PERSONAL FINANCE

Explained: how a ₹5,000 monthly SIP can grow over 15 years

Compounding, rupee-cost averaging and why starting early matters more than timing the market.

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In 60 seconds

1. ₹5,000 a month for 15 years at 12% could grow to about ₹25 lakh.
2. You invest ₹9 lakh; the rest comes from compounding.
3. Starting five years earlier matters more than picking the perfect fund.

A systematic investment plan, or SIP, lets you invest a fixed amount in a mutual fund every month. It is one of the simplest ways to build long-term wealth, because it turns saving into a habit and removes the pressure of timing the market.

How the numbers add up

Suppose you invest ₹5,000 every month for 15 years and earn an average return of 12% a year. You would put in ₹9 lakh in total, and your investment could grow to around ₹25 lakh. The extra ₹16 lakh comes from compounding: returns earning returns of their own.

> *Time in the market matters more than timing the market.*

Why starting early matters

Stretch the same SIP to 20 years and the estimated value roughly doubles to about ₹50 lakh, even though you invest only ₹3 lakh more. That is the power of time.

Rupee-cost averaging

Because you invest the same amount every month, you buy more units when prices are low and fewer when they are high. Over time this smooths out the ups and downs of the market.

Returns from equity funds are not guaranteed and can be negative in some years. Pick funds that match your goals and how long you can stay invested, and review them once a year.