

After Covid 19, Views from A.T.E. , Textile Engineering Group

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Amidst the global uncertainty due to the prevailing COVID 19 spread, there is a scare amongst the business community on account of the cash crunch, supply chain disturbance and manpower related issues. On opening up after the lockdown, the industry may take a much longer time to recover. In fact, the factories are expected to start production very gradually. The textile industry was already starving for liquidity and this sudden shock is going to have a very long-lasting impact on the health of the textile industry.

Companies with strong immunity in terms of strong culture and a robust financial foundation as well as those having a good amount of cash in books are expected to recover faster than others. The small and medium scale companies will comparatively find it tough to bounce back due to financial limitations. The weaker amongst them will be staring at closure in the coming time.

Lockdown has led to the migration of workers to their native states due to which it will be difficult for the industry to restart the operations. This also is one of the reasons for the production at factories expected to longer time to return back to normalcy. Presently global buyers have either cancelled the orders for garments or kept them on hold. In this backdrop, manufacturing companies will have uncertainty regarding which goods to manufacture. Whenever the companies open up they will be facing funds issue as they need to pay the workers and also need working capital for running the factories.

The positive side of the situation is that many global buyers would shift buying from China to other textile producing countries including India. India needs to build its infrastructure and the ecosystem in order to capture the rising opportunity. Things look better for the textile industry in the long term as we are totally independent in our supply chain. We expect that the bigger textile players with global exposure would benefit the most post the COVID 19 situation.

Government is expected to come out with fiscal stimulus in the near future to help the industry but over and above that all the claims pertaining to MEIS, RoSCTL and GST should be paid immediately which will ease the financial stress of the ailing textile sector to some extent.

