

Impact of demonetization on textile industry - Tiruppur Case Study

What is the issue?

\n\n

\n

- November 8th marks one year anniversary since the Demonetisation.

\n

- It specifically had an impact on Textile Industry

\n

\n\n

Click [here](#) to know about Impact of Demonetisation after an year

\n\n

What is the present scenario in Tiruppur SME?

\n\n

\n

- Tiruppur is a town in Coimbatore district of Tamilnadu.

\n

- It has textile hub which worth's Rs 42,000 crore.

\n

- It is sustained by 8,500 small, medium and large firms.

\n

- There were 1,500 small units in the periphery of tiruppur before the note ban.

\n

- A small stitching unit would employ around 15 women workers and made an average of Rs 20,000-25,000 every week.

\n

\n\n

What are the impacts of demonetization?

\n\n

\n

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

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

\n\n

\n\n

Source: The Indian Express

\n

