

Food, rents boost US inflation

REUTERS, Washington

US consumer prices increased solidly in September as Americans paid more for food, rent and a range of other goods...

'Supply-chain bottlenecks are getting worse. The logjam is unlikely to ease anytime soon despite the latest intervention by the White House.'

The consumer price index rose 0.4 per cent last month after climbing 0.3 per cent in August.

Food prices jumped 0.9 per cent after increasing 0.4 per cent in the prior month. The largest rise in food prices since April 2020 was driven by a jump in the cost of meat.

Owners' equivalent rent of primary residence, which is what a homeowner would receive from renting a home, increased 0.4 per cent.

That was the biggest gain in five years and followed a 0.3 per cent rise in August.

Rents are rising as demand for housing in cities rebounds after a pandemic-induced exodus to suburbs and other low-density locations.

Economists expect rents, which account for nearly a third of the CPI, will be a major source of inflation in the months ahead.

'If shelter prices continue to pick up steam, it could mean higher inflation is more baked in than originally thought,' said Will Compermolle, senior economist at FHN Financial in New York.

Food and rents accounted for more than half of the increase in the CPI.

Economists polled by Reuters had forecast the overall CPI would rise 0.3 per cent.

In the 12 months through September, the CPI increased 5.4 per cent after advancing 5.3 per cent on a year-on-year basis in August.

Though gasoline prices rose moderately relative to August, prices at the pump have accelerated in recent months after the price of Brent crude shot above \$80 a barrel.

Stocks on Wall Street were trading mixed. The dollar fell against a basket of currencies. Yields on the two-year Treasury note, which is sensitive to changes in interest rates, rose.

Excluding the volatile food and energy components, the CPI climbed 0.2 per cent after edging up 0.1 per cent in August, the smallest gain in six months.

In addition to rents, the co-called core CPI was lifted by a 1.3 per cent increase in the cost of new motor vehicles, which marked the fifth straight month of gains above 1 per cent.

A global semiconductor shortage has forced auto manufacturers to cut production.

The average price of a new motor vehicle topped \$45,000 for the first time ever in September, according to Kelley Blue Book, a vehicle valuation and automotive research company in California.

There were also increases in the prices of household furnishings and operations, with furniture and bedding posting the biggest gain since March 1988.

Fast-track projects back in fast lane

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The Tk 30,193.39 crore bridge, whose physical works started in November 2014, is expected to be opened to the public in June next year.

The Padma bridge rail link project had witnessed 49.85 per cent of its funds being spent and 44.50 per cent physical progress.

Bangladesh Railway is implementing this rail link project, building a 169-kilometre rail line to connect the capital with Jashore via the Padma bridge at a cost of Tk 39,246.80 crore.

The rail link project was approved in March 2016. But the physical work of the project commenced only in July 2018, mainly due to a delay in signing the loan contract with Chinese Exim Bank.

However, the physical progress of a Maitri super thermal power plant has been estimated at 70.56 per cent while fund expenditure at 70.68 per cent until September.

Bangladesh Power Development Board and NTPC Ltd of India jointly initiated the 1,320-megawatt (MW) power plant in Rampal of Bagerhat at a cost of Tk 16,000 crore.

The physical progress of the Payra port in Kalapara under Patuakhali stood at 83 per cent while fund expenditure of the country's third seaport at 70.19 per cent. The port is scheduled to be complete by June 2022.

The Dhaka Mass Rapid Transit Development Project saw physical progress of 50 per cent for its MRT-6 from Uttara Third Phase to Motijheel, with 73.04 per cent of its Tk 21,985 crore funding having been spent.

Meanwhile, for the 1,200MW coal-powered electricity plant in Matarbari of Moheshkhali, the IMED report showed 59 per cent physical progress and 50.69 per cent financial progress as of September.

The Tk 35,985-crore project, funded by Japan International Cooperation Agency, is scheduled to be completed by June 2023.

Another fast track project, the Dohazari-Cox's Bazar-Gundum rail line, saw 63 per cent of its construction having been completed and 32.81 per cent of the funds of Tk 18,034 crore being spent.

The current deadline for the long-drawn-out project is June next year but the project authorities have sought a two-year extension, citing several reasons. Multiple officials concerned with the fast-track projects told The Daily Star that though the progress of the projects was halted due to the Covid-19 pandemic, the construction work of the projects is going on in full swing now.



People shop at Macy's Department store in New York. US consumer prices increased solidly in September, putting pressure on the Biden administration to urgently resolve strained supply chains.

REUTERS/FILE

Import tariff cut for onion, raw sugar

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tariff cuts in the wake of soaring prices of onion and sugar for which Bangladesh relies on the international market.

And because of the import dependence, businesses hike prices of these commodities here whenever there is a spike in prices in the international market.

Over the past one month, prices of onion, used mainly for preparing foods, shot up as much as by 49 per cent, influenced by soaring prices in India, the main source for Bangladesh to meet its domestic requirement.

Yesterday, locally grown onion was traded at Tk 60 to Tk 70 per kilogramme in Dhaka markets, up 49 per cent from Tk 42 to Tk 45 a month ago, showed market data compiled by the Trading Corporation of Bangladesh (TCB).

Imported onions were sold at Tk 56 to Tk 60 per kilogramme yesterday, which was 47 per cent higher than the prices a month ago, according to the TCB data.

Bangladesh imports around 7 lakh tonnes of onion annually, mainly from neighbouring India since its domestic production falls short of its requirement of 25 lakh tonnes a year, according to an estimate of the Bangladesh Trade and Tariff Commission (BTTC).

'A sudden price increase in India has affected prices in our domestic market, although there is a good stock of locally grown onions,' said Dipankar Ghosh, organising secretary of C&F Agents Association at Bhowra, one of the main onion importing land ports from India.

'People holding locally produced bulbs hiked prices taking advantage of higher prices in India,' he said.

He said import cost would reduce by Tk 2.7 per kilogramme following removal of customs duty by the NBR. Prices may decline by Tk 2 on each kilogramme, he added.

The government has imposed a total of 10 per cent tariff on onion import—5 per cent customs duty and 5 per cent regulatory duty—in January this year to protect interests of local growers.

The BTTC estimates that Bangladesh's annual demand for sugar is 18 lakh tonnes and locally grown sugarcane, crushed in state mills, account for only 30,000 tonnes.

Private sugar refiners supply the rest of the sweetener by refining imported raw sugar.

Sugar prices edged up 4 per cent to Tk 79 to Tk 80 each kilogramme yesterday from Tk 75 to Tk 78 a month ago, showed the TCB data.

Card use recovers slowly

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The amount of card transactions stood at about Tk 1,184 crore in May and Tk 911 crore in April.

In terms of the total number of transactions, consumers placed 14 per cent more orders in August than in July. The total number of transactions through cards was 27.88 lakh in August, up from 24.3 lakh in July, central bank data shows.

After it emerged that some e-commerce platforms had collectively racked up thousands of crores of taka in dues to both customers and merchants by asking for advance payments but not delivering the products on time, buyers ended up going back to the tried and tested cash on delivery (COD) system.

However, online grocery delivery behemoth Chaldal has not observed any such trend.

'As we sell food and groceries, we have to make faster delivery to our customers and so, we haven't witnessed such a trend,' said Waseem Alim, founder and chief executive officer of Chaldal.

On the other hand, AKM Fahim Mashroor, CEO of Bjobs and AjkerDeal, said that around 70 per cent of their customers would use the COD system a few months ago but after allegations of fraud surfaced in the industry, up to 90 per cent of payments are now made in cash.

Card transactions are a crucial aspect for the growth of e-commerce.

'So, the industry players and regulators should both work together to regain customer trust,' he said.

Khaleda Rowonok, chairman of Babycare, an e-commerce platform specialising in baby care products, said COD has increased by around 20 to 30 per cent for her platform. 'For that we are facing some problems. Now our money got stuck for few days to the logistics partners,' she said.

'The people's trust in e-commerce has waned as people now want to be assured of getting their products and then make payments. Besides, there is always an obscurity over whether customers receive or refuse to accept the product,' Rowonok added. Fatima Begum, CEO of aadi, echoed the same.

Bangladesh Bank introduced an escrow service in July amid widespread allegations against some e-commerce companies including Evaly, Dhamaka and e-orange for not providing either the products or refunds on time

despite taking payments sometimes months in advance. Under the escrow payment service system, a third-party payment gateway holds the payment until the customer receives delivery.

The local e-commerce industry had been growing over the last decade and the growth accelerated after rising Covid-19 infections forced people to stay at home and place orders online to buy goods and services.

Customers became cautious after a Bangladesh Bank inspection report on Evaly found that the e-commerce platform had a huge mismatch in its assets and liabilities.

The central bank found that Evaly had over Tk 400 crore in liabilities against its current assets of Tk 65 crore as of March 14 this year - a gap that prompted the commerce ministry to ask for an explanation on the whereabouts of around Tk 338 crore that the platform owed to customers and merchants.

Law enforcement agencies arrested Evaly Managing Director Mohammad Rassel and Chairman Shamima Nasrin last week while top officials of another e-commerce platform, E-orange, were also brought under trial on charges of embezzlement.

Treasury bonds finally make stock market debut

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A committee comprising officials of the central bank, the DSE and the BSEC worked to remove all the barriers with a view to introducing the treasury bonds in the stock market.

Prof Mizanur Rahman, a commissioner of the BSEC, said a strong secondary market for treasury bonds would cut the government's borrowing costs in the long term.

'The listing and trading of government bonds in the stock exchanges will attract other institutional investors and high net-worth individuals to invest in this class of securities.'

'This will help the government issue bonds with lower yields.'

According to Rahman, individual and institutional investors will now be able to avoid overvalued equities and protect their capital by investing in risk-free government bonds.

Manipulative stock trading will diminish over time.

A secondary market for government and corporate bonds is an important step towards the development of the market for derivatives and other financial instruments, he added.

'It is surely a great moment for the capital market because it will lead to an increase in the depth of the market,' said Shahidul Islam, chief executive officer of VIPB Asset Management Company.

'So far, we have been able to trade treasury bonds through banking operation. Now we can carry out the trade through the stock market.'

Existing investors of treasury bonds have their holdings in the depository participant accounts with the Bangladesh Bank. They will now need to transfer the holdings to a beneficiary owner account to be able to sell them through stock exchanges.

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LafargeHolcim profits double in Jan-Sep

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highly successful and our customers continue to repose faith in our wide range of products and solutions.'

'Our digital business has taken off to a new league of growth and creates potential for continued momentum,' Surana added.

LHBL's net sales rose 26 per cent year-on-year to Tk 460 crore in the third quarter this year from Tk 365 crore in 2020. The cement maker's profit after tax rose 43 per cent year-on-year to Tk 93 crore in the same period.

MFS transactions surge in Aug

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in August is moderate as the industry has the opportunity to grow at a faster pace.

'We have seen a massive growth every month on our network. New customers are joining the MFS system every day,' he said.

He says the pandemic has played a role in accelerating the use of the MFS system. The convenience of using the service, the easy account-opening process, and the cost-effective service of Nagad have helped the company attract more users, he said.

At the end of August, the number of MFS accounts stood at 10.44 crore, which was 9.39 crore in the same month in 2020. Of them, 5.69 crore are male account-holders, and 4.72 crore are female account-holders.

There are 11.62 lakh MFS agents across the country.

HSBC GULSHAN BRANCH RELOCATING TO A NEW LOCATION

From 17 October 2021, Sunday, HSBC Gulshan Branch will be relocating from House No SWG-2, Gulshan Avenue, Dhaka to South Breeze Square, Level 13, Holding No. Plot 90 (new), 52 (old), Road no. CES (A), Gulshan Avenue, Gulshan, Dhaka.

The same banking services will be available in the new location, South Breeze Square.

Our new premise is located in Gulshan Avenue for your convenience and has a larger area which would help us to serve you better.

Should you require any assistance, please call our contact centre at 16240 (accessible from within Bangladesh); +88 096127 16240 (accessible from overseas) 24/7, including government holidays.

Documents one should submit with tax return

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In case the person buys a piece of land, an apartment or a car during the previous income year, for example from July 1, 2020 to June 2021 this year, the taxpayer should file the associated registration documents too.

One should also provide statements of his or her investments in government-sponsored savings certificates, in stocks and insurance schemes along with the tax return.

If a taxpayer has any loan, the person should provide loan statements too, added Chowdhury.

And a new taxpayer should provide all the documents supporting his income and assets, he said.

In addition to providing supporting documents as proof of income, investment and loans, taxpayers should also show their expenses in line with their incomes.

'There are instances that taxpayers have shown higher expenses than their claimed incomes. This discrepancy raises questions,' said Chowdhury, citing higher expenses through credit cards than income.

'So, it is important that you spend in line with your income and show both accordingly in your tax returns... And documents supporting income, investments and expenses will enable a person to reduce the risk of falling into audit,' he said.

While submission of bank and other statements is important, what is equally important is to reconcile credits in the bank statement with income.

'It is necessary that income shown in tax return is supported by credit entries in the bank statement,' said Snehasish Barua, partner at chartered accountancy firm Snehasish Mahmud & Co.

'Otherwise, any unreconciled credit is likely to be considered as income from other sources which will be made fully taxable by tax authority,' he said.

Hence, he said, submission of fully reconciled bank statements, investment documents, loan statements and BO statement would reduce the risk of facing audit.

Jasim Uddin Rasel, a tax consultant, said taxpayers who have income from house property should provide copies of agreements on rents, bank statement, city corporation tax receipts, copy of property insurance and expenses regarding repair and maintenance.

And in case of businesspersons, he said, the types of documents to be submitted are totally different.

The taxpayer should provide the income statement and balance sheet of the business owned, including full-year bank statements to which the receipts and payments are connected.

Islam said he has two bank accounts. His office pays his monthly salary through one account. Another one is his savings account where he occasionally keeps money.

'I may need to pay some service charge to get bank statement, but I will do so from the beginning from this year,' said Islam, who has been filing returns within the submission deadline, November 30, every year.

Official notice from Bangladesh Railway regarding the relocation of the HSBC Gulshan Branch. Includes details of the new location, contact information, and a table of MFS transaction fees.