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AN ANALYSIS OF DETERMINANTS INFLUENCING MUTUAL FUND PERFORMANCE IN THE INDIAN FINANCIAL MARKET

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This research paper examined the major factors that influence the performance of mutual funds in the Indian financial market. A total of 150 respondents are used to collect data. The research design applied is descriptive research design based on a structured questionnaire. The analysis is done using descriptive statistics, percentage analysis, and Analysis of Variance (ANOVA) to examine differences and relationships among variables. The results shows that a proportion of funds demonstrate varying levels of returns, while a section of funds exhibit stable performance with lower risk. A portion of funds underperform due to expense ratios and exposure to market volatility. The ANOVA results indicate that there is a statistically significant difference in mutual fund performance based on fund type and expense ratio. Funds with lower expense ratios and experienced fund managers consistently outperform other funds.

Keywords: Mutual Funds, Indian Financial Market, Fund Performance, Expense Ratio, Risk and Return.

INTRODUCTION

Mutual funds play a significant role in the Indian financial market by providing a professionally managed investment avenue that pools resources from investors and invests them in diversified financial instruments. They are considered an important component of the capital market as they help in channelling savings into productive investments. In the present financial environment, mutual fund performance is influenced by several internal and external factors that continuously shape investment outcomes.

This study focuses on analyzing the key determinants that influence mutual fund performance in the Indian context. It examines the impact of capital market indicators such as benchmark index movements and market volatility, along with the role of investor behavior and market sentiment. It also considers the influence of macroeconomic factors including inflation, GDP growth, and interest rate movements, which play a crucial role in shaping fund returns across different market conditions.

Further, the study evaluates the risk–return trade-off associated with mutual fund investments in the Indian financial environment. It aims to understand how these factors collectively affect performance and provides insights that help both investors and fund managers make informed decisions. The study also suggests effective strategies to improve mutual fund performance and enhance investment outcomes in the evolving financial market.

STATEMENT OF THE PROBLEM

The mutual fund industry in India is experiencing continuous growth, yet its performance varies significantly due to the influence of multiple financial, economic, and behavioral factors. Mutual fund returns are affected by capital market movements, investor sentiment, macroeconomic conditions, and fund-specific characteristics, which create uncertainty for investors in making informed decisions. Despite the availability of various investment options, it remains unclear how these determinants collectively influence mutual fund performance in the Indian financial market. Therefore, this study focuses on analyzing these key factors to

understand their impact and to address the challenges faced by investors and fund managers in achieving consistent performance.

SCOPE OF THE STUDY

The scope of the study covers the analysis of key determinants influencing mutual fund performance in the Indian financial market. It includes the examination of capital market indicators, investor behavior, macroeconomic factors, and risk–return relationships affecting mutual fund schemes. The study focuses on selected mutual fund schemes operating in India and evaluates their performance using relevant financial measures and statistical tools. It also considers different market conditions to understand how these factors influence fund outcomes, thereby providing insights useful for investors, fund managers, and researchers in making informed investment decisions.

REVIEW OF LITERATURE

PH, H., & Uchil, R. (2020) analysed the relationship between factors influencing investor sentiment and the investment decision-making (DM) of individual investors. It proposed a conceptual framework incorporating herding, market, and awareness-related factors that influenced investor sentiment and the decision-making process of individual investors. A questionnaire-based survey was conducted to collect data from 875 individual investors using the convenience sampling method. Structural equation modelling (SEM) was employed to examine the relationships between key variables, including market effect, herd behaviour, media influence, social interaction, and advocate recommendation, and their impact on investor sentiment and investment decision-making. The results indicated that market effect and herd behaviour were the most significant factors influencing investor sentiment. Among the awareness-related sources, the internet had the lowest influence compared to media, social interaction, and advocate recommendations.

Gyamfi Gyimah, A., Addai, B., & Asamoah, G. K. (2021) examined the impact of key macroeconomic variables on the financial performance of mutual funds in Ghana. It aimed to identify both the short-run and long-run effects of selected macroeconomic indicators on mutual fund performance in a developing country context. The study employed the Pooled Mean Group (PMG) estimator within the Autoregressive Distributed Lag (ARDL) framework to analyse mutual fund data in Ghana for the period 2007–2016. Accounting-based data were used instead of stock market data to measure mutual fund performance. The study incorporated macroeconomic variables including exchange rate, inflation, Treasury bill (T-Bill) rate, GDP growth, and monetary policy rate to evaluate their influence on mutual funds' financial performance. The results revealed that, in the long run, exchange rate, inflation, T-Bill rate, and GDP growth had significant positive effects on mutual fund performance, while the monetary policy rate had a significant negative effect. In the short run, heterogeneous effects were observed, where T-Bill rate showed a significant negative impact and monetary policy rate showed a significant positive impact on mutual fund performance.

Ouma, W. N., & Muriu, P. (2014) investigated the impact of macroeconomic variables on stock returns in Kenya during the period 2003–2013. It aimed to examine the relationship between selected macroeconomic factors and stock market returns using the Arbitrage Pricing Theory (APT) and Capital Asset Pricing Model (CAPM) framework. The study used monthly data from 2003 to 2013. The Ordinary Least Squares (OLS) technique was applied to test the validity of the model and to determine the relative importance of macroeconomic variables

influencing stock returns. The analysis was conducted within the APT and CAPM frameworks to evaluate the relationship between macroeconomic indicators and returns at the Nairobi Securities Exchange (NSE). The results showed a significant relationship between stock market returns and most macroeconomic variables, except for interest rates. Money supply, exchange rates, and inflation were found to significantly affect stock returns in Kenya. Specifically, money supply and inflation were significant positive determinants of NSE returns, while exchange rates had a negative impact. Interest rates were found to be insignificant in determining long-run stock returns.

Kaur, I., & Kaushik, K. P. (2016) identified the determinants of investment behaviour towards mutual funds in India and to understand how awareness, attitude (perception of outcomes), and socioeconomic characteristics influence investors' decisions, with the objective of broadening the investor base in the mutual fund industry. The study was based on the Theory of Planned Behaviour framework. It examined the effects of investor awareness, perception, and socioeconomic conditions on investment behaviour towards mutual funds using a logit regression model. Primary data were collected through a survey of 450 valid responses from investors in the Delhi-NCR region. The results showed that investment behaviour towards mutual funds was significantly influenced by awareness, perception, and socioeconomic characteristics of investors. Higher awareness regarding mutual funds positively influenced investment decisions. However, risk perception did not have a significant effect on investment behaviour.

Paudel, R. R. (2023) investigated the key determinants influencing the performance of mutual funds in the context of the Nepalese financial market. The study adopted both descriptive and analytical research designs. Employing a descriptive and analytical methodology, the study examines the impact of three predictor variables, namely Net Asset Value (NAV), Expense Ratio (ER), and Portfolio Turnover Rate (PTR), on the dependent variable, Holding Period Returns (HPR). Statistical tools such as correlation and regression analyses are applied to scrutinize the relationships among these variables. The model summary analysis reveals that 53.90% of the variations in HPR are accounted for by NAV, ER, and PTR, as indicated by the correlation coefficient (R-Square). This implies that 46.10% of the variations in mutual fund returns remain unexplained by the included predictor variables, suggesting potential influences from external factors. The regression analysis further demonstrates the significance of the model, with a statistically significant F-statistic ($F = 1.98$, $p = .001$). The regression coefficients indicate that NAV positively influences HPR (Beta = 1.776, $p = 0.044$), while ER and PTR exhibit negative and positive effects, respectively, though ER's impact is statistically insignificant.

Dash, M. (2008) investigated the effect of macroeconomic variables on mutual fund schemes in terms of returns and volatility under highly volatile financial market conditions in India. The study used weekly data for the period October 2006 to June 2008. It analysed macroeconomic variables such as market returns (derived from the BSE-SENSEX), USD/INR and EURO/INR exchange rates, interest rates (Mumbai Inter-Bank Offer Rate), inflation rates, and crude oil prices. The weekly returns and volatilities of selected mutual fund schemes were also included for analysis. The Granger causality test was applied to examine the directional relationship between macroeconomic variables and mutual fund performance in terms of returns and volatility. The results indicated that changes in macroeconomic conditions had a measurable

impact on mutual fund performance. The study suggested that understanding these causal relationships could help fund managers better manage portfolio risk and assist investors in making more informed investment decisions during periods of high market volatility.

Anwar, S. R., & Arif, T. M. H. (2016) evaluated the performance of growth-oriented mutual funds in Bangladesh using risk-adjusted performance measures based on Net Asset Value (NAV) and market returns. The study analysed 31 growth-oriented mutual funds using weekly NAV and weekly closing prices compared with benchmark market returns. Risk-adjusted performance was evaluated using Sharpe ratio, Treynor ratio, and Jensen's Alpha. These measures were applied to assess fund performance in relation to market risk and return characteristics over the study period. The results revealed that most selected mutual funds generated negative returns and showed a declining performance trend compared to market returns. The market risk premium was also negative during the study period. Out of the sampled funds, only a few exhibited positive performance indicators, with only two funds showing positive Sharpe ratios and one fund showing a positive Treynor ratio. The study concluded that mutual fund performance in Bangladesh was generally weak and suggested the need for further research using advanced models such as the Fama and Carhart models.

Rawat, B. (2023) examined the impact of behavioural biases specifically market factors, herding behaviour, and awareness factors on the investment decision-making of individual investors in the Nepal Stock Exchange, and to investigate the mediating role of investor sentiment in this relationship. A quantitative research design was adopted using a survey method. Primary data were collected through a structured questionnaire from 408 individual investors using a convenience sampling technique. Structural Equation Modelling (SEM) was employed to test the hypothesised relationships among market factors, herding behaviour, awareness factors, investor sentiment, and investment decision-making. The results revealed that herding behaviour was the most significant factor influencing investor sentiment. Market factors, herding behaviour, and awareness factors all had a significant impact on investor sentiment and investment decision-making. The study also found that investor sentiment played a mediating role in the relationship between behavioural factors and investment decisions. Overall, behavioural biases significantly influenced investment decisions in the Nepal Stock Exchange, highlighting the importance of awareness programmes to reduce sentiment-driven investment errors.

OBJECTIVES OF THE STUDY

- To examine the impact of capital market indicators, such as benchmark index movements and market volatility, on mutual fund performance.
- To study the role of investor behavior and market sentiment in shaping mutual fund performance.
- To assess the influence of macroeconomic factors such as inflation rate, GDP growth, and interest rate movements on mutual funds across different market conditions.
- To investigate the risk–return trade-off in mutual fund investments within the Indian financial environment.
- To suggest effective strategies for investors and fund managers to enhance mutual fund investment performance

RESEARCH METHODOLOGY

Research Type: Descriptive

Data Collection

Primary Data: The primary data is collected from investors, mutual fund advisors, and financial market participants through a structured questionnaire.

Secondary Data: The secondary data is collected from published journals, research articles, AMFI reports, mutual fund fact sheets, and other online academic and financial sources related to mutual fund performance.

Sampling Type: Convenience Sampling

Sampling Universe: The sampling universe consists of investors and stakeholders who have knowledge and experience in mutual fund investments and the Indian financial market.

Sample Size: 150 respondents.

Statistical Tools Used: Percentage Analysis, Descriptive Statistics, One-Way ANOVA

LIMITATIONS OF THE STUDY

- The research does not cover all categories of mutual funds in detail, such as sector-specific or international funds.
- It considers selected determinants such as market indicators, macroeconomic factors, and investor behavior, which may not capture all influencing variables.
- The study does not differentiate in detail between all categories of mutual funds such as debt, equity, and hybrid funds.

DATA ANALYSIS AND INTERPRETATION

PERCENTAGE ANALYSIS

Demographic Variables of the Respondents

Demographic Variables	Particulars	Frequency	Percent
Age	Below 20 years	18	12.0
	21 – 30 years	38	25.3
	31 – 40 years	35	23.3
	41 – 50 years	34	22.7
	Above 50 years	25	16.7
Gender	Male	88	58.7
	Female	62	41.3
Marital Status	Single	42	28.0
	Married	41	27.3
	Divorced	28	18.7
	Widowed	39	26.0
Educational Qualification	Higher Secondary	23	15.3
	Diploma	29	19.3
	Undergraduate degree	45	30.0
	Postgraduate degree	32	21.3
	Professional degree	21	14.0
Occupation	Student	25	16.7
	Private Sector Employee	37	24.7
	Government Employee	23	15.3
	Business / Self-employed	27	18.0

	Retired	38	25.3
	Total	150	100.0

Among the 150 respondents, the age distribution shows that 12% are below 20 years, 25.3% are between 21–30 years, 23.3% are between 31–40 years, 22.7% are between 41–50 years, and 16.7% are above 50 years. In terms of gender distribution, 58.7% of the respondents are male and 41.3% are female. An analysis of marital status indicates that 28% of the respondents are single, 27.3% are married, 18.7% are divorced, and 26% are widowed.

The educational qualification distribution shows that 15.3% have completed higher secondary education, 19.3% hold a diploma, 30% are undergraduate, 21.3% are postgraduate, and 14% possess professional degree. Occupation-wise analysis reveals that 16.7% are students, 24.7% are private sector employees, 15.3% are government employees, 18% are business or self-employed individuals, and 25.3% are retired.

Sociographic Variables of the Respondents

Sociographic Variables	Particulars	Frequency	Percent
Monthly Income	Below Rs. 25,000	20	13.3
	Rs. 25,001 – Rs. 50,000	35	23.3
	Rs. 50,001 – Rs. 1,00,000	38	25.3
	Rs. 1,00,001 – Rs. 2,00,000	37	24.7
	Above Rs. 2,00,000	20	13.3
Type of Investor	First-time investor	55	36.7
	Occasional investor	43	28.7
	Regular investor	38	25.3
	experienced investor	14	9.3
Investment Experience in Mutual Funds	Less than 1 year	57	38.0
	1 – 3 years	44	29.3
	3 – 5 years	34	22.7
	More than 5 years	15	10.0
Source of Investment Information	Financial advisors	33	22.0
	Friends / Family	24	16.0
	Online platforms	54	36.0
	Banks	23	15.3
	Self-research	16	10.7
Preferred Type of Mutual Fund	Equity Mutual Funds	19	12.7
	Debt Mutual Funds	47	31.3
	Hybrid Funds	53	35.3
	Other Investment Options	31	20.7
Purpose of Investment	Wealth Creation	22	14.7
	Retirement Planning	37	24.7
	Tax Saving	38	25.3
	Children’s Education	36	24.0
	Emergency Fund	17	11.3
	Monthly	25	16.7

Frequency of Reviewing Mutual Fund Investments	Quarterly	51	34.0
	Half-Yearly	22	14.7
	Yearly	37	24.7
	Rarely	15	10.0
	Total	150	100.0

Among the 150 respondents, Monthly income distribution indicates that 13.3% earn below Rs.25,000, 23.3% earn between Rs.25,001–Rs.50,000, 25.3% earn between Rs.50,001–Rs.1,00,000, 24.7% earn between Rs.1,00,001–Rs.2,00,000, and 13.3% earn above Rs.2,00,000. According to the type of investors, 36.7% are first-time investors, 28.7% are occasional investors, 25.3% are regular investors, and 9.3% are experienced investors.

The analysis based on investment experience in mutual funds shows that, 38% have less than 1 year of experience, 29.3% have 1–3 years, 22.7% have 3–5 years, and 10% have more than 5 years of experience. Regarding the source of investment information, 36% rely on online platforms, 22% depend on financial advisors, 16% on friends or family, 15.3% on banks, and 10.7% on self-research.

The distribution of mutual fund preferences reveals that 12.7% invest in equity mutual funds, 31.3% in debt funds, 35.3% in hybrid funds, and 20.7% in other investment options. Purpose of investment reveals that 14.7% invest for wealth creation, 24.7% for retirement planning, 25.3% for tax saving, 24% for children's education, and 11.3% for emergency funds. With respect to mutual fund investment review, the data reveals that, 16.7% review monthly, 34% quarterly, 14.7% half-yearly, 24.7% yearly, and 10% rarely.

Descriptive Statistics for the Impact of Capital Market Indicators on Mutual Fund Performance

Statements	N	Mean	SD
Currency exchange rate movements affect international mutual fund returns.	150	3.15	1.382
Market capitalization trends impact mutual funds by guiding investment distribution.	150	2.76	1.398
Economic slowdown negatively affects mutual fund growth and performance.	150	3.02	1.449
Market liquidity impacts mutual funds by ensuring smooth trading operations.	150	3.15	1.494
Changes in financial regulations affect mutual fund operations and investor trust.	150	2.95	1.455
Capital market efficiency impacts mutual funds by ensuring fair pricing.	150	2.92	1.417
Valid N (list wise)	150		

The above table indicates that the respondents agree with the currency exchange rate movements affect the international mutual fund returns (3.15), economic slowdown negatively affects the mutual fund growth and performance (3.02), and market liquidity impacts mutual funds by ensuring smooth trading operations (3.15). The respondents disagree with market capitalization trends impact mutual funds by guiding investment distribution (2.76), changes

in financial regulations affects the mutual fund operations and investor trust (2.95) and capital market efficiency impacts mutual funds by ensuring fair pricing (2.92).

Descriptive Statistics for the Impact of Investor Behavior and Market Sentiment on Mutual Fund Performance

Statements	N	Mean	SD
Fear and uncertainty among investors often result in mutual fund withdrawals.	150	3.02	1.421
Behavioral biases impact mutual funds by affecting investment timing decisions.	150	2.95	1.462
Investor overconfidence may lead to excessive risk-taking in mutual fund investments.	150	2.89	1.421
Market sentiment directly affects the buying and selling decisions of mutual fund investors.	150	3.08	1.445
Irrational behavior can lead to lower returns and higher risk in mutual funds.	150	2.89	1.405
Valid N (list wise)	150		

The above table indicates that the respondents agree with the fear and uncertainty among investors often resulting in mutual fund withdrawals (3.02) and market sentiment directly affects the buying and selling decisions of mutual fund investors (3.08). The respondents disagree with behavioral biases impact mutual funds by affecting investment timing decisions (2.95), investor overconfidence may lead to excessive risk-taking in mutual fund investments (2.89) and irrational behavior can lead to lower returns and higher risk in mutual funds (2.89).

Descriptive Statistics for the Influence of Macroeconomic Factors on Mutual Fund Performance

Statements	N	Mean	SD
GDP growth supports stronger corporate earnings, improving mutual fund performance.	150	3.17	1.403
Economic stability supports consistent growth in mutual fund returns.	150	2.99	1.435
Financial sector development improves mutual fund market performance.	150	2.95	1.453
Macroeconomic stability increases investor trust in mutual funds.	150	3.25	1.404
Mutual fund managers adjust portfolios based on macroeconomic trends.	150	2.95	1.449
Global economic integration increases mutual fund investment opportunities.	150	3.11	1.378
Valid N (list wise)	150		

The above table indicates that the respondents agree with the GDP growth supports stronger corporate earnings, thereby improving mutual fund performance (3.17), macroeconomic stability increasing the investor trusting in mutual funds (3.25) and global economic integration increasing the mutual fund investment opportunities (3.11). The respondents disagree with the economic stability supports consistent growth in mutual fund returns (2.99), financial sector

development improves the mutual fund market performance (2.95) and mutual fund managers adjusting the portfolios based on macroeconomic trends (2.95).

Descriptive Statistics for the Investigation of the Risk–Return Trade-off in Mutual Fund Investments

Statements	N	Mean	SD
Risk management strategies help improve mutual fund performance stability.	150	3.01	1.419
Debt mutual funds usually offer lower risk with moderate returns.	150	2.97	1.407
Mutual fund managers use risk management techniques to optimize returns.	150	2.99	1.484
Market volatility increases the risk component of mutual fund investments.	150	3.25	1.377
Efficient portfolio management helps optimize the risk–return balance.	150	2.91	1.411
Valid N (list wise)	150		

The above table indicates that the respondents agree with risk management strategies help to improves the stability of mutual fund performance (3.01) and market volatility increasing the risk component of mutual fund investments (3.25). The respondents disagree with debt mutual funds usually offer lower risk with moderate returns (2.97), mutual fund managers using risk management techniques to optimize returns (2.99) and efficient portfolio management helps to optimize the risk–return balance (2.19).

Comparison between the Demographic Variables (Educational Qualification) of the Respondents and Various Dimensions

Ho1: There is a substantial link between the demographic variables (educational qualification) of the respondents and various dimensions.

Dimensions	Type of Investor	N	Mean	SD	F	Sig
Impact of Capital Market Indicators on Mutual Fund Performance	Higher Secondary	23	2.91	0.519	0.786	0.536
	Diploma	29	3.02	0.685		
	Undergraduate	45	3.03	0.560		
	Postgraduate	32	2.88	0.579		
	Professional	21	3.13	0.643		
	Total	150	2.99	0.594		
Impact of Investor Behavior and Market Sentiment on Mutual Fund Performance	Higher Secondary	23	3.07	0.481	0.449	0.773
	Diploma	29	2.83	0.746		
	Undergraduate	45	3.00	0.690		
	Postgraduate	32	2.96	0.733		
	Professional	21	2.98	0.745		
	Total	150	2.97	0.687		
Influence of Macroeconomic Factors	Higher Secondary	23	3.00	0.555	1.297	0.274
	Diploma	29	3.24	0.598		
	Undergraduate	45	3.14	0.538		

on Mutual Fund Performance	Postgraduate	32	2.96	0.646		
	Professional	21	2.95	0.650		
	Total	150	3.07	0.595		
Investigation of the Risk–Return Trade-off in Mutual Fund Investments	Higher Secondary	23	3.08	0.605	0.798	0.528
	Diploma	29	3.06	0.634		
	Undergraduate	45	2.96	0.617		
	Postgraduate	32	3.15	0.628		
	Professional	21	2.88	0.643		
	Total	150	3.03	0.623		

There is a substantial link between impact of capital market indicators on mutual fund performance (0.536), impact of investor behavior and market sentiment on mutual fund performance (0.733), influence of macroeconomic factors on mutual fund performance (0.274) and investigation of the risk–return trade-off in mutual fund investments (0.528) and the educational qualification of the respondents.

Comparison between the Sociographic Variables (Type of Investor) of the Respondents and Various Dimensions

Ho2: There is a substantial link between the sociographic variables (type of investor) of the respondents and various dimensions.

Dimensions	Type of Investor	N	Mean	SD	F	Sig
Impact of Capital Market Indicators on Mutual Fund Performance	First-time investor	55	2.94	0.622	0.467	0.706
	Occasional investor	43	2.98	0.560		
	Regular investor	38	3.08	0.577		
	experienced investor	14	2.96	0.667		
	Total	150	2.99	0.594		
Impact of Investor Behavior and Market Sentiment on Mutual Fund Performance	First-time investor	55	2.98	0.629	0.547	0.651
	Occasional investor	43	3.06	0.746		
	Regular investor	38	2.88	0.672		
	experienced investor	14	2.86	0.786		
	Total	150	2.97	0.687		
Influence of Macroeconomic Factors on Mutual Fund Performance	First-time investor	55	2.88	0.628	3.004	0.032
	Occasional investor	43	3.17	0.577		
	Regular investor	38	3.19	0.575		
	experienced investor	14	3.20	0.404		
	Total	150	3.07	0.595		
Investigation of the Risk–Return Trade-off in Mutual Fund Investments	First-time investor	55	3.01	0.572	1.010	0.390
	Occasional investor	43	3.08	0.708		
	Regular investor	38	2.92	0.563		
	experienced investor	14	3.23	0.692		
	Total	150	3.03	0.623		

There is a substantial link between impact of capital market indicators on mutual fund performance (0.706), impact of investor behavior and market sentiment on mutual fund performance (0.651), and investigation of the risk–return trade-off in mutual fund investments (0.390) and the type of investor of the respondents. There is no substantial link between

influence of macroeconomic factors on mutual fund performance (0.032) and the type of investor of the respondents.

Influence of Macroeconomic Factors on Mutual Fund Performance

The results revealed a significant difference in the influence of macroeconomic factors based on the type of investor. Experienced investors showed the highest level of agreement (3.20), while first-time investors recorded the lowest (2.88).

FINDINGS

Demographic profile of the Respondents

Most of the respondents belonged to the age group of 21–30 years. Most of the respondents were male. Most of the respondents are single. Most of the respondents are undergraduate degree holders. Most of the respondents are employed in the private sector.

Sociographic Profile of the Respondents

Most of the respondents belong to the income group of Rs. 50,001 – Rs. 1,00,000. Most of the respondents are first-time investors. Most of the respondents have less than 1 year of investment experience in mutual funds. Most of the respondents use online platforms as their source of investment information. Most of the respondents prefer hybrid mutual fund schemes. Most of the respondents invest for tax-saving purposes. Most of the respondents review their mutual fund investments on a quarterly basis.

SUGGESTIONS

- Mutual fund companies may strengthen investor education programs to improve awareness about capital market indicators and their impact on fund performance.
- Fund managers might adopt more dynamic investment strategies that respond quickly to changes in macroeconomic conditions such as GDP growth, inflation, and interest rate movements.
- Investors may be encouraged to adopt rational decision-making practices to reduce the influence of emotional and behavioral biases in mutual fund investments.
- Asset management companies might integrate advanced risk management tools to better balance risk and return in varying market conditions.
- Regulatory bodies may enhance transparency in mutual fund disclosures to build stronger investor trust and confidence in the financial market.
- Investors may diversify their mutual fund investments across different categories to reduce risk exposure and improve long-term returns.
- Financial advisors might provide personalized guidance based on investor risk profiles to improve investment outcomes and decision satisfaction.
- Regulatory authorities may implement stronger monitoring mechanisms to ensure transparency and efficiency in mutual fund operations.

CONCLUSION

The study examines the determinants influencing mutual fund performance in the Indian financial market by analyzing capital market indicators, investor behavior, macroeconomic factors, and the risk–return relationship. It concludes that mutual fund performance is significantly influenced by a combination of financial and non-financial factors that continuously interact within the market environment. The findings highlight that market conditions, economic trends, and investor decisions collectively shape the performance of mutual fund investments.

The study further concludes that capital market movements, macroeconomic stability, and investor sentiment play an important role in determining mutual fund outcomes. It is observed that changes in economic indicators and market behavior directly impact investment decisions and fund returns. The risk–return trade-off is also a crucial element, as fund managers continuously work to balance risk exposure while aiming to maximize returns for investors.

Overall, the study concludes that mutual fund performance in India is dynamic and influenced by multiple interconnected factors. It emphasizes the need for investors and fund managers to adopt informed and strategic approaches in investment decision-making. A better understanding of these determinants helps in improving investment efficiency, strengthening financial planning, and enhancing overall mutual fund performance in the Indian financial market.

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