

# The Dabbawala Principle

*Why the Best Investment Strategy in a Down Market  
Is the One You Don't Change*

Every morning, roughly 5,000 dabbawalas in Mumbai pick up 2 lac or so home cooked meals from kitchens across the city and deliver them to office workers and/or homes, almost never missing a delivery. Rain or shine, local trains delayed or on time, city flooded or in the heat of summer - the tiffin arrives, always! Their secret is not some sophisticated or unheard-of logistics algorithm. It is an unshakeable commitment to a system that works, executed with discipline regardless of that particular day's conditions.



Indian equity investors could use a dose of that same philosophy right about now.

As of 13th March 2026, the Sensex is down over 10% year-to-date. The Nifty IT index has entered outright bear territory, falling more than 23% during the same time frame. Foreign institutional investors have pulled out billions<sup>1</sup> in a matter of weeks. Oil prices, stoked by the ongoing US/Israel/Iran tensions in the Middle East, are hovering near highs not seen since Russia invaded Ukraine in 2022. Inflation ticked up to 3.2% in February<sup>2</sup>. Every financial news headline seems designed to spike your cortisol.

And yet, this is precisely the moment that separates investors who build lasting wealth from those who don't.

## **Your Portfolio Is Not on Fire. It Feels Like It Is.**

There is a well-documented quirk in how the human brain processes financial losses. Behavioural economists Daniel Kahneman and Amos Tversky called it loss aversion: the pain of losing a rupee feels roughly twice as intense as the pleasure of gaining one. When your portfolio statement shows red, your brain treats it like a threat: the same circuitry that once warned our ancestors about predators now screams at us to sell everything and move to an asset class that feels safe.

But here is the thing about corrections: they are not anomalies. They are the admission price for long-term equity returns. Looking at Sensex data from 1980 through 2025, intra-year declines of 10% or more have been remarkably common. And yet, out of those 45 years, 36 ended in positive territory. The average intra-year drawdown across that entire period has been around 20%; nearly double the correction we are experiencing right now, while the average annual return has been approximately 17%<sup>3</sup>. Read those two numbers together. The market routinely drops 20% within a year and still delivers 17% annual returns over the long run. Corrections are not the opposite of growth. They are the cost of it.

<sup>1</sup><https://www.niftytrader.in/markets/biggest-fii-exit-2026-10700cr-one-day-selloff/>

<sup>2</sup><https://tradingeconomics.com/india/inflation-cpi>

<sup>3</sup>Source: WhiteOak, MFI 360

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## This Is a Test Match, not a T20

Every Indian cricket fan knows the difference between a T20 and a Test match. In a T20, one bad over can decide the game. Momentum swings are violent and final. It rewards aggression and punishes hesitation. It is also, by design, a very short game.

A Test match is something else entirely. It unfolds over five days. Batsmen who chase every ball get out. The ones who build innings, who leave deliveries outside off stump, absorb pressure, and wait for the bad balls, are the ones who put up centuries. Rahul Dravid did not score over 13,000 Test runs by playing every delivery like a six was needed. He scored them by respecting the bowler's line and length and choosing to score off of loose deliveries.



Your investment portfolio is a Test match. The 10% correction you are staring at right now is a difficult spell of fast bowling - the pitch is doing a bit, the ball is swinging, and the scoreboard pressure is real. But here is the critical insight: the match is far from over. Walking off the pitch mid-innings because the pitch is quirky or the bowling is tough is not what good batsmen do. They dig in, put a price on their wicket, go back to fundamentals, and wait for the bowlers to make mistakes.

The investors who panic-sell during corrections are playing a T20 game with a Test match portfolio. They are sloggng at balls they should be leaving and getting out to deliveries that would have passed harmlessly if they just had patience.

## The Real Danger Isn't Falling Markets. It's Your Reaction to Them.

Let us run a thought experiment. Imagine two investors, Priya and Rahul, who both started a monthly SIP of ₹25,000 in a Nifty 50 index fund five years ago. When the market dropped 10% last quarter, Rahul panicked and paused his SIP, waiting for things to settle down. Priya kept investing. She did not enjoy watching her statement shrink. But she kept going. What Rahul doesn't realise is that by pausing during a downturn, he has done the precise opposite of what his SIP was designed to do. The entire genius of systematic investing is that it buys more units when prices are low and fewer when they are high. Rupee cost averaging only works if you keep averaging. The moment you stop investing during a dip, you convert an automatic wealth-building mechanism into an emotional one.

The data on this is unforgiving. Studies of Indian mutual fund flows consistently show that retail investors pour money in after rallies and pull back after corrections, buying high and sitting out the lows. This behaviour gap, the difference between what the average equity fund returns and what the actual investor earns, cost an average investor 5.3% annually from 2003-2022<sup>4</sup>. The difference in wealth for two investors who put ₹10 Lakh each in 2003 in the above two scenarios comes out to be approximately ₹1.97 crores at the end of 2022.

<sup>4</sup>Industry Study (2003-2022), "Investor Returns - Using your Mutual Funds More Effectively"

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## What the Market Is Actually Telling You Right Now

Let us separate signals from noise for a moment. Yes, oil prices are elevated. India imports over 85% of its crude, which puts pressure on the current account deficit, on corporate margins, and on household budgets through fuel and LPG prices. This is a real headwind, not a minor nuisance. Yes, foreign investors have been net sellers. They have pulled out thousands of crores from Indian stocks so far this year. That kind of selling pressure moves prices. But here is what else is true. Monthly SIP inflows remain above ₹29,000 crore, close to the all-time record of ₹31,000 crore set in January 2026<sup>5</sup>. Indian retail investors, on aggregate, have not blinked. This is a structural shift from even five years ago, when a correction of this magnitude would have triggered widespread SIP cancellations. Domestic institutional investors continue to provide a meaningful counterweight to foreign selling.

India's GDP growth is still projected at 7.5% for 2026<sup>6</sup>. Inflation at 3.2%<sup>7</sup>, while higher than January, remains well within the Reserve Bank of India's comfort zone. The fundamentals that made India an attractive growth story at the start of the year have not evaporated because the Sensex had a bad start to the year.

## The Precedent You Are Living Through

Consider what happened in March 2020. The Nifty plunged 40% in a matter of weeks as the pandemic shut down the global economy. It felt like the end of one's investing career. Investors who sold near the bottom locked in devastating losses. Investors who stayed the course, or better yet, continued their SIPs through the chaos, watched the index recover to new highs within ten months.

Or go back to 2008. The Sensex lost over 60% from its peak. It took longer to recover, roughly four years. But it did recover. And then it went on to deliver returns that rewarded every investor who held on. The pattern is so consistent across Indian market history that it barely qualifies as a pattern anymore. It is simply how equity markets work: they fall, they recover, and over the long term, they reward patience. None of this means markets cannot fall further from here. They absolutely can. If the Middle East conflict escalates further or oil stays above \$100 for an extended period, we could see more pain. But that is exactly why a systematic investment approach exists - it removes the need to predict what happens next. You do not need to know whether the market bottoms tomorrow or three months from now. You need to know that buying equities at lower prices improves your long-term returns, and that time in the market matters more than timing the market.

## The Wealth That Patience Builds

Here is a thought worth sitting with. If you had started a modest monthly SIP in the Nifty 50 two decades ago - a period that includes the 2008 global financial crises, the 2011 European debt panic, demonetisation, the pandemic crash, Russian invasion of Ukraine, and every single correction in between - your wealth today would still be a multiple of what you put in the beginning. That is the power of disciplined, long-term investing through every conceivable kind of bad news.

The investors who earned those returns are not the ones who timed the market. They are the ones who gave the market time.

<sup>5</sup><https://economictimes.indiatimes.com/mf/analysis/mutual-fund-sip-stoppage-ratio-increases-marginally-to-76-in-february-despite-fewer-sips-being-discontinued/articleshow/129452135.cms?from=mdr>

<sup>6</sup><https://economictimes.indiatimes.com/news/economy/indicators/india-stands-tall-in-shaky-world-economy-as-fitch-lifts-fy26-growth-view-to-7-5/articleshow/129548322.cms?from=mdr>

<sup>7</sup><https://tradingeconomics.com/india/inflation-cpi>

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## Bat Through the Session. The Tiffin Will Arrive

Mumbai's dabbawalas have a Six Sigma efficiency rating, roughly one error for every sixteen million deliveries. They achieved this not through brilliance or innovation but through consistency. They show up. They follow the system. They do not second-guess the process when it rains.

And Dravid did not check the scoreboard after every ball. He trusted his technique, respected the conditions, and knew that runs would come if he stayed at the crease long enough.

Your investment plan deserves the same respect. It was designed for exactly these conditions, not for the easy, euphoric days when markets only go up, but for the difficult, uncertain stretches when every instinct tells you to stop. The market is not asking you to be brave. It is asking you to be patient. Keep the SIP running. Check your asset allocation, consider deploying surplus cash gradually based on your risk tolerance, and tune out the noise.

Bat through the session. The tiffin will arrive.

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**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

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