

## Pleasure trips on public money

*Such wasteful propensity should be curbed*

A news report published in *The Daily Star* about the visit of an eight-member team of Jatiya Kabi Kazi Nazrul Islam University (JKNIU) to Europe to “inspect lifts” has brought to light the hidden talents of the university’s academics—that of being technical experts too. According to the report, of the eight delegates, only three are technical persons while the remaining five are non-technical, including the deans of two faculties, an associate professor, the treasurer and the registrar of the university. At this point, one might be pardoned for questioning the logic behind the selection of so many non-technical persons for an inspection visit. The reason provided by the treasurer—“they have been involved in the development works of the university for long”—is, of course, ludicrous.

A visit of similar nature also made the headlines on September 9, when *Prothom Alo* reported that 41 officials of Chittagong WASA, different ministries and departments had visited Uganda—a country where people suffer from acute crisis of safe water—to receive training on safe drinking water! The visits were related to a World Bank-funded project by the Chittagong WASA called “Chittagong Water Supply Improvement and Sanitation Project (CWISP)”, with Uganda’s National Water and Sewerage Corporation working as a consultant. According to two WASA board members, the visits, conducted in multiple phases by the consultant firm, were actually pleasure trips and the officials were reportedly selected to take undue advantages including approval of the project.

Saying the travel expense has been borne by the contractor or consultant firm does not justify the situation since taking such benefits from them may influence one’s judgement. Moreover, such expenses are invariably included in the cost of the project. The government must look into these reports of irregularities seriously and take immediate measures to address them. Public money cannot be wasted on “pleasure trips” of government officials.

## A dangerous way to live

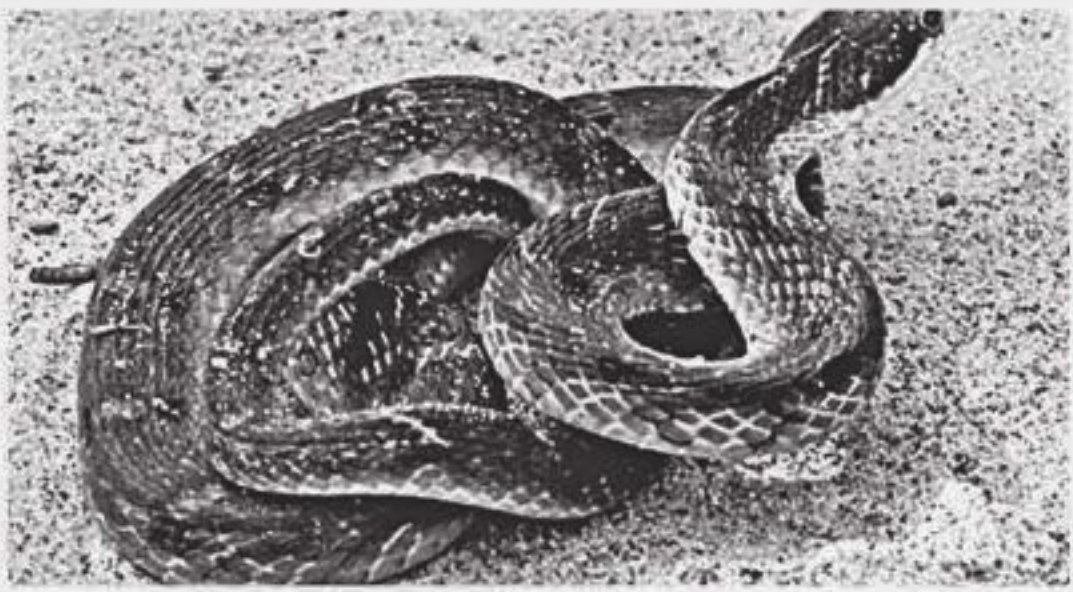
*Where is the administration?*

A picture in the front page of this paper, apart from speaking a thousand words, demonstrates the utter negligence of duty and indifference to the need to ensure public safety by the BIWTA and the local administration, as well as the gross disregard of the public for their own safety. The picture depicts a row of houses on the Beribadh Road, partly demolished by the BIWTA as part of its drive against illegal occupants of the Beribadh. These houses were demolished eight months ago but have since been reoccupied by the owners who are living in them, putting their lives at risk. This is not the first time that we are seeing such a picture. For example, the owners of houses demolished to free the bank of the Turag reoccupied the half-destroyed houses as soon as the drive had ended.

Understandably, neither the BIWTA nor any other government agency can pull down any more portion of the structure than what is illegally on government land. However, the responsibility of the BIWTA or the local administration does not end with merely pulling down part of an illegally built structure. A partly destroyed house is more dangerous than a badly built one. And it is the responsibility of the BIWTA, the local administration and the law enforcing agencies to ensure that these structures are not reoccupied. Either the owners should be compelled to demolish the structure altogether and vacate it or it should be ensured that these are not reoccupied for living. Is it not the responsibility of the administration to keep people from putting their lives in harm’s way?

## LETTERS TO THE EDITOR

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### Snakes and our ecology

Our ecological system is getting shattered gradually, and we are responsible for it. Different factors, including human-caused disturbance, are taking a toll on our ecological balance and as a result, we are entering into a time of ecological chaos, where precious species of animals and plants are getting lost forever.

Snakes are also a victim of our ecological imbalance. There are approximately 90 species of snakes in Bangladesh. Most of them are non-poisonous and harmless; less than half a dozen land snakes are highly poisonous. But, people don’t have enough knowledge about snakes and thus they try to wrongfully kill them.

Snake is a part of our ecology, it plays an important role in maintaining our ecological balance, and provides economical and medicinal support to us. The government should come up with effective measures to educate people about snakes and their importance to us. Airing TV programmes to increase awareness among the people can be one option. We can also print positive stories about snakes in our school textbooks to eliminate taboos about snakes. We must do everything we can to protect the snakes.

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# A toxic sundae

*How ‘irrational exuberance’, weak regulation and market manipulation are afflicting our stock markets*

ZAHID HUSSAIN

BDGLADESH’S stock markets have been fluctuating sharply in recent years. The Dhaka Stock Exchange Index (DSEX), for instance, rose from slightly over 5,000 on January 1, 2017 to 6,240 on September 17 the same year, falling subsequently to 5,218 on December 17, 2018, before jumping to 5,950 on January 24, 2019 and then plummeting to 4,976 by end of September 2019. Market capitalisation declined nearly USD 6 billion by September end from its recent peak on February 7, 2019. The total number of Beneficiary Owner (BO) accounts dropped from 2.8 million in January 2019 to 2.56 million in September. Many loss-making investors exited the market, some squeezed their portfolios while others closed their accounts because of shrinking Initial Public Offerings (IPOs). According to media reports, seven companies raised Tk 4.95 billion through IPOs in January-September 2019, compared with eleven, mostly small, companies who raised Tk 5 billion during the same period last year.

Large volatility with periods of boom and bust has been a recurring feature of Bangladesh’s stock markets. In 2010, following a steep rise, the DSE index fell by about a half from its December 2010 all-time high. The bear run wiped out USD 27 billion in market capitalisation, triggering a wave of social discontent. Given the interconnectedness between banks and equity markets, there was grave concern that a negative feedback loop could result from the stock market to the banking sector which could then spill over into the real economy.

Yes, not all the price fluctuations are market bubbles and bursts, but if these are not, what are?

Alan Greenspan, former chairman of the US Federal Reserve Board, coined the term “irrational exuberance” to describe investor enthusiasm that drives asset prices up to levels not supported by fundamentals. This gives rise to a bubble in asset prices. Investors engage in panic selling when the bubble bursts, sometimes selling their assets for less than they are worth. Bubbles are manifest when the market price of stocks exceeds their intrinsic value based on the fundamentals to a significant extent for an extended period.

The standard efficient market theory that rational investors always force stock prices to the objectively assessed present value of expected future cash flows has great difficulty explaining the frequent growth of bubbles and their subsequent bursts. Researchers in behavioural finance have devised alternatives to the standard model. They assume that investors are subject to a belief about future cash flows and investment risks that is not justified by the facts at hand. In other words, they

are driven by unpredictable sentiments.

Kahneman and Tversky’s “prospect theory” is most often quoted to explain the economic psychology of individual investors. They observe that “investors have an irrational tendency to be less willing to gamble with profits than with losses.” People overweigh outcomes that are considered more certain than ones that are perceived just probable. Individuals tend to be risk-averse when things are going well. They are relatively prone to risk-taking when in dire straits. Thus, traders tend to pile on risks if they have already experienced losses and those

Changes in investor sentiments and herd behaviour can be ignited by market manipulation. The manipulators spread fake news encouraging common investors to buy in a bull run while the manipulators themselves sell when the market peaks. At this point, the common investors panic and unload their shares, leading to market crash. Information asymmetry explains how manipulators are able to mislead the retail investors who do not have the same information as the manipulators do about the valuation of stocks.

The combination of irrational exuberance, weak regulation and market

sanctioned Tk 8.56 billion through the Investment Corporation of Bangladesh in May 2019 to boost investors’ confidence. More recently, Bangladesh Bank decided to extend liquidity support to banks to stem the ongoing bear run. Bangladesh Bank will provide liquidity at 6 percent repo rate to banks having less than 25 percent of its capital exposed to stocks against government securities for as long as six months—a kind of quantitative easing. The banks can invest this money in stocks. Experience shows that such interventions at best have temporary effects if the information asymmetries are ubiquitous and regulatory environment is fundamentally weak.



What’s brewing inside?

FILE PHOTO: STAR

experiencing profits tend to avoid further risk.

The “herding effect” also explains the dynamics of stock market bubbles and bursts. Herd behaviour is the tendency for individual investors to follow the actions, whether rational or irrational, of a larger group. People do what others are doing instead of using their own information or making independent decisions. Herding behaviour can increase because of fear, uncertainty or a shared identity of decision makers. Self-confident investors tend to rely more on private information for their investment decisions and, therefore, are less susceptible to herding. However, when the amount of investment is large, the investors are most likely to follow the actions of others to reduce their risks.

manipulation can be highly toxic. A high-level probe in 2011 highlighted the limited enforcement of regulation by the Bangladesh Securities and Exchange Commission (BSEC). It identified trickeries performed by as many as five dozen influential individuals. The existence of omnibus accounts allowed them to make exorbitant profits at the expense of the retail investors. An analysis by the Asian Development Bank traced the proximate factors behind the boom and bust cycles to strained supervisory capacity and oversight by BSEC, lax and excessive reliance on margin lending requirements, unreliable financial reporting standards, lack of adjudication of securities cases and weak coordination across the regulators.

Liquidity injections do not work in these circumstances. The government

High quality and timely information are the lifeblood of viable capital markets. The provision of high-quality information at a low cost through well-developed disclosure regimes gives investors the ability to assess securities. Repressive policies such as excessive requirements to hold government securities or paternalistic management of stock prices through IPO quotas hinder market development. Establishing viable legal environment ensures the efficient and fair enforcement of arm’s length financial contracts and transactions. Independent regulators with well-defined objectives, funding and credible enforcement powers are better able to protect investors and ensure that capital markets are efficient and transparent.

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# Innovation in education and the changing nature of our world



IFTIKHAR AHMED

THE importance of creativity and innovation for the sustainable development of a society is widely recognised today. Education is a key factor in reaching one’s creative and innovative potential. It is evident that constant changes in the education system are positive only if they lead to the development of a student and improvements in the educational environment. We often come across critical comments about variations in the methods of teaching. New approaches to teaching are supposed to change the specifics of students’ involvement in the learning process from passive to active. For example, in traditional teaching methods, lectures would be formal with teachers explaining a topic and students writing down the most important aspects of it. Following new approaches to teaching, however, lectures have become more interactive, so that students and teachers are more actively involved in the learning process.

Today we live in the digital age and this markedly

affects our lifestyle. It has a great impact on the teaching process as well. Students now prefer interactive methods to the traditional style of learning. However, students need teachers to teach them how to interpret what they have already learned and explain how to gain new insight into the topic. But in traditional teaching styles, teachers used to spend most of their time and efforts delivering information instead of honing the creative and analytical skills of the students. But teachers’ guidance is not the only way to find the most relevant information on a subject nowadays, thanks to innovations opening up new avenues for gathering information and also making learning easier.

For example, audio-visual education or multimedia-based education (MBE) is one such system that influences better memorising, encourages students to pay more attention in the classroom, and enhances their learning abilities. This approach of learning successfully enhances students’ motivation due to the strong connection between audio-visual materials and memorising. Furthermore, watching videos helps students to create associations that help them remember learning materials.

In addition, with the easy availability of the internet,

most institutions have started to revisit their teaching methods. Social media allow the students, parents, and teachers to keep in touch and inform each other about assignments or events. Using such technologies, students can expedite their learning process, go for self-learning even and save their time.

Moreover, the computer-assisted instruction technology allows teachers to help individual students who have difficulties during their study. This can be a great extension for the traditional schooling system. Using computer-assisted instruction technology helps improve students’ skills and introduces a convenient tool for individual study.

All these innovations help us realise that revisiting and revolutionising teaching methods and the learning process is very important. The system must continuously evolve to meet the challenges of our fast-changing world. This evolution must be systemic, consistent, and scalable; therefore, teachers, researchers, and policy makers are expected to have an open mind about the theory and practice of teaching and learning, to ensure quality development of our students.

It has to be understood that innovation can be directed toward progress in all aspects of the education system: theory and practice, curriculum, teaching and learning, policy, technology, administration of institutions, and teachers’ education. In a similar way, educational innovation concerns all the stakeholders: learners, teachers, parents, administrators, etc. Also, to raise the quality of teaching, we need to focus on professional development for the teachers.

The education system relies on the dedication and responsibility of all members of the society for its effective functioning, thus parental involvement as well as strong community support and backing are crucial for its success. A national education system is usually the product of a distinctive set of historical, political, social, cultural, and economic effects. As it is meant to be a complete system, its different areas are usually interrelated and interdependent. An awareness of the important role that innovation can play in all this will make the system more efficient.

In the 21st century, the world needs students who can think creatively and critically. However, our mission should primarily be to ensure that the next generation will be full of inventors, musicians, painters, mathematicians who will, in turn, bring humanity to another level of excellence.



Innovation in the teaching and learning processes is crucial.

PHOTO: STAR

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