A Study on the Decisive Issues for Promoting the Enlargement of the Stock Market in Bangladesh

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Abstract: This paper is discussing the substantial and congruous policies that make consequence over promoting the enlargement of the stock market in Bangladesh; however it is still considered at infancy level. So that it is an inevitable matter to strengthen technical and institutional development to address the problem for ensure sustainable advancement of stock market in Bangladesh. The sample size is 180 for the purpose of promoting the enlargement of the stock market in Bangladesh, a stratified random sampling method used. Automation, demutualization and institutional development allow proliferating the advancement of stock market and also disseminating of information through the SEC only, strengthening educations of investors, strengthening regulations and supervisions should be prompt for ensure sustainable development of stock market.

Keywords: SEC, domestic savings, investment rate, automation, demutualization, central depository system.

1. Introduction

The focal point to establishment of stock markets in Bangladesh is anticipated to boost domestic savings and amplify the magnitude and superiority of investment. More generally, stock markets are seen as enhancing the operations of the domestic financial system in general and the capital market in particular. The stock market is probable to persuade savings by providing individuals with an additional financial instrument that may meet their risk preferences and liquidity needs. Better savings mobilization may increase the savings rate (Levine and Zervos, 1998). Stock markets also provide an avenue for growing companies to raise capital at lower cost. This paper is discussing the

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substantial and congruous policies that make consequence over promoting the enlargement of the stock market in Bangladesh. To ensure sustainable macroeconomic stability and growth, enhancement of individual income, development of banking sector, accelerate personal savings and resolving liquidity crisis, stock market creates an avenue where there is an ample opportunities to ensure the advancement but the most and inevitable issue regarding the sustainable development need to strengthen regulation, ensure transparency and accountability and also practicing corporate governance that promote the stock market development in Bangladesh.

2. Literature review

Stock markets are seen as enhancing the operations of the domestic financial system in general and the capital market. Stock market is expected to accelerate economic growth by providing a boost to domestic savings and increasing the quantity and the quality of investment (Singh, 1997).

Chowdhury A. R. (1995) explains the lack of efficiency in the emerging stock markets by investigating the issue of informational efficiency in the Dhaka Stock Exchange in Bangladesh. He argued that in an efficient market the prices of the securities fully reflect all available information i.e. stock market participants incorporate the information contained in money supply changes into stock prices.

Financial sector development helps economic growth through more efficient resource allocation and productivity growth rather than through the scale of investment or savings mobilization (Beck, Levine and Loayza, 2000). Finance fosters economic development by widening access to external finance and helping those industries and firms most reliant on external financial resources (Demirguc-Kunt and Maksimovic, 1998; Rajan and Zingales, 1998), as well as by allowing smaller firms to overcome financing constraints and grow faster (Beck, Demirguc-Kunt and Maksimovic, 2005; Beck, Demirguc-Kunt, Laeven and Levine, 2004).

Financial development has also an important role in dampening the impact of external shocks on the domestic economy (Beck, Lundberg and Majnoni, 2006; Aghion, Banerjee and Manova, 2005; Raddatz, 2006). Finance improves resource allocation and increases the efficiency with which investment funds are reallocated across industries as demand changes (Love, 2003 and Wurgler, 2000).

A rapid increase in private sector lending, not supported by the macroeconomic, contractual and informational framework discussed below, can result in fragility and

banking crises, as experienced by many countries over the past 30 years (Demirguc-Kunt and Detragiache, 1999; Caprio and Klingebiel, 1997).

Stock market liquidity may discourage investors from having long-term commitment with firms whose shares they own and therefore create potential corporate governance problem with serious ramifications for economic growth (Bhide, 1994). More generally, stock markets are seen as enhancing the operations of the domestic financial system in general and the capital market in particular (Kenny and Moss, 1998).

The stock market is expected to encourage savings by providing individuals with an additional financial instrument that may better meet their risk preferences and liquidity needs. Due to political unrest of Bangladesh state of emergency was declared and military took power of the country in 2007. During military-backed regime investment in real sectors as well as FDI decreased but the inflow of foreign remittance increased. Investors tried to find alternative investment sector to invest their savings and found stock market as an attractive alternative. (Khaled, 2011)

According to CPD (2011), the total number of BO Account holders on 20th December, 2010 reached to 3.21 million though the number was 1.25 million in December 2009. Most of these new investors don't have enough knowledge about the stock market but invest their most or all savings in the market. 238 brokerage houses opened 590 branches at 32 districts. As CPD (2011) found, internet-based trading operation, opening branches of brokerage houses across the country, easy access to the market information, arranging a countrywide 'share mela (fair)' are the factors for increasing investors. But supplies of new securities through IPOs were not enough to chase huge capital of too many investors in the market. Moreover Security & Exchange Commissions was not capable to monitor the market conditions properly. Due to the poor monitoring & market surveillance share prices of Z Category Companies and small companies increased dramatically. Moreover, some initiatives taken by SEC were not effective and changed directives frequently such as; it changed directives of margin loan ratio 19 times. (Raisa, 2011).

3. Objectives

The aim of this study is to determine, analyze and evaluate the significance of crucial factors on stock Market development in Bangladesh. Several factors that may influence the stock market development will be discussed such as Automation, Demutualization, Promote institutional investors, Strengthen regulation and supervision, Strengthening education of investors, Proficient ,honest and sincere regulatory body etc.

This study would also try to achieve the following specific objectives:

- Determine the substantial and congruous policies make consequence over promoting the enlargement of the stock market in Bangladesh.

- Identify the most critical factors to establish stabilization in stock market from individual and institutional shareholders as well as the expertise view.
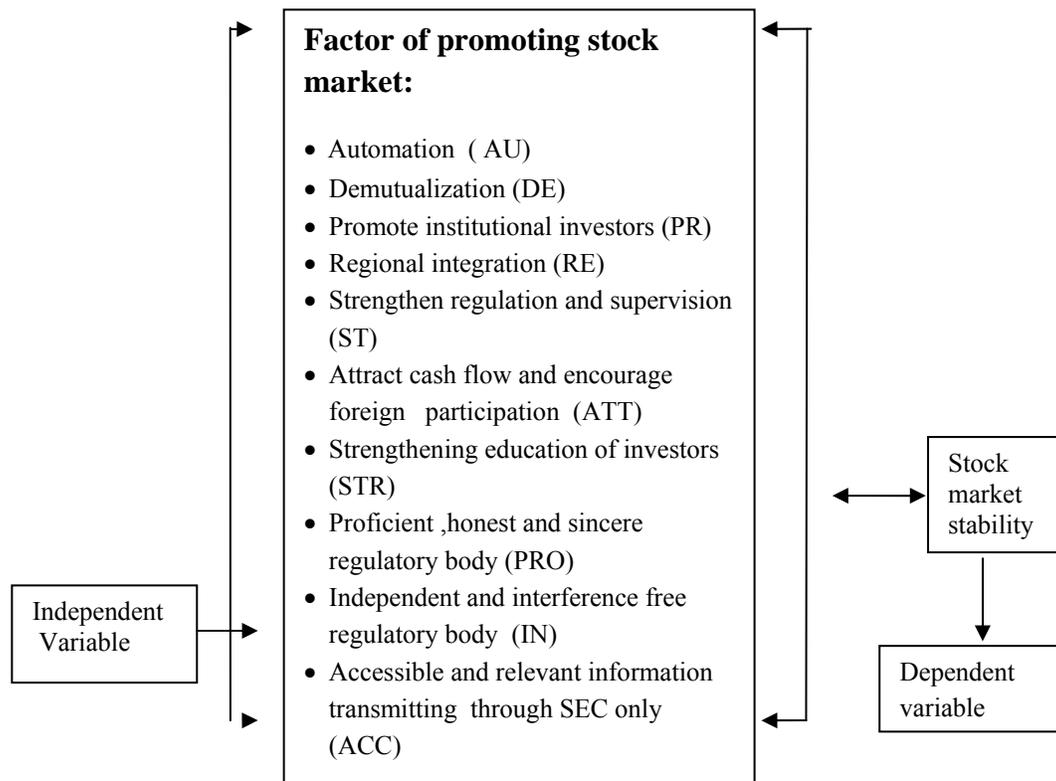
4. Research methodology

The study is based on the discussing the substantial and congruous policies that make consequence over promoting the enlargement of the stock market in Bangladesh. Both primary data and secondary date have been used to make a conspicuous assumption about the subject matter. For the purpose of the study respondent were categorized into three groups: individual investors, institutional investors and expertise of stock market. The sample size consists of 180.Among the respondent 120 are individual investors, 40 are institutional investors (mutual fund, investment companies, banking and non-banking financial institutions, insurance corporations etc) and 20 are expertise (University professors, professional portfolio manager, specialist of stock market). The respondent were asked to rate statements about questions in a likert scale from 1 to 5, where 1 means, strongly agree; and 5 indicates the strongly disagree with the statement. The questions are largely based on extensive study of literature review. The main sources of secondary data were the published reports, discussions on different seminar. Stratified random sampling method was applied for the study.

4.1 Data Collection: Before sending the questionnaires to the targeted organizations a pilot survey was conducted in the selected respondent so that validity of the formulated questions could be checked. The questionnaire for the pilot survey included 19 questions and the respondents were also asked to evaluate the language and the understanding of the statements and the length and the depth of the questionnaire. A pilot study was carried out among 8 experience people. The pilot study helped to revise the questionnaire and prepare it for the final survey.

4.2 Data analysis: In this research ten variables are considered as an independent variable and stock market stability is noted as dependent variable. For the purpose of accomplishing the research work, we use different statistical tools like, factor analysis, correlation, Chi-square test, regression and mean to determinate the scenario.

4.3 Research design: The research design mentioned that the independent variables are the ten factors and the dependent variable is stock market stability.

Factor of promoting stock market:

- Automation (AU)
- Demutualization (DE)
- Promote institutional investors (PR)
- Regional integration (RE)
- Strengthen regulation and supervision (ST)
- Attract cash flow and encourage foreign participation (ATT)
- Strengthening education of investors (STR)
- Proficient ,honest and sincere regulatory body (PRO)
- Independent and interference free regulatory body (IN)
- Accessible and relevant information transmitting through SEC only (ACC)

Independent Variable

Stock market stability

Dependent variable

Source: Research Framework

For accomplishing the research we develop the following hypothesis that can make the relevant conclusion of this paper.

H_1= Automation helps to speed up operations and activities of exchanges and reduces cost associated with manual systems in stock market.

H_2= Demutualization solve mutual structure problems by opening up trading rights, admitting new trading partners, and broadening ownership that the public can invest in exchanges to ensure stabilization in stock market.

H_3= Institutional investors often are at the forefront in promoting efficient market practices and financial innovation and have favor greater transparency and market integrity in both primary and secondary markets.

H_4= Regional integration can resolve the problem of illiquidity, small size, and fragmentation and that ensure stock market stabilization.

H_5= Regulation and supervision of the financial system play a great role in determining both its stability and the extent of services provided.

H_6= Attract cash flow and encourage foreign participation helps to strengthen the stock market.

H_7= Increasing public knowledge about the security analysis could promote the development of the stock market in Bangladesh.

H_8= Proficient, honest and sincere regulatory body establish a congenial environment in the stock market.

H_9= Independent and interference free regulatory body should entitled for the stabilization in stock market in Bangladesh.

H_{10}= Accessible and relevant information transmitting through SEC only that allow to make a concise anticipation about the stock market.

5. Discussion and analysis:

Individual investor view: Here is to illustrate the major factor identifying for the promoting stock market development in Bangladesh from the individual shareholders view. The sample size is 120 to determine the inevitable factors .The Bartlett's Test of Sphericity tests the adequacy of the correlation matrix, and yield a value of 87.741 and an associated level of significance smaller than 0.001. The total variance explained section presents the number of common factors extracted, the eigenvalues associated with these factors, the percentages of total variance accounted for by each factor, and the cumulative percentages of total variance accounted for by the factors (See table :9 in appendix). Using the criterion of retaining only factors with eigenvalues of 1 or greater, three factors were retained for rotation. These factors accounted for 27.097%, 20.837% and 14.547% of the total variance respectively for a total variance of 62.481%.

Table 1: Component and Rotated Component Matrix

Component Matrix   **Rotated Component Matrix**

	Raw			Rescaled				Raw			Rescaled		
	Component			Component				Component			Component		
	1	2	3	1	2	3		1	2	3	1	2	3
AU	-.145	.008	.363	-.225	.012	.562	AU	-.275	.062	.270	-.427	.096	.419
DE	.090	.097	.168	.179	.191	.333	DE	.031	.091	.191	.062	.181	.378
PR	.711	.570	-.063	.719	.577	-.063	PR	.825	.175	.351	.834	.177	.355
RE	-.115	.724	.384	-.129	.813	.431	RE	.105	-.285	.770	.118	-.320	.864
ST	.157	.204	-.264	.243	.314	-.407	ST	.345	-.119	-.055	.532	-.183	-.084
ATT	.094	-.047	.071	.187	-.094	.141	ATT	.007	.125	.022	.015	.248	.044
STR	.636	-.443	.559	.643	-.449	.565	STR	-.054	.946	.124	-.055	.957	.126
PRO	.689	-.132	-.289	.789	-.152	-.331	PRO	.558	.424	-.291	.639	.486	-.333
IN	-.115	-.128	-.019	-.183	-.203	-.031	IN	-.137	-.023	-.103	-.218	-.037	-.163
ACC	.028	.033	.099	.065	.075	.228	ACC	-.012	.049	.096	-.027	.112	.220

The rotated component matrix presents the three factors after rotation. From the rotated matrix we revealed that the individual share holders make an argument over the promotion of institutional investor has the highest value (0.825) and another variable ,Proficient ,honest and sincere regulatory body has the second highest value (0.558).Other variable like Strengthen regulation and supervision has the third highest value of 0.345. So that form the rotated matrix it has seen that promote institutional investors, Proficient, honest and sincere regulatory body and Strengthen regulation and supervision are the three major factors considering individual share holder to establish stabilization in stock market.

5.2 Expertise view: Here is to illustrate the major factor identifying for the promoting stock market in Bangladesh on the consideration of the expertise. The sample size is 20 to determine the inevitable factors. The Bartlett's Test of Sphericity tests the adequacy of

the correlation matrix, and yield a value of 273.494 and an associated level of significance smaller than 0.001. The total variance explained section presents the number of common factors extracted, the eigenvalues associated with these factors, the percentages of total variance accounted for by each factor, and the cumulative percentages of total variance accounted for by the factors (See table: 11 in appendix). Using the criterion of retaining only factors with eigenvalues of 1 or greater, three factors were retained for rotation. These factors accounted for 34.675%, 21.868% and 16.231% of the total variance respectively for a total variance of 72.774.

Table 2: Component and Rotated Component Matrix

Component Matrix   **Rotated Component Matrix**

	Raw			Rescaled				Raw			Rescaled		
	Component			Component				Component			Component		
	1	2	3	1	2	3		1	2	3	1	2	3
AU	-.308	-.490	.820	-.286	-.454	.760	AU	.069	.005	1.001	.064	.005	.929
DE	.086	-.231	-.194	.172	-.463	-.388	DE	.078	-.294	-.076	.156	-.589	-.152
PR	-.710	-.301	.256	-.702	-.298	.254	PR	-.512	-.154	.612	-.507	-.152	.605
RE	.165	.927	.401	.149	.835	.362	RE	.051	1.005	-.184	.046	.906	-.166
ST	-.898	.239	.194	-.846	.226	.183	ST	-.833	.261	.374	-.785	.246	.352
ATT	.407	-.158	-.026	.634	-.246	-.041	ATT	.407	-.128	-.097	.634	-.199	-.151
STR	.254	.188	-.040	.549	.407	-.086	STR	.179	.151	-.216	.388	.326	-.467
PRO	1.031	-.121	.595	.810	-.095	.467	PRO	1.158	.264	.148	.909	.207	.116
IN	-.346	.573	.124	-.394	.652	.141	IN	-.421	.533	-.046	-.478	.607	-.053
ACC	.169	.338	.060	.239	.479	.084	ACC	.094	.326	-.176	.133	.462	-.250

The rotated component matrix presents the three factors after rotation. From the rotated matrix it has revealed that the expertise make an argument over Proficient, honest and sincere regulatory body has the highest value (1.158) and another variable, Strengthen

regulation and supervision has the second highest value (0.833). Other variable like Promote institutional investors has the third highest value of 0.512. So that form the rotated matrix it has seen that Proficient, honest and sincere regulatory body, Strengthen regulation and supervision, promote institutional investors, Proficient are the three major factors considering expertise prognosticative assumption to establish stabilization in stock.

5.3 Institutional share holder view: Here is to illustrate the major factor identifying for the promoting stock market in Bangladesh on the consideration of institutional share holders. The sample size is 40 to determine the inevitable factors. The Bartlett's Test of Sphericity tests the adequacy of the correlation matrix, and yield a value of 283.147 and an associated level of significance smaller than 0.001. The total variance explained section presents the number of common factors extracted, the eigenvalues associated with these factors, the percentages of total variance accounted for by each factor, and the cumulative percentages of total variance accounted for by the factors (see table: 13 in appendix). Using the criterion of retaining only factors with eigenvalues of 1 or greater, four factors were retained for rotation. These factors accounted for 34.743%, 22.262%, 13.533% and 10.327% of the total variance respectively for a total variance of 80.865.

Table 3: Component and Rotated Component Matrix

Component Matrix

| | Raw | | | | Rescaled | | | |
| | Component | | | | Component | | | |
	1	2	3	4	1	2	3	4
AU	.031	-.029	-.067	.215	.072	-.069	-.158	.505
DE	.099	-.049	.862	-.087	.112	-.055	.977	-.098
PR	.051	-.505	-.090	-.062	.079	-.782	-.140	-.097
RE	-.104	.028	.170	.246	-.214	.058	.350	.506
ST	.158	.515	-.013	-.206	.239	.782	-.020	-.313
ATT	-.062	.476	-.220	-.143	-.086	.668	-.309	-.201
STR	.294	.612	-.008	.377	.355	.738	-.009	.454
PRO	.649	.047	-.022	.043	.937	.067	-.032	.062
IN	.693	-.167	.183	.451	.753	-.181	.199	.490
ACC	-.829	-.199	-.024	.264	-.894	-.215	-.026	.285

Rotated Component Matrix

| | Raw | | | | Rescaled | | | |
| | Component | | | | Component | | | |
	1	2	3	4	1	2	3	4
AU	.035	.032	-.091	.205	.083	.076	-.214	.481
DE	.191	.462	.702	-.146	.217	.523	.795	-.166
PR	-.143	.381	-.298	-.123	-.222	.590	-.462	.191
RE	-.030	.075	.174	.253	-.063	.154	.358	.521
ST	.290	-.437	.169	-.168	.440	-.664	.257	.256
ATT	.052	-.539	.033	-.065	.073	-.757	.046	-.092
STR	.522	-.397	.143	.390	.630	-.479	.172	.470
PRO	.616	.091	-.185	-.061	.889	.131	-.267	-.088
IN	.667	.441	-.132	.297	.725	.479	-.143	.323
ACC	-.802	.025	.115	.376	-.865	.027	.124	.405

The rotated component matrix presents the three factors after rotation. From the rotated matrix we revealed that the individual share holders make an argument over Accessible and relevant information transmitting through SEC only has the highest value (0.829) and another variable , Independent and interference free regulatory body   has the second highest value (0.693).Other variable like Proficient, honest and sincere regulatory body has the third highest value of 0.649. So that form the rotated matrix we see that Accessible and relevant information transmitting through SEC only , Independent and interference free regulatory body and Proficient, honest and sincere regulatory body, has the three major factors considering institutional investors   assumption to establish stabilization in stock market.

From the table no: 4 present the correlation matrix of the factor effecting stock market. Automation(r=0.189), promote institutional investors ($r = 0.157$), proficient, honest and sincere regulatory body (r=0.174) correlated in a statistically significant manner with stock market stability at the 0.05 level. On the other hand Attract cash flow and encourage foreign participation ($r = 0.194$) were significantly and positively associated with satisfaction at the 0.01 level.

Table 4: Correlations Analysis

	SHARE	AU	DE	PR	RE	ST	ATT	STR	PRO	IN	ACC
SHARE											
AU	.189(*)										
DE	-.059	.006									
PR	.157(*)	.212(**)	-.083								
RE	.040	.169(*)	.002	.050							
ST	-.102	.109	.018	.256(**)	.141						
ATT	-.194(**)	.009	.146	-.220(**)	-.014	.049					
STR	-.116	-.161(*)	.274(**)	-.180(*)	.063	.060	.278(**)				
PRO	-.174(*)	-.139	.094	-.058	-.015	-.124	.311(**)	322(**)			
IN	-.071	-.173(*)	.182(*)	-.029	.141	232(**)	-.112	.188(*)	.088		
ACC	.116	.096	232(**)	.148(*)	424(**)	.049	.096	.039	.114	.063	

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Regression analysis was conducted to determine the relationship of the factor that promotes the share market stability in Bangladesh. From the table: 5 the results suggested that 35.8 % of the variance in stock market stability in Bangladesh could be explained by factor. The F-ratio of 2.492 (p = 0.516) indicates that the regression model of the factors and stock market stability variables assessed was statistically significant. The results also revealed that all the factors that causes the stability of stock market in Bangladesh because of p>α according to the findings of the statistical analysis.

Table 5: Analysis of Variance

R					0.358
R Square					0.129
Adjusted R Square					0.077
Std. Error of the Estimate					0.516
F=2.492, p=0.516					

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.488	.225		6.612	.000
	AU	.083	.041	.156	2.005	.057
	DE	.009	.044	.017	.212	.832
	PR	.064	.047	.110	1.363	.175
	RE	-.018	.048	-.031	-.382	.703
	ST	-.095	.049	-.158	-1.965	.051
	ATT	-.118	.069	-.143	-1.727	.086
	STR	.013	.053	.020	.241	.810
	PRO	-.079	.044	-.144	-1.772	.078
	IN	-.012	.052	-.019	-.238	.812
	ACC	.121	.074	.140	1.638	.103

a Dependent Variable: SHARE

To make a profound view of each of the factor we make Chi square test

Q1. Automation can lead to resolve the stock market crisis.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.022 is greater than alpha (α) value of 0.05. It means that we do not reject the null hypothesis. The variables are correlated.

Table 6: Chi square Test

Question no	P	Decision
1	0.022	Variable are correlated
2	0.354	Variable are correlated
3	0.053	Variable are correlated
4	0.000	Variable are not correlated
5	0.071	Variable are correlated
6	0.045	Variable are correlated
7	0.056	Variable are correlated
8	0.065	Variable are correlated
9	0.061	Variable are correlated
10	0.058	Variable are correlated

*α=0.05

Q2. Demutualization can influence to eradicate the puzzle situation in stock market in Bangladesh.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.354 is greater than alpha (α) value of 0.05. It means that we do not reject the null hypothesis. The variables are correlated.

Q3. Promote institutional investors can flourish the growth of the stock market in Bangladesh.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.003 is greater than alpha (α) value of 0.05. It means that we do not reject the null hypothesis. The variables are correlated.

Q4. Regional integration can assist to strengthen the stability of stock market in Bangladesh.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.000 is less than alpha (α) value of 0.05. It means that we do reject the null hypothesis. The variables are not correlated.

Q5. Strengthen regulation and supervision encourages the investors and also establishes substantial policies and programs.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.071 is greater than alpha (α) value of 0.05. It means that we do not reject the null hypothesis. The variables are correlated.

Q6. Attract cash flow and encourage foreign participation that makes stabilization and enhancement of stock market.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.045 is greater than alpha (α) value of 0.05. It means that we do not reject the null hypothesis. The variables are correlated.

Q7. Strengthening education of investors can ensure the steadiness in the stock market.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.056 is greater than alpha (α) value of 0.05. It means that we do not reject the null hypothesis. The variables are correlated.

Q8. Proficient, honest and sincere regulatory body leads to augmentation and consistency in the market.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.023   is greater than alpha (α) value of 0.05. It means that we do not reject the null hypothesis. The variables are correlated.

Q9. Independent and interference free regulatory body always has the indomitable willing to ensure the continuous growth of stock market.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.061 is greater than alpha (α) value of 0.05. It means that we do not reject the null hypothesis. The variables are correlated.

Q10. Accessible and relevant information transmitting through SEC only ensure profound wisdom about the market and its condition.

H_0= Variable are correlated

H_1=Variable are not correlated

Chi-Square result: The significance value (Pearson Chi-Square) 0.043 is greater than alpha (α) value of 0.05. It means that we do not reject the null hypothesis. The variables are correlated.

From the hypothesis (table: 7) we revealed that each of the factor take a major role for the stabilization in the stock market in Bangladesh because the value of each of the factor is greater than the alpha value it means that $p > \alpha$ at a 0.05 confidence level, so that we cannot reject the null hypothesis that we develop earlier.

Table 7: Hypothesis

Hypothesis no	F	P	Status
1	3.875*	0.050	Accept
2	1.807*	0.148	Accept
3	4.182*	0.182	Accept
4	1.170*	0.170	Accept
5	1.905*	0.905	Accept
6	4.039*	0.059	Accept
7	2.878*	0.878	Accept
8	2.351*	0.351	Accept
9	0.805*	0.805	Accept
10	2.610*	0.610	Accept

*0.05 significance

From the above mentioned hypothesis we develop the relationship of each of the factor that provides the stability in the security market in Bangladesh.
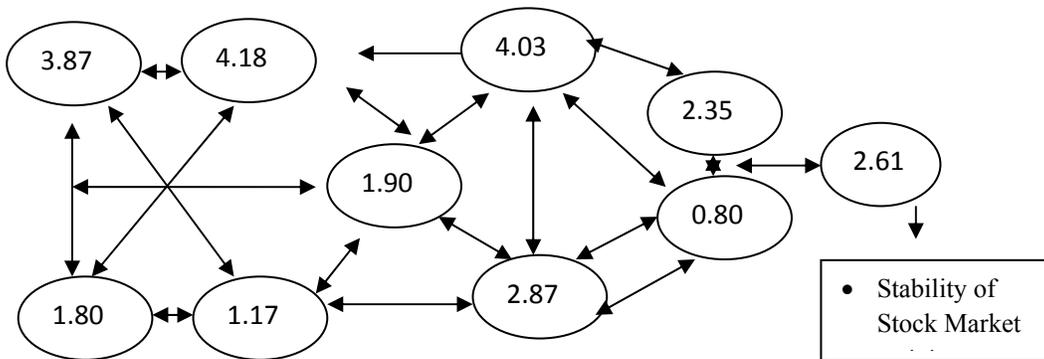
(⟷) **Indicates the relationship of the factors**

6. Findings and Recommendations

 Stock market of Bangladesh suffers from the problem of volatility and inconsiderable amount of regulation, low confidence of shareholders and also poor practicing of corporate governance. On the basis of analysis individual investors are emphasizing on the promotion of institutional investor and proficient, honest and sincere regulatory body will accelerate the stock market progress. And, institutional investors make arguments over accessible and relevant information transmitting through SEC only and independent and interference free regulatory body that promote the sustainable establishment of stock market. Through this extensive tasks we can interpret that due to incommensurate and contrasting management and also lack of superior, penetrating and substantial approaches and policies generates manifold encumber and predicament situation and that is why frequently causes dethronement and fluctuation of the stock market in Bangladesh. Most frequently regulatory bodies are unable to resolving this catastrophe with the corrective measures because of bureaucratic intervention and procrastination.

For the sustainable expansion of stock market the expertise consider on proficient, honest and sincere regulatory body and strengthening education of investors. Finally it is recommended that for ensuring the steady stock market it should give emphasis on proficient, honest, sincere, and independent and interference free regulatory body, and strengthening education of the investors that indubitably assist for proliferation of stock market in Bangladesh. Furthermore, Demutualization, promotion of institutional investor, accessible and relevant information transmitting through SEC only and automation also take part in noteworthy matter for stock market enlargement in Bangladesh.

7.   Conclusion

For accomplishing the desirable goals of a country like Bangladesh, capital market can be the ineluctable and inseparable sources engine of the growth for its economy if market becomes consolidate, structured and immaculate. Around the world well reputed stock markets like - New York Stock Exchange, London Stock Exchange, Shanghai Stock Exchange, Tokyo Stock Exchange, Australian Securities Exchange, Dubai Stock Exchange and so on, are regulated and running efficiently because of amalgamate of the resources in an admissible way and also structural affinity of the different bodies of the stock market that provides significant contribution to their individual economy. Indubitably, stock market is an acumen knowledge based game rather than place of connivance, debauchee and gambling; there must be rational win-lose situation always. But Bangladeshi stock market experienced through inefficient and irrational fluctuation. Stock market has been a startlingly imperative source of finance for funding the growth of large corporations in a least developing country like Bangladesh. Stock markets

positively persuade economic growth through encouraging savings amongst individuals and providing avenues for firm financing at low cost of capital. Short term and long term initiative should taken by the security and exchange commission for ensuring the long term sustainability of the stock market and also they should concentrate on stimulating and encouraging   more public limited companies to offer more share to mitigate the intricate situation. Income tax rebate, Injection of Market Stabilization Fund, Mandatory holding certain percentage of share among the board of directors, short term incentives packages should be introduced to get back the confidence among the existing investors. So that at last but not the least, it is to be noted that indispensable action need to be taken for the stabilization of the stock market that support for the macroeconomic encroachment in Bangladesh.

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