



Creating trading plan to become successful trader

The following points/analysis has been mentioned based on our experience. A trading plan either for day trading (intraday) or for investing is must to become successful in share market. But it has been observed that most of the new comers don't create a trading plan rather they enter into share market to become rich in single day or in very short span of time.

The following are few points to be included while creating the trading plan, the experienced traders can include more points but following 5 points are basic and very essential points to get success in trading shares, F&O and even Forex trading

1. Your trading objective (reason for trading)
2. What and when to trader?
3. Taking care of your money
4. Maintain your trade list.

1) Your trading objective (reason for trading) First, we have to define our trading objectives. Why are you trading? What is your end goal? Most new traders have completely out of reach goals. For example, a new trader might want their Rs 20,000 investment turn into Rs 100,000 in their first year or a day trader (intraday trader) want Rs 10,000 turn into Rs 20,000 in a day. This may happen but chances of failure are at large. Share market is not gambling but rather it is systematic method to earn money. Such unrealistic expectations end up with huge losses before they ever had a chance to gain some profits. According to our analysis, if a new comer makes 20-30% on their initial investment in their first year then that is outstanding returns. The next year would be definitely better than first year. Day traders should be able to target around 20 to 25% returns per month, but it is not as easy as new comers think and jump into share market.

2) What and when to trader? It is important to decide or to at least know that, are you going to be a day trader or hold positions for a longer period of time (delivery trading)? Because, day trading requires you to be present in front of computer screen or trading terminal throughout the market hours while delivery trading is not required. Your decision should not come in between with your other schedule and responsibilities. Instead of trading on all stocks, trader can prepare daily list of stocks in news, volume gainers, losers etc and do trading for that day. We have also made lots of provision of stock picks for day traders so traders can make use of same. Day trading requires lots of market experience and market knowledge while investing does not require so much. We advice for new comers to start day trading only after doing lots of market knowledge and only after doing paper trading practice. processes. We have also posted investment stock tips on our site, so investors looking for strong fundamentals stocks for investment can go for these stocks.

3) Taking care of your money Taking care of Money is probably the most important aspect of trading. First, you need to determine how much capital you have to risk in share market. Then you must determine how much you will risk on each trade. Most traders risk 1-3% of their account balance on each trade. This may sound low to the inexperienced trader, but after you blow all your account while risking too much, you will see why 1-3% is appropriate. Generally we advice to do paper trading practice before actually risking your money and once you gain enough experience and confident and can gain money in paper trading then you can start trading very small amount and once you get success you can start increasing the trading amount.



4) [Maintain your trade list](#)

The final step is to keep track of your daily trading or investment portfolio. The following points should be included and if required trade and/or investor can include more points

- Date
- Name of stock
- Action (buy or sell)
- Quantities (how many quantities were bought/sold)
- Amount invested
- Expected Profit potential (approx - so that you can square off your trade when the price reaches this level)
- Final Result -Either profit or loss
- Account balance after the trade has closed
- Mention Notes - Note down your experience and how you did this trade.

This format makes tracking results very simple. This is a pretty basic start to having a trading plan. Experienced traders know that many more details to prevent mistakes and encourage good habits.