Business

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Clothing sales wilt as inflation-weary shoppers shun discounts

Up to 50% off is not enough to draw shoppers back as the rising cost of living, shorter shopping hours and odd weather keep customers away



Despite discounts of up to 50 percent, fashion retailers wait for customers as prolonged high inflation has dampened consumer spending. The photo was taken from Mohammadpur area of Dhaka on Wednesday. PHOTO: PRABIR DAS

SUKANTA HALDER

Shoppers are shying away from clothing stores even though retailers are offering discounts of up to 50 percent, as years of near-double-digit annual inflation have stretched people to their limit.

Besides, it is an unfavourable season for retailers. Puja spending ended only weeks ago, and the weather suits neither summer nor winter clothes.

Shops also have fewer hours to catch customers. To save energy during a nationwide crunch, markets, malls and shops can now remain open from 11 am to 8 pm, down from at least 10 pm previously. That cuts into the evening, when people usually shop after work.

Retailers say their sales have fallen by at least 20 percent compared with the same period last year.

"You now see these shelves stacked with dresses, but those were almost empty at this time last year after we began the discount sales," said Md Safin, manager of Saima Fashion Outlet in Banani.

The brand sells womenswear such as shalwar kameez, saris and lehengas, and has several outlets across the city.

"I could not even manage the time to talk to you this time last year," Safin said with a shrug, "But the business condition this time is different. Customers are few and far between."

"Our sales have dropped by 30 percent compared to the same period last year," he estimated.

According to Safin, people feel uncertain amid local political protests, a war-driven global energy shock and the abrupt rises in fuel and power prices that followed. These have clouded the business environment as well as damaged consumer confidence, he said.

He added that the shorter shopping hours have also hurt sales.

Soumik Das, chief executive of Rang Bangladesh, one of the leading local fashion and lifestyle brands, said people are not buying as much as they did last year because high inflation has dragged on.

The current wave of brutal inflation began in mid-2022. Since the fiscal year 2022-23, average annual inflation has stayed above 9 percent, while wage growth has remained below it.

For the current fiscal year 2026-27, the International Monetary Fund (IMF) has projected average inflation of 10.9 percent and lower real GDP growth of 3.2 percent. Combined with inflation, that means fewer new jobs, costlier essentials and lower earnings.

"Our discount offers have failed to draw the response seen last year," said Soumik.

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Trade deficit widens 31% as fuel import bill doubles

STAR BUSINESS REPORT

Bangladesh's trade deficit jumped 31 percent year-on-year to $7.48 billion in July-September of this fiscal year as the fuel import bill more than doubled, according to Bangladesh Bank (BB) data released yesterday.

The country, which is highly reliant on imports for oil and gas, imported $19.33 billion worth of goods in the first quarter of the 2026-27 fiscal year. Import payments increased 15 percent year-on-year.

By contrast, export earnings rose 7 percent to $11.86 billion during the period.

The main driver behind the widening trade deficit was fuel. Imports of petroleum products rose 105 percent to $4.2 billion from $2.0 billion, accounting for most of the increase in total imports. Food imports also climbed, with edible oil purchase up 54 percent and wheat imports up 66 percent.

However, imports of capital goods and capital machinery fell, pointing to weaker business investment amid the economic slowdown, persistent inflation and a lack of investor confidence stemming from uncertainty.

Current account deficit, which covers trade, services, income and transfers with the rest of the world, rose to $1.33b from $821m a year earlier

Imports of capital goods dipped 13.6 percent in the July-September period. Of these, imports of capital machinery slumped 22.5 percent year-on-year to roughly $770 million. The BB data showed that the current account deficit, which covers trade, services, income and transfers with the rest of the world, increased to $1.33 billion from $821 million a year earlier.

Remittances helped limit the gap. Inflows rose 13 percent to $8.59 billion, led by Saudi Arabia, the United Kingdom and the United States.

Despite that, the country's overall external account deficit widened. During the first quarter of this fiscal year, the deficit stood at $1.16 billion, against a surplus of $853 million in the same period a year earlier, reflecting that total foreign currency inflows were insufficient to cover external payments, with Bangladesh Bank meeting the shortfall from its reserves.

Treat EU FTA terms as scope for reform, not constraints

Trade experts say

STAR BUSINESS REPORT

Bangladesh should treat the requirements for signing a free trade agreement (FTA) with the European Union (EU) as scope for reform rather than as constraints, economists and foreign trade specialists say.

The requirements include stricter compliance with international standards on labour laws, human rights, environmental protection, climate commitments and good governance. Apart from the reforms, meeting these conditions would also raise compliance costs for businesses.

"With an FTA with the EU, some industries may face smart competition. You have to accept that. But other sectors will have more opportunities," said Professor Wahiduddin Mahmud, an economist and former adviser to the interim government.

At a seminar in Dhaka yesterday, the economist said improving the business environment, export logistics, investment climate, environmental standards and transparency in trade and foreign investment policies would be necessary regardless of whether Bangladesh signs FTAs, because the global trade picture is changing.

The programme was organised jointly by the Bangladesh Institute of International and Strategic Studies (BIISS) and Friedrich-Ebert-Stiftung (FES) Bangladesh.

The EU is the biggest destination for Bangladeshi exports, thanks to duty-free and quota-free access. Exports to the bloc were more than $19 billion in fiscal year 2025-26. As Bangladesh prepares to graduate from least developed country (LDC) status, the government is in talks with the EU about a free trade deal.

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Professor Wahiduddin said that FTA negotiations require rigorous economic research, although economic modelling alone cannot capture all the uncertainties arising from changing trade patterns and the emergence of new export products.

Bangladesh also needs a dedicated team of negotiators with expertise in international trade law, trade economics and World Trade Organization rules, supported by effective coordination among ministries, he said.

On the potential benefits, he said Bangladesh has fewer concerns than India over tariff cuts because it does not have some of the machinery industries that India sought to protect in its negotiations with the EU.

However, he warned that high general tariff rates can lead to trade diversion, where imports shift from cheaper sources such as China to relatively expensive EU suppliers. The net benefits of an FTA will therefore depend on whether trade creation outweighs trade diversion.

The economist said Bangladesh should gradually reduce its overall tariff rates, noting that Vietnam has cut its general rates to around 7 percent to 8 percent while those in Bangladesh are considerably higher.

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SPOTLIGHT

Green Delta, BGIC's marine cargo insurance suspended

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The Insurance Development and Regulatory Authority (IDRA) has suspended the marine cargo insurance operations of Green Delta Insurance PLC and Bangladesh General Insurance Company PLC (BGIC) for three months over undercutting mandatory tariff rates.

IDRA issued the directive yesterday after an oversight team inspected the head offices of both companies on November 2.

According to the regulator, the companies granted unauthorised premium reductions to several clients through 2026, bypassing the prescribed marine cargo tariff.

IDRA also issued show-cause notices asking why the registration of their marine (cargo) sub-class should not be permanently suspended. They must reply within 30 days.

The directive said the premium concessions violate the Insurance Act and an IDRA circular, which prohibit non-life insurers from offering unfair discounts, arbitrary rate cuts or unauthorised rebates outside legally mandated frameworks.

Insurers must charge uniform and compliant rates to maintain financial health and prevent destructive undercutting wars within the market, it added.

According to IDRA, the marine insurance tariff is 0.30 percent of total shipment value. The rate is set

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AI adoption not enough, value creation is key: experts

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Bangladesh must focus on creating economic value from artificial intelligence (AI) rather than simply adopting the technology, experts said at the Bangladesh AI Business Summit 2026 yesterday.

They stressed the need to build local expertise, bring AI into different industries and help businesses, particularly small and medium enterprises (SMEs), use it to raise productivity, reach new markets and solve local problems.

"AI is somewhat paradoxical. We talk about AI, but access to the technology is already available. The real question is how we can create value from it," said Zulkarin Jahangir, an assistant professor at North South University, at a panel discussion.

He said Bangladesh needed skilled people who could develop competitive AI-based services and solutions, not just use the technology to improve efficiency. AI could also strengthen existing industries, including the ready-made garment sector, through better design, market research and business processes.

Drawing on his work with around 600 farmers, Zulkarin said AI could help them decide when to sell or store their crops by providing information on market prices, cold-storage facilities, storage costs and weather forecasts.

He also called for policies that reflect industry needs and ensure smaller businesses can benefit from AI, rather than leaving the gains to a

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