

**Economic Policy Paper on
Business Organization Laws**

Introduction

The laws relating to Business Organization in Bangladesh are The Trade Organization Ordinance, 1961, as amended by The Trade Organization (Amendment) Ordinance, 1984 and the Rules made thereunder in March, 1994 after repealing the Rules made in 1985. The Rules made in March 1994 were further amended in July, 1994. Besides the above, the other law that is relevant for a business organization is the Companies Act, 1994. All subsequent reference to The Trade Organization Ordinance, 1961 shall mean The Trade Organization Ordinance, 1961 as it stands amended by the Trade Organization (Amendment) Ordinance, 1984 and reference to the Companies Act shall mean the Companies Act, 1994.

1. Review of the existing Business Organization Laws of Bangladesh

1.1 The Trade Organization Ordinance, 1961

The Trade Organization Ordinance was promulgated in 1961. It was amended in 1984 by The Trade Organization (Amendment) Ordinance, 1984. The object of the Ordinance is to provide for the regulation and control of Trade Organizations in the country and for matters ancillary thereto. A trade organization has been defined as an association which is formed or intended to be formed with the object of promoting any trade, commerce or industry or any group or class thereof or for representing for any purpose, in any manner and to any extent any trade, commerce or industry or any group or class thereof.

A trade organization has to be capable of being formed as a limited company. It has to be, however, a non-profit organization. The law prohibits payment of any dividend to the members of a Trade Organization. A Trade Organization applies or intends to apply its profits or other income for achieving its objects.

No trade organization shall be registered under the Companies Act or such other law unless it holds a license granted by the Government authorizing it to be so registered.

No trade organization shall function or engage in any activities without first obtaining a license under this Ordinance. Nor any company or a trade organization other than a registered trade organization can use in its name or title the words "Federation" or "Chamber" or "Association".

1.1.1 Trade Organizations Eligible for License

Section 3 of the Ordinance states that no trade organization shall be registered under the Companies Act or such other law unless it holds a license granted by the Government authorizing it to be so registered. Sub-section (2) of section 3 provides that no license shall be granted to a trade organization for its registration under the Companies Act unless it fulfils the following conditions:

- a. it is a Federation of Chambers of Commerce and Industry organized on all-Bangladesh basis to represent Chambers and Associations enumerated in b., c., and d.;
- b. it is a Chamber of Industry organized on all-Bangladesh basis;
- c. it is a Chamber of Commerce and Industry organized to represent trades and industries of specific areas, such as, divisions, districts, upazilas and municipalities;
- d. it is an Association of trade or industry or both, organized on all Bangladesh basis to represent specific trades or industries or both;
- e. it is a Town Association organized to represent trades and industries at a place where there is no Chamber of Commerce and Industry;
- f. it is a Group organized to represent specific trades or industries or both of specific areas, such as

divisions, districts, upazilas and municipalities.

It is further provided that license for registration as a Federation of Chambers of Commerce and Industry shall not be granted to more than one trade organization. Hence, there can be only one Federation of Chambers of Commerce and Industry in the country. This is in keeping with the principle that there should be one voice for effective representation. So Federation of Chambers of Commerce and Industry is the apex body of all trade organizations in our country. Similarly, license shall not be granted to more than one Chamber of Industry, which means there will be only one Chamber of Industry in the country. Likewise, an Association of trade or industry organized for representing specific trades or industries can be only one for its kind, as license shall not be granted to more than one trade organization for any specific trade or industry in the country. At places where there is no Chamber of Commerce and Industry, Town Associations can be organized to represent trades and industries. Such Town Associations will have to be affiliated to the Chamber of Commerce and Industry of the District in which the place is situated. For representing specific trades or industries in specific areas, such as divisions, districts, upazilas and municipalities Groups can be organized but there cannot be more than one Group to represent specific trade or industry in a specific area and in particular no Group shall be granted a license where there is a registered Town Association. The whole scheme is to ensure that there is one voice of representation and multiplicity of trade organizations for representing trade, commerce or industry is not encouraged and there is no competition or conflict of interest amongst the business organizations.

1.1.2 Conditions of License

Sub-section (3) of section 3 provides that a license may be granted with such conditions and subject to such regulations, as the Government may think fit to impose or prescribe.

1.1.3 Government's Power to grant Exemption

It has been provided in sub-section (6) of section 3 that the Government may grant exemption to any trade organization from any provision of section-3. This means a trade organization not fulfilling the conditions as enumerated in sub-section (3) and discussed above may also be granted license for its registration. Such exemption shall be for such period and subject to such conditions as the Government may determine.

1.1.4 Promoters/organizers Obligation

It is provided in sub-section (7) of section 3 that for granting of a license, the promoters or organizers of a trade organization, before formation of the organization, have to publish a notice declaring their intention to form a trade organization and the aims and objects of the trade organization in at least two national dailies, in case of a trade organization to be formed on all Bangladesh basis, and in local or regional newspaper, in the case of any other trade organization.

1.1.5 Prohibitions and Disabilities

All trade organizations (and companies) has to comply with the following provisions of the law:

- i). A Trade Organization prohibits payment of any dividend to its members; **Sec. 2(12)(c)**
- ii). No trade organization shall function or engage in any activities without first Obtaining a license; **Sec.3 (8)**
- iii). No trade organization shall function and maintain office in any form after its license has been cancelled; **Sec.5 (3)**
- iv). No company or trade organization other than a registered trade organization will use the words

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"Federation" or "Chamber" or "Association" in its name or title; **Sec. 6(1)**,

v). A registered trade organization cannot rescind, amend or otherwise modify its articles or memorandum without the prior approval of the Government; **Sec. 8(1)(a)**,

vi). No person shall be member of more than such number of trade organizations as the Government may specify by a notification; **Sec. 14**,

vii). No person convicted for an offence under this Ordinance shall hold or will be eligible for holding any office in a registered trade organization unless six years have elapsed after the date of his conviction; **Sec. 14 A**.

1.1.6 Classifications of Trade Organizations for the Purpose of granting License

Trade organizations that are eligible to be granted license by the Government authorizing their registration are as enumerated below:

- a. Federation of Chamber of Commerce and Industry organized on all-Bangladesh basis
- b. Chamber of Industry organized on all-Bangladesh basis
- c. Chamber of Commerce and Industry organized to represent trades and industries of specific areas; such as divisions, districts, upazilas and municipalities
- d. Association of Trade or Industry or both organized on all-Bangladesh to represent specific trades or industries or both
- e. Town Association organized to represent trades and industries at a place where there is no Chamber of Commerce and Industry
- f. Group organized to represent specific trades or industries or both of specific areas; such as divisions, districts, upazilas and municipalities; **Sec. 3(2)**.

1.1.7 Government as the Regulator

It is the Government who is the final regulator for all trade organizations. Without a license granted by the Government a trade organization cannot be registered. Besides this supreme power of granting a license, the Government exercises many other regulatory functions in respect of trade organizations. In granting a license the Government can impose conditions and prescribe regulations as it may think fit and such conditions and regulations shall be binding on a trade organization and if the Government directs these will also have to be incorporated in the memorandum and articles of associations of trade organization or in one of those documents; **Sec. 3(3)**.

The Government may at any time revoke a license granted to a trade organization after giving the organization an opportunity of being heard; **Sec. 4(1)(a)**. It can also cancel any exemption granted under sub-section (5) of section 3; **Sec. 4(1)(c)**.

The Government may classify registered trade organizations into various classes according to their status on the basis of membership subscription rates incorporated in the Article of Association and according to the importance or standing of the organization in the context of the relative position of the trade, commerce or industry in the national economy of the country, **Sec. 7(1)(a)**.

The Government can grant recognition to any trade organization and accord such privileges to the organization as the Government may think fit keeping in view the relative importance of the organization in the national economy of the country, **Sec. 7(1)(b) & (c)**.

The government may direct any registered trade organization to rescind, amend or otherwise modify its articles, memorandum, rules or bye-laws or to make any rule or bye-law if it is considered expedient. If any trade organization fails or neglects to comply with such direction the Government itself can effect the

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rescission, amendment or modifications and such rescission, amendment or modifications done by the government shall be deemed to have been duly done by the trade organization concerned, **Sec. 8(2)**.

The most obvious and apparent example of extreme regulatory interference would be seen in Section 8(1) which provides that all acts and proceedings of a registered trade organization shall be subject to the control of the Director and the affairs of such trade organization shall be managed and conducted in such manner as the Director may direct from time to time, **Sec. 9(1)**.

The Director who is an Officer appointed by the Government enjoys wide powers such as:

- a. he can attend any meeting of the General body or the Executive Committee of a trade organization or of any committee or body appointed to transact any business of the organization; **Sec.9(2)(c)**,
- b. he can watch and supervise or caused to be watched and supervised any election held by the Executive Committee or other body; **Sec.9(2)(d)**,
- c. he can with the approval of the Government annul the results of any election held by the Executive Committee or any other body if he is satisfied that unfairness in the conduct of such election justify such annulment; **Sec. 9(2)(e)**,
- d. he can cancel, suspend or modify any resolution adopted or any decision taken by the general body or the Executive Committee; **Sec. 9(2)(f)**,
- e. he can remove or cause to be removed any member of the Executive Committee and can fill up or cause to be filled up the resultant vacancy for the un-expired period. Number of members so removed shall not be more than five in any calendar year; **Sec 9(2)(g)(i)**,
- f. he can suspend or cause to be suspended up to total fifteen members in one calendar year, **Sec. 9(2)(g)(ii)**,
- g. he can remove or cause to be removed from the membership registrar of a trade organization the names of up to fifteen members in one calendar year; However, power of removal or suspension shall not be exercised without the approval of the Government, **Sec.9 (2)(g)(iii)**,
- h. The Government can supersede the Executive Committee of a trade organization for such period not exceeding one year if it is of the opinion that the affairs of the organization are not being properly managed and the interest of the trade organization requires such supersession ; **Sec. 10(1)**,
- i. The Government may, when the Executive Committee has been superseded, appoint an Administrator for such period not being more than one year, to take over the functions of such Committee and to manage and conduct the affairs of the trade organization. Upon the appointment of an Administrator, the members of the committee shall be deemed to have vacated their respective offices. The Administrator shall manage and conduct the affairs of the registered trade organization under the supervision and control of the Director. Expenses incurred in connection with the management of a trade organization by an Administrator including pay, allowances and remuneration of the Administrator shall be borne by the trade organization concerned, **Sec 10(2)(c)**, **Sec.10 (3)**, **Sec. 11(1) and Sec. 11(3)**.

1.1.8 Appeals

It is provided in the Ordinance that any person of a trade organization who is aggrieved by any decision or order of the Administrator or the Director may appeal against the order or decision of the Administrator to the Director, and against the order or decision of the Director to the Government and the Decision of the Government on such appeal shall be final. Upon an appeal as aforesaid, the Director or the Government may, as the case may be, stay implementation the order or decision appealed against until the appeal is disposed of, **Sec. 15(1) and (2)**.

1.1.9 Offences and Punishments

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It is provided that anyone contravening any provision of this Ordinance or any rule or order or any direction under the same or obstructs any officer acting thereunder shall be punishable with fine which may extend to Taka ten thousand. And in case of contravention of the provisions of section 13 and 14A there may be a further fine of up to Taka five hundred for every day that such contravention continues; **Section 18**.

It is further provided that where a person who is guilty of an offence punishable under section 18 is a company or other body corporate, every managing director, director, manager, secretary or other officer or agent of such company shall be deemed to be guilty of the offence unless he proves that the offence was committed beyond his knowledge or that he exercised due diligence to prevent its commission; **Sec. 19**.

1.1.10 Bar of Suits etc

No suit or other legal proceedings shall be instituted against a registered trade organization or any of its member or any member of the Executive Committee by any member of such registered trade organization or any member of any other trade organization questioning the validity or propriety of any act or proceeding of the trade organization or the Executive Committee unless such member or the other trade organization has made an application to the Arbitration Tribunal constituted for this purpose by the Federation of Chamber of Commerce and Industry and the Tribunal has given its decision or award on the reference; **Sec. 12**.

An order made under this Ordinance cannot be questioned in any court, **Sec 22(1)**.

1.1.11 Indemnity

No suit, prosecution or other legal proceedings shall lie against any person for anything done or intended to be done in pursuance of this Ordinance or any rule or order or direction under the Ordinance if the same is done or intended to be done in good faith; **Sec. 22(2)**.

1.1.12 Power to make Rules

The Government has the power to make rules for carrying out purposes of this Ordinance. Such rules will be made by notification in the official Gazette; **Sec. 23**.

1.2 The Trade Organizations Rules, 1994

The Trade Organizations Rules, 1985 that were originally framed under The Trade Organizations Ordinance, 1961, were repealed and new set of rules named Trade Organization Rules, 1994, were made by S.R.O. No. 105-Law/94 published on March 12th, 1994. The Trade Organization Rules, 1994, which were made by the Government in March, 1994, were further amended within 4 months, that is in July, 1994. S.R.O. No. 236-Law/94 published on July 4th, 1994.

These Rules prescribe the requirements for formation of a new trade organization and the manner in which license for a new trade organization is to be applied for; define the qualifications and classification of members; prescribe the fees payable by different class of members, provides for constitution of Election Board and Appeal Board for conducting elections to the Executive Committees of various classes of Trade Organizations and also the manner in which license of a Trade Organization can be cancelled or the organization or the person responsible can be penalized if the organization or a person is found to have committed breach of any rule or any condition of the license. The Rules cover various exigencies a trade organization may encounter in its formation, registration and in running its affairs. The Rules broadly cover the following areas:

1.2.1 Manner of Application for Granting License for Registration

Rule 3 prescribes the manner in which a trade organization has to apply for a license for its registration.

1.2.2 Eligibility and Class of Members

Rule 5 prescribes as to who are eligible to be members of a trade organization. Any individual, company, partnership firm or establishment can be a member of a trade organization other than a Federation, which represents the trade, commerce or industry run by them.

In a Chamber of Commerce and Industry there will be four classes of members:

1. Ordinary Members,
2. Associate Members,
3. Group,
4. Town Association.

In Town Association, Group Association and Chamber of Association there will be two classes of members: – Ordinary Members and Associate Members. In a Federation there will be two classes of members: - a) Members of Chamber Groups where all Chamber of Commerce and Industry and all Chambers of Industry shall be included; b) Members of Association Group where all Associations on all-Bangladesh basis will be included.

1.2.3 Compulsory Membership

Rule 7 provides that any individual, partnership firm, company or any other establishment engaged in import or export, or any other business or industry, and if on account thereof they pay income tax or income tax is payable by them, such individual, partnership firm, company or organization has to be compulsorily a member of the concerned trade organization.

Rule 8 makes it mandatory for all trade organizations who have been granted license to apply, within 60 days of receipt of their license, for their affiliation with the Federation or the respective Chamber of Commerce and Industry as the case may be; otherwise, the license of a defaulting organization shall be deemed to be cancelled.

1.2.4 Facilities and Privileges enjoyed by a Trade Organization

A trade organization incorporated under the Companies Act will be entitled to the following facilities from the Government:

- a. to submit opinion on commerce and industry to the Government;
- b. to advise the Government in the formulating and implementing policy on trade, commerce and industry;
- c. to expedite consideration by the Government and prompt reply thereon of any complaint received or application submitted on behalf of a trade organization in any matter relating to trade, commerce or industry,
- d. to supply copies of all notifications and circulars issued by the Government on all matters relating to trade, commerce or industry to the Federation without cost;
- e. to issue certificate about origin, quantity and weight of any specific commodity for the purpose of generally serving the needs of trade, commerce or industry;
- f. to send representative or observer to meetings, seminars, workshops and assemblies held in

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- i. to send representative or observer to meetings, seminars, workshops and assemblies held in foreign countries;
- g. for expansion and development of trade, commerce and industry, to accord permission for release of foreign exchange in respect of the following:
 - participation in an International seminar, assembly or workshop;
 - for participation in or organizing a trade fair or exhibition in a foreign country;
 - for establishing a business center in a foreign country;
 - for payment of remuneration to foreign consultants and experts.

1.2.5 Right to Vote

Rule 13 describes the right to vote. Except the Federation, every member of all other a trade organizations shall have one vote each. It can be however provided in the articles of association of a district Chamber of Commerce and Industry whether there would be more than one vote to a Town Association or a Group affiliated to a District Chamber of Commerce and Industry or whether there can be any reserved seat for a Town Association or a Group.

1.2.6 Election Board and Appeal Board

Rule 14 lays down that for conducting elections to its Executive Committee, a trade organization shall constitute a three-member Election Board and a three-member Election Appeal Board at least ninety days prior to such election. A member of the Executive Committee, any candidate to the election, or any one who has proposed or seconded the candidate will not be included in the Election Board or the Election Appeal Board.

1.2.7 Election Schedule

Rule 15 provides that the Election Board shall, at least eighty days prior to the date of election, announce an Election Schedule containing the following:

- i. date for publishing preliminary voter list;
- ii. date for filing application or objection to the Election Appeal Board for inclusion or removal of the name of any member from the preliminary voter's list and the date for decision by the Appeal Board;
- iii. date for announcing final voter's list;
- iv. date for filing nomination paper which shall be a date preceding the election date by at least thirty days;
- v. date for scrutiny of nomination papers and the date for publishing the list of duly nominated candidates;
- vi. date for filing appeal to the Election Appeal Board and the date for the decision of the Board;
- vii. date for publishing the final list of duly nominated candidates;
- viii. date for withdrawal of nomination;
- ix. date for election, counting of votes and publication of election result;
- x. date for filing objection to the Election Appeal Board and the date for decision by the Board;
- xi. Preparation of list of trade organizations and reports of General meeting and Elections.

No one whose name is not borne in the voter's list can be a candidate or propose or second a candidate in the election. An appeal to the Appeal Board against rejection of a nomination paper may be made within three days of publication of the list of duly nominated candidates and the Appeal Board shall decide such appeals within three days following, after giving an opportunity of hearing to the person concerned. All members eligible to vote in an election of a trade organization shall cast their votes by being present

personally. Vote by proxy shall not be allowed.

Rule 24 states that the Director and the Federation shall prepare and maintain lists of all licensed trade organizations. Every trade organization shall send to the Director and the Federation the following:

1. Annual Report placed by the Executive Committee at the Annual General Meeting in accordance with the provisions of the Companies Act; income and expenditure and one copy of the audited balance sheet; these will be sent within 30 days of holding of the said meeting;
2. Copy of report of all elections held under these rules which will be sent within 30 days of holding of such elections.

1.3 Review of relevant Provisions of The Companies Act, 1994

A trade organization has to be capable of being formed as a limited company within the meaning of the Companies Act, 1994. It has to be therefore compliant with all the requirements as applicable for a limited company which are enumerated in section 6 of the Trade Organization Ordinance, 1961.

A trade organization has to be a non-profit organization. It prohibits payment of dividend to its members and applies or intends to apply its profit or any other income in promoting its objects. The provisions of section 28 of the Companies Act, 1994 will therefore be applicable in case of incorporation of a trade organization. A license has to be obtained from the government which will be granted under such conditions as the Government thinks fit. The organization will not have to use the word "limited" in any part of its name. All these matters have also been provided for in the Trade Organizations Ordinance, 1961 and these do not need to be separately dealt with or commented upon.

2. Business Organization Laws in the most important Developed Countries of the World

There are mainly two categories of Business Organizations in the world. One category is established under Private Law System and the other under Public Law System. Private Law System is applied in the UK, USA, Canada, Ireland, Australia, New Zealand, Denmark, Norway, Sweden, Finland, Belgium and Switzerland. The Business Organizations in France, Italy, Netherlands, Germany, Austria, Luxembourg, Spain, and many other developed and newly developing countries are established under the Public Law System. The Business Organizations all over the world have, however, similar organizational structure and common purpose, i.e. to serve the interests of the national economy and the business community.

2.1 Main Provisions of the Private Law applied to Business Organization

The main provisions of the private law, which are applied in the above mentioned countries, are following:

- Business Organizations are Non-profit Organizations
- Membership of the Organizations are Voluntary
- There could be more than one Organization
- They are listed in the Register of Associations
- They are mainly financed by the subscription of the members
- Enterprises or Corporations from public sector can be members of the Organization
- State does not exert any undue influence
- The Members can elect their leader without any fear of being intervened by the government

As the membership of the Organization, according to the Private Law System, is voluntary, the Business Organization under Private Law System places much

emphasis on services for the members. During economic crisis, however, the Business Organizations under Private Law System suffer from loss of membership and financial parity. Besides, the government is not normally obliged to consult the Business Organizations about the development and other economic policies of the country.

2.2 Main provisions of the Public Law System applied for Business Organization

The main provisions the Public Law applied to Business Organization in the newly developed or developing countries are the following:

- Business Organization are set up by the State
- Membership of the Business Organizations are obligatory
- Public enterprises are also members of the Business Organization
- Business Organizations are some times organized sectorwise
- It encompasses agricultural sector also
- Subscriptions are fixed, but could be raised with the permission of the government
- Subscription is often a stipulated percentage of tax on an enterprises' profit
- Fee is determined annually by the Business Organization according to the needs and must be acknowledged by the Ministry responsible for Business Organization
- Introduction of "administrative tribunal" to arbitrate internal and external dispute and hinder excessive interference of the State
- Business Organization is accepted by the State as a competent adviser.

The Business Organization under Public Law system has following advantages:

- Need not concern themselves with the recruitment of members to increase income,
- Can take decision in the general interest and need not fear withdrawal from membership of the enterprises opposing the decision of the Executive Body,
- Need to be dependent on subsidies,
- They are able to recruit competent staff and provide it's the necessary services and supports,
- Having sufficient financial support can redefine objectives and initiate pilot projects,
- Obligatory membership ensure representation from all sector of the economy,
- Supervision of the Business Organization by government official does not restrict the independence of the Business Organization because the Business Organizations are regulated by set up rules.
- Auditing is applied for Business Organization, but in free market economy it is simple and means nothing but to ensure transparency.

2.3. Comparison of the Private and Public Law System

It is obvious that in developed countries of the world both the Private and the Public Law System are applied to regulate Business Organizations. Understanding the usefulness of these systems for developing countries like Bangladesh it is, therefore, essential to have comparison of the salient features of two systems and their advantages. The following Table, at next page, describes briefly the salient features of the two systems.

Table: Comparison of the salient features of the Business Organization under Private and Public Law System

Features	Chambers under Private Law	Chambers under Public Law
Legal Status	Non-profit Organization	Established by law stipulating function power etc

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	Voluntary	Obligatory
	May be registered under any one of the relevant laws of the country, e.g. Company, Society, Registration, and Trust law.	Recognized by government as the authorized institution representing business, industry, services, etc. as may be laid down.
Membership	Generally covers all economic sectors	Generally covers all economic sectors
Income	Membership fees, fees for services etc. Great stress on marketing efforts for services to increase income. Fee charge could, however, lead to resignation of the members because it has to work under competition.	Fees are determined by Organization and approved by the Government Resources are ensured. No fear of drop of membership and finance.
Management	Managing Committee supervises the office, it's staff, services etc. Elected officers are drawn from the membership. Finally the general body of the membership controls the Organization.	Managing Committee supervises the office, it's staff, services etc. It is subjected to the supervision of the government, although such supervision may not restrict the independence of the Organization, but it has to follow the directives of the government.
Consultation with Government	Entitled to be consulted The level and frequency of consultation depends on the status, creditability and representative character of the Organizations. May be there is more than one Business Organization the Government may consult.	The law provides for consultation As there is only one Business Organization representing business and industry, constant consultation is automatic.
Coverage	There may be more Business Organization in any location. There may be more than one National Business Organization. At regional level there may be more than one Business Organization.	There is only one Business Organization in any location. There is only one national Business Organization. At regional level there is only one Business Organization. If there is any sector-specific Organization, it must be also one.

Source: Income Generating Activities of the Chamber of Commerce, International Trade Center UNCTAD/GATT, Geneva, 1998 (edited).

3. Analyzing Remarks

The Trade Organization Ordinance was promulgated in 1961 and after 23 years some amendments were brought to it by another Ordinance, the Trade Organizations (Amendment) Ordinance, 1984. It is to be noted that both the main law and the amendments were made into laws through Ordinances. Hence these did not have the benefit of a debate by the legislators nor of any opinion from the business community at large. As a result the law is conspicuous by the overwhelming presence of regulatory bottlenecks in almost all affairs of a trade organization without caring much for how a trade organization can function smoothly and achieve its primary objectives of representing interest of business and or industry and assist its members by fighting for their common cause, just demands and inalienable interest. This is, however, not strange in view of the fact that the main Ordinance was promulgated during a time when it was never the honest intentions of the government to allow business organizations to grow and functions beyond its active control with any measure of autonomy.

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The country was suffering from undemocratic rule and the regime had been facing strong resistance from combined democratic opposition. So it was natural for a dictator that it would intend to control the Business Organizations with heavy hand. On the other hand the private sector was not also fully developed, articulated, aware of and organized to convince the regime that their objective was to serve the economic development of the country and protect their interests.

The long title of the Ordinance is thus quite unambiguous when it says that "whereas it is expedient to provide for the regulation and control of trade organizations and for matters ancillary thereto" that the Ordinance was being promulgated. Besides, from the discussions under the head "Government as the regulator" instances have been enumerated where the Government can exercise its control in very many ways over a trade organization that may impede the normal functioning of an organization. In respect of other organization, association, society or institution particularly for a non-profit organization so much of regulatory interventions have been provided for. The government acting through the Director, an officer appointed by it, can decide every action and function of a trade organization. The Director or the Administrator appointed by the government has such power under the Ordinance that he can reduce a trade organization to such a subservient role that it will have no other way but to act on his directions. The Director wields such power that he can remove any member of the Executive Committee any time, he may suspend or remove members from their membership. The most glaring instance of extreme regulatory interference may be foreseen in Section 8(1) which provides that all proceedings of a registered trade organization shall be subject to the control of the Director and Section 9(1) provides that affairs of such trade organization shall be managed and conducted in such manner as the Director may direct from time to time. He is the final arbiter. In short, he can decide and seal the fate of a trade organization.

With free economy being the order of the day, the role-played by commerce and industry has assumed an unprecedented importance impacting on the global economy, world society and the world politics at the same time. Democratization and deregulation is the cry of the hour. In Business Organizations, it is imperative therefore, that activities should be allowed unhindered and without outside interference governmental or otherwise, as far as possible.

Nevertheless, we must not lose sight of international experiences, which show that even in most of the developed countries Business Organizations operate under the Public Law System. The followings are the advantages of the system and a developing country like Bangladesh may benefit from these advantages:

- It helps to organize all enterprises on a single platform, so that interest of all sectors of the economy, i.e. also the weak and underdeveloped sectors are represented,
- The Business Organizations are strong enough to have due influence on the process of the economic policies making and selecting development strategies,
- The Business Organizations are financially sound and can provide all necessary service to its members,
- They are able to establish the Government and other major sections of the society like Trade Unions, Intellectuals Bodies, Economists, and the general Think Tanks that through broad based representations of different segments of the economic interests they truly can serve the economic development and welfare of the country and the society.

Finally it must be remembered that the constitution of the country guarantees freedom of association. Freedom should not be conceived of only in matters of freedom to associate or form but freedom to act, to voice opinion, to demand relief or remedy. But the type of trade organization that is envisioned in the Trade Organization Ordinance, 1961 cannot be accepted as an association that is free and capable of leaving any impressionable mark for the service and benefit of trade, business, commerce and industry which is its primary duty.