

US slowdown hits Indian textile exports

The textile sector has already started taking a hit amid growing concerns of recession in US with a big squeeze on margins and the spiralling raw material costs and revenues might shrink as much as 5-6 per cent in the coming quarters.

“The industry saw a negative growth of 8 per cent in '07-08 and we expect to see a negative growth of 10 per cent in 2008-09,” said Rajendra Hinduja, ED, Gokaldas Exports.

Adding to the woes is the combination of an appreciating rupee and slowdown in the US economy, which has reduced orders to a trickle and with competing destinations like China and Bangladesh inching ahead, Indian textiles are looking a trifle tattered.

With the Budget giving little relief companies have little choice but to put expansion plans on hold.

Gokaldas Exports, Alok Industries and Abhishek Industries to name a few are revisiting plans of expansion.

With cotton prices rising nearly 30-32 per cent in 3 months making nearly one-third of costs for most textile companies, margins are bound to get dented.

The best bet for the textile companies may be moving back to domestic market thanks to a robust demand but the margins and volumes are much lower and do not really support the export business model.