

BICM Research Seminar 24

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Paper details	
Title	Why Do Eligible Private Companies in Bangladesh Avoid Capital Market for Financing?
Authors	Faima Akter Lecturer Bangladesh Institute of Capital Market
	Imran Mahmud Lecturer Bangladesh Institute of Capital Market
	Md. Iqbal Hossain Additional Director Bangladesh Securities and Exchange Commission
Presentation details	
Presenter researcher	Faima Akter
Date	July 26, 2023 (Wednesday)
Time	12:00 - 01:30 PM
Venue	BICM Multipurpose Hall
Expected Participants	Faculty Members of BICM & Invited Guests
Discussants	Dr. M. Sadiqul Islam Professor, Department of Finance University of Dhaka
	Mr. Syed Muhammad Golam Mowla Joint Director Bangladesh Securities and Exchange Commission
	Md. Moshihor Rahman FCS Head of HR & Admin and Company Secretary Lub-rref (Bangladesh) Limited

About the Presenter

Ms. Faima Akter is serving Bangladesh Institute of Capital Market as Lecturer. She has completed her MBA and BBA in Finance from Department of Finance, University of Dhaka. She was awarded Shamsun Nahar Mahmud Foundation Merit Award, 2018 for her outstanding result in BBA. She has dedicated her career to educating and empowering aspiring investors and finance professionals. Her expertise lies in security analysis, which involves evaluating various investment instruments, such as stocks and bonds, to determine their intrinsic value. Furthermore, her knowledge of portfolio management enables her to guide students in constructing and managing investment portfolios that align with their financial goals and risk tolerance. She is also conducting some research works relevant to the capital market of Bangladesh. As an aspiring researcher, she wishes to contribute to Bangladesh's financial sector.

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The paper abstract is given on next page. If you have any questions regarding the seminar or you wish to present a paper or invite a guest researcher, please do not hesitate to communicate S. M. Kalbin Salema, Lecturer, BICM at kalbin@bicm.ac.bd.

Why Do Eligible Private Companies in Bangladesh Avoid Capital Market for Financing?

Faima Akter¹
Imran Mahmud¹
Md. Iqbal Hossain²

Abstract

This study aims at figuring out the key reasons responsible for inhibiting companies to go for IPO. To obtain the objectives, 100 privately listed companies situated in Dhaka had been approached and 15 companies responded accordingly. To substantiate the views of the companies, interviews from academicians, merchant bank authorities, capital market journalist forum and regulators were taken. In total 25 Key Informant Interviews (KIIs) were collected for the study. A focus group discussion had been arranged also consisting 30 representatives from different merchant banks. To present the findings of the study, a thematic analysis approach was taken where initial codes from the interviews and FGD were transformed and six key themes: macro-environment deterrent, institutional limitations, firm specific barriers, capital market deterrents, corporate governance code 2018 and money market deterrents were identified as the main factors of IPO avoidance by eligible companies. Lack of coordination among relevant regulators and authorities, few clauses of corporate governance code 2018, costly and lengthy IPO issuance process, insignificant tax gap, bank's lenience towards loan defaulters, friendly loan rescheduling facility of banks, lack of knowledge regarding capital market products, and compliance related issues are considered the most crucial reasons for IPO avoidance.

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