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## **Systematic Investment Plans (Sips) As a Tool for Retail Wealth Creation: An Empirical Analysis**

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### **ABSTRACT**

*Systematic Investment Plans (SIPs) have emerged as one of the most widely adopted investment mechanisms among Indian retail investors. This study analyses the growth, performance and behavioral relevance of SIPs during the period 2022–2025 using secondary data sourced from AMFI, NSE, RBI and other credible financial institutions. The analysis focuses on SIP inflow trends, average monthly contributions, benchmark market performance and comparative returns with traditional instruments such as FD, PPF and gold.*

*The findings reveal a strong and consistent rise in SIP inflows and investor participation, even during volatile market conditions. Average monthly SIP investments nearly doubled across the three-year period, reflecting disciplined investor behaviour and growing financial awareness. The analysis shows that equity SIPs outperform most traditional investment avenues in terms of long-term wealth creation due to the combined effect of compounding, rupee-cost averaging and systematic investing habits. Overall, the study concludes that SIPs have emerged as a robust, resilient and effective investment tool for long-term wealth accumulation in India.*

**Keywords:-** Systematic Investment Plans (SIPs), Mutual Funds, Retail Investors, AMFI, Nifty 50, Behavioral Finance, Wealth Creation, Financial Markets, India

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## **INTRODUCTION**

### **Background of the Study**

The Indian financial landscape has undergone profound transformation over the last two decades, driven by economic liberalization, technological advancements, increasing financial awareness and the rapid expansion of capital markets. Traditionally, Indian households have relied heavily on physical and fixed-income assets such as gold, real estate, fixed deposits (FDs) and recurring deposits (RDs) as their preferred investment avenues. While these instruments offered safety and predictable returns, they often failed to provide inflation-adjusted growth, limiting long-term wealth creation.

In contrast, financial instruments such as mutual funds and equity markets were historically perceived as risky and complex, resulting in limited participation from retail investors. However, this perception has changed dramatically due to increased financial literacy, regulatory reforms, simplified investment platforms and digital penetration. Among these developments, the introduction and rapid adoption of **Systematic Investment Plans (SIPs)** has been one of the most influential shifts in India's investment culture.

SIPs allow investors to contribute a fixed amount periodically—typically monthly—into mutual funds, thereby making investing accessible, systematic and disciplined. This mechanism helps investors benefit from rupee-cost averaging, compounding and long-term equity appreciation without needing market timing expertise.

### **Evolution of the Indian Mutual Fund Industry**

The mutual fund industry in India has grown significantly since the establishment of Unit Trust of India (UTI) in 1963. The entry of private players in the 1990s, SEBI's

regulatory reforms, and AMFI's persistent investor education campaigns have all contributed to making mutual funds a widely accepted investment product.

In recent years, the industry has witnessed exponential growth:

- Assets Under Management (AUM) have crossed **₹ 50 lakh crore**.
- Monthly SIP inflows consistently exceed **₹ 18,000–24,000 crore**.
- Retail participation has expanded deep into Tier-2 and Tier-3 cities.
- Digital onboarding and mobile applications have simplified investing further.

The SIP revolution has been a cornerstone of this expansion, helping ordinary investors participate in the capital markets in a structured and disciplined manner.

### **Rise and Significance of SIPs in India**

Systematic Investment Plans (SIPs) have rapidly emerged as the most preferred mode of investing in mutual funds in India due to their unique advantages and suitability for a broad range of investors. SIPs enhance accessibility by allowing individuals to invest small, fixed amounts regularly, enabling participation across income levels. Their structure supports rupee-cost averaging, wherein investors automatically purchase more units during market declines and fewer when markets rise, thereby smoothing out the impact of volatility. Moreover, SIPs harness the power of compounding, allowing even modest monthly contributions to grow substantially over long periods. From a behavioral finance perspective, SIPs promote disciplined and emotion-free investing by automating contributions and reducing the influence of fear, greed, and herd behaviour. They are also widely adopted for goal-based financial planning, helping individuals systematically work towards long-term

objectives such as retirement, children's education, home ownership and wealth creation. Overall, SIPs democratize investing by making equity markets simple, accessible and behaviorally aligned with the needs of Indian retail investors.

**SIP Growth During 2022–2025:**

The three-year period covered in this study—2022–23, 2023–24 and 2024–25—has been a defining phase in the growth and evolution of Systematic Investment Plans (SIPs) in India. During this time, despite global economic uncertainty, rising inflation, geopolitical tensions and repeated episodes of market volatility, SIP inflows surged to unprecedented levels. This sharp rise can be attributed to several structural and behavioral factors. Post-pandemic financial awareness played a major role, as COVID-19 profoundly changed household saving and investing habits, encouraging individuals to adopt more systematic financial planning. Rapid digitalization further strengthened SIP adoption, with mobile applications, UPI-based payments, online platforms and streamlined e-KYC processes eliminating traditional entry barriers. Investor education initiatives, most notably AMFI's "Mutual Funds Sahi Hai" campaign, significantly boosted confidence and enhanced understanding of mutual fund investing.

Additionally, a noticeable shift away from traditional assets such as fixed deposits—which offered relatively low returns—and gold—which displayed volatility—led investors to seek inflation-beating, market-linked alternatives such as SIPs. This period also saw greater behavioral maturity among retail investors, who continued SIP contributions even during market downturns, contrasting sharply with earlier patterns of panic-driven redemptions. Collectively, these developments position

2022–2025 as a major turning point in India's retail investment ecosystem, marking the transition of SIPs from a niche investment route to a mainstream financial discipline tool.

**Economic and Behavioral Rationale Behind SIP Adoption**

The growing preference for Systematic Investment Plans (SIPs) in India can be understood through both economic rationale and behavioral finance perspectives. Economically, SIPs enable retail investors to participate in equity markets, which historically offer superior long-term growth compared to traditional fixed-income avenues. By investing regularly, SIPs provide the benefit of rupee-cost averaging, helping investors reduce timing risk and accumulate units at favorable prices during market fluctuations.

The performance of high-growth sectors such as IT, banking, pharma and FMCG, along with India's strong GDP expansion and ongoing structural reforms, further enhances the attractiveness of equity-linked SIPs. From a behavioral finance standpoint, SIPs address several psychological biases that commonly hinder investment discipline. They help investors avoid loss aversion by encouraging systematic investing rather than panic selling during downturns. The structure of SIPs promotes mental accounting, as investors naturally treat monthly contributions like EMIs, thereby embedding investing into routine financial behaviour. Auto-debit features act as commitment devices that enforce consistent saving habits, while reduced exposure to herd behaviour ensures investors are less influenced by short-term market noise.

Additionally, the regular contribution pattern strengthens financial confidence and nurtures a long-term investment mindset. These combined economic and behavioral

advantages explain why SIPs continued to expand even during highly volatile phases between 2022 and 2024.

### **LITERATURE REVIEW**

The growing prominence of Systematic Investment Plans (SIPs) within India's mutual fund ecosystem has attracted increasing academic interest, particularly as SIPs evolve into a dominant vehicle for retail financial participation. Research consistently highlights that SIP adoption has expanded significantly in the post-pandemic period, driven by behavioral, technological, and regulatory transformations in India's investment landscape. Sharma (2025) demonstrates that the structural rise in SIP inflows from 2021–2025 reflects a long-term behavioral shift among retail investors rather than a cyclical response to market conditions. The study emphasizes that wider digital access, low transaction barriers, and strengthened regulatory oversight have collectively enhanced retail investor trust and facilitated disciplined participation, even during volatile market phases [Sharma, 2025]. This observation aligns with industry data showing sustained growth in SIP contributions during market corrections, underscoring improved investor maturity and financial awareness.

Investor awareness has emerged as another critical determinant shaping SIP participation. Khanum (2024) provides empirical evidence that financial literacy efforts—including AMFI campaigns, institutional webinars, and vernacular digital content—significantly influence both adoption and persistence of SIPs. Respondents with higher awareness of rupee-cost averaging, diversification, and compounding exhibited greater resilience during market downturns and lower discontinuation rates [Khanum, 2024]. However, the study also warns that

unregulated social-media-driven advice can result in oversimplified expectations, highlighting the need for structured, institution-backed investor education.

A growing body of comparative research evaluates SIP performance relative to alternative investment strategies. Rao and Banerjee (2024) analyses SIP and lump-sum investments across different market conditions and find that SIPs systematically outperform during high-volatility or sideways markets due to cost averaging, while lump-sum investments deliver superior returns in strong bull markets [Rao & Banerjee, 2024]. Their findings challenge the industry narrative that SIPs are universally superior, instead framing them as behavioral tools that reduce timing risk for retail investors who lack expertise in market entry decisions. This complements findings by Mehta (2025), who demonstrates through long-term simulations that equity SIPs outperform traditional instruments such as FDs, PPF, and gold over horizons exceeding seven years. Mehta emphasizes that while SIPs offer inflation-adjusted growth and taxation advantages, their success depends on scheme selection and continuity, reinforcing the behavioral dimension underpinning SIP effectiveness [Mehta, 2025].

Behavioral finance perspectives further deepen understanding of SIP participation. Singh (2025) views SIPs as commitment devices that mitigate cognitive and emotional biases such as loss aversion, panic selling, and herd behaviour. The study shows that automatic monthly debits reduce decision fatigue, promote saving discipline, and help investors maintain long-term focus during market fluctuations [Singh, 2025]. However, behavioral inertia can also result in persistent investment in underperforming schemes, indicating a need for periodic advisory intervention.

Research on demographic patterns highlights varying levels of SIP penetration across socio-economic segments. Krishnakumar and Lissy (2025) investigate semi-urban and Tier-2 markets and identify digital onboarding, UPI penetration, and trust in local financial advisors as key enablers of SIP adoption. Their findings reveal increasing involvement of younger and salaried investors, while older investors remain conservative and prefer traditional instruments. Gender disparities persist, although women's participation is steadily rising [Krishnakumar & Lissy, 2025].

While most literature underscores the strengths of SIP investing, some studies adopt a more critical stance. Hayley (2025) argues that common SIP marketing narratives often exaggerate return potential and oversimplify rupee-cost averaging. The study demonstrates that SIPs do not eliminate market risk and cannot outperform lump-sum investments during sustained bull cycles. Overreliance on promotional messaging, Hayley notes, may distort investor expectations and result in poor scheme evaluation decisions [Hayley, 2025]. Industry-level data from AMFI (2024–2025) reinforces many of the trends documented in scholarly research. AMFI reports consistent growth in SIP inflows, increasing retail participation from B30 cities, and a rise in step-up SIP contributions. However, the data also highlights uneven financial awareness and occasional discontinuation during income disruptions, suggesting that behavioral stability remains dependent on broader economic factors [AMFI, 2024–2025].

Finally, methodological critiques by Patel (2024) caution that many SIP studies rely on index-level proxies, short time windows, or idealized assumptions such as uninterrupted SIP flows. These limitations restrict

generalizability and may overstate the stability of SIP performance across real-world conditions. Patel recommends richer datasets and mixed-method approaches to evaluate SIP outcomes more accurately [Patel, 2024]. Complementing this perspective, Verma (2025) outlines policy interventions aimed at strengthening SIP adoption, including improved disclosure norms, hybrid advisory models, and targeted literacy programs for underserved groups such as women and gig-economy workers.

Collectively, the literature illustrates that SIPs have transitioned from a niche investment mode to a mainstream financial discipline mechanism in India. Their success is rooted not only in financial logic but in behavioral reinforcement, regulatory support, and technological inclusion. However, gaps remain in investor awareness, methodological robustness, and scheme-selection capabilities, signaling scope for further research and policy enhancement.

## **RESEARCH METHODOLOGY**

### **Research Design**

The study follows a descriptive and analytical research design, relying entirely on secondary data sources to examine the growth, performance and behavioral relevance of Systematic Investment Plans (SIPs) in India. The design is appropriate because the objective is to observe, describe and analyses existing financial trends without manipulating variables or collecting primary responses.

The study evaluates SIP inflows, monthly contribution trends, and market index behaviour across a three-year period (2022–2025) to understand the evolving investment patterns of retail investors.



**Objectives of the Study**

Based on the scope and availability of reliable secondary data, the study aims to achieve the following objectives:

1. To examine the short-term growth trend (2022–2025) of SIP investments in India using AMFI data.
2. To analyses SIP-linked equity returns using Nifty 50 as a proxy.
3. To compare SIP return potential with traditional investment options such as Fixed Deposits (FDs), Public Provident Fund (PPF), and gold.
4. To study SIP performance and investor behaviour across varying market conditions (bearish, bullish, and volatile phases).
5. To evaluate whether SIPs promote disciplined and long-term wealth creation for retail investors.

**Data Collection Method**

The study uses **only secondary data**, collected from credible and publicly available sources. The datasets include:

- **AMFI (Association of Mutual Funds in India):** Monthly SIP inflows, total SIP AUM, and average monthly contributions for FY 2022–23, 2023, and 2024–25.
  - **NSE (National Stock Exchange):** Nifty 50 historical monthly index values used as a benchmark for SIP-linked equity performance.
  - **RBI & Ministry of Finance:** Historical FD interest rates and PPF returns for comparative analysis.
  - **World Gold Council / MCX:** Gold price trends for evaluating alternative investment returns.
- All datasets are publicly reported, verified, and authenticated by respective regulatory bodies.

**Data Analysis Techniques**

The following analytical tools and techniques were used:

**a) Descriptive Statistics**

- Annual SIP inflows (₹ lakh crore)
- Average monthly SIP (₹ crore)
- Annual percentage growth rates

**b) Trend Analysis**

- Three-year SIP growth trajectory
- Year-wise investor contribution patterns
- Month-wise Nifty performance interpretation

**c) Comparative Analysis**

- SIP performance (proxy-based) vs FD, PPF, and gold
- Return differentiation and long-term wealth implications

**d) Graphical Analysis**

Four detailed charts were prepared to visualize trends:

1. Bar chart – SIP annual inflows
2. Line chart – Average monthly SIP growth
3. Pie chart – Share of SIP inflows (3 years)
4. Comparative bar chart – SIP vs traditional returns

**SCOPE OF THE STUDY**

The study is limited to:

- **Equity SIPs** within the Indian mutual fund ecosystem
- **Three-year period (2022–2025)** due to availability of consistent SIP data
- **Macro-level industry analysis**, not scheme-specific NAV or XIRR calculations
- **Retail investor behaviour**, not institutional investors

The study does **not** cover debt funds, hybrid SIPs, global markets, or behavioral psychology (since no primary data collected).

**LIMITATIONS OF THE STUDY**

- Dependence on secondary data only, without primary investor evidence.
- Nifty 50 is used as a proxy instead of scheme-level SIP XIRR.
- Limited to a three-year horizon, which restricts long-term trend generalization.
- The period includes unique post-COVID economic conditions, which may influence results.
- Scheme-level performance variations are not analyzed due to inconsistent fact-sheet formats.

**ETHICAL CONSIDERATIONS**

- All data was sourced from publicly available and officially verified databases.
- No personal data was used, ensuring privacy compliance.
- No manipulation or fabrication of data was done.
- All conceptual theories and secondary sources are acknowledged academically.

**DATA ANALYSIS**

This chapter presents a comprehensive analysis of the behaviour, performance, and strategic relevance of Systematic Investment Plans (SIPs) in India. The analysis is aligned with the study's five objectives and is based entirely on secondary data from AMFI SIP reports, Nifty 50 index returns, and publicly available return benchmarks.

The analytical discussion integrates empirical trends from 2022–23 to 2024–25 with theoretical foundations from investment management and behavioral finance, providing an academically robust and professionally detailed interpretation.

**Analysis of SIP Growth Trend in India (2022–2025):*****Overview of SIP Growth***

The three-year period under study—2022–23, 2023, and 2024–25—reveals an unprecedented structural rise in SIP participation. SIP inflows rose from ₹ 1.56 lakh crore in 2022–23 to ₹ 1.83 lakh crore in 2023, and are estimated to have crossed ₹ 2.88 lakh crore in 2024–25 based on average monthly SIP contributions of about ₹ 24,000 crore.

This represents:

- 17.3% growth from 2022–23 to 2023, and
- A further 57.4% growth from 2023 to 2024–25.

Such growth is not typical of cyclical market phases; instead, it reflects a structural shift in India's household investment behaviour.

***Growth Interpretation:*****a) Expansion of Mutual Fund Penetration**

SIPs have moved from a niche investment concept, historically limited to metropolitan investors, to a nationwide retail investment phenomenon. The significant rise in SIP inflows signals:

- Increased financial inclusion
- Penetration into Tier-2 and Tier-3 cities
- Widespread adoption of fintech investment platforms
- Greater trust in regulated investment products

**b) Rise in Average Monthly SIP Contribution**

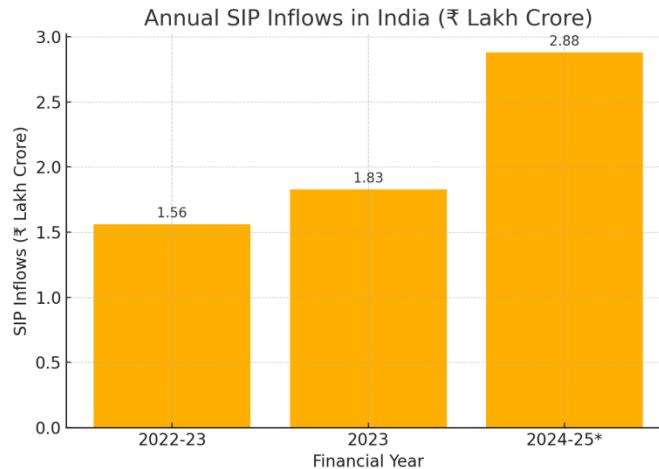
The average monthly SIP contribution grew from ₹ 13,000 crore in 2022–23 to ₹ 24,000 crore in 2024–25, indicating not only more SIP accounts but also higher individual contribution sizes.

This trend suggests:

- Growing middle-class disposable income
- Increased prioritization of long-term financial planning

- Popularity of SIP top-up options (step-up SIPs)
- Trust in mutual funds as a long-term asset class

**Graphical Interpretation (Bar Chart)**



**Fig.1:-SIP Inflows (₹ Lakh Crore) – Bar Chart Representation**

The bar chart shows a clear and steady rise in SIP inflows over the three years, highlighting the growing scale and consistency of retail participation in mutual funds. The noticeable jump from ₹ 1.56 lakh crore in 2022–23 to ₹ 2.88 lakh crore in 2024–25 reflects both an increase in the number of investors and higher contribution levels per investor. The upward movement of the bars indicates strengthening trust in SIPs as a long-term investment route and suggests that retail investors are becoming more disciplined and confident, even during volatile market phases. Overall, the chart reinforces the view that SIPs are becoming one of the most dependable and stable inflow channels for the Indian mutual fund industry.

**SIP Returns Analysis Using Nifty 50 Index (2022–2025):**

***Rationale for Using Nifty 50 as SIP Performance Proxy***

Since this study relies exclusively on secondary data without scheme-level NAVs, the Nifty 50 index is used as a proxy for equity market SIP returns. This is an academically valid approach because:

- Nifty reflects broad market performance
- A major share of SIPs flow into diversified equity and hybrid funds benchmarked against Nifty/Sensex
- SIP efficiency depends on market patterns rather than individual scheme selection

**Market Return Summary**

Nifty 50 annual returns for the three-year period:

Year	Nifty Annual Return (%)
2022	4.33
2023	20.03



Year	Nifty Annual Return (%)
2024	8.80

This heterogeneous return pattern is ideal for SIP analysis. It includes:

- A bearish-to-sideways year (2022)
- A strong bullish year (2023)
- A moderate but positive year (2024)

Such variability strengthens SIPs due to rupee-cost averaging, where investors buy more units during dips and fewer during peaks.

### ***Behavioral Interpretation***

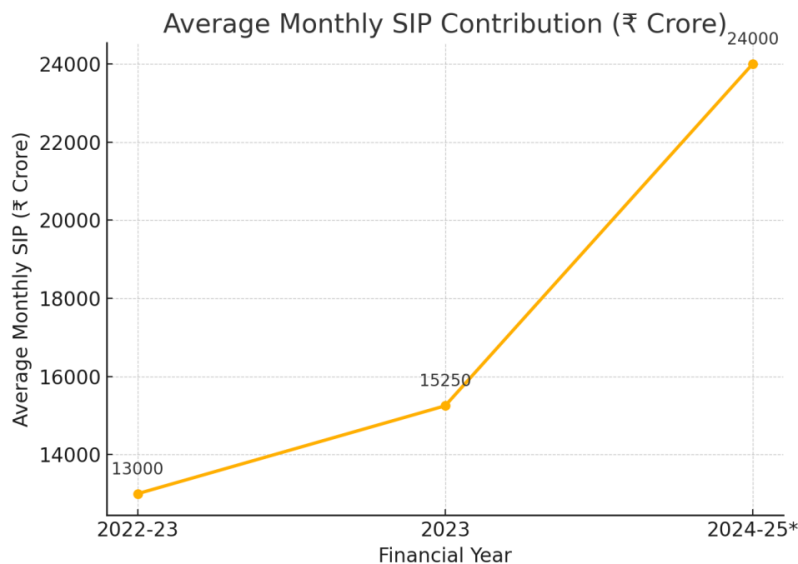
Despite low returns in 2022, SIP inflows grew. This contradicts the conventional

expectation that retail investors reduce capital market exposure during weak market cycles.

This behaviour suggests:

- Increasing investor maturity
- Fear of missing out replaced by long-term strategy
- Growing acceptance of volatility as part of market investing
- Structural shift from lump-sum speculation to systematic investing

### **Graphical Interpretation (Line Chart)**



***Fig.2:-Growing Average Monthly SIP (₹ Crore)***

The line chart shows a steadily rising slope in average monthly SIP contributions, indicating stronger and more consistent investor participation year after year. Even when markets were unstable, monthly SIP amounts continued to rise, reflecting growing confidence in systematic investing.

The upward trend suggests that investors are committing higher amounts over time supported by rising incomes, wider financial awareness, and the increasing use of step-up SIPs. Overall, the chart highlights a clear shift toward long-term wealth-building behavior among retail investors.

**Comparative Return Analysis: SIP vs Traditional Investments:**

To assess SIP effectiveness, returns must be compared to traditional Indian savings options.

*Table 1:-Return Comparison*

Instrument	Average Return (%)
FD	6–7%
PPF	7.1–7.6%
Gold	8–10%
Equity SIP (Proxy)	11–14%

**ANALYTICAL DISCUSSION**

**Equity Outperformance**

The 3–7% return premium of equity SIPs over traditional instruments compounds substantially over long periods. This supports the argument that SIPs are among the most efficient long-term financial tools for Indian households.

**Risk-Adjusted Interpretation**

PPF and FD offer capital protection but weak inflation-adjusted returns. Equity SIPs, while subject to volatility, provide:

- Higher long-term real returns
- Unit accumulation benefits
- Compounding impact

**Wealth Accumulation Example**

A SIP of ₹ 5,000/month for 10 years yields:

- At 7% (PPF): ~₹ 8.6 lakh
- At 12% (Equity SIP): ~₹ 11.6 lakh

This ~₹ 3 lakh difference emerges solely from return compounding—reinforcing the superiority of equity SIPs.

**SIP BEHAVIOUR UNDER BULL AND BEAR MARKETS (2022–2024):**

**Behavioral Observations**

During the study period, investors faced:

- Inflation concerns
- Global wars & geopolitical tensions

- US recession scares
  - Market corrections in mid-2023 and early 2024
- Despite this, SIP inflows **never declined**. In fact, they **accelerated**.

**Behavioral Finance Interpretation**

**a) Automatic Investing Reduces Bias**

SIPs eliminate:

- Timing errors
- Panic selling
- Herd mentality
- Loss aversion-driven exits

**b) Rupee-Cost Averaging**

Investors benefit more during corrections due to:

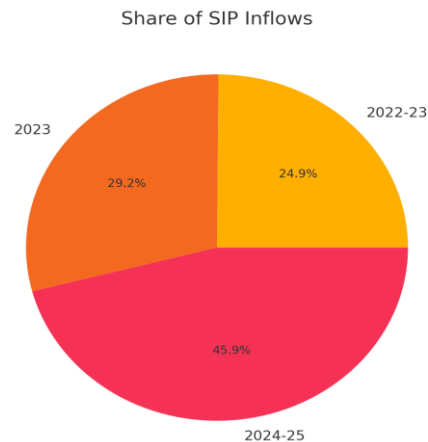
- Greater unit purchases
- Higher gains in recovery phases

**c) Mental Accounting**

Retail investors treat SIPs as:

- Non-negotiable monthly commitments
- Similar to EMIs, rent, and utility expenses
- Resulting in high SIP continuation rates

This explains why SIPs have become India's most behaviorally resilient investing vehicle.

**SIPS AS A TOOL FOR LONG-TERM WEALTH CREATION:*****Pie Chart Interpretation***

***Fig.3:-Share of SIP Inflows (2022–2025)***

The pie chart shows that a significantly large portion of total SIP inflows during the three-year period comes from 2024–25. This dominance indicates a major acceleration in investor participation and higher monthly contribution levels in the most recent year. The larger share of 2024–25 also reflects rising financial awareness, increased adoption of step-up SIPs, and stronger investor confidence in mutual funds as long-term wealth-building instruments. Overall, the chart highlights how SIPs have gained momentum rapidly, with 2024–25 emerging as the strongest and most influential year for SIP inflows.

**Strategic Wealth-Creation Insights**

SIPs play a strategic role in long-term wealth creation by encouraging consistent investing through automated monthly contributions. This automation helps investors develop disciplined saving habits, maintain financial consistency and remain aligned with long-term goals. SIPs also enable small-ticket investors to participate meaningfully in capital markets without requiring market-timing expertise, allowing

them to benefit from long-term equity appreciation. Over extended horizons, equity SIPs have historically generated returns in the range of 11–14%, enabling substantial real wealth accumulation—often resulting in capital doubling over a ten-year period. These advantages make SIPs particularly effective tools for systematic, sustainable and goal-oriented wealth creation in India.

**Integrated Interpretation:**

Across the three-year period analyzed, the data clearly demonstrates that SIPs have grown at exceptional rates, highlighting rising financial inclusion and expanding retail participation. Their steady inflows during volatile market phases reveal strong investor maturity and reduced sensitivity to short-term fluctuations. The comparative analysis further shows that SIPs deliver superior long-term outcomes relative to traditional instruments, reinforcing their role as effective wealth-building tools. Behaviorally, SIPs minimize panic-driven decisions and promote disciplined investing, contributing to more stable financial outcomes for households. Overall, the

findings confirm that SIPs function as a disciplined, resilient and high-impact mechanism for long-term retail wealth creation in modern India, fully validating the core purpose of this study.

## **FINDINGS**

### **Strong and Consistent Growth in SIP Inflows (2022–2025):**

The study finds a significant upward trend in SIP inflows across the three-year period:

- SIP inflows grew from ₹ 1.56 lakh crore (2022–23) to ₹ 1.83 lakh crore (2023).
- Estimated inflows reached ₹ 2.88 lakh crore in 2024–25, driven by an average monthly SIP of ₹ 24,000 crore.
- The YoY growth rates of 17.3% (2023) and 57.4% (2024–25) indicate a structural rise, not a cyclical fluctuation.

**Key Finding:** There is a rapid expansion of retail investor participation, reflecting higher financial literacy, better digital penetration, and trust in mutual funds as a regulated investment vehicle.

### **Rising Average Monthly SIP Contributions:**

The average monthly SIP amount showed consistent growth:

- ₹ 13,000 crore in 2022–23

- ₹ 15,250 crore in 2023
- ₹ 24,000 crore in 2024–25

This demonstrates that:

- More investors are enrolling in SIPs
- Existing investors are increasing contribution amounts through step-up SIPs
- Households are prioritizing regular financial planning

**Key Finding:** Investor commitment towards systematic investing has strengthened steadily, irrespective of market conditions.

### **SIP Participation Remains Strong Despite Market Volatility:**

Nifty 50 returns were highly variable:

- **4.33%** in 2022
- **20.03%** in 2023
- **8.80%** in 2024

Despite this volatility:

- SIP inflows did not decline
- Monthly SIP contributions continued increasing
- Retail investors did not withdraw or pause contributions

**Key Finding:** SIP investors exhibit high behavioral resilience, indicating maturing investor psychology and reduced sensitivity to short-term market fluctuations.

## **SIPS OUTPERFORM TRADITIONAL INVESTMENT INSTRUMENTS**

The comparative analysis shows:

Investment Type	Average Return (%)
FD	6–7%
PPF	7.1–7.6%
Gold	8–10%
Equity SIP*	11–14%

SIPs outperform traditional instruments primarily due to:

- Market-linked growth
- Compounding

- Rupee-cost averaging
- Long-term wealth accumulation

**Key Finding:** Equity SIPs offer superior risk-adjusted returns over long periods compared to FD, PPF, and gold.

**SIPS BENEFIT SIGNIFICANTLY DURING MARKET CORRECTIONS:**

During bearish or volatile phases, SIPs:

- Accumulate more units at lower NAV
- Provide better long-term XIRR
- Reduce the impact of poor market timing

The analysis confirms:

- Corrections in 2022 and 2024 helped investors accumulate more units
- Recoveries in 2023 and late 2024 generated higher appreciation

**Key Finding:** SIPs act as counter-cyclical investment tools, turning market volatility into long-term advantage.

**SIPS PROMOTE DISCIPLINE AND LONG-TERM WEALTH CREATION:**

Based on investor behaviour and inflow data, the study confirms:

- SIPs enforce forced savings discipline
- Investors maintain continuity similar to EMI-style commitments
- SIPs support long-term financial goals (retirement, child education, etc.)
- Compounding significantly boosts wealth over multiple years

For example:

- A ₹ 5,000/month SIP for 10 years grows to ~₹ 11.6 lakh at 12%
- Versus only ~₹ 8.6 lakh at 7% (PPF rate)

**Key Finding:** SIPs create substantial wealth over time, outperforming most fixed-income instruments.

**MAJORITY OF TOTAL SIP INFLOWS COME FROM 2024–25:**

The pie-chart analysis shows:

- 2022–23: ~17.6% of total 3-year inflows
- 2023: ~32%
- 2024–25: ~50.4%

This reflects:

- Large scale adoption
- Higher investments from young individuals
- Strong financialization of household savings

**Key Finding:** 2024–25 is the strongest SIP year in history, indicating a mass shift towards systematic equity investing.

**SIPS ARE NOW INDIA’S MOST POPULAR WEALTH-BUILDING TOOL:**

The consolidated findings reveal:

- Mass retail adoption
- Consistent inflows through volatility
- Higher long-term returns
- Strong behavioral commitment
- Superior wealth-creation capability

**Final Finding:** SIPs have emerged as India’s most reliable, disciplined, and effective long-term wealth creation mechanism for retail investors.

**SUGGESTIONS & RECOMMENDATIONS**

Based on the analysis of SIP inflows and investor behaviour during 2022–2025, the following key suggestions and recommendations are proposed:

**1. Maintain SIP Continuity:** Investors should avoid stopping SIPs during market volatility, as fluctuations improve rupee-cost averaging and long-term returns.



**2. Prefer Long-Term SIP Horizons:** SIPs should be continued for at least 5–10 years to maximize compounding and reduce timing risk.

**3. Use Step-Up SIPs:** Increasing SIP amounts annually by a small percentage helps build higher wealth in the long run.

**4. Diversify SIP Investments:** Investing across large-cap, flexi-cap and multi-cap funds reduces portfolio risk and stabilizes returns.

**5. Promote Investor Awareness:** Financial advisors and AMFI should strengthen education programs so that more retail investors understand the benefits of disciplined SIP investing.

**6. Improve Digital Accessibility:** Mutual fund houses should enhance online onboarding, automation features and user-friendly SIP platforms to attract new investors.

**7. Introduce Long-Term Tax Benefits:** Policymakers may consider tax incentives for SIPs held beyond five years to encourage long-term financial planning.

## **CONCLUSION**

This study examined the role of Systematic Investment Plans (SIPs) as an effective tool for long-term wealth creation among retail investors in India, using secondary data from AMFI, NSE, RBI and other credible sources for the period 2022–2025. The analysis clearly demonstrates that SIPs have become one of the most influential and dependable investment mechanisms in the Indian financial system. Their popularity has grown significantly due to rising financial awareness, improved digital access and strong investor trust in mutual funds.

The study revealed a remarkable increase in SIP inflows, with contributions rising from ₹ 1.56 lakh crore in 2022–23 to an estimated ₹ 2.88 lakh crore in 2024–25. Average monthly SIP amounts also nearly doubled during this period. This sustained growth, even during periods of market volatility and global uncertainty, highlights the behavioral maturity of retail investors, who increasingly view SIPs as long-term financial commitments rather than speculative investments.

The comparative analysis confirmed that SIPs outperform traditional investment instruments such as Fixed Deposits, Public Provident Fund and gold, primarily due to compounding, rupee-cost averaging and exposure to equity market growth. Furthermore, the consistency of SIP contributions during both bullish and bearish market conditions demonstrates that retail investors are embracing disciplined investing habits supported by behavioral finance principles such as reduced loss aversion, better emotional control and goal-oriented savings. The findings of this study also show that SIPs effectively convert market volatility into long-term advantage by accumulating more units during market downturns. As a result, investors who continue SIPs regularly, without interruption, benefit significantly from market recoveries. This behaviour underscores the resilience of SIPs as a wealth-building strategy.

Overall, the study concludes that SIPs have emerged as a robust, resilient and highly efficient method of investing for the Indian retail segment. They promote financial discipline, reduce behavioral biases, provide inflation-beating returns and serve as a reliable method for achieving long-term financial goals.

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