

Loss of a silent reformist

SAJJADUR RAHMAN

WITH the death of Prof Muzaffer Ahmad, the country has lost one of its greatest sons and an influential educationist.

Prof Muzaffer was an economic planner and a political economist in traditional sense. He was associated with the country's first five-year plan, advised governments and briefed donors on different public issues.

He had a great role in designing and reshaping the education of business administration after the independence of the country.

Besides delivering academic excellence, he also got engaged in transparency, governance and environment issues. He was one of the organisers of the anti-Ershad movement at Dhaka University.

This prolific and extraordinary personality died Tuesday night at the age of 79. The cause was old-age complications, according to doctors.

Prof Muzaffer, who was born in March 1936 in an educated family, was a leading economist and a professor at the Institute of Business Administration of the University of Dhaka. He is survived by his wife, two sons and two daughters.

Fellow economists termed him a multi-dimensional economist who thought a lot about political economy and social issues. To the students, he was an inspiration.

"He was a different class of economist, a very good human being, courageous and plain-spoken," said Dr Atiur Rahman, the central bank governor who had experiences to work with Prof Muzaffer.

Atiur said Prof Muzaffer did not see economy from conventional thinking.



Prof Muzaffer Ahmad

rather he saw it from multidimensional and broad views.

The governor had worked with the deceased at the Bangladesh Economic Association (BEA) and Bangladesh Paribesh Andolon (environment movement).

Prof Muzaffer was the president of the BEA and Atiur was the general secretary in early 1990s. "He had exceptional leadership quality," said the governor, recalling the anti-Ershad movement (a movement against the then president HM Ershad in 1990s) where Prof Muzaffer was one of the main organisers.

After the independence in 1971, Prof Muzaffer was the chief of the industrial division at the Planning Commission where he played a key role in formulating the country's first five-year plan.

"His contribution to the social sector is

incomparable. He was very active on environment and governance issues," said Quazi Kholiqzaman Ahmad, a senior economist and chairman of Bangladesh Palli Karma Shahayak Foundation or PKSF.

Prof Muzaffer was a former chairman of the Trustee Board of Transparency International Bangladesh. He was also associated with "Sujon", which promotes good governance. He was also one of the most prominent environment activists in the country.

Dr Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies, talked on a different quality of Prof Muzaffer.

"He patronised and promoted talents and skills, which are not common in Bangladesh," said Mujeri. Prof Muzaffer worked a lot on political economy, he added.

TIB Executive Director Iftakharuzzaman said, "It's an irreparable loss for the country".

"Prof Muzaffer was involved in anti-graft movement since the foundation of the TIB in 1996," he said.

Anwar Hossain, one of Prof Muzaffer's students at the IBA, was remembering a lesson from his favourite teacher: "Using excess water in bathroom is also corruption."

"He always tried to instil such values into students and academicians alike," said Hossain who is working in a US-aided project in Bangladesh.

Prof Muzaffer received numerous awards for his contribution to national development. Ekushey Padak awarded by the government of Bangladesh in 2008 was one of those.

He has written 18 books, many of which were published from outside Bangladesh. He has around 400 essays and 200 book reviews in his credit.

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IT to help farmers get cold storage



Growers of perishable food items have to suffer a lot to keep their produce in cold stores and sell those in time.

KHAIRUL ISLAM and NILUSHA KAPUGAMA

SEASONAL gluts and shortages are a common problem in agriculture markets. They often lead to market inefficiency (demand not meeting supply), resulting in wastage (or shortage) and volatile prices for both consumers and producers. Availability of warehousing for semi perishables and cold storage for perishables alleviates the problem. If all necessary procedures are followed, longevity of the produce and stable supply can be ensured.

Potatoes have been cultivated in Bangladesh for nearly a century. Among potato producing countries, Bangladesh is currently ranked eighth in the world. Cold storage was first introduced to the potato industry in the seventies and this has helped to ensure that potatoes are consumed across the year and not just during the seasons.

The availability of the storage space has increased over the last thirty years. However, has the potato industry made optimum use of this?

According to data from the Cold Storage Owners' Association of Bangladesh, on average, about 90 percent of the cold storage space is utilised. Ninety percent utilisation is excellent by any standard.

However, when these data were presented to a forum of potato industry experts, several private sector cold storage owners disagreed. They claimed that cold storage space has increased over the last few years and the average or overall utilisation of capacity is much lower (around 60 percent) than what is given by the association and that the figures have not been updated. The last available data from the association are from 2009.

Despite the overall under-utilisation of cold storage space, experts also spoke of excess demand for cold storage in some areas of the country. The queues seen outside of some storage facilities provide evidence for this. One problem may be the lack of information about the capacity remaining at some of the cold storage facilities.

A solution can be provided through the use of information and communication

technology.

The most widely accessible form of ICT in Bangladesh is mobile phone. An information management system can ensure that information on the availability of space can be sent out to traders and farmers. The cold storage owners are a part of the Bangladesh Cold Storage Owners Association. The association can collect the information about the availability of space from members. The information can be sent to registered traders and farmers either on a subscription (push basis) or made available for retrieval when needed (pull basis).

Currently, only 25-30 percent of the potatoes produced in the country can be accommodated in cold storage spaces. While asymmetry of information may be one reason for the underutilisation of the cold storage spaces, the ability for the farmers and the traders to use the information about the space availability will also depend on the distance and the availability and cost of transport to the available storage facilities.

While cold storage is important in making agriculture supply chains and markets more efficient, it is also important to follow proper procedures in storing the produce in the facilities. This includes ensuring that the produce is sorted properly and damaged or diseased produce is not stored with the healthy produce. The inclusion of a few damaged or diseased potatoes will often lead to contamination of the healthy produce stored in the same space. This kind of knowledge can also be provided along with space availability to registered farmers and traders. On the part of the storage suppliers, it is necessary to maintain the facilities to the required standards.

Inclusive development requires that all efforts be made to effectively integrate smallholder farmers to agricultural supply chains. Efficient use of cold-storage facilities is essential for the effective functioning of the potato supply chain. In this, mobile-based information systems maintained by cold storage owners through their associations can play a role.

The writers are researchers of LIRNEasia, a Colombo-based think-tank.

Tribute to Muzaffer Ahmad

ASJADUL KIBRIA

IT was in 1995 when we read in the newspapers that economist Robert Lucas was awarded the Noble Prize in economics for his 'rational expectations' theory. The name Lucas did not ring a bell, and as undergraduate students of economics in Dhaka University, naturally we were piqued to find out more about him and his theory. Back then, the internet was not available and had to rely on library and senior lecturers to source information.

But actually, we have heard of the name Lucas before. Earlier in the same year, our economics department organised a programme in TSC auditorium; in the inaugural session, Professor Muzaffer Ahmad was the chief guest. Probably, that was the first time I saw him in person. In that session, I came to know that Robert Lucas was one of his classmates during PhD at the University of Chicago.

After graduation, I started off my career as an economic journalist. This provided an opportunity to interact

with Muzaffer sir. I can remember an event that was very helpful in the development of my career. One evening, I called Muzaffer sir on his landline to seek his opinion on a topic on the Bangladeshi economy. Sir became little annoyed as it was not an appropriate act of journalism. He clearly told me that he was not in a position to make any comment like few other economists (he mentioned a few names) without looking into statistics. Sir also advised me to bring an annual report of Bangladesh Bank and few other documents if I really want to use his analysis in my piece. No doubt I was somewhat shocked at the way sir refused to comment right away. But later on, I started viewing that incident as a learning experience. Since then, I have been in constant contact with Muzaffer sir for professional purposes.

Over the years, be it post-budget reaction, analysis on recent economic trends or future of national politics, I always turned to Muzaffer sir for his view -- and I had easy access to him.

When Transparency International ranked Bangladesh at the top of its Corruption Perceptions Index in 2001, it was met with a huge uproar, especially from the then government. There was a considerable amount of confusion surrounding the index, and sir, personally called me over to his Dhanmondi home to pass on some notes to clarify the matter. He asked me to write a brief piece on it, which I did.

I cannot fit into these pages all the interactions I have had with Muzaffer sir, nor can I select my most cherished ones -- but I still had to write something on him. I was fortunate to have known such an enlightened person, whose life and work transcends economics. He was an educationist, a social thinker and with the gumption to initiate whistle-blowing in this distorted society of ours. This is my tribute to him. I will be ever so grateful and proud knowing that Muzaffer sir had great affection for me.

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Regulators, investors turn up heat over Facebook IPO

REUTERS, New York

TWO top US financial regulators said on Tuesday the issues around the initial public offering of Facebook should be reviewed, putting fresh pressure on the company, its lead underwriter, Morgan Stanley, and the Nasdaq stock exchange.

Facebook shares closed 8.9 percent lower at \$31, following an 11 percent plunge on Monday. At that price the company has shed more than \$19 billion in market capitalisation from its \$38-per-share offering price last week.

Reuters reported late Monday that the consumer Internet analyst at lead underwriter Morgan Stanley cut his revenue forecasts for Facebook in the days before the offering, information that was not disclosed to the market before the stock was listed.

Facebook itself had urged analysts working for some of the 33 underwriters to lower their estimates ahead of the IPO, according to four sources with direct knowledge of the conversations that were held during the week prior to the IPO.

"Facebook changed the numbers. They didn't forecast their business right and they changed their numbers and told analysts," said another source at one of the underwriters with knowledge of the situation.

The company had issued a revised prospectus on May 9 in which it cautioned about the possible negative impact of Facebook users shifting to mobile platforms, but the vague language fell well short of an explicit warning of lower revenues or earnings.



Facebook co-founder Mark Zuckerberg is seen on a screen getting ready to ring the NASDAQ stock exchange opening bell in Times Square in New York on May 18.

Facebook has yet to make much revenue from mobile advertising.

The disclosure of lower forecasts to certain big institutional investors left both Facebook and Morgan Stanley open to accusations of selective disclosure. Many smaller investors who bought Facebook shares in the IPO were left in the dark.

A Facebook spokesman declined to comment. "Morgan Stanley followed the same procedures for the Facebook offering that it follows for all IPOs," Morgan Stanley spokesman Pen Pendleton said in a statement. "These procedures are in compliance with all applicable regulations."

JPMorgan Chase and Goldman Sachs, which were also lead underwriters on the deal, and another underwriter, Bank of America Merrill Lynch, also all revised their estimates during Facebook's IPO roadshow, according to sources familiar with the situation.

The new estimates showed reductions in revenue and earnings projections for both the second quarter of 2012 and the full year, according to detailed figures reviewed by Reuters.

The issue of selective disclosure drew the attention of the main regulator of US brokerages. "That's a matter of regulatory concern to us and I'm sure to the SEC," said Richard Ketchum, the Financial Industry Regulatory Authority's chairman and chief executive. "And without saying whether it's us or the SEC, we will collectively be focusing on it."

Securities and Exchange Commission Chairman Mary Schapiro said investors should be confident in investing, but she conceded there were questions to

answer as well.

"I think there is a lot of reason to have confidence in our markets and in the integrity of how they operate, but there are issues that we need to look at specifically with respect to Facebook," she told reporters as she exited a Senate Banking Committee hearing.

The state of Massachusetts also said it would examine the issues. Secretary of Commonwealth William Galvin issued a subpoena to Morgan Stanley in connection with its analyst's discussions with investors about Facebook.

A Los Angeles law firm filed a lawsuit seeking class action status against Facebook and its underwriters alleging inadequate disclosure of key information.

The legal issues surrounding the disclosure obligations of a pre-public company and its underwriters are murky, securities lawyers said. Public companies are subject to a rule known as Regulation Fair Disclosure, which requires that material information be disclosed to all investors at the same time.

But that rule would not apply to information that Facebook provided to its underwriters before it went public, according to securities law experts. Underwriters also may not have a legal obligation to disclose their proprietary research to all clients at the same time.

Adam Pritchard, a securities law professor at the University of Michigan and a former SEC enforcement attorney, said that in general, information disseminated pre-IPO cannot be inconsistent with what is provided in the prospectus. But Pritchard added that there is a big exception to these so-called "gun-jumping rules" for oral communications.