This is the published version


Available from Deakin Research Online

http://hdl.handle.net/10536/DRO/DU:30072577

Reproduced with the kind permission of the copyright owner

Copyright: 2014, Virtus Interpress
Problems and Prospects for Corporate Governance in Bangladesh: Some Case Studies Basis Analysis

Victoria Wise*, Muhammad Mahboob Ali**, S. K. S. Yadav***

*Associate Professor, Deakin Graduate School of Business, Deakin University, Melbourne, Australia
**Vice Chancellor and Dean, M.H. School of Business, Presidency University, Dhaka, Bangladesh
***Associate Professor, Meerut College, Meerut, U.P., India.
Email: sudhiryadavmeerut@gmail.com

Abstract

Bangladesh is one of the least economically developed countries in the world. A lack of corporate governance creates problem for the economic development of the country. This study has been undertaken to observe whether corporate governance is being well-executed in Bangladesh and to inform views about which approach to corporate governance will be more acceptable to the country. The study has examined five cases to see whether corporate governance is properly utilised in the country. It is suggested that monetary, fiscal and exchange rate policies should be applied with appropriate diligence by the Securities and Exchange Commission, the Bangladesh Bank and the National Board of Revenue. It is expected that value can be added through arranging primary and supportive activities. Attention to inbound and outbound logistics is likely to improve productivity, enhancing profitability, long run sustainability and creating distinct competencies for the Bangladesh economy. Ultimately this may help to improve gross domestic product and the basic needs of the population.

Keywords: Corporate Governance, Bangladesh economy

PAPER/ARTICLE INFO
RECEIVED ON: 01/02/2014
ACCEPTED ON: 11/05/2014

Reference to this paper should be made as follows:


*Corresponding Author
1. **INTRODUCTION**

Bangladesh is one of the world’s least developed economies. A low level of corporate governance is an impediment to the economic development of the country. However, there is an enormous possibility of improvement which is an important reason to implement corporate governance in business practice as this will encourage investors' confidence by improving awareness and consistency of business rules and regulations. Widespread improvements in corporate governance have the potential to promote a fairer and more trustworthy macro environment.

Corporate governance devices which defend investors from the opportunistic behaviour of managers or overprotective shareholders include market mechanisms, institutional norms and standards, individual and stakeholder requirements and a strong legal framework. In the absence of such devices, asymmetries of information between managers and external investors may facilitate the misappropriation of corporate resources.

The legal framework refers to the rules of law as these relate to government organizations, the public and private sectors and financial institutions made through the Government of Bangladesh. In Bangladesh although separation of the Judiciary from the Administrative arm of government has occurred officially, still the institutions of Parliament, the Judiciary, and Administration do not co-operate in a coherent manner. The result is frustration among the judges including the Chief Justice of the apex body (the Supreme Court of Bangladesh).

In Bangladesh business organizations can be divided into four types – (1) private ownership (self/partnership); (2) public ownership; (3) joint ventures; and (4) multinational companies. Private ownership of businesses is the dominant entity form, with most companies small in size (90% small and medium sized) and family orientated. This form of intense ownership structure limits the usefulness of corporate governance devices, a flaw which cannot be rectified by setting rules and laws. As such the implementation of sound corporate governance principles in the country is problematic.

In Bangladesh, the need to improve corporate governance became evident when the stock market disaster of 1996 occurred. Earlier, in 2004, the Bangladesh Enterprise Institute (BEI) had published a code of corporate governance for Bangladesh suitable for the private sector, financial institutions, state owned enterprises (SOEs) and non-government organizations (NGOs). According to the BEI (2004) the relevant laws and supervision applying to all commercial enterprises owned or undertaken by the government and their directors should be clearly stated and preferably all government entities engaged in commercial activities should be governed by the BEI code of corporate governance.

The Bangladesh Company Act 1994 (the ‘Act’) sets the rules for companies with regard to its management and administration. Before its enactment in 1994, Bangladesh was governed by the Company Act of 1913. As stated in the (1994) Act the board of directors is the management of the business of the company. The board of directors is required to appoint auditors within one month of the registration of a company who are thereafter re-appointed in general meetings. Only certified chartered accountants can be appointed as auditors, and the Act provides that they can have access to the company’s books, papers and official documents. The act also covers the scope of inquiry of the auditors and the certification, the auditors must provide. The Act also compels companies to keep proper books of account with respect to all sums of money received and
expended by the company, all sales and purchases of goods, the assets and liabilities, and other over-\footnotesize{head} head costs of the company. Companies Act 1994 also defines the rights of majority and minority shareholders.

Models of corporate governance differ sometimes on the basis of the geographical, cultural, demographic, political and legal code and practices of nations. Ooghe and Vuyst (2001) observed that the Anglo-Saxon and the Continental European models of corporate governance differ strongly, and the differences are mainly due to differences in the business context reflecting differing shareholder concentration, shareholder identity, and that the liquidity of the market for company shares, and interlocking ownership are organized in different ways in the two country-groups.

The major regulators in the Bangladesh corporate sector and capital market are the Securities and Exchange Commission (SEC) and the Registrar of Joint Stock Companies and Firms (RJSC). In the monetary sector the main regulator is the Bangladesh Bank. In Bangladesh shareholder activism indicates that the share market is immature, regulatory forces are weak, shareholders are not properly educated, and manipulated trading occurs. Boards of directors of banks tend to be populated on the basis of political affiliation and familiar connections.

The Office of the Comptroller and Auditor General (OCAG) of Bangladesh is responsible for auditing government receipts and public spending and to ascertain whether expenditures have yielded value for money in government offices, public bodies and statutory organisations (www.cagbd.org). Appointed by the President of the Republic, the Comptroller and Auditor General (CAG) heads the Supreme Audit Institution. The Insurance Bill 2010 and Insurance Development and Regulatory Authority Bill 2010 provide the formal institutional rules for the insurance sector.

Bangladesh has been criticised for the lack of ease of doing business in the country. For example, the Doing Business 2013 data for Bangladesh shows that the country dropped 5 places (from 124 to 129) in a ranking list of 185 economies (www.doingbusiness.org/data/exploreeconomies/Bangladesh/).

2. LITERATURE REVIEW

Macey (1997) argued that the critical distinction between the American model of corporate governance and the German and Japanese models is that in Germany and Japan large-block shareholders take an active management role to mitigate managerial shirking and misconduct. German and Japanese commercial banks are at the center of their respective corporate governance models.

Ooghe and Langhe (2002) compared between two corporate governance models: the Anglo-American and the Continental European model. They said that these corporate governance models differ strongly, and the differences are mainly due to differences in the business context and that the problems arising from separation of ownership from control will thus have to be solved through different mechanisms such as the board of directors.

Colley, Doyle, Logan and Wallace (2003) observed that the nature of the game in each nation reflects a number of variables: the culture, the education of the population, the political system, the geography, and the available capital and natural resources.
Aguilera and Cuervo-Cazurra (2004) argued that types of issuers of codes of good governance fall into five categories: (1) Stock exchange; (2) Government; (3) Directors’ association; 4) Managers’ (such as accounting or law professionals); and (5) Investor’s association. Afroz and Jahan (2005) observed that failings in institutions, government agencies, legal enforcements and market behavior have resulted in weak corporate governance in Bangladesh. In many cases, the current system in Bangladesh does not provide sufficient legal, institutional or economic motivations for stakeholders to encourage and enforce good corporate governance practice. As a result, there are few rewards for companies that institute good corporate governance practices, and no penalties for failing to do so. Kumar (2005) stated that to one group, corporate governance is a part of economics, which is concerned with the question of how to motivate the management of corporations for its betterment through redesigning and remodeling of organizational functions. To some others, it is a promotion of corporate fairness, transparency and accountability. Zahir (2005) said that the laws and regulations relating to securities and share markets in Bangladesh are new in practice and have come to be noticed only after the great turmoil in the share market in 1996 and the action taken by Securities and Exchange commission against some persons alleging that they contravened the laws relating to the conduct of the share markets. Steiner and Steiner (2006) observed that the legal environment consists of legislation, regulation and litigation. There are five enduring trends in this environment, all working to constraint business behavior. First, laws and regulations have steadily grown in number and complexity. Second, corporations have expanding duties to protect rights to stakeholders, including employees, consumers, the public and even competitors. Third, globalization has increased the complexity of the legal environment by exposing corporations to international law and laws of foreign nations. Fourth, although the requirements of ethical behavior and corporate social responsibility go beyond legal duty, they are continuously plucked from the voluntary realm and encoded into law. Finally, the law is constantly evolving. Haque, Jalil and Naz (2007) depicted that corporate culture in Bangladesh is still in a state of infancy. While legal requirements for good corporate governance have been created, rushing to institutionalize the culture of governance through legal and regulatory requirements or through external pressures will do more harm than good to the culture. Uddin and Choudhury (2008) observed that companies in Bangladesh are predominantly controlled, managed and operated by the sponsor directors/family members, even though in many cases they own a minority of the shares. Directors bend and break the rules to serve the family and the accountability of companies to general shareholders is minimal. Their paper also highlighted the state of annual general meetings and dividend-declaring tendencies; that company accounts are not audited properly and financial accounts are often misleading. Bettinelli and Chugh (2009) discussed the relationship between the board of directors and corporate governance quality. Some divergences emerged among the ten European countries they examined. For example, on the employees’ representation on the board, on the number of directors, and on independence recognition are required. Germany and Austria have the highest legal rules indices, Portugal has the lowest.
Islam, Sathye and Hu (2009) urged that the 2008 Global Financial Crisis (GFC) has brought into focus the need for better supervision and governance in banks internationally. Banks are corporations and their firm value depends on good governance as any other firm. From a policy perspective, bank regulators should have an interest in sound corporate governance mechanisms in banks from a financial system stability perspective.

Fernando (2010) observed that business ethics and corporate governance of an organization go hand in hand. In fact, an organization that follows ethical practices in all its activities will, in all probability, follow best corporate governance practices as well. He also urged that in corporate governance, the underlying goalposts are transparency, integrity, full disclosure of financial and non-financial information, and protection of stakeholders' interests.

Ahmad and Rahman (2011) observed that in Bangladesh, until now, good corporate governance is very much neglected and hardly practiced by enterprises. But ensuring good corporate governance in stock exchanges could help us from a lot of troubles. Looking back the stock market debacles in 1996 and 2010, it has been clear that stock market members are practicing very poor corporate governance. The investigation committee identified heavy weight corporate, politicians, officials of securities regulatory body, stakeholders and renowned individuals are involved in the market crash.

Hossain (2011) observed that commercial banks of Bangladesh have been involved heavily in the stock market business for the last few years. Allowing merchant banking has exaggerated the situation. Banks became the key player in the stock market in Bangladesh. Therefore, any policies to control banks' exposure to the stock market would have significant impact on the capital market.

This review of literature on corporate governance has prompted this research study in which we consider whether corporate governance has been well executed in Bangladesh, and which sort of corporate governance will be more acceptable to business organizations in the country.

3. **OBJECTIVES OF THE STUDY**

The study has been undertaken due to the following reasons:

i) to assess present status of corporate governance in Bangladesh with special reference to legal extent;

ii) to see whether different rules of the country is sufficient to cover accountability, fairness and transparencies in different organizations;

iii) to provide some suggestions on how corporate governance can better perform in Bangladesh and to play active role to develop the country's economy.

4. **METHODOLOGY**

It is the purpose of this study to consider corporate governance implementation and performance in Bangladesh within the existing law and code of conduct. The study is based on secondary sources of data published in books, journals, dailies, annual reports; information published on the Internet, and enacted codes. The time period of the study is January to May 2011. The study is explanatory and informative in nature. The study will consider five case studies to analyse the current scenario of Corporate Governance of Bangladesh.
Firstly we provide an overview of the more significant enacted codes and regulations that exist (in part) to guide corporate governance practice in Bangladesh. We then provide five case studies to demonstrate the uptake of corporate governance principles and practices by Bangladesh firms.

5. AUTHORITATIVE REGULATION AND GUIDANCE

5.1 Registrar of Joint Stock Companies and Firms

The Registrar of joint stock companies (RJSC) is the single authority under the ministry of commerce. Its functions include oversight of the Companies Act 1994 which includes private companies, public companies, foreign companies and trade organizations. The Societies Registration Act 1860 is implied for Societies and the Partnership Act 1932 for partnership firms. The RJSC is empowered to call for information, explanation or to produce such books or papers, as the registrar deems necessary.

5.2 Stock Exchanges

There are two self regulated stock exchanges in Bangladesh – Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) operating under Securities and Exchange Commission which is (under the Securities and Exchange Commission Act 1993) responsible for assuring the proper issuance of securities, protection of the rights of the investors and the development and regulation of capital market. The Chairman and Members of the Commission are appointed by the government and have overall responsibility to administer securities legislation. The Commission is a statutory body and attached to the Ministry of Finance.

The Securities and Exchange Ordinance, 1969 regulates the issuance of securities. Securities and Exchange Commission by the order dated the 9th January, 2006 No. SEC/CMRRCD/2006-158/Admin/02-06: Whereas, the Securities and Exchange Commission (herein after referred to as the ‘Commission’) deems it fit that the consent already accorded by the Commission, or deemed to have been accorded by it, or to be accorded by it in future, to the issue of capital by the companies listed with any stock exchange in Bangladesh, should be subject to certain further conditions, on ‘comply or explain’ basis, in order to improve corporate governance in the interest of investors and the capital market; Now, therefore, in exercise of the power conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Commission hereby imposes following further conditions to the consent already accorded by it or deemed to have been accorded by it, or to be accorded by it in future to the issue of capital by the companies listed with any stock exchange in Bangladesh.

Provided, however, that these conditions are imposed on ‘comply or explain’ basis. The companies listed with any stock exchange in Bangladesh should comply with these conditions or shall explain the reasons for non-compliance in accordance with the condition No.5.

The Conditions:

5.2.1 Board of Directors:

5.2.1.1 Board’s Size

The number of the board members of the company should not be less than 5 (five) and more than 20 (twenty) with a view to enabling access to diverse expertise and meaningful discussion:

Provided, however, that in the case of banks and non-bank financial institutions, insurance companies and statutory bodies for which separate primary regulators like Bangladesh Bank,
Department of Insurance etc. exist, the Board of those companies should be constituted as may be prescribed by such primary regulators in so far as those prescriptions are not inconsistent with the aforesaid condition.

5.2.1.2 Independent non-shareholder Directors

All companies should encourage effective representation of independent non-shareholder directors on their Boards of Directors so that the Board as a group includes core competencies considered relevant in the context of each company. For this purpose, the companies should comply with the following:-

i. At least one fifth (1/5) of the total number of the company’s board of directors should be independent non-shareholder directors;

Explanation: For the purpose of this clause, the expression “independent non-shareholder director” means a director who is not connected with the company or its promoters or directors on the basis of family relationship; who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies; who is not a member, director or officer of any stock exchange; and who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.

ii. The independent non-shareholder directors should be appointed by the elected directors.

5.2.1.3 Chairman of the Board and Chief Executive

The positions of the Chairman of the Board and the Chief Executive Officer of the companies should be filled by different individuals. The Chairman of the company should be elected from among the directors of the company. The Board of Directors should clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.

5.2.1.4 The Directors’ Report to Shareholders

The directors of the companies should include following additional statements in the Directors’ Report prepared under section 184 of the Companies Act, 1994:

(a) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

(b) Proper books of account of the issuer company have been maintained;

(c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;

(d) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;

(e) The system of internal control is sound in design and has been effectively implemented and monitored;

(f) There are no significant doubts upon the issuer company’s ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;

(g) Significant deviations from last year in operating results of the issuer company should be highlighted and reasons thereof should be explained;

(h) Key operating and financial data of at least immediately preceding three years should be summarised;
(i) If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof should be given;

(j) Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, should be outlined along with future prospects, risks and uncertainties surrounding the company;

(k) The number of Board meetings held during the year and attendance by each director should be disclosed;

5.2.2 Chief Financial Officer (CFO), Head Of Internal Audit And Company Secretary:

5.2.2.1 Appointment

The company should appoint a Chief Financial Officer (CFO), a Head of Internal Audit and a Company Secretary. The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the Company Secretary.

5.2.2.2 Requirement to Attend Board Meetings

The CFO and the Company Secretary of the companies should attend meetings of the Board of Directors, Provided that the CFO and/or the Company Secretary should not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to the CFO and/or the Company Secretary.

5.2.3 Audit Committee

The company should have an Audit Committee as a sub-committee of the Board of Directors. The Audit Committee should assist the Board of Directors in handling the issues which might be overlooked and should ensure a good monitoring system within the business. The aims of the establishment of an Audit Committee should be to create efficiency in the operations and to add value to the organization. The Audit Committee should be responsible to the Board of Directors according to the duties and responsibilities assigned by the Board of Directors. The duties of the Audit Committee should be clearly set forth in writing.

5.2.3.1 Constitution of Audit Committee

i. The audit committee should be composed of at least 3 (three) members;

ii. The Board of Directors should appoint members of the Audit Committee who should be directors of the company and should include at least one independent non-shareholder director;

iii. When the term of service of the committee members expires or there is any circumstance causing any committee member to be unable to hold office until expiration of the term of service, thus making the number of the committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors should appoint the new committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.

5.2.3.2 Chairman of the Audit Committee

i. The Board of Directors should select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee;
ii. The Chairman of the audit committee should have a professional qualification and must have knowledge, understanding or experience in accounting or finance.

5.2.3.3 Reporting of the Audit Committee
5.2.3.3.1 Reporting to the Board of Directors

i. The Audit Committee should report on its activities to the Board of Directors;

ii. The Audit Committee should immediately report to the Board of Directors on the following findings, if any:-

(a) Report on conflicts of interests;
(b) Suspected or presumed fraud or irregularity or material defect in the internal control system;
(c) Suspected infringement of laws, including securities related laws, rules and regulations;
(d) Any other matter which should be disclosed to the Board of Directors immediately.

5.2.3.3.2. Reporting to the Authorities

If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary, upon completion of the period of time mutually fixed, if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee or it’s members should report such finding to the Commission.

5.2.3.4. Reporting to the Shareholders and General Investors

Report on activities carried out by the audit committee, including any report made to the board of directors under condition 5.2.3.3.1 (ii) above during the year, should be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.

5.2.4 External/Statutory Auditors

The company should not engage its external/statutory auditors to perform the following services of the company:

i. Appraisal or valuation services or fairness opinions;
ii. Financial information systems design and implementation;
iii. Bookkeeping or other services related to the accounting records or financial statements;
iv. Broker-dealer services;
v. Actuarial services;
vi. Internal audit services;
vii. Any other service that the Audit Committee determines.

5.2.5 Reporting the Compliance in The Director’s Report

The directors of the company shall state, in accordance with the annexure attached, in the directors’ report whether the company has complied with these conditions.

By order of the Commission

Dr. Mirza Azizul Islam, Chairman Securities and Exchange Commission

http://www.bangladesh-bank.org/pub/annual/anreport/ar0910/app1.pdf also informed that Board of directors and managements of a bank should comprise of the competent and professionally skilled persons with a view to ensure good and corporate governance in the bank management. It is also inevitable to have specific demarcation of responsibilities and authorities
between these controlling bodies over bank’s affairs. In absence of specific division of responsibilities and authorities, even in spite of these bodies’ are being formed with skilled and efficient persons, the desired goals of an institution cannot be achieved due to lack of transparency and accountability of all concerned.

From December 31, 2000 banks and financial institutions were required to comply with the international accounting standard. The accounting standard requires banks to disclose the classification of their loan portfolio (as sub-standard, doubtful, or bad) based on their default activity and make a loan loss provision specifically for classified loans. Bangladesh bank also regulates the non-banking financial institutions under financial institutions act 1993. Non-banking financial institutions are prohibited from accepting deposits payable on demand by cheque or otherwise.

Investment Corporation of Bangladesh (ICB) has started functioning from the year 1976. Objectives of ICB have given below:

- To encourage and broaden the base of investment.
- To develop the capital market; to provide for matters ancillary thereto;
- To mobilize savings.
- To promote and establish subsidiaries for business development.

Basic functions of ICB are as follows: Underwriting of initial public offering of shares and debentures; Underwriting of right issue of shares; Direct purchase of shares and debentures including Pre-IPO placement and equity participation; Providing lease finance to industrial machinery and other equipments singly or by forming syndicate; Managing investors’ Accounts; Managing Open End and Closed End Mutual Funds; Operating on the Stock Exchanges; Providing investment counsel to issuers and investors; Participating in Government divestment Program; Participating in and financing of, joint-venture projects; Dealing in other matters related to capital market operations; Trusty, Custodian, Bank Guarantee; Consumer Credit (Source: http://www.icb.gov.bd). There are investment banks in the private sector also.

According to Afroz (2004) if the state-owned Investment Corporation of Bangladesh (ICB) is brought down to the level playing field with other private asset management companies in Bangladesh, there would remain an unfair competition in the market between public and private mutual funds and that would impede the growth of private mutual fund market in Bangladesh. ICB had been acting as the sole asset management firm in Bangladesh until November 1999. In order to develop an institutional base of the ICB and to bring it to a level playing field with private asset management companies, the ICB (Amendment) Act 2000 was enacted. Following the said Act, ICB was restructured to create three new subsidiaries to carry out merchant banking, mutual fund operations and stock brokerage functions separately. The ICB subsidiaries are: (a) ICB Capital Management Ltd. (merchant bank); (b) ICB Asset Management Ltd. (manager of trusts and funds, including mutual funds); and (c) ICB Securities Trading Ltd. (Stock Broker and Securities Ltd.). Though these subsidiaries were formed, no asset was transferred to the ICB Asset Management Company. Besides, the parent ICB, which does not come under the regulatory framework of the SEC, continued to manage the existing mutual funds. Therefore, these funds can borrow unlimtedly without any quantitative restriction on their investments in a particular company, group or sector like the private funds. Also, in violation of the mutual fund rule, the
ICB or the ICB Asset Management Ltd. does not publish net asset value or submit any report or pay any fees to the SEC. This, therefore, creates an unfair competition between public sector and private sector mutual funds. (Source: http://www.saarclaw.org/expert_talk_detail.php?eid=1010)


The government on 26th January, 2011 formed the country's first Insurance Development and Regulatory Authority (IDRA), replacing the office of the Chief Controller of Insurance. The IDRA will function as per the insurance laws which enacted in the month of March 2010, with a vision to reorganize the inadequately synchronized segment. The regulations permit merger and acquisition by now crowded service industry and cover the method for the entrance of additional foreign companies into the market. The regulations make available for stronger penalties and tough management of the segment. According to http://www.bdnews24.com/details.php?cid=2&id=154987 (3rd March, 2010) Lawmakers on Wednesday passed two bills designed to streamline and develop the insurance sector. The bills - Insurance Bill 2010 and Insurance Development and Regulatory Authority Bill 2010, will be helpful to better regulate the industry and protect customers' interests, policy makers claimed. The current Directorate of Insurance will cease to exist after the bills become laws. The laws would renew and update Insurance Ordinance 2008 and Insurance Regulatory Authority Ordinance 2008 of the past caretaker government.

The state-owned sector in Bangladesh is also existing side by side private sector. The non-financial enterprises owned by the GOB are administered through 38 corporations which include: Manufacturing; Utilities; Transport and communication; Trade and commerce; Agriculture and fisheries; Construction and real estate, and Other services. The primary agency for oversight of SOES is the office of the Comptroller and Auditor General (CAG). It audits all statutory corporations and commercial enterprises in which the government owns 50% or more of the shares. CAG audit reports are passed on to the public accounts committee (PAC) of parliament. The PAC is responsible for taking action on the basis of the CAG audit reports.

In the context of Bangladesh, directors who would fit the definition of ‘independent’ in Bangladesh are often current or former government officials or bureaucrats or politically actively
motivated person. They are appointed to help the company get licenses or as payback for previous favours. Very few independent directors are appointed for their expertise and the priority in appointing directors is usually their personal connections to company management or having connections that can be used for the company in the future. When boards need an independent opinion they rely on employing outside consultants or advisors. Therefore, in the context of Bangladesh, independent directors do not serve as an advocate for minority shareholders or as a source of new and different ideas. The act also does not provide for or recognize ‘independent’ directors, since a minimum number of shares are required to be held by any director other than the MD. In Bangladesh, the Government dominates the financial sector. However, accountability and transparency are lacking because of the lack of oversight by the Public Accounts Committee. If the parent body is not working, it is difficult to implement the rules and regulations.

6. Present Situation
According to World Bank (2007) in Bangladesh, institutional frameworks and current standards, with respect to public sector auditing requires -a new National Audit Act is needed; it should adopt international standards, include an adequate Offences Clause, and provide greater independence and authority to the Supreme Audit Institution and Comptroller Auditor General respectively. Accounting qualifications should be expected of all public sector financial auditors, and professional development is needed in technical and operational areas.

Lack of transparency, accountability and fairness creates real problem. Even some listed companies in Securities and Exchange Commission of the country doesn’t regularly hold annual general meeting. Accounting standard, norms and practices are still not international benchmark. The existing arrangement in Bangladesh does not make accessible adequate legal, institutional and economic inspiration for stakeholders to persuade and implement corporate governance custom. Role of Bangladesh Bank, Securities and Exchange Commission regarding capital market scam is quoted below (Source: Rashid, 2011, Financial Express, Bangladesh):

7. OME CASES:
7.1 Case: 1 Quote:
“….. Bangladesh Bank seems to be panicked with inflationary pressure and huge credit growth in the unproductive sectors, while money is mostly being diverted to real estate and capital market. Credit growth has risen to 27% vis-à-vis against below 20% about a year ago with inflation inching up beyond 8.00%. Therefore, though Bangladesh Bank is talking about an accommodative monetary policy, in reality through mopping up the surplus by increasing the CRR (Cash Reserve Ratio), it was rather following a contradictory policy. However, lately they are trying to soothe the market by releasing more money through repurchase agreement or REPO. They are having a tough time in differentiating between unproductive sector credit growth and normal credit growth. Though they are committed to protect the banking sector from the effects of any possible stock market crash, the overall susceptibility to the pressure from a popularly elected regime is not allowing them to be focused on execution. There is a big question, whether Bangladesh Bank has performed its due role while the capital market needed their help. Analysts say, despite a huge increase in money supply, inflationary pressure on food and non-food items,
was not high, since most of the surplus money went into capital market. However, when they started to mop up the surplus, the market felt the pinch big time, liquidity dried out and market index came down from 8900 to 6300, pushing many retail investors to the street and the government policy planners bewildered.

I was privy to a big debate — whether Bangladesh Bank is responsible for ensuring real sector growth through monetary policy response or they should be much concerned about a temporary asset bubble or sudden burst in the capital market. Yes, there are 40 million plus bank account holders, numbers increasing with the opening of more farmers’ accounts with the state owned banks to channel subsidy. Should the monetary watchdog then be too concerned to protect the interest of about 3.2 million beneficiary owners account (BO) holders in the stock brokerage houses, which is already heated up, warranting massive correction based on fundamentals? To keep the answer short and crispy- Bangladesh Bank is more responsible for real sector growth and at the same time, it needs to protect and help nourish country’s banking sector. However, its actions so far warrant a ‘soul searching’. While they came to know (though pretty late) that banks’ exposure to the capital market went beyond the roof, they could have come up with a coordinated effort to gradually reduce the exposure to the optimum level. Instead, selling pressure by the large banks to adjust their position created a panic in the market, shaking the confidence. Bangladesh Bank somehow lent deaf ears to the Securities and Exchange Commission (SEC), on the latter’s appeal for creating liquidity in the stock market. The right arm was not obviously talking to the left arm. The level of retail investors’ engagement in the stock market — too many people chasing too less stocks, unlike to the situation in any other similar countries — may cause serious threat to the political or social security. Therefore, any regulator, wanting to protect the regime, must lend helping hand in this regard. At least, do a ‘deep dive’ analysis and action in togetherness.

7.2 Unquote

Recently in the National Parliament treasury bench members accused to the Finance Minister of the country for continuing the debacle situation of the capital market but yet to see what action the Ministry of Finance will actually take. Only change of Chairman of SEC and members are not the solution of the problem.

7.3 Case: 2 Quote:

"A number of ruling alliance lawmakers yesterday (May 23,2011) in the parliament decried the delay in taking actions against "gamblers" who were identified by a probe body as key players involved in the recent share market crash. They also criticized filing of a case against Khondkar Ibrahim Khaled who led the probe body that investigated the share market scams. Other treasury bench lawmakers supported the speeches by thumping on their desks. In response, Finance Minister MA Muhith clarified the government's position on the issue. He also described the government's ongoing efforts to reform the stock market including recasting of the Securities and Exchange Commission.

The finance minister said 14 incidents of scam are being investigated further, and he thinks almost all of those will turn into criminal cases. "We may know the persons who were involved in the share market scams. But we need evidence to try them. Therefore, we started further investigation of 14 cases," Muhith said. Citing the cases filed against persons involved in the share
market scam in 1996, he said the government wanted to revive those cases, but there were only allegations, no witness or evidence. "We don't want to face the same situation this time," the finance minister said. He also said the government did not take any decision to introduce tax identification numbers (TIN) for share market investors; neither did the government take any decision to impose tax on share market transactions. "But a vested quarter is propagating that the government is going to introduce TIN for share market investors and impose tax on share trade. This quarter benefits from spreading such rumors, and they made the market unstable in the last two days," Muhith said. He said the government is providing legal assistance to Ibrahim Khaled. "We are very much sorry that he is being harassed." Earlier, taking the floor on a point of order, ruling Awami League lawmaker Sheikh Fazlul Karim Selim raised the issue of the share market. AL lawmaker Suranjit Sengupta, Jatiya Party MP Mujib-ul Haq, and independent lawmaker Fazlul Azim also participated in the unscheduled brief discussion on the stock market crash. Sheikh Selim, also ruling AL presidium member, blasted the finance minister for not taking actions against the "gamblers"."Everybody knows the persons and companies behind the stock market scams. But actions are not being taken against those who took away hundreds of crores of taka," Selim said. Amid support of treasury bench lawmakers, Sheikh Selim, also chief of a parliamentary body, said the "gamblers" involved in the stock market scams are speaking loudly on TV talk shows. He urged the finance minister to take stern actions against the persons behind the scams, even if those persons are involved in the ruling party. "The government's image can't be tarnished for only one or two people. The government should not shoulder their liabilities, even if they are party men," Selim said. He also criticized filing of the case against Khondkar Ibrahim Khaled. He criticised the home ministry's move to install close circuit cameras at share market areas to keep vigilance on investors." They will protest since they got hurt by losing money," Selim said. He said the finance minister, the chairman of the parliamentary standing committee on finance ministry and the central bank governor are saying different things on the same issue, and there is no consistency in their speeches. Taking the floor, AL lawmaker Suranjit Sengupta expressed astonishment about how a defamatory case could be filed against Ibrahim Khaled for the probe report. "All parliamentarians and the people of the country believe that Ibrahim Khaled is an honest man. But that man is not being protected. They are threatening him," Suranjit said. Jatiya Party lawmaker Mujib-ul Haq urged the government to send the matter to the Anti-Corruption Commission for taking actions. Independent lawmaker Fazlul Azim also decried filing of the case against Ibrahim Khaled, and said Khaled is one of the most honest men in the country's banking sector. "No honest man in future will be found to form any committee if Ibarhim Khaled is harassed this way," he said.

7.4 Unquote

The controls of corporate governance exercises to begin depend on the driving forces of the organizational stakeholders, namely shareholders, investors – individual and institutional, employees, managers, customers, suppliers, financial press etc. Spirit of corporate governance practices in Bangladesh is yet to discover by these parties. Judiciary is still cannot work as independent which will be clear from the news given below: According to Chief Justice and Law Minister lock horns on dispensation of justice (Reported by:
7.5 Case: 3 Quote:

“Dhaka, May 14 (UNB) - A debate between the Chief Justice and the Law Minister over quick dispensation of justice surfaced in presence of Prime Minister Sheikh Hasina after she laid the foundation of the Judges’ Complex at Kakrail here Saturday. Chief Justice ABM Khairul Haque advised Law, Justice and Parliamentary Affairs Minister Shafique Ahmed to “take care of your own house” before making any adverse remarks on the judges and their functions. The Chief Justice said although the judiciary has become independent from the executive shackles, but how could it enjoy this independence, leaving the judges in the lurch. He termed the prevailing situation of the judiciary as asking someone to swim with hands and legs tied. The entire judiciary is functioning with inadequate staff and logistic support that results in increasing the number of pending cases, the CJ said. He said the number of judges should be doubled to address the pressing issue of huge backlog of cases. It is no use blaming the judges for inordinate delay in disposing the cases. Chief Justice ABM Khairul Haque, who retire on May 17, said those who run the administration sitting in the comfort of air-conditioned rooms will not be able to realize the unending plight of the judges who sometimes hold hearing of cases by rotation in the same courtroom. Earlier, addressing the function, Law Minister Barrister Shafique Ahmed came down heavily on the judges especially for delay in disposing of cases. Indicating the judges, he said: “You don’t do your work timely, nor do you keep track of what is going on.” Barrister Shafique said the government will make rule against random adjournment of hearing on cases, as the legacy of adjournment culture on whims will increase sufferings of litigant public. He accused the judges of lax attitude in conducting regular inspection of subordinate courts.

7.6 Unquote

Though Bangladesh has recently taken some steps to set up its corporate governance framework but it is still inadequate. There are number of important confronting issues. These include functioning of current law-making alter, reinforcement the ability of the securities regulator, improving enforcement of regulatory compliance, setting the framework and standards for the securities market, promoting awareness and training of corporate directors on corporate governance, and encouraging better quality, timely, and accessible information.

7.7 Case: Stock market volatility could be reduced through transparency, accountability Dr Mashiuur observes at DCCI seminar(Source: Daily Sun, Bangladesh, 29th May, 2011

7.8 Quote:

Prime Minister’s Advisor to Economic Affairs Dr Mashiuur Rahman on 28th May, 2011 said the volatility in the stock market could be reduced if transparency and accountability in the market is assured. He said this at a seminar entitled “Capital Market Reforms in Bangladesh: Demand and Supply Side Constraints” at a city hotel on Saturday. Asif Ibrahim, president of the Dhaka Chamber of Commerce and Industries (DCCI) presided over the seminar organised by DCCI. Dr Mashiuur Rahman suggested the bourses and the brokerage houses for make the investors aware about the risk in share business. Commenting on the recent market crash he said: “Lack of investor’s knowledge and awareness on the market caused volatility in the market.” The ultimate result will not be good if the Bangladesh Bank increases money supply to the stock market, he
added. "The country's economic growth cannot be achieved if we do not use the stock market for long term investment," said the newly appointed SEC chairman M Khaizul Hossain. "If we do not formulate and amend laws on initial public offering (IPO), preferential shares and placement shares will create severe problems in bringing more companies to the market which would create mismatch between demand and the supply. He also stressed on efforts to build investors' confidence in order to stabilise the market. He, however, blamed the existing laws and lack on awareness for the recent volatility and unrest in the market. He vowed to make SEC accountable, transparent to restore the past glory of the regulatory body through proper implementation of regulations on the basis of morality. "If the government wants to enhance gross domestic products (GDP) from the existing 6 percent to 9 percent, it has to take move to utilise the stock market," said Dhaka Stock Exchange president Shakil Rizvi. He also urged the government to provide tax incentives to attract investors in industrialisation. He requested the regulatory body to amend company act as it is not time befitting. Meanwhile, Fakhor Uddin Ali Ahmed, president of Chittagong Stock Exchange emphasised the need for increasing the supply of stocks to meet the rising demand so that no vested group could manipulate again. Bourses leaders also requested the stakeholders at the policy level to be more cautious in making comments on the share market as it is very sensitive. They also made a set of recommendations including amendment of regulations for the betterment of the stock market. DCCI president said the programme was arranged to address the existing problems in the stock market through necessary reforms. Besides, recommendations on restructuring the regulatory framework could be formulated for ensuring a realistic, effective and stable capital market so that both supply side and demand side constraints could be addressed effectively, he added."

7.9 Unquote
7.10 Case 5 ACC amendment bill to see changes in Bangladesh(Source: May 19,2011 http://www.bdnews24.com/details.php?id=196193&cid=2)

7.11 Quote:
The parliamentary watchdog on law ministry will bring some changes in the Anti-Corruption Commission (Amendment) Bill placed in parliament. After revision in some of the 10 proposals, it will go back to parliament in its next session, committee chairman Suranjit Sengupta said on Thursday(May 19,2011).
The bill, tabled in parliament on Feb 28, makes it mandatory to seek prior permission to sue government officials and employees. Government permission will also be required for filing any case against judges and those engaged in judicial process. The meeting also decided to finalise the bill after the Indian Central Bureau of Investigation and US's Federal bureau of Investigation scrutinize it, he added. It will also seek opinion from finance minister A M A Muhith and Mohiuddin Khan Alamgir, the chief of the standing committee on public accounts. After the meeting, Suranjit told reporters that he was against any provision where the government permission would be mandatory if any public servant "commits any crimes for himself, rather than for the state". "The state cannot be made guilty for someone's personal interest," he added.
Reacting to the proposed amendments, executive director of Transparency International, Bangladesh (TIB) Iftekharuzzaman had said on January 29 that these amendments to the ACC act would strip the organisation of its neutral and independent authority "The proposed amendments
say about permission from the government prior to filing cases against public servants. The new law will take the ACC to its previous version, which was then known as the Bureau of Anti-corruption. It'll lose the ability to work freely. It'll also not be possible to continue its job with neutrality," Iftekharuzzaman said. The proposed bill also embodies a provision for imprisonment up to five years in case of any false accusation. The bill was later sent to the law ministry for vetting. The ministry was also asked to return to parliament within two weeks. According to the draft bill, the commission can seek help from government officials or officials of autonomous organisations for conducting investigations, if necessary. It also includes a 120-day timeline to complete any investigation. If any investigator fails to complete the investigation within the timeline, he or she will be transferred, the proposed bill says. The cabinet on January 24 endorsed the act."

Unquote

8. **Some Observations**

Most of the Bangladeshi companies have concentrated ownership structure with family orientation. The board of directors, dominated by sponsor share holders often from the same family, control decision making process and annual general meetings (AGMs) are mostly ineffective. The board is often enthusiastically involved in management and role of the Chief Executive Officer (CEO) is marginal. Independent directors- when there is any- can seldom act independently or play his role as an effective advocate for minority share holders or as a useful deterrent to irregular practices. Shareholder activism is still a far cry. Lack of auditor independence frequently gets in the way of transparent financial disclosures. In many of the companies, there is practically no accountability structure of the management to the board or share holders. In absence of any structured government mechanism, there is no central authority to enforce even minimum practice of corporate governance.

9. **Discussions**

To improve the present situation of different types of organizations demand for corporate governance in Bangladesh has been increasing. It requires with the view to ensure long-term financial returns to all shareholders; to arrange disclosure of information accurately; to provide ownership structure disclosure; to appoint accountable and qualified board of directors; consistent corporate remuneration packages as per guideline of IFRS2 (BFRS-2); to ensure all applicable laws of the jurist; to arrange regular meeting, symposiums and conferences, round table discussions with the government, civil society, transparency internationals Bangladesh, law makers and Judges. Recent debacle of Hallmark, Rana Plaza tragedy and Tajrin Fashion tragedy etc. are related to non compliance of corporate governance and lack of unethical business practices. There must be ensuring of good governance in Bangladesh in all organizations for which Govt. as well as private sector should work simultaneously. Govt. should not borrow from the public or banking sector. Rather they should take initiatives to borrow from bond market. If policy makers want to create corporate bond market then Govt. bond market should come forward.

Sarbanes-Oxley act or similar type of act is not being applied in Bangladesh. There is neither any assessment of decision nor any penalty for non practicing corporate governance.
In order to ensure compliance to corporate governance, some code of conduct has been developed. But it is still in infant stages. Several ratings scales have taken previously but provisions are not sufficient enough for different types of organizations starting from small ownership firm to listed companies as well as joint venture and NGOs. As such stakeholders have to suffer much in the country.

Legal aspects of corporate governance have not yet been fulfilled in Bangladesh. Dream for good corporate governance in Bangladesh is still yet to be achieved. Most interesting thing is that different times’ different laws which are yet to be fully covered for the organizations have been declared in Bangladesh but they do not comply those rules. In general there are misconceptions about the corporate governance for which self-ownership firms and small and medium business entities do not comply with the basic fundamental codes of corporate governance.

During the capital market scam, the role of Bangladesh bank as well as Securities and Exchange Commission of Bangladesh is dubious. Corruption is a normal phenomenon in Bangladesh. Though Govt. set up probe committee but did not actually take any action.

Moreover, when the price of share market is rising upward trend then the role of media especially some TV Channels Business program especially for share market suggested and encouraged through different news, news analysis, and also spot reactions created phobia to invest in the share market. Similarly when the share price is falling some TV channel through different news, news analysis, and also spot reactions created phobia and panic among the small investors to sell the securities. Thorough investigation against this electronic media impact is being. Information symmetry is being needed but it should not be used as weapon for misleading information and create confusion among the investors. Role of media should be investigative nature, credible and quality report with more objective nature so that no one can misuse.

Good corporate governance practices should be designed for considering the country’s present situation: Companies-act of Bangladesh should be updated; Securities and Exchange Commission of Bangladesh should be restructured; Micro-credit regulatory agencies should be worked under a new committed which will oversee both micro credit and the business structure of them if any; Annual general meeting of the listed companies should be regularly held; In addition flexible special meetings on requirement basis as well as additional regular meetings are being required; clearly define positions and titles of directors and their delegation of authority as well as responsibility is being required; Management executive meetings should be regularly held and agency problem should be avoided. Professionalism among the personnel should be developed in Bangladesh. A Corporate Advisory Committee for sole ownership organisations and small and medium enterprises required for betterment of transparency and fulfillment of objectivities and goals. Accounting and auditing system should be improved. Accurate, fair, proper, and disclosure of information in time considering corporate activities i.e., Management policies, objectives, financial condition and business strategies to all stakeholders are required. Management of the personnel of the company with strong ethics and developing professionalism regarding business conduct guidelines are also important. Independence of Judiciary is important. Bangladesh Bank, Securities and Exchange Commission should work independently. Rules, regulations, act and law related to the business firms, industries and group of companies should be utilised for betterment of the society and to meet a congenial atmosphere. Steps may be
taken as per thirty recommendations depicted in e-standard forum—financial standard foundations http://www.estandardsforum.org/bangladesh/standards/objectives-and-principles-of-securities-regulation (2009). Foreign Exchange Management of the country is at a stake and commercial banks are doing super normal profits and also setting higher lending deposit rates. Similarly, NGOs are charging higher interest rate. Formal sector of the country has to develop properly. Poverty reduction is not working rather conglomeration of the wealth at the hands of the few is going on. Disparity between haves and have not are rising day by day.

Social welfare should be the main criterion to establish corporate governance as it emphasis on efficiency and distribution in the society. Distortion of the market creates problem for the society and corporate governance cannot function there. The understandable basis is that social welfare aggressively provides assistance to economic development of a country as well as macroeconomic stabilisation which provides as important input devices.

In some public scheduled banks and some independent directors of most of the private scheduled banks were appointed on the basis of political, relative or linkage relationship among the relatives. This create problems and a “Maphyia” or “Lumpen” groups’ works in convenience with political, business magnet, entrepreneurs, bureaucrat, law and order agencies, income tax and customs authorities etc.

Revise regulator tool and framework as well as proper implementation of the code of conduct of corporate governance as per requirement of the country should be formulated and implemented. In such situation strategic leadership is very much needed in each business organizations so that actively work for implementing the corporate governance Regular meetings and appropriate steps should be taken to implement the corporate governance. Directors should do their duty with most care. Justice should be done irrespective of the person, caste, race, gender. Discrimination should be stopped.

Monetary, fiscal and exchange rate policy should be improved. Value chain can be added value through arranging primary and supportive activities. Inbound and outbound logistic should be worked out. This will lead to productivity, enhancing profitability, long run sustainability and creating distinct competencies. Ultimately this may help to raise increase of gross domestic products and fulfillment of basic needs. As a result macroeconomic condition of the country can be developed as aggregate demand and aggregate supply position will improve and betterment of the economic situation will lead to remove disparity through rising of the purchasing power and creation of employment opportunity will provide permanent income level.

Though Bangladesh is currently being considered as least developed countries but if democracy prevails without any hindrances and continue for next ten years than it can become not only middle income country by 2021 but also become upper grade. It has enormous potentialities.

10. RECOMMENDATIONS

1. Restructuring of SEC is required. Capital market scams should be stopped through appropriate measures and if corporate governance can be properly established then it is feasible.

2. Bangladesh Bank appoints independent directors in different banks on the basis of the efficiency but not on the basis of the political biasness. Independent directors should not interfere in the day to day work. Bangladesh bank ought to make effort on hopeful and
training banks and non-bank financial institutions to incorporate better governance practices. Banks and non-banking financial institutions must be buoyant to offer credit facilities and preferential treatment to those companies who are plasticising corporate governance.

3. Investment banks should act properly so that it can be helpful for the economy. Restructuring of ICB is being required so that they can act as an adviser to the small investors. Moreover, advisory firms or private investment banks and also brokerage houses can open separate wing so that they could be properly developed to provide advice to invest in share market to the small investors in lieu of small charges.

4. Accounting procedure of the organisations should be followed as per International accounting standard board. International financial reporting system should be fully adopted in Bangladesh by Securities and Exchange Commission and Institute of Chartered Accountants of Bangladesh. Standard of the accounting procedure of Bangladesh should be properly done. Auditing standard of the country should be fair and without prejudice.

5. RJSC, NGO bureau should be more cautious to develop and implement corporate governance. Separate regulatory bodies are required for Grammen Bank and their sister concerns as well as other big NGOs who do not limit their activities on micro credit but also other business activities. Similarly BRAC, Proshika , Asha etc. those who have sister concern should be treated like Grameen Bank. As such under Micro credit regulatory body’s structure may be changed and they can be enacted separate role. They should be more vigilant.

6. Coordination among the initiatives of govt., regulatory bodies, and institutions to effort for encourage corporate governance should be done in the right way. Without implementation of the corporate governance rules and regulations, there will be non-meaningful to prepare code of conduct for exercising corporate governance.

7. More consciousness programs should be starting to set up the requirements of the corporate governance. Even private ownership companies as well as small and medium enterprises should come forward to establish corporate governance. Establishing the sufficient corporate governance scheme is the essential situation to allow the sustainable expansion of firms and Bangladesh economy. Innovative and appropriate corporate governance is needed in Bangladesh.

8. Each organization should develop their own Code of Corporate Governance. This code of corporate governance should be followed thoroughly. As such organization can appoint a specific person to implement corporate governance who will work as a strategic leader. Ownership problem and control should not be a barrier to develop an organization.

9. Interaction of legal experts with policy makers, retired Judges, lawyers, politicians, financial analyst, economist, member of civil societies, business intellects to sketch a strategic guideline to create a favourable legal environment and facilities for overall businesses processes of the country.

10. Govt. should create platform for specialist to work on development of the capital market in Bangladesh. Corrupt personnel should not be appointed in the regulatory bodies.

11. Extensive training should be arranged for all sectors to make all public data easily available and accessible by all stakeholders. Each organization should take initiatives to collect record
and make data availability easy and accessible so that dissemination of information can be feasible.

12. Policy makers should also take initiatives to encourage domestic companies to enlist on stock exchange outside the country. And local companies which are not yet enlisted in the stock exchange of the country they should be encouraged to do so. Regarding Govt. share of different nationalized and public companies should come into the share market. Bureaucratic mannerism should be avoided and red-tapism should be stopped.

13. The country needs transparency in the management of the market efficiently and effectively. Market distortion should be avoided and morality, integrity, values and ethical judgement of each organization should be implied.

14. Separation of the judiciary from the administrative sector should be effectively done so that people can easily capable to get the justice. As such proper logistic support should be provided to the Judges.

15. Macroeconomic environment of the country should be considered so that demographic, social and political situation can work as a complementary to ensure legality of the country. As a whole when corporate governance can be established in all sorts organizations definitely it will have positive impact. As such Govt., policy makers, members of the Parliament, Judges, bureaucrats, entrepreneurs, business magnets, academicians, journalists along with the members of the civil society should move forward to establish corporate governance in the country.

16. Corporate governance law and regulations should be properly implemented. Already we are passing through second decade of Twenty-first century. It will enhance productivity of the organizations and fulfilment of international benchmarking though measuring right yardstick. Audit committee should work independently. Directors should discharge their duties with due diligences. Institutional investors of the country should refrain from market manipulation and insider trading.

REFERENCES


[25]. http://www.estandardsforum.org/bangladesh/standards/objectives-and-principles-of-
securities-regulation Objectives and Principles of Securities Regulation, June 2009.
[26]. http://www.estandardsforum.org/bangladesh/standards/international-standards-on-
auditing
[30]. http://www.doingbusiness.org/data/exploreeconomies/bangladesh/
[31]. http://www.icb.gov.bd
[33]. Ibne, M. S. A. (2010). Public procurement and corruption in Bangladesh confronting the
challenges and opportunities. Journal of public administration and policy research ,Vol. 2,
No. 6, December, pp. 103-111.
Bangladeshi Banks with the Implementation of the Code of Corporate Governance. paper
presented in the second International Conference jointly organized by Global Business and
Management Forum and Dept. of Finance ,University of Dhaka held at Senate Bhaban,
University of Dhaka, Bangladesh.
[35]. Islam,M.M.S. (2010). Disclosures and attributes of audit committee and its members: An
empirical investigation in Bangladesh. Journal of Business and Technology (Dhaka), Vo.5,
limit up to 25pc of capital. The Financial Express, Bangladesh, April 12.
Publications, Dhaka, May.
The Twenty first century. Bangladesh Journal of Political Economy, Vol.22 and Nos. 1&2,
pp.543-558.
[40]. Krishnan, L. (2009). The role of auditors in the context of Corporate governance. paper
presented in the Conference at Dhaka organized by World Business Institute, April, pp.1-13,
http://www.wbiconpro.com/Bangladesh_april09.htm
July-September, pp.20-25.
[42]. Jackson, G. (2001). Corporate Governance Japan Column- The Twilight of the Stakeholder
Corporation? Germany’s Relevance for Japan. The Research Institute of Economy, Trade and
[45]. Macey, J. (1997). Corporate Governance and Banking in Germany, Japan, and the United
States Corporations, Securities & Antitrust Practice Group Newsletter - Volume 1, Issue 2,


-53-


