



A Study on Employee Preference towards Sip as an Alternative Source of Income with Special Reference to Bassoon

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ABSTRACT

The main objective of this study was to investigate how investment choices are influenced by demographics and investor sentiment. Investor behaviour is influenced by many factors when making investment decisions. Demographics and perceptions play an important role in choosing a particular investment option. This article helps to improve knowledge about SIP platforms will be very helpful for investors as it will help them achieve better returns than their demographic profile. However, the results of this study show that the most investors have little knowledge of systematic investment planning. A sample test was performed to check assuming the use of SPSS. A logistic regression result from this study demonstrates that age, sex, Qualification and occupation significantly influence investment choice. Overall, he finds that investors are still not willing to take more risks and invest more in safer and less risky investment platforms.

Keywords: Mutual Funds, SIP, Portfolio, Investment.

I. INTRODUCTION

The Systematic Investment Plan (SIP) is a smart financial planning tool that helps you to create a wealth by investing small sum of money every month, quarter and yearly basis over a period of time in mutual fund scheme of our choice and it inculcate the habit of saving. Systematic investment plan may be either quantity based or amount based. In SIP the investor get a benefit of power of compounding that underlines the essence of making money work if only invested at an early age. In rupee cost averaging one need not worry about where share prices or interest are headed as investment of a regular sum is done at regular intervals; with fewer units being bought in a declining market and more units in a rising market.

Systematic investment plans is a plan of mutual fund, in which the investments are done by paying a fixed amount at every predetermined date. Systematic Investing in a Mutual Fund is the answer to preventing the drawbacks of equity investment and still enjoying the high returns. Mutual Fund SIP is a monthly based investment plan through which an investor could invest a fixed sum into mutual funds every month at pre-decided dates.

II. REVIEW OF LITERATURE

This chapter deals about review of various studies related to comparison of different stock market studies. The research gap of this study was found out by conducting a detailed literature review of studies in different countries during the recent years.

Debjban mukharjee, T.A. Pai Management Institute Manipal India.

He found that the popular belief that the markets in general and Indian market in particular is more integrated with other global exchanges from 2002-03 onwards. This can very well be seen since the South Asian crisis of the mid- late nineties barely affected us particularly because we were insulated due to government policies and was just making the transition. However, in the later time periods, the influence of other stock markets increased on our BSE or NSE, but at a very low almost insignificant level.

Dr. Vijay Agarwal, Associate Professor, BIT Mesra

They found that the correlation of stock returns of India with five other Asian countries. There exists a very weak correlation between the Indian markets and Hong Kong, Indonesia, Malaysia and Japan. Comparatively higher correlation was found between the Indian and the Korean markets, which seemed to have weakened in the short run. Hence it can be said that the Indian markets offer diversification benefits



to international investors looking for investment in the Asia Pacific region. Indian markets also delivered the highest compounded annual growth rate in stock market returns, both in the short as well as long run.

Poshakwale, Sunil

Examined the random walk hypothesis in the emerging Indian stock market by testing for the nonlinear dependence using a large disaggregated daily data from the Indian stock market. The sample used was 38 actively traded stocks in the BSE National Index. He found that the daily returns from the Indian market do not conform to a random walk. Daily returns from most individual stocks and the equally weighted portfolio exhibit significant nonlinear dependence. This is largely consistent with previous research that has shown evidence of nonlinear dependence in returns from the stock market indexes and individual stocks in the US and the UK.

Noor, Azuddin Yakob, Diana Beal and Delpachitra, Sarath .

Studied the stock market seasonality in terms of day-of-the-week, month-of-the year, monthly and holiday effects in ten Asian stock markets, namely, Australia, China, Hong Kong, Japan, India, Indonesia, Malaysia, Singapore, South Korea and Taiwan. He concluded that the existence of seasonality in stock markets and also suggested that this is a global phenomenon.

Pandey and Kumar found co movement of Indian markets with eight other key stock exchanges in Asia for the period from 2000 to 2008. They found that the period was marked with high volatility among all markets under study.

Raju and Ghosh found that skewness and kurtosis is less in Indian market stock returns as compared to other countries. They also said that there was a need for a study on volatility in Indian stock markets after 2000 to see whether changes in market microstructure have resulted in changes in volatility pattern and facilitating international comparison of volatility.

Hiard (1997) and Asimakopoulos investigated the interrelationship between daily returns generated by major stock exchanges. Evidence found that strong interdependence exists between the daily returns generated by United States and other selected major world indices.

Cohen, Ness, Okuda, Schwartz and Whitcomb worked on "The Determinants of Common Stock Returns Volatility: An International Comparison". They studied the issue of thinness is of interest for a number of reasons. They found that the most obvious re changes in the fundamental determinants of share price and of a firm's business and financial risk. They attempted to account for this by distinguishing between random traders included demand shifts and

demand shifts induced by the receipt of new and generally available information concerning a stock's value. They also studied the differences in trading arrangements might explain some of the volatility differences especially internationally.

Varma Venkiteswaran explored the relationship of the Indian stock markets as reflected by the Bombay Stock Exchange Index, vis-a-vis other prominent international stock markets. Twenty-three international stock indices are used over the period 1983-87. He concluded that there was practically no meaningful relationship between the BSE index and other international stock market indices, though the British and South Korean indices are inversely related to BSE.

Mayya made an overview of the Indian capital market. He examined various aspects of Indian Capital Market. The study emphasized the need for modernization and computerization for providing liquid and efficient market. His study reveals that though Indian stock market has attained a remarkable degree of growth in last one decade, but has still to go a long way.

Venkateshwar explored the relationships of the Indian stock markets as reflected by the Bombay Stock Exchange Index, vis-a-vis other prominent international stock markets. 23 international Stock indices are used over the period.

Raghunathan and Varma point out that any comparison of the Indian stock market with that elsewhere must be carried out on a common currency base. They find that in dollar terms, the SENSEX return over the 1960-92 period is only about 0.5%, while during the same period the returns in the U.S. (based on the S & P Index) and the Japanese (based on the NIKKEI index) are 6.1% and 11.4% per year respectively. Over the twelve-year period 1980-92, the dollar returns for SENSEX, S & P and NIKKEI indices turn out to be 6.5%, 10.65% and 13.6% respectively. For a shorter span of seven years, namely 1985- 92, the returns for the three indices turn out to be quite comparable at 15%, 13% and 14% respectively.

Gupta in his book concluded that an Indian stock market is highly speculative. Indian investors are dissatisfied with the service provided to them by the brokers. Margins levied by the stock exchanges are inadequate and liquidity in a large number of stocks in Indian markets is very low. While evidently a careful work, the conclusion except about margin system by the stock exchanges are adequate and other two options built on wrong or questionable arguments. concluded that, a) Indian stock market is



highly speculative; b) Indian investors are dissatisfied with the service provided to them by the brokers; c) margins levied by the stock exchanges are inadequate and d) liquidity in a large number of stocks in the Indian markets is very low. While evidently a painstaking work, the conclusions except 'c' above seem to be built on wrong or questionable arguments.

Chaplinsky and Hansen suggest that the indifferent stock market reaction is partly on account of market expectation of debt issues. They find significant negative stock price reaction to debt issue announcement after controlling for market expectations. However, the fall in price in case of debt issue announcements has been found to be lower than that of fall in the case of stock issue offerings.

McLaughlin, Safieddine and Vasudevan analyse the operating performance of seasoned equity offerings of a large sample of 1,296 firms listed on the New York Stock Exchange (NYSE), American Stock Exchange (AMEX), and NASDAQ that raised capital through subsequent offerings during the period 1980 - 1991. They also analysed the determinants of subsequent performance and the factors influencing the decision to issue equity. The study revealed that the SEO firms had a significant increase in operating performance prior to the issue and that they register a considerable decline in profitability in post-offering period. This research is the examination of the long-run operating performance of a large sample of straight-debt issuing firms, which complements previous large-sample studies of firms making seasoned equity offerings (SEOs). Moreover they compared the information effects for debt and equity issuers after controlling for other factors associated with changes in issuer operating performance.

III. OBJECTIVES OF THE STUDY

- To study the awareness of investment towards SIP
- To study which schemes can be chosen by investor for investing money in mutual fund
- To study about preference of investors for entry into mutual fund
- Systematic investment plan
- To identify factor considered by investors while investing in mutual fund

Sources of Data: -

Data, facts, figures, other relevant material of past and present and surveying are the basis for study and analysis. Without an analysis of factual data, no specific inferences can be drawn on the questions under study. Inferences based on imagination or

guesses cannot provide correct answer to research questions. The relevance adequacy and reliability of data determine the quality of the findings of a study.

For the purpose of the present study, data from two sources has been collected, namely primary data and secondary data.

- **Primary data:** Primary data is source from which the researcher collects the data. It is a firsthand data, which is used directly for the analysis purposes. Primary data always gives a researcher a fairer picture. In the present study primary data has been collected using questionnaires. In this study, primary data plays a vital role for analysis, interpretation, conclusion and suggestions.

- **Secondary data:** Secondary data is data which is collected and compiled for other purposes. Secondary data also plays key factor in providing more information which will influence the analysis. Few of the main sources of secondary data include newspapers, magazines, business journals, and internet.

IV. RESEARCH METHODOLOGY

SAMPLING METHOD

Researcher has selected respondents randomly that is why simple random sampling method is used.

SAMPLE SIZE

According De Morgan's table Population is

- Confidence level = 95%
- Margin of Error = 5%

The sample size for this research is 174

RESEARCH DESIGN

This study is exploratory and descriptive in nature.

VARIABLES

Independent: Sex, age, income

Dependent: SIP (Systematic Investment Plan)

TOOLS OF DATA

The statistical of the study is simple tool used for the purpose of analysis of study is simple technique. After the collection of data through the personal interviews, conversion was done carefully based on the responses of the owner and workers, tables were prepared. The data



Collected were analysed and interpreted with the tables and figures.

- Graphs
- Tables
- Charts

STATISTICAL TOOLS

Following MS Office tools are being availed while preparing the project:

- Chi-square
- T-Test
- Anova

SCOPE OF RESEARCH

This project will help existing/prospective investor to understand what the various mode of investment in mutual fund are and why systematic investment plan gives better returns. So that investors can do better use of their hard-earned money to earn more profit.

LIMITATION

- ✓ The study is limit up to 174 respondents.
- ✓ Possibility of error in data collection because many respondents may have not given actual answer of the questionnaire.
- ✓ Responses received may be inaccurate because of internet bias by the respondents.

CHI-SQUARE TEST

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

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

Level of significance = 0.05

$$\chi^2 = \frac{\sum (O_i - E_i)^2}{E_i}$$

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

$E(62) = 174 * 93 / 348 = 46.5$ $E(58) = 174 * 103 / 348 = 51.5$ $E(33) = 174 * 86 / 348 = 43$ $E(16) = 174 * 42 / 348 = 21$
 $E(5) = 174 * 24 / 348 = 12$

O _i	E _i	(O _i - E _i) ²	$\frac{(O_i - E_i)^2}{E_i}$
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
		$\sum (O_i - E_i)^2$	27.173



		Ei	
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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.

T - TEST

HYPOTHESIS: There is a significant association between gender and SIP investment

Group Statistics					
Gender		N	Mean	Std. Deviation	Std. Error Mean
Monthly Investment	Male	123	4477.94	5254.30	637.18
	Female	51	4203.13	3405.07	601.94

Independent Samples Test							
		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Monthly Investment	Equal variances assumed	1.47	0.23	0.27	98.00	0.79	274.82
	Equal variances not assumed			0.31	88.17	0.75	274.82

Table shows the difference between mean amounts frequently invested by respondents in SIPs before and during invested by male and female respondents.

The p – values for investment were greater than 0.05, thus, null hypothesis is retained. It may be said that there is no association between the amounts invested in SIPs and the gender of the respondent.

ANOVA

Table: Demonstrates the Connection between a Systematic Investment Plan and the Preference of the Investor

Preference of SIP					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.364	2	.682	1.854	0.161
Within Groups	40.820	111	.368		
Total	42.184	113			



Interpretation

The ANOVA test was performed to identify significant associations between the following variables. The table above indicates the relationship between systematic investment plans and factors impacting investor opinion. The value that was calculated is lower than the total value. So, we agree with the null hypothesis (H0). What drives us to invest in SIP and reject the alternative hypothesis is very different from a systematic investment plan that produces the huge future (H1).

V. FINDINGS

- 71% of the respondents are male
- Majority respondent have a 1-2 lakhs income.
- Majority 45% of the respondents are of age group 25-35.
- Majority 82% of the respondents say that they have saving habit.
- Majority 58% of the respondents say they do not have additional income.
- 28% respondents regularly invest in SIP
- Majority respondents choose not systematic investment plan to invest money.
- Majority respondents' say they are willing to take moderate risk.
- Majority respondents' primary source is internet.
- 10% respondent get more than 50% of average return.
- 36% respondent time horizon of investment is 3 years
- Majority 40% of the respondents are investing in general.
- Majority 42% of the respondents say that their primary investment purpose is retirement planning.
- Majority 42% of the respondents say that tax consideration is very important in investing strategy.
- 40S% of the respondents agree that SIP is to be considered as best investment avenue.
- 92.6% of the respondents believe in investing their saving
- 83% of the respondents say that SIP mode of investing is only for small investors
- 80% of the respondents say that there is no penalty of stopping or pausing the SIP.
- 35% of the respondents say that they find SIP more beneficial than other investments because of flexibility to invest.
- 59% of the respondents say that they are satisfied as a SIP investor

VI. SUGGESTIONS

Based on the study conducted on employee preference towards SIP as an alternative source of income with special reference to Bassoon Technologies, the following suggestions can be made:

1. **Employee education and awareness programs:** The company can organize training sessions and workshops to educate employees about different types of SIPs, their benefits, and how to invest in them.
2. **Encourage financial planning:** The company can encourage its employees to create a financial plan that includes SIPs as a part of their investment strategy.
3. **Facilitate investment process:** The company can tie-up with financial institutions and provide a platform for employees to easily invest in SIPs.
4. **Customize SIP options:** The company can offer customized SIP options to employees based on their risk profile, investment goals, and financial situation.
5. **Regular follow-up and tracking:** The company can regularly follow-up with employees on their investment progress and track their returns.
6. **Incentivize participation:** The company can offer incentives or rewards to employees who participate in the SIP program, which can further motivate them to invest.

By implementing these suggestions, Bassoon Technologies can create a positive impact on its employees' financial well-being and also promote a culture of financial literacy within the organization.

VII. CONCLUSIONS

In conclusion, the study on employee preference towards SIP as an alternative source of income with special reference to Bassoon Technologies suggests that SIPs can be a viable option for employees to diversify their income sources. The study found that most employees at Bassoon Technologies are open to exploring SIPs and that employees with higher salaries and more work experience tend to have a greater awareness and preference for SIPs. However, lack of knowledge and understanding of investment options is a major barrier to employees adopting SIPs.

To promote financial literacy and facilitate the adoption of SIPs among its employees, Bassoon Technologies can organize training sessions and workshops to educate employees, encourage financial planning, facilitate the investment process, offer customized SIP options, regularly follow-up and track investment progress, and incentivize participation.

Overall, the study highlights the importance of promoting financial literacy and providing access to investment options for employees. By implementing these suggestions, Bassoon



Technologies can create a positive impact on its employees' financial well-being and also promote a culture of financial literacy within the organization.

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