

The Nifty doubled after March 2020. Many SIP investors had just stopped

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Maxim: *Be fearful when others are greedy, and greedy when others are fearful.* — Warren Buffett

Everyone agrees with Buffett's most famous rule. Almost nobody follows it on the day it matters, because that day always feels like the end of the world.

The best time to buy rarely feels like a good time to buy. It feels like a mistake.

March 2020 was that kind of month in India. A virus nobody understood was shutting down the world. The Sensex and Nifty each fell about 23% in March alone, their worst month since October 2008, and foreign investors pulled out more than ₹62,000 crore from Indian shares that month, according to provisional data reported by [Outlook](#). On 23 March, the day before the national lockdown was announced, the Nifty closed at 7,610. At one point it had fallen almost 40% in a month.

What happened next is now history. From that close, the Nifty roughly doubled in just 221 trading sessions, [Stable Investor](#) calculated in February 2021.

Many ordinary investors were heading the other way. Monthly SIP collections fell for eleven months in a row after their peak, and total SIP inflows in 2020-21 dropped about 4% to ₹96,080 crore, AMFI data reported by [Business Standard](#) showed. Fund executives quoted in the report said many retail investors had paused or stopped their SIPs. Some had no choice, because salaries were cut and jobs lost. Others simply could not bear to keep buying something that was falling.

Two contagious diseases

Buffett first wrote the line in his 1986 letter to Berkshire Hathaway shareholders. Occasional outbreaks of "those two super-contagious diseases, fear and greed," he wrote, will forever occur in the investment community. Berkshire never tried to predict when they would arrive or leave. "We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful," as the passage is quoted by [Advisor Perspectives](#).

Twenty-two years later he put his own money behind it. In October 2008, with banks failing and markets in free fall, he wrote an opinion piece in The New York Times titled "Buy American. I Am." He said he was buying American shares in his personal account, which had previously held nothing but US government bonds. "A simple rule dictates my buying," he wrote, restating the 1986 line. "Bad news is an investor's best friend." And, most memorably: "If you wait for the robins, spring will be over" ([text via RBCPA](#)).

The rule is not about predicting the bottom. Buffett said plainly in that article that he had no idea where the market would be in a month or a year. It is about recognising that when everyone is terrified, prices already reflect a great deal of bad news, and the future no longer has to be good for buyers to do well. It only has to be less bad than feared.

Why it is so hard, and when fear is right

The rule sounds simple because it is written down in calm times. In a crash it asks you to act against every signal around you: the headlines, your friends, your falling portfolio, and often your own job security. That is why so many people who admire Buffett still stopped their SIPs in 2020.

But being greedy when others are fearful does not mean buying anything that has fallen. Some falls are deserved. In May 2020, Buffett himself told Berkshire's annual meeting that it had sold its entire stakes in the big US airlines, saying "the world has changed for the airlines". He also admitted Berkshire had not done much buying during the crash because it had not seen anything that attractive, [CNBC reported](#).

That is the honest version of the rule. Fear in the market as a whole is an opportunity, because whole economies recover. Fear about a single company may be telling you something true. For most investors, the safest way to be greedy in a panic is to keep buying broad, diversified funds rather than to hunt for the individual stocks that fell furthest.

The other half of the rule is just as hard. Being fearful when others are greedy means not adding to whatever everyone is excited about, and quietly trimming what has run far above your plan. Nobody gets praised for that at the time.

Making the rule automatic

The trick is to decide in calm times what you will do in frightening ones, because you will not decide well in the moment.

Keep the SIP running through falls. A monthly SIP is a small, automatic version of Buffett's rule: the same rupees buy more units when prices are low. It only works if it keeps running when the news is worst. If a falling market makes you want to stop, that is usually the moment it is doing its job.

Hold an emergency fund, so that a crash and a job loss do not force you to sell at the same time. In 2020, advisers cited job losses and salary cuts as one reason people stopped their SIPs. A cushion of several months' expenses in a bank deposit or liquid fund is what lets you stay greedy when others are fearful.

Write down a rebalancing rule. If equity falls well below your target share after a crash, top it up. If it rises well above after a boom, trim it. This turns fear and greed into arithmetic you have agreed to in advance.

Use broad funds for the brave part. In a panic, buy the market, not the most beaten-down company. Leave the stock-by-stock bargain hunting to those with the time and temperament for it.

If you do one thing: Before the next crash arrives, write down that your SIPs will continue and that you will top up equity if it falls well below your target, then keep enough cash aside that you never have to break that promise.

Spring comes anyway

In March 2020, the robins were nowhere to be seen. Within a year, the Nifty had doubled from its low, and the investors who kept buying through the worst weeks were the ones who benefited most.

There will be another March 2020. It will look different, with a different cause and different headlines, and it will feel, once again, like the end of the world. Buffett's rule will not make it feel any better. It will simply remind you that the moment everyone else is fearful is often the moment the market is offering its best prices.

Sources

- [Outlook: Indian markets shed over 23% as FPIs pull out over \\$8 billion in March \(2 April 2020\)](#)
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- [Advisor Perspectives: quoting Berkshire Hathaway's 1986 letter \(July 2025\)](#)
- [Warren Buffett, Buy American. I Am., The New York Times, October 2008 \(text via RBCPA\)](#)
- [CNBC: Berkshire Hathaway annual meeting highlights \(4 May 2020\)](#)

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