



Problems Confronted While Investing in The Primary Market: A Study of Women Stock Investors of Punjab

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Abstract

The new issue market provides a direct link between the prospective investors and the company. Stocks available for the first time are offered through the primary market. The issuing houses, investment bankers and brokers act as the channels of distribution for the new issues. The present study is an attempt to discover the problems faced by women stock investors of Punjab while investing in the primary market. For the purpose of the study, data was collected from primary sources using a pre tested, well structured questionnaire. Descriptive Statistics as well as Cross Tabulation analysis have been used in order to analyze the collected data. The results of the study reveal that the problems confronted by women stock investors of Punjab while dealing in the primary market do not vary much across demographics. The women respondents belonging to the younger age group found lack of trust in Intermediaries i.e. broker/sub broker as a major problem while similar results were reported by women having less than 10 years of experience of dealing in the primary market. The results bring out the fact that with greater experience of dealing in the primary market, the respondents tend to develop better relations with the market intermediaries. Moreover, the experience of dealing in the primary market tends to grow with the age of the respondents. Long time taken in getting shares or refunds is another problem reported by women having less than 10 years of experience of dealing in the primary market. The results of the study also portrayed that married women find the rules and regulations i.e the instructions related to the primary market difficult to understand and more complicated as compared to other women. Lack of adequate information is another problem faced by women having lesser experience of dealing in the primary market.

Keywords: Crosstabulation, Descriptive Statistics, Primary Market, Problems, Women.

Introduction

The securities market is the market for equity, debt and derivatives. Stocks available for the first time are offered through the primary market. The issuing houses, investment bankers and brokers act as the channels of distribution for the new issues. The new issue market provides a direct link between the prospective investors and the company (Chandra, 2008). Limited Information meaning thereby that unlisted companies may not disclose sufficient data for risk assessment, absence of historical data i.e. the investors lack past trading performance to evaluate the security



and allocation challenges in which oversubscription can limit small investors' share allotments are the issues faced by investors in the primary market (www.moneyindia.com.)

Review of Literature

Colgan and Goodman (2004) followed a descriptive approach to investigate the challenges faced by women while saving and investing. Using the data from the Survey of Consumer Finances, the authors found that the retirement system was designed in such a way that it was of little benefit for women who did not have a steady job and failed to accumulate adequate financial resources for their retirement years.

Desigan *et al.* (2006) studied the factors considered by the women investors while making an investment. 150 women respondents were chosen at random from the Erode town of India. Descriptive Statistics and Chi Square test were applied to analyze the data. The results of the study revealed that cumbersome procedure and formalities posed difficulties for women while making investments.

Loibl *et al.* (2007) examined the choice processes employed by women while making mutual fund investment decisions in employer-based retirement plans. The data were collected from 45 women attendees of the '2005 Ohio Women & Money' conference conducted in Youngstown, Cincinnati and Columbus towns of Ohio. A qualitative analysis through focus group discussion was carried out in order to analyze women's decision making environment and the strategies employed by them while making a high-consequence decision of investing in a mutual fund. The study identified lack of investment information, reliance on simplified decision heuristics and dependence on the decision making guidance as reasons for the non static and complex nature of investment decision making among women.

Christiansen *et al.* (2008) attempted to study whether the informational advantage that the economists have over other investors that enables them to hold more stocks as compared to other identical investors. The data provided by the Institute of Local Government Studies in Denmark, comprising of 10% of the Danish population for a period from 1997-2001 was used for the purpose of the study. Probit regression analysis was used to analyze the data. The results of the study brought out the fact that the respondents with high level of awareness participated more in the stock market and held more stocks as compared to other investors.

Joshi and Chawla (2014) attempted to find out the perception of retail investors about the factors influencing their participation in Indian primary market. The data for the purpose of the study was collected from 175 retail investors from Surat City. Based on the parameters namely company's goodwill, current financial position of company, corporate profile, government holding in company and promoters stake in the company, the authors found size of the IPO issued, disclosure by market participants and minimum investment amount required as the least important factors affecting company's reputation. The results of the study revealed that refund related problems, delay in allotment of shares and lack of transparency are the major problems faced by retail investors while investing in primary market.



Hasan (2016) attempted to study the preference of retail investor's for sector wise investment demographically and the problems faced by them while making investment in primary market. The data for the purpose of the study was collected from a sample of 180 respondents of Kolkatta city. Using Descriptive Statistics and ANOVA, the results of the study brought out that women, less qualified investors and investors with low income group invested less in the stock market. The falling of the price of securities after listing and high issue price were the major problems that led to the bad experience among investors regarding the primary market.

Mak and Ip (2017) carried out a study to determine the factors affecting financial investment behavior. Gathering data from 87,057 Mainland Chinese investors and 55,439 Hong Kong investors and using linear regression, the authors observed that an investors investment experience was a major psychological factor determining an investor's investment behavior in the primary market.

Dhoot *et al.* (2022) aimed to identify the factors that restrict women investors from investing in the stock market. 250 working women in Pune City, Maharashtra State, were considered for the study. The results of factor analysis brought out that women are still bound to several social constraints, which have become a part of their personality and attitude. In addition to this, the prevalent social norms, spiritual beliefs, and cultural values prevent women from making risky investments and put restrictions on their ability to do so.

Manocha *et al.* (2023) aimed to examine the moderation effect of socio traits in the association between investment behaviour and its determined factors. The information for the research survey was gathered using a structured questionnaire from 400 individual investors in the rural area of Punjab. Structural equation modelling was used and the results of the study revealed that attitude, financial risk inclination, financial planning and investment intention determine the investment behaviour of the rural people of Punjab. The results for the interaction effect of socio traits with investment intention, financial risk propensity and investment attitude were found statistically significant amongst rural peo

Research Design

Objectives of The Study: Following are the specific objectives of the study

- To discover the practical problems faced by women investors of Punjab while dealing in the primary market.
- To explore if there is a significant difference in the problems faced by women investors of Punjab while dealing in the primary market based on their demographics namely age, marital status, educational qualification and their experience of investing in the primary market.

Data Base And Research Methodology

The problems confronted by women stock investors in India were examined with the help of a pre-tested, well-structured questionnaire. The questionnaire was divided into two parts. The first part of the questionnaire was designed to find out the problems faced by women investors while



dealing in the primary market. The problems related to primary market were identified on the basis of review of literature. The respondents were asked to specify the problems faced by them while investing in the primary market. Out of a list of problems identified on the basis of review of literature, 4 problems shortlisted (as major problems) on the basis of a pilot study of 50 respondents were taken up for the purpose of the study. Table 2 exhibits the 4 major problems faced by women investors while dealing in the primary market.

The second part of the questionnaire was related to the demographic profile of women investors.

Data Source

The data was collected from 200 women investors from the four major cities of Punjab, i.e. Amritsar, Jalandhar, Ludhiana and Chandigarh.

Sample Frame

The sampled respondents were selected using Purposive Sampling Method. As far as the sample of women stock investors is concerned, a list of women investors was prepared with the help of brokerage firms. 5 brokerage firms were selected from each city and then 10 clients from each brokerage firm were selected from their client database. Thereafter, these women were personally contacted. The questionnaires were also sent to the respondents by post. Online questionnaires were also mailed to the respondents. The survey was conducted during December, 2013 to September, 2014.

Sample Characteristics

An attempt was made to incorporate the responses from women belonging to different backgrounds in terms of age, education, marital status, occupation and monthly income. Table 1 exhibits the demographic profile of the sampled respondents.

The table shows that the majority of the women stock investors (42%) belonged to the age group between 30-40 years, followed by 40% of the respondents belonging to the age group of less than 30 years. The next category of women stock investors was of the age group of 40-50 years (12%). The women stock investors falling in the age category of 50-60 were 5.5%, while those falling in the age category of above 60 formed just 0.5% of the sample. With regard to the marital status of the respondents, most of the women stock investors i.e. 76.5% respondents in the sample were married while 20.5% of them were single, 2% were divorced and the rest 1% widowed. As far as respondent's occupation is concerned, the table shows that majority of the women stock investors belong to service category (45.5%), followed by businesswomen/self employed women (39.5%). Professional women constituted 15% of the sample. Since the sample respondents were only working women, therefore housewives did not form a part of the sample. Table 1 also shows the education level of the sampled respondents. It brings out that 49% of the respondents were postgraduates followed by graduates (44.5%). Few of them were undergraduates (3%) followed by 2% of the respondents with a matriculation degree and only 1.5% of the respondents had a doctoral degree. The income categorization, shows that 42.5% of



the women stock investors belonged to the personal monthly income category of less than Rs.40000 followed by 24% belonging to the income category of Rs. 40000-60000.Only 9.5% of the women stock investors were of the income category of 60000-80000 while 24% of the women belonged to the income category of above Rs.80000 income. The family wise income categorization, shows that 2.5% of the women stock investors belonged to the family monthly income category of less than Rs.40000 followed by 17% belonging to the family income category of Rs. 40000-80000.Only 15% of the women stock investors were of the income category of 80000-120000 while 65.5% of the women belonged to the family income category of above Rs.120000 income.

Table 1: Demographic Profile of Respondents

Demographic Variables		Stock Investors
		No. of Respondents (%)
Age (Yrs)	Less than 30	80(40.0)
	30-40	84(42.0)
	40-50	24(12.0)
	50-60	11(5.5)
	Above 60	1(0.5)
	Total	200(100)
Marital Status	Married	153 (76.5)
	Single	41(20.5)
	Divorcee	4(2.0)
	Widow	2(1)
	Total	200 (100)
Education Level	Matriculation	4(2.0)
	Under Graduation	6(3.0)
	Graduation	89(44.5)
	Post Graduation	98(49.0)
	Any other	3(1.5)
	Total	200(100)
Occupation	Businesswoman/Self employed	79(39.5)



	Professional	30(15)
	Service	91(45.5)
	Total	200(100)
Personal Monthly Income(Rs.)	Less than 40000	85(42.5)
	40000-60000	48(24.0)
	60000-80000	19(9.5)
	More than Rs 80000	48(24.0)
	Total	200(100)
Family Monthly Income(Rs.)	Less than 40000	5(2.5)
	40000-80000	34(17.0)
	80000-120000	30 (15.0)
	More than Rs 120000	131(65.5)
	Total	200(100)

Source: Compiled through survey.

Empirical Framework

Descriptive Statistics and Crosstabulation analysis were used in order to analyze the collected data.

1. Analysis And Discussion

The respondents were asked about the problems faced by them while dealing in the primary market. The respondents were asked to select 1 major problem (that affected them the most) associated with the primary market each out of the 4 problems shortlisted. Table 2 shows that out of a total 200 women respondents surveyed, 83 (41.5%) reported that they faced problems while dealing in the secondary market while 117(58.5%) of them did not face any problem.

Lack of trust in Intermediaries i.e. broker/sub broker.	25	30.1
Long time taken in getting shares or refunds.	14	16.8
The process of participating in an IPO is complicated.	11	13.2
The instructions are difficult to understand.	33	39.7

Out of the respondents who faced these problems, majority of the women respondents 33(39.7%) found the instructions are difficult to understand while dealing in the primary market. The second highest category of respondents i.e. 25(30.1%) faced problems due to lack of trust in



intermediaries i.e. broker/sub broker. The third highest category of respondents i.e. 14(16.8%) faced problems of long time taken in getting shares or refunds. The last category of respondents 11(10%) suffered due to the process of participating in an IPO being complicated.

Table2:Problems faced while Investing in the Primary market

	Frequency	Percent
Lack of trust in Intermediaries i.e. broker/sub broker.	25	30.1
Long time taken in getting shares or refunds.	14	16.8
The process of participating in an IPO is complicated.	11	13.2
The instructions are difficult to understand.	33	39.7
Total	83	

Source: Calculated through SPSS.

The following hypotheses were framed in order to measure the effect of demographics on the problems confronted by women investors while dealing in the primary market:

H_{01a}: There is no significant relation between the age of women investors and the problems faced by them while investing in the primary market.

H_{01b}: There is no significant relation between the marital status of women investors and the problems faced by them while investing in the primary market.

H_{01c}: There is no significant relation between educational qualification of women investors and the problems faced by them while investing in the primary market.

H_{01d}: There is no significant relation between stock market experience of women investors and the problems faced by them while investing in the primary market.



Table 3: Crosstabs of Demographics of Women and Problems faced by them while investing in the Primary Market

Age (Yrs)										
Problems in Participating in Primary Market	Less than 30	30-40	40-50	50-60	Above 60	Total	Pearson Chi-Square	df	Sig.	Decision
Lack of trust in Intermediaries i.e. broker/sub broker.	4 (16.0%)	13 (52%)	4 (16.0%)	4 (16.0%)	0	25 (100%)	11.046	4	0.026	Reject the Null Hypothesis
Long time taken in getting shares or refunds.	4 (28.6%)	8 (57.1%)	2 (14.3%)	0	0	14 (100%)	2.282	4	0.684	Accept the Null Hypothesis
The process of participating in an IPO is complicated.	6 (54.5%)	3 (27.3%)	2 (18.2%)	0	0	11 (100%)	2.286	4	0.683	Accept the Null Hypothesis
The instructions are difficult to understand.	13 (39.4%)	11(33.3%)	6(18.2%)	2(6.1%)	1(3%)	33(100%)	7.052	4	0.133	Accept the Null Hypothesis
Marital Status										
Problems in Participating in Primary Market	Married	Single	Divorced	Widow	Total		Pearson Chi-Square	df	Sig.	Decision
Lack of trust in Intermediaries i.e. broker/sub broker.	19(76%)	6(24%)	0	0	25(100%)		1.029	3	0.794	Accept the Null Hypothesis
Long time taken in getting shares or refunds.	13(92.9%)	1(7.1%)	0	0	14(100%)		2.288	3	0.515	Accept the Null Hypothesis



The process of participating in an IPO is complicated.	9(81.8 %)	2(18.2%)	0	0	11(100%)		0.423	3	0.936	Accept the Null Hypothesis
The instructions are difficult to understand.	18(54.5%)	11(33.3%)	4(12.1%)	0	33(100%)		26.303	3	0.000	Reject the Null Hypothesis
Educational Qualification										
Problems in Participating in Primary Market	Matriculation	Under Graduate	Graduate	Post graduate	Doctorate	Total	Pearson Chi-Square	df	Sig.	Decision
Lack of trust in Intermediaries i.e. broker/sub broker.	0	0	12(48 %)	12(48 %)	1(4%)	25(100%)	2.704	4	0.609	Accept the Null Hypothesis
Long time taken in getting shares or refunds.	0	0	7(50 %)	7(50 %)	0	14(100%)	1.084	4	0.897	Accept the Null Hypothesis
The process of participating in an IPO is complicated.	0	0	6(54.5%)	5(45.5%)	0	11(100%)	1.050	4	0.902	Accept the Null Hypothesis
The instructions are difficult to understand.	0	0	15(45.5%)	18(54.5%)	0	33(100%)	2.825	4	0.931	Accept the Null Hypothesis
Stock Market Investment Experience										
Problems in Participating in Primary Market	Less than 5 Years	Less than 10 Years	Less than 15 Years	Less than 20 Years	Total		Pearson Chi-Square	df	Sig.	Decision
Lack of trust in Intermediaries i.e. broker/sub broker.	12(48 %)	13(52 %)	0	0	25(100%)		13.914	3	0.003	Reject the Null Hypothesis



Long time taken in getting shares or refunds.	5(35.7 %)	9(64.3 %)	0	0	14(100%)	14.590	3	0.002	Reject the Null Hypothesis
The process of participating in an IPO is complicated.	8(72.7 %)	3(27.3 %)	0	0	11(100%)	0.444	3	0.931	Accept the Null Hypothesis
The instructions are difficult to understand.	23(69.7 %)	10(30.3 %)	0	0	33(100%)	2.201	3	0.532	Accept the Null Hypothesis

Source: Calculated through SPSS, * indicates significant at 5% level of significance

Cross tabulation was used to find out whether the Problems in Participating in Primary Market varies according to the demographics of women investors.

The analysis reveals that the problems confronted by women stock investors of Punjab while dealing in the primary market do not vary much across demographics (as shown in table 3). The results are in consonance to that of Feng and Seaholes (2007) and Christiansen *et al.* (2009) who are of the opinion that women are in no way less likely to participate in the stock market.

The women respondents belonging to the younger age group of 30-40 years found lack of trust in Intermediaries i.e. broker/sub broker as a major problem while similar results were reported by women having less than 10 years of experience of dealing in the primary market. The results bring out the fact that with greater experience of dealing in the primary market, the respondents tend to develop better relations with the market intermediaries. Moreover, the experience of dealing in the primary market tends to grow with the age of the respondents. Similar results were portrayed by Nath *et al.* (2009) in their study. Long time taken in getting shares or refunds is another problem reported by women having less than 10 years of experience of dealing in the primary market. The results of the study also portrayed that married women find the rules and regulations i.e The instructions related to the primary market difficult to understand and more complicated as compared to other women. The finding are similar to that identified by Desigan *et al.* (2006) and Colgan and Goodman (2004). Lack of adequate information is another problem faced by women having lesser experience of dealing in the primary market as stated by Loibl *et al.* (2007).

Recommendations of The Study

On the basis of above discussion, following recommendations can be made:

- The regulator needs to keep a strict check on the intermediaries i.e. the broker/sub broker.so that the intermediaries remain truthful in their dealings.



- Investors especially women investors are reluctant to invest in primary market due to because they find instructions are difficult to understand. Therefore, greater number of education and awareness initiatives should be undertaken for the betterment of women.
- SEBI as a regulator of the securities market in India should make stronger regulations in order to make sure that short time is taken in getting shares or refunds.

Conclusion

The study attempted to explore the problems faced by women investors while investing in the stock market. The study brought out four dimensions explaining the problems related to the various aspects of the primary market. The problems such as “Lack of trust in Intermediaries i.e. broker/sub broker”, “Long time taken in getting shares or refunds” and “The instructions are difficult to understand” discouraged the investors and promoted them to invest in other safe instruments instead of stock market instruments.

The paper suggests that stronger regulations and investors education are keys required for women to invest in securities market in India.

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