

Star BUSINESS

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TAZREEN FIRE FALLOUT

Wal-Mart washes hands off Simco's hardship

REFAYET ULLAH MIRDHA

US retail giant Wal-Mart has refused to accept any responsibility for Simco Dresses' financial hardship arising from a rejected shipment, suggesting it deals with Success Apparel, the local company's contractor, over the matter.

Simco received an order on August 14 last year via one of Wal-Mart's sourcing companies, the New York-based Success Apparel, part of which was later subcontracted to Tuba Group, parent company of the controversial Tazreen Fashions.

Tuba Group was supposed to execute the order at Tuba Fashion, a compliant factory, but diverted it to Tazreen Fashions -- without Simco's knowledge.

After the Tazreen fire on November 24 last year, Wal-Mart severed ties with Success Apparel and blocked Simco's first shipment worth \$3.90 lakh, which by then had reached the Los Angeles port, leaving Simco on the brink of bankruptcy.

"Due to Simco's involvement in the subcontracting that led to Success Apparel's termination, Wal-Mart determined it was inappropriate to purchase the product," said Andy Barron, an executive vice-president of Wal-Mart, in the letter addressed to Muzaffar Siddique, managing director of Simco.

"Because Success Apparel was the party with whom you contracted and that was responsible for informing you of Wal-Mart's requirements, we suggest we work with them to address your concerns."

The undisclosed subcontracting conducted by Simco has brought about Success Apparel's non-compliance to Wal-Mart's Standards for Suppliers, which stipulates that workers who produce merchandise for sale at the retailer are treated ethically and that they work in a safe environment.

Siddique, on the other hand, claims Wal-Mart's Dhaka office was aware of the subcontracting agreement between Simco and Tuba Group all along.

"I will reply to the Wal-Mart this week," Siddique told The Daily Star.

Additionally, in order not to harm factories that did not engage in prohibitive behaviour, Wal-Mart has decided to purchase merchandise directly from compliant factories producing merchandise for Success Apparel.

"However, Wal-Mart has and will continue to accept product manufactured by Simco for other suppliers until current purchase orders are completed."

Meanwhile, Nazma Akter, president of Sammilito Garment Sramik Federation, a platform for garment workers, said Wal-Mart should accept the products, which were shipped before the fire.

Nazma along with other workers' organisations submitted a letter on December 3 last year to the US retailer's Dhaka office demanding compensation for the fire victims and not to cancel work orders from Bangladesh.

"But Wal-Mart did not respond. This is not ethical," Akter said.

Govt to buy more local wheat

SOHEL PARVEZ

The government plans to buy 1.5 lakh tonnes of wheat from the domestic market to build up its stocks, an official said yesterday.

The move will also cushion the growers against risks of falling prices in the current season, he said.

"We want to provide an incentive to the farmers," said Ahmed Hossain Khan, director general of Directorate General of Food.

The government bought 98,500 tonnes of wheat last fiscal year.

During the current fiscal year, the government has so far bought 8.68 lakh tonnes of rice out of its target to buy 15 lakh tonnes of food grains, including wheat, according to the food ministry.

Khan said the food directorate plans to buy higher quantity of wheat this year considering the prospect of a good harvest, which will begin by the middle of next month.

So far, the prospects for wheat look bright amid increased acreage and favourable weather in the major growing districts, officials said.

Wheat cultivation area rose 23 percent to 4.42 lakh hectares in the current growing season from 3.58 lakh hectares a year ago, according to the estimate of



STAR The food directorate plans to procure more wheat this year than the previous year depending on the prospects of a good harvest.

the Department of Agricultural Extension.

Farmers bagged 9.95 lakh tonnes of wheat last year, up 2.57 percent from the previous year's 9.70 lakh tonnes, according to Bangladesh Bureau of Statistics.

Production may be about 13 lakh tonnes this year, said Md Badrul Hassan, director (procurement) of the Directorate General of Food.

Naresh Chandra Deb Barma, chief scientific officer of wheat

research centre at Bangladesh Agricultural Research Institute, said the government purchase keeps the local market vibrant and thus helps farmers.

However, the government's purchase price is yet to be set.

Khan of the food directorate said the price will be determined within the second week of March.

Last year, the food ministry bought locally grown wheat at Tk 24 each kilogram.

Barma suggested the food ministry should not import wheat during the procurement period.

Bangladesh meets two-thirds of its annual demand for wheat of 30 lakh tonnes through import.

Some 10.47 lakh tonnes of wheat was imported during July-February of the current fiscal year, down from 11.16 lakh tonnes in the same period last year. The private sector was the main importer.

Directors without 2pc shares won't attend board meetings: HC

STAR BUSINESS REPORT

Sponsors and directors of listed companies, who failed to comply with a regulatory directive to hold at least 2 percent stakes in their own firms, have been asked not to attend their board meetings.

The High Court yesterday issued a rule to this effect and said the order will remain effective until further instruction.

The court also asked for explanation why the posts of the sponsors and directors having less than 2 percent shares will not be declared vacant.

An HC bench comprising justices Mirza Hussain Haider and Muhammad Khurshid Alam Sarkar passed the order following a writ petition.

The petition was filed by five individuals, including an investor, challenging the validity of directorship of such sponsors and directors.

Ten institutions, including Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Mercantile Bank and Social Islami Bank, will have to appear before the court with explanation within next 10 days.

The HC set March 13 for the next hearing.

Earlier on November 22 of 2011, the stockmarket regulator through a directive made it mandatory for sponsors and directors of listed companies to always keep at least 2 percent shares under individual and combined ownership.

On May 21 last year, the HC upheld the regulator's directive on the minimum shareholding after rejecting petitions filed by some directors and aspirant directors of three listed firms.

The petitioners had challenged the legality of the regulator's directive.

Some 35 sponsors and directors of 14 listed firms still hold directorship in their respective boards, despite having less than 2 percent stakes, according to recent data from the BSEC.

Solar home systems growing fastest in Bangladesh: WB

STAR BUSINESS DESK

Bangladesh now has the fastest growing solar home systems programme in the world with more than 50,000 new installations a month, the World Bank said in a statement yesterday.

The lender has been supporting the programme to provide electricity to rural households since 2002 through the Rural Electrification and Renewable Energy Development Project.

The solar home systems consist of a solar panel, a battery, and a charge controller. The battery is charged by solar energy, which in turn provides electricity to the households.

With support from the WB and other development partners, about two million solar home systems have already been installed in the rural areas.

The lender has contributed about \$492 million to the project that ended in December 2012.

Recognising the success in providing rural electricity, the WB



STAR A solar home system sits on a rooftop. More than 50,000 solar home systems are installed a month, according to the World Bank.

in September last year approved the second phase of the project worth \$155 million to further the initiative.

The second phase will support provision of 550,000 solar homes systems in rural areas, renewable

energy-based mini-grids, replacement of diesel irrigation pumps with solar pumps, dissemination of clean cook stoves and deployment of energy-efficient compact fluorescent lamps.

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Regulator to appoint foreign firm for 3G auction

STAR BUSINESS REPORT

The telecom regulator is going to appoint an international consulting firm to prepare, conduct and manage auction for the upcoming spectrum allocation for 3G licences.

Bangladesh Telecommunication Regulatory Commission (BTRC) published a media advertisement yesterday that it wants to appoint an international auction service provider to conduct the auction.

However, BTRC Chairman Sunil Kanti Bose Thursday told The Daily Star that the commission is in a hurry as the auction will be conducted on June 24.

The commission wants to appoint an international firm so that the auction can be conducted without any criticism.

The auction will be conducted through the open outcry method or ascending bid, which is the most transparent system, according to the BTRC.

However, the government has set up \$20 million for per MHz spectrum.

Four licences will be given through the auction while one will be reserved for a new entrant.

The government has already given 10 MHz spectrum to state-run mobile operator Teletalk on a test basis. But it will have to pay for the allocated spectrum after the auction at the market price.

The winning operators will get minimum 5MHz and maximum 15 MHz spectrum while each block has 5 MHz in the 2100 MHz band. The spectrum will be provided for 15 years.

Nokia's cheaper Windows phones

Nokia yesterday unveiled two new Windows Phone-based Lumia smartphones aimed at the cheaper end of the market.

The Finnish group revealed the Nokia Lumia 720 and Nokia Lumia 520 at the world's biggest mobile fair in Barcelona, Spain. -- AFP

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