

SIP or Lump Sum Investment – Which one is better?



Both SIP (Systematic Investment Plan) and lump sum investing are effective ways to build your investment portfolio. They simply differ in how and when you deploy your money. But which approach is better for you?

SIP allows you to break your investment into smaller, regular instalments. This makes it easier on your monthly budget and helps you stay disciplined. SIPs also help you navigate market ups and downs through rupee-cost averaging, ensuring that you keep investing whether markets rise or fall.

Lump sum investing, on the other hand, involves deploying a large amount at once. This approach can work well when markets are relatively stable or undervalued and when an investor has a significant amount ready to invest. In a growing economy like India, where long-term market outlook may remain positive, lump sum investments can benefit from the power of compounding over time.

Ultimately, the choice between SIP and lump sum depends on:

- Your risk appetite,
- Your cash flow situation, and
- Your investment horizon

SIPs are ideal for long-term wealth creation and for investors who prefer consistent investing habits. Lump sum investing is suitable when you already have a sizeable amount available and want to put it to work immediately.

In many cases, a combination of both may work best - continuing with SIPs for disciplined growth while adding lump sum investments whenever you have additional surplus funds.

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