

Assets creation by systematic investment plan

■ **LEELAWATI AND SHWETA AGRAWAL**

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ABSTRACT

In growing India Banking industry is playing an important and active role in the economic development. If the banking system in a country is effective, efficient and disciplined it brings about a rapid growth in the various sectors of the economy. India is a country where people of all income backgrounds are living. People from different income background are interested in different types of investment pattern. Like rich people are keen to invest in gold, land and other capital intensive investment. But in India more than half population is belong to middle class and they also want to save their future by building a strong monetary background. SIP is a way to promote those investors who have low income pattern and does not invest huge fixed or lump sum amount in one time. By this systematic investment plan investors commit to investing a fixed amount on regular interval. SIP works on the principle of regular investments. It is like your recurring deposit where you put in a small amount every month. It allows you to invest in a MF by making smaller periodic investments (monthly or quarterly) in place of a heavy one-time investment *i.e.* SIP allows you to pay 10 periodic investments of Rs 500 each in place of a one-time investment of Rs 5,000 in an MF. Thus, you can invest in an MF without altering your other financial liabilities. It is imperative to understand the concept of rupee cost averaging and the power of compounding to better appreciate the working of SIPs.

KEY WORDS : Investment, Mutual fund, Opportunities, Systematic investment plan

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MEMBERS OF THE RESEARCH FORUM

Correspondence to:

LEELAWATI, Department of Management, Sacred Heart Degree College, Napilapur, SITAPUR (U.P.) INDIA
Email: leelawati.mba@gmail.com

Authors' affiliations:

SHWETA AGRAWAL, Department of Commerce, Sacred Heart Degree College, Napilapur, SITAPUR (U.P.) INDIA
Email: shweta.shdc@gmail.com