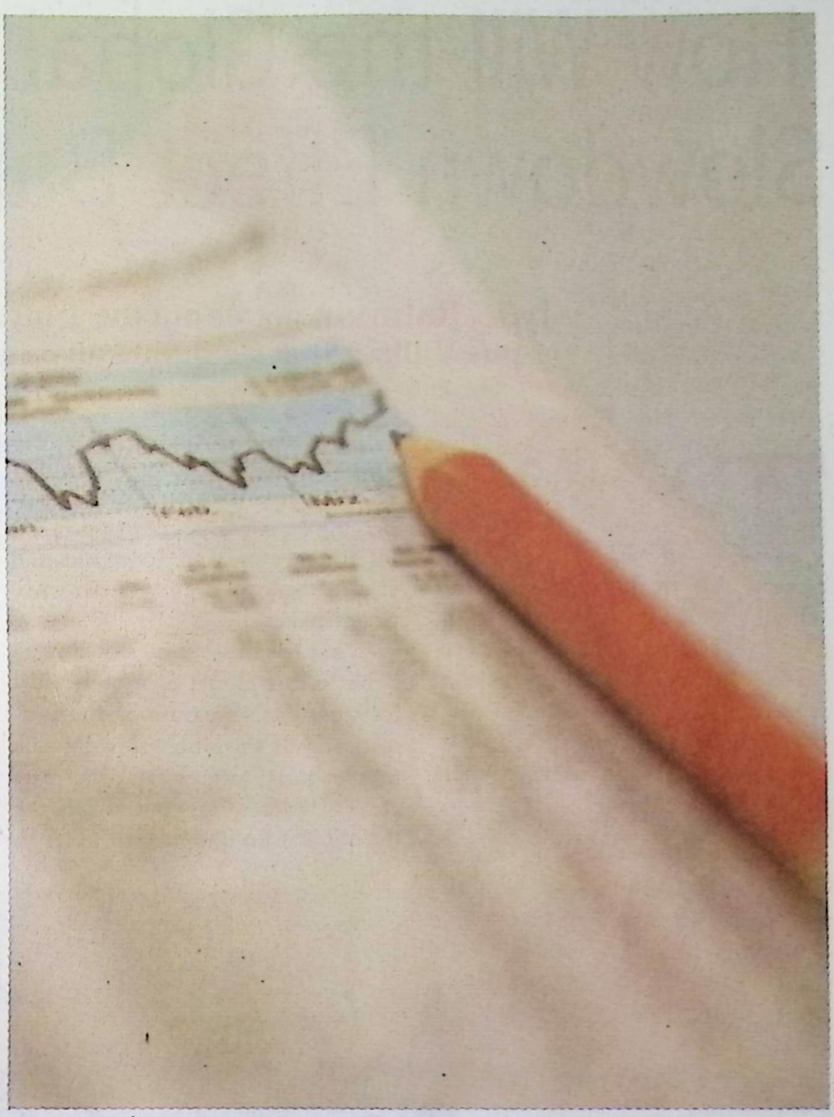
In terms of creating market depth, more profitable state-owned-enterprises should be listed. The supply of securities can be increased if the SOEs are allowed to operate through the stock exchanges. Floatation of SOE scrips is expected to expand the market by couple of times. Corporatisation of SOEs will bring in transparency as well as confidence on the government financial system.

Incentive for private sector entrepreneurs to access the capital market should be more noticeable. Tax gap between listed and non-listed companies could be increased. Infrastructure projects should access capital market to raise financing through bonds and corporations should raise short term financing through commercial papers. Securitizations should be encouraged. We need to be proactive and take initiatives to promote new products in the market.

In a more developed market, institutional investors such as merchant banks, commercial banks, insurance companies, are major traders of securities. We need enforceable and more effective laws and rules to attract foreign institutional investors.

Equity research is not yet very popular in Bangladesh, quality of brokerages houses should be assessed by the quality of research produced by their independent research departments. SEC is expected to take an educational role in the process by bringing in international resources and creating investors awareness through television and other media. Local TV channels focus on business but we also need education for the young generation financial education for the college and university students, irrespective of their discipline, should be promoted. Young people have every right to learn the mechanisms of saving, investing and the importance of personal financial management.



ISU

Quality analysis needs to address this valuation issue in a more proactive manner. The independent analysts should raise the flag when a scrip is overvalued or undervalued, the intrinsic value of a traded security should be covered in the research paper. Investors are perhaps depending much on speculative analysis resulting into volatility in the market as opposed to fundamental analysis, which could attract more stable long-term investors who are sure about their investment tenure and expectations. It is observed that whenever there is a downturn in the market, individual investors go on rampage. However, these investors should understand that downturns, bearish trends and market corrections are an integral part of stock markets.

The Bangladesh capital market still has a long way to go. The recent measures taken by the transitional government have already begun to positively impact the markets. If more investor-friendly policy reforms were to be implemented, the capital market will undoubtedly play a critical role in leading Bangladesh towards being the next Asian tiger with growth comparable to India, Vietnam and the other most dynamic economies in the region.

Mamun Rashid *is a banker and economic analyst.*