



Problems Faced While Investing in Secondary Market: A Study of Women Stock Investors of Punjab

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Abstract:

In spite of, the development of the secondary market in India, only two percent of the Indian households invest in equity in India. In addition to this, less than twenty five percent women in India consider secondary market as an investment avenue and so the male investors continue to dominate the stock market in India. The current study is an endeavor to find out the problems faced by women stock investors of Punjab while investing in the secondary market. The outcome of descriptive Statistics as well as crosstabulation analysis reveals that among the various problems, complicated rules and regulations and poor network of enabling officers i.e. the brokers and depository participants were the problems faced by majority of the respondents. The outcome of the study also portrayed that women of a younger age group as well as married women find dealing in the secondary market more complicated as compared to other women. Lack of adequate information is another problem faced by women having lesser experience of dealing in the secondary market.

Keywords: Crosstabulation analysis, Descriptive Statistics, Problems, Secondary Market, Women

Introduction

The Indian secondary market is thought to be one of the largest secondary market. The last few decades have been the most eventful period for the Indian secondary market during which a number of progressive changes took place. The changes were namely, the development of primary markets, the increasing inclination of investors towards mutual funds as an investment



avenue, the growth in the number of Foreign Institutional Investors and the growth in the number of intermediaries.

Despite, the development of the secondary market in India, only two percent of the Indian households make investment in equity in India. Contrary to this, the equity culture is widespread in the United States. Forty five percent of the families in the U.S. are direct or indirect owners of publicly traded stock thereby showing a substantial amount of retail investor participation in the U.S. Fewer than one point five percent of the people invest in secondary market, compared to almost ten percent in China and eighteen percent in the U.S. (Nayyar, 2015).

Academicians think that the problems faced by small investors with regard to the secondary market in India account for their low participation in the investment industry.

Review of Literature

Gupta and Jain (2008) carried out an all-India survey of one thousand four hundred sixty three household investors on “The Changing Investment Preferences of Indian Households”. The aim of the survey was to get an idea of the investors’ likes and dislikes with regard to a variety of investment instruments being dealt in the secondary market. The data was gathered using a questionnaire. The respondents included the investors from across the country belonging mostly to the middle and upper middle class. The study disclosed the investors preference for shares as compared to mutual funds. **Ali et al. (2012)** aimed at finding out the reasons for limited secondary market participation in Pakistan. The data for the purpose of the study was gathered from two hundred respondents residing in the Lahore city of Pakistan. The results were analyzed in the form of Descriptive Statistics and revealed that only thirty five percent of the people invested in stocks. Most of the people in Pakistan did not invest in stocks as they consider it unethical to earn money by investing in the stock market and speculation. Besides this it is the lack of financial resources, awareness and knowhow about the stock market that prevents people from investing in the stock market. **Kavitha (2015)** attempted to find out the investor’s inclination towards stock market investments. A sample of one hundred and twenty five respondents from Chennai was chosen for the purpose of the study. The study used descriptive and correlation analysis in order to analyze the results of the study. The results of the study brought out that lack of knowledge about financial assets and the repeated purchase of shares



with this lack of information were the major problems faced by investors in relation to the investment industry. **Dey (2018)** tried to study the problems confronted by investors in stock market in India and to examine the frauds that have taken place in the stock market during the last century. The hindrances faced in the Indian stock markets as well as the scams were huge as they proved detrimental to the smooth working of secondary markets. Due to these problems, genuine investors have remained apart from the market. This has also resulted into more instability in the Indian secondary markets. The findings brought out that the Indian stock markets have stood the test of time and have achieved a global ranking. **Parimala and Sudha (2018)** tried to find out the investment preferences of women investors. The data was gathered from hundred respondents of Coimbatore city during the period from December 2017 to January 2018. Using Descriptive Statistics, Chi Square as well as Garret Ranking technique, the study revealed that the risk associated with stock market investments is a major factor inhibiting women employees from investing.

Objective of the Study and Hypothesis

- To explore the practical problems faced by women investors of Punjab while dealing in the secondary market.
- To find out if there is a significant difference in the problems faced by women investors of Punjab while dealing in the secondary market based on their demographics.

The following hypotheses were framed for the purpose of the study:

H₀₁: There is no significant relation between the demographics of women investors and the problems faced by them while investing in the secondary market.

Data Base And Research Methodology

Although, studies in the past have focused upon identifying the problems confronted by retail investors in Indian secondary market but none of the studies have attempted to explore these problems especially in relation to women investors. According to a study by the economic times, less than twenty five percent women in India consider secondary market as an investment avenue and so the male investors continue to dominate the stock market in India (www.economictimes.indiatimes.com).



Moreover, researchers in the past have focused mainly upon the psychological and the sociological facets of women's lower participation in secondary market. The study aims to discover the practical problems faced by women investors while dealing in the secondary market based on their demographics and to suggest certain measures to remove these problems, thereby improving their participation in the secondary market.

The problems confronted by women stock investors in Indian secondary market 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 secondary market. The problems were related to the various aspects the secondary market. Out of a list of problems identified on the basis of review of literature, six problems shortlisted (as major problems) on the basis of a pilot study of fifty respondents were taken up for the purpose of the study. Table 2 exhibits the 6 major problems faced by women investors while dealing in the secondary market.

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

Data Source

The data was gathered from 200 women investors of Punjab.

Sample Frame

The sampled respondents were selected using Purposive Sampling Method. 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

Table 1 shows the demographic profile of the sampled respondents.



Table 1: Demographic Profile of Respondents

Demographic Variables		Stock Investors
		No. of Respondents (percent)
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)
	Businesswoman/Self	79(39.5)



Occupation	employed	
	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.



Theoretical Framework

The secondary market is the market for equity, debt and derivatives. The secondary market has various dimensions that are likely to affect the investments made by an investor namely, the primary market, the secondary market and the intermediaries. The secondary market is the market where the investors can sell and buy secondary (ISMR, 2011).

Empirical Framework

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

Data Analysis And Discussion

The respondents were asked to select 1 major problem (that affected them the most) associated with the secondary market each out of the 6 problems shortlisted. Table 2 shows the various problems confronted by women while participating in the secondary market.

Table2: Problems in Participating in Secondary Market		
Problems in Participating in Secondary Market	Frequency	percent
Poor network of enabling officers i.e. the Broker/DP.	28	14
Lack of adequate information.	20	10
Infrastructural difficulties such as power shortages.	12	6
Complicated rules and regulations.	32	16
Non Receipt of Dividend.	12	6
Non-Receipt of share certificates after transfer.	5	2.5
Total	109	

Source: Calculated through SPSS

The analysis reveals that the problems confronted by women stock investors of Punjab while dealing in the secondary market do not vary much across demographics (as shown in table 3).



The women respondents belonging to the younger age group of 30-40 years and women having less than 10 years of experience of dealing in the secondary market found poor network of enabling officers namely the brokers and depository participants as a major problem. Also, women having personal monthly income of more than Rs.80,000 also faced similar problems. The results bring out the fact that with greater experience of dealing in the secondary market, the respondents tend to develop better relations with the market intermediaries. Moreover, the experience of dealing in the secondary market tends to grow with the age of the respondents. Similar results were portrayed by Nath *et al.* (2009) in their study. The results of the study also portrayed that married women find the rules and regulations related to the secondary market more complicated as compared to other women. The findings 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 secondary market as stated by Loibl *et al.* (2007).

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

Problems	Age (Yrs)					Total	Pearson Chi- Square	df	Sig.	Decision (Null Hypothesis)
	Less than 30	30-40	40-50	50-60	Above 60					
Poor network of enabling officers i.e. the Broker/DP.	4(14.3 percent)	14(50 percent)	4(14.3 percent)	5(17.9 percent)	1(3.6 percent)	28(100 percent)	21.202	4	0.000	Reject
Lack of adequate information.	6(30 percent)	9(45 percent)	5(25 percent)	0	0	20(100 percent)	5.066	4	0.281	Accept
Infrastructural difficulties such as power shortages.	4(33.3 percent)	7(58.3 percent)	1(8.3 percent)	0	0	12(100 percent)	1.862	4	0.761	Accept
Complicated rules and regulations.	11(34.4 percent)	14(43.8 percent)	6(18.8 percent)	1(3.1 percent)	0	32(100 percent)	2.357	4	0.670	Accept
Non Receipt of Dividend.	5(41.7 percent)	6(50 percent)	0	1(8.3 percent)	0	12(100 percent)	1.985	4	0.738	Accept



Non-Receipt of share certificates after transfer.	0	3(60 percent)	2(40 percent)	0	0	5(100 percent)	6.105	4	0.191	Accept
Total										
Marital Status										
Problems	Married	Single	Divorced	Widow	Total	Pearson Chi-Square	df	Sig.	Decision (Null Hypothesis)	
Poor network of enabling officers i.e. the Broker/DP.	25(89.3 percent)	3(10. percent)	0	0	28(100 percent)	3.193	3	0.363	Accept	
Lack of adequate information.	16(80 percent)	4(20 percent)	0	0	20(100 percent)	0.705	3	0.872	Accept	
Infrastructural difficulties such as power shortages.	8(66.7 percent)	4(33.3 percent)	0	0	12(100 percent)	1.570	3	0.666	Accept	
Complicated rules and regulations.	19(59.4 percent)	9(28.1 percent)	4(12.5 percent)	0	32(100 percent)	23.922	3	0.000	Reject	



Non Receipt of Dividend.	8(66.7 percent)	4(33.3 percent)	0	0	12(100 percent)	1.570	3	0.666	Accept	
Non-Receipt of share certificates after transfer.	5(100 percent)	0	0	0	5(100 percent)	1.575	3	0.665	Accept	
Educational Qualification										
Problems	Matriculation	Under Graduate	Graduate	Post graduate	Doctorate	Total	Pearson Chi-Square	df	Sig.	Decision (Null Hypothesis)
Poor network of enabling officers i.e. the Broker/DP.	0	0	9(32.1 percent)	18(64.3 percent)	1(3.6 percent)	28(100 percent)	5.229	4	0.265	Accept
Lack of adequate information.	0	1(5 percent)	10(50 percent)	9(45 percent)	0	20(100 percent)	1.298	4	0.862	Accept
Infrastructural difficulties such as power shortages.	0	1(8.3 percent)	6(50 percent)	5(41.7 percent)	0	12(100 percent)	1.884	4	0.757	Accept



Complicated rules and regulations.	0	1(3.1 percent)	17(53.1 percent)	14(43.8 percent)	0	32(100 percent)	2.186	4	0.702	Accept
Non Receipt of Dividend.	0	0	3(25 percent)	9(75 percent)	0	12(100 percent)	3.682	4	0.451	Accept
Non-Receipt of share certificates after transfer.	0	1(20 percent)	2(40 percent)	2(40 percent)	0	5(100 percent)	5.228	4	0.265	Accept
Occupation										
Problems	Businesswoman/self employed		Professional	Service		Total	Pearson Chi-Square	df	Sig.	Decision (Null Hypothesis)
Poor network of enabling officers i.e. the Broker/DP.	9(32.1 percent)		3(10.7 percent)	16(57.1 percent)		28(100 percent)	1.815	2	0.404	Accept
Lack of adequate information.	10(50percent)		2(10percent)	8(40percent)		20(100 percent)	1.138	2	0.566	Accept



Infrastructural difficulties such as power shortages.	5(41.7percent)	1(8.3percent)	6(50percent)	12(100 percent)	0.450	2	0.798	Accept	
Complicated rules and regulations.	10(31.3percent)	6(18.8percent)	16(50percent)	32(100 percent)	1.183	2	0.553	Accept	
Non Receipt of Dividend.	2(16.7percent)	1(8.3percent)	9(75percent)	12(100 percent)	4.505	2	0.105	Accept	
Non-Receipt of share certificates after transfer.	2(40percent)	0	3(60percent)	5(100 percent)	1.007	2	0.605	Accept	
Personal Monthly Income (Rs.)									
Problems	Below 40000	40000-60000	60000-80000	Above 80000	Total	Pearson Chi-Square	df	Sig.	Decision (Null Hypothesis)
Poor network of enabling officers i.e. the Broker/DP.	7(25percent)	4(14.3percent)	6(21.4percent)	11(39.3percent)	28(100 percent)	11.673	3	0.009	Reject



Lack of adequate information.	11(55percent)	1(5percent)	2(10percent)	6(30percent)	20(100 percent)	4.499	3	0.212	Accept
Infrastructural difficulties such as power shortages.	5(41.7percent)	2(16.7percent)	0	5(41.7percent)	12(100 percent)	3.161	3	0.367	Accept
Complicated rules and regulations.	14(43.8percent)	8(25percent)	6(18.8percent)	4(12.5percent)	32(100 percent)	5.560	3	0.135	Accept
Non Receipt of Dividend.	5(41.7percent)	3(25percent)	1(8.3percent)	3(25percent)	12(100 percent)	0.031	3	0.999	Accept
Non-Receipt of share certificates after transfer.	3(60percent)	0	0	2(40percent)	5(100 percent)	2.634	3	0.451	Accept
Stock Market Investment Experience									
Problems	Less than 5 Years	Less than 10 Years	Less than 15 Years	Less than 20 Years	Total	Pearson Chi-Square	df	Sig.	Decision (Null Hypothesis)



Poor network of enabling officers i.e. the Broker/DP.	13(46.4 percent)	15(53.6 percent)	0	0	28(100 percent)	17.551	3	0.001	Reject
Lack of adequate information.	9(45 percent)	10(50 percent)	1(5 percent)	0	20(100 percent)	10.236	3	0.017	Reject
Infrastructural difficulties such as power shortages.	7(58.3 percent)	4(33.3 percent)	1(8.3 percent)	0	12(100 percent)	2.818	3	0.421	Accept
Complicated rules and regulations.	21(65.6 percent)	11(34.4 percent)	0	0	32(100 percent)	3.647	3	0.302	Accept
Non Receipt of Dividend.	7(58.3 percent)	5(41.7 percent)	0	0	12(100 percent)	2.740	3	0.433	Accept
Non-Receipt of share certificates after transfer.	3(60 percent)	2(40 percent)	0	0	5(100 percent)	0.934	3	0.817	Accept

Source: Calculated through SPSS



Recommendations of the Study

The following are the recommendations of the study:

- ✓ The regulator needs to keep a strict check on the intermediaries so that the intermediaries remain truthful in their dealings. The intermediaries should not intend to underserve their women clients. They should rather try to motivate them to invest in the stock market by providing them all necessary assistance.
- ✓ The Issuing companies should ensure that the information disclosures (including the rules and regulations) are complete and clear to enable the retail investors to make informed choices. The issuing companies should provide the investors all assistance required to invest in the secondary market in India.

Conclusion

The study attempted to explore the problems faced by women investors while investing in the secondary market. The study brought out 6 major problems related to the secondary market.

Among these problems, complicated rules and regulations and poor network of enabling officers i.e. the brokers and depository participants are the problems faced by majority of the respondents. The paper suggests that a greater number of education and awareness initiatives should be undertaken for the betterment of women.

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