CMAI Survey On Impact Of Lock Down

Lock Down Survey:

Domestic Clothing Industry face the Biggest Crisis in over 50 years:

The Clothing Manufacturers Association of India (CMAI) is the Voice of the Domestic Apparel Industry. With 4000+ Manufacturing Members and over 25,000 distributors, agents and dealers as members, CMAI has a Pan India footprint. CMAI Members employee more than 1.2 Million workers in factories and 4 Million+ employees across the entire Domestic Apparel value chain.

Covid-19, has stalled the cycle of the Apparel Value Chain.

CMAI has been interacting with Members to understand the impact of the Covid-19 on the Domestic Apparel Industry.

With the extension of the Lockdown, CMAI conducted its second major survey among its members – this time specifically to understand their ability to pay wages and salaries to their workers over the next few months:

Results of the Survey:

1. **98% are concerned about the welfare of their workers:**

   Workers (karigars) are the most important members of the MSME unit. For business owners these workers are an extended family.

2. **92% have paid wages and salaries to their workers for March**

   Although factories closed down on 18th March, 92% of CMAI members have paid wages and salaries for the whole month of March. Members have collected only 30% of the receivable for March, leading to significant cash crunch. Many of the Members have had to take loans to pay the March wages.

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3. **Majority Members will not be able to pay Wages for April & May:**

67% (2/3rd) of the Members will not be able to pay wages for April. With Zero sales and collection, **NO** support for additional Working Capital from Banks, factories don't have the funds to pay wages. Non-payment of wages could lead to significant unrest. CMAI members are worried that owners may not be able to visit their factories, if wages are not paid. The severity of the crisis facing the Industry is unprecedented. CMAI once again appeals to the Government to save the MSME Industry. Immediate support on Direct Wage Transfer or Mandatory disbursement of Working Capital Loan is required on an SOS basis.

4. **31% of Domestic Apparel Factories may close down:**

31% of the Domestic Apparel Factories may close down (this is a 50% increase since the 1st week of the Lockdown). With the extended lock-down and loss of sales during the peak consumption (festive) period, the grim reality is becoming more obvious, MSME businesses are seeing no future and are wanting to shut operations. Considering that close to 8 million people are employed by the Domestic Apparel Industry, almost **25 Lac workers will be out of job**. The job losses in the Textile value chain will compound further and **almost 1 crores job may be lost in the Textile Value Chain**.

CMAI once again pleads with the Government to **SAVE THE DOMESTIC APPAREL INDUSTRY FROM EXTINCTION.**

CMAI'S REPRESENTATION TO GOVERNEMENT:

CMAI's Appeal to the Government is to:

1. **WAGE SUBSIDY**:

(A) 50% Wage Subsidy up to Rs. 5,000/- per month for 5 months from March 2020 to July 2020
(B) PF & ESIC Contribution of Employer and Employee to be done by Government for 3 months (March to May 2020) for employee drawing wage not more than Rs. 15,000 with no cap on number of employees in the company.

2. **INTEREST SUBVENTION**: All Banks to offer Interest Subvention of 5% on total borrowings.

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3. **WORKING CAPITAL**: 25% additional Working Capital to be made available on a Mandatory Basis (not to the option of the Bank), subject to available Drawing Power on revised norms.

4. **MORATORIUM:** While RBI has already allowed 3 months Moratorium on Terms Loans and Working Capital Loans, considering the long working capital cycle, this needs to be extended to 6 months. Further, Purchase Bills Discounting and Letter of Credits dues must also be given the 90 days Moratorium.

5. **SEBI**: Must be instructed to provide relaxation in rules for Capital Raising for Listed companies. Due to the sudden fall in stock prices. Further, SEBI must also provide a 90 days moratorium on Listed Debt Instruments which are used for financing Working Capital and Term Loans.

6. **ELECTRICITY**: Waiver of Minimum Demand Load charges for 4 months from March 2020 to June 2020. State Government to waive Electricity Duties for 4 months.

7. **GST:** Allow additional 90 days for depositing of GST Dues for March and 30 days for GST for May & June 2020.
