

CHAPTER 1

1.1. BACKGROUND OF THE STUDY

The economy in Bangladesh is growing and changing at a rapid speed and the nation is adopting the structure of the international financial system. The economy growth is noticeable in both international and domestic trade. Moreover, the financial system is created that consist of the capital market and as well the money market. The money market play an important role in the underdevelopment nation and the nations financial system function on the base of it money market. The money market is created due to following needs; short term liquidity present in the financial system, to carry out the daily economic activities and meet the need of short term borrowing lending, participants in the financial system. On the other hand, the capital markets are essentially about corresponding the needs of investors with those that need capital for expansion. The nation is enrich with those parties, a young and dynamic population that increasingly wants, and is able to, make provision for lifetime events, to save for children's education, for the possibility of ill health and ultimately for old age and retirement. On the other side of the equation the best of our knowledge.

1.2. SIGNIFICANT OF THE STUDY

This study will be a significant endeavor in developing the knowledge and investor skill as well. It will also be beneficial to policy makers and investor when they want to invest in the capital market. This study also helpful to the new investor who wants to invest money in the capital market. By understanding the problem and solution of the capital market take the possible decision to the policy makers in the easy ways. This study will provide invaluable information to stakeholders like investor, Shareholders, Employees who involves in the security and exchange commission etc. That allows them to take initiative for improving capital market crisis to overcome and growing stable condition capital market in Bangladesh.

Moreover, the study will be helpful to the overall capital market in Bangladesh who directly or indirectly involves in the capital market.

1.3. LIMITATION OF THE STUDY

It was not so easy to researcher prepare such type of report as the following reasons was existed. Every matter has got some limitation though this is also not an exception. The limitation of this study is being stated below:

- This thesis paper is based on capital market in Bangladesh. The researchers don't have sufficient knowledge about capital market but should try to level best.
- This is a descriptive and analysis-based report. So, it needs sufficient time. But The researcher does not have surplus time to make such kind of analytical and descriptive report.
- It has a large and several types of information. So, it is very possible to overlook some of information's.
- Due to high level of workload, personnel who are involved with capital market would not able to give enough time for discussion about various aspects of the assigned topic.
- Although the researcher faces some limitation and was trying to overcome these complexities and provide information as far as possible.
- To examine the primary survey also analysis the data is need to long time but it takes on short time to prepare this thesis paper.

OBJECTIVES

1.4. GENERAL OBJECTIVE

The general objective of the study is to make known about the capital market and practical situation of this market in Bangladesh. This dissertation paper aims to provide the present condition of both capital market such as Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). In the recent time in those capital market falls in the short moment in the various reason that should be clear to everyone as a clear view who known about the capital market and who have not enough proper knowledge about the capital market.

1.5. SPECIFIC OBJECTIVE

The main objectives represent here chronologically:

- To promote an overview of capital market in Bangladesh.
- To examine the stock market in Bangladesh by investigating its history and the growth, regulatory framework, participants, market capitalization and the exchange structure.
- To examine the government influences in the capital market.
- To evaluate the importance and the process of security analysis from the investor point of view.
- To investigate the causes of crisis stock market debacle and the problem and prospects of capital market in Bangladesh.