



“Education for Knowledge, Science & Culture”

-Shikshanmaharshi Dr. Bapuji Salunkhe

Shri Swami Vivekanand Shikshan Sanstha's

VIVEKANAND COLLEGE, KOLHAPUR (AUTONOMOUS)

Department of Economics

Topic: **Secondary Market**

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secondary market

- **The secondary market is market where investors buy and sell securities they already own.**
- It is what most people typically think of as the "stock market," though stocks are also sold on the primary market when they are first issued.

A secondary market is a marketplace where already issued securities – both shares and debt – can be bought and sold by the investors.

So, it is a market where investors buy securities from other investors, and not from the issuing company

Features

1. Gives **liquidity** to all investors.
2. Comes after primary market
3. Particular place
4. Very little time lag
5. The secondary market quickly **adjusts** the price to any new development in the security.

Features

6. **Lower transaction costs** due to the high volume of transactions.
7. Demand and supply economics in the market **assist** in price discovery.
8. An alternative to **saving**.
9. High regulations **ensure** the **safety** of the investor's money.

IMPORTANCE OF SECONDARY MARKETS (ROLE)

- It is a **good indicator** of a country's **economic condition**. A rise or drop in the stock market suggests a boom or recession in an economy.
- It helps in **valuing a company** as economic forces of supply and demand determine the prices.
- **Ensures liquidity** for the investors as one can easily buy or sell the securities.
- It gives investors a chance to **use their idle money** to earn some returns.
- It helps the company to **monitor and control** public perceptions.

Secondary Markets: Functions

- 1. Economic Barometer**
- 2. Pricing of Securities:**
- 3. Safety of Transactions:**
- 4. Contributes to Economic Growth**
- 5. Spreading of Equity Cult**

Secondary Markets: Functions

6. Providing Scope for Speculation

7. Liquidity

8. Better Allocation of Capital

9. Promotes the Habits of Savings and Investment