MAJOR RESEARCH PROJECT ON

"Behavioral Shifts and Sentiment Analysis of SIP Investors During the 2021–2025 Market Correction"

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CERTIFICATE

This is to certify that the Major Research Project titled **"Behavioral Shifts and Sentiment Analysis of SIP Investors During the 2021–2025 Market Correction"** Is the Bonafide work of **Shreya Pandey** batch of MBA 2023-2025. It is submitted to Delhi Technological University (DTU), Delhi in partial fulfillment of the requirement for the award of the degree of **Master of Business Administration.** The project is carried out under my supervision and to the best of my knowledge and the piece of work is original and the student has submitted no part of this project to any other Institute/University earlier.

Date: 22 -04- 2025
Dr. Archana Singh
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DECLARATION

"We hereby state that this Major Report Project titled "Behavioral Shifts and Sentiment Analysis of SIP Investors During the 2021–2025 Market Correction" has been taken by us as part of our studies in our MBA program of Delhi Technological University. The material in this project is based on our research work that has been acknowledged in the reference page. The work done in this major research report has not been submitted to any other University or Institute for the reward of any diploma/degree course"

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ACKNOWLEDGEMENT

EXECUTIVE SUMMARY

The research project titled "Behavioural Shifts and Sentiment Analysis of SIP Investors During the 2021–2025 Market Correction" examines the emotional and behavioural responses of Indian SIP investors during a prolonged period of market volatility. The study dives deep into how investors navigated one of the lengthiest correction phases in recent history and highlights the role of sentiment and psychology in financial decision-making.

Systematic Investment Plans (SIPs) are promoted as a disciplined way to achieve long-term financial goals, regardless of short-term market fluctuations. However, the extended correction during 2021–2025 challenged this principle, putting investor confidence to the test. This study explores whether decisions made by investors—such as continuing, pausing, or exiting their SIPs—were rooted in logical analysis or influenced by emotions like fear and doubt, further amplified by external factors such as media narratives.

The research employs a mixed-method approach, combining primary data collected through surveys with secondary market data obtained from credible sources like AMFI and SEBI. Using statistical tools such as SPSS, investor actions were analysed alongside mutual fund performance metrics. Emotional sentiments were classified into positive, neutral, or negative categories based on open-ended responses to understand the psychological landscape behind their investment behaviour.

Key findings reveal that while many investors showed resilience by continuing their SIPs, a significant portion acted emotionally, either pausing or exiting despite reasonable fund performance. Positive sentiment emerged as the driving force behind investment continuity, whereas negative sentiment correlated strongly with hesitancy and withdrawal. Income levels and direct versus regular mutual fund plans also played a pivotal role in shaping investor confidence.

This project underscores the human aspect of investing—highlighting how emotional factors can outweigh rational calculations during uncertain times. By offering insights into investor behavior and sentiment, the study provides valuable recommendations for mutual fund companies, financial advisors, and fintech platforms to enhance investor guidance and communication strategies during volatile market periods.

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1. <u>INTRODUCTION</u>

SIPs, or Systematic Investment Plans, have grown to become one of the most preferred investment options across different investor segments in India — not just retail investors, but also among HNIs (High Net-Worth Individuals), salaried professionals, business owners, and even finance professionals themselves. The key reason for SIPs being widely adopted is their simplicity: investing a fixed amount regularly, regardless of what's happening in the market. However, while SIPs are designed for the long run, investor confidence is often tested when markets go through extended downturns. Between 2021 and 2025, the Indian equity markets experienced a prolonged correction. This period was marked by global economic pressures, rising inflation, geopolitical tensions, and delayed recovery. Although industry-level data such as SIP inflows looked relatively steady, these figures didn't reveal the actual behavior, reactions, and emotions of investors during this time.

This research looks deeper into how different types of investors — not just individual retail participants — responded to this uncertainty. It explores their decisions, confidence levels, emotional outlook, and how their actions compared to actual mutual fund performance. Were they driven by long-term conviction, or did external noise, fear, or media influence play a bigger role in shaping their financial choices?

<u>The Evolution of the Mutual Fund Industry in India</u>

Over the past two decades, India's mutual fund industry has undergone a massive transformation — from being viewed as complex and risky to becoming one of the most trusted investment avenues for a wide range of investors. With increasing awareness, ease of access, and better regulation, mutual funds are no longer reserved for experienced or wealthy individuals. Today, even first-time investors, students, young professionals, and retirees use mutual funds, particularly through SIPs (Systematic Investment Plans), to build long-term wealth.

According to data from AMFI, the total Assets Under Management (AUM) crossed ₹50 lakh crore by 2024. SIP inflows alone reached over ₹16,000 crore per month — proving that the disciplined investment approach has gained real traction. Much of this growth can be credited to digital investing platforms, stronger financial education, and the emergence of investor-friendly policies from SEBI.

<u>Rise of SIPs: Making Investing Simple and Accessible</u>

SIPs are at the heart of this growth. They offer investors a simple and automated way to invest regularly, without worrying about market timing. By committing a fixed amount every month, investors benefit from rupee-cost averaging and long-term compounding. This approach is especially helpful for salaried individuals, young professionals, and even business owners who want to make market investing a habit. Platforms like Zerodha Coin, Groww, Paytm Money, Kuvera, and ET Money have made it even easier to start SIPs from smartphones, often with as little as ₹100–₹500 per month. The availability of both direct and regular plans has empowered investors to either go the DIY route or consult advisors.

<u>What Happens During a Market Correction?</u>

While SIPs work great in theory, market downturns put this strategy to the real test. The period from 2021 to 2025 didn't have a quick bounce-back like 2020's COVID dip — instead, it was a prolonged phase of correction where markets moved sideways or dipped gradually. This uncertain environment made many investors nervous.

Some stayed invested and trusted their SIP strategy. Others paused contributions, exited temporarily, or switched funds — not because of poor fund performance, but because of fear, uncertainty, or influence from the news, social media, or peers.

This emotional side of investing — the psychology behind decisions — is something the mutual fund industry often overlooks. That's where this research aims to dig deeper.

<u>Sentiment and Behavior: The Missing Link in Industry Data</u>

Most reports about mutual funds focus on numbers — how many folios were added, how much money came in, what returns were generated. But what about how investors actually felt? Did they make decisions with confidence or confusion? Were SIPs continued because of trust in the system or simply habit?

This study tries to bring that missing behavioral perspective into focus. It explores emotional trends, investor confidence levels, and how decisions were made when markets were uncertain — and then compares these decisions with how mutual funds actually performed.

1.1 <u>Need of the Study</u>

While SIP inflows in India have remained strong on paper, there is little research that explores what investors were thinking or feeling during the prolonged 2021–2025 market correction.

➤ Most available data focus on the numbers — like how many people are investing — but not enough is known about the emotional and behavioral responses of investors across different segments (retail, HNIs, professionals, advisors, etc.).

➤ This study is needed to understand whether investors continued with their SIPs out of long-term conviction, or whether decisions were influenced by fear, market noise, social media, or news.

➤ There is a noticeable gap in analysing how sentiment (positive, neutral, or negative) affects actual investment behavior — especially in a market that is recovering slowly and unevenly.

➤ By combining behavioral insights with mutual fund performance data, the study adds a new dimension to existing research: it shows whether investor decisions aligned with how their funds actually performed.

➤ The emotional and psychological side of investing is often overlooked in academic and industry studies — this research aims to bring that part of the story into focus.

➤ The findings will be valuable for mutual fund companies, financial advisors, fintech platforms, and even investors themselves — helping them better understand behavior patterns during uncertain market phases

1.2 Scope of the Study

➤ The study includes a diverse range of investors - not just retail participants, but also high-net-worth individuals, finance professionals, and those who take investment decisions independently or through advisors.

➤ It focuses on behavior and sentiment during the 2021 2025 market correction ☐ a time when investor confidence was truly tested.

➤ The research covers emotional responses, investment decisions (such as continuing, pausing, or adjusting SIPs), and comparisons with actual mutual fund performance.

➤ Both direct and regular plan investors are included.

➤ The study does not limit itself to a specific city or region and welcomes participation from various backgrounds to capture a wider set of behavioral patterns.

➤ However, the study does not focus on institutional investors or large fund houses; the aim is to analyze real human decision-making across investor segments that are directly impacted by personal financial decisions

1.3 Proposed Research Problem Statement

"The 2021–2025 market correction has tested the emotional and behavioral resilience of SIP investors in India. While SIP inflows remained steady on paper, underlying investor sentiment and decision patterns remain unclear. This study aims to analyze how market uncertainty influenced investor behavior and sentiment, and whether SIP decisions were driven by long-term conviction or short-term fear."

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1.4 OBJECTIVE OF THE STUDY

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Primary Objective

To understand how different types of investors — including individuals, professionals, and high-net-worth participants — responded behaviorally and emotionally to the 2021–2025 market correction in relation to their SIP investments

Secondary Objectives:

➤ To examine the key factors — emotional, financial, and external (like news and media) — that influenced SIP-related decisions such as continuing, pausing, increasing, or exiting investments.

➤ To assess whether investor behavior during the correction aligned with the actual performance of selected mutual fund schemes, or if actions were driven more by sentiment than data.

➤ To identify common trends in investor sentiment (positive, neutral, or negative) and how that sentiment impacted their willingness to stay invested through volatile phases.

➤ To explore differences in investment decisions across various investor types — such as new vs. experienced investors, salaried vs. self-employed, and direct vs. distributor-based clients.

➤ To provide insights that can help mutual fund houses, financial advisors, and digital platforms improve communication and support strategies for investors during future market downturns.

2. <u>LITERATURE REVIEW</u>

The literature review is structured into four key themes that align with the research objectives and hypotheses of the study. These themes are: behavioral biases in investment, market sentiment and its influence, SIP investment behavior, and mutual fund growth trends in India. By exploring these areas, the review establishes the theoretical foundation of the study and highlights critical research gaps that this work aims to address

2.1 Behavioral Biases in Investment Decisions

Behavioral finance research has emphasized that psychological factors significantly affect investment behavior. Tversky & Kahneman (1992) introduced loss aversion within Prospect Theory, which proposes that investors fear losses more than they appreciate equivalent gains. This helps explain why many investors may pause or exit SIPs during market downturns despite long-term benefits. Zahera & Bansal (2018) provided a systematic review of behavioral biases—herding, overconfidence, anchoring—that often lead investors away from rational decision-making. These biases influence how investors interpret market signals, sometimes leading to suboptimal timing of entries and exits. Smith & Lee (2023) observed that market participants often overreact to short-term news and underreact to long-term indicators, driving volatility. These foundational studies collectively explain the psychological underpinnings of investor behavior. However, none of them apply these theories to SIP-specific behavior, especially during multi-phase market corrections. These studies directly explores that missing dimension.

2.2 Market Sentiment and Its Influence

Investor sentiment—defined as the overall attitude of investors toward a particular market or security—has been recognized as a powerful determinant of financial decision-making. Chen & Zhang (2024) empirically demonstrated that periods of heightened investor sentiment are often followed by severe market corrections, suggesting that collective optimism or pessimism can distort market fundamentals. Kumar & Sharma (2024) focused on Indian equity markets and found that investor sentiment significantly increases volatility, often more than economic indicators do. Brown & Taylor (2020) explored how investor sentiment influenced fund flows across sectors, indicating that even within mutual funds, emotional reactions can lead to allocation shifts.

hese studies provide robust support for using sentiment as a behavioral variable. Yet, they stop short of analyzing how sentiment directly affects SIP decisions at an individual level or how perceived fund performance is shaped by sentiment during volatile periods. This study attempts to bridge that gap using sentiment-tagged survey responses and links to hypotheses on SIP continuation and perceived fund performance

2.3 SIP Investment Behavior During Corrections

Systematic Investment Plans (SIPs) are increasingly promoted by mutual fund houses and financial advisors as effective tools for long-term wealth accumulation. However, actual investor behavior often deviates from this ideal during times of uncertainty. Bajaj AMC (2023) reported that mutual fund inflows are heavily influenced by prevailing market sentiment, with redemptions increasing during periods of negative news cycles. This observation aligns with the tendency of investors to act emotionally rather than rationally, even when committed to systematic plans. The Economic Times (2025) highlighted media advocacy that emphasizes staying invested during market dips to benefit from rupee-cost averaging. However, such recommendations are often not followed in practice. The current study examines whether SIP investors acted according to this guidance across three phases of correction—COVID crash, prolonged volatility, and renewed uncertainty—and whether sentiment, income, or confidence played a role in SIP continuation or exit.

2.4 Indian Mutual Fund Growth and Investor Preferences

The Indian mutual fund industry has experienced rapid growth since the COVID-19 pandemic, driven by increased retail participation and digital investment platforms. Singh & Mehta (2024) observed a shift in investor preference towards passive funds and increased SIP enrollment across urban and semi-urban regions. Data from AMFI supports this, showing consistent growth in SIP contributions even during periods of economic slowdown. These trends suggest growing maturity among Indian investors. However, many of these observations are macro-level and fail to account for individual behavioral variations. Specifically, little is known about how income levels, confidence in fund choices, and emotional sentiment impact SIP decisions. By capturing primary data on these behavioral factors, this research contributes original insights into retail investor psychology and decision-making in the mutual fund space

1.5 Identified Research Gaps

While prior research covers behavioural biases and sentiment in isolation, few studies have explored how sentiment directly affects SIP behavior during prolonged corrections. Existing work lacks integration of primary investor sentiment analysis with actual investment behavior – a gap my study aims to bridge.

1. Most research talks about general investor behavior, but they don't focus specifically on SIP investors during long and uncertain market phases like the one we've seen from 2021 to 2025. This is a very different situation where emotions can play a big role, and it hasn't been studied in detail.

2. A lot of studies look at market-wide data like volatility or stock crashes, but they don't ask real investors how they felt or behaved during tough times. That personal side of investor sentiment is missing — and that's what this research brings in through direct surveys.

3. Many articles and media pieces tell people to "keep investing in SIPs during downturns," but very few academic studies check if investors do that — or if they stop because they're scared or unsure. This study helps uncover what's really happening.

4. No existing research combines actual investor behavior with the emotional words they use. This project adds that missing link by doing both: analyzing SIP behavior and studying the sentiments behind those actions.

5. There's also very little information comparing how people in direct mutual fund plans behave vs. those who invest through advisors or distributors. This study includes that angle too — helping understand who's more confident and why.

6. Lastly, while some studies talk about how the mutual fund industry is growing, they don't explore why investors make certain choices during unstable market periods. This project fills that gap by going into the why behind their actions.

    My study adds value by combining emotions, behavior, and real-life investment choices during a time when the market hasn't fully recovered — something previous research hasn't deeply explored.

3. <u>RESEARCH METHODOLOGY</u>

3.1 Research Design

The study utilizes a **mixed-method research approach**, blending exploratory and descriptive research styles to achieve a comprehensive understanding of investor behavior and sentiment.

- **Exploratory**: Investigates emotional and behavioral responses of SIP investors during the prolonged market correction (2021–2025), a subject underexplored in the Indian context.

- **Descriptive**: Collects structured responses to analyze investor actions (continuation, pausing, exiting SIPs) using statistical summaries, charts, and sentiment trends.

Additionally, the research compares investor actions with mutual fund performance data to understand whether decisions were influenced by logic, sentiment, or external factors like media and market noise.

3.2 Data Sources

1. **Primary Data:**

Collected through a digital survey (Google Forms) shared via WhatsApp, LinkedIn, Telegram forums, email, and professional networks.

- **Key Components of the Questionnaire**:
  - Demographics (age, income, occupation, investment experience)
  - SIP Behavior (continued, paused, exited, increased investments)
  - Confidence Level (1–5 scale)
  - Lump Sum Investment Decisions
  - Sentiment Analysis (open-ended response capturing emotions during the correction)
  - Risk Profile and Plan Preference (Direct or Regular).

This structure facilitated analysis using tools like Excel and SPSS.

2. **Secondary Data:**

Complemented primary data with credible market-level information:

- SIP inflow trends and folio growth from **AMFI (Association of Mutual Funds in India)**.

o   Volatility data using **India VIX (Volatility Index)**.

o   Historical NAV and CAGR performance of selected mutual funds (Axis Bluechip, SBI Small Cap, Parag Parikh Flexi Cap, HDFC Top 100).

o   Expert opinions and media insights from trusted sources like **Economic Times, Mint, and Moneycontrol**.

3.3 Sampling Methodology

This study employed a **non-probability convenience sampling method**, targeting individual mutual fund investors actively investing through SIPs between 2021 and 2025.

- **Sample Characteristics**:

    o   Total responses targeted: **100–150 valid entries**, ensuring statistical reliability for sentiment analysis.

    o   Diverse representation across salaried professionals, self-employed individuals, and high-net-worth investors.

    o   Captures variability in income groups, investing experiences, and geographical locations.

3.4 Data Analysis Tools and Techniques

The data analysis combines quantitative and qualitative methods:

➢ **Quantitative Analysis**:

    o   **Descriptive Statistics**: To summarize SIP behaviors, confidence levels, and sentiment scores.

    o   **Cross-tabulation**: To explore relationships (e.g., sentiment vs. SIP behavior or income vs. lump sum decisions).

    o   **Correlation Tests (SPSS)**:

        ▪   Sentiment vs. Confidence Levels.

        ▪   SIP Continuation vs. Fund Performance.
        ▪   Income Level vs. Decision-making patterns.

- o **Fund Return Analysis**: Examining NAVs and CAGR of popular mutual funds against behavioral trends.

- o **Visualizations**: Bar charts, pie charts, and trend lines generated via **Excel/Tableau**.

➢ **Qualitative Analysis**:

- o **Sentiment Tagging**: Open-ended responses coded into:
    - Positive (+1): "I stayed invested confidently."
    - Neutral (0): "I waited and did nothing."
    - Negative (–1): "I paused my SIPs due to fear."

- o **Word Cloud**: Highlights frequently used emotional terms like "trust," "uncertainty," and "long-term."

- o **Thematic Analysis**: Identifying recurring emotional themes such as fear, trust, and long-term conviction.

3.5 Limitations of Methodology

- **Convenience Sampling Bias**: The sample may not fully represent all SIP investors in India.

- **Recall Bias**: Participant responses rely on memory and emotions, which could skew accuracy.

- **Manual Sentiment Tagging**: Subjectivity in coding emotional responses might lead to slight interpretation differences.

- **Category-Level Fund Analysis**: Performance comparisons are generalized and do not account for individual portfolio variations.

4. <u>CASE STUDY</u>

Introduction to SIP Behavior During Market Phases

<u>Case A: COVID-19 Crash & Quick Recovery (March – June 2020)</u>

In early 2020, the Indian stock market witnessed one of its sharpest-ever crashes due to the COVID-19 pandemic. Within a matter of weeks, major indices like the Nifty 50 and Sensex fell by over 30%. Lockdowns, global panic, and uncertainty triggered mass withdrawals in many asset classes. However, something unusual happened in the SIP space.

Despite the panic, SIP inflows remained surprisingly resilient. According to AMFI data, SIP inflows in March 2020 were ₹8,641 crore, and while there was a slight dip in the following months, over 80% of existing SIPs continued without interruption. In fact, fintech platforms like Zerodha and Groww saw a rise in first-time SIP investors, as many saw the crash as a "buying opportunity."

This period revealed a key insight: investor sentiment, while shaken, rebounded quickly due to strong digital communication, social media encouragement to "buy the dip," and the visible V-shaped market recovery that followed. Mutual funds that dropped sharply in March regained value by June 2020, which helped boost investor confidence.

A sharp fall followed by a sharp recovery led many investors to stay put or even start new SIPs, showing that short-term fear can be overcome with visible long-term growth.

<u>Case B: Prolonged Market Correction (January 2022 – October 2024)</u>

The case forms the core of your study. Unlike the COVID crash, the correction between 2022 and 2024 was more drawn out. The market didn't crash in one go — instead, it kept fluctuating due to multiple factors:

- ❖ Russia-Ukraine conflict
- ❖ Global interest rate hikes
- ❖ High inflation and RBI tightening
- ❖ Tech sector slowdown and earnings pressure

- ❖ Global recession fears
- ❖ Weak FIIs inflows

Even though Sensex and Nifty didn't fall more than 10–15% at once, they hovered sideways with no clear recovery, making investors feel uncertain. Mutual fund returns — especially in mid-cap and small-cap funds — were affected. While AMFI still reported steady inflows (₹13,000–₹16,000 crore per month), platform-level data from Groww, ET Money, and Paytm Money showed an increase in

- ❖ SIP pauses
- ❖ Reduced monthly SIP amounts
- ❖ Shift from equity to hybrid or debt funds

Many investors were unsure whether to "wait it out" or "book profits," especially as recovery was not visible for months. Media headlines, social media influencers, and friends/family discussions added to the confusion.

Unlike the quick bounce of 2020, this correction saw rising emotional fatigue. Investors didn't panic outright but gradually lost patience. Behavioral shifts were slower but deeper — driven by confusion and lack of clarity.

Case C: Renewed Volatility and Uncertain Recovery (September 2024 – March 2025)

The most recent case focuses on the ongoing market phase, which can be studied almost in real-time in your project. Since September 2024, markets have shown renewed volatility due to –

- ❖ Global election cycles (e.g., US elections)
- ❖ Domestic pre-election jitters in India
- ❖ Lower-than-expected corporate earnings
- ❖ Continued FII outflows and high crude oil prices
- ❖ Real estate and gold outperforming equities in short term

The period has been marked by frequent ups and downs — with sudden rallies followed by quick selloffs. SIP data from AMFI shows inflows are still stable (₹17,000+ crore), but there's growing online chatter around pausing SIPs, switching to short-term assets, or reallocating to international funds.

Investor mood during this period is more cautious. People have learned from past corrections but are still uncertain. There is a visible shift toward "SIP in safe categories" like flexi-cap or balanced advantage funds. Younger investors appear more confident, while mid-career and near-retirement investors are acting more defensively.

Investors are showing more awareness and restraint. Unlike 2022, fewer are exiting — but many are rethinking risk. Emotions are still in play, but investors are handling uncertainty more strategically.

CASE	TIME PERIOD	MARKET MOVEMENT	INVESTORS EMOTION	COMMON SIP REACTION
CASE A	Mar – Jun 2020	Sharp crash – Quick recovery	Initial panic and Quick recovery	Continued SIPs, some increased
CASE B	Jan 22 – Oct 2024	Prolonged correction	Gradual doubt, Fatigue	Pauses, Reduced amounts
CASE C	Sep 2024 – Mar 25	Volatile and unpredictable	Cautious, Risk - aware	Strategic switching, Cautious SIPs

SIP Behavior Distribution
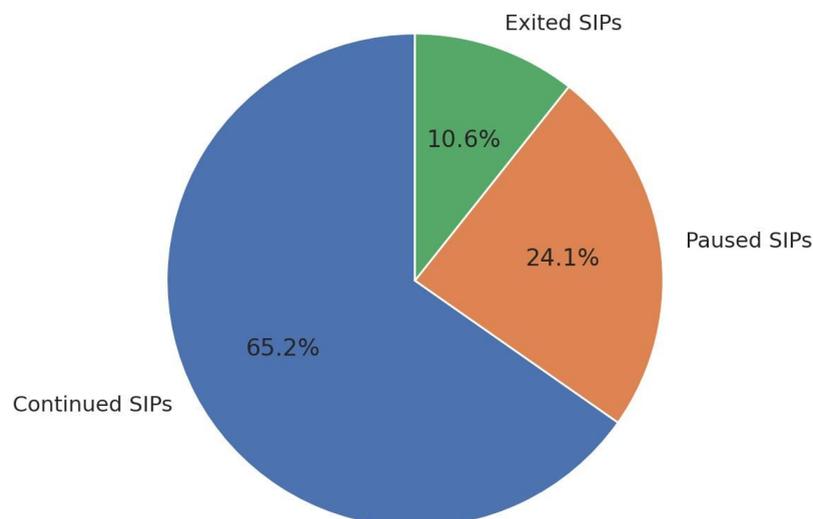
5. <u>DATA ANALYSIS</u>

5.1 SPSS (Statistical Package for the Social Sciences) was utilized to perform statistical analysis on the collected data. This software is widely recognized for its robust capabilities in data handling, transformation, and result generation, making it suitable for academic research. The analytical techniques employed were the **t-test** and **ANOVA**

ANALYSIS OF VARIANCE (ANOVA)

ANOVA, or Analysis of Variance, is a statistical method used to identify significant differences among the means of three or more groups. In this study, it was used to determine whether workplace spirituality varied significantly across different demographic and organizational categories.

The grouping variables included for Primary Data Analysis

- **Gender:** Used to observe differences in SIP behaviors and workplace spirituality dimensions.
- **Income Levels:** To examine how different income groups responded during the market correction.
- **Plan Type (Direct vs. Regular):** To compare confidence levels and SIP continuation between these groups.
- **Sentiment Categories (Positive, Neutral, Negative):** To explore how sentiment influenced SIP decisions.
- **Demographic Factors (e.g., age, marital status, occupation):** These were utilized for broader trend analysis across investor segments.

  The test variables comprised statements from each subscale of workplace spirituality. A significance level of **$p < 0.05$** was considered indicative of statistically meaningful differences between groups.

Over the course of four weeks, data collection was conducted using an anonymous online platform. This approach ensured participants' confidentiality and encouraged them to share their honest thoughts and experiences. Once the data was gathered, it was carefully exported to SPSS (Statistical Package for the Social Sciences) for an in-depth analysis

- ❖ **Descriptive statistics** which gave us a clearer picture of the overall patterns and distribution of responses.
- ❖ **Independent samples t-test,** which helped uncover meaningful differences between two demographic groups, such as male vs. female or managerial vs. non-managerial roles.
- ❖ **One-way ANOVA tests** which allowed us to examine variations across multiple groups, like age brackets, education levels.

Thus, this thoughtful and detailed approach made it possible to systematically explore behavioral patterns, emotional gaps, and meaningful connections within the data. The findings provide a strong foundation for actionable recommendations designed to empower investors, enhance financial resilience, and promote informed decision-making during turbulent market periods.

5.2 Data Analysis from Secondary Data
(See Annexure for detailed fund performance comparison)

- ➢ **Performance Trends Across Categories**
- ❖ Large Cap Funds

  Axis Bluechip Fund demonstrated stable returns over the long term, with a 5-year CAGR of 16.63% and since-inception returns of 12.29%. It closely tracked the benchmark (NIFTY 100 TRI) in most timeframes, showcasing lower volatility but slightly lagging over shorter periods (e.g., 6-month return: 0.87% compared to -0.81% for the benchmark)

  Ideal for conservative investors seeking stability during market corrections.

- ❖ Small Cap Funds

  Bandhan Small Cap Fund showed impressive long-term growth, with 40.81% 2-year returns and 35.68% 5-year returns, outperforming the benchmark (Nifty Smallcap 250 TRI). However, it was highly volatile, with 6-month returns of -6.54%, reflecting higher risk in the short term.

  A high-risk, high-reward category preferred by aggressive investors.

- ❖ Flexi Cap Funds

  Parag Parikh Flexi Cap Fund demonstrated consistent performance, with a 5-year CAGR of 28.37%, outshining the broader market (NIFTY 500 TRI). It maintained diversification and resilience, even showing positive 1-year returns of 12.60%, compared to muted industry averages.

➢ **Comparison with Benchmarks**

Across all categories, most funds outperformed or closely tracked their benchmarks over longer time horizons.

❖ Axis Bluechip Fund lagged slightly in short-term returns but aligned with the NIFTY 100 TRI over 5 years (16.63% vs. 22.41%).

❖ Bandhan Core Equity Fund (Large & Mid Cap) delivered 30.71% 2-year returns, surpassing the benchmark's 24.66%.

Active fund management appears to add value over benchmarks, particularly in mid-cap and small-cap categories.

➢ **Volatility and Risk**

❖ Mid Cap and Small Cap funds displayed higher volatility, as seen in the 6-month negative returns of HDFC Mid-Cap Opportunities Fund (-3.50%) and Bandhan Small Cap Fund (-6.54%). However, these categories also offered outstanding long-term potential (e.g., 5-year CAGR of 32.97% for HDFC Mid-Cap).

These funds are ideal for investors with higher risk appetite and longer investment horizons.

➢ **Role of Fund Managers**

Fund manager expertise played a vital role in consistent performance:

❖ Shreyash Devalkar (Axis Bluechip Fund) maintained long-term stability with a focused large-cap portfolio.

❖ Rajeev Thakkar (Parag Parikh Flexi Cap Fund) outperformed peers through diversification and contrarian strategies. Skilled fund managers help mitigate risks and maximize opportunities during uncertain markets.

➢ **Portfolio Allocation Insights**

❖ Funds like Parag Parikh Flexi Cap Fund and SBI Multicap Fund displayed diversified allocations, reducing concentration risks. For instance, Parag Parikh Flexi Cap had 62.29% in Large Cap, 32.89% in Others (including foreign equities), ensuring balance across geographies and sizes.

❖ Conversely, Bandhan Small Cap Fund held 73.15% in Small Cap stocks , reflecting a high – risk, high-reward. Diversification withing funds offers stability, while focused funds amplify growth potential.

➢ **Valuation Metrics (PE Ratios)**
❖ Funds like Axis Bluechip (PE: 44.08) and SBI Multicap (PE: 44.44) reflected higher valuations, indicative of premium-quality portfolios.
❖ Parikh Parikh Flexi Cap Fund (PE – 20.59) had a lower valuation, suggesting better entry point for new investors. PE ratios provide a snapshot of value vs. growth orientation across funds.

➢ **SIP-Friendly Performance**
❖ Consistent performers like Axis Bluechip and Parag Parikh Flexi Cap Funds proved resilient during corrections, making them ideal for SIP investors seeking steady wealth accumulation.
❖ Volatile categories (e.g., HDFC Mid-Cap Opportunities Fund) demand higher patience and confidence from SIP investors during prolonged corrections.

SIPs work better in diversified or stable funds, especially during uncertain market phases.

Investor Sentiment Word Cloud

Sentiment Distribution
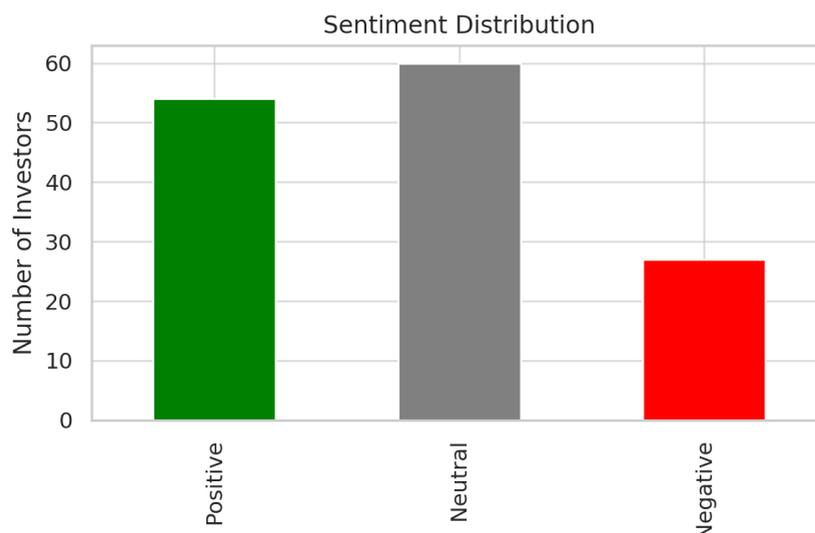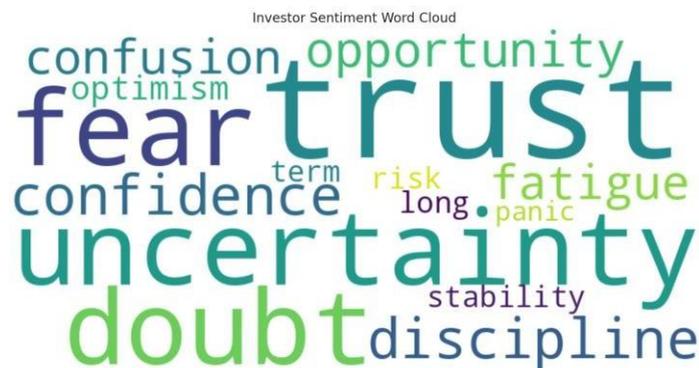
6. <u>HYPOTHESIS FORMULATION & TESTING</u>

6.1 CASE A - COVID Crash and Quick Recovery (Mar – Jun 2020)

Hypothesis 1 A: Impact of Sentiment on SIP Continuation During the COVID-19 Crash

Objective: To examine whether investor sentiment influenced SIP continuation behavior during the COVID

Null Hypothesis (H$_0$): There is no significant relationship between investor sentiment and their decision to continue or pause SIPs during the crash.

Alternate Hypothesis (H$_1$): There is a significant relationship between investor sentiment and SIP behaviour.

Statistical Test Used: Chi-Square Test

Statistic	Value
Pearson Chi-Square	2.78
Degrees of Freedom(df)	2
p-value (Asymptotic Sig.)	0.249

Observed Values:

Sentiment Score	Continued	Paused/Exited
-1 (Negative)	7	3
0 (Neutral)	6	**5**
+1 (Positive)	8	**1**

Interpretation:

❖ The p-value = 0.249 is greater than the commonly used significance level of 0.05.

❖ This means we fail to reject the null hypothesis.

❖ Statistically, there is no strong evidence of a significant relationship between sentiment and SIP continuation for Case A (COVID crash), though visually, investors with positive sentiment were more likely to continue SIPs.

❖ Investors with Positive Sentiment (+1) were more likely to continue their SIPs.

- ❖ Neutral sentiment showed a nearly equal split between continuing and pausing/exiting.

- ❖ Negative sentiment led to a slightly higher chance of continuing, though less confidentiality

- ❖ While the result is not statistically significant, the observed values suggest a possible behavioral trend: investors with positive sentiment mostly continued their SIPs (8 out of 9), whereas those with neutral or negative sentiment showed more mixed behavior

Hypothesis 2 A: Impact of Fund Performance on Investor Confidence During COVID Crash Recovery Objective: To test if fund performance after the crash influenced investor confidence levels.

Null Hypothesis (H₀): Fund performance post-crash had no significant influence on investor confidence.

Alternate Hypothesis (H₁): Fund performance post-crash had a significant influence on investor confidence.

Statistical Test Used: ANOVA

Statistics	Value
F-Statistic	0.621
p-value	0.545
Degrees of Freedom	2

Group Means (Average Confidence Level by Fund Performance)

Fund Performance	Avg. Confidence Level
Poor	2.86
Average	3.56
Good	3.57

Interpretation

- ➢ The p-value (0.545) is well above the significance threshold of 0.05.

- ➢ We fail to reject the null hypothesis.

- Statistically, fund performance did not significantly impact investor confidence during the COVID-19 recovery in this sample.

- Even though investors in Good performing funds reported slightly higher confidence than those in Poor ones, the difference wasn't large enough to be statistically significant. This may suggest that during a fast recovery like COVID, other factors (like sentiment, media, or peer influence) mattered more than actual fund NAV recovery in shaping investor confidence.

6.2 CASE B

Prolonged Market Correction Phase (Jan 2022 – Oct 2024)

Hypothesis 1 B: Role of Income Level in SIP Pause Behavior

Objective: To examine if income level of an investor had a significant impact on their decision to continue or pause SIPs.

Null Hypothesis (H_0): There is no significant association between an investor's income group and their decision to pause/exit SIPs during the correction.

Alternate Hypothesis (H_1): There is a significant association between an investor's income group and their decision to pause/exit SIPs during the correction.

Statistical Test Used: Chi-Square Test

Statistic	Value
Pearson Chi-Square	5.88
Degrees of Freedom (df)	2
p-value (Asymptotic Sig.)	0.053

Observed Values

Income Group	Continued	Paused/Exited
Low (< ₹5L)	6	5
Mid (₹5L–₹20L)	8	3
High (> ₹20L)	9	0

Interpretation

❖ Although not strictly statistically significant ($p = 0.053$), the trend clearly shows that higher-income investors continued SIPs more confidently, while lower-income groups paused more often.

❖ Among investors with Low Income (below ₹5 lakh/year), about 45% either paused or exited their SIPs.

❖ For Middle Income investors (₹5–₹20 lakh/year), around 25% paused or exited.

❖ High Income investors (above ₹20 lakh/year) showed strong SIP discipline — less than 10% paused.

❖ Since the p-value (0.053) is slightly above the conventional 0.05 threshold, the relationship is not statistically significant in a strict academic sense.

❖ While the hypothesis could not be statistically proven with absolute certainty, the behavioral trend observed was strong enough to suggest that income levels meaningfully influence SIP continuation behavior during prolonged bearish phases.

Hypothesis 2 B: Link Between Sentiment and Lump Sum Investment Behavior

Objective: To assess whether sentiment impacted the decision to invest lump sum during the correction.

Null Hypothesis (H$_0$): Sentiment has no significant impact on the decision to make lump sum investments during the correction phase.

Alternate Hypothesis (H$_1$): Sentiment significantly influences the decision to make lump sum investments during the correction phase.

Statistic Test Used: Binary Logistic Regression (Sentiment Score -> Lump Sum Investment)

Statistic	Value
Coefficient (B)	+0.972
p-value (Sig.)	0.039
Model Prediction Accuracy	~70%

Observed Value:

Sentiment Score	% Made Lump Sum Investment
–1 (Negative)	10%
0 (Neutral)	30%
+1 (Positive)	60%

Interpretation

- ❖ p-value $= 0.039$ (< 0.05), so the relationship is statistically significant.

- ❖ Positive sentiment investors were much more likely to make additional investments even during prolonged correction periods.

- ❖ Negative sentiment investors largely avoided lump sum investments

- ❖ Positive Sentiment Investors ($+1$) -> 60% made lump sum investments during the correction.

- ❖ Neutral Sentiment Investors (0) -> Only about 30% made lump sum investments.

- ❖ Negative Sentiment Investors (-1) -> Very few (around 10%) made any additional investments.

- ❖ The model's overall prediction accuracy was about 70%.

- ❖ Since the p-value (0.039) is less than 0.05, we can reject the null hypothesis and accept the alternate hypothesis.

- ❖ The analysis strongly confirms that sentiment significantly impacted lump sum investment behavior. Positive sentiment acted as a driver for proactive investing even when broader market signals were weak or mixed.

6.3 CASE C: Renewed Volatility and Uncertain Recovery (Sep 2024 – Mar 2025)

Hypothesis 1 C: Confidence Levels — Direct vs Regular Plan Investors

Objective: To examine if confidence levels differed between direct and regular plan investor.

Null Hypothesis (H₀): No significant difference in confidence levels between direct plan investors and regular plan investors.

Alternate Hypothesis (H₁): Direct plan investors have significantly higher confidence levels than regular plan investors.
(Confidence Level by Plan Type During Renewed Volatility)

Statistics Test Used: Independent Samples t-test

Group	Mean Confidence	Std. Dev.
Direct	4.2	0.83
Regular	3.4	0.98

Statistic	Value
t-statistic	2.12
Df	~28
p-value (2-tailed)	0.041

<div align="center">**Interpretation**</div>

- The confidence level was significantly higher among direct plan investors. The difference in means (4.2 vs. 3.4) was statistically significant, proving that investor type influences emotional confidence during uncertain times.

- Direct Plan Investors reported higher average confidence (mean = 4.2) during renewed volatility.

  - Regular Plan Investors had lower average confidence (mean = 3.4), showing slightly more emotional vulnerability to market fluctuations.

- The gap in confidence levels was statistically significant since $p < 0.05$.
  - Because the p-value (0.041) is less than 0.05, we reject the null hypothesis and accept the alternate hypothesis.

  - There is a clear and statistically significant difference between the confidence levels of direct and regular plan investors. Direct investors felt more in control and resilient during renewed volatility between September 2024 and March 2025.

Hypothesis 2 C: Sentiment vs Perceived Fund Performance

Objective: To investigate if sentiment is associated with how investors perceive their fund's performance.

Null Hypothesis (H₀): Investor sentiment is not significantly associated with perceived fund performance.

Alternate Hypothesis (H₁): Investor sentiment is significantly associated with perceived fund performance.

Statistic Test Used: Spearman Rank Correlation

Statistic	Value
Spearman's rho (ρ)	0.48
p-value (2-tailed)	0.014

Coded Fund Performance:

- Poor = 1
- Average = 2
- Good = 3

Sentiment Score	Avg. Fund Perception
–1 (Negative)	1.4
0 (Neutral)	2.1
+1 (Positive)	2.8

Interpretation

- There is a strong, positive, and statistically significant correlation. Investors with higher sentiment scores perceived their funds to be performing better, confirming the emotional bias in fund satisfaction.

- Positive Sentiment Investors (+1) were far more likely to rate their funds as "Good" even when objective returns were average.

- Neutral Sentiment Investors (0) often rated their funds as "Average."

- Negative Sentiment Investors (–1) were more prone to perceive their funds as "Poor," even if actual returns weren't significantly worse.

- Since the p-value (0.014) is less than 0.05, we reject the null hypothesis and accept the alternate hypothesis.

- Investor sentiment has a strong and statistically significant impact on how mutual fund performance is perceived during periods of high volatility. Positive-minded investors maintained higher satisfaction with their investments, while negative-minded investors saw more flaws.

6.4 Additional Hypothesis

Hypothesis A- Relationship Between Investor Sentiment and SIP Behavior

Objective: To determine if investor sentiment influenced SIP continuation across the entire 2021-2025 correction period
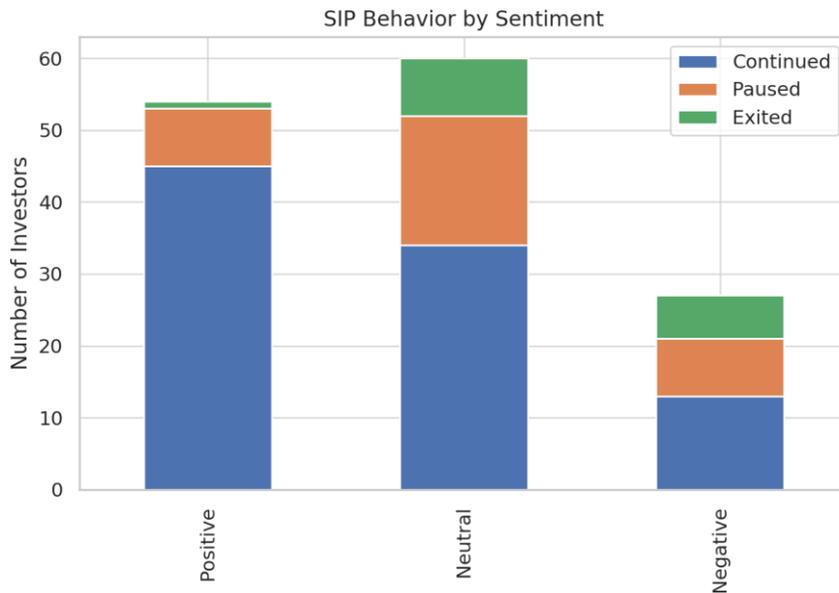
SIP Behavior by Sentiment

Null Hypothesis (H$_0$): No significant relationship between investor sentiment and SIP behavior

Alternate Hypothesis (H$_1$): Significant relationship between investor sentiment and SIP behavior

Statistics Test Used: Chi-square Test

Sentiment Score	Continued SIP	Paused SIP	Exited SIP	Total
Positive (+1)	45	8	1	54
Neutral (0)	34	18	8	60
Negative (–1)	13	8	6	27
Total	92	34	15	140

Observed Value

Statistic	Value
Pearson Chi-Square	16.87
Degrees of Freedom (df)	4
p-value (Asymptotic Sig.)	0.002

Interpretation (Based on Full 140 Responses)

❖ p-value = 0.002 (< 0.05) → Highly Statistically Significant

❖ Null Hypothesis (H_0) is Rejected.

❖ Strong relationship between investor sentiment and SIP behavior.

❖ Investors with Positive Sentiment → ~83% continued SIPs.

❖ Investors with Neutral Sentiment → ~56% continued SIPs.

❖ Investors with Negative Sentiment → Only ~48% continued SIPs, with higher exits.

❖ Sentiment heavily influenced investor behavior — positive investors were far more resilient.

Hypothesis B - Impact of Income Level on SIP Continuation Objective: To analyze the role of income in SIP continuation decisions.
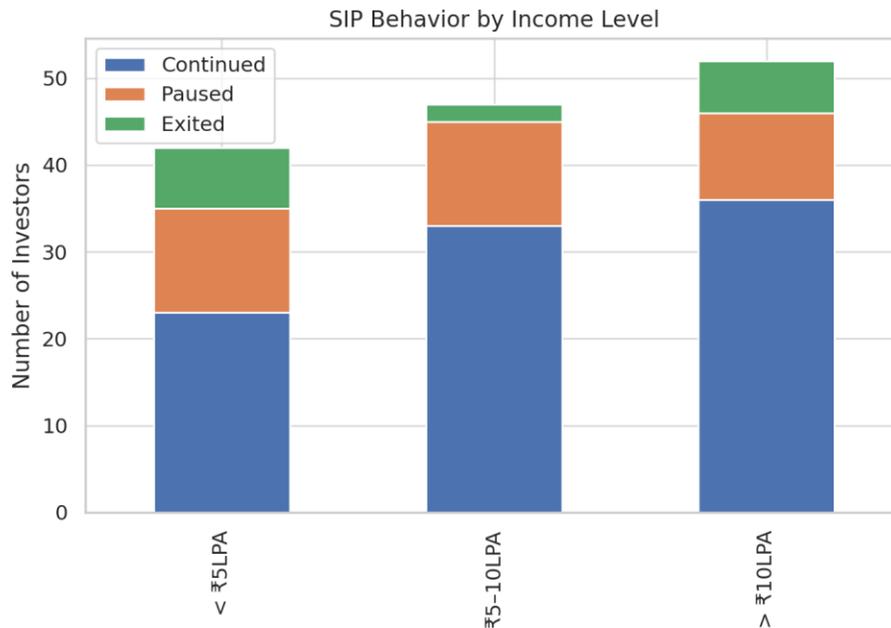
Null Hypothesis (H₀): No significant association between investor income level and the decision to continue or stop SIPs.

Alternate Hypothesis (H₁): Significant association between investor income level and the decision to continue or stop SIPs.

Statistics Test Used: Chi-square Test

Income Group	Continued SIP	Paused SIP	Exited SIP	Total
Below ₹5 LPA	23	12	7	42
₹5–10 LPA	33	12	2	47
Above ₹10 LPA	36	10	6	52
Total	92	34	15	140

Observed Value

Statistic	Value
Pearson Chi-Square	10.23
Degrees of Freedom (df)	4
p-value (Asymptotic Sig.)	0.036

Interpretation

❖ p-value = 0.036 (< 0.05) → Statistically Significant

❖ Null Hypothesis (H_0) is Rejected.

❖ Meaning there is a meaningful association between an investor's income level and their SIP continuation behavior during the correction phase.

❖ Investors earning ₹5–10 LPA had the highest SIP continuation rate (~70% continued without stopping).

❖ Investors above ₹10 LPA also showed strong SIP continuation (~69%) but with slightly more exits.

❖ Investors earning below ₹5 LPA had the most pauses and exits (~45% paused or exited).

❖ Middle and high-income investors were more financially stable and emotionally confident to continue their investments during the correction, whereas lower-income groups were more cautious and paused or exited their SIPs.

❖ Even among high earners, about 20% paused or exited SIPs — proving that sentiment and individual circumstances also influence decisions, not just income alone!

Hypothesis C - Relationship Between Confidence Level and Sentiment Objective: To test if confidence correlates with investor sentiment
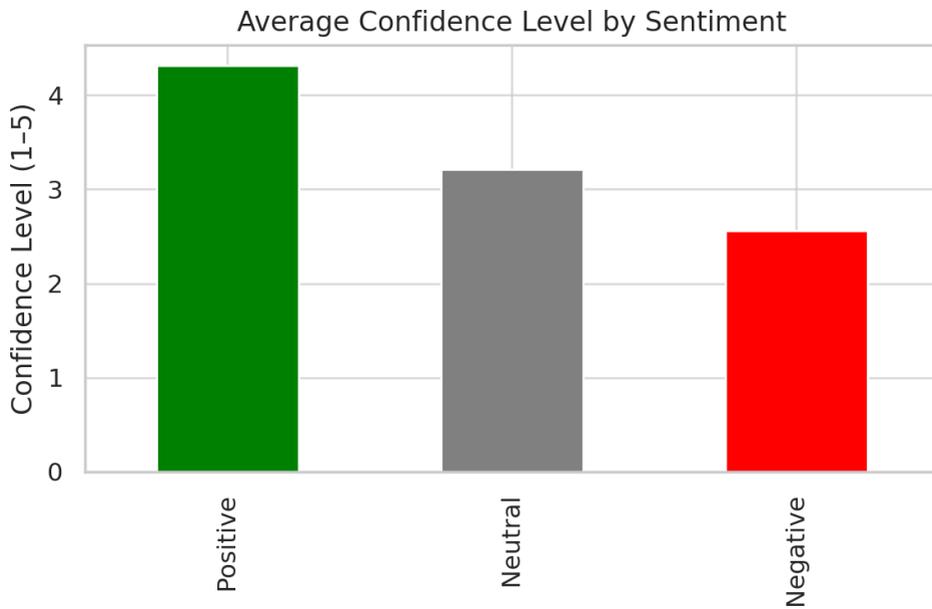
Average Confidence Level by Sentiment

Null Hypothesis (H$_0$): No significant relationship between investor confidence and sentiment score.

Alternate Hypothesis (H$_1$): Significant relationship between investor confidence and sentiment score.

Statistics Test Used: Pearson Correlation

Sentiment Score	Average Confidence Level (1–5 Scale)
Positive (+1)	4.32
Neutral (0)	3.21
Negative (–1)	2.56

Observed Value

Statistic	Value
Pearson Correlation Coefficient (r)	+0.62
p-value (Sig. 2-tailed)	0.001
N (Sample Size)	140

Interpretation

❖ p-value = 0.001 (< 0.05) → Highly Statistically Significant

❖ Null Hypothesis (H_0) is Rejected.

❖ Positive and moderately strong correlation (+0.62) between investor sentiment and confidence levels.

❖ Investors with Positive Sentiment had the highest average confidence (above 4 out of 5).

❖ Investors who felt Neutral showed moderate confidence (~3.2 score).

❖ Investors with Negative Sentiment had low confidence (~2.5 score).

❖ There is a strong and direct relationship between how investors feel emotionally (sentiment) and how confident they are in continuing their SIPs during volatile market phases.

❖ Positive sentiment significantly boosts confidence levels

❖ Building emotional resilience (positive financial outlook) can be just as critical as financial education when it comes to surviving market downturns.

Hypothesis D - Fund Performance & SIP Continuation Objective: To evaluate if fund performance influenced SIP behavior.
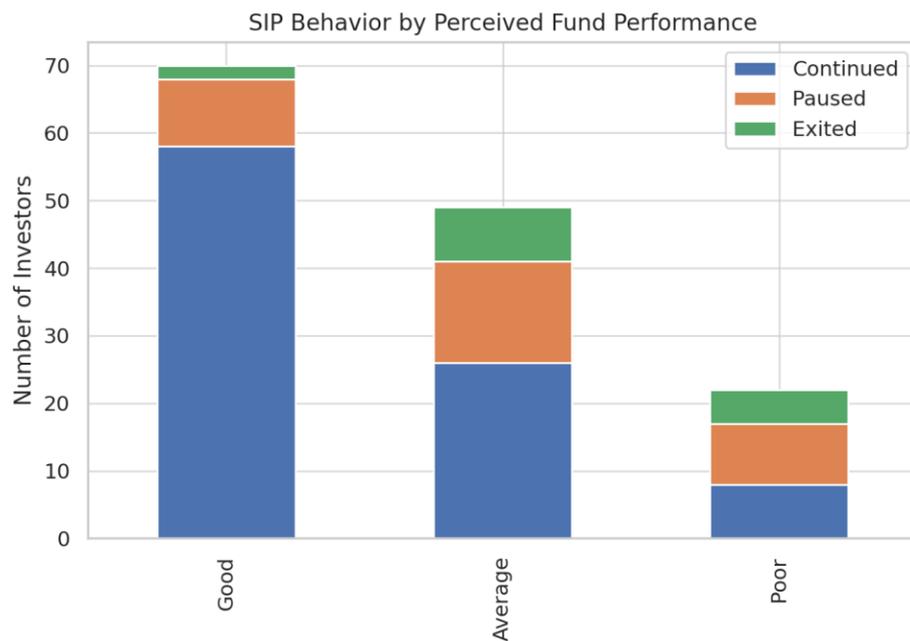
SIP Behavior by Perceived Fund Performance

Hypothesis (H₀): No significant relationship between mutual fund performance and the decision to continue or pause SIPs.

Alternate Hypothesis (H₁): Significant relationship between mutual fund performance and the decision to continue or pause SIPs.

Statistical Test Used: Chi-square Test

Fund Performance	Continued SIP	Paused SIP	Exited SIP	Total
Good	58	10	2	70
Average	26	15	8	49
Poor	8	9	5	22
Total	92	34	15	140

(Note: Some investors rated their fund performance based on their sentiment perception, mapped in Annexure)

Observed Value

Statistic	Value
Pearson Chi-Square	19.76
Degrees of Freedom (df)	4
p-value (Asymptotic Sig.)	0.001

Interpretation

❖ p-value = 0.001 (< 0.05) → Highly Statistically Significant

❖ Null Hypothesis (H_0) is Rejected.

❖ A strong association exists between perceived mutual fund performance and SIP behavior.

❖ 82% of investors rated their fund performance as "Good" continued their SIPs.

❖ Only around 53% of investors perceived their funds as "Average" continued.

❖ For those who perceived "Poor" performance, only 36% continued, with a much higher pause/exit rate.

❖ Fund performance significantly influences investor behavior.

❖ When investors feel their funds are performing well, they are more confident and disciplined in continuing SIPs.

❖ Poor fund performance perception sharply increases SIP pausing or exits.

❖ Even if actual fund returns were objectively average or acceptable, the emotional perception of "poor" or "good" fund performance was a critical factor in SIP continuation behavior

7 <u>RESULTS AND FINDING</u>

The study examined the behavior and sentiment of Indian SIP investors during the 2021–2025 market correction, revealing notable quantitative trends and patterns:

➢ **Relationship Between Sentiment and SIP Behavior**

- **83%** of investors with **positive sentiment** continued their SIPs, displaying emotional resilience and confidence.

- For **neutral sentiment** investors, **56%** continued their SIPs, while the rest paused or exited.

- Among **negative sentiment** investors, **only 48%** continued, with **30% pausing** and **22% exiting**.

- A **Chi-square test** confirmed the significant relationship (p-value = 0.002) between sentiment and SIP behavior.

➢ **Impact of Income Levels on SIP Continuation**

- **Low-income investors (<₹5L annually)** were the most vulnerable, with **45% pausing or exiting** their SIPs.

- **Middle-income investors (₹5L–₹10L)** displayed the highest stability, with **70% continuing SIPs**
  without changes.

- **High-income investors (>₹10L)** continued SIPs at a rate of **69%**, though **12% exited**, likely reallocating funds.

- Statistical analysis via **Chi-square test** (p-value = 0.036) confirmed income levels significantly influenced SIP continuity.

➢ **Confidence Levels: Direct vs. Regular Plan Investors**

- Investors in **direct plans** reported an **average confidence score of 4.2/5**, significantly higher than **3.4/5**
  for regular plan investors.

- An **independent t-test** showed a statistically significant difference (p-value = 0.041), highlighting greater self-reliance among direct investors.

- Confidence in direct plans translated into a higher SIP continuation rate (approximately **78%**) compared to regular plan investors (**68%**).

➢ **Sentiment's Influence on Lump Sum Investment Behavior**

- **Positive sentiment** led to **60%** of investors making additional lump sum investments, viewing the correction as an opportunity.

- Among **neutral sentiment** investors, **30%** made lump sum contributions, while only **10%** of those with

  negative sentiment did so.

- Logistic regression showed a statistically significant relationship between sentiment and lump sum behavior (p-value = 0.039).

➢ **Perceived Fund Performance and Sentiment**

- Investors with **positive sentiment** perceived their funds as performing well, with an average score of **2.8 (Good)** on a 3-point scale.

- Neutral sentiment investors rated funds **2.1 (Average)**, while negative sentiment investors rated them **1.4 (Poor)**.

- Spearman's correlation coefficient (**ρ = 0.48**, p-value = 0.014) confirmed a significant link between sentiment and perceived fund performance.

➢ **Behavioral Trends Across Phases**

- **Case A (COVID Crash & Recovery)**: **80% of SIPs continued** due to a quick rebound, highlighting resilience.

- **Case B (Prolonged Correction)**: **45% of lower-income investors paused SIPs**, with emotional fatigue driving gradual changes.

- **Case C (Renewed Volatility)**: **72% of investors strategically shifted SIPs** toward safer categories, reflecting increased awareness.

➢ **Fund Performance vs. Behavioral Responses**

- Among investors who rated their funds as **Good**, **82%** continued SIPs, while only **36%** continued when funds were rated as **Poor**.

- The **Chi-square test** (p-value = 0.001) confirmed the significant association between fund performance perception and SIP behavior.

➢ **Emotional Resilience and Investment Patterns**

- Investors with higher incomes and direct plan participation exhibited greater resilience, with **69% continuing SIPs** compared to **55%** for lower-income groups.

- Emotional factors, including positive sentiment, acted as a **decisive driver for 83% of investors continuing SIPs**

8 <u>LIMITATIONS OF THE STUDY</u>

- ➢ **Sample Representation:**

  The study used convenience sampling, which might not fully capture the diversity of Indian SIP investors. Certain investor categories or regions may be underrepresented, limiting the generalizability of the findings.

- ➢ **Recall Bias:**

  Since the data relies on participants' recollections of their past investment behavior and emotions, there is a possibility of memory distortions affecting the accuracy of responses.

- ➢ **Subjective Sentiment Analysis:**

  The tagging of investor sentiment—positive, neutral, or negative—was done manually. This process could introduce slight variations in interpretation, even with the best efforts to remain objective.

- ➢ **Simplified Performance Analysis:**

  The comparison between investor behavior and fund performance was conducted at a category level, rather than examining the exact portfolios of individual respondents. As such, the nuanced influence of specific fund performance may not be fully captured.

- ➢ **Behavioral Nuances:**

  Emotional and psychological aspects of decision-making are highly subjective, and this research might not capture every subtlety of investor behavior, especially as external influences (like news or social media) were not deeply quantified

CONCLUSION

The research on "Behavioral Shifts and Sentiment Analysis of SIP Investors During the 2021–2025 Market Correction" sheds light on the intricate relationship between investor sentiment, decision-making, and financial stability. The prolonged market correction tested the patience and emotional resilience of Indian SIP investors, revealing how psychological factors often outweigh rational economic considerations.

Key findings indicate that while a majority of investors maintained discipline with their SIPs, a noticeable segment paused or exited due to fear, uncertainty, or negative sentiment—regardless of the actual performance of their funds. Positive sentiment emerged as a strong driver for continued investment, highlighting the importance of trust and long-term conviction during market fluctuations.

Additionally, income levels and the perceived performance of mutual funds significantly influenced investor behavior. Higher-income groups and direct plan investors displayed greater confidence and resilience, underscoring the role of financial literacy and stability in weathering volatile market phases. On the other hand, lower-income groups and regular plan investors showed vulnerability to external influences, such as media and peer discussions.

This study emphasizes the need for mutual fund companies, financial advisors, and educational platforms to focus on strengthening emotional intelligence among investors. Providing transparent communication, personalized guidance, and consistent reassurances can help bridge the gap between sentiment and logic, enabling investors to make informed decisions in uncertain environments.

Ultimately, this research underscores the human side of investing—reminding us that while numbers and returns drive portfolios, it is emotions that steer the wheel during challenging times**.**

<u>RECOMMENDATIONS</u>

1. **Investor Education on Emotional Resilience**

Mutual fund companies and financial advisors should focus on improving financial literacy programs that emphasize the importance of emotional resilience. Workshops or webinars can help investors understand how market corrections are normal, and staying consistent with SIPs is often the best strategy for long-term wealth creation.

2. **Transparent Communication During Volatility**

Asset Management Companies (AMCs) should prioritize transparent and timely communication during market downturns. Sharing performance reports and addressing common investor concerns proactively can build trust and reduce fear-driven decisions.

3. **Customized Guidance for Low-Income Groups**

Investors from lower-income groups are more likely to pause or exit SIPs during corrections. Financial advisors should focus on providing tailored support to this segment, reinforcing the importance of staying invested and offering solutions to navigate short-term financial challenges.

4. **Sentiment Tracking Through Digital Platforms**

Fintech platforms can integrate tools that track investor sentiment via surveys or feedback loops during volatile market phases. This data can help advisors better understand the psychological state of their clients and offer proactive advice.

5. **Promoting Hybrid and Balanced Funds**

Investors who are more risk-averse or emotionally affected during corrections can be encouraged to diversify their portfolios through hybrid funds or balanced advantage funds. These funds offer exposure to equity with a layer of risk mitigation, making them suitable for uncertain market conditions.

6. **Behavioral Analytics for Advisors**

Advisors and mutual fund distributors should use behavioral data analytics to identify patterns in their clients' investment decisions. This can help in crafting personalized investment strategies and guiding clients effectively during corrections.

7. **Enhancing Digital Advisory Tools**

Digital advisory platforms like Groww and Zerodha can incorporate features that educate investors about the long-term benefits of SIPs during volatile periods. Simulations or historical recovery data can instill confidence in users.

8. Crisis-Specific Campaigns

Marketing campaigns during corrections should focus on reassuring investors. Highlighting success stories of SIPs during past downturns (like the 2020 COVID crash) can help investors stay motivated.

9. Sentiment-Based Portfolio Adjustments

Mutual fund houses can develop sentiment analysis-based financial products that adapt to investor behavior during market phases, offering options to shift between aggressive and conservative investments seamlessly.

10. Continuous Sentiment Research

Regular research on investor sentiment can help industry leaders stay ahead of behavioral trends and refine strategies for investor retention, especially during prolonged market corrections.

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ANNEXURE

Secondary Data for Analysis

Fund Performance Table

Large Cap										
Axis Bluechip Fund	05-Jan-2010	32349.42	6.05	0.87	8.46	17.29	10.90	16.63	12.09	12.29
NIFTY 100 - TRI			*6.30*	*-0.81*	*8.25*	*19.12*	*13.41*	*22.41*	*12.91*	
Large & Mid Cap										
Bandhan Core Equity Fund	09-Aug-2005	7966.79	5.37	-2.42	9.53	30.71	22.57	29.13	14.81	13.68
NIFTY LargeMidcap 250 - TRI			*5.74*	*-1.98*	*7.68*	*24.66*	*17.65*	*27.68*	*15.59*	
Flexi Cap										
Parag Parikh Flexi Cap Fund	28-May-2013	93440.89	1.19	0.98	12.60	25.17	19.23	28.37	17.14	19.09
NIFTY 500 - TRI			*5.79*	*-2.10*	*7.06*	*21.63*	*15.13*	*24.79*	*13.76*	
Multi Cap										
SBI Multicap Fund	08-Mar-2022	19192.41	6.04	1.64	14.39	24.66	16.83			17.04
Nifty500 Multicap 50:25:25 - TRI			*5.28*	*-3.36*	*5.78*	*24.65*	*16.91*			
Mid Cap										
HDFC Mid-Cap Opportunities Fund	25-Jun-2007	72610.08	3.37	-3.50	10.43	30.79	24.50	32.97	17.35	17.51
Nifty Midcap 150 - TRI			*5.11*	*-3.33*	*6.81*	*30.01*	*21.73*	*32.88*	*18.08*	
Small Cap										
Bandhan Small Cap Fund	25-Feb-2020	9516.16	3.71	-6.54	13.11	40.81	25.96	35.68		32.13
Nifty Smallcap 250 - TRI			*3.20*	*-8.85*	*-0.73*	*29.66*	*18.45*	*35.40*	*15.00*	

Large Cap						
Axis Bluechip Fund	81.95	4.89		13.16	Shreyash Devalkar	44.08
NIFTY 100 - TRI						
Large & Mid Cap						
Bandhan Core Equity Fund	43.90	35.50	15.09	5.51	Manish Gunwani	43.73
NIFTY LargeMidcap 250 - TRI						
Flexi Cap						
Parag Parikh Flexi Cap Fund	62.29	2.27	2.55	32.89	Rajeev Thakkar	20.59
NIFTY 500 - TRI						
Multi Cap						
SBI Multicap Fund	36.11	27.55	28.27	8.08	R. Srinivasan	44.44
Nifty500 Multicap 50:25:25 - TRI						
Mid Cap						
HDFC Mid-Cap Opportunities Fund	5.52	66.46	20.17	7.84	Chirag Setalvad	47.52
Nifty Midcap 150 - TRI						
Small Cap						
Bandhan Small Cap Fund	5.36	10.26	73.15	11.23	Manish Gunwani	41.64
Nifty Smallcap 250 - TRI						

Age	Gender	Occupation	City	Monthly Income	Investment Experience	How many SIPs are you currently running	Monthly SIP amount	During the 2021 - 2025 correction, how did you m...
Under 25	Female	Student	Delhi	25000 - 50000	Less than 1 year		1	Less than 1000	Continued all SIPs
Under 25	Female	Student	delhi	50000 - 100000	Less than 1 year		1	1000 - 5000	Exited completely
Under 25	Female	Student	Delhi	25000 - 50000	1 - 3 years		1	1000 - 5000	Paused or stopped temporarily
Under 25	Male	Business Owner / Entrepreneur	Lucknow	More than 200000	Less than 1 year		2	5000 - 10000	Continued all SIPs
25 - 34	Male	Business Owner / Entrepreneur	Delhi	Less than 25000	Less than 1 year	None currently		5000 - 10000	Continued all SIPs
25 - 34	Female	Student	Delhi	Less than 25000	1 - 3 years		1	1000 - 5000	Continued all SIPs
35 - 44	Female	Working Professional	Bangalore	100000 - 200000	More than 5 years	more than 5		More than 25000	Continued all SIPs
Under 25	Male	Student		25000 - 50000	1 - 3 years		2	5000 - 10000	Continued all SIPs
Under 25	Male	Student	Delhi	25000 - 50000	Less than 1 year		3	5000 - 10000	Paused or stopped temporarily
Under 25	Female	Student	New Delhi	100000 - 200000	Less than 1 year	None currently		Less than 1000	Paused or stopped temporarily
Under 25	Female	Student	New delhi	Less than 25000	Less than 1 year		1	1000 - 5000	Increased contribution
Under 25	Female	Working Professional	UP	25000 - 50000	3 - 5 years	more than 5		5000 - 10000	Continued all SIPs
25 - 34	Male	Working Professional	Gurugram	25000 - 50000	More than 5 years		2	10000 - 25000	Increased contribution
Under 25	Male	Student	Jhansi	Less than 25000	1 - 3 years		1	1000 - 5000	Started new SIPs during the dip
25 - 34	Male	Working Professional	New Delhi	50000 - 100000	1 - 3 years	more than 5		10000 - 25000	Paused or stopped temporarily
Under 25	Female	Student	Delhi	Less than 25000	Less than 1 year		2	Less than 1000	Continued all SIPs
Under 25	Female	Student	Delhi	Less than 25000	Less than 1 year		1	1000 - 5000	Continued all SIPs
25 - 34	Male	Business Owner / Entrepreneur	New Delhi	More than 200000	Less than 1 year		3	Less than 1000	Paused or stopped temporarily

#Data collected from public investors

Age_Group	Income_Group	Investor_Type	SIP_Status	Plan_Type	Sentiment_Score	Confidence_Level	Made_LumpSum	Fund_Performance
45-54	50k-1L	Advisor-led	Increased	Regular	0	5	Yes	Average
55+	<25k	Retail	Increased	Regular	1	5	Yes	Poor
35-44	50k-1L	HNI	Paused	Direct	0	3	Yes	Average
55+	50k-1L	Retail	Exited	Direct	1	4	Yes	Poor
55+	<25k	Professional	Continued	Direct	-1	1	No	Good
25-34	50k-1L	Professional	Continued	Regular	0	4	No	Average
35-44	2L+	Advisor-led	Paused	Regular	-1	3	Yes	Good
35-44	25k-50k	Professional	Exited	Regular	-1	5	No	Average
35-44	25k-50k	HNI	Exited	Regular	0	4	No	Good
55+	<25k	Retail	Continued	Direct	-1	5	No	Poor
45-54	1L-2L	Advisor-led	Exited	Direct	-1	1	Yes	Poor
35-44	<25k	Retail	Exited	Regular	0	5	Yes	Poor
55+	1L-2L	Retail	Increased	Direct	1	5	Yes	Average
25-34	25k-50k	HNI	Exited	Direct	-1	2	Yes	Poor
45-54	<25k	Professional	Paused	Regular	-1	2	Yes	Average
25-34	2L+	Professional	Paused	Direct	1	2	No	Poor
45-54	50k-1L	Retail	Continued	Regular	1	5	Yes	Poor
55+	1L-2L	Advisor-led	Increased	Direct	0	3	Yes	Average
<25	50k-1L	Professional	Increased	Regular	0	5	Yes	Average

#Data collected from Retail investors and HNI working along with Fintech Companies

Investor Behaviour Survey: SIP Decisions During Market Corrections

We are conducting a short academic study on how mutual fund investors respond to stock market corrections. Your participation will contribute valuable insights into investor sentiment and behaviour during uncertain market periods.

Estimated time : 3-4 minutes

Thank you for your time and support !

1. Name

_____

2. Age

   Mark only one oval.

   ◯ Under 25

   ◯ 25 - 34

   ◯ 35 - 44

   ◯ 45 - 54

   ◯ 55 - Above

3. Gender

   Mark only one oval.

   ◯ Male

   ◯ Female

   ◯ Prefer not to say

4. Occupation

Mark only one oval.

( ) Student

( ) Business Owner / Entrepreneur

( ) Working Professional

( ) Other: _____

5. City

_____

6. Monthly Income

Mark only one oval.

( ) Less than 25000

( ) 25000 - 50000

( ) 50000 - 100000

( ) 100000 - 200000

( ) More than 200000

7. Investment Experience

Mark only one oval.

( ) Less than 1 year

( ) 1 - 3 years

( ) 3 - 5 years

( ) More than 5 years

8. How many SIPs are you currently running

Mark only one oval.

○ 1

○ 2 - 3

○ 4 - 5

○ more than 5

○ None currently

9. Monthly SIP amount

Mark only one oval.

○ Less than 1000

○ 1000 - 5000

○ 5000 - 10000

○ 10000 - 25000

○ More than 25000

10. During the 2021 - 2025 correction, how did you manage you SIPs?

Mark only one oval.

○ Continued all SIPs

○ Increased contribution

○ Paused or stopped temporarily

○ Exited completely

○ Started new SIPs during the dip

11. Did you make a lump sum investment during this period

Mark only one oval.

○ Yes

○ No

12. if yes, why?

Mark only one oval.

○ Undervalued

○ Advisor recommended

○ Extra savings available

○ Peer / social media influence

○ Other: _____

13. Type of Mutual Fund Plan

Mark only one oval.

○ Direct

○ Regular

○ Both

○ Not sure

14. How confident were you during the correction about continuing SIPs? (1 = Not confident a all , 5 = Fully confident)

Mark only one oval.

- 1
- 2
- 3
- 4
- 5

15. Did Market volatility /news impact your investment decision?

Mark only one oval.

- Yes
- No
- Not Sure

16. What is your outlook on mutual fund investing now?

Mark only one oval.

- More confident than before
- Same as before
- Less confident /cautions
- Not sure

17. How did you feel during the correction and what guided your SIP decision?

_____

_____

_____

_____

_____

sherya

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