

Industry Could Achieve Pre-Covid Business Levels By 2021: Textile Excellence Survey

Industry Speaks



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‘The Industry Needs An Urgent Economic Stimulus’

India is better placed than many economies in the world. Many countries will fall into recession including the EU. Since no one knows how long and how deep impact the Covid-19 will have globally it is difficult to guess but certainly some part of the world is heading for long recession or even a depression. If the Indian government can handle the economic challenge well through large fiscal stimulus probably we can avoid going into recession, but the economy is likely to be under big stress for much longer period. Longer the lockdown period, much longer will be the economic recovery. Banks are flush with liquidity but are not ready to disburse to already ailing industrial sector, which is going to slow down the economic recovery further. According to me the financial year 2020-21 will be extremely bad in numbers with most companies declaring big losses while some will find it difficult to continue in the

business. With a special economic package the MSME sector, which has a share of 45% of the total industrial production, has a chance to survive. Otherwise many small sized companies will be forced to close down. The industry on its part will do what it has to for survival - cost cutting, keeping staff engaged and motivated, labour rationalisation, new product development, etc. but will mainly require cash to run the show, and hence injecting liquidity will be very crucial on the part of the government and the banking sector.

It is extremely important for the Indian government to act fast with fiscal stimulus. The industry was already under financial stress before Covid-19 itself. This long lockdown is certainly taking a heavy toll on the industry. I'm afraid many small scale companies, and new start-ups may be forced to close down. The government must act fast as many other countries have done. The fiscal stimulus should be at least 3- 5% of the GDP. Moreover, the government should immediately clear all pending claims of industry w.r.t. GST, RoSTL, MEIS, etc. As far as textile sector is concerned it will have a new opportunity in terms of shifting of business partly from China due to the changed global sentiment towards China. However India does not seem

to be ready to accept this opportunity due to many factors like inconsistent policies, old land & labour laws, bureaucracy in decision making, fragmented supply chain and fragmented garmenting capacities, etc. It's necessary that the government create conducive infrastructure and ecosystem for foreign investors to come & invest as well as make India their preferred buying destination.

Indian companies need to improve considerably in quality, costing and delivery commitment and for that they need to invest in technology/automation and respect delivery commitments. China had been the preferred business partner as it scores high on all these parameters, a strategy now followed by Vietnam and Bangladesh as well. On government part there is a dire need of land and labour reforms if we want to be competitive globally. The competition will be from countries like Vietnam, Bangladesh and Indonesia who are also equally eager to attract business shifting from China and their governments have already taken necessary steps in that direction. India is still lagging in taking firm steps to grab this global opportunity. It is time to wake up for both the Indian government and the textile industry or else this opportunity will also pass by like earlier. ■