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SIP vs Lump Sum in India

Investing a little every month versus a larger amount all at once: how the two methods differ.

SIP	VS	Lump sum

HOW YOU INVEST

SIP	Lump sum
A fixed amount at regular intervals, such as every month.	One larger amount, all at once.

MONEY OFTEN COMES FROM

SIP	Lump sum
Regular income, such as a monthly salary.	Surplus cash, such as a bonus or a property sale.

PRICE YOU PAY

SIP	Lump sum
Units bought at many NAVs, so the cost is averaged.	All units bought at one day’s NAV.

IF PRICES FALL AFTER YOU START

SIP	Lump sum
Later instalments buy more units.	The whole amount falls in value.

IF PRICES RISE STEADILY

SIP	Lump sum
Later instalments buy fewer units.	More money is invested from day one, so it gains more.

MARKET RISK

SIP	Lump sum
Yes. Returns are not guaranteed.	Yes. Returns are not guaranteed.

Averaging is not a guarantee

AMFI notes that rupee cost averaging does not assure a profit or protect against losses in falling markets. Mutual fund investments are subject to market risks.

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