

# Textile cos focus on rightsizing

## Face reduction in demand as overseas orders shrink

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'Rightsizing' is the buzz word in the textile industry, beginning at the top of the ladder where CEOs and CFOs are changing their office addresses.

This became apparent when *Business Line* tried to contact them and found that they were no longer with the companies they had helped set up.

Rightsizing, a euphemism for job cuts, is becoming the norm in many sectors of the economy including textiles, which is facing continued demand contraction as orders from overseas shrink.

Leading textile company Arvind Ltd has rightsized to 17,000 employees, laying off around 800 people.

"In the past three months, we have rightsized our employee strength and so we do not see the need to lay off any people as of now. The demand contraction was ex-

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pected and we are dealing with it. But there is a silver lining in the currency movements and reduced cotton prices, which might improve the situation," said Mr Jayesh Shah, Director & Chief Financial Officer.

### **NO RECRUIT PLANS**

Bombay Dyeing, another prominent player, has plans to hire more people for its retail and distribution networks, but there are no recruitments planned for the textile division, said Mr S. K. Gupta, Executive Director,

The Bombay Dyeing & Manufacturing Co Ltd.

"We have around 500 employees at the Nandangaon plant and 300 in marketing all over. We have no plans to increase the number of employees in the textile division as we have just set up the plant and our plans are in place for the next few years," he said.

He said the contract labourers might be hit and be directly affected by the textile industry's attempt at withstanding the slowdown.

### **'WORST YET TO COME'**

According to Mr Sanjeev Saran, Chairman, Synthetic & Rayon Textiles Export Promotion Council, about 25 per cent of the contract labour force might have to face the sack in the coming days.

"We are facing a drop of 30 per cent in our order books and the worst is yet to come. The fibre and yarn

companies have a huge stock and are having to resort to cutting production. The fabric is ready but buyers are unable to open the letters of credit. Plus there is huge pressure on prices."

Like any other sector, the textile industry is also feeling the heat of the economic slowdown, and is under the threat of job losses.

But as some companies re-trench or downsize to cut costs, some others can also use this as an opportunity, said Mr Gupta of Bombay Dyeing.

### **NEW MARKETS**

Companies that used to focus on the US or European market are now beginning to diversify into previously unexplored countries or in places of thin Indian presence, such as South America and the Asia-Pacific region, and strengthening their position in the domestic market, he said.