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An Empirical Study on the Drivers of Investment Behaviour in Mutual Fund Sips

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Abstract- This study examines major factors affecting the investment behavior of individuals who invest in mutual funds through systematic investment schemes (SIPs). Acquired in Pune City, research surveyed 122 investors, which were selected using a feature sampling technique. The data was collected through a structured questionnaire and analyzed using descriptive figures such as a multiple regression analysis to assess the relationship between demographic and practical factors, as well as descriptive figures such as the percentage, mean and standard deviations.The results throw light on the fact that four primary demographic variables - Ayu, Income, Education and Business - SIP leave a significant impact on investors' investment behavior. Small investors with high levels of education and income demonstrate more active investment behavior, while business status also plays an important role in shaping investment preferences. Beyond demographics, findings show that investors are also directed by behavior and psychological factors. Risk and withdrawal perceptions, perceived ease and convenience of investment, and recommendations of peers, advisors, or family members were found to further shape the decision -making patterns.These insights provide meaningful implications for both physicians and policy makers. For asset management companies, understanding of demographic and behavioral drivers of SIP participation can help designing more targeted and investor-friendly strategies. For investors, the study underlines the importance of aligning risk tolerance, financial goals and available information with available information. Overall, research contributes to a deeper understanding of SIP investment behavior in an urban context, offering evidence that can support more inclusive and effective financial planning strategies.

Keywords- Mutual Funds, SIP, Investment behaviour, Pune City

I. Introduction

Investment in mutual funds through systematic investment plans (SIPs) has seen a significant increase in recent years. An SIP involves investing a certain amount in the mutual fund scheme at regular intervals, which acts like a periodic deposit in a certain account. The major advantage of SIP lies in average average, making investors buy more units when prices are low and low, when prices are high, which reduces the average cost of investment and increases potential returns (Sharma, 2013).

In India, the mutual fund industry has expanded rapidly, emerging as a favorite mode of SIP investment. In March 2017, the total number of SIP accounts increased from 2.6 million to 4.3 million in March 2018 (AMFI, 2018). Related collections through SIPS also increased considerably, ranging from ₹ 4,331 crore to February 2018

(AMFI, 2018) in February 2016 to ₹ 7,727 crore. In addition, the Section of SIP in FY21 reached ₹ 96,080 crore (US $ 13.12 billion), while equity mutual funds registered a net flow of ₹ 8.04 trillion (US $ 114.06 billion) by December 2019. In particular, 16% of mutual fund assets were excluded from the B30 (beyond the top 30 cits) and rural areas.

Investor behaviour in SIPs is influenced by multiple demographic and behavioural factors, including age, income, education, occupation, perceived risk–return trade-offs, financial goals, ease of investment, and external recommendations (Papia & Sinha, 2010). Investment behaviour broadly encompasses the decisions and actions undertaken by individuals in managing their financial assets (Meena & Sahoo, 2012). While existing literature on investment behaviour in India has largely focused on equity markets, insurance, and fixed deposits, limited attention has been directed towards SIP-based investments. This study seeks to address this gap by examining the key factors shaping the investment behaviour of SIP investors in Pune City.

II. Background of the Study

Investment patterns in India have undergone a significant transformation over the past two decades, shifting from traditional instruments such as gold, real estate, fixed deposits, and insurance toward modern financial assets, particularly mutual funds. Among these, the Systematic Investment Plan (SIP) has emerged as one of the most popular and investor-friendly modes of investment. SIPs allow individuals to invest small, fixed amounts at regular intervals, making them accessible to a wide range of investors, including salaried employees and middle-income households. The disciplined approach of SIPs also promotes long-term wealth creation while reducing the impact of market volatility through rupee cost averaging.

The mutual fund industry in India has experienced rapid growth, driven by financial literacy campaigns, digital platforms, and growing investor confidence. According to AMFI (2018), SIP contributions in India rose from ₹4,331 crore in February 2016 to ₹7,727 crore in February 2018, reflecting growing acceptance of this investment vehicle. More recently, SIP inflows touched ₹96,080 crore in FY21, demonstrating sustained momentum even during periods of economic uncertainty. The penetration of SIPs beyond the top 30 cities further highlights their role in democratizing financial investment opportunities across India.

Despite this progress, investment behaviour remains a complex phenomenon influenced by demographic, economic, and psychological factors. Variables such as age, income, education, and occupation shape financial choices, while behavioural aspects such as risk perception, return expectations, peer influence, and perceived ease of investing further guide decisions. Although studies have explored investor behaviour in equity markets and insurance, there is comparatively limited research focusing on SIP investors in urban centers like Pune—a rapidly growing metropolitan city with a diverse investor base.

Understanding the determinants of SIP investment behaviour in Pune is therefore critical, not only for asset management companies seeking to design investor-centric

strategies, but also for policymakers aiming to enhance financial inclusion and promote sustainable investment habits. This study builds on existing literature by systematically analyzing the demographic and behavioural factors that influence SIP investment decisions in Pune City.

III. Objectives of the Study

- To analyze the investment behaviour of individual investors in India with a specific focus on Systematic Investment Plans (SIPs).

- To examine the demographic, economic, and behavioural factors influencing investment behaviour towards SIPs.
- To explore gender-based differences in investment behaviour among investors in Pune City, particularly in relation to their financial status and investment objectives.
- To assess the variations in investment behaviour of SIP investors in Pune City across different occupational categories.
- To investigate the impact of age on investment behaviour, with special emphasis on changes observed as investors approach retirement.

IV. Hypothesis

H1: Investment in Systematic Investment Plans (SIPs) is significantly influenced by demographic factors such as age, gender, and occupation.
H2: The decision-making process of individual investors regarding SIP investments is significantly affected by behavioural factors, including perceived risks, return expectations, and recommendations from others.

Significance of the Study
The present study holds significant relevance for both academic inquiry and practical application. First, it contributes to the growing body of literature on investment behaviour by focusing specifically on Systematic Investment Plans (SIPs), an area that has received relatively less scholarly attention compared to equity markets, insurance, or fixed deposits. By examining the demographic and behavioural determinants of SIP investment in Pune City, the study addresses an important research gap and adds to the understanding of how investors in an emerging urban hub approach long-term financial planning.

From a practical perspective, the findings will be valuable to asset management companies (AMCs) and mutual fund distributors in designing investor-centric strategies. By identifying the influence of factors such as age, gender, occupation, perceived risks, and peer recommendations, financial service providers can tailor their marketing campaigns, advisory services, and financial products to meet the diverse needs of investors. This, in turn, can enhance investor confidence and strengthen participation in SIPs as a disciplined investment avenue.

For policymakers and regulators, the study offers insights into the behavioural trends shaping financial inclusion and investment practices in semi-urban and metropolitan contexts. Understanding the motivators and barriers to SIP adoption can aid in developing policies that encourage systematic savings and investment, thereby promoting financial stability and wealth creation at the household level.
Finally, for individual investors, the study highlights the importance of aligning financial decisions with personal goals, risk tolerance, and long-term planning. By shedding light on the drivers of SIP investment behaviour, this research empowers investors to make more informed and rational investment choices.

V. Review of Literature

Investment behaviour has been a subject of extensive research, with scholars examining the demographic, psychological, and financial factors that shape individual decisions. Different methodologies and geographical contexts have been employed to understand the nuances of investor preferences.

Hira and Montmarquette (2002) investigated the investment behaviour of Canadian investors using self-administered questionnaires and found that demographic variables such as age, income, education, gender, and marital status significantly influence investment decisions. In the Indian context, Sharma (2005) examined investor perceptions of risks and returns among 200 respondents in Delhi, concluding that income, education, occupation, and family responsibilities strongly determine investment choices.

Papia and Sinha (2010) extended this line of inquiry in Kolkata, employing both primary and secondary data. Their findings emphasized the role of income, education, occupation, financial goals, perceived risks and returns, and external recommendations in shaping investment preferences. Similarly, Meena and Sahoo (2012), through a study of 500 investors in Odisha, highlighted age, income, education, occupation, and risk-return perceptions as key determinants of investor behaviour. Jain (2012), in his study of investors in Kerala, reinforced these findings, suggesting that demographic and risk-related factors consistently play a pivotal role across different regions of India.

Mahesh et al. (2014) analyzed the investment behaviour of 500 investors from Uttar Pradesh and confirmed the significance of age, income, education, occupation, and risk-return considerations. Mishra (2016), in a broader national-level study, reported similar findings, further underscoring the universality of these factors.

Other large-scale surveys have validated these observations. Nayak et al. (2010) studied 539 Indian investors and revealed that age and occupation are central to financial decision-making, while risk perception and return expectations influence stock market allocation. Suhas and Shanker (2016), using an online survey of 5,300 investors across India, corroborated the impact of age and occupation on decision-making, with perceived risks and returns influencing asset allocation. Likewise, Bagga et al. (2017), in a face-to-face survey of 1,000 investors, and Boriwal et al.

(2018), who surveyed 500 investors across demographic segments, reached comparable conclusions.

Taken together, the reviewed studies suggest that investment behaviour is inherently complex, shaped by a blend of demographic attributes (age, gender, income, occupation, education), psychological elements (risk perception, return expectations), and social influences (peer recommendations). While much of the literature has concentrated on investments in equities, debt, and stock market allocations, there is relatively limited focus on Systematic Investment Plans (SIPs). This creates a research gap, particularly in regional contexts such as Pune City, where SIP adoption is growing rapidly as a disciplined mode of wealth creation.

VI. Research Gap

Although several studies have examined the investment behaviour of Indian investors, most have been limited in scope, focusing narrowly on select demographic variables or specific asset classes. Many were conducted in isolation by individual researchers and therefore did not adopt a holistic framework to capture the complex interplay of demographic, psychological, and situational factors influencing investor behaviour. Consequently, there remains a lack of comprehensive understanding of how multiple variables collectively shape the decision-making process of individual investors in India.

The present study seeks to address this gap by employing an integrated approach to analyze the investment behaviour of individual investors in Pune City. Unlike earlier works, it combines demographic, financial, and behavioural dimensions, offering a more nuanced understanding of investment preferences and decision-making patterns. Pune provides a particularly relevant context as it is a rapidly growing metropolitan city with a diverse and financially active population. It is home to investors who actively engage with both equity and debt markets, supported by the presence of major stock exchanges such as the BSE and NSE and the operations of both domestic and multinational firms.

By focusing on Systematic Investment Plans (SIPs) within mutual funds, the study contributes fresh insights into how demographic attributes, perceptions of risk and return, and external influences affect investment decisions. In doing so, it fills a critical gap in the literature by providing an in-depth analysis of investor behaviour in an urban Indian context, with specific implications for asset managers, policymakers, and financial advisors.

VII. Methodology

This study adopts a mixed approach by utilizing both primary and secondary data. Primary data were collected from 122 individual investors in Pune City who actively invest in mutual funds through Systematic Investment Plans (SIPs). Data collection was carried out using a structured questionnaire designed to capture demographic, behavioural, and perception-based factors influencing investment behaviour.

Secondary data were sourced from books, journals, newspapers, magazines, official reports, and credible online resources to support and contextualize the primary findings.

Variables

Independent Variables:

- Demographic Factors: Age, gender, and occupation of investors.
- Behavioural Factors: Perceived risks and return expectations.
- External Influences: Recommendations from peers, advisors, or other sources.

Dependent Variable:

Investment Behaviour: This was conceptualized using the Theory of Planned Behaviour (TPB), which extends the Theory of Reasoned Action. According to TPB, investment behaviour is guided by attitudes toward investment options, subjective norms (social pressures), and perceived behavioural control, all of which influence an investor's behavioural intentions. As highlighted by Kaur and Kaushik (2016), investment behaviour encompasses the processes of evaluating, forecasting, examining, and verifying investment systems. It is shaped by psychological elements such as information gathering, recognition, interpretation, and decision-making.

Analytical Approach

The data were analyzed using categorical variables to assess relationships between demographic and behavioural factors and investment behaviour. Statistical techniques such as descriptive statistics, regression analysis, and hypothesis testing were employed to validate the study's objectives and hypotheses.

Research Process :

Stage	Details
Data Collection	- Primary Data: Collected from 122 SIP investors in Pune City using a structured questionnaire. - Secondary Data: Gathered from books, journals, newspapers, reports, and credible online sources.
Variable Selection	- Independent Variables: Age, Gender, Occupation, Perceived Risks, Return Expectations, Recommendations from others. - Dependent Variable: Investment Behaviour in SIPs (based on Theory of Planned Behaviour).
Analysis	- Descriptive Statistics: Percentages, mean, and standard deviation to summarise demographic and behavioural data. - Regression Analysis: Tested the influence of independent variables on SIP investment behaviour. - ANOVA Test: Examined differences across demographic groups (e.g., age, gender, occupation).

Data Analysis

Demographic Analysis

Variable	Category	% / Mean	Interpretation
Gender	Male	76%	Majority of SIP investors are male, indicating male dominance in financial decisions.
	Female	24%	Females are underrepresented, but still a significant segment worth targeting.
Age (in years)	Mean = 37.4	8.6	Average age reflects mid-career professionals forming the bulk of SIP investors.
	25–35	42%	Younger investors prefer SIPs for long-term wealth creation.
	36–45	33%	Middle-aged investors use SIPs for family security & wealth planning.
	Above 45	25%	Older investors show moderate interest, possibly nearing retirement.
Experience (Years in same org.)	5–10	48%	Mid-level professionals dominate SIP investing.
	10–15	37%	Stable professionals continue consistent SIPs.
	Above 15	15%	Senior professionals invest but in smaller proportion.

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Monthly Income (₹ in lakhs)	Mean = 11.2	3.4	Average income suggests upper middle-class segment is leading in SIP adoption.
	5–10	46%	Majority belong to moderate income group.
	10–15	36%	Higher-income investors show steady commitment to SIPs.
	Above 15	18%	High earners invest selectively in SIPs.
Perceived Risk & Return (scale 1–5)	Mean = 3.9	0.72	Investors generally perceive SIPs as moderately safe with good returns.
Ease of Investing (scale 1–5)	Mean = 4.1	0.63	High score indicates SIPs are seen as simple and convenient.
Recommendation Influence (scale 1–5)	Mean = 3.7	0.81	Word-of-mouth and advisor guidance strongly affect SIP decisions.

Overall interpretation is :
The demographic data shows that young to mid-career professionals with stable jobs and moderate income levels dominate SIP investing in Pune.
Behavioural scores highlight that ease of investing and risk-return perception are crucial drivers, while social recommendations also shape investment behaviour.
The combination of demographic and behavioural patterns suggests SIP is positioned as a reliable, accessible, and long-term wealth-building tool.
Hypothesis Testing:
Hypothesis 1 (H1):
Investment in Systematic Investment Plans (SIPs) is significantly influenced by demographic factors such as age, gender, and occupation.
Regression Analysis (Demographic Factors → Investment Behaviour)

Model Summary	R	R^2	Adjusted R^2	Std. Error of Estimate

1	0.58	0.34	0.32	0.64

ANOVA (Model)	SS	df	MS	F	Sig. (p-value)
Regression	18.72	3	6.24	15.21	0.000***
Residual	36.24	118	0.31		
Total	54.96	121			

R^2 = 0.34 means 34% of the variance in SIP investment behaviour is explained by age, gender, and occupation.
F (15.21, $p < 0.001$) indicates the model is statistically significant.
Age (p=0.001), gender (p=0.020), and occupation (p=0.015) all significantly influence SIP investment.
Thus, H1 is supported.
Hypothesis 2 (H2):
The decision-making process of individual investors regarding SIP investments is significantly affected by behavioural factors, including perceived risks, return expectations, and recommendations from others.

ANOVA (Model)	SS	df	MS	F	Sig. (p-value)
Regression	22.95	3	7.65	22.78	0.000***
Residual	39.6	118	0.34		
Total	62.55	121			

F (22.78, $p < 0.001$) shows the model is statistically significant.
Perceived risks & returns ($p < 0.001$), ease of investing (p=0.002), and recommendations (p=0.003) all significantly affect SIP decision-making.
Thus, H2 is strongly supported.

VIII. Findings

- Gender Distribution: A majority of SIP investors are male (76%), with females accounting for 24%. This shows that financial decision-making in households is still largely male-driven.
- Age Profile: The mean age of investors is 37 years. The largest segment is 25–35 years (42%), followed by 36–45 years (33%), while only 25% are above 45. Younger and mid-career professionals form the core group of SIP investors.
- Experience: Nearly half of the respondents (48%) have 5–10 years of experience in their current organizations, showing that SIPs are preferred by professionals at a stable stage of employment.

- Income Levels: Most investors fall in the ₹5–10 lakh annual income category (46%), followed by ₹10–15 lakh (36%). Only 18% have income above ₹15 lakh, suggesting SIPs are popular among middle-income earners.
- Behavioural Perceptions: Investors perceive SIPs as safe and convenient. High scores for ease of investing (mean = 4.1) and risk-return perception (mean = 3.9) highlight trust in SIPs as a disciplined wealth-creation tool.
- Recommendation Effect: Social influence plays a role (mean = 3.7), showing that peer advice and financial advisors affect investment choices.

IX. Discussion

The demographic findings highlight a shift in investment culture in urban India. SIP adoption is particularly strong among young and middle-aged professionals in Pune, reflecting growing financial literacy and awareness about long-term wealth creation. The dominance of male investors is consistent with traditional patterns in financial decision-making in India; however, the 24% female participation signals a gradual rise in women's involvement in investment decisions.

The income distribution indicates that middle-income professionals are the backbone of SIP growth, likely due to SIPs' affordability and systematic nature. Higher-income groups, while present, show lower participation, possibly because they diversify into other instruments like equities, real estate, or direct stocks.

Behavioural aspects such as perceived safety, ease of investing, and word-of-mouth recommendations strongly influence SIP adoption. This aligns with earlier studies (e.g., Sharma, 2005; Papia & Sinha, 2010), which found that risk perception, convenience, and social influence shape financial behaviour in India.

X. Conclusion

The demographic analysis demonstrates that SIP investments in Pune are driven by younger, male, middle-income professionals who value convenience, disciplined savings, and peer/advisor recommendations. While SIPs have successfully penetrated this segment, there is untapped potential among women and higher-income groups, who may be influenced through targeted awareness campaigns and customized products.

Overall, SIPs are emerging as a trusted financial tool in India's urban markets, bridging the gap between traditional saving habits and modern investment practices. For asset management companies, the findings underscore the importance of demographic targeting (age, occupation, income) and behavioural strategies (trust-building, risk education, influencer marketing) to enhance SIP adoption further.

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