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#FreeTip
Basic rule for day trading in option buying for beginners.
1) Stick to monthly atm options.
2) Suppose u have a capital of Rs 5 lacs. Your max risk appetite is 1% which is 5k. Assume u look at BNF chart and find a buy setup at 35000 ...

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with a stop of 34900 (100 point difference). This essentially means that the 35000 atm options will have a stop of Rs 200 (delta 0.5) assuming all other things are equal. So the number of lots U should typically deal with based on 1% Risk on 5 lacs capital ...

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is 5000 / 200, which is 25 , ie 1 lot. If your risk appetite is 2%, then u are allowed to take 50, ie 2 lots. Hence if option price is say, Rs 400, ur stop will be 200 and u have to deal with one lot which means your deployment is 25 x 400 = Rs 10,000....

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On the contrary if you deploy the full amount, 500000/(25x400) = 1250 , 50 lots, u r bound to lose the capital at the shortest possible time.
3) This might appear ridiculous, but this is the only way to go steady with control over risk.

Option stop difference is Rs 50 and not Rs 200 as mentioned. Simple calculation overlooked. Accordingly number of lots will increase . However concept remains unchanged.