

'... The poorer you are, the more...you...lose...' - Investor Devina Mehra amid SEBI actions around Futures and Options

Founder and CMD of First Global - Devina Mehra has come up with a bold statement on F&O trading. Taking to her X account, she posted, "An effective mechanism to Rob the (relatively) poor and pass on to the rich and sophisticated." The view comes at a time when SEBI has tightened the rules around derivatives in a bid to curb the volumes.

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Devina Mehra on F&O trading (istock/X)

Futures and options (F&O) trading has increased in India over the recent times, owing to several factors. One of the major reasons why investors consider investing in futures and options is the potential for high returns. With leverage and market volatility, well-executed trades can result in significant profits.

However, the founder and CMD of First Global - Devina Mehra has come up with a bold statement on F&O trading. Taking to her X account, she posted, "An effective mechanism to Rob the (relatively) poor and pass on to the rich and sophisticated."

Mehra has shared "A tale of Futures & Options in 3 charts."

The stock picker argued that the "Foreign Portfolio Investors and the large players" are the one who make profits in F&O trading.

"1. Who makes profits? The Foreign Portfolio Investors and the large players (Proprietary)," she said.

"Who loses? Individuals and others (this includes NRIs, trusts, NGOs etc) There are only a few hundred FPIs and proprietary traders, as against 95 lakh plus individuals. So a few are prospering at the cost of those who can ill afford to lose," she added.

"2. The younger you are the more likely you are to lose in the derivatives market. And now 43% of the players are below 30," she argued.

An effective mechanism to Rob the (relatively) poor and pass on to the rich and sophisticated

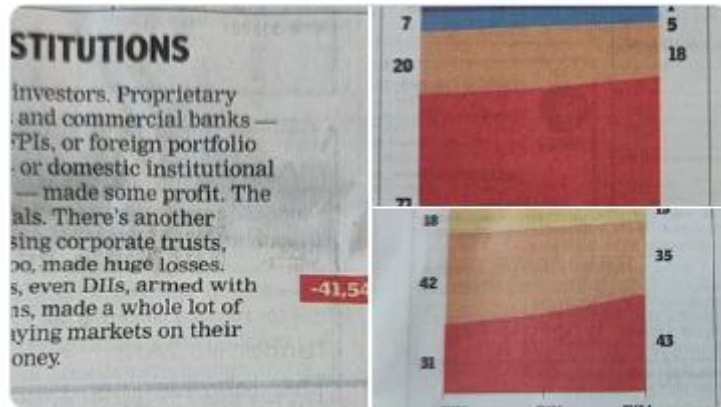
A tale of Futures & Options in 3 charts

1. Who makes profits?

The Foreign Portfolio Investors and the large players (Proprietary).

Who loses?

Individuals and others (this includes... [Show more](#))



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She further stated that that poor people are more likely to lose.

"3. The poorer you are the more likely you are to lose. 73% of the players in the derivatives market earn less than Rs. 5 lakhs a year! And 93% of them lose money," she noted.

She noted, "A larger proportion than ever of the traders now come from smaller cities and yes, an overwhelming majority lose money."

"John Brooks writes that while the stock markets serve several economic functions they also "provide an all too convenient way for the unlucky, the imprudent, and the gullible to lose their money". And derivatives super-charge this effect," she said.