Impact of demonetization on textile industry – Tiruppur Case Study

What is the issue?

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- November 8th marks one year anniversary since the Demonetisation.
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- It specifically had an impact on Textile Industry
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What is the present scenario in Tiruppur SME?

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- Tiruppur is a town in Coimbatore district of Tamilnadu.
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- It has textile hub which worth's Rs 42,000 crore.
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- It is sustained by 8,500 small, medium and large firms.
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- There were 1,500 small units in the periphery of tiruppurbefore the note ban.
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- A small stitching unit would employ around 15 women workers and made an average of Rs 20,000-25,000 every week.
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What are the impacts of demonetization?

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- Tiruppur industries belong to the micro- and small-scale category, and have not been able to bear the double blow of demonetisation and GST.

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- After demonetization fewer than 500 small units are still doing regular business.
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- Others are either shut or have been waiting for an order for several months now.
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- On an average remaining workers at the small units is only around 5 and they struggle to make average of Rs 2,000 in two weeks.
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- They people who run the unit can’t pay the Goods and Services Tax (GST) on the raw material what they use.
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- As there is nothing left after stitching, transportation, buying other materials and paying loans.
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- To sustain the labours, the units pay them even if there is no work.
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- The competitors in markets in the United States and the European Union had gained by 10%-11% in this period.
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- Big players are also badly affected by the demonetisation and have stopped outsourcing (cloth) bundles for stitching works.
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- The industry is literally being wiped out, reviving it would be impossible.
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Source: The Indian Express

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