

SIP Vs LUMP SUM INVESTMENT IN WEALTH CREATION AT SBI MUTUAL FUND

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ABSTRACT: This research compares the effectiveness of Systematic Investment Plans (SIPs) in wealth growth to lump sum investments, focusing on the SBI Mutual Fund. The research assesses the long-term effectiveness of each investing strategy under a variety of market situations. SIP investing help individuals become more responsible with their money by distributing investments across numerous market cycles, reducing the risk of market prediction, and lowering their cost of living. In contrast, lump sum investments may earn higher rewards during periods of market boom; but, they also carry a higher risk of financial loss. The research investigates historical NAV data, return patterns, and risk-adjusted performance indicators for a subset of SBI Mutual Fund schemes. The findings suggest that SIPs are especially useful for regular investors who want to acquire wealth in a more steady and orderly manner, especially during times of market volatility. Lump sum investments frequently outperform other types of investments in bullish markets; but, they also lose value more quickly during bearish market situations. According to the analysis, SIPs are better suited to persons who are employed and do not want to take chances, whereas lump sum investments are better suited to those who have spare funds and are prepared to take risks.

Keywords: *Systematic Investment Plan (SIP), Lump Sum Investment, Wealth Creation, Investment Strategies, Rupee Cost Averaging*

I. INTRODUCTION

SIP (Systematic Investment Plan) is a methodical strategy to investing a set amount of money in mutual funds on a regular basis, such as once a month. By taking advantage of rupee cost averaging, wealth grows over time. SIP (Session Initiation technology) is a signaling technology used in real-time internet communications including video conferences and VoIP. It is in charge of the configuration, modification, and termination of communications. SIPs are financial tools that encourage people to save tiny sums of money. In terms of technology, it replaces archaic ways with modern IP-based communications.

A systematic investment plan (SIP) is a popular and commonly utilized way to invest in mutual funds. A SIP is designed to simplify the investment process for individuals by allowing them to buy units with a little sum of money rather than investing a large sum of money all at once. A SIP debits an investor's bank account on a weekly, monthly, or semi-annual basis for a predetermined amount. Investors in a systematic investment plan (SIP) are allotted units based on the NAV at the time of investment. The net asset value (NAV) refers to the price at which mutual fund shares can be bought and sold. A mutual fund scheme's net asset value (NAV) fluctuates daily. SIPs simplify the investment process by removing the need

for investors to consider potential market volatility. This is because SIPs allow you to average rupee prices. Investors receive fewer units as a fund's net asset value (NAV) improves. In contrast, as the fund's net asset value (NAV) falls, investors receive more units. This shows that the average cost per unit is less than the total amount invested by investors.

The Systematic Investment Plan (SIP) is a safe and predictable way to invest in mutual funds. Individuals continually contribute a certain amount of money to a mutual fund or other investment vehicle in this sort of investment. This method of investment allows people to build wealth over time by investing a significant amount of money in monthly installments rather than all at once.

Rather of making monthly payments over time, a lump sum investment is the immediate investment of a large sum of money in a financial asset, such as a stock or mutual fund. This method is commonly used by those who acquire a large sum of money from an inheritance, a bonus, or the sale of an asset.

A huge sum investment is when an investor puts all of his or her money into one investment. For example, a person could make a single investment in mutual funds or other similar ventures. Similarly, a lump sum payment is equal. As the name implies, it does not include any installments or dividing of the entire cash.

A large number of people in India use lump sum investments to invest in mutual funds. This type of investment involves the immediate deployment of a large sum of money, rather than its gradual distribution over time in smaller increments. Many people invest all of their savings in mutual funds at the same time. Investors with

large sums of money and a willingness to take risks may use lump sum investments.

Rather than investing a large sum of money over several months, a lump sum investment is made all at once. This is a common practice in mutual funds, when the entire sum is invested in accordance with the fund's Net Asset Value (NAV) on that particular day. This is particularly noteworthy when the market is inexpensive and predicted to grow in the future. You capitalize on market expansion from the start by spending the entire amount up front.

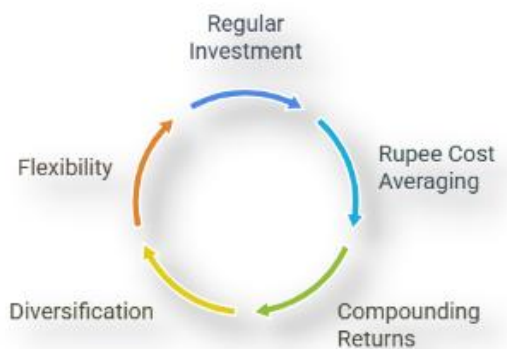
The Systematic Investment Plan (SIP) and the lump sum investment are two popular ways to invest in mutual funds with the goal of building wealth over time. The phrase SIP refers to the practice of continually investing the same amount of money in an investment at regular periods, usually once a month, regardless of market conditions. This strategy is especially beneficial for people who are new to investing and have a job, as it promotes financial discipline, affordability, and rupee cost averaging. SIPs reduce the effects of market swings by dispersing investments over time. This allows investors to benefit from compound interest over time. As a result, SIP is often the most effective way to achieve long-term financial goals including saving for retirement, paying for education, and building wealth.

A lump sum investment is the act of investing a large sum of money into the market at once. This type of investment is usually done by someone who has a surplus of cash or believes the market is favorable. If you invest during market downturns and keep your investment for a long time, this method can boost your returns by leveraging compounding

effects. Nonetheless, lump sum investments are more prone to market timing errors because the date of entry has a significant impact on returns. Investors must compare SIP versus lump sum investments to understand how different methodologies affect wealth development, risk exposure, and return potential. This enables consumers to select a strategy that aligns with their financial goals, risk tolerance, and market viewpoint.

II. FUNDAMENTALS OF SYSTEMATIC INVESTMENT PLANNING

Regularity: Regularity is the act of agreeing to invest a set amount of money on a consistent basis. As a result, investors develop a habit of saving and investing on a consistent basis, allowing them to build wealth over time.



Rupee Cost Averaging: By investing frequently, you can buy more units at lower costs and fewer at higher prices. Averaging reduces the overall cost of your rupee investment.

Compounding: Compounding is a way for increasing the long-term growth of an investment. In order to increase earnings, it returns the cash acquired through SIP to the market. The fundamental assumption in this section is that "the earlier you start, the more you can accumulate."

Diversification: SIPs help investors diversify their portfolios by allowing them to invest in a wide range of financial sectors and assets. This reduces the danger associated with a single unit by distributing it.

Flexibility: SIPs allow for a wide range of investment amounts and frequencies. Now, investors may handle their own funds. If necessary, they can suspend the SIP or start with a lesser quantity and gradually increase it.

III. RELATED WORK

R. Mehta 2024: The role of investment discipline in wealth growth via Systematic Investment Plans (SIPs) and lump payments, guided by behavioral finance principles. The research emphasizes the importance of investor behavior and decision-making in determining investment performance over time. The findings show that SIPs foster the establishment of disciplined and automated investing habits by encouraging participants to make consistent contributions regardless of market conditions. Lump sum investments, on the other hand, rely on the investor's judgment, market timing, and faith in short-term market forecasts. The research shows that lump sum investors may be more vulnerable to emotional biases, such as overconfidence during bull markets and worry during downturns. In contrast, SIP investors are more likely to stick with their investments during difficult times and are less likely to quit them.

P. S. Rao 2024: The P. This article examines the inflation-adjusted returns for Systematic Investment Plans (SIPs) vs lump sum investments. It underlines their ability to accumulate true riches over time.

The research calculates real returns by adjusting nominal mutual fund returns to reflect actual inflation rates over several market cycles. SIPs consistently exceed inflation because to their focused and planned investment techniques, as evidenced by statistics. When inflation is included, lump sum investments produce inconsistent results, owing mostly to the current state of the economy and the timing of their entry into the market. The research demonstrates the significant impact that compounding may have on SIP investments, which gradually raise their actual returns over time.

Verma 2024: An A. Verma 2024 This research compares Systematic Investing Plans (SIPs) against single-sum investment strategies for building long-term wealth. The research examines the performance of well-known equities mutual funds over a ten-year period to assess the market's various stages. The research found that SIPs beat lump sum investments in terms of return stability, risk minimization, and unfavorable protection. When the timing of market entry is optimal, lump sum investments yield higher returns. Consequently, they are more vulnerable to market swings. The research underlines the necessity of investment discipline, which SIPs automatically foster by requiring automated and constant payments. Furthermore, SIPs are especially useful for salaried people. This is owing to their stable revenue streams.

K. L. Deshpande 2025 In "The K. L. Deshpande 2025," the behavioral and financial aspects of SIP and lump sum investment are examined. This inquiry combines investment return analysis with behavioral finance theory. The findings suggest that SIPs reduce cognitive biases such as anxiousness and overconfidence.

During instances of market volatility, investors are more likely to experience emotional distress when investing in a single sum. The research emphasizes the importance of automating SIP investments. According to return research, SIPs are an excellent way to increase one's wealth over time. While lump sum investments have greater potential for gain, they also carry a higher amount of risk. The research looks into the level of confidence and dedication of investors. Investors that take part in systematic investment plans (SIPs) are more devoted to their investments. The findings emphasize the need of financial discipline in achieving success. Market timing concerns are thoroughly investigated.

M. R. Kulkarni 2025: The M. R. Kulkarni 2025 research emphasizes the importance of Systematic Investment Plans (SIPs) and lump sum investments in the construction of long-term portfolios by looking at them from a strategic wealth management standpoint. The inquiry looks into how effectively each method allows long-term risk management, disciplined investing, and investment distribution. The findings show that systematic capital allocation is supported by SIPs, which help investors reduce concentration risk and market volatility through consistent investing. Nonetheless, lump sum investments may be beneficial when there are opportunities for value or when the market is correcting itself. The paper emphasizes the growing importance of hybrid investment strategies, which mix SIP investments with lump sum investments.

V. Kulkarni 2025 : V. Kulkarni 2025 This research investigates Systematic Investment Plans (SIPs) and lump sum investments in the context of retirement planning, with a focus on effective risk

management and long-term capital accumulation. The research emphasizes the importance of investing prudently over long periods of time in order to establish an appropriate retirement fund. The findings show that SIPs are extremely successful in gradually boosting retirement wealth by spreading investments across market cycles. However, lump sum investments are more advantageous for using retirement assets after retirement rather than during the accumulating phase. The research highlights the issue of income consistency, claiming that SIPs are most beneficial when combined with salaried pay schedules and monthly financial flows. Furthermore, volatility risk is evaluated, with a focus on the potential impact of market swings on the value of investors' retirement portfolios.

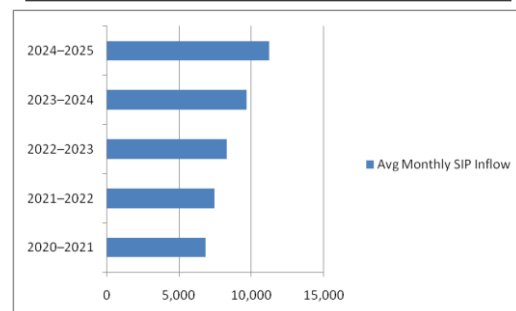
H. D. Joshi 2025: Greetings. D. Joshi 2025 This article looks into the effectiveness of combining Systematic Investing Plans (SIPs) with lump sum investing techniques to boost overall wealth. The inquiry looks at hybrid investing methods that combine clever one-time capital allocation with systematic ongoing investments. The findings suggest that a mixed approach increases portfolio diversification by striking a balance between stability and development potential. SIPs allow participants to maintain their investment positions throughout market cycles by ensuring constant fund deployment and management. Investing in a single amount during a market correction or value decrease may result in a larger return.

IV. DATA ANALYSIS AND RESULTS

SIP INVESTMENT

SBI MUTUAL FUND – SIP MONTHLY INFLOWS (₹ CRORE)

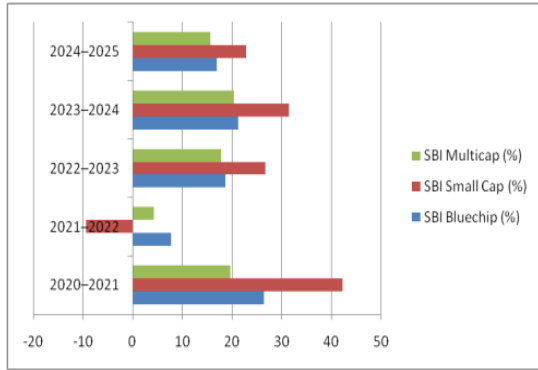
Year	Avg Monthly SIP Inflow
2020–2021	6,800
2021–2022	7,450
2022–2023	8,300
2023–2024	9,650
2024–2025	11,200



The average monthly SIP inflow has been gradually increasing over the last five years, indicating that a greater number of investors are opting for disciplined investments. SIP inflows rose from ₹6,800 crore in 2020-2021 to ₹7,450 crore in 2021-2022. This indicates that the use of SIPs is increasing. The trend continued in 2022-2023, with a total of ₹8,300 crore received. In 2023-2024, it rose to ₹9,650 crore. By 2024-2025, the average monthly SIP inflow was ₹11,200 crores. Individuals were becoming increasingly confident in the ability of mutual fund SIPs to help them accumulate wealth over time, despite the market's volatility.

ANNUAL RETURNS OF SBI EQUITY FUNDS (2021–2025)

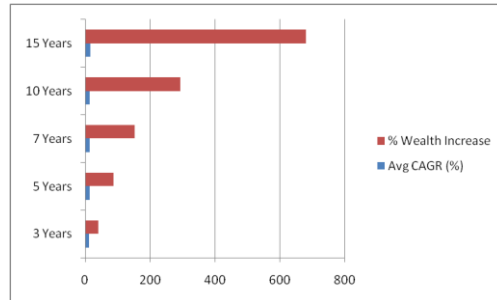
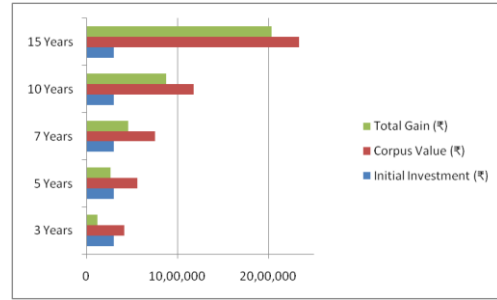
Year	SBI Bluechip (%)	SBI Small Cap (%)	SBI Multicap (%)
2020–2021	26.4	42.3	19.6
2021–2022	7.8	-9.4	4.3
2022–2023	18.6	26.7	17.8
2023–2024	21.2	31.5	20.4
2024–2025	16.9	22.8	15.6



The performance of SBI stock funds has fluctuated throughout numerous market cycles, demonstrating that they have varying levels of risk and return. SBI Small Cap generated the highest return (42.3%) from 2020 to 2021, followed by SBI Multicap (19.6%) and SBI Bluechip (26.4%). This signifies that the market is doing well. Small Cap had a bad year in 2021-2022, with a -9.4% return. Bluechip (7.8%) and Multicap (4.3%) showed greater steadiness. Throughout the 2022-2024 recovery period, all categories showed significant improvement, with Small Cap hitting a high of 31.5% in 2023-2024. Although returns decreased in 2024-2025, they remained healthy. This demonstrates how SIPs shield investors against long-term volatility while also allowing them to benefit from periods of strong growth.

LUMP SUM INVESTMENTS IMPACT OF LUMP SUM INVESTMENT DURATION ON WEALTH CREATION

Investment Duration (Years)	Initial Investment (₹)	Avg CAGR (%)	Corpus Value (₹)	Total Gain (₹)	% Wealth Increase
3 Years	3,00,000	12	4,21,000	1,21,000	40.3
5 Years	3,00,000	13.5	5,63,000	2,63,000	87.7
7 Years	3,00,000	14.2	7,60,000	4,60,000	153.3
10 Years	3,00,000	14.8	11,80,000	8,80,000	293.3
15 Years	3,00,000	15.5	23,40,000	20,40,000	680



The data analysis clearly demonstrates the impact of investment length in wealth building. The investment grows by 40.3% in just three years. In contrast, extending the duration to ten years results in a 293.3% rise, or more than three times the original amount. This demonstrates the efficacy of compounding. After 15 years of investing, the corpus has expanded to ₹23.40 lakh, indicating a stunning 680% increase in wealth and demonstrating exponential development. This data shows that hanging onto investments for an extended period of time significantly increases returns while reducing the influence of transient market volatility.

V. CONCLUSION

To summarize, lump sum investments and SIPs can both help you accumulate wealth if used properly. SIPs enable disciplined investing by allowing consumers to make small, frequent investments over time. By adopting rupee cost averaging, they lessen the consequences of market swings while eliminating the need for precise market timing. SIPs are the best option for people who are employed, just starting to invest, or want to invest for a long time. However,

lump sum investments may yield higher returns when the market is strong and pricing are appropriate. However, they are more dangerous and require smart timing and market understanding. When you buy a single sum, you become more vulnerable to short-term market changes. SIPs have one big advantage: they can multiply over time. Using SIPs in conjunction with carefully chosen lump sum investments can result in higher total returns during market falls. Consistent investment and long-term planning are the most important variables in wealth creation. As a result, investors should choose the investing plan that best matches their financial goals, risk tolerance, and investment duration.

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