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Module 11 — Personal Finance

Chapter 2

Personal Finance Math (Part 1)

65

2.1 – Simple Interest

When it comes to personal finance, one of the key things to learn is the math that surrounds this topic. Once you understand the math bit, the rest is just the application of it and life becomes easy after that.

In this chapter, I'll try and explain the most basic math involved starting from simple interest. I know this is explained across multiple chapters across multiple modules in Varsity, but for the sake of completeness let me include all of it in one single chapter.

Let us run through an imaginary transaction, my guess is that this a familiar situation for most of us.

Imagine that one of your friends needs money urgently and he approaches you for it. Being a friend, you agree to help him with the money but being a capitalist at heart, you also expect your friend to pay you 'interest' on the cash you lend to him. I know we don't usually ask a friend to pay us interest, but let's just assume he is a friend whom you'd like to help, but not at the opportunity cost of your money.

The transaction details are below –

- Amount – Rs.100,000/-
- Tenure – 5 years
- Interest (%) – 10

As you can see, your friend agrees to repay Rs.100,000/- over a 5 year period and also agrees to pay you an interest of 10%.

Given this, how much money will you make at the end of 5 years? Let's do the math and find out the details.

Remember, the yearly interest is paid on the principal amount.

Principal = Rs.100,000/-

Interest = 10%

Yearly interest amount = 10% * 100,000

= Rs.10,000/-

Here is how the math looks –

Year	Principal Outstanding	Interest payable
01	Rs.100,000/-	Rs.10,000/-
02	Rs.100,000/-	Rs.10,000/-
03	Rs.100,000/-	Rs.10,000/-
04	Rs.100,000/-	Rs.10,000/-
05	Rs.100,000/-	Rs.10,000/-
Total Interest received		**Rs.50,000/-**

So as you can see, you can earn Rs.50,000/- in total interest from this payment. The amount you earn from the interest can also be calculated by applying a simple formula, which you may remember from your school days –

Amount = Principal * Time * Return

Where the return is the interest percentage.

Amount = Rs.100,000 * 5 * 10%

= **Rs.50,000/-**

I'm sure you'd agree that this is quite straightforward and most of you would remember that this is simple interest.

In simple interest, the interest gets charged only on the outstanding principal.

Imagine a bank transaction, you deposit Rs.100,000/- in a bank's Fixed Deposit scheme, which promises to pay you a simple interest of 10% year on year for 5 years. At the end of 5 years, you'll earn Rs.50,000/- as interest income. The math is still the same.

Banks don't pay simple interest, they pay compound interest. What do you think is the difference between simple interest and compound interest?

2.2 – Compound interest

Compound interest works differently compared to simple interest. If someone agrees to pay you compound interest, then it essentially means that the person or the entity is agreeing to pay you interest on the interest already earned.

Let's figure this out with the same example discussed above. The transaction details are as follows –

- Amount – Rs.100,000/-
- Tenure – 5 years
- Interest (%) – 10
- Interest type – Compound Interest (compounded annually)

The math is as follows –

Year 1

At the end of 1st year, you are entitled to receive a 10% interest on the principal outstanding and previous interest (if any). For a moment assume you are closing this at the end of the 1st years, then you would receive the principal amount plus the interest applicable on the principal amount.

Amount = Principal + (Principal * Interest), this can be simplified to

= Principal * (1+ interest)

Here, (1+interest) is the 'interest' part and the principal is obviously the principal. Applying this –

= 100,000 *(1+10%)

= 110,000

Year 2

Now assume, you want to close this in the 2nd year instead of the first, here is how much you'd get back –

Remember, you are supposed to get paid interest on the interest earned in the first year, hence –

Principal *(1+ Interest) * (1+Interest)

The green bit is the amount receivable at the end of 1st year, and the blue bit is the interest applicable for the 2nd year.

We can simplify the above equation –

= Principal *(1+ Interest)^(2)

= 100,000*(1+10%)^(2)

= 121,000

Year 3

In the 3rd year, you'd get interest on the 1st two year's interest as well. The math –

Principal *(1+ interest) *(1+interest) *(1+interest)

The green bit is the amount receivable at the end of 2 years, and the blue bit is the interest applicable for the 3rd year.

We can simplify the above equation –

= Principal *(1+ Interest)^(3)

= 100,000*(1+10%)^(3)

= 133,100

We can generalize this –

P*(1+R)^(n), where –

- P = Principal
- R = Interest rate
- N = Tenure

So, if you were to have this open for the entire 5 years, you'd receive –

= 100,000*(1+10%)^(5)

=**Rs.161,051/-**

Contrast the difference between the 50K received in simple interest versus the Rs.61,051/- received via compound interest.

Compound interest and compounded return work magic in finance. At the end of the day, every aspect of personal finance boils down to the compounded return. For this reason, I think it is best to spend some more time trying to understand the concept of compounding of money.

2.3 – Compounded returns

The concept of compounded return is similar to compound interest. The concept of return and interest is very similar, just like the two sides of the same coin. The interest is what you pay when you borrow money in any form and the return is what you earn when you invest your money in any asset. Therefore, if you understand interest, then it is easy to understand the return.

In this section, you will learn about how the return is measured. Based on the time horizon of your investment, the return measurement differs.

You will use the **absolute** method to measure the return if your investment horizon is less than a year. Otherwise, if your investment horizon is more than a year, you will use CAGR or the **compounded annual growth rate**, to measure returns.

I guess the difference in absolute and CAGR is best understood with an example.

Assume you invested Rs.100,000/- on 1st Jan 2019 in a financial instrument which yields you a 10% return (per year) and you withdraw this investment a year later. How much money do you make?

Quite straight forward as you can imagine –

You will make 10% of 100,000 which is Rs.10,000/-, in other words, your investment has grown by 10% on a year on year basis. This is the absolute return. This is straightforward because the time under consideration is 1 year or 365 days.

Now, what if the same investment was held for 3 years instead of 1 year, and what if instead of a simple return of 10%, the return was compounded annually at 10%? How much money would you make at the end of 3 years?

To calculate this, we simply have to apply the growth rate formula –

Amount = Principal*(1+return)^(time)

Which as you realize is the same formula used while calculating the compound interest. Applying this formula –

100,000*(1+10%)^(3)

= **Rs.133,100/-**

Referring to the previous section, if you were to charge compound interest, then this is the same amount of interest you receive from your friend in the 3rd year.

Continuing on the same lines, here is another question –

If you invest Rs.100,000/- and receive Rs.133,100/- after 3 years, then what is the growth rate of your investment?

To answer this question, we just need to reorganize this formula –

Amount = Principal*(1+return)^(time)

and solve for 'return'.

By doing so, the formula reworks itself to –

Return = [(Amount/Principal)^(1/time)] – 1

Return here is the growth rate or the CAGR.

Applying this to the problem –

CAGR = [(133100/100000)^(1/3)]-1

= **10%**

2.4 – The compounding effect

Apparently, Albert Einstein once described 'compound interest' as the 8th wonder of the world. I guess he could not describe it any better. To understand why you need to understand the compound interest in conjunction with time.

Compounding in the finance world refers to the ability of money to grow, given that the gains of year 1 get reinvested for year 2, gains of year 2 gets reinvested for year 3, so on and so forth.

For example, consider you invest Rs.100 which is expected to grow at 20% year on year (recall this is also called the CAGR or simply the growth rate). At the end of the first year, the money grows to Rs.120.

At the end of year 1, you have two options –

- Let Rs.20 in profits remain invested along with the original principal of Rs.100 or
- Withdraw the profits of Rs.20

You decide not to withdraw Rs.20 profit; instead, you decide to reinvest the money for the 2nd year. At the end of the 2nd year, Rs.120 grows at 20% to Rs.144. At the end of 3rd year, Rs.144 grows at 20% to Rs.173. So on and so forth.

Compare this with withdrawing Rs.20 profits every year. Had you opted to withdraw Rs.20 every year than at the end of the 3rd year the profits collected would be Rs. 60.

However, since you decided to stay invested, the profits at the end of 3 years are Rs.173/-. This is good Rs.13 or 21.7% over Rs.60 earnt because you opted to do nothing and decided to stay invested.

This is called the **compounding effect**.

Let us take this analysis a little further, have a look at the chart below:
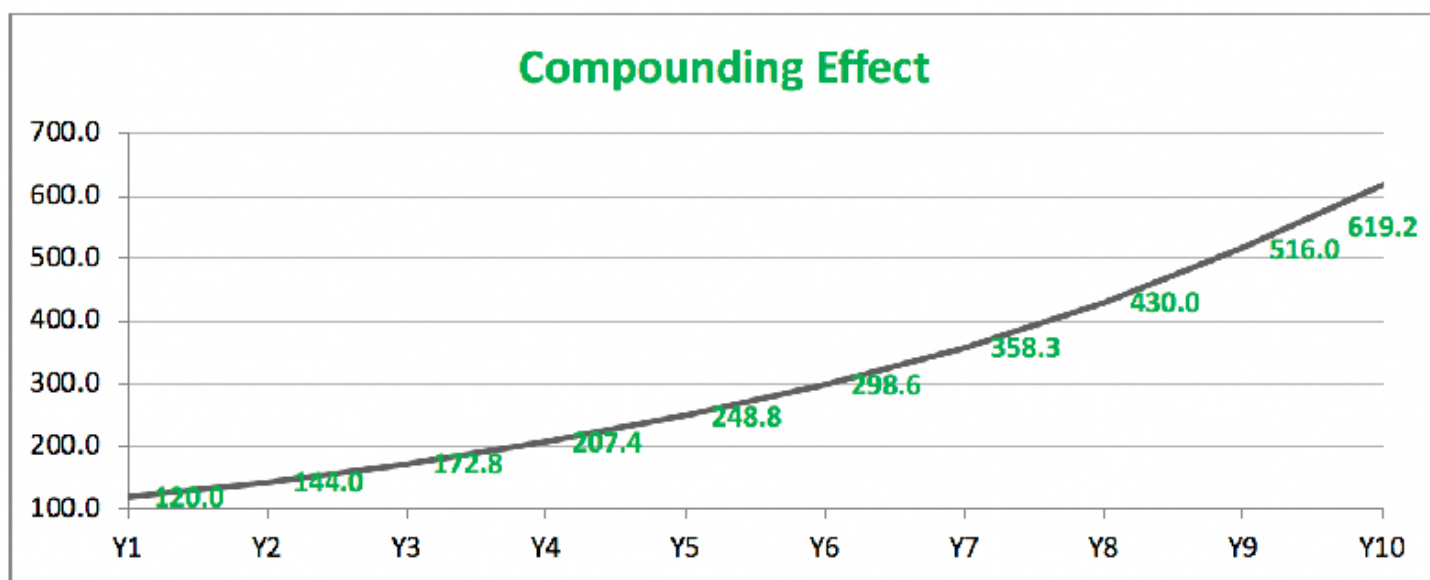
The chart above shows how Rs.100 invested at 20% grows over a 10-year period.

Here is something I want you to pay attention to. If you notice, it took 4 years for the money to grow from Rs.100 to Rs.207 (about 107% return in absolute terms). However as time progressed, from the 7th year onwards the acceleration of growth increased and it took only 3 years for a similar return of 107% to be generated (from 298 to 620).

This is in fact the most interesting property of the compounding effect. The longer you stay invested, the harder the money works for you.

This is a very crucial lesson in personal finance. Trust me when I say that your financial well-being really depends on how well you understand this.

So please do get this concept right.

In the next chapter, we will understand the other crucial concept in personal finance – Time value of money.

Key takeaways from this chapter

- Simple interest is the interest that gets paid only on the outstanding principal
- Compound interest is paid on both interest and the principal outstanding
- Interest and return are like two sides of the same coin
- Absolute return is a measure of the growth in return when your investment if for less than a year
- Compounded annual growth rate (CAGR) is the measure of your return when your investment duration is more than a year
- Compounding works best when you give your investments enough time to grow

Module 11

Chapters

- 1. Background and Orientation
- 2. Personal Finance Math (Part 1)
- 3. Personal Finance Math (Part 2)
- 4. The retirement problem (Part 1)
- 5. The retirement problem (Part 2)

65 comments

1. *jaya* says:
   July 5, 2019 at 9:01 pm

   sir next chapter ?

   Reply

   - *Karthik Rangappa* says:
     July 6, 2019 at 1:21 pm

     Hopefully next week or so.

     Reply

2. *sushil* says:
   July 6, 2019 at 5:28 pm

good initiatives basics but some times we forget basics and make investment complicated.

Reply

- *Karthik Rangappa* says:
  July 7, 2019 at 7:40 am

  Thanks, Sushil! Happy reading!

  Reply

3. *vijay butani* says:
   July 8, 2019 at 1:30 pm

   suggest some books for good financial literacy related

   Reply

   - *Karthik Rangappa* says:
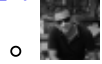   July 9, 2019 at 11:11 am

     Varsity itself ☺

     Reply

4. *Santhosh* says:
   July 8, 2019 at 3:45 pm

   Hi, do u publish all your modules as a book. Definitely its a must read book with full of learning and knowledge. I have almost read. But I would like to keep it for any time quick reference and learning. Anyways? Thank You.

   Reply

   - *Karthik Rangappa* says:
     July 9, 2019 at 11:13 am

     Santhosh, unfortunately, n physical book. We have a PDF though which you can download.

     Reply

5. *Ram* says:
   July 8, 2019 at 6:53 pm

   Hey Karthik,
   What happened to the Financial Modelling module?

   Reply

   - *Karthik Rangappa* says:
     July 9, 2019 at 11:23 am

     We will try and put this up next, Ram.

     Reply

6. *Dilip* says:
   July 9, 2019 at 3:16 am

   Karthik,

Thanks for this Personal Finance module. This chapter will be really helpful for the people who wants to understand the effect of compounding…

i think there is a typo
Under section 2.4 Compounding effect
Withdraw the profits of Rs.2 —> It should be 20 instead of 2

Thank you again ☺

[Reply](#)

- *Karthik Rangappa* says:
  [July 9, 2019 at 11:25 am](#)

  Ah, will fix that Dilip. Thanks for pointing it out.

  [Reply](#)

7. *Vivek Naik* says:
[July 9, 2019 at 6:57 pm](#)

Simple and easy to understand.

[Reply](#)

- *Karthik Rangappa* says:
  [July 10, 2019 at 11:27 am](#)

  Glad you liked it Vivek. Happy reading ☺

  [Reply](#)

8. *Jaydip Kathrotiya* says:
[July 10, 2019 at 2:32 pm](#)

Sir,
Your teaching skills are god level.

[Reply](#)

- *Karthik Rangappa* says:
  [July 11, 2019 at 11:14 am](#)

  Lol ☺

  I hope you found the content easy to understand! Happy reading, Jaydip!.

  [Reply](#)

9. *Shiva Teja* says:
[July 10, 2019 at 8:39 pm](#)

Tell me one thing , why do you guys do it for free , just curious ,(pleasse dont make it paid after reading this comment) i just want to know the reason thats all !

[Reply](#)

- *Karthik Rangappa* says:
  [July 11, 2019 at 11:20 am](#)

Shiva, we believe in good Karma ☺

Reply

10. *Zaid* says:
July 11, 2019 at 12:06 pm

Hey
It's really helpful and easy to understand ☺ excellent initiative.
Wating for IOS app. (When are you launching?)

Thanks!

Reply

- *Karthik Rangappa* says:
July 12, 2019 at 11:26 am

Thanks, Zaid. Happy reading ☺

Reply

11. *Ashish mourya* says:
July 12, 2019 at 12:44 am

Dear karthik,
I recently entered in stock market (since 30 may 2019) by opening account in zerodha only because it allowed online opening.
Then i use marketgurukul app videos as my guide and started intraday trading .
But since market gurukul 's edwardji is npt available anymore. Don't know where he went, hope he is fine.
There are many queries in mind when We trade in share market, so i used varsity as my guide. And since last 20 days i am reading constantly your all module step by step and benifits greatly from them. Even managed to increase capital by 2%.
I always wanted to know about personal finance and by the grace of god you started this module .
I have a query how can i calculate my future expense on child education etc. Tried googling it but it always give link to various financial product .
Kindly post any formula about it,
Also if you have any blog about financial freedom kindly share it .
Again many many praise to zerodha and you for making trading and investing safe and happy.
🙏🙏

Reply

- *Karthik Rangappa* says:
July 12, 2019 at 11:46 am

I've met Edward a couple of times, I hope all well with him.
I'm glad you liked the content on Varsity, Ashish. Yes, budgeting for a future financial event will be a critical component of this module. I will surely discuss this.

Reply

12. *JAYA* says:
July 17, 2019 at 11:18 am

i taken data 10 minutes time frame for 60 days in excel i got nearly 1640 cells .
correlation bpcl vs hpcl 0.72
but, density curve reaches to 0.000234 below or 0.99986 above near to 1
my question was what is the differences between collecting data for 2 years and 10 minutes time frame for 60 days ?
which one should i need follow ? sir

Reply

13. *Vikas* says:
    July 17, 2019 at 11:01 pm

    Thanks a lot sir … I came across Zerodha Varsity when I was searching about F&O. I really loved those 3 modules and doing some paper trading in options now. You are a great teacher and thank you for putting up these awesome contents.

    Reply

    ○ *Karthik Rangappa* says:
       July 18, 2019 at 6:16 am

       Hey Vikas, I'm glad you liked the content on Varsity. Happy reading ☺

       Reply

14. *Prashant* says:
    July 20, 2019 at 6:50 pm

    Sir, I have been doing the SIP in the mutual funds on regular basis till I reach my goal. I would like to ask you that how should I exit from it, whether to take out all the money from that scheme at once or should I take the small amount of money on the regular basis ?

    Reply

    ○ *Karthik Rangappa* says:
       July 21, 2019 at 7:55 am

       It depends on your requirements, Prashant. If you don't have an urgency to pull funds, then stay invested. If you need it over time then withdraw small amounts on a regular period of time (this will also ensure your money stays invested for a longer period). Finally, if you need funds urgently, then you have no option but to withdraw the full amount at once.

       Reply

15. *Darshan* says:
    July 20, 2019 at 7:30 pm

    Sir, could you tell me the options to get the 12% ROI mentioned in the module without risk? If not 12%, what is the highest ROI I can get in India?

    Reply

    ○ *Karthik Rangappa* says:
       July 21, 2019 at 7:56 am

       Darshan, the highest risk-free return in India is about 6-7%, from the bank's fixed deposits schemes.

       Reply

16. *shambu* says:
    July 20, 2019 at 8:21 pm

    for compound interest you said..

    Principal *(1+ Interest) * (1+Interest)

The green bit is the amount receivable at the end of 1st year, and the blue bit is the interest applicable for the 2nd year.

We can simplify the above equation –

= Principal *(1+ Interest)^(2)

= 100,000*(1+10%)^(2)

i guess 'The green bit is the amount receivable at the end of 1st year' as per calculations is 110,000 and not 100000. pls help ,i could be wrong!!

Reply

- *Karthik Rangappa* says:
  July 21, 2019 at 8:00 am

  Yes, 1.1L is the amount receivable at the end of 1st year, provided you wish to withdraw the funds.

  Reply

17. *Sundeep* says:
  July 23, 2019 at 6:21 pm

  Sir I owe a lot of my trading success to yourself and Varsity. Thanks to you I have been taking trades based on TA and Momentum. The results have been as expected if not slightly better. Thanks a lot again for that sir. I wanted to know what are the newspapers, magazines and blogs that you read to keep up with the news? Would you give us the exhaustive list of all the resources that you use? Thanks.

  Reply

  - *Karthik Rangappa* says:
    July 24, 2019 at 11:13 am

    I'm super humbled to hear that, Sundeep. I guess it all boils down to your own discipline in the end. Hope your success continues ☺
    I occasionally read stuff on ET/Businessline. Most of the news these days if from Twitter ☺

    Reply

18. *Nithin* says:
  July 26, 2019 at 9:56 am

  Karthik I read an article saying that companies have pledged their shares as a result of their share price falling down a certain limit and margin calls were triggered. Can you please explain what it means? How does a company get margin calls? Thank you.

  Reply

  - *Karthik Rangappa* says:
    July 26, 2019 at 12:18 pm

    Nithin, promoters of companies pledge their shares to raise funds. The companies lending them the funds will give them based on the condition that they service the loan without any defaults. However, if the promoters default, then the lenders have to right to sell the shares and make good the money. When the lenders start selling the shares in the market, the stock price falls.

    Reply

19. *yogi* says:

July 29, 2019 at 7:56 pm

Hi karthik i had completed my pg in finance and having intrest in the field of markets.recently i had Passed NISM modules with help of varsity.what are the some good jobs to apply.Required skills for the future .

Reply

- *Karthik Rangappa* says:
  July 30, 2019 at 12:07 pm

  Yogi, I'd suggest you look for jobs on the Asset Management side.

  Reply

20. *Yusuf* says:
  August 1, 2019 at 3:05 am

Recently watched your video with smallcase but didn't understood what's the worst advice given to you sir , can you please elaborate that. Thanks.

Reply

- *Karthik Rangappa* says:
  August 1, 2019 at 11:25 am

  Someone asked me to invest in Suzlon, Yusuf because it is supposed to be a 'deep value' stock. So I jokingly said that that was one of the worst investment advise ☺

  Reply

21. *Yusuf* says:
  August 1, 2019 at 12:45 pm

Thanks very much for replying.

Reply

- *Karthik Rangappa* says:
  August 2, 2019 at 5:07 pm

  Welcome, Yusuf!

  Reply

22. *CHIDAMBARAM V* says:
  August 2, 2019 at 11:47 pm

Hi Sir,
You have mentioned that "Here is something I want you to pay attention to. If you notice, it took 4 years for the money to grow from Rs.100 to Rs.207 (about 107% return in absolute terms). However as time progressed, from the 7th year onwards the acceleration of growth increased and it took only 3 years for a similar return of 107% to be generated (from 298 to 620)."

But as per my calculation, when Rs.100 is invested at 20% CAGR the obsolute return remain same for the same period throughout the term invested.Please help me to understand. Below are my calculations:

Year Principle intereset A=P+I Obsolute return for 4 yrs [formula used-(A-P)/P*100]

1 100 20 120
2 120 24 144
3 144 28.8 172.8

4 172.8 34.56 207.36 107.36
5 207.36 41.472 248.832 107.36
6 248.832 49.7664 298.5984 107.36
7 298.5984 59.71968 358.31808 107.36
8 358.31808 71.663616 429.981696 107.36
9 429.981696 85.9963392 515.9780352 107.36
10 515.9780352 103.195607 619.1736422 107.36

Reply

- *Karthik Rangappa* says:
  August 3, 2019 at 11:54 am

  I'm unable to get your calculation. Can you put this up on excel and share the link?

  Reply

23. *CHIDAMBARAM V* says:
    August 3, 2019 at 2:36 pm

    Hi Sir,
    towards the starting of seventh year Rs. 298.5984 is the amount present and towards the 10th year end its Rs.620. Hence absolute return is 107.36 only. same is applicable throughout the term invested, when you calculate for 4 years duration.Kindly check

    Reply

    - *Karthik Rangappa* says:
      August 4, 2019 at 7:18 am

      Absolute return is about 330, right? i.e 620-298?

      Reply

24. *Thiagarajan Krishnan* says:
    August 6, 2019 at 4:09 pm

    I think what Chidambaram was saying is that, it takes the same 4 years (not 3 as mentioned in the post) for the return to grow from 298 to 620, as it did to grow from 100 to 207.

    Reply

    - *Karthik Rangappa* says:
      August 7, 2019 at 11:31 am

      Ah, true if you count the base year.

      Reply

25. *Srinidhi* says:
    August 7, 2019 at 10:11 am

    Hello sir. I am a newly minted CA and I am very much interested in getting into capital markets and Investment Banking, thanks to Varsity. It has been a great learning experience for me outside of academics. My question is, CA are generally not preferred by IBs and AMCs. What skills do I need to develop on my own to be a good candidate for IB? What are the core skills needed? Thanks for the great work you are doing by spreading financial literacy.

    Reply

    - *Karthik Rangappa* says:

August 7, 2019 at 11:49 am

Being a CA adds a huge value especially if you want to get into the asset management side. I'd suggest you look at CFA certification, I guess with both CA and CFA, you'll be on a great track.

Reply

26. *Srinidhi* says:
August 8, 2019 at 11:21 am

Sir thanks for the reply. I'll look into CFA programme. Can you tell me what blogs or websites you regularly use to keep yourself updated with markets and economy? It'll be greatly useful. Thank you.

Reply

   ○ *Karthik Rangappa* says:
   August 8, 2019 at 11:38 am

   For now, I'm looking at Capital Mind and Finception – https://finception.in/

   Reply

27. *Prateek Gupta* says:
August 10, 2019 at 10:23 pm

Hi sir
Only three modules are uploaded on varsity Android app
Eagerly waiting for fundamental analysis module to get uploaded and to give the tests.

Reply

   ○ *Karthik Rangappa* says:
   August 11, 2019 at 11:22 am

   I know, Prateek. Over the next week, we will upload the Options module, followed by the FA module.

   Reply

28. *Mayur* says:
August 14, 2019 at 4:09 am

Respected Sir,

i understood compound interest very well, its a 8th wonder as a said by the albert einstein..

but can you tell how it work for share market , compound interest means reinvesting the INTREST again, ok i got it?

so do i have sell share of company which i bought at lower and sell at high and whatever profit i got, have to reinvest again and buy that share again annually but big investor says think long term? so can you tell WHAT EXACTLY i have REINVEST? and hoplease help me regarding this question?

Reply

   ○ *Karthik Rangappa* says:
   August 14, 2019 at 11:39 am

   Mayur, in the context of the stock markets, you have to stay invested in the stocks and let the stock accumulate its capital gains. You can even buy the stock from the dividend you receive from the company.

   Reply

29. *Mayur* says:
   [August 14, 2019 at 4:13 am](#)

   please tell me, process of reinvesting with example. I am damm confused about it from last year I didn't get my answer from anywhere? hope you will help me… Please

   [Reply](#)

   o *Karthik Rangappa* says:
   [August 14, 2019 at 11:40 am](#)

   I hope my reply to your previous query helps.

   [Reply](#)

30. *Mayur* says:
   [August 14, 2019 at 6:47 pm](#)

   Sir, it means reinvesting can done only by dividends? Becoz if I stayed invested in stock it won't be reinvesting it will grow in linear way….? Compounding means profit on profit right? I understood about dividend no issue.. About share still Little confused… Help me regarding and sorry if I bother you…

   [Reply](#)

   o *Karthik Rangappa* says:
   [August 15, 2019 at 2:30 pm](#)

   No Mayur, equities is not about the dividend play, it is about capital appreciation. For example, you invest 100 in stock this year, next year it grows to 120. The year 3rd year, your base is 120 and not 100. So your money grows with a higher base. That's how compounding works wrt equities investing.

   [Reply](#)

31. *Mayur* says:
   [August 15, 2019 at 9:48 pm](#)

   I got it. Sir
   You are the best teacher I have ever seen…

   [Reply](#)

   o *Karthik Rangappa* says:
   [August 16, 2019 at 10:20 am](#)

   Lol ☺ as long as you enjoy reading ☺

   [Reply](#)

32. *Raj* says:
   [August 29, 2019 at 8:56 am](#)

   Hi Karthik, Namaskara.
   Let me congratulate you and appreciate your effort in educating people with financial literacy. Unfortunately in our education system such things are not taught at early stage.
   I have a very fundamental and humble question. Me being in the timeframe where I am going through"midlife crisis". Stuck in the vicious cycle of "job-job security-salary-liabilities". In such situations can a person like me make a living with these stocks, MFs, derivative trading etc. If yes what's the league that I have to play with. Appreciate your candid and factual advice.

Best regards
Raj

Reply

o   *Karthik Rangappa* says:
       August 29, 2019 at 11:40 am

       Thanks for the kind words, Raj.
       The straight forward answer is – no. Trading income cannot substitute your business or salary income unless
       you have a large amount of capital specifically designated for this. This also means you have 'other' capital to
       take care of your lifestyle and family requirements. Since this is a tough ask for most of us, trading and
       investment income can only complement our salary. Its very hard to replace a salary/business income with
       trading income.

       Reply

33. *Aditi* says:
     September 10, 2019 at 7:57 pm

     Is PDF for the last chapter not available?

     Reply

     o   *Karthik Rangappa* says:
            September 11, 2019 at 11:26 am

            The PDF will be available once the entire module will get completed.

            Reply

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