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Star BUSINESS

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Foreign aid piles up, use of funds slows

REJAUL KARIM BYRON

A huge amount of foreign aid has piled up in recent times, due to higher commitments by development partners but low utilisation of funds by the government.

Over the last three fiscal years, the situation has worsened, much to the government's embarrassment.

Till March 31, the total unused foreign aid in the

EYE ON BUDGET

land acquisition. And on the development partners' side, the causes are delayed appointment of consultant and delayed approval to contract awarding.

Traditionally, the unused foreign aid in the pipeline remains between \$5 billion and \$6 billion.

But from fiscal 2008-09, such amount started to

the donors against a project is four to five years.

The official said, as a result, if the government can use 20-25 percent of the amount in the opening pipeline every year, it is satisfactory.

In fiscal 2010-11, the disbursement of foreign aid was 19 percent of the amount in the opening pipeline. But, till March of the current fiscal year, only 10 percent of the opening pipeline has been disbursed, according to ERD statistics.

At the beginning of the current fiscal year, the foreign aid in the opening pipeline was \$13.86 billion. Till March \$1.41 billion was disbursed.

If the ERD projection for disbursement in the entire year is realised, only 15 percent of the opening pipeline would get disbursed.

But the ERD officials said they are not sure about realising the projection at \$2.18 billion for the entire fiscal year.

From fiscal 2006 to fiscal 2010, disbursement against opening pipeline was between 21 percent and 27.32 percent.

FOREIGN AID BILLION IN US DOLLAR

	FY08	FY09	FY10	FY11	FY12
OPENING PIPELINE	7.29	8.68	8.86	9.43	13.86
COMMITMENT	2.84	2.44	2.98	5.97	6*
DISBURSEMENT	2.06	1.84	2.22	1.77	2.18*

* PROJECTED * SOURCE: ER

pipeline was \$16.61 billion of which the government could spend only 8.47 percent.

However, the government has identified some reasons behind the situation, and the reasons have been the same over the years.

The causes on the government's part include delays and allegation in bidding process, faulty project documents, unrealistic requisition for fund allocation and delays in

increase, and at the beginning of the current fiscal year the amount crossed \$13 billion.

When the country's balance of payments (BoP) remains under heavy pressure due to a dearth of foreign currency, a huge amount of foreign aid has been piling up as the ministries could not spend it.

An official of the Economic Relations Division (ERD) said, usually the disbursement period for the commitment made by

DSE seeks shareholding info from listed firms

STAR BUSINESS REPORT

The Dhaka Stock Exchange yesterday asked all listed companies to inform the premier bourse of their shareholding positions as of May 21, within this month.

The move comes as a follow-through to the expiry on Monday of the six-month timeframe granted by the Securities and Exchange Commission to non-complying firms to bring their shareholding positions in line with the regulatory directive.

The directive requires directors, sponsors and promoters of listed companies to hold a minimum stake of 2 percent individually and 30 percent collectively. About 950 directors fail to meet this term, according to DSE's primary statistics.

As of May 21, some 550 directors bought shares to meet the regulatory requirement on minimum shareholding.

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Wheat output rises 2.57pc

SOHEL PARVEZ

Wheat production in major growing areas rose slightly last winter supported by favourable weather.

Output rose about 2.57 percent to 9.95 lakh tonnes in the current fiscal year from a year ago, according to data from Bangladesh Bureau of Statistics (BBS).

Crop area, however, shrank, reflecting a consistent switch of growers to other winter crops such as maize, potato and other vegetables.

Wheat acreage fell 4.19 percent to 3.58 lakh hectares in the last winter season from the previous winter, according to the data.

But yield per hectare rose to 2.78

tonnes in the last harvest from 2.60 tonnes in the previous season.

"A relatively prolonged cold spell in winter has played a key role in higher productivity per hectare," said Naresh Chandra Deb Barma, principal scientific officer of Wheat Research Centre at Bangladesh Agricultural Research Institute (BARI).

Seed availability in major wheat growing areas especially northern region was also a positive factor, he said.

Farmers also get good prices, buoyed by the government purchase at Tk24 a kg.

"Every 40 kgs parcel of wheat is selling at Tk 800-Tk 820," said Abdul Hai, a wheat grower in Pabna. He said he would get good profits if the current price prevails.

Over the past decade, wheat acreage and yield came down to almost half amid continuous shifting of farmers to other winter crops for higher profits.

But industrial and home consumption of cereal has increased, leading to a surge in imports.

Bangladesh annually consumes almost 40 lakh tonnes of wheat. Of which, 30 lakh tonnes are imported.

Imports slumped this fiscal year due to last year's higher carryover stock in private storages.

Wheat import fell 56 percent to 14.74 lakh tonnes in the 10 months through April from the same period a year ago, according to data from the Directorate General of Food.

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AirAsia net profit up 4pc

AFP, Kuala Lumpur

Southeast Asia's largest budget carrier AirAsia posted a 4.0 percent increase in first-quarter net profit Wednesday, with the company citing a solid business model as the reason.

Net profit for the quarter ending March 31 was 167.97 million ringgit (\$53.4 million), compared with 161.9 million a year earlier, the airline said in a statement.

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