



Swatantra Kumar Explains: Herd Mentality

Herd mentality refers to an investor habit where the decision to buy or sell is clouded by the behaviour of others around him.

Thus, if everybody is investing in a particular stock or sector, there is a strong tendency for a bunch of investors to do the same. This is without taking merits of investment into consideration.

Do's and Don'ts of investing to avoid the herd mentality

DO NOT invest on the basis of a "hot" tip

Do read up before investing

DO NOT try to time the market

DO invest according to your financial goals

DO invest in what you understand

DO NOT let emotions get the better of you

