

Textile industry to see growth in H2

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WORST seems to be over for the textile industry. Order books of textile exporters are full and inventories have gone down significantly signifying faster growth of the sector in the next two quarters, say top two exporters. The domestic textile firms were the worst sufferers until recently due to the recent global recession.

"The worst is past us. Within the next two quarters, we can expect demand to reach levels as were before the recession," said Vardhman group chairman SP Oswal said.

According to Orient Craft, one of the top textile exporters, the company is witnessing considerable signs of improvement in demand. "In a quarter or two, we can expect a revival in this sector," its managing director Sudhir Dhingra said.

He said countries like Bangladesh are taking advantage of India's "pricing policy". "When a foreign customer buys from Bangladesh, he is exempted from paying any taxes, thereby giving us a clear disadvantage," he added.

The industry expects a better time for the textile sector in the current season itself that has started from September. "We are expecting better sales this year, in comparison to 2008-09," said Lerros International CEO Ram Prasad said. Inventories of apparel and garment companies have seen consid-

erable decrease even as production has gone up due to higher demand, he added.

Mr Oswal said the demand crunch was very high during the peak periods of the recession but things have changed now. "Now our order books are seeing heighten activity coupled with greater enquiries by prospective and existing customers," he said, saying the 7-8% growth rate targeted by the textile minister is achievable, as there are many opportunities to tap.

But KP R Mills MD P Nataraj sounds sceptical. "This has been the worst period in the past 15 years, so recovery will take time," he said.

The only problem which seems to worry the exporters, is the longer periods of repayment of credits by the buyers. "Payment, especially by smaller buyers, are not prompt and this affects our working capital requirements," said an exporter requesting anonymity. While in the early days of the recession, buyers wanted a 30-day credit period, they now demand 90-120 days credit, he added.

However, this is a phenomenon common during a recessionary phase, says DK Nair, secretary general, Confederation of Indian Textile Industry (CITI).

"Due to lower demand in their countries, buyers will ask for longer periods of repayment, but as the global situation improves, recovery will be faster, thus enabling quicker payments by customers," he added.

HAPPY HOURS

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