INVESTINGG.IN

MONEY, RISK AND STAYING POWER

Do Less, Last Longer

Less Is More in Money, Risk and Markets

How survival, liquidity, risk control and small decisions build lasting wealth, for traders, investors and shop owners.

BY DEB KUMAR GHOSAL

Protect the ability to participate

Liquidity buys time

Sometimes the best trade is the one you skip

Important notice

Educational purposes only. Not advice. This book explains ideas about personal finance, risk management, investing and trading. It is not personalised financial, investment, tax or legal advice, and it is not a research report or a recommendation to buy or sell any security, fund, currency, commodity, crypto asset or other instrument. Where a book must speak in general terms, your own situation may differ. Before acting, consider your circumstances and, where appropriate, speak to a qualified, registered adviser, accountant or lawyer.

Investing and trading involve risk of loss. You can lose some or all of your money, and in leveraged products you can lose more than you put in. Past performance does not indicate future results. Nothing in this book is a promise or prediction of profit. Studies published by India's securities regulator, SEBI, on individual traders in equity derivatives have repeatedly found that a large majority lost money.

Three kinds of examples. (1) *Worked examples and figures* are invented, or are simple arithmetic, to illustrate an idea; simulations show assumptions, not forecasts. (2) *Fictional case studies* are composites; any resemblance to a real person is unintended. (3) *Real case files* summarise events that have been publicly reported and investigated; they are simplified, may omit detail, and should be checked against the sources listed at the back of the book. Tax rates and rules are quoted only as illustrations and change often.

No guarantee. No strategy, allocation, reserve size or rule in this book is guaranteed to work for you. Costs, taxes, slippage and human behaviour reduce results. A stop-loss order does not guarantee an exit at your price, especially when a price gaps or trading is halted.

PROLOGUE

Gratitude and Foundations

This book is not the product of one mind alone. It is the result of countless conversations, encouragement, and support from those closest to me.

To my team, thank you for challenging ideas, refining concepts, and reminding me that clarity matters more than complexity. Your insights shaped this work into something practical and honest.

To my wife, whose patience and wisdom have been my anchor, thank you for reminding me that survival and resilience are not just financial principles but life principles.

To my children, thank you for teaching me the value of simplicity, curiosity, consistency and being naughty at the same time. This book is written with the hope that you — and readers like you — will grow up understanding that wealth is not about chasing every opportunity, but about protecting the ability to participate in the right ones. Being a good human with gratitude and attitude.

GRATITUDE

To My Parents

This book begins with gratitude. To my parents, who taught me that money is not just numbers on a page but a reflection of discipline, sacrifice, and love.

I remember the quiet lessons: my father renewing fixed deposits year after year, my mother setting aside envelopes of cash for school fees and emergencies. They never spoke in terms of “financial planning” or “risk management.” They spoke in terms of survival, dignity, and responsibility.

Those lessons shaped me. They taught me that wealth is not built by chasing returns but by protecting the ability to participate in them. They showed me that saving before spending is not old-fashioned — it is respect for the future.

This book is my attempt to carry forward those values. It is not about getting rich quickly. It is about staying in the game long enough to let compounding, patience, and discipline do their quiet work.

To my parents, who embodied resilience in every decision, this book is dedicated.

Contents

INTRODUCTION

What This Book Offers

> *A practical guide to staying financially healthy, surviving the bad periods, and still being around when opportunity appears. It is written for salaried professionals, business owners and shopkeepers, new investors and active traders alike.*

1 Survive first

Liquidity, emergency funds, and the ability to keep playing.

CHAPTERS 1 TO 3

2 Know your risk

Position sizing, drawdown arithmetic, and what borrowed money really does.

CHAPTERS 4 TO 6

3 Understand yourself

Why traders take small profits and hold big losses, what expectancy is, and eleven biases.

CHAPTERS 7 TO 10

4 Do less, on purpose

Staying invested without being overexposed, simple investing and trading, the cost of activity, the courage to wait.

CHAPTERS 11 TO 15

5 Run a system

Every idea at the shop counter, and a four-layer personal financial operating system.

CHAPTERS 16 AND 17

6 See it in real life

Five fictional case studies and six real case files, with sources you can check.

PART VI

INSIDE

17 chapters, a checklist you can print, a closing chapter and a glossary. More than 40 figures and worked examples in rupees, drawn from the share market and the shop counter. Key takeaways, reflection questions and a practical exercise in every chapter.

BY THE LAST PAGE YOU SHOULD BE ABLE TO

Size any position by the loss you can afford. Size an emergency fund for your own life. Tell a real edge from a high win rate. Recognise the biases that cost you money. And run your finances from a one-page system that survives being wrong.

INTRODUCTION, CONTINUED

The Idea Behind This Book

> *The most useful thing I know about money fits on a single line, and it is easy to nod at and hard to live by.*

> *Most money conversations begin with the same question: what should I buy? This book begins with a different one: what would make me leave the game?*

Picture two people who start on the same day with the same amount of money.

The first is brilliant. Over three years, she finds an excellent business, buys it at a sensible price, and sees it double. She is right about the direction, right about the timing, right about the thesis. Then, in the fourth year, a family emergency arrives at exactly the moment the market is down 30%. She has no cash. She sells the business she loves, at a low price, to pay for the emergency. Being right did not save her.

The second person is ordinary. He is wrong about half his ideas. But he keeps six months of expenses in a boring account, never borrows to invest, and never puts more than a small slice of his money into any single decision. When the same emergency arrives at the same terrible moment, he pays for it from his reserve. He is still holding everything when the market recovers. Being ordinary saved him.

Nothing about the first person's intelligence changed. What changed was **how much room she had left to be wrong, unlucky, or simply human**.

That room is what this book is about.

The one idea

Everything in these pages hangs on a single sentence:

In money, survival and consistency often matter more than intensity. Less can be more.

It is easy to nod at that sentence and hard to live by it, because almost everything around money pushes the other way. Screens flash. Friends boast. Every week has a new theme, a new tip, a new "opportunity you cannot afford to miss." The result is a culture that quietly rewards *activity*: the busy portfolio, the clever trade, the constant adjustment. It feels like progress. Very often it is only motion.

Yet when you look at how people actually get hurt with money, you rarely find a shortage of activity. You find:

- an investor with no cash forced to sell in a downturn,
- a trader who was right on direction and wrong on size,
- a shopkeeper who sold too much on credit and ran out of money to restock,
- a saver who kept changing strategy every time the last one had a bad quarter,
- a person with a fine plan and no way to keep following it when life got expensive.

The common thread is not stupidity. It is **fragility**: a financial life built so tightly that one ordinary shock, or one ordinary mistake, breaks it.

What "less" means here

Before we go further, let us be precise, because "less is more" can be misunderstood.

It does **not** mean save less, learn less, or care less. It does not mean "never trade" or "put everything in one product and forget it." It does not claim that simple is automatically safe, or that doing nothing is always right. Sometimes more is exactly right: more savings, more insurance, more time to learn, more patience.

It means *less of the things that add risk without adding much return*:

- less leverage,
- less concentration,
- less complexity,
- less noise,
- less prediction,
- less unnecessary activity,
- less dependence on one perfect decision.

And it means *more of the things that keep you in the game*:

- more liquidity,
- more margin for error,
- more consistency,
- more patience,
- more honesty about what you do not know.

If you take only one thing from the book, let it be this reframe: **your first financial goal is not the maximum possible return. It is to build a system that lets you stay financially healthy, survive bad periods, and still be participating when good opportunities appear.**

Four areas, one thread

The book connects four areas that are usually taught separately:

1. **Personal finance and financial habits**, because a plan you cannot follow is not a plan.
2. **Emergency funds and financial resilience**, because liquidity buys time, and time prevents panic.

3. **Risk management in investing and trading**, because the size of your loss matters more than the size of your idea.
4. **The psychology of staying invested and avoiding unnecessary activity**, because most of the damage is done by us, not by markets.

The examples come from three places. Some are from **the share market**: investing, trading, options, leverage. Some are from **the shop counter**: stock, credit, cash, expansion. Business owners face the same laws as investors, often in a smaller, faster, more visible form. And some are **real case files**, taken from events that were publicly reported and investigated, so that you can read the sources and judge for yourself.

What this book is not

It is not a tip sheet. It will not tell you what to buy or sell. It does not promise returns, and it is careful never to imply them. Any number you see in a worked example is there to show how an idea works, not to predict what will happen to you. Where the book uses simulations, they show what follows from stated assumptions, and it says so.

It is also not personal advice. It cannot know your income, your family, your debts, your health, or your appetite for risk. Where a decision depends on those things, the book says so, and suggests that you speak to a qualified professional.

PLEASE READ THIS

Investing and trading involve real risk of loss. Never trade money you cannot afford to lose. Never borrow to trade. Educational content is not a recommendation.

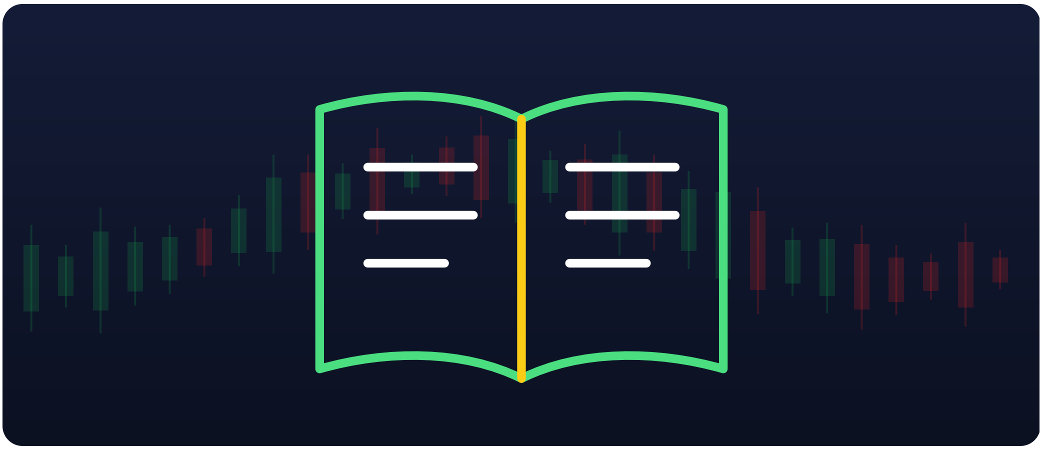
What you should feel at the end

I hope that, by the last page, you will think something like this:

> *"My first goal isn't to make the maximum possible return. It's to build a system that lets me stay healthy, survive the bad years, and still be around when opportunity shows up."*

If you do, then the book has done its work, whether or not you ever place another trade.

Let us begin where all of it begins: with the difference between making money and *still being there*.



GUIDE

How to Use This Book

> *Read it in order the first time. Do the exercises. Come back to the checklist.*

You do not need to read this book in a hurry, and you should not try to apply all of it in a week. It is built like a staircase. Each chapter rests on the one before.

The shape of the book

Survive → Understand risk → Understand yourself → Simplify → Build a system

- **Part I: Survival** (Chapters 1 to 3) is about liquidity and reserves. It comes first because nothing else works without it.
- **Part II: Risk** (Chapters 4 to 6) is plain arithmetic: how much you can lose, how deep the hole is, and what borrowed money does.
- **Part III: Behaviour** (Chapters 7 to 10) is about the person making the decisions: why they take small profits and hold big losses, what expectancy is, and which mental shortcuts cost money.

- **Part IV: Less** (Chapters 11 to 15) is the heart of the idea: staying invested without being overexposed, simple investing, the cost of activity, simple trading, and the courage to do nothing.
- **Part V: The System** (Chapters 16 and 17) brings it to the shop counter and pulls everything into one operating system.
- **Part VI: Cases** has five fictional case studies and six real case files, then the checklist and the closing chapter.

Every chapter has the same parts

Each chapter ends with three things. Please do not skip them.

1. **Key takeaways**: the few lines you should be able to say back.
2. **Reflection questions**: to ask yourself honestly.
3. **A practical exercise**: small, doable, and usually fifteen minutes long. Reading changes what you know; the exercise changes what you do.

The colour code

KEY IDEA

Key idea. The point to remember from the section.

WORKED EXAMPLE

Worked example. Numbers you can follow with a calculator.

AT THE SHOP COUNTER

At the shop counter. The same law, seen from a small business.

IN THE MARKET

In the market. The same law, seen from investing or trading.

> **WATCH OUT**
>
> **Watch out.** A common and expensive mistake.

Three kinds of examples

You will meet three kinds, and it matters which is which.

- **Worked examples and figures** are invented, or computed from simple arithmetic, to show how an idea works. Simulations show what follows from stated assumptions. They are not forecasts.
- **Fictional case studies** are composites. The people never existed, but the numbers were built to be internally consistent, so you can follow every rupee.
- **Real case files** describe events that were publicly reported and investigated. They are summaries, and they are simplified. The last pages list the sources, so you can check every claim and read further. If a fact in a real case ever differs from the original sources, trust the sources.

Ten principles you will meet again

These are repeated on purpose. A good idea is worth hearing more than once.

1. Protect the ability to participate.
2. Liquidity buys time.
3. Risk management is not about avoiding every loss. It is about avoiding irreversible losses.
4. Being invested and being overexposed are not the same thing.
5. Activity is not the same as progress.
6. A small loss can be a business expense. A large uncontrolled loss can become a business-ending event.
7. You do not need to predict everything. You need a process that can survive being wrong.
8. The goal is not to win every trade. The goal is to remain in the game.
9. Less noise. Less leverage. Less complexity. More consistency.

10. Sometimes the most valuable trade is the trade you do not take.

A SMALL FAVOUR

Keep a pen or a notes app open while you read. When a sentence makes you wince because it describes something you did, write it down. That list is worth more than any chapter.

PART I

Survival

Before returns, there is staying power. Three chapters on liquidity, reserves and why the ability to keep playing comes first.

CHAPTER 1 OF 17

Protect the Ability to Participate

> *Long before you ask how much you can make, ask whether you will still be here to make it.*

> *In a game you play once, you can gamble everything and hope. In a game you play for thirty years, the first rule is simple: do not get knocked out.*

Ask a hundred people what the goal of investing is and most will say some version of "to make as much money as possible." It sounds obvious. It is also, quietly, the source of a great many financial disasters.

Here is a better way to put it: **the goal is to still be playing when the good years come.**

That is a smaller, humbler goal. It is also far more reliable, and it changes almost every decision that follows.

You are playing a repeated game

Money is not a single bet. It is a long series of decisions across a working life, a business life, and then a retirement. You will face dozens of market cycles, several job or income changes, medical events, family needs, and moments when you feel very clever or very foolish.

In a repeated game, one kind of outcome is different from all the others: the one that **removes you from the game**. A loss you can recover from is a cost. A loss you cannot recover from is an ending.

Investors have a name for this asymmetry, borrowed from gambling: **ruin**. Ruin is not the same as a bad year. A bad year hurts. Ruin stops the clock. Once you are out, it does not matter that your strategy would have worked over twenty years, because you will not be there for years two through twenty.

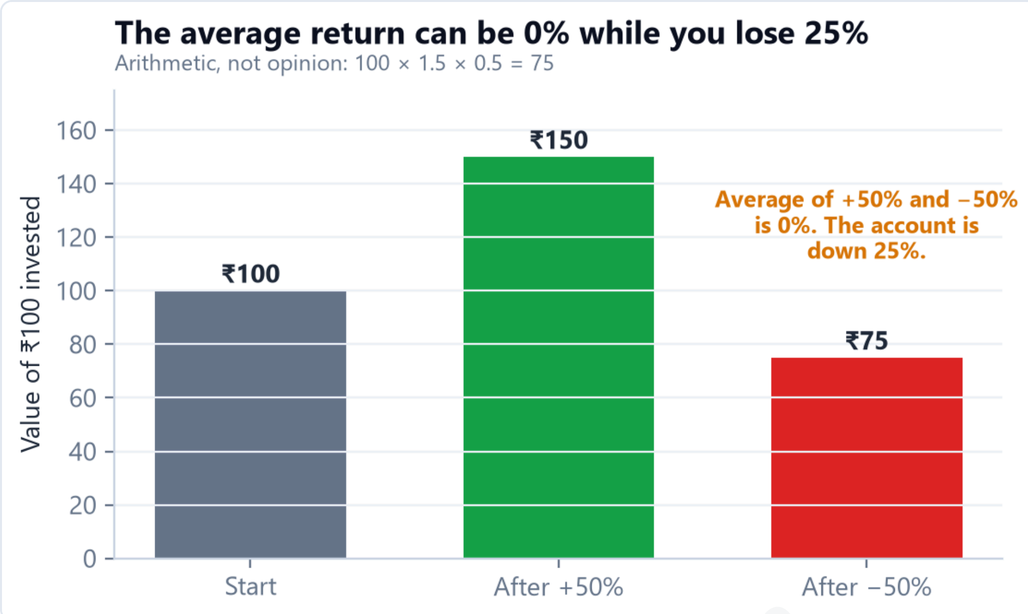
> **KEY IDEA**
> Risk management is not about avoiding every loss. It is about avoiding **irreversible** ones. A loss that leaves you able to keep playing is tuition. A loss that ends your participation is the one to design against.

The trap hiding inside averages

Here is a small piece of arithmetic that surprises almost everyone.

Suppose your money grows 50% in one year, then falls 50% the next. The *average* return is (50% + (−50%)) ÷ 2 = 0%. It sounds like you broke even.

You did not. You started with ₹100, went to ₹150, then lost half of ₹150 and ended with **₹75**. You are down 25%.



The average return is not what you keep. Gains and losses multiply; they do not simply add. Big swings drag the result below the simple average.

This is not a trick. It is how compounding works. A large loss removes money that would have compounded, and the gain needed to get back is larger than the loss (Chapter 5 shows exactly how much). The lesson is not "avoid all volatility." It is that **the path matters, not only the average.** Two people who earn the same average return can end in very different places if one of them suffers a deep loss along the way.

That single idea, that you should care about how bad the worst stretch can be and not only about the expected return, is the foundation of everything else in this book.

Fragility makes people decide badly

There is a second reason survival comes first, and it has nothing to do with arithmetic. It is about the mind.

A person who is financially comfortable makes decisions from a position of calm. They can wait. They can say no. They can hold an investment through a bad quarter because nothing in their life depends on selling it.

A person who is financially stretched makes decisions from a position of pressure. Every unexpected bill is a crisis. Every market fall is a threat to the rent. Their choices are not really *choices*: they are reactions. Some of the worst financial decisions people make, such as selling a good asset at a low price, taking a high-interest loan, or doubling a bet to "get it back," are made by people who feel cornered.

You cannot think clearly about long-term returns when you are worried about next month. **Fragility does not just reduce your wealth. It reduces the quality of your thinking.**

IN THE MARKET

An investor with a long horizon and no immediate need for the money can treat a 30% fall as a discount. An investor who needs that money next month experiences the same fall as a loss he must lock in. Same market, same prices, completely different situations. What separates them is not skill; it is liquidity.

Debt, thin savings and leverage all take away freedom

Three things quietly shrink your room to manoeuvre:

- **Debt with fixed payments.** An EMI does not care how your month went. The more of your income is committed in advance, the fewer options you have when something changes.
- **Thin savings.** Without a cushion, ordinary shocks become emergencies, and emergencies force decisions.
- **Leverage.** Borrowed exposure magnifies gains, but it also magnifies losses and, worse, it can force you out at the wrong time. Chapter 6 is entirely about this.

None of these is automatically wrong. A home loan can be sensible. Used carefully, borrowing for a business can be right. The point is that each of them **converts flexibility into commitment**. The more committed you are, the less you can adapt when reality departs from your plan, and reality always departs from the plan.

AT THE SHOP COUNTER

A small shopkeeper has ₹6 lakh of stock and ₹40,000 in the cash drawer, and owes a supplier ₹2 lakh due in ten days. A festival is coming and demand will spike, but he cannot buy extra stock without cash. A neighbouring shop with the same stock

> and ₹3 lakh in reserve buys the extra stock, sells it at the festival, and comes out well ahead. Same business, same neighbourhood, same skill. One could act on the opportunity. The other could not, because he had already committed everything.

Survival does not mean timid

At this point a fair objection arises: "If survival comes first, won't I just sit in a corner and earn nothing?"

No. Survival first is not the same as *safety only*. The point is to **order** your priorities, not to eliminate risk.

Think of a mountaineer. She wants to reach the summit. But she does not rush to the top with no rope, no food and no plan to come down. She sets turnaround times, carries reserves, and is willing to turn back short of the peak. She is not afraid of the mountain; she wants to climb *again*. The climbers who do not return are usually not the timid ones. They are the ones who let the summit override their rules.

Financial survival works the same way. Once you have a reserve, sensible insurance, manageable debt, and position sizes you can survive being wrong on, **you are free to take real, calculated risks** because no single one of them can knock you out. Survival is not the opposite of growth. It is the platform that makes patient growth possible.

Why the ability to participate is the real prize

There is one more reason to protect your staying power, and it is the part most people miss.

Markets regularly offer opportunities that only the *prepared* can use. The most dramatic ones tend to arrive at the worst possible moments: during crashes, panics and recessions. In those moments, prices can fall a great deal, and the people with cash, credit and calm are able to act. The people who are forced sellers are on the other side.

Big falls happen. Your plan has to expect them.

2008–09	Indian equity indices fell by more than half from their January 2008 highs
2020	Nifty 50 fell roughly 38% between late January and late March 2020
Both	Recoveries came, but only for those who were still holding on and not forced to sell

Rounded, approximate figures. Check exact levels on NSE or BSE data before quoting.

Big falls have happened, and will again. Rounded, approximate figures for Indian equity indices. Check exact levels on NSE or BSE data before quoting them.

Indian markets fell by more than half between January 2008 and the lows of that crisis, and the Nifty 50 fell by close to 40% in about two months in early 2020. Both were followed by recoveries, though not on any schedule that anyone could have counted on. Investors who were forced to sell during the falls locked in their losses and had less money in the recovery. Investors who did not have to sell were in a position to hold, and some were able to add.

That is what we mean by **the ability to participate**. It is not about predicting crashes. It is about making sure that when one arrives, you are a person who *can* stay in, or even step forward, rather than a person who must step out.

REAL CASE FILE

Long-Term Capital Management, 1998

Long-Term Capital Management was a hedge fund in the United States run by highly credentialed traders and academics, including two Nobel laureates. Its strategies were built on careful analysis, and for its first years it performed impressively. But it operated with very large borrowed positions, reportedly holding assets many times the size of its own capital. In 1998, a shock elsewhere in the world moved markets in ways its models had treated as extremely unlikely, and the fund's losses, magnified by leverage, threatened to bring it down. In September 1998 the Federal Reserve Bank of New York organised a private rescue by a group of banks, because the fund's collapse was feared to disrupt wider markets.

The lesson is not "the traders were foolish." They were not. It is that **intelligence does not protect you from a structure that leaves no room to be wrong.** The full case file, with sources, is in the Real Case Files chapter.

A simple test

Here is the question this book will ask you, in many forms, again and again:

> *If I am wrong, or unlucky, or the timing is bad, does this decision leave me able to continue?*

If the answer is yes, you can take the decision on its merits. If the answer is no, the decision needs to be smaller, safer, or not made at all, no matter how attractive the upside looks.

KEY TAKEAWAYS

- Money is a **repeated game**. The outcome that matters most is the one that removes you from it.
- **Average returns hide path risk.** +50% then −50% is not 0%; it is −25%.
- **Fragility damages thinking**, not just wealth. People who feel cornered decide worst.
- Debt, thin savings and leverage each turn **flexibility into commitment**.
- **Survival first is not timidity.** It is what makes calculated risk-taking possible.
- **Protect the ability to participate.** That is the real prize.

REFLECTION QUESTIONS

1. If your income stopped tomorrow, how many months could you keep paying for essentials without selling any investment?
2. Which of your commitments (EMIs, subscriptions, fixed costs) would be hardest to cut in a bad year?
3. Think of your worst financial decision. Were you calm, or did you feel cornered? What would have given you more room?
4. Is there any position or commitment in your life that, if it went wrong, could take you out of the game?

THE SURVIVAL AUDIT (15 MINUTES)

1. Write down your **essential monthly spending**: rent or EMI, food, utilities, insurance premiums, school fees, transport, minimum loan payments. Leave out everything optional.
2. Write down the money you could reach within **a week** without selling investments at a loss: savings account, fixed deposit you could break, liquid funds.
3. Divide the second number by the first. That is roughly how many months you could keep going if income stopped.
4. Write the number on a card and keep it visible. You will improve it in the next two chapters.