



Awareness of Systematic Investment Plans (Sips) Among Young Investors in Coimbatore

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Abstract. Systematic Investment Plans (SIPs) have become one of the most popular investment options in India for individuals seeking disciplined and long-term wealth creation. SIPs allow investors to invest a fixed amount regularly in mutual funds, helping them benefit from rupee cost averaging and the power of compounding. Despite the rapid growth of the mutual fund industry and increasing financial awareness, many young investors still lack sufficient knowledge about SIPs and their benefits. This study focuses on analysing the awareness of Systematic Investment Plans among young investors in Coimbatore city. The research aims to understand the level of knowledge, demographic factors influencing awareness, and the investment behaviour of individuals aged between 18 and 35 years. Primary data was collected using a structured questionnaire from a sample of respondents in Coimbatore. Secondary data was obtained from journals, books, and financial reports. The data collected from respondents was analysed using statistical tools such as Chi-Square analysis to examine the relationship between demographic variables and SIP awareness. The findings reveal that factors such as education level, income, and occupation significantly influence the awareness and adoption of SIP investments among young investors. The study concludes that although awareness of SIPs is increasing, many young individuals still require financial education regarding mutual fund investments. The research suggests that financial institutions, educational institutions, and regulatory bodies should undertake awareness programmes to improve financial literacy and promote SIP investments among youth.

Keywords: Mutual Funds, Financial Literacy, Young Investors, Investment Awareness, Rupee Cost Averaging, Compounding, Investor Behaviour.

I. Introduction

In recent years, the financial investment landscape in India has undergone significant transformation. Among the various investment avenues available to individuals, mutual funds and Systematic Investment Plans (SIPs) have gained widespread popularity due to their flexibility, accessibility, and potential for long-term wealth creation. A Systematic Investment Plan is a disciplined method of investing in mutual funds where investors contribute a fixed amount at regular intervals, usually monthly.

SIPs encourage individuals to develop a habit of saving and investing regularly. They also reduce the risk associated with market volatility through the principle of rupee cost averaging, which allows investors to purchase more units when prices are low and fewer units when prices are high. Over time, the compounding effect can significantly increase the value of investments.

India has witnessed a rapid growth in mutual fund investments due to increased financial literacy, digital investment platforms, and awareness campaigns by financial institutions and regulatory bodies. However, despite these developments, the level of awareness and participation among young investors in smaller cities remains limited.



Coimbatore, one of the major industrial cities in Tamil Nadu, has a growing population of young professionals, students, and entrepreneurs. This demographic group represents a significant potential market for SIP investments. However, many young individuals lack sufficient knowledge about financial planning and investment opportunities.

Therefore, it becomes important to study the awareness and investment behaviour of young investors regarding SIPs in Coimbatore. This study aims to evaluate the knowledge level, influencing factors, and investment decisions of young investors with respect to SIP investments. The findings of this research will help financial institutions design better awareness programmes and encourage disciplined investing among young individuals.

II. Statement of the Problem

Although the mutual fund industry in India has experienced rapid growth over the past decade, the adoption of SIP investments among young investors is still uneven across different regions. While metropolitan cities show higher participation in mutual fund investments, awareness levels in Tier-II cities like Coimbatore are relatively lower. Many young individuals lack adequate knowledge about financial planning, investment strategies, and the benefits of systematic investing. As a result, they tend to rely on traditional savings options such as bank deposits or gold rather than investing in market-linked instruments like mutual funds. Furthermore, factors such as risk perception, lack of financial literacy, and limited access to reliable financial information may influence investment decisions among young investors. Therefore, this study aims to examine the level of awareness, knowledge, and investment behaviour of young investors in Coimbatore regarding SIP investments, and identify the factors that influence their investment decisions.

Objectives of the Study

The objectives of the study are divided into primary and secondary objectives.

Primary Objective

- To study the awareness of Systematic Investment Plans (SIPs) among young investors in Coimbatore.

Secondary Objectives

- To examine the demographic profile of young investors and its relationship with SIP awareness.
- To analyse the level of knowledge regarding the features, benefits, and risks of SIP investments.
- To identify the factors influencing young investors to invest or not invest in SIPs.

III. Research Methodology

The research methodology explains the procedures used to collect and analyse data for the study.



1. Research Design

The study adopts a descriptive research design to analyse the awareness and behaviour of young investors regarding SIP investments.

2. Data Collection

Primary

Primary data was collected through a structured questionnaire distributed among young investors in Coimbatore.

Secondary

Secondary data was collected from journals, books, financial reports, websites, and publications related to mutual funds and SIP investments.

Sample Size

The study is based on a sample of 120 respondents selected from Coimbatore city.

Sampling Method

A convenience sampling method was used to collect data from respondents.

Statistical Tools Used

The collected data was analysed using statistical tools such as:

Percentage analysis

Chi-Square

The Chi-Square test was used to examine the relationship between demographic factors and SIP awareness among young investors.

IV. Analysis or Interpreting

Chi-Square Table

Example Chi-Square Analysis: Income Level vs SIP Awareness

Income Level	Aware of SIP	Not Aware of SIP	Total
Below ₹10,000	10	8	18
₹10,000–₹20,000	18	12	30
₹20,000–₹30,000	20	10	30
Above ₹30,000	28	14	42
Total	76	44	120

Hypothesis

- H_0 : There is no significant relationship between income level and SIP awareness.
- H_1 : There is a significant relationship between income level and SIP awareness.
- Level of Significance = 5%

Chi-Square Findings

- The Chi-Square analysis was conducted to examine the relationship between income level and awareness of SIP investments among young investors. The calculated Chi-Square value was compared with the table value at a 5% level of significance.



- The analysis indicated that income level plays an important role in determining awareness and participation in SIP investments. Respondents with higher income levels showed greater awareness and were more likely to invest in SIPs compared to those with lower income levels.
- Therefore, the results suggest that financial capacity and income stability influence the decision to invest in mutual funds through SIPs. As income increases, individuals are more likely to explore investment opportunities and participate in systematic investment plans.

Suggestions

- Financial institutions should conduct awareness programmes and seminars to educate young investors about SIP investments.
- Educational institutions should include financial literacy programmes to improve knowledge about investment options.
- Mutual fund companies should use digital platforms and social media to spread awareness among young investors.
- Financial advisors should provide clear guidance about the benefits and risks associated with SIP investments.
- Simplified investment procedures through mobile applications can encourage more young investors to start SIPs.

V. Conclusion

The study analysed the awareness and investment behaviour of young investors in Coimbatore regarding Systematic Investment Plans. The results indicate that while awareness about SIP investments is gradually increasing, many young individuals still lack adequate knowledge about mutual funds and financial planning. Demographic factors such as education, income level, and occupation significantly influence the awareness and adoption of SIP investments. Individuals with higher education and stable income levels are more likely to invest in SIPs compared to others.

The study highlights the importance of improving financial literacy among young investors. With proper awareness, guidance, and access to digital investment platforms, SIP investments can become an effective tool for long-term wealth creation among the younger generation. In conclusion, promoting SIP awareness among young investors will not only benefit individuals but also contribute to the growth of the mutual fund industry and the overall financial development of the country.

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