

## FACTORS AFFECTING TEXTILE BUSINESSES OF SURAT CITY DURING COVID-19 PANDEMIC

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### ABSTRACT

COVID-19 or Coronavirus Disease is an airborne disease which has till date affected millions of people throughout the globe. This disease is caused by a virus of Coronavirus family that is, Severe Acute Respiratory Syndrome – Coronavirus - 2 (SARS-CoV-2). Right after being detected first in December 2019 in Wuhan, Hubei, China it became contagious soon after and was declared as Pandemic by World Health Organization (WHO) on 30th January, 2020. Since then the virus has taken over the entire globe sparing no geography. Economies slowed down and businesses struggled because of sudden lockdown announcement by the governments worldwide. Textile industry was no exception. Surat houses around 7,00,000 looms, 400 processing houses and more than 50,000 traders (South Gujarat Information Technologists Association, 2021). Restrictions on movement of people and goods have affected businesses in textile industry badly. This is a descriptive study, undertaken to explore the factors affecting textile businesses in the Surat City. The objective of the study was:

- To identify factors affecting Textile Businesses of Surat City during COVID-19 Pandemic.

A structured and non disguised questionnaire was designed as an instrument to collect data. A total of 100 businesses (Manufacturers, Traders and Retailers) were surveyed electronically. The study found Government Regulations (Lockdown/Quarantine/Travel Restrictions), Shortage of Demand, Shortage of Transport services, Difficulty in paying rents and Shortage of Liquidity were the main factors affecting Textile businesses of Surat City during COVID-19 Pandemic.

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**Keywords:** COVID-19, Pandemic, Textile Industry, WHO, SARS-CoV-2.

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### Introduction

COVID-19 or Coronavirus Disease is an airborne disease which has till date affected millions of people throughout the globe. This disease is caused by a virus of Coronavirus family that is, Severe Acute Respiratory Syndrome – Coronavirus - 2 (SARS-CoV-2). Right after being detected first in December 2019 in Wuhan, Hubei, China it became contagious soon after and was declared as Pandemic by World Health Organization (WHO) on 30<sup>th</sup> January, 2020. Since then the virus has taken over the entire globe sparing no geography. Economies slowed down and businesses struggled because of sudden lockdown announcement by the governments worldwide.

According to the Ministry of Statistics, India's growth in the fourth quarter of the fiscal year 2019-20 went down to 3.1%. In its latest edition of the Global Economic Prospect, the World Bank downgraded its projection of India by a massive negative nine percent. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the Coronavirus pandemic effect on the Indian economy. Textile industry was no exception. Surat houses around 7,00,000 looms, 400 processing houses and more than 50,000 traders (South Gujarat Information Technologists Association, 2021). Restrictions on movement of people and goods have affected businesses in textile industry badly.

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Since there were very few studies available to study effects of COVID-19 Pandemic on textile businesses hence it was imperative and of utmost **significance to study** the subject in the context of Surat as the city houses largest textile market in the world.

### Major Stakeholders of the Industry

A stakeholder is a party that has a vested interest in a company or industry and can either affect or be affected by the prevailing business conditions. The primary stakeholders in a typical corporation are its investors, employees, customers, and suppliers while for an industry they can be businesses, manpower employed in that industry, the government and society. Stakeholders for textile industry of Surat are described below:

- **Businesses** are among the foremost stakeholders. Businesses include Manufacturers of textile products right from Fibre till it becomes Fashion or finished product, suppliers of raw materials, traders, commission agents and retailers.
  - **Manpower** employed in textile Industry are largest in terms of numbers. It can be further classified into following:
    - **Skilled Employees:** Qualified people working in textile businesses such as accountants, machine operators, graphic designers, managers and sales personnel who are permanently working for a business or establishment are largely classified as skilled employees.
    - **Semi-Skilled Employees or Workers:** People working in textile industry as labour or artisans for a particular employer or establishment with little or no educational background are broadly classified as Semi-Skilled Employees.
    - **Daily Wage Worker:** People working as daily wage walk-in workers with different businesses or establishments on need basis are broadly classified as Daily Wage Worker. They perform their work similar as Semi-Skilled workers or employees, just not permanently employed for a particular employer.
    - **Freelancer Artisan or Self employed Group:** People working individually or as a group on project or contract basis for different manufacturers or businesses are broadly classified as Freelance Artisan. Ladies doing hand or machine embroidery from home on contract basis and other self help groups or self employed artisans taking up contract job works are the best examples.
    - **Porters:** People involved in physically carrying huge textile luggage within the textile market area of Surat are broadly classified as Porters. They also occasionally hire manual carts and pull them physically in case the bundles are heavier and large in quantity.
    - **Transport Vehicle Drivers/Owners:** Logistics and transportation are core to textile business. Large and heavy weight textile luggage needs small pick-up trucks, trucks and heavy vehicles for its transportation between manufacturing units, warehouses, retailing units and outstation clients. Manpower involved in any such transportation are broadly classified under this category.
  - **The Society:** Blooming businesses ultimately enhances standard of living in the society and makes it economically and socially sound.
  - **The Government:** Blooming businesses increases tax revenue of the local government bodies or Municipal Corporation which ultimately enhances developmental works in the region.
- Hence, for this study the stakeholders are broadly divided into following categories for simplification and for the sake of further analysis:
- **Businesses:** Manufacturers or Processor, Traders and Retailers
  - **Manpower:** Skilled Employees, Semi-Skilled Employees/Workers, Daily-Wage Workers or Artisans, Freelance Artisan, Porter and Transport Vehicle Drivers/Owners.

As the objectives focuses on businesses and not people employed by these businesses, respondents will be businesses as defined above.

**Pathare (2020)** studied how adversely the textile sector has been affected. It initially explained how textile industry was already in the phase of overcoming downfall due to implementation of GST when the pandemic hit. Moreover, withdrawal of several government incentives on yarn had already decreased exports in 2019. Onset of pandemic made the situation worst. Textile industry is predominantly considered as capital intensive and largely depends on organised borrowings from banks and financial institutions for maintaining liquidity and cash flow. Figures presented in the study shows how badly the pandemic has affected the textile eco system.

**Kumar (2021)** studied textile industry as one of the most affected sectors in India; mostly because it employs maximum number of people after agriculture. The study further enlists most affected areas of textile industry by the pandemic. First being **Labour force and Employment**, the study says, the temporary closure of factory, mill or businesses and lay-offs have particularly affected the low wage worker of the industry. Secondly, hindrances in **Imports & Exports of Goods** had its impact on the domestic supply chains which resulted in rise in prices of spare parts and finished products. The study notes that 60% of India's export goes to the US and EU, resulting in cancellation of orders because of travel and supply restrictions in initial days of pandemic. Thirdly, the industry struggled with liquidity and profitability issues because of steep fall in demand, exports and restrictions. This also aggravated into further crisis because of **cash flow constraints**.

**Supply Chain Disruption** was the fourth major affected area according to the study, due to impact on import & export and transport blockades. Fifth, according to the study was **consumer sentiment**. Nationwide lockdowns and extent of the outbreak has impacted the consumer sentiments. The study also predicts a steep recovery after the restrictions are lifted and economic activities get back to normal. The study observes that the policies announced by the government to tackle the adverse effects of pandemic such as - INR 3000 collateral free loans to MSME and moratorium on interest of bank loans along with other announcements has provided significant relief to businesses.

**Khurana (2022)** studied how the Indian fashion and cloth sector was affected during and post COVID- 19 times, as it has proved to be a profitable supporter for developing countries in the past few decades.

The primary data was collected by conducting In- depth interviews of qualitative types of directors and managing heads of large scale manufacturing houses (over 300 workers) and secondary data was gathered by performing methodical literature review across multiple databases in scientific and technical genres. This was organised by Value Chain Analysis.

Interviews with the owners confirmed that businesses have no certainty. It had come to realisation that even after the technological advances in the garment sector, it wasn't implemented in practice, because either the staff wasn't trained or they preferred conventional styles of working and such digital advancement meant investment in terms of human as well as capital resources. Because of the huge gap in the digitization of the value chain, it has led to steep financial problems.

**Gehi (2021)** studied the impact of Covid-19 pandemic on Textile Industry. The research initially observes how badly the industry has been affected by the onset of pandemic. The study further points out various consequences of the pandemic on textile industry of India such as, cancellation of orders in domestic market, decrease in export, no liquidity because of lockdown, migration of skilled and semi-skilled labour to their home town and closure of businesses due to heavy liabilities and operating cost.

**Kanupriya (2021)** studied the Issues and Challenges faced by the Indian Textile Sector for the Demand side and the supply side, during and post pandemic. The major impact on supply chain was due to social distancing guidelines, nationwide lockdown and restriction of transport via international borders and rigid enforcements of these. This affected the domestic and export commodity stock. Huge scale losses were faced in job sector and cuts were made in pay system. On the demand side, change in consumer behaviour was because of consciousness towards health safety and social distancing. The other major factor was restrictions made by the government on non-essential products and it included majority of textile sector.

Strategies that could be implemented to deal with the challenges: tax compliance rules and deadlines can be relaxed; exporters can have some concessions against taxes or duties on export product, a detailed financial package which factors the labour as well as export sector.

**Juneja (2020)** studied the impact of Covid-19 lockdown on textile industry of the country. This study also enlists the factors which affected the textile industry without quantitative survey. According to the research, Supply Chain Disturbance, Cash Crunch, Workers' Migration and government restrictions were the major problems creating hindrances for textile industry.

The study suggests businesses must diversify their source of procuring raw materials and supplies such as spare parts of machinery (which is usually procured from China) in order to avoid such situation in future where in international transport blockade abruptly stops everything. Also, the article sees opportunity in china being seen suspiciously by the world, which implies that global companies will now turn towards South East in Asia to find an alternative to china.

**Anner (2020)** studied the Impact of Covid-19 on Workers and Businesses at the Bottom of Global Garment Supply Chains. The study was done in Bangladesh and highlights the plight of factories as well as workers during the pandemic. The survey for the study was done in the month of March 2020 and responses were taken from employers. Approximately 2000 suppliers were surveyed during this research. The results show devastating impact on factories or suppliers<sup>1</sup> and workers –

- Almost half of the suppliers (45.8%) of Bangladesh reports cancellation of entire 'in-process' or 'already completed' orders. Despite of contractual binding, buyers refused to pay for any of the production cost to these manufacturers.
- 72% of the buyers refused to pay for production cost or raw material cost incurred by these suppliers in manufacturing the goods ordered but cancelled by them after onset of pandemic.
- Cancellation of orders resulted in dire situation for workers of the factories. 72.4% of the workers were laid-off and sent home without any pay and 80.4% were dismissed as 98.1% of the buyers refused to contribute any amount to the factories towards payment of wages to workers who were employed to manufacture goods for their orders.
- The study also says that similar situation or dynamics are prevailing in countries worldwide.

### Methodology

**Research objectives** outline the specific steps to be undertaken to achieve the research aim. Objectives define the what, why, who, when and how questions. Research objectives must be measurable, achievable and realistic in nature so as to complete the study in a time bound manner. This particular study is aimed:

- To identify factors affecting Textile Businesses of Surat City during COVID-19 Pandemic.

As this research studies cause-effect relationship for COVID-19 pandemic generated factors affecting textile businesses, hence it is experimental research as far as research design is concerned. A **structured and non-disguised questionnaire** was designed as an instrument to collect data from businesses as defined above. A total of **100 businesses** (Manufacturers, Traders and Retailers) were surveyed personally by recording their responses on Google Forms. The study involves different categories or strata of businesses to be studied, as there was a fair chance that each category of the business is differently affected by the COVID-19 pandemic. Hence **Probabilistic Stratified sampling** was considered best to be employed as sampling technique. Sample size has been proportionately low to its sampling frame considering the outcome of pilot survey. Sample size for the Businesses and in the industry was as under:

Businesses	Sample Size
Manufacturers/Processors	30
Traders	30
Retailers	40
<b>Total</b>	<b>100</b>

As far as the **time frame of data collection** is concerned, the data was collected between January and August, 2021, after the lockdown was completely lifted, logistical hindrances were at the bay and industry was getting back to its normal in terms of availability of supplies and labour. The survey was interrupted by second and third waves or outbreaks of COVID-19.

### Analysis & Interpretation

Data was extracted using structured questionnaires from businesses of textile industry of Surat. Microsoft Excel software was used to create database. Data cleansing was carried out after eliminating error in responses. As data was collected through Google Forms electronically, coding was not required. Data sheet extracted out of Google forms at the end of the data collection and cleansing was uploaded in SPSS (Statistical Package for Social Science) for further statistical analysis.

Descriptive statistical tools such as Frequency distribution, cross tabulation and mean is used to study representativeness and characteristic of respondents on various demographic and other selected variables.

<sup>1</sup> Factories or suppliers here refer to manufacturing houses, mills or processing houses from which wholesalers and retailers purchase their goods in Bangladeshi Textile Market.

**Research Question:** Did your business get affected by COVID-19 Pandemic?

Businesses affected by COVID-19 Pandemic			
		Frequency	Percent
Valid	Positively affected	1	1.0
	Negatively affected	99	99.0
	<b>Total</b>	100	100.0

Upon asking whether their textiles business was affected because of COVID-19 Pandemic, 1 among 100 reacted by saying that they got positively affected by COVID-19 Pandemic. Rest all were negatively affected.

**Research Question:** How much your monthly Revenue increased or decreased?

Change in Monthly Revenue			
		Frequency	Percent
	0-25%	22	22.0
	25-50%	75	75.0
	50-100%	3	3.0
	<b>Total</b>	100	100.0

The question was asked to the respondents about the percentage of change in their revenue during COVID-19 pandemic. 22% of business in the textile industry saw their monthly revenue being affected by 0-25%, revenue of 75% of businesses got affected by 25-50%, while 3% of the businesses got affected by 50-100% in terms of monthly revenue.

**Research Question:** Have you ever stopped operation/production/trading during the Pandemic?

Businesses which stopped operation/production/trading			
		Frequency	Percent
Valid	For 0-3 months	84	84.0
	For 3-6 months	16	16.0
	<b>Total</b>	100	100.0

The question was asked whether the respondents have stopped operation/production/trading during the Pandemic. 84% of the respondents reacted by saying that their operation/production/trading was shut up to 3 months while remaining 16% responded by saying their business was not operating/producing/trading for up to 6 months during COVID-19 Pandemic.

**Research Question:** What were the leading factors which forced you to stop operation/production/ trading?

Particulars	Responses
Self-imposed (fear of Contamination)	1
Government regulations (Lockdown/Quarantine/Travel restrictions)	100
Shortages of supplies/input/raw materials	42
Shortage of labour	30
Shortage of Demand	97
Shortage of liquidity	65
Not Applicable	0

Respondents were asked about the leading factor which forced their business or establishment to stop operating or production, to which 100% of the respondents said they had to stop the operations because of 'Government Regulations' such as Lockdown or Quarantine or Travel Restrictions while 97% of respondents also said their operations were halted because of 'Shortage of Demand'. 'Fear of Contamination' and 'Shortage of Labour' was not an issue for majority of respondents.

**Research Question:** If business is operational, what are the major challenges faced during COVID-19 Pandemic?

Particulars	Responses
Shortage of raw material	33
Shortage of spare parts & other supplies	6
Shortage of labour	30
Shortage of liquidity	68
Difficulty in paying premises rent	71
Shortage of demand	97
Shortage of shipping/ transport services	78
Government regulations (lockdown/quarantine/travel restrictions)	98
Fear of contamination	2
No difficulties	0

Respondents were asked about the leading challenges they faced during COVID-19 Pandemic if their business were operational. 98% of the respondents said 'Government Regulations' such as Lockdown or Quarantine or Travel Restrictions was the major challenge they faced while 97% of respondents also said 'Shortage of Demand' was a challenge. 'Fear of Contamination', 'Shortage of Raw materials' and 'Shortage of Spare Parts' was not a major challenge for majority of respondents.

### Conclusion

Results of the study were almost in line with previous researches but study amplified industry and region-specific factors causing distress. There were a few businesses dealing in textiles used in healthcare industry which got positively affected and there were a few having scope to immediately divert their existing business resources to manufacture healthcare textiles and generate some revenue but rest all suffered significantly.

The study found Government Regulations (Lockdown/Quarantine/Travel Restrictions), Shortage of Demand, Shortage of Shipping/Transport services, Difficulty in paying rents and Shortage of Liquidity were the main factors affecting Textile businesses of Surat City during COVID-19 Pandemic.

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