

continuation of the bearish

trend in the Dhaka Stock Ex-

change (DSE), the market has

started showing signs of im-

provement as prices of differ-

increased by Tk 95 crore and

the all share price index went

726.26 at the closing of the

week Thursday from the pre-

of Eastern Housing shares has

The trend of issues incur-

ring losses has decreased to

30.50 from 35.50 of the previ-

ous week. Two weeks ago an

average of 46 issues incurred

loss everyday. Market opera-

tors attribute this improve-

ment to the upcoming budget.

uary, when the index stood at

840 points, the share prices

and trading had been taking a

slow but steady declining

From the first week of Jan-

vious week's 710.76

trading this week.

going up.

# DThe Baily Star DUSINESS

CARS THAT MAKE SENSE

HYUNDAI

## DSE weekly review

## Market capital rises by Tk95cr

By Sharier Khan

Despite predictions of a From March, after the introduction of the Lock-in period by the authorities in a bid to prevent profiteering by foreign investors in a short time. ent shares and debentures are the index started falling rapidly and both trading and share prices were declining The market capitalisation

The all share price index up steadily by 15.49 points to went down to as low as 698 points in the last week of May and market operators were apprehensive that it may go A record number of trading down to as low as 600 points. Yet, from the last three days of enhanced the overall volume of the previous week and for the six days of this week, the market seemed to be improving.

> This week, the market capitalisation steadily rose to Tk 43.04 billion from the previous week's Tk 42.09 billion.

A total of 9 lakh 26 thousand 917 shares and debentures worth Tk 14 crore 55 lakh 2558.10 were traded this week against the previous week's 4 lakh 38 thousand 975 shares and debentures worth

Tk 7 crore 54 Jakh 89,789.50. The daily average number of trading this week increased to 1.54 lakh from the previous week's 87795 shares and debentures. This week's average was close to that of the volume of trading two weeks

The daily average value of trading increased by one crore Taka. This week's average stands at Tk 2.42 crore from the previous week's Tk 1.50 crore. However the present average is similar to what it was two weeks ago.

Trading of issues have increased to a daily, average number of 82.16 issues from 78.20 issues of the previous week.

The number of total issues traded this week was 493 having 183 losers and 250

The volume leader of the week was Eastern Housing which sold 3 lakh 31,340 shares alone. In the last few months, it was the second

biggest volume leader of a week. Earlier, in mid-May Shine Pukur Holding had sold 4 lakh 43,100 shares in a week. However, the share price of Eastern Housing de clined to Tk 130 at the closing of the week from the previous week's 139.

Beximco Pharma continued to sell huge number of shares for yet another week. With only few days left for its Annual General Meeting (AGM), to be held on June 18, it sold 70,450 shares. Its price increased to Tk 92.52 at the closing of the week from 90.79 of the previous week.

Among other volume leaders of the week, BOC Bangladesh sold 58836 shares. Ashraf Textiles 50033, Apex Weaving 29642, Shine Pukur over 23000 and Beximco Ltd over 22000. Prices of all these issues excepting Beximco Ltd showed increasing trend Beximco Ltd share prices fell to Tk 51 from the previous week's 53.61.

changes, and none were in-

be considered.

fiscal years.

lion dollar for Egypt.

cluded in amendments yet to

grammes unaffected by the

bill's cuts are the 3 billion dol-

lars for Israel and the 2.1 bil-

Committee, chaired by conser-

vative North Carolina Sen

Jesse Helms, meanwhile, ap-

proved on a partyline 10-8

vote its version of the foreign

aid cuts, slashing 2 billion dol-

lars a year over the next two

The only major aid pro-

The Senate Foreign Affairs



Foreign Minister ASM Mustafizur Rahman held a meeting with the ambassadors and heads of mission of G-7 countries based in Dhaka on Thursday. - PID photo

## Incentive package for borrowers in rural credit schemes likely

With the general election closing in, the government has planned a package of waivers and incentives to the borrowers in different rural credit programmes, reports UNB.

Official sources said a two per cent rebate on the rate of interest is likely to be offered to "good" farm loances who repay the loan on schedule.

Bangladesh Bank will bear 50 per cent of the amount of rebate to be given by the Bangladesh Krishi Bank (BKB) and the Rajshahi Krishi Unnayan Bank (RAKUB) Nationalised commercial banks may be asked to bear themselves the costs of the interest rebate on the loans disbursed by them.

The central bank is working out the modality of the offer. proposed in a meeting at the Ministry of Finance.

Sources also said interest rate on the crop loans given by the Krishi Bank might also be lowered by two per cent.

The proposed interest-cuts are likely to-come in force from the next financial year, which commences July 1.

Sources indicated the Finance Minister might disclose the plans in his budget speech, likely on June 15. They said easy credit to the rural sector was being planned instead of direct subsidy to agricultural inputs for which there has been pressure on the Finance Ministry from in and outside the government.

Prime Minister Begum Zia has already announced the waiver of all interest, including penal interest, on outstanding loans to the weaving sector. The exemption would amount to Tk 80 crore.

Decision has also been taken to waive all penal interest and 50 per cent of normal interest on stuck-up loans in

### GE wins \$1.3b Saudi contract

SCHENECTADY. New York. June 9: General Electric Power Systems signed 1.3 billion dollars in contracts Wednesday to supply and install equipment for two Saudi Arabian power

the government's Swanirvar (self-help) Credit Programme. According to sources, fresh credits will also be allowed to defaulters in different rural credit programmes if they

start paying the principal of

To make the specialised ru-

the loans.

structure.

ral banks - BKB, RAKUB and the Samabaya (co-operative) Bank - able to absorb the planned waivers, and also to expand loan programmes next year, decision has been taken to strengthen their capital

Sources said BKB and RAKUB were likely to be compensated soon for the losses they incurred because of recent writing off agricultural loans. The compensation might run up to Tk 200 crore.

Also, the entire outstanding debt of the Samabaya (co-operative) Bank to the Bangladesh Bank might be written off, and be adjusted against the fund available under the government's "Agriculture Credit Stabilisation Fund".

During a brief meeting, rade minister of Canada, Mex-

We've set forth a road map, route to be followed to ensure the early accession of

Chile," Canadian Trade Minister Roy Maclaren said. Maclaren said be hoped

The administration of US President Bill Clinton is seeking approval from the US Congress for "fast track" authorisation in negotiating Chile's inclusion in NAFTA. That would mean Congress could not make changes to a negoti-

NAFTA eliminated a wide range of tariffs among Canada. Mexico and the United States when it came into force January 1. 1994. Other tariffs are scheduled to come down over

## plants, reports AP.

Death of 40,000 migratory birds

## Mexican governor denies claims by environmentalists

MEXICO CITY, June 9: Rejecting the first environmental challenge to the North American Free Trade Agreement, a Mexican governor on Thursday ried a virus or another illness. said pollution did not cause and if contact with the polluthe death of 40,000 migratory birds at a reservoir in December, reports AP.

The US-based National Audobon Society and two Mexican environmental groups. The Group of One Hundred and the Mexican Environmental Law Centre, filed suit to force the Mexican government to reopen a study of the 120hectare (295-acres) Silva reservoir in Guanajuato

Guanajuato's governor, Carlos Medina Plascencia, rejected the environmentalists' claims that the deaths were

caused by pollutants released by nearby tannéries.

There are still doubts.

about whether the ducks cartion in the Silva reservoir precipitated their death, said Plascencia. The petition filed Wednes-

day contends Mexico ignored chromium released by tanneries upstream from the reservoir in Guanajuato, northwest of Mexico City, may have poisoned the ducks, egrets, sandpipers and other waterfowl. The suit was filed in Mon-

treal with the North American Commission for Environmental Cooperation, an environmental body created in 1993 to oversee the North American Free

tion on account of the default.

Trade Agreement on environmental standards in the United States, Canada and

"The loss of an estimated 40,000 waterfowl in a single incident is among the worst bird kills ever reported in North America, and it deserves to be fully and fairly investigated and explained," the petition says.

The Mexican government contends someone intentionally put the toxic pesticide endosulfan in the reservoir.

But investigators say evidence found in the birds is inconsistent with endosulfan poisoning. Fish are also more succeptible to endosulfan poisoning than birds, but there was no massive fish kill.

#### Dhaka to hold int'l livestock exhibition in Nov

A week-long international exhibition of livestock will be held at Sher -e-Bangla Nagar in the city in the first week of November next, reports BSS. It was decided at a meeting

held at the Directorate of Livestock with Minister for Fisheries and Livestock Abdullah Al Noman in the chair.

Besides, organisations and individuals involved in the production of dairy and poultry of the country. SAARC and other countries are also expected to participate.

The meeting was attended. among others, by secretary, Ministry of Livestock, AH Mofazzal Karim and director general. Directorate of Livestock, Nazir Ahmed.

## Lecture on US trade policy in city Tuesday

United States Information Service (USIS) will organise a lecture discussion on "US Trade Policy: With the Focus on the Textile industry" at Ats auditorium on June 13, reports UNB.

An expert in international trade and finance Dr Robert Dunn, Professor of Economics in George Washington University, will on various issues of US trade policy in the session.

#### NAFTA countries discuss Chile's admission to trading bloc TORONTO, June 9: The

North American Free Trade Agreement could reach into South America as soon as this year if negotiations launched here Wednesday lead to the trading bloc's admission of Chile, reports AP.

co. the United States and Chile began talks expected to take up to six months.

Chile would be admitted late this year or early next vear into NAFTA, which has removed trade barriers between the three North American coun-

ated pact, and could only vote 'yes" or "no."

the next decade.

## US House rejects repeal of War Powers Act, pushes ahead with foreign aid cuts veto the bill without significant

WASHINGTON, June 9: The House of Representatives is pushing ahead with major foreign aid cuts after rejecting a conservative Republican effort to include repeal of the War Powers Act and make it harder for President Clinton to veto its foreign affairs legislation, reports AP.

Republican Rep. Henry Hyde said the 217-201 vote Wednesday night against his war powers amendment reflects congressional reluctance to be perceived as strengthening the president's hand with the possibility of deeper US. involvement in Bosnia.

It was a dangerous amendment to offer with Bosnia imminent," Hyde said.

Full of irony, the debate saw Republicans calling for Congress to give up power to a Democratic president. Clinton has joined past presidents in opposing the 1973 act which resulted from US involvement in the Vietnam War and enables Congress to end military operations abroad.

House Speaker Newt Gingrich said members likely voted against the amendment Algermase they feared it would

Jalilur Rahman Chowdhury, Managing Director of Janata Bank, addressing the conference

of the managers of Sylhet area at a Sylhet hotel on Thursday. Mohammad Hossain, General

Manager of the bank, and an international banking advisor of FSRP, Anthony Rosers

"come back to haunt them."

The House headed for a vote Thursday on the farreaching American Overseas Interests Act. which cuts foreign aid by 3 billion dollar over three years and abolishes US aid, arms control and information agencies.

It also imposes several foreign policy changes on the administration, affecting decisions concerning Cuban refugees, assistance to Russia, and relations with countries ranging from Mauritania to China.

Clinton has said he would

## Firms in Malaysia facing labour shortages

KUALA LUMPUR, June 9: One in three foreign firms in Malaysia may consider shifting some operations to other countries, the Business Times said vesterday, reports Reuter.

A poll sponsored by the Malaysian newspaper and the polling firm of Research Pacific, covered 150 local, foreign and joint ventures in the manufacturing and service sectors.

It found 62 per cent of the respondents were facing labour shortages.

Most said the problem was "not critical", although they believed it would get much worse if steps were not taken by the government and the companies themselves. The Times said.

## Companies Act 1994: A missed opportunity?

new set of Company laws at last, responding to the need of trepreneurs, pioneers, initiacoming up to the age. Howtors and informed professionever, the Act in itself is not als at bay from the exciting necessarily a fresh set of law. playing field due to lack of le-In general, most of the old gal framework? How can we provisions has been retained except business to flourish to with some addition, alteration full potential if the rule of the and deletions on the body of game is not comprehensive the existing law. A critical and lacks clarity?

Barned are also seen in the picture.

Though it took over eighty

years to do away with the old

Act, it is of course a welcome

development that we have a

analysis of what has been laid It is a sad outcome that down on the table, would thus while we propagate developreveal a lot of missed opportument of corporate culture and nities and leaving the job envision stock market led somewhat unfinished. One growth, we fail to incorporate could not but have the feeling the phenomenon of Insider that the Act could have been Trading in our all so important made all encompassing and a act, may be leaving it to the comprehensive body of law by fumbling of some second fiddle incorporating many other feainstitution. A whole chapter tures and areas of the corposhould have been devoted to rate world and then justifiably this cancer of the modern called the corporations law. corporate environment, which if not regulated by superior Obviously, a vast body of law law, may drive the small inlike the Companies Act could vestor's money back under the and should not be framed evmattress in no time. So much ery now and then. We waited so for corporate culture and so long and should have by now stock market led growth come up with the best and

While business schools

mise, these essentially are not

most comprehensive piece of around the globe are awarding law, not requiring any amend-PhDs on the subject of ment for quite some time. takeover, mergers & acquisi-Many aspects essential to tions, which in their own right deal with modern business dehave become a discipline of velopments and idea have been the Arts and Sciences, our totally ignored by the framers. modern company law pathetimay be mainly due to our lack cally fails even to mention the terminologies in the Act, obviof exposure to that kind of environment and the fact that ously owing to the lack of exsuch level of sophistication has posure and sadly may be due to not been reached by us till our insufficient relationship now. But again, are not we with up to date reading matesupposed to be visionaries? If rials. While a between the line so, then there should not be reader may strive to find some any excuse for failing to consoface under the dubious title template the obvious. Why do on Arbitration and Compro-

we have to keep dynamic en-

the same phenomenon. Takeover and Acquisition procedures should have taken up a whole chapter of the Act. Who would now tame and checkmate the corporate raider? The Act while rightfully and

assertively deals with the relationship between Holding Company and Subsidiaries, it fails to make any distinguishing observation and provisions for Controlled Entities. Any informed person would know that subsidiaries and controlled entities are different ball games.

We all agree that Bangladesh is essentially an agro-based economy and apparently would remain so in the foreseeable future, in spite of our howlings on industrialization. For centuries, agrobased economies around the world flourished riding on the leverage of Commodities Futures. Trading which we contemptuously failed to develop. Our new companies act should have visioned and enshrined the Futures Trading Regime in the body of law, as was done by many a developed and developing countries. Who would applaud if we wait for the rain to come before we put up our roof? The roof should have been at place in the first instance.

The act makes mandatory, apparently caving to the lobbing of our Chartered Accountant friends, for any public or private company, to get accounts audited by a recognized Chartered Accountant only.

which disregards the capacity of the small private companies, but interestingly fails to make any mention of the requirement of Rating for those Chartered Accountants. It would seem that Quantity is assured here without ensuring the Quality. One cannot but agree with the logic behind such a proposition, but consideration of affordability was also due. There could have been a minimum capitalization criteria and also minimum tenure requirement, prior to public floatation, to require such audit by the private companies. Now who would take the blame if aspiring entrepreneur out for the go easy proprietary or partnership culture just of avoid or being-unable to afford retaining a Chartered Accountant. The Act also restricts, to some extent, firing of an auditor once appointed, which though strengthening the hands of the devout auditor against not so scrupulous owners/management, may impede flexibility of the management to do away with a third rate inefficient auditor who might still prefer an antiquated typewriter over that of a com-The Act also miserably fails

to make any reference to the all so important requirement of Accounting standards, leaving a green field again for the second fiddles to graze along. It is amazing why appointment of Chartered Accounts have been made compulsory while they do not have any rating and a body of universal Accounting and Reporting Standard is lacking. Provision for official Accounting Standard Board could have been incorporated in the Act, like that of the office of the Registrar and some other offices. The Act is quite liberal on imposing stringent fines and other penalties on the com-

pany and the officials on default and contravention of almost all the important provisions which should go a long way in ensuring compliance. However, subjecting the private companies to the almost equally rigorous reporting and return requirement as a public limited company, may act as an impediment to the development, growth and flourishment of small scale private enterprises, going against the very spirit of the legislation. Some fines have been proposed against defaults which may turn out to be difficult to administer and inaction after passage of a stringent provision could make the law as whole and ineffective. One example in this regard could be the requirement by the bank. ing and general insurance companies to display their statement of assets and liabilities in a conspicuous place of every registered and branch offices. We sadly find any compliance of this requirement which liable the company and every defaulting official to a find of Tk 100 for each day of default and more sadly the in-

action in any revenue collec-

A welcome step of the Act is the providing of the proxy to be either a member or a nonmember of the company which would certainly contribute to the efforts of protecting interest of the weaker section of the membership roll in a company. However, no penalty has been sanctioned against violation of this relevant section through restricting of proxy to members only. Companies thus can easily get away flouting with the noble but toothless optional provision. Lately in actuality, quite a number of Annual General Meetings were notified by different companies restricting non-members from being a proxy in such meetings and we are aware of any action taken by the all so powerful Registrar in this regard. The new provision on mi-

nority interest is the most notable feature of the new Act. providing remedial measures in protecting small or minority shareholders from the brute majority rule, specially through fraudulent, harmful and prejudicial practices. However, the requirement of one-tenth shareholding to be qualified for initiating proceedings under this act appears to be substantially on the higher level to be designated as minority. To ensure justice and fair play for the genuine minority, this requirement of percentage shareholding requires to be brought down to the minimum acceptable, expressed in absolute amount of money invested.

Moreover, the particular section purports to protect the interest of the minority debenture holders alike, without however, any clarity on the causes of action as detailed in the case of minority shareholders. This needs to be clarified to avoid unnecessary proceedings and consequent harassments. The Act restricts contract

and reappointment of the Managing Director to a term not exceeding five years in a row, without the consent from a general meeting. It also restricts payment of compensation to the directors, including managing director, for loss of office and provides that no person can hold the office of the Chairman and the Managing Director simultaneously or the position of Managing Director of more than one public limited company or private company which is a subsidiary of a public company. On first hand it would appear the provision has been incorporated to ensure accountability, efficiency and productivity of management professionals, separation and dilution of power and to discourage monopoly holding and execution of executive powers. However, given the dearth of indigenous skilled business management professionals. technical experts and entrepreneurial skills & acumen, this may retard the very growth of private sector enterprises and frustrate the very object of this provision.

One of the failures of the Act is the absence of any insti-. tutional mechanism like Corporate Law Authority to implement and enforce the law. Sole reliance on the general

civil administration and court would certainly delay conflict resolution and justice, hindering smooth growth and development of corporations. Dispute mitigation and arbitration mechanism is required to be institutionalized to ensure quick dispersion of corporate and commercial matters. In conclusion, it can be

fairly stated that though the new Companies Act contains some new elements and provision conducive to the stated objective, some of the provisions may in reality impede development of corporate culture. The lack of effective mechanism to monitor compliance and forum to dispense conflict and contravention quickly have effectively rendered the Act toothless to some extent leaving one with every reason to have a feeling that the Act fails to break out of the old structure and venture in to the in so far uncharted ground and the green field of corporate law, so essential to give it a comprehensive character. However, on second thought, shouldn't we thank the framers for the thankless job for providing us at least with some thing to comment on. (The writer is a securities

consultant. An Associate of the Securities Institute of Australia, he is currently associated with the Dhaka-based First Capital Securities Limited.)