPs haven't been carried out recently. Therefore, the present study looks into the untapped aspect of preference towards different SIP options.

### **Literature Review**

The purpose of study is to analyse the preference towards different types of SIPs among the investors in Ernakulam district of Kerala.

An article by Angel One, an online broking and stock trading firm entitled 'Different Types of Systematic Investment Plans and it's Benefits', throws light over different SIPs available in the mutual funds industry. A Paytm blog entitled 'Different Type of SIP (Systematic Investment Plans) – Which one to Pick?' offers insight into different types of SIPs available and a guidance to select the schemes. Samyabrata Das and Samarпита Seth (2022) in the paper entitled 'The Nitty-Gritty of Different Types of Systematic Investment Plan' carried out an exploratory study and threw light on different types of SIPs, working and selection of SIP, and comparison with lumpsum investments. The study emphasized on pros and cons of different types of SIPs.

The previous studies available on different types of SIPs are very limited and are confined to descriptive studies. In this scenario, the present study that focuses on the preferences of individual investors towards different types of Systematic Investment Plans is an analytical

one based on data collected from the respondents.

### Objectives of the Study

The objective of the study is to analyse the preference for different types of Systematic Investment Plans in mutual funds and examines the association of gender of respondents with preference of investors towards different SIP options.

### Hypothesis

$H_0$ : Gender of respondents and their preferences for SIPs are independent.

$H_1$ : Gender of respondents and their preferences for SIPs are not independent

### Scope of the Study

The population of the study covers the current and potential SIP investors. Convenient sampling method is employed to select the sample respondents of 41 from Ernakulam district. The data were collected during December 2024 – February 2025. The study is both descriptive and analytical in nature and is a quantitative study. Structured questionnaires were used to collect data. Tools of analysis include mean, standard deviation and ranking using Likert scale analysis. The major dependent variable used in the study is preference towards different types of SIPs and chi-square test is used to examine the association with gender (independent variable). Investment goals and demographic variables are also analysed in the study.

### Limitations of the Study

The major limitations of the study comprise of sampling bias for the sample size is limited to 41 and due to the difficulty in spotting the SIP investors convenient sampling method is used. Moreover, there are various untapped aspects related to SIP investment other than the variables considered under this study such as challenges faced by investors, awareness regarding various aspects of SIPs which could be studied in detail by the researchers. The association of other demographic variables besides gender with preference for SIPs could be examined in an extended study.

### Data Analysis and Interpretation

As per table I, Majority respondents are female (57.5 per cent) and age group of majority respondents is 30-44 (47.5 per cent). The salaried employees constitute the majority (67.5 per cent) and income range of the majority respondents under study is above Rs.1,00,000.

Table II reveals that retirement planning is the investment goal of majority respondents followed by accumulating wealth in the long-run. Accumulating down payment for home is the least preferred investment goal.

Table III reveals that Regular SIP ranked first and Perpetual SIP are least preferred; both Trigger SIPs and Pause SIPs have same mean scores. So, SDs of responses are calculated and trigger SIP has a standard deviation of 10.31 and pause SIP has a standard deviation of 10.58 and hence trigger SIP with the lowest deviation is ranked higher above pause SIP.

**Table I**  
**Demographic Profile**

Particulars		Number of respondents	Percentage
Gender	Male	17	42.5
	Female	23	57.5
Age	18-29	9	22.5
	30-44	19	47.5
	45-55	5	12.5
	Above 55	7	17.5
Employment Status	Student	0	0
	Business	4	10
	Salaried employee	27	67.5
	Home Maker	4	10
	Retired	3	7.5
	Others	3	7.5
Monthly Income	Less than 10000	2	5.1
	10000-25000	8	20.5
	25001-40000	4	10.3
	40001-55000	2	5.1
	55001-70000	3	7.7
	70001-85000	5	12.8
	85001-100000	4	10.3
	Above 100000	11	28.2

*Source: Primary Data*

**Table II**  
**Investment Goals**

Investment Goals	Number	Percentage
Retirement Planning	23	56.1
Meeting education and other expenses of children	17	41.5
Accumulating wealth in long-run	21	51.2
Availing tax benefits	13	31.7
Building an Emergency Fund	11	26.8
Saving for vacation	9	22
Accumulating down payment for home	3	7.3
Accumulating fund for buying any other asset	5	12.2
Meeting other expenses	7	17.1

*Source: Primary Data*

**Table III**  
**Ranking of SIPs (Based on Likert Scale Analysis)**

Type of SIP	Mean Scores	Rank
Regular SIP	4.37	1
Equity-fund based SIPs	3.89	2
Multi-SIPs	3.84	3
Top-up SIPs	3.74	4
Trigger SIPs	3.66	5
Pause SIPs	3.66	6
SIPs with in-built insurance coverage	3.61	7
Flexible SIPs	3.58	8
Debt-fund based SIPs	3.5	9
Hybrid-fund based SIPs	3.47	10
Perpetual	3.32	11

*Source: Primary Data*

**Table IV**  
**Chi-Square Test**

Observed Values				Expected Values					
Gender	Level of Agreement			Total	Gender	Level of Agreement			Total
	Agree	Neutral	Disagree			Agree	Neutral	Disagree	
Male	109	64	12	185	Male	105.9091	69.54545	9.545455	185
Female	124	89	9	222	Female	127.0909	83.45455	11.45455	222
Total	233	153	21	407	Total	233	153	21	407

*Source: Primary Data*

Note: The preferences for different types of SIPs of each respondent are examined using response scale that includes agree, neutral and disagree and the three set of responses are assigned scores of 5, 4 and 3 respectively. The responses received as agreement, neutral and disagreement of all male and female respondents is summed up using the scores. Observed values represent the sum of scores of male and female respondents.

Given above are figures of observed and expected values respectively.  $p \text{ value} = 0.344177$  Test statistic = 2.133197 Critical Value = 5.991465

The test statistic is lesser than the critical value at 5 per cent level of significance and dof of 2. Therefore, the null hypothesis is accepted and preferences for SIPs and gender are independent.

### Findings and Suggestions

The study aimed at analysing the preference for different types of SIPs and analysis of data revealed that Regular SIP is the most preferred SIP among the investors. While the equity-fund based SIPs stand second; the multi-SIP secured the third rank followed by Top-up SIP, Trigger SIP, Pause SIP, SIPs with in-built insurance coverage, Flexible SIP, Debt fund-based SIPs, Hybrid fund-based SIPs, and Perpetual SIPs. The chi-square test revealed that the gender of respondents and the preferences towards the different types of SIPs are independent which implies gender has no influence over the preference. While female respondents constitute the majority, the income level of majority respondents is above 1 lack. The major age group is 30-44 and salaried employees account for the majority group of respondents. Majority group of respondents prefer to invest in SIPs to set aside funds for retired life and accumulating funds in the long-run.

The higher preference for regular SIPs could be due to the lower awareness regarding other kinds of SIPs. More awareness should be given to potential investors and current investors regarding different types of SIPs such as Multi-SIPs, Top-up SIPs, Flexible SIPs, Equity-fund, Debt-fund and Hybrid-fund based SIPs, Pause SIPs, Perpetual SIPs, and SIPs with in-built insurance coverage. The gender is not a determining factor of preference, however; other factors could influence the preference of retail investors towards

different types of SIPs. The fund houses should look into that aspect while offering the investment products. The salaried individuals constitute the majority; therefore, other categories of investors should be imparted awareness regarding SIPs. SIPs are also suitable to investors belonging to lower-income group, so awareness should be imparted to all investors regardless of income. Age of investors could be looked into by the investors; as the majority age group is 30-44. Young as well as aged investors should be given more awareness about various types of SIPs to encourage them to invest.

### Conclusion

The study aimed to analyse the preference of individual investors towards different SIP types in the Ernakulam district of Kerala. Likert Scale Data Analysis and the ranking based on Mean and Standard Deviation revealed that Regular SIP is the most preferred SIP option; Equity-fund based SIPs stands next followed by Multi-SIPs, Top-up SIP, Trigger SIP, Pause SIP, SIPs with in-built insurance coverage, Flexible SIPs, Debt-fund based SIP, Hybrid-funds based SIPs, and Perpetual SIPs secured the last position in the ranking order. The study further revealed that the gender of respondents has not influenced the preferences towards SIPs. The dominance of regular SIPs over other SIPs impliedly expresses that the fund houses need to impart awareness on all other SIPs so that more investors understand the benefits and take informed decisions.

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