Indian Textile Industry - Present scenario.

Ludhiana, 25th July, 2019

Textile spinning mills are considering cutting back production and shutting down their mills once a week against the current trend of operating a mill 24x7.

The decision to take this extreme step has come as a result of excess spinning capacity in the country and poor demand for yarn from overseas markets leading to accumulation of yarn stocks and poor liquidity. China which has been a major importer of Indian yarns for the past few years, has cut-down imports in the past few months, thus worsening the situation, leading to accumulation of yarn stocks in Indian spinning mills.

The spinning industry is under crisis and the situation is moving from bad to worse and spinners are making losses. Industry is therefore considering various options to reduce daily production, including closing the plant for one day in a week or more.

President of Northern India Textile Mills’ Association further elaborated on current textile situation in India, he referred to the recently held meeting of Andhra Pradesh spinning mills association at Guntur where it was decided to observe ‘production holiday one day in a week’ as most of the mills have been under severe financial crises. Similar information of 25% reduction in production is also coming from Gujarat & Southern India Mills’ Association (SIMA) to restore the balance between demand & supply.

India despite being one of the largest producers of raw materials i.e. Cotton Fibre and Man-made Fibres, the cost in India is much higher due to structural issues like MSP, Anti-dumping, etc., which has made the industry uncompetitive globally leading to stagnant exports and increasing imports of value added products.

TUF reimbursement has also been hurting the industry as backlog of around Rs.9,000 crores under various TUF Schemes is pending. Clear & simplified guidelines with time bound clearances will ease the way forward for textile industry.

GST issues on T & C should be addressed, so that refunds can come to the industry quickly and enhance liquidity. Further there are many small GST irritants which need important redressal for which a Special Officer needs to be assigned to look into all such issues.

Appreciation of approx 2.43% in rupee in last couple of months has also contributed towards cheap Imports and poor export competitiveness in India.

Due to the above, many textile units across India are either getting sick or forced to lower their capacity to even 50%.
However, textile industry and Indian economy both are looking positive for a new beginning where it reaches its full potential and lead to inclusive growth of the country.

(With a request for wider publication)

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