

Textile makers see order books grow, drug & auto cos bide time

Our Bureau
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INDIAN textile and apparel makers have seen their order books grow smartly in the past couple of months mirroring the revival in the US economy, while pharma, auto parts and steel exporters hope the recovery will boost their revenues as well.

Leading textile and apparel exporters said they were not surprised by the US GDP figures announced on Thursday and were anticipating robust numbers. India's largest apparel exporter—private equity firm Blackstone-owned Gokaldas Exports—says it started seeing signs of revival a few months ago. "We have a comfortable order book, although it is 10% lower than the 2007 level," Gokaldas MD Rajendra Hinduja told ET.

Orient Craft, another leading apparel exporter, said it received orders of 3 million pieces of garments in the past two weeks. Orient Craft CMD Sudhir Dhingra and Mr Hinduja, however, say they are working on tight margins and rival apparel exporting nations such as Bangladesh, Vietnam and China have been giving Indian exporters stiff competition mainly on account of lower wages in those countries. Besides, Mr Dhingra says the rupee has been appreciating again, eroding the currency advantage for Indian exporters.

India exports half of the textile and apparel it produces and employs lakhs of low-skilled workers. The lower retail consumption in the US due to an economic downturn had shrunk orders for Indian apparel manufacturers eliminating tens of thousands of jobs.

Indian drug companies, which ship 20% of their exports to the US, are also likely to benefit. "The pharma industry was unaffected by the recession. However, the recovery is a positive development and it will boost the overall healthcare spend in the US, the world's largest pharma market," Jubilant Organosys CMD Shyam Bhartia said.

While Indian steel pipes, tubes and wire makers are likely to benefit from the growth in the US economy, primary steel producers including SAIL, Essar and JSW are unlikely to make much gain due to anti-dumping duty imposed by the US on certain Indian steel products.

Auto part makers, which saw a significant decline in exports during the downturn as major auto makers in the US slid into tough times, are likely to benefit.

