Grameen solar systems reach one million homes

GRAMEEN SHAKTI

A man carries a solar panel to install it at a rural home.

GRAMEEN SHAKTI

People install a solar panel, which is a great source of power in off-grid areas.

STAR BUSINESS DESK

GRAMEEN Shakti (GS) has reached the landmark of the installation of one million solar home systems in the country's rural areas on November 30, according to a statement yesterday.

At the present rate of expansion, GS will reach the two million homes by the end of 2016.

This expansion has been backed by the loans and subsidies provided by Idcol, a government organisation created with the financial support of the World Bank and other international donors.

GS has enabled around eight million people in Bangladesh to light their homes and businesses using solar power.

Various businesses, including mobile phone shops, electronic repair shops, agricultural and livestock farms, rural hospitals, vaccination centres are now using the system while the country's mosques and schools also get benefits of such power.

Local production and assembling of accessories at Grameen Technology Centres, run by women engineers and technicians, helped GS serve the clientele in a very cost-effective way.

"Grameen Shakti replaces millions of litres of kerosene by these one million SHS and reduces CO_2 emissions substantially. On an average, GS installs over a thousand solar home systems per day, working with a workforce of 12,000 young people," according to the statement.

Grameen Shakti was established by Nobel Laureate Prof Muhammad Yunus in 1996 to promote renewable energy technologies to the rural people to protect environment and improve living standards simultaneously.

GS reached quarter million homes in April 2009, half a million homes by the end of 2010, and a million at the end of November this year.

Forum on MDG performance begins today

STAR BUSINESS DESK

A two-day forum to review Asia-Pacific region's performance on millennium development goals (MDG) and formulation of post development framework will start at Sonargaon Hotel in Dhaka today, according to a statement yesterday.

Members of parliament, civil society representatives, MDG experts from 19 countries of the region will discuss related issues at the event: South Southwest, North and Central Asian Parliamentarian and CSO Forum on MDG Acceleration and Post 2015 Development Agenda.

The forum is hosted by Bangladeshi parliament and the All Party Parliamentary Group and is jointly organised by United Nations Millennium Campaign and the Asian Forum of Parliamentarians on Population and Development with support from the Rockefeller Foundation.

According to the latest global MDG progress report, despite real progress in many countries, efforts need to be intensified to reach the poorest and the most disadvantaged. The forum will serve as a continuation of the review on MDGs.

Wal-Mart supplier denies knowing clothes made in Bangladesh factory

THE LOS ANGELES TIMES

AFTER the Bangladesh factory fire that killed more than 100 workers in November, retail giant Wal-Mart Stores Inc fired a supplier making clothes at the facility. Now that supplier has come forward to say it was not aware its clothes were stitched there, according to reports.

Success Apparel said in a statement to Bloomberg that it placed an order with Simco, a Wal-Mart-approved supplier, to fulfil orders. Simco then doled out about 7 percent of the order to Tuba Group, owner of the now infamous Tazreen Design factory in Bangladesh, according to Success.

"This factory is not on our matrix and we have never done business with them," Success said in the statement to Bloomberg. "We have been a trusted supplier to Wal-Mart for over two decades, never had any violations and complied with the highest ethical and safety standards that our company sets forth."

A workers' rights group found documents in the remains of the fire that reportedly pointed to at least five suppliers making clothes for Wal-Mart at the factory this year.

Wal-Mart was not the only retailer connected to the factory. After the fire, Sears said a supplier was using the facility to make apparel without informing the company.

Industry experts say the tragedy highlights the complexity of the global supply chain, where retailers use vast networks of vendors and manufacturers to churn out their products. Analysts say it can be extremely difficult to keep tabs on every part of the process.

Protests have erupted in Bangladesh as textile workers rally. Police have arrested three factory supervisors who are suspected of locking in workers after survivors told authorities that exit doors would not open when they tried to flee, the Associated Press reported.

India's bitter colonial past generates suspicion over FDI

AFP, *New Delhi*

INDIA'S bitter colonial past hangs heavily over the government's renewed drive to open the inward-looking economy to foreign investment, even 65 years after independence, analysts say.

Despite a dramatic economic transformation in the past two decades, the emerging market giant's 200 years under British domination still evoke painful memories.

"The evils of British colonisation are etched in our minds and Indians fear foreign companies have the power and strategies to recolonise India," said Mridula Mukherjee, a history professor at New Delhi's Jawaharlal Nehru University (JNU).

Those worries came to the fore last week as lawmakers debated a government move to let in foreign supermarkets -- a key plank of its economic reform agenda and aimed at drawing in more investment from overseas.

Opponents fear that allowing the entry of retail giants such as US-based Walmart will force India's millions of small shopkeepers out of business.

The Congress party-led government of Prime Minister Manmohan Singh won the vote to permit the entry of big retailers even as opposition parties accused it of wishing to revive the rule of foreign traders.

"Vote against the entry of foreign retail giants -- think of your duty to your country," Sharad Yadav, head of the socialist Janata Dal (United) party, implored lawmakers in parliament's decision-making lower house.

"America and other countries will never want India to develop -- it only loves the market here. Don't let another East India Company enter the country," he said.

Yadav was referring to Britain's former East India Company, dubbed the world's first multinational, which held sway over vast parts of India and set up trading posts to ship cargoes of textiles, indigo, sugar and spices.

The East India Company was disbanded after the bloody 1857 uprising known in India as the country's First War of Independence. The revolt which was savagely repressed made way for the British Raj -- direct rule by the British government.

The anti-foreign tone was the same in the elected upper house of parliament.

"The East India Company entered through Kolkata (formerly Calcutta) and ruled," said Naresh Agarwal of the regional socialist Samajwadi Party. "This time, they are coming through New Delhi."

The feisty chief minister of West Bengal, Mamata Banerjee, has been among the most strident opponents of allowing foreign traders access to India's vast consumer market, calling it a "historical economic blunder".

Banerjee's office is in Kolkata's sprawling red-brick secretariat built by the East India Company more than 200 years ago for trading in opium, cloth, tea and indigo.

Rebuilding trust, after the global financial crisis

STAR BUSINESS DESK

AFTER the global recession, there has been erosion of trust in the financial sector in general, and banking in particular, in the US, the UK and, to some extent, in Europe.

On the other hand, surveys showed that the confidence in the financial sector and banking has increased in emerging market economies, particularly in China and India.

This is what YV Reddy, a former governor of Reserve Bank of India, said at the 12th Nurul Matin Memorial Lecture on trust in banking.

Bangladesh Institute of Bank Management organised the lecture at Ruposhi Bangla Hotel in the capital on Saturday.

Following is the abridged version of Reddy's speech.

With the onset of the global financial crisis, some private banks were nationalised in some advanced economies to ensure trust when there was a threat of their collapse. In some cases, governments in advanced economies had to inject capital for the purpose.

In China, where there was considerable dissatisfaction with public sector banks, the opinion suddenly seemed to have changed significantly in favour of public sector banking.

In India, in the immediate aftermath of outbreak of the crisis, there was flight of deposits from private sector to public sector banks, but that was mostly temporary, though there was no sudden reversal of flows.

So, in a way, therefore, the erosion of trust in banking as a consequence of the crisis has not been universal, and in some cases temporary.

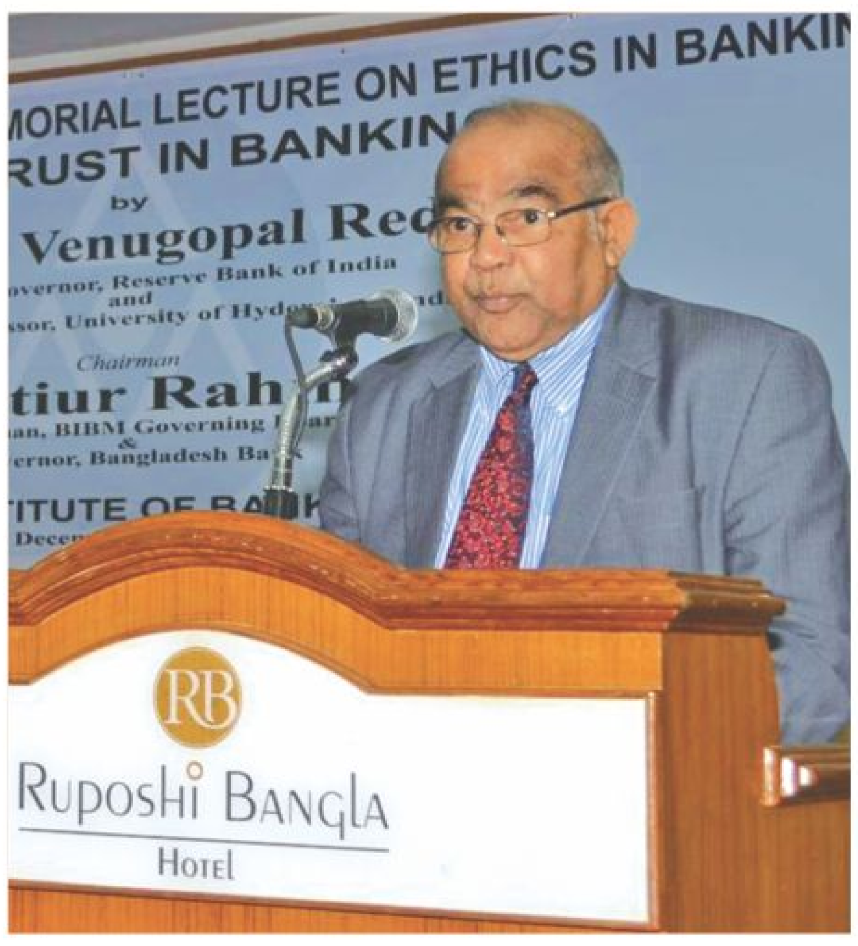
There is a divergence in the trust deficit consequent upon the crisis between advanced economies and emerging market economies, and between public sector and private sector banks.

In some advanced economies, such as Canada and Australia, the confidence in banking sector remains largely unaffected. So, when financial sector reforms are taken forward, there is a need to examine why there has been such a divergence in trust among countries during stress in financial sector.

There are several reasons for erosion of trust in some jurisdictions. Large sections of the population have been adversely affected by the financial crisis in terms of loss of properties, employment, incomes, value of financial assets, etc.

They consider themselves innocent victims of crisis in financial sector. They feel that those involved in financial sector have enjoyed large gains before the crisis and shifted the pains of adjustment in response to the crisis to the rest of the population when crisis occurred.

In the discharge of semi-fiduciary functions that are critical to the integrity of financial markets, such as fixation of LIBOR and credit rating, the major global players in financial markets discredited themselves as disclosed after the crisis.



YV Reddy

When several irregularities in the functioning of large financial intermediaries were found prior to the crisis, the regulators' reactions were mooted. The public at large are still left in the dark about the details of malfeasance.

The shareholders in a few large financial conglomerates are actively questioning the remuneration of senior management after the crisis. Thus, many segments of the population in most affected countries are disillusioned with the financial sector in general.

Trust is generally important and more so for the financial sector due to several complex factors such as intangibles, information asymmetry, externalities, and risk distribution.

There is a need to rebuild trust where there has been erosion of the trust, and for this purpose it is necessary to learn lessons from both the cases where there is erosion of trust and cases where there is no erosion of trust. It is also important to continuously monitor how the trust is evolving from time to time.

Trust is something which goes obviously beyond the slogans, such as, "customer is king", "quality of service", and "efficiency of service". Trust has close affinity with ethics, morals, values, sense of fairness, etc. which are often country specific and culture specific.

Monetary management, fiscal management and financial sector are closely related. Experiences of the Eurozone, the US, China and India, illustrate importance of the relationship between the three policies. If there is a serious fiscal issue, then the monetary authority has to take some burden, and regulators of financial sector may have to step in.

At a time of crisis in the financial sector, monetary authorities are the first line of defence but fiscal authorities may have to assume risks arising out of such operations. If the government is constrained in expanding fiscal stimulus in times of recession, monetary authorities may have to supplement effort with monetary operations.

In a way, the biggest insider game that happens in the world is between the government and the financial markets, especially banks. A bank has to be licensed to accept public deposits and, therefore such institutions are regulated. They are, thus, very dependent on the government for a licence which, in a way, attracts the trust of the people to deposit their money in banks.

Government in turn gets resources whenever it wants by virtue of borrowing from the financial sector, especially banks. So, the people trust in banks in which the government and the financial sector reinforce each other, said the former governor of the Indian central bank.

People feel that government ensures the trust in banks, in some way or the other. The financial sector feels that they give money to government whenever feasible. That is, in a way, insider trading.

When both of them fail, there is a crisis. One can support the other, but what if both of them fail? That is what is happening in the Eurozone. Experience in some countries in Europe has shown that weaknesses in financial sector, especially banks, can get transmitted to sovereign risk and result in sovereign debt crisis.

Therefore, if a nation is fiscally weak, inherently it cannot have the same amount of capacity to support the financial sector when it is under stress.

Sixth, the restoration of trust in financial sector will also depend on how the burden of managing and resolving the crisis in financial sector is distributed, whether fairly or unfairly.

There is a recognition in some sense that the financial services sector is a utility. The dominant view till the global crisis was that financial markets are no different from goods markets. The view that trading in goods is different from finance is now getting greater support than before the crisis.

Explicit recognition of the special status of finance industry in relation to the society in the conduct of public policy could enhance trust.

The goal of financial sector reform in developing countries may not be to replicate the models of advanced economies, which faced stress and are still under review. The path to reform should not be viewed in isolation but in the context of other macro economic and structural factors of the country concerned.

The banks should be protected from being excessively mixed up with financial activities or products other than traditional retail commercial banking. A careful view has to be taken on the timing, extent and nature of globalisation of finance that would be consistent with the over-riding national priority for maintaining trust in the financial sector, especially the banking sector of a country.