

Turbulent Times for Mutual Funds: Stay Invested or Exit?

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Abstract: *The Indian stock market experienced a significant downturn between September 2024 and January 2025, with the Nifty 50 index falling by nearly 12%. This period of volatility has sparked concerns among retail investors, especially those heavily invested in mutual funds. This paper investigates whether mutual fund investors should be alarmed by this market correction, examining data on fund inflows, expert opinions, and investment strategies. The research concludes that such volatility, while disconcerting, offers opportunities for disciplined investors who maintain a long-term investment horizon. It emphasizes the importance of SIPs, portfolio diversification, and maintaining composure during market downturns. Additionally, the paper explores how different categories of mutual funds have responded to market pressures and the psychology behind investor behaviour during volatile periods*

Keywords: AMFI (Association of Mutual Funds in India), volatility, investor psychology

