

# Clothing Cos Short of Funds to Pay Salary as Retail Shops Shut

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**Bengaluru:** Only 8% of apparel makers and retailers in India will have funds to pay May salaries without government support and it will shrink to 5% the following month, as their cash flow has halted completely amid the Covid-19 lockdown, according to the Clothing Manufacturers Association of India (CMAI).

About 90% of all apparel retail is still at physical stores and “there is no point in manufacturing if retail stores are not open”, said Rahul Mehta, the chief mentor at CMAI. The association represents about 24,000 manufacturers and its members include Raymond, the Future Group and Shoppers Stop. Leading retailers, meanwhile, have jointly urged the government to reopen non-essential retail across trade channels including malls, high street and ecommerce to boost consumption, restart cash engine and reset the economy.

“Export is going to remain anaemic. We need demand to run our factories,” said Kulin Lalbhai, the executive director of Arvind Ltd that sells brands such as Calvin Klein, Tommy Hilfiger, Arrow and Gap. The retail industry employs 46 million people, out of which 90% are in the blue-collar segment. If the industry loses 1 million jobs due to the pandemic, the Retailers Association of India (RAI) that has over 15,000 retail members, estimates a livelihood impact of 5-6%. Moreover, non-essential industry is hit hard as the lockdown has overlapped in the high season of March-May.

Retailers said the pain would be elongated if consumption and retail didn't go hand-in-hand now. “Without consumption, it will be impossible to kickstart our



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across trade channels to boost consumption and reset the economy

supply chain. If we want to restart the economy, we need to ensure cash availability,” Future Retail managing director Rakesh Biyani said, adding: “Getting 30-35% of the existing working capital and longer moratorium of six months (on loan repayments) are required as the non-essential industry will take some time to revive.”

Non-essentials such as fashion and electronics contribute 50% to the total retail industry, while food and other essentials account for the rest. Modern retail generates 10-12% of the overall sales, according to the RAI.

“Non-essential retail should be put on high priority to bring 4.5 million workers in the footwear industry back into production,” Bata India chief executive Sandeep Kataria said. “We need high street, ecommerce and malls to reopen as retail is sitting on high stocks this season.”

The retail industry is estimated to take 9-12 months to recover from the pandemic. Demand for non-essential retail is projected to open with 40% of the value noted in pre-Covid times. The cost of business across non-essential sectors is likely to increase 30-35% post lockdown.