

# SIPPING THE SIP

When I get my first dose of coffee in the morning, along with the day's newspaper, I enjoy the coffee sip by sip. I do not think that any one just pours the coffee into their mouth and enjoy it. Like millions of others, I prefer to drink coffee sip by sip and enjoy till the last drop. There is a message in it. A whole cup of coffee however hot it is, you are capable of enjoying it bit by bit and when the cup is empty the joy one get is full. Just replicate it in your saving habit, small drops will one day become an ocean.

Today every mutual fund house or stock brokers bombards advertisements, emails, SMSs, pamphlets etc., about Systematic Investments Plan ie., SIP. Everyone claims that their plan provides the best result to the investor. Innumerable schemes and plans are available for the investor to choose and invest either in mutual fund units or in equity shares. SIP could be started with for a very small money which perhaps buy you a movie ticket. SIP could be on daily basis, weekly basis or monthly basis for as low as Rs.500/- or even less than that. Mutual Fund houses are bent upon to draw more and more attractive e SIP schemes.

What is SIP? It is systematic investment plan. What do we do in it? While I intend to invest Rs.1 lakh in the mutual fund, I am unable to afford it because today I do not have so much money in cash with me. So, either I save rupees one lakh and then invest in the security I wish. In doing so, I am uncertain when will complete saving rupees one lakh. Whether my savings will get priority in spending for certain emergency or for buying any utilities for the home. I am not sure, if and when I save rupees one lakh, will I be able to invest in the security I wish. Assuming I take about a year's time

to save rupees one lakh, what happens to the price of the security I wish to buy? Is it insulated against any price rise? If not, when actually I want to buy that security, the price of it would be much higher than I planned for and I am required work hard further to save more money. This will only continue as a vicious circle. To avoid it, I am now given an opportunity by the mutual funds and stock broking firms to buy the stock of my choice for smaller money and accumulate over a period of time thereby I could balance my savings and investments without bothering too much about the rise in price of the share and securities or fall in the value of the currency.

That is great! Isn't it? I recall my school days. My father would not give more than three or five paise as pocket money! Not daily... weekly! Yes! Unthinkable today, right? For that money, I could buy only a few candy or one scoop of ice cream on the piece of paper. Nothing more. But, then I remember that there was a small kirana shop owner near our house who would run small chits. It runs like this, he will give us a small card printed on it numbers 1 to 100. The cards will be in the denominations of 3 paise, 5 paise, 10 paise and 20 paise. Cost of the card would equivalent to the denomination. What we need to do is, buy a card, say with denomination of 5 paise. Each time I get 5 paise, I will give it to him. He will just cross one number in the card. When all the 100 numbers are crossed, he will give me five rupees! That was a great money those days that I could cherish myself and also give a party to my friends! I also remember how my mother will save money. All in small units. One day, mostly during any festival or any family function, that savings would come very handy for my father. Certain banks adopted this method of collecting savings deposits from small time merchants on daily collection basis called Pigmy deposits. This was

coming very handy for small and medium business men. Thus, SIP is not a new concept or new method of savings, it was in existence from time immemorial. A study says that Indians have a very good savings habit as compared to other country men. Systematic investment plan is a most suited plan of investment for small and medium households to achieve bigger investment plans.

Take a dip into SIP and sipping the benefits SIP by SIP, enjoy to see that your investments grow in a predetermined pace and volume. Good luck.

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