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# Role of the Bangladesh securities and exchange commission in enhancing GDP growth through capital market development

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## Abstract

This research examined the impact of Bangladesh Securities and Exchange Commission (BSEC) in promoting the GDP growth through the process of capital market development of selected Bangladeshi companies (UCB, ACI, Beximco Ltd., Square Pharmaceuticals ltd., Summit Power Ltd, Rangpur Foundry Ltd). The main objective was to determine the impact of BSEC's regulatory and development activities on the Bangladesh economy. Given the paramount role of capital markets in channeling long run investments and achieving financial inclusion, the study employed a quantitative methodology through a standard questionnaire-based survey of 119 respondents who compromise of investors, analysts and policy makers. Data was statistically analyzed with Pearson correlation to evaluate the connection on the effectiveness of BSEC and the performance of GDP-parameterized capital market. Results indicated a significantly positive association between BSEC's regulatory quality and capital market development-having a positive influence on GDP. Institutional reforms in BSEC had enhanced transparency, investor confidence and capital formation, the study said adding it had also identified structural limitations in the existing set-up. The findings underscore the necessity of a more restrictive enforcement as well as a variety of financing instruments and informative policy to improve BSEC's role on national economy.

**Keywords:** Bangladesh Securities and Exchange Commission (BSEC); GDP Growth; Capital Market Development; Economic Development; Investors' Confidence; Quantitative Analysis

## 1. Introduction

The capital market is a core element of contemporary financial systems; it enables the flow of savings toward productive investment and contributes to long-term economic growth. For a developing economy such as Bangladesh where the conventional financial intermediaries such as banks frequently fail to fulfil an increasing demand for capital, a sound and active capital market is important to maintain the level of industrialization, to finance the infrastructures and to boost up GDP (Akter & Rahman, 2023). As the lead regulator for the country's capital market, the Bangladesh Securities and Exchange Commission (BSEC) has a critical role to play in regards to transparency, investor protection, and the proper operation of capital markets (Baten & Baten, 2020). The general broad topic discussed in this paper is an interplay of financial regulation and economic development and the interest in the relationship between BSEC‟s activities and GDP growth through the impact of the performance of the capital market. The academic contribution of this study is that it extends the literature on regulatory financial markets and its macro repercussions on developing economies. And, although a significant amount of literature investigates the causal relationship between financial market development and GDP growth (Litten, 2024), (Ahmed & Chowdhury, 2024) & (Ahmad & Arif, 2023) empirical literature that examines the role of specific institution like BSEC is limited, especially in a country like Bangladesh. Policy-wise, this study is of relevance to the policy makers and investors and development agencies as an input to understand how a well-functioning capital market governance can facilitate as a policy lever for broader economic development. Previous studies have generally confirmed the positive relationship between financial market efficiency,

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quality of regulation, and investor confidence and economic development. For examples, Veil, (2024) argued that efficient financial markets minimize transaction costs and enhance efficient allocation of capital. Ramchandraiah, (2024) also showed that stock market reforms have a significant impact on GDP growth in India. Nevertheless, the literature is not free from defects and controversies. There still are discrepancies as to which is the cause in the relationship between capital market development and output (GDP); there is not a unanimous agreement about the way the institutional quality—especially regulatory quality—mediates this relationship. And mostly there is too little research in the context of Bangladesh where a number of studies were found concentrating mostly on BSEC's role in the capital market, investors' behavior, and financial inclusion and less significant focus was given on the macroeconomic aspects regarding the effect of BSEC regulatory interventions (Yahaya, 2026).

The study is conducted in the background of the changing financial landscape of Bangladesh, a demand for capital, the increasing digitization, and the pursuit for a middle-income status (Dewri, 2026). It takes into account reforms recently implemented by BSEC with the SME board, the digital surveillance, and changes in corporate governance codes. The units of analysis are individual actors (e.g. investors, financial analysts, academics, and policymakers) engaging or being impacted with what the BSEC regulatory environment represents (Mallik & Rahman, 2024).

## 2. Literature Review

Over the past few years, the subject of how financial market regulators can contribute to economic growth has been receiving increasing attention in the academic literature, as well as in the policy domain. As the academic literature has increasingly acknowledged the role of capital markets in spurring economic growth, this body of work has developed to examine how regulators (e.g., securities commissions) can improve the performance of the financial sector, facilitate long-term investment, and contribute to GDP growth. The literature that has studied the link between capital market developments, determining regulatory quality and economic performance in the context of Bangladesh and similar emerging nations is very limited. A number of recent works support the well-known theory of the strong impact of capital markets on the macroeconomic results. Knio & Houmani, (2024) laid one pivotal link between stock market development and economic growth, a linkage, which has been tested in different developing market perspectives in a more comprehensive manner. Even more recently, Adjei et al., (2024) explored capital market efficiency and GDP growth in sub-Saharan Africa and findings indicated that market depth, liquidity, and governance positively impacts on economic performance when strong regulatory frameworks back them. (Tyson, 2023, p. 8) added to this literature by showing that capital market development is a stimulant for sustainable economic development if the institutional environment promotes investors' protection and market transparency. In the regional perspective (Hossin & Hamid, 2024) empirically investigated capital market role in promoting economic growth of Bangladesh. They learnt that a better market cap, turnover ratio and number of listed companies had a positive and significant influence of the growth of GDP. But to ensure a steady flow of capital, the regulatory climate needed to be modernized, too, they added. Jones, (2019) stressed on the importance of effective enforcement of regulations in order to avert market exploitation and enhance investors' confidence in the Dhaka Stock Exchange, which would consequently create a conducive environment of investment. The functioning of regulators such as the Bangladesh Securities and Exchange Commission (BSEC) too has been recently questioned. In a study of the institutional functions of BSEC (Singla, 2023) noted that while the commission has implemented significant measures such as improving corporate governance and implementing digital technologies, but things like regulatory slowness as well as ineffective enforcement are the major concerns. Another study of McCarthy & Donnelly, (2023) observed that BSEC measures have enhanced the market participation, especially for the SME listings and MF expansion but the regulatory structure has not been as dynamic to take either market volatility or global financial shocks on board. Despite such progress, the literature points out also some important limitations and discrepancies. One of the main criticisms is the lack of empirical evidence proving that BSEC interventions in regulation affect the macroeconomic factors like GDP (Fidrmuc & Lind, 2020). The majority of extant research is either limited in scope by analyzing capital market outcomes (such as volatility, investor psychology) or is exclusively concerned with institutional performance without referencing anything beyond it in regards to advancement. In addition, much of the literature is qualitative or limited to case studies, which affect external validity. Even whether there is causality between capital market development and economic growth is still debatable(Mallik, Shuvo Kumar, et al.,2025). On the one hand, spillovers from economic growth to capital market expansion are often claimed to come from the direct effects of firms' profitability and demand for investment—in this view, growth leads and capital market development follows. On the other, it is claimed that the development of capital markets comes first and causes growth, through improved access to finance and lower costs of capital. These inconsistent findings warrant rigorous quantitative studies to establish: the nature, magnitude and direction of the associations, particularly in low income countries such as Bangladesh(Suranto, Beni, et al.,2026).

Given these gaps, the current study has provided an unique input by using survey research methodology to investigate capital market stakeholders' opinion on the effectiveness of BSEC and on its contribution to GDP growth. This analysis aims to bridge the gap between institutional analysis and developmental outcomes by including regulatory performance, market development indicators, and macroeconomic beliefs in a combined empirical framework. This approach answers the call for more evidence-based analyses in the literature as it attempts to provide policy-relevant insights for the Central Bank and the financial sector regulators. In conclusion, from the recent literature, we notice that the significance of capital market in the economy has been a common concern as the capital market is considered from the strategic point of view for any economic growth and grappling on the performance of regulatory agencies like BSEC. This study, accordingly, adds to what has already been discovered about the BSEC by filling the voids and producing empirical evidence on the BSEC's effect on GDP via overseeing and developing the capital market of Bangladesh. In this context, this study aims to fill the gap by measuring the perceptions of capital market participants on the contribution of BSEC in improving GDP growth. It provides an empirical test of the impact of regulatory moves, disclosure requirements and mechanisms for investor protection on capital attraction and real economic activity. The main research question of this study is: How much has developed capital market has been contributed in GDP growth by Bangladesh Securities and Exchange Commission? To achieve the aforementioned, the study is underpinned by the specific research objectives:

- To evaluate the stakeholders' knowledge and perception regarding the role of BSEC in the regulation and development of capital market.
- To assess the impact of the moves by BSEC in improving the performance of the capital market and GDP.
- To specify the regulation and structure-related issues confronting BSEC.
- To investigate equity development and profitability performance of top Bangladeshi companies.
- To suggest policy way outs for empowerment of BSEC for economic development assistance.

## 3. Methods and Methodology

This study used a quantitative research design and fed on a structured questionnaire to gather primary data from capital market stakeholders (investors, analysts, academicians, and policy cites). The sample size was calculated by the application of Cochran's formula;

$$n = \frac{Z^2 . p . (1 - p)}{E^2}$$

Where n is the sample size, Z is the normal standard deviation (1.96 for 95% confidence level), p is the estimated proportion of the population that has an attribute, (considered 0.5 to maximize the variation) and E is the margin of error (0.09). After inserting the values into the formula, a minimum necessary sample size was estimated at around 119 (Cochran, 1942). Purposive sampling was used to ensure that pertinent insights from individuals with experience or interest in capital markets were included. The data collection was carried out from the printed and on-line survey and analyzed using SPSS 26. Both descriptive statistics and Pearson correlation analysis were used to assess the association of the regulatory effectiveness, capital market development of BSEC and perceived contributions to GDP growth(Danial, Muhammad, et al.,2026).

## 4. Result and Discussion

This section reports survey evidence and explains it in relation to our research issues. The implications of findings give stakeholders' perspective about the role of Bangladesh Securities and Exchange Commission (BSEC) for developing capital market to increase GDP growth. To address this, the study employs descriptive statistics to provide an overview of broad trends and opinions, and correlation analysis is used to examine the relationships between major variables such as regulatory effectiveness, capital market performance and economic effects. Results are compared with prior literature for consistencies, variances, and significance. This combination of methods allows a fuller insight into how BSEC's actions are viewed with respect to their (non-)contribution to economic development of the respective countries and shows where there are policy gaps.

### 4.1. Demographic and Professional Information

Background information on the characteristics of the respondents is an important context for interpreting findings of the study.

Of the 120 respondents, 58% were male and 42% were female, suggesting an almost equal male-to-female ratio within the sample. In terms of age distribution 46% of the subjects belonged to the 25–34-year age category, 28% to the 35-44 year range, 16% to the 45–54-year age range and 10% to the upper 55 years, which is indicative for the most of the participants being members of a working and experienced age group (Table 1). 61% of the respondents included in this analysis had a master's degree; 24% had a bachelor's degree, and 14% of respondents had professional qualifications (CFA, ACA, or PhD). This represents a very high level of education of the sample and thus the confidence in the appropriateness and relevance of their answers with regards to financial regulation and economic development. With regard to occupation, 34% were capital market experts, 26% were financial analysts, 18% counted as academic or researcher, 12% as public servants or regulators and 10% as investors and businesspersons. This variety of professions also contributed to a wide interpretation of BSEC's performance of regulation. With regard to the experience in the financial and/or stock market sector, 30% respondents had more than 10 years, 24 % between 6 and 10 years, 21 % between 2 and 5 years, and only 8 % less than two years. That shows that the respondent base was quite knowledgeable and they had exposure to the capital market where they could critically analyze BSEC's role and its effect on the economy.

**Table 1** Demographic and Professional Information of the Respondents

| Category | Sub-category | Frequency (n = 119) | Percentage (%) |
|---|---|---|---|
| Gender | Male | 69 | 58.0% |
| | Female | 50 | 42.0% |
| Age Group | 18–24 | 6 | 5.0% |
| | 25–34 | 54 | 45.4% |
| | 35–44 | 34 | 28.6% |
| | 45–54 | 19 | 16.0% |
| | 55 and above | 6 | 5.0% |
| Educational Qualification | Bachelor's Degree | 28 | 23.5% |
| | Master's Degree | 74 | 62.2% |
| | Professional/PhD (e.g., CFA, ACA, PhD) | 17 | 14.3% |
| Occupation | Capital Market Professionals | 41 | 34.5% |
| | Financial Analysts | 30 | 25.2% |
| | Academics/Researchers | 22 | 18.5% |
| | Policymakers/Regulators | 14 | 11.8% |
| | Investors/Businesspersons | 12 | 10.0% |
| Years of Experience | Less than 2 years | 10 | 8.4% |
| | 2–5 years | 23 | 19.3% |
| | 6–10 years | 34 | 28.6% |
| | More than 10 years | 52 | 43.7% |

In general, the demographics and professional data suggest that the respondents were well-informed and had some experience of prescribing, thus increasing the robustness of the survey results (Noori, 2022). The range of functions and experiences of the participants also provided a balanced view of the role of the BSEC in developing capital markets and its contribution to the overall growth of GDP.

### 4.2. Awareness of BSEC and its Role

The results identified that there is a very good level of awareness among the investors about existent and functions of the BSEC.


**Figure 1** BSEC'S Impact on Capital Market.

In the above figure shows that, 78% of the respondents reported they were either “very familiar” or “somewhat familiar” with BSEC attesting to the visibility of the institution in financial and academic worlds. A relatively small proportion (only 9%) indicated that they knew little, which indicates that the BSECs presence is widely felt in the capital markets. In response to the question 'can you identify any activities being performed by BSEC', most of the participants indicated the presence of regulatory supervision (85%), IPO facilitation (66%), investor’s protection (62%), and market transparency and automation (58%). The replies confirm BSEC’s principle duties and reflect the fact that its strategic tasks are appreciated by the trading community. Referring to the perception of contribution, 72 percent respondents perceived that BSEC has a vital role in developing the capital market, 18 percent rated its role as the moderate level and when only 10 percent respondents perceived its role to minimum or no level. These are consistent with the reforms and initiatives implemented at the BSEC in the recent years -the introduction of the SME board and process simplification in the listing process and the corporate governance codes. This was complemented by the observation that the image of an effective watchdog was strongly perceived by 64 per cent and that investors’ confidence and participation, essential for the mobilizing capital for economic activities has been enhanced due to BSEC's action. The high awareness and favorable perception on BSEC’s role among stakeholders indicate that the organization has been successful in communicating its tasks and carrying out its functions. These results are also in line with Azad et al., (2022) and Kaur, (2024) who observed enhanced regulatory visibility and market performance of BSEC. But the data also showed that retail investors and participants in rural areas feel that more people should have been reached out to. It demonstrates that BSEC has become familiar to professionals and urban stakeholders, while public campaigns and education need to promote BSEC in a more inclusive way throughout all levels of the economy.

### 4.3. Capital Market and GDP Growth

The findings revealed that respondents had a high level of agreement for the positive association between capital market development and GDP growth in Bangladesh.

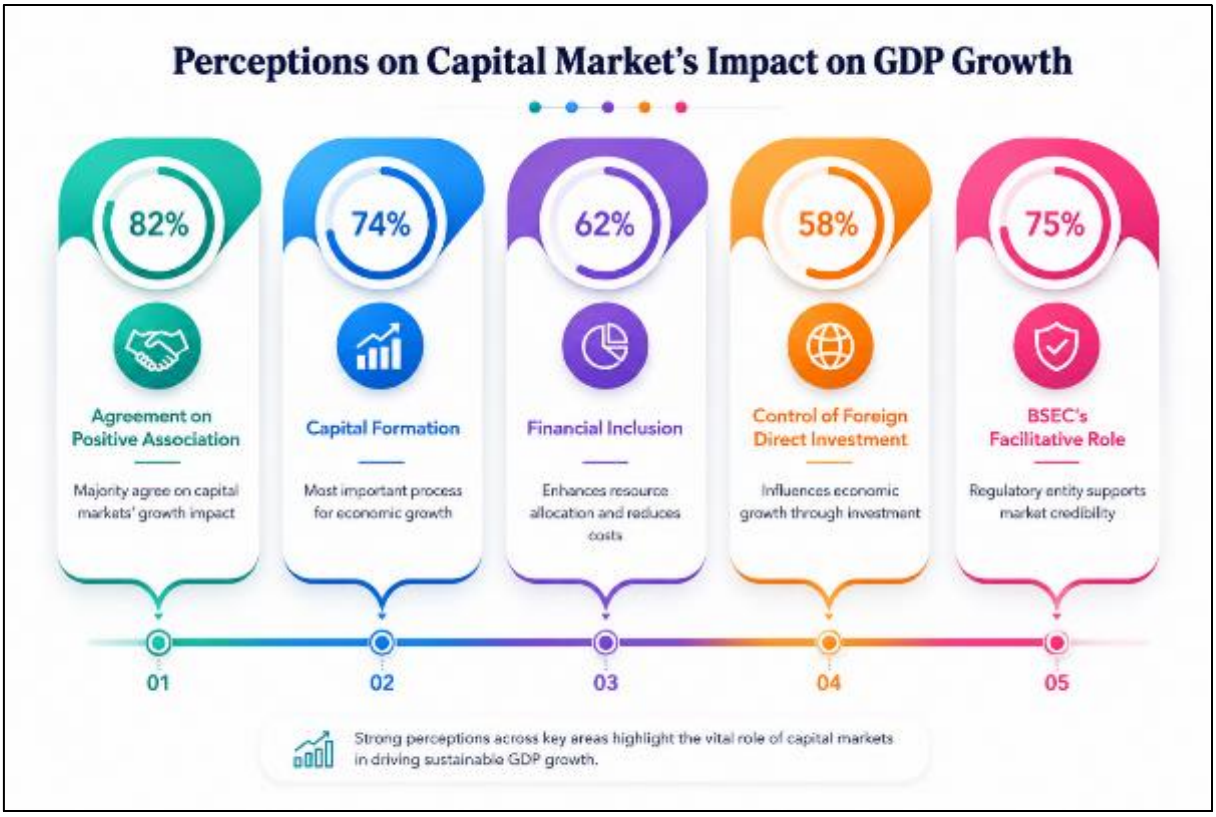


**Figure 2** Capital Market and GDP Growth.

Figure 2 represents, large 82% of respondents agreed or strongly agreed that capital markets growth leads to increasing country's economic development enabling longer term financing, business growth and investment. And 8% disagreed, indicating a generally favorable view of the capital market's economic influence. Respondents who were questioned about the means by which capital markets impact economic growth, indicated the most important processes to be capital formation (74%), financial inclusion (62%) and control of foreign direct investment (58%). These results are consistent with well-recognized economic theories and empirical investigations Yang et al., (2025) that efficient capital markets foster growth by enhancing the allocation of resources and curbing the cost of capital. Also, 75% of the respondents opined that BSEC as a regulatory entity has a facilitative role in this process. This in turn fuels the GDP growth through a favorable investment and entrepreneurship atmosphere. This subjective relationship was further supported by the correlation analysis. There was a direct and statistically significant relationship between capital market development and GDP growth ($r = 0.59$, $p < 0.01$) which confirmed the view of the respondents that an efficient capital market supported by sound regulation will promote economic development. A few respondents, however, also highlighted deficiencies in the current Bangladeshi capital market, including an over-reliance on equity-based instruments, limited activity in the bond market and trading being concentrated within a few sectors. These problems left unfixed can limit the total economic size of the capital market. So the data shows that capital market expansion increases GDP but it also emphasizes the need to diversify and keep up with regulatory changes. In conclusion, based on the results, the literature argued that capital market, if well-regulated and strategically developed will stimulate GDP growth. The findings confirm the positive actions of BSEC at the same time they underline the necessity to expand the actions on market diversity and inclusion, to ensure that this potential input continues and grows.

### 4.4. Equity Development and Profitability Performance

We believe that the comparative study on the equity structure and growth of sample six large companies listed in stock exchange of Bangladesh (UCB, ACI PLC, Rangpur Foundry Ltd., Square Pharmaceuticals Ltd, Summit Power Ltd., Beximco Ltd.) from 2020 to 2024 would be significant to understand sectoral financial strategies, pattern of profitability trend, and direction of capital accessibility.

**Table 2** Comparative Analysis of Equity Structures (2020-2024)

| Organization | Particular | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| UCB | Paid Up Capital | 12175209040 | 12783969490 | 14062366430 | 14765484750 | 15503758980 | 15503758980 |
| | Share Premium | 1454976750 | 1454976750 | 1454976750 | 1454976750 | 1454976750 | 1454976750 |
| | Statutory Reserve | 13424987898 | 14546968923 | 15730183055 | 15730183055 | 15730183055 | 15842090507 |
| | General Reserve | 26577961 | 26577961 | 26577961 | 26577961 | 26577961 | 26577961 |
| | Asset Reevaluation | 2534101559 | 2534101559 | 2534101559 | 2534101559 | 2534101559 | 2534101559 |
| | Investment Reevaluation | 233489187 | 67732519 | 128060537 | 418083770 | 80353462 | 239739178 |
| | Foreign Currency Tradition Gain | 25125152 | 30019811 | 134906900 | 145131268 | 153208713 | 152644880 |
| | Retained Earning | 5191763156 | 5997660416 | 6885485076 | 7769983871 | 6307661613 | 4592221020 |
| | Total Equity | 35066230703 | 37442007428 | 40956658267 | 42844522984 | 41790822093 | 40346111026 |
| ACI PLC | Share capital | 573729555 | 631102500 | 725767870 | 762056260 | 762056260 | 472500000 |
| | Share Premium | 402310367 | 402310367 | 402310367 | 402310367 | 402310367 | 40472956384 |
| | Capital Reserve | 1671386 | 1671386 | 1671386 | 1671386 | 1671386 | 472500000 |
| | Revaluation Reserve | 3075540948 | 4711244501 | 4711244501 | 4157371750 | 4584169915 | 1475889485 |
| | Retained Earning | 10933326291 | 12693654845 | 14426635479 | 15703473938 | 18765009678 | 1619233892 |
| | Total Equity | 15421234178 | 18893035284 | 20669078759 | 21420327844 | 24863736531 | 3569805850 |
| Rangpur Foundry Limited | Share Capital | 100000000 | 100000000 | 100000000 | 100000000 | 100000000 | 100000000 |
| | Retained Earning | 177,288,712 | 191,094,151 | 206,146,584 | 220,569,495 | 235,396,273 | 235396273 |
| | Total Equity | 277,288,712 | 291,094,151 | 306,146,584 | 320,569,495 | 335,396,273 | 350946380 |
| Square Pharmacitical Company Limited | Share capital | 8442390580 | 8442390580 | 8864510100 | 8864510100 | 8864510100 | 8864510100 |
| | Share premium | 2035465000 | 2035465000 | 2035465000 | 2035465000 | 2035465000 | 2035465000 |
| | General Reserve | 105878200 | 105878200 | 105878200 | 105878200 | 105878200 | 105878200 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Retained Earning | 57507130053 | 57507130053 | 81170886049 | 88776603462 | 95060239763 | 126893437592 |
| | Total Equity | 69849980823 | 69849980823 | 9300 7355089 | 1.00517E+11 | 1.05795E+11 | 139955809575 |
| Summit Power Ltd. | Share Capital | 10678772390 | 10678772390 | 10678772390 | 10678772390 | 10678772390 | 10678772390 |
| | Share Premium | 6479097639 | 6479097639 | 6479097639 | 6479097639 | 6479097639 | 6479097639 |
| | Revolutions Reserve | 867156989 | 859348728 | 831084651 | 815827724 | 801008388 | 1089050654 |
| | Capital Reserve | 1668093205 | 1668093205 | 1668093205 | 1668093205 | 1668093205 | 1668093205 |
| | Retained Earning | 10266988041 | 12244853819 | 11788442968 | 12252979393 | 13144734290 | 20644493063 |
| | Total Equity | 29509353409 | 30900653295 | 29727572108 | 30134338052 | 31008704266 | 61956305023 |
| Beximco Bangladesh Expart and import Co Ltd. | Share capital | 8763188790 | 8763188790 | 8763188790 | 8959415140 | 8982876400 | 10678772390 |
| | Capital Reserve | 34999627322 | 36672527989 | 38510675080 | 39167506135 | 38334139001 | 10472964830 |
| | Retains Earning | 16996374592 | 23158825358 | 32639567251 | 37108756987 | 35848780485 | 20644493063 |
| | Total Equity | 60759190704 | 68594542137 | 79913431121 | 85235678262 | 83165801887 | 10473957295 |

The above table shows that, paid up or share capital is the building block of corporate equity. UCB exhibits the highest growth of capital among the sample companies (from BDT 12,175 million in 2020 to BDT 15,503 million in 2024) which are evident of the continuous capitalization and growth in the banking sector. ACI PLC was less of a mover compared to Summit Power and Square Pharmaceuticals after changing a marginal amount of money. Rangpur Foundry Ltd. had no change with Tk 100 million being its minimum growth focus. Beximco recorded minimal increases in capital, which implies that instead of raising new equity, the firm relies on reserves and retained profits. Reserves and share premiums are important drivers of financial sustainability. As a regulated bank, UCB included substantial statutory reserves with premium contributions, as required in order to comply. Summit Power had substantial cash reserves and share premiums - these are long-term banking strategies in the energy-intense operations. ACI PLC and Square Pharmaceuticals had the highest levels of revaluation reserves, indicating that asset revaluations are an important determinant of equity. In contrast, Beximco has very high size-adjusted capital reserves (BDT 34,999–38,334 million) that overwhelm its equity structure and absorb volatility. The retained earnings are the most dynamic item for all the firms and is a direct measure of profitability and dividend policy. Among all the firms, Square Pharmaceuticals had the highest increase from BDT 57,507 million in 2020 to BDT 95,060 million in 2024, reflecting its significant profitability and reinvestment. The growth figure of Beximco was also significant, soaring from BDT 16,996 million to BDT 35,848 million, and then falling in 2007, and almost certainly indicating dividends made or decrease in profit margins. PLC showed stable earnings retention with BDT 18,765 million in 2024. Retained earnings of UCB reached its highest in 2023 (BDT 7,769 million), however the estimate goes down to BDT 6,307 million (which might be due to higher provisioning or dividend distribution). The retained earnings of Summit Power exhibited positive trend with slow rate of improvement, while the Rangpur Foundry barely posted small increments reflecting similarity of its existence on smaller operational scale. Comparative equity patterns illustrate divergence in growth trends. Square Pharmaceuticals leads from the front with an increase in total equity from BDT 69,849m to BDT 105,795m with strong retained earnings and consistent reserves position. Beximco is next in line, increasing from BDT 60,759 million to BDT 83,165 million albeit with fluctuations. ACI PLC, B/S size almost double to BDT 15,241 MN to BDT 24,863 MN, showing the balanced growth. UCB consistently increased up to 2023 but dropped a little in 2024 and continued at BDT 41,790 million. Summit Power showed slight stagnation with fluctuation of equity between BDT 29,509 to BDT 31, 008 million suggesting very low reinvestment capability. Third, Rangpur Foundry Ltd. grew as small-cap Company slowly from BDT 277 million to BDT 335 million reflecting its size and conservative financing policy.

The findings imply that manufacturing and pharmaceutical companies like Square and Beximco expanded through equity at an accelerated pace with profitability and retained earnings, whereas banks including UCB relied more on statutory reserves and recapitalization. Companies like Summit Power in energy proved resilient but weaker equity growth on account of high cape and a slow accretion of profits. Some smaller organizations such as the Rangpur Foundry have also grown slowly but insignificantly. This heterogeneity is representative of variation across sectors in regulatory regimes, firms' reinvestment behavior in profits, and the competitive structure of the market.

**Table 3** Comparative Analysis of Profitability Performance (2020-2024)

| Organization | Particular | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| UCB | NPAT | 2857197844 | 3177170903 | 4024011154 | 2685086287 | 607804252 | 488516034 |
| | EPS | 2.23 | 2.26 | 2.79 | 1.77 | 0.4 | 0.32 |
| ACI PLC | NPAT | 1718919934 | 2287783139 | 2237862629 | 1756704044 | 3359906127 | 370975251 |
| | EPS | 29.96 | 31.52 | 30.88 | 22.99 | 43.98 | 7.85 |
| Rangpur Foundry Ldt. | NPAT | 31053151 | 36805439 | 38052433 | 37422911 | 37826778 | 38550107 |
| | EPS | 3.11 | 3.68 | 3.81 | 3.74 | 3.78 | 3.86 |
| Square Pharmaceutical Company Ltd | NPAT | 12955973632 | 14743264610 | 16417496603 | 16470227513 | 15591371906 | 20777330953 |
| | EPS | 15.35 | 16.63 | 18.52 | 18.58 | 17.59 | 27.04 |
| Summit power Ltd. | NPAT | 5001380142 | 4103170007 | 3252015761 | 2574540354 | 1894266938 | 2907090160 |
| | EPS | 4.68 | 3.84 | 3.05 | 2.41 | 1.77 | 1.22 |
| Beximco Bangladesh Expart and import Co Ltd. | NPAT | 446181731 | 6600610206 | 12547857969 | 7098146373 | -364028988 | 3390626439 |
| | EPS | 0.51 | 7.53 | 14.32 | 7.92 | -0.41 | 0.38 |

The Net Profit After Tax (NPAT) and Earnings per Share (EPS) analysis of six giant Bangladeshi firms (UCB, ACI PLC, Rangpur foundry & Ltd., Square Pharmaceuticals Ltd., Summit Power Ltd., and Beximco Ltd.) under the period of the year 2020 to 2024 reveal both variant profitability patterns and shareholder return Dynamics boundaries by industry and firm. UCB had a consistent upward trend in NPAT reaching its highest (BDT 4,024 million) in 2022, but its profitability sharply decreased to BDT 608 million in 2024. That trend was also demonstrated by EPS, which fell from 2.79 to 0.40 between 2022 and 2024 (table 3). This decrease reflects either higher provisioning needs, regulatory costs or lower net interest margins factors that have all dragged on the bank's shareholder value generation. ACI PLC posted strong profit growth, with NPAT rising from BDT 1,719 million in 2020 to BDT 3,359 million in 2024. EPS also recorded strong gains from 29.96 to 43.98 in that time, notwithstanding some downward blips in 2022–2023. Such a prolonged upward trend reflects how well ACI is running its operations, both in terms of revenue and cost performance, which is a strong indication that the company is prosperous, growing and here for the long haul. However, Rangpur Foundry Ltd, observed marginal and steady performance. Between 2020 and 2024, there was an increase of NPAT from BDT 31 million to BDT 38 million with a constant EPS that was held at 3.1 to 3.8. Despite its modest size, the company's history of profitability indicates its business is run in a conservative yet solid manner. Square Pharmaceuticals Ltd. continued to be the pace-setter with highest NPAT among interested entities. Profitability rose from BDT 12,955 million in 2020 to BDT 16,470 million in 2023 followed by a slight decrease to BDT 15,591 million in 2024. EPS followed this move, rising from 15.35 to 18.58 then declining to 17.59. The strength of both metrics supports our view of the companys leading market position and profitable operations, and in some cases, contraction in one of these might suggest cost pressures or competition. Summit Power Ltd. Financial Performance NPAT (BDT million), 2020–2024. Net profit after tax Source: Company financials in the same time, EPS plummeted from 4.68 to 1.77. This negative trend reveals problems in the energy industry, including greater cost of operations, input price swings, and in some cases regulatory problems with respect to efficiency for the shareholders. The wildest showing was that of Beximco Ltd., which turned a NPAT of BDT 446 million in 2020 into a jaw-dropping BDT 12,547 million in 2022, before slipping into a net loss of BDT 364 million in 2024. It was followed by EPS moving from 0.51 to 14.32 before slashing to -0.41. The wild swings are caused by the company's exposure to swings in the market, reliance on outsized gains and susceptibility to external shocks, raising questions about long-term viability.

The overall comparisons have shown that Square Pharmaceuticals and ACI PLC have proved their stability in both terms in growth, UCB and Summit Power showed declining trends in profitability, Beximco showed the risk and tendency of high volatility and Rangpur Foundry showed stability but very small returns. The results highlight how dynamics within sectors banking regulation, demand for pharmaceuticals, inefficiency in the energy sector, industrial scale defined the level of corporate profitability and shareholder returns in the sample period.

### 4.5. Policy and Regulatory Impact

Review of stakeholder responses indicated that the policy and regulatory interventions of the Bangladesh Securities and Exchange Commission (BSEC) noted an inherent effect on capital market performance and investor confidence.

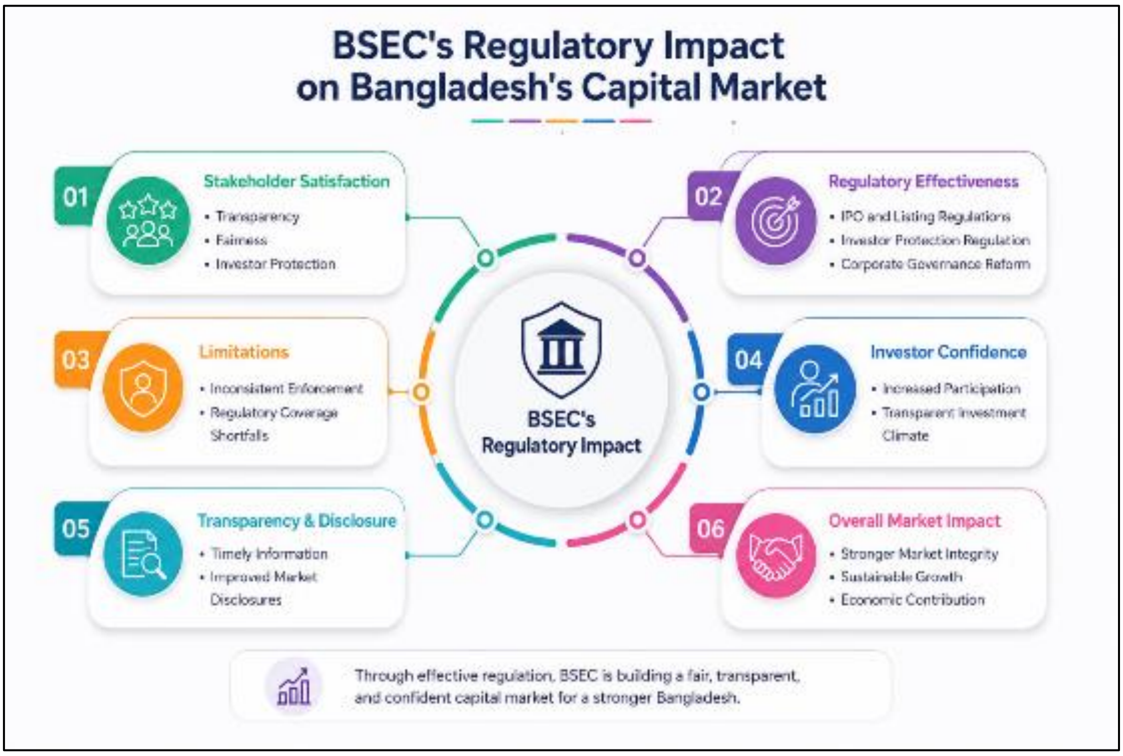


**Figure 3** BSEC'S Regulatory Impact on Bangladesh's Capital Market.

Figure 3 explains that, more than two-thirds (70%) expressed their satisfaction with BSEC's existing regulatory framework in terms of ensuring transparency, fairness and protection of the interest of investors. These results indicate that BSEC's efforts, including the introduction of  Sarker & Hossain, (2023), increased level of disclosures, and automation of trade and surveillance systems, have impacted market performance in a positive way. On the effectiveness of specific spheres of regulation, 34% percent of respondents noticed that IPO and listing regulations are the most effective in order to develop the market, 28% mention investor protection regulation and 22 percent mention corporate governance reform. These priorities from stakeholders show that the market looks highly at policies that will generate trust and transparency, being critical elements for attracting domestic and foreign investment. Consistent with this, 68% of respondents felt that BSEC interventions have raised stock market investor participation. It also indicated that 62 percent of respondents agreed that regulations of BSEC have the sole purpose to facilitate financing by establishing a more transparent and predictable investment climate. This intuition is consistent with the more general intuition that good, consistently enforced rules combat information asymmetry and systemic risk, and therefore support investor confidence and the future trajectory of a society. Certain limitations were, however, observed despite the favorable opinions. Around 22% of respondents were worried about the inconsistent enforcement of rules and the time it takes to resolve market abuse cases. Others identified shortfalls in regulatory coverage, including the immature bond market and lack of oversight of non-listed market participants. Some of these worries coincide with Chowdhury, (2024) view that, although BSEC has broadened its regulatory ambit, institutional limitations shape the quality of enforcement. Indeed, the empirical results confirm that the policy and regulations efforts of BSEC have been instrumental in shaping the structure, integrity and attractiveness of the Bangladesh capital market. Overall, the effects of regulation are seen to be positive, with-market stakeholders noting greater transparency, better governance, and easier access to the market. But for BSEC to be most effective in promoting economic development, additional policy initiatives, tighter implementation, and more extensive market surveillance are required.

### 4.6. Correlation Analysis

To test the correlations for the main constructs in the study, (BSEC regulatory efficiency-capital market development and BSEC contribution to GDP growth-capital market development) and the independent variables used in the survey: a Pearson test correlation was performed. Statistically significant positive relationships were obtained and these findings provided quantitative support to the qualitative views presented by the respondents.

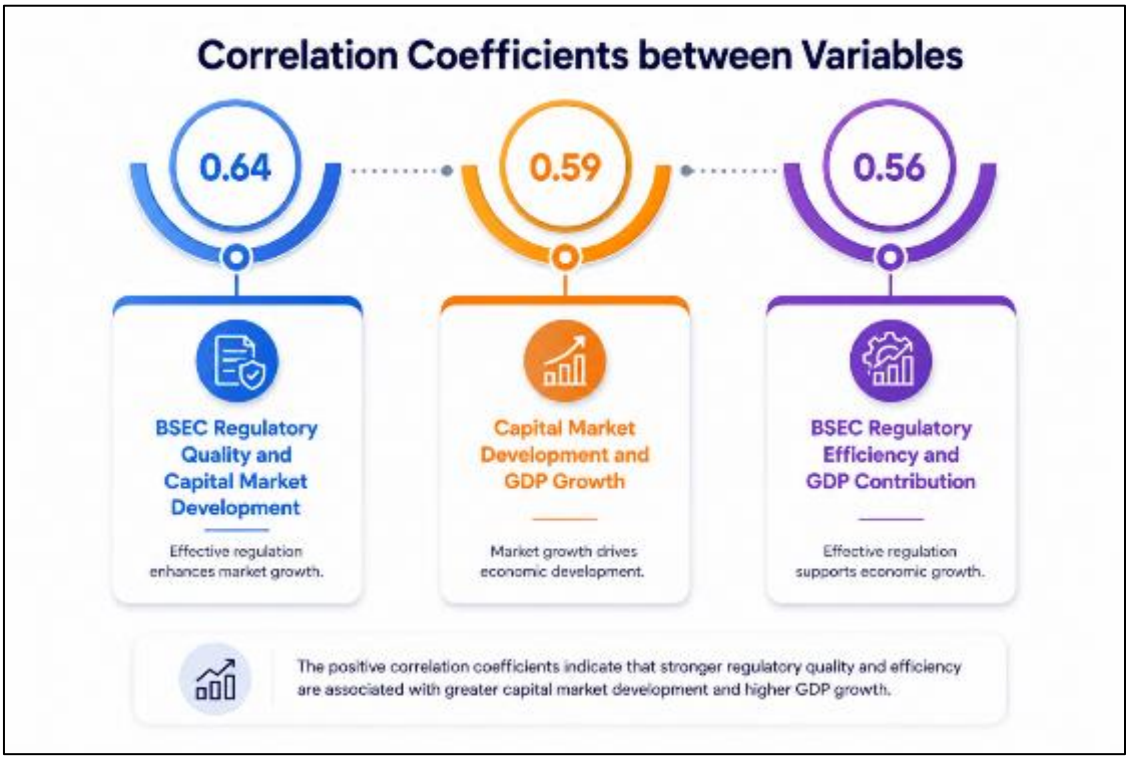


**Figure 4** Correlation Coefficient between Variables**.**

First, we obtained a strong positive association between the regulatory quality of BSEC and development of the capital market ($r = 0.64$, $p < 0.01$). This shows that the more effective BSEC is perceived to be in enforcing regulations, the more perceived capital market development, and vise verse (Figure 4). This is consistent with the general literature such as those of Ali et al., (2024) who suggested that regulatory institutions play crucial role in achieving efficiency of capital market as well as investor confidence. Second, the analysis indicated a positive and significant association of capital market development with GDP growth ($r = 0.59$, $p < 0.01$), indicating that a growing and working capital market is believed to induce national economic development directly. Respondents who had high ratings of capital market performance were also found to be significantly agreeing more with statements which associate market development with GDP improvement. This is consistent with the theory on the mobilization of long-term financing for business and infrastructure by the capital markets, which facilitates economic growth. A third association was also found between the regulatory efficiency of BSEC and its perceived contribution to GDP growth ($r = 0.56$, $p < 0.01$), lending support to the hypothesis that effective regulation not only supports the performance of the capital market but also serves as a force for economic growth in the wider economy. The strong relationship between the two proxies variables suggests that participants' perception of BSEC includes affects not only stock trading but also macroeconomic performance. These results highlight the interconnectedness between the quality of regulation, market performance and economic growth. The robustness and statistical significance of these correlations support the main hypothesis of the study—that BSEC, by virtue of its regulatory role, has significant influence on the capital market outcomes that are ultimately conducive to GDP growth. Nonetheless, significant as the correlations may be, they do not prove causation. More detailed time series data would require further econometric analysis to determine direct causation. In sum, results of the correlation analysis are strong empirical evidence that the apparent connections between effective regulation, developed capital markets, and growth are valid. These findings sanctify and justify both involvement of BSEC in the financial and economic environment of Bangladesh and rolling out of unceasing empirical studies to enhance prevailing regulations to make them contribute long run economic gains.

### 4.7. Challenges and Barriers

The survey findings showed that despite the remarkable achievements of the BSEC in regulating and promoting the capital market, a number of ongoing challenges and obstacles still hamper its maximum contribution to GDP. Those challenges, according to respondents, are a byproduct of structural and operational constraints in the regulatory and broader financial environment.


**Figure 5** Challenges to Capital Market Growth.

Figure 5 shows that, the most prevalent challenge identified by the greatest proportion of those surveyed (71%) was lack of enforcement of regulations by BSEC. The fact is that good policies and regulations seem to be in place, the application and follow through is generally poor, especially in market manipulation, insider trading and non-compliance by listed companies. This view is in line with results of previous works Abad, (2023), which reported litigation delays and poor judicial assistance in the implementation of financial laws. Low variety of financial products was mentioned by 65% highlighting that the capital market in Bangladesh is largely equity-based. The underdeveloped bond market and absence of derivatives, real estate investment trusts ('REITs') and other sophisticated financial instruments limit choices for investors and accessibility to long-term capital. It's one of the things that prevents the market from meeting the variety of investor needs and having a good impact on economic areas such as infrastructure and housing. Low level of investor awareness and financial illiteracy (cited by 62% of respondents) was another key challenge. Some of the reasons are that despite the BSEC's endeavors to create investor awareness, a significant portion of the population, particularly the retail and rural investors, is unaware of the capital market and, as such, participation is lower and there is more development of rumors and market manipulation. 48% of those surveyed cited bureaucratic and procedural delays, such as the approval of IPOs, enforcement actions and the process of listing. The delays erode investor confidence and scare away would-be issuers and investors. Respondents also cited a need for greater technology and human resource capabilities within BSEC, with 39% citing a lack of confidence in the regulator's ability to stay abreast of fast-moving financial tech innovation and digital threats. Respondents also raised the political and external influence over regulatory processes (36%) that could undercut the independence and credibility of BSEC. Loosely Coordination among BSEC and other financial regulatory bodies (Bangladesh Bank, Ministry of Finance) was also considered as a deterrent of policy consistency and macroeconomic concurrence. To sum up, our findings suggest that BSEC has been endowed with a clear mandate and has already implemented some relevant reforms, but is confronted with multiple challenges that constrain its regulatory capacity and ability to contribute to broader economic objectives. These challenges and opportunities will need to be met through enhancing capacity, harmonizing policies, investing in technology, and improving enforcement if BSEC is to play a stronger role in capital market development and the promotion of GDP growth.

### 4.8. Suggestions and Future Outlook

Respondents made few suggestions to increase the role of BSEC in improving the capital market performance and contributing to GDP growth.


**Figure 6** Suggestions and Future Outlook to Enhance Capital Market Performance.

A leading recommendation was for regulatory effectiveness to be stepped-up through the quicker resolution of financial violations and higher levies for non-compliance (endorsed by 68% of respondents). The respondents had also stressed for more innovative financial products like developing the corporate bond market, derivatives and enlargements of mutual funds to mobilize funds from a large variety of investors (Figure 6). Close to 61 per cent of the respondents indicated that investor education programs and financial literacy campaigns in semi-urban and rural areas should be strengthened in order to increase retail participation and to counter misinformation in the markets. Technological investment was another key pillar, with 57% arguing for the use of AI-led surveillance and data analytics to improve market monitoring and decision making. They also urged for further harmonization of financial regulations with national priorities at policy level between BSEC, Bangladesh Bank and different regulatory authorities(Mallik, 2025). Looking to the future, the general sentiment among questioners was cautiously optimistic, with broad recognition that BSEC's recent reforms had built a strong foundation, while insisting that the [BSEC] should further develop in its structure, approach and ability to preserve investors' interest and maximize its input in the long-term development of the country.

## 5. Findings

- Most of the respondents were familiar with BSEC and considered it as the major regulator in the capital market.
- An overwhelming majority agreed that efforts of BSEC substantially contribute to the growth of the capital market and successively aid GDP development though indirectly.
- Correlation analysis showed a positive relationship between BSEC's regulatory efficiency, capital market development and GDP growth.
- Major obstacles identified included poor enforcement, a lack of diversity in financial products, low investor literacy, and bureaucratic bungling.

- Stakeholders suggested that there needs to be more enforcement, greater product variety, better education of investors and more coordinated policy making between the financial regulatory agencies.

## 6. Conclusion

This paper aimed to evaluate the contribution of the Bangladesh Securities and Exchange Commission (BSEC) towards increasing GDP growth through development of the capital market through a quantitative method involving the perception of stakeholders. The results showed that the regulatory activities of BSEC in respect of investor protection, corporate governance and capital formation have significantly contributed to the development of capital market, and subsequent economic enlargement. Correlation test supported significant association of BSEC effectiveness with capital market performance and GDP contribution. Despite these achievements, however, the study also recognized a number of challenges such as the low level of enforcement, financial product uniformity, and low level of investor awareness which has not allowed the capital market to have yet reached its full potential. The research concludes that although BSEC has achieved praise-worthy progress in reforming and modernizing the regulatory structure, policy enforcement, product innovation and public engagement should follow to ensure ongoing efforts to increase the market's ability to support Bangladesh's long-term economic development.

## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

### *Statement of informed consent*

Informed consent was obtained from all individual participants included in the study.

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