

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES		BANGLADESH BANK	
DGEN	3.93%	Gold	\$1,583.22	MUMBAI	0.11%	USD	81.80	BUY TK	81.81
CSCX	3.15%	Oil	\$86.01	TOKYO	Flat	EUR	100.09	SELL TK	81.81
	4,001.14			SINGAPORE	0.79%	GBP	126.80		100.11
	7,777.39			SHANGHAI	0.02%	JPY	1.02		1.02

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Govt must pay more to acquire land

Economists speak on industrialisation, infrastructure development

STAR BUSINESS REPORT

The government should pay more prices than market value for land acquisition to ensure equity and sustainability of industrialisation and infrastructure development, a panel of economists said yesterday.

"There are strong economic arguments for over-compensation of farmers and tenants on grounds of efficiency, equity and political sustainability of industrialisation programmes," said Dilip Mookherjee, a professor of Boston University.

He made the recommendation, based on the findings of a joint study, "Land Acquisition and Compensation in Singur" at a session of the two-day South Asia Growth Conference. International Growth Centre (IGC) and Economic Research Group (ERG) co-organised the conference at Sonargaon Hotel in Dhaka.

Mookherjee said the then left-front government of the Indian state of Pashchimbanga, realising the need for non-farm jobs, acquired 997 acres of mostly prime agricultural lands to facilitate Tata to build a factory in Singur, 90 kilometres from Kolkata.

However, the local community protested the acquisition, leading Tata to stop building the factory and withdraw to Gujarat, another province of India.

The study finds flaws in prices paid by the then Pashchimbanga govern-



From right, Prof Ijaz Nabi of Lahore University of Management Sciences, Prof Robin Burgess of London School of Economics, Finance Minister AMA Muhith, Country Director of IGC Bangladesh Prof Wahiduddin Mahmud, Prime Minister's Economic Affairs Adviser Dr Mashiur Rahman and Prof Tony Venables of Oxford University attend the IGC South Asia Growth Conference in Dhaka yesterday. Related story on page 1

ment to land owners for acquisition. The government bought lands at close to market prices but it could not satisfy the land owners.

Referring to the study findings, Mookherjee said many owners personally valued their lands higher than market prices.

"Market values understate personal valuation of land for many

reasons: role of land as a financial asset. Those who have not sold their land have personal values that exceed the market price," he said.

"Theoretical arguments imply compensations should be at least as large as personal valuations, on efficiency grounds alone," he said, suggesting holding auctions from landowners in acquisition areas.

"We would extend their proposal to include multi-stage auctions: at the community level and then within communities at the household level," Mookherjee said.

"It is a bottom-up procedure. It incorporates heterogeneity of land and is based on voluntary participation of landowners and communities."

8 Unipay2u protesters detained

STAR BUSINESS REPORT

Police yesterday detained eight Unipay2u investors for organising a procession without permission at Ramna in the capital.

The protesters urged the government to distribute the money out of Unipay2u accounts frozen by Bangladesh Bank in 2010.

Police intercepted the protesters who were heading towards the finance minister's residence and detained the eight of them before they could reach the VIP road.

Earlier, investors had gathered in front of Dhaka Reporters' Unity. Investors got into a tussle with the law enforcers there. Security was tightened with the deployment of additional police in the area.

A member of the Unipay Members' Club that organised the demonstration said the protesters formed a human chain in front of the National Press Club around 12:00pm. Later, they staged a sit-in in front of the DRU to press home their demands.

Bangladesh Bank froze more than 100 bank accounts of Unipay2u in 2010.

Stocks back in the red

General Index loses about 4pc

STAR BUSINESS REPORT

Stocks fell again yesterday, after two days of gains, due to a huge selling pressure.

The benchmark General Index of the Dhaka Stock Exchange, DGEN, closed the day at 4,001 points, after going down 163 points or 3.93 percent.

The DGEN gained 175 points in the last two sessions on the back of a buying pressure from institutional investors.

"Short-term profit-taking tied with a cautious stance of investors before the announcement of the monetary policy statement by the Bangladesh Bank accelerated the downfall," merchant bank IDLC Investments said in its market analysis.

It seems that investors are in fear on the subject of probable continuation of restrictive money supply in the upcoming monetary policy, it said.

"From the beginning of the session, investors shied away from buying. Pessimism crept into the mind of the investors, although most of the shares have come down to a very reasonable level," said LankaBangla Securities, a stock broker.

Most of the banks are trading close to their net asset value, it said. Turnover lost 25.50 percent, compared to the previous day, to Tk 138 crore.

A total of 0.53 lakh trades were executed with 3.4 lakh shares and mutual fund units changing hands on the Dhaka bourse. Of the total 258 issues traded on the DSE, only 14 advanced, 243 declined and one remained unchanged.

All the major sectors ended in the red, led by non-bank financial institutions 6.01 percent, general insurance 5.87 percent, cement 5.62 percent, engineering 5.50 percent, textiles 5.39 percent and power 4.58 percent.

Grameenphone was the most traded stock of the day: 4.8 lakh shares worth Tk 9.4 crore changed hands.

Bangladesh Submarine Cable Company and Meghna Petroleum were the next most popular stocks.

Pragati Life Insurance was the biggest gainer of the day as it posted an 8.3 percent rise, while Prime Islami Life Insurance featured in the worst losers' chart, falling by 18.71 percent.




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