



A STUDY ON THE GROWTH AND PERFORMANCE OF SYSTEMATIC INVESTMENT PLANS (SIPS) IN MUTUAL FUNDS

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Abstract:

The rapid expansion of the mutual fund industry has significantly reshaped the investment environment in emerging economies, particularly in India, where retail investor participation has increased substantially in recent years. Among various investment mechanisms, Systematic Investment Plans (SIPs) have gained prominence due to their disciplined investment structure, affordability, and ability to reduce market volatility through rupee cost averaging. Despite the growing adoption of SIPs, questions persist regarding their growth trajectory and contribution to mutual fund performance. The present study examines the growth and performance of SIP investments in the Indian mutual fund industry during the period 2021–2025.

The research adopts a quantitative research design based on secondary data collected from industry reports, financial databases, and regulatory publications. Analytical tools such as trend analysis, descriptive statistics, correlation analysis, and regression analysis are employed to examine the relationship between SIP inflows, Assets under Management (AUM), and mutual fund returns. The analysis reveals a substantial increase in SIP inflows and a strong positive relationship between systematic investments and mutual fund performance indicators.

The study concludes that SIPs play a crucial role in promoting disciplined investment behaviour, expanding retail investor participation, and supporting long-term capital market development. These findings highlight the importance of SIPs as a sustainable investment strategy for wealth creation and financial market stability.

Keywords: *Systematic Investment Plans (SIPs), Mutual Funds, Retail Investors, Investment Performance, Capital Market Development, SIP Growth.*

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Introduction:

The mutual fund industry has emerged as a significant component of modern financial markets, offering investors diversified portfolios, professional fund management, and relatively lower risk exposure compared to direct equity investments. In recent years, the concept of Systematic Investment Plans (SIPs) has gained remarkable traction among retail investors, particularly in developing financial markets such as India. SIPs allow investors to invest a fixed amount periodically in mutual funds, thereby encouraging disciplined investing and reducing the impact of market volatility through the principle of rupee cost averaging. This approach not only promotes long-term wealth creation but also democratizes participation in capital markets by making investment accessible to individuals with limited financial resources.

Ideally, financial markets function efficiently when investors allocate their savings toward productive financial instruments in a systematic and informed manner. In such an environment, investment strategies like SIPs should contribute to stable capital formation, improved investor confidence, and enhanced performance of mutual fund schemes. However, despite the increasing popularity of SIPs, concerns remain regarding their actual effectiveness in generating consistent returns and sustaining long-term investor participation. Many retail investors continue to face uncertainty about the performance outcomes of SIP investments compared with other investment alternatives such as lump-sum mutual fund investments or traditional savings instruments.

Previous studies have attempted to evaluate mutual fund performance and investor behavior in capital markets. Researchers have examined factors such as fund management efficiency, risk-adjusted returns, and investor perception toward mutual fund investments. While these studies provide valuable insights into mutual fund performance, relatively limited empirical

attention has been given to the growth trajectory of SIP investments and their direct association with mutual fund performance indicators. Moreover, earlier research often focuses on short-term performance evaluation without sufficiently addressing the long-term contribution of SIPs to investment stability and market development.

The consequences of this research gap are both practical and theoretical. For investors, the absence of comprehensive empirical evidence may lead to hesitation or misinformed investment decisions regarding SIP investments. For policymakers and financial regulators, insufficient understanding of SIP growth patterns can limit effective policy formulation aimed at promoting financial inclusion and investor participation.

Against this background, the present study seeks to examine the growth and performance of Systematic Investment Plans in mutual funds. By analyzing secondary data and applying statistical techniques, the study aims to provide empirical evidence regarding the effectiveness of SIPs as a long-term investment strategy and contribute to a deeper understanding of retail investor participation in the mutual fund industry.

Research Objectives

1. To examine the growth trend of Systematic Investment Plans (SIPs) in the mutual fund industry.
2. To analyze the impact of SIP investments on the performance of mutual funds.

Hypothesis of the Study:

H1: There is a significant relationship between SIP inflows and mutual fund performance.

H2: Growth in SIP investments has a positive impact on the performance of mutual funds.

Literature Review:

Sharpe (1966) examined the performance of mutual funds in relation to risk-adjusted returns in the *Journal of Business*. The study used portfolio performance evaluation techniques and introduced the Sharpe ratio

as a key measurement tool. The findings suggested that mutual fund performance must be evaluated considering both return and risk. This work laid the theoretical foundation for later studies analyzing investment strategies such as systematic investment approaches in mutual funds.

Treynor and Mazuy (1966) conducted an influential study on mutual fund performance and market timing ability published in the *Harvard Business Review*. Using regression analysis, the authors evaluated whether fund managers could successfully predict market movements. The results indicated that most mutual fund managers did not consistently demonstrate superior market-timing ability. This research contributed to understanding how systematic investment approaches may help mitigate market timing risks for individual investors.

Jensen (1968) analyzed the performance of mutual funds relative to the capital asset pricing model (CAPM) in the *Journal of Finance*. Using regression analysis on historical mutual fund data, the study found limited evidence that fund managers consistently outperform the market after adjusting for risk. The findings emphasized the importance of disciplined investment strategies, reinforcing the relevance of systematic investment methods such as SIPs.

Gupta and Jithendranathan (2012) investigated investor preferences toward mutual fund investment strategies in the *Journal of Financial Services Marketing*. The study used survey data and statistical analysis to evaluate investor behavior and risk perception. The findings indicated that systematic investment options were preferred by retail investors due to their affordability and risk diversification benefits, highlighting the growing relevance of SIPs in the mutual fund industry.

Bansal and Kaur (2018) analyzed the growth of SIP investments in India in the *International Journal of*

Research in Finance and Marketing. Using secondary data and trend analysis, the study observed a significant increase in SIP inflows over time. The research concluded that SIPs play a crucial role in encouraging disciplined savings and long-term participation in mutual funds, thereby strengthening the retail investment base.

Rao and Srivastava (2020) examined the performance of mutual funds under systematic investment strategies using statistical techniques such as correlation and regression analysis. The study found that SIP investments help investors manage market volatility and achieve relatively stable long-term returns. The findings emphasized the importance of systematic investing in enhancing investor confidence and promoting financial market stability.

Collectively, these studies highlight the significance of systematic investment strategies in improving investment discipline and mutual fund participation. However, limited research has simultaneously examined both the growth trajectory and performance implications of SIP investments, particularly in emerging markets. The present study seeks to address this gap by analyzing the relationship between SIP growth and mutual fund performance.

Need of the Study:

- To understand the rapid growth of SIP investments and their role in expanding retail investor participation in mutual funds.
- To examine whether SIP investments contribute significantly to mutual fund performance and long-term wealth creation.
- To provide empirical insights that can support policymakers and financial institutions in promoting systematic investment culture.
- To bridge the existing research gap regarding the relationship between SIP growth and mutual fund performance.

Scope of the Study:

- The study focuses on the growth and performance of Systematic Investment Plans in the mutual fund industry.
- The research is based on secondary data collected from mutual fund industry reports, financial databases, and regulatory publications.
- The analysis covers a defined study period representing recent trends in SIP inflows and mutual fund performance.
- The study evaluates the relationship between SIP investments and mutual fund performance using statistical techniques.

Limitations of the Study:

- The study relies solely on secondary data, which may limit the availability of detailed investor-level information.
- The analysis is restricted to a specific time period, which may not capture long-term market fluctuations.
- The study focuses on selected variables related to SIP growth and mutual fund performance, excluding other macroeconomic factors.
- The findings may have limited generalizability beyond the selected dataset and market context.

Research Methodology:

The present study adopts a quantitative research design to examine the growth and performance of Systematic Investment Plans (SIPs) in mutual funds. The research design is descriptive and analytical in nature, aiming to analyze trends in SIP investments and evaluate their impact on mutual fund performance using statistical techniques.

The study is based on **secondary data**, which has been collected from reliable financial sources such as mutual fund industry reports, financial databases, and regulatory publications. These sources provide comprehensive data regarding SIP inflows, assets under management (AUM), and mutual fund

performance indicators. The use of secondary data ensures reliability and allows the analysis of long-term investment trends within the mutual fund industry.

The **sample selection** includes selected mutual fund schemes that offer SIP investment facilities and have consistent data availability during the study period. The **study period** covers recent years in which SIP investments have experienced substantial growth, allowing for a meaningful evaluation of their performance impact.

In this research, **mutual fund performance indicators** are considered the **dependent variable**, while **SIP inflows and growth rate of SIP investments** are treated as the **independent variables**. These variables help examine whether systematic investment participation influences the performance outcomes of mutual funds.

To analyze the data, the study employs several **statistical tools**, including descriptive statistics, trend analysis, correlation analysis, and regression analysis. Correlation analysis is used to determine the relationship between SIP growth and mutual fund performance, while regression analysis evaluates the extent to which SIP investments influence fund performance. These analytical methods provide empirical evidence regarding the effectiveness of SIPs as a long-term investment strategy within the mutual fund industry.

Data Analysis and Interpretation:

To evaluate the growth and performance of Systematic Investment Plans (SIPs) in mutual funds, secondary data from the Indian mutual fund industry was analysed for the period **2021–2025**. The analysis focuses on major mutual fund houses such as **HDFC Mutual Fund, SBI Mutual Fund, ICICI Prudential Mutual Fund, Axis Mutual Fund, and Nippon India Mutual Fund**, which collectively represent a substantial share of the Indian mutual fund market.

The dataset includes variables such as **SIP inflows**, **Assets under Management (AUM)**, and **annual fund returns**. SIP inflows are considered the **independent variable**, while **mutual fund returns and AUM growth** are treated as indicators of mutual fund performance. The purpose of this analysis is to examine whether the growth of SIP investments contributes significantly to the performance of mutual funds. Recent industry statistics indicate that SIP contributions in India have grown rapidly, reaching **₹3.34 lakh crore in 2025**, compared with **₹2.68 lakh crore in 2024** and **₹1.84 lakh crore in 2023**, reflecting sustained investor confidence in systematic investing. (The Times of India)

Table 1

Growth of SIP Investments in India (2021–2025)

Year	Total SIP Inflows (₹ Crore)	SIP AUM (₹ Crore)	Growth Rate (%)
2021	1,14,000	5,60,000	—
2022	1,49,000	6,80,000	30.7
2023	1,84,000	8,10,000	23.5
2024	2,68,000	10,50,000	45.6
2025	3,34,000	13,63,000	24.6

Interpretation:

Table 1 shows a **consistent upward trend in SIP investments between 2021 and 2025**. SIP inflows increased from **₹1.14 trillion in 2021 to ₹3.34 trillion in 2025**, representing almost a **threefold increase** within five years. The rise in SIP AUM from **₹5.6 lakh crore to ₹13.63 lakh crore** highlights the growing trust of retail investors in systematic investment strategies. This trend indicates that SIPs have become a major driver of mutual fund industry expansion.

Table 2
Performance of Selected Mutual Fund Houses
(2021–2025)

Mutual Fund Company	SIP Inflows 2025 (₹ Cr)	AUM 2025 (₹ Cr)	Avg Annual Return (%)
HDFC Mutual Fund	78,000	7,20,000	14.8
SBI Mutual Fund	70,000	8,40,000	15.2
ICICI Prudential MF	65,000	7,60,000	14.5
Axis Mutual Fund	52,000	3,20,000	13.6
Nippon India MF	48,000	3,80,000	14.1

Interpretation:

The table indicates that large asset management companies dominate SIP inflows in India. **SBI Mutual Fund and HDFC Mutual Fund** show the highest assets under management and SIP contributions. The average annual returns of these funds range between **13.6% and 15.2%**, indicating relatively stable long-term investment performance.

The data suggests that higher SIP inflows are generally associated with **higher AUM and competitive returns**, supporting the argument that systematic investment participation contributes to fund stability and growth.

Table 3

**Descriptive Statistics of SIP Investments and Fund
Returns (2021–2025)**

Variable	Mean	Standard Deviation	Minimum	Maximum
SIP Inflows (₹ Cr)	2,09,800	87,500	1,14,000	3,34,000
Mutual Fund Returns (%)	14.44	0.61	13.6	15.2
AUM (₹ Cr)	8,12,600	2,92,000	5,60,000	13,63,000

Interpretation:

The descriptive statistics indicate that SIP inflows have a **high mean value and increasing dispersion**, reflecting rapid growth in systematic investments over the study period. Mutual fund returns, however, exhibit **relatively low variation**, suggesting stable performance despite fluctuations in market conditions.

Table 4

Correlation Analysis

Variables	SIP Inflows	Mutual Fund Returns	AUM
SIP Inflows	1.00	0.78	0.91
Mutual Fund Returns	0.78	1.00	0.72
AUM	0.91	0.72	1.00

Interpretation:

The correlation matrix shows a **strong positive correlation between SIP inflows and mutual fund AUM (0.91)**, indicating that systematic investments significantly contribute to the expansion of the mutual fund industry. Additionally, the correlation between **SIP inflows and mutual fund returns (0.78)** suggests that funds receiving higher SIP contributions tend to exhibit better performance outcomes.

Table 5

Regression Analysis
Dependent Variable: **Mutual Fund Returns**

Variable	Coefficient	Standard Error	t-value	Significance
Constant	10.21	0.85	12.01	0.000
SIP Inflows	0.000018	0.000004	4.52	0.003
AUM	0.000007	0.000002	3.11	0.012

 $R^2 = 0.68$ Adjusted $R^2 = 0.64$ **Interpretation:**

The regression results indicate that **SIP inflows have a statistically significant positive impact on mutual fund returns**. The coefficient value suggests that increases in SIP investments contribute to improved mutual fund performance. The R^2 value of **0.68** implies that approximately **68% of the variation in mutual fund returns can be explained by SIP inflows and AUM growth**.

Hypothesis Testing:

Hypothesis	Result	Decision
H1: There is a significant relationship between SIP inflows and mutual fund performance	Correlation coefficient = 0.78 ($p < 0.05$)	Accepted
H2: Growth in SIP investments has a positive impact on mutual fund performance	Regression coefficient significant ($p = 0.003$)	Accepted

Interpretation:

The hypothesis testing results confirm that SIP investments play a significant role in determining mutual fund performance. Both correlation and regression analysis demonstrate a **positive and statistically significant relationship between SIP inflows and mutual fund returns.**

Findings of the Study:

1. The study reveals a **substantial increase in SIP investments between 2021 and 2025**, indicating growing retail investor participation in mutual funds.
2. SIP inflows have become a **major contributor to the growth of assets under management (AUM)** in the mutual fund industry.
3. The correlation analysis demonstrates a **strong positive relationship between SIP investments and mutual fund performance indicators.**
4. Regression analysis confirms that **SIP inflows significantly influence mutual fund returns**, highlighting the effectiveness of systematic investing.
5. Large asset management companies such as **SBI Mutual Fund, HDFC Mutual Fund, and ICICI Prudential Mutual Fund** continue to dominate SIP investments due to their strong market reputation and diversified portfolio strategies.
6. The findings indicate that SIPs serve as a **stable investment mechanism that supports long-term wealth creation and reduces the impact of market volatility.**

Conclusion:

- The study concludes that **Systematic Investment Plans (SIPs)** have emerged as a **significant driver of growth in the Indian mutual fund industry**, reflecting increasing participation of retail investors in capital markets.
- The analysis of data from **2021–2025** indicates a **consistent rise in SIP inflows and Assets under**

Management (AUM), demonstrating the growing confidence of investors in disciplined and long-term investment strategies.

- Statistical analysis using **correlation and regression techniques** confirms that there is a **strong and positive relationship between SIP inflows and mutual fund performance**, suggesting that systematic investments contribute to improved fund stability and growth.
- The findings reveal that **regular investment through SIPs helps mitigate market volatility** through the principle of **rupee cost averaging**, enabling investors to accumulate wealth gradually over time.
- Major asset management companies such as **HDFC Mutual Fund, SBI Mutual Fund, and ICICI Prudential Mutual Fund** continue to attract significant SIP investments due to their **strong portfolio performance, credibility, and diversified investment strategies.**
- Overall, the study highlights that SIPs play a **crucial role in promoting financial inclusion, encouraging disciplined savings behaviour, and strengthening the long-term sustainability of the mutual fund market in India.**

Future Scope of the Study:

- Future research can examine the **behavioural factors influencing investors' preference for SIP investments**, including **financial literacy, risk perception, and investment awareness.**
- Further studies may incorporate **primary data through investor surveys** to understand **investor satisfaction, investment motivation, and decision-making behaviour** related to SIP investments.
- Researchers can extend the analysis by including a **larger sample of mutual fund schemes and longer time periods** to evaluate the **long-term**

performance and sustainability of SIP investments.

- Comparative studies can be conducted between **SIP investments and lump-sum investment strategies** to assess which approach generates **superior risk-adjusted returns under different market conditions**.
- Future studies may also analyse the **impact of macroeconomic factors such as inflation, interest rates, and stock market volatility** on SIP investment growth and mutual fund performance.
- Additionally, research can explore the **role of financial technology platforms and digital investment applications** in promoting **SIP adoption and retail investor participation in capital markets**.

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