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## A Study on the Impact of COVID-19 on Wholesale Clothing Industry

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### ABSTRACT

This study aims to understand and investigate the impact of COVID-19 on the wholesale and retail clothing industry. The fundamental motivation behind it is to discover how such factors are reshaping this industry. A sample of 20-25 people in this industry was chosen to test the model and reach the conclusions. The owners' attitudes towards the pandemic and the changes they observed in the regular course of their business, the problems they incurred, price fluctuations and support from the government are talked about in this given article. In conclusion, talking about the pre and post COVID-19 effects on the wholesale clothing we can see that most of the owners are satisfied with their business and do not prefer changing it. There is a healthy competition among the owners of business which encourages them to stay on the top. Most of the owners were not satisfied with the profits they managed to make during that period

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### 1 INTRODUCTION

The Indian textile industry has gone through unavoidable constraints in the past that have limited its development for decades. This harmed the structure of our industry so much that a large portion of the significant industrialists who played a significant part in the sector prior and after the Independence, relocated to different sectors and clothing specifically turned into a small man's business.

One central reason for handloom's survival is the key role textiles played in the anti-colonial movement. Textiles became overtly political in India in the early 1900s with the rise of the Swadeshi movement, a key political ideology in the anti-British agitation in the country.

During the partition of Bengal in particular, dissent was demonstrated by incidents where western clothes were thrown into large bonfires and foreign clothes were banished from the country. In sync with his vision for a village-led, self-sufficient economy, Gandhi called for Indians to take up spinning yarn and weaving and wearing khadi, a simple hand-spun fabric. The spinning wheel was also incorporated in the Indian flag to symbolize self-sufficiency.

During the initial time after Independence, two main considerations affected Government approaches in the textile space: the lack of funding to contribute and the requirement for elevating the rural economy. Worldwide sourcing of inputs was an equally hard challenge as a result of restricted accessibility of foreign trade. The Indian clothing industry needed to grow at first inside these limitations and that is the significant reason behind why it developed in the SME area.

Now, a number of institutions such as the All India Handloom Board, the Khadi and Village Industries Commission and the Weavers Service Centers worked towards modernizing and revitalizing handloom. Today many independent studios are producing hand-made textiles, such as the heavily subsidized Khadi Gramudyog Bhavan and the more middle class FabIndia have made hand-woven fabrics and traditions accessible to the mass market in India and continue to compete with high-street fashion chains that have entered the country since liberalization.

The unprecedented crisis in the form of COVID-19 flu pandemic has threatened to derail the socio-economic life of people globally. It is found that the crisis has manifold implications for this vital industry. Be it from the angle of consumer demand or production networks, the calamity has made its presence felt across different processes of the sector. In this context, this article discusses the impact of COVID-19 on the wholesale and retail clothing industry.

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### 2. RESEARCH METHODOLOGY AND DATA ANALYSIS

This study aims to understand and investigate the impact of COVID-19 on the wholesale and retail clothing industry. The fundamental motivation behind it is to discover how such factors are reshaping this industry.

A sample of 20-25 people in this industry was chosen to test the model and reach the conclusions. The owners' attitudes towards the pandemic and the changes they observed in the regular course of their business, the problems they incurred, price fluctuations and support from the government are talked about in this given article.

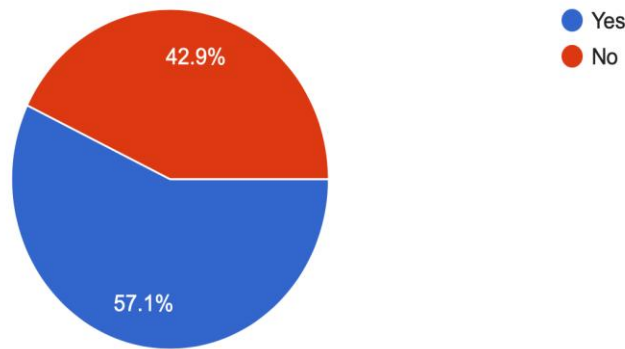
This data has been collected using a questionnaire which was randomly sent to the existing owners of these companies so that relevant information could be collected. The information collected from them held a higher significance owing to their past experiences during the pre COVID-19 era and their knowledge for the same.

### 3. QUESTIONNAIRE ANALYSIS:

#### Question 1:

Is there enough margin in your products?

21 responses

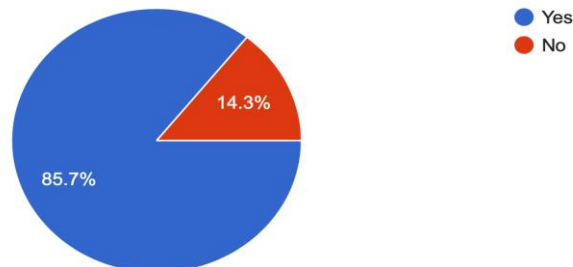


In the survey, while talking about the pre-COVID era, the majority i.e. 57% of the people were satisfied with the products they were selling as they had enough margin in their products. Wholesalers buy products at an acquisition price and sell them to retail sellers for the received price. These two numbers are used to determine the average profit margin for wholesale distributors. The profit margin for the retailers is higher than that of the wholesalers.

#### Question 2:

Do you face high competition from your competitors?

21 responses

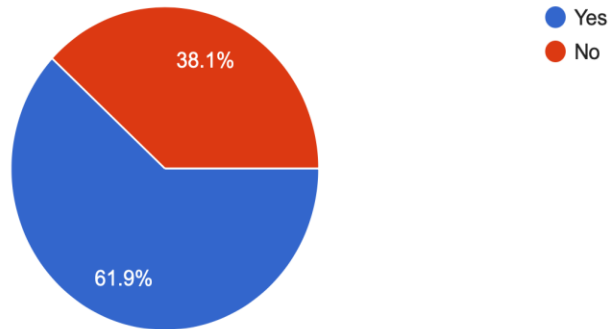


When asked in the survey about the level of competition faced, we reported a high degree of competition as the majority of the owners who were a part of this survey voted for the same. A healthy competition is always required amongst them which keeps them motivated and encourages them to outperform their competitors.

**Question 3:**

Are you able to make a sufficient amount of profits by selling this product?

21 responses

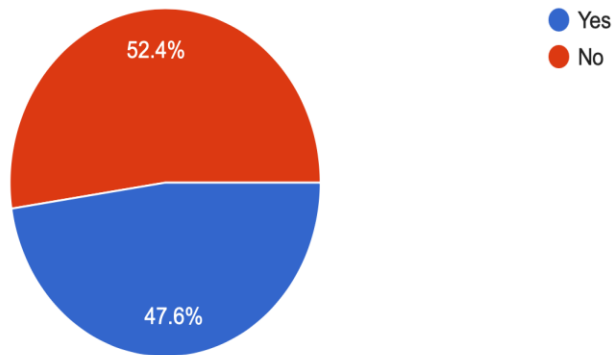


Most of the people are content with the product they are selling as we can see that almost 62% of the people are satisfied with the profits that they are able to earn by selling the product. On the other hand, around 38% are not able to make a sufficient amount of profit by selling these products.

**Question 4:**

If you ever get a chance to change your business would you prefer changing it?

21 responses

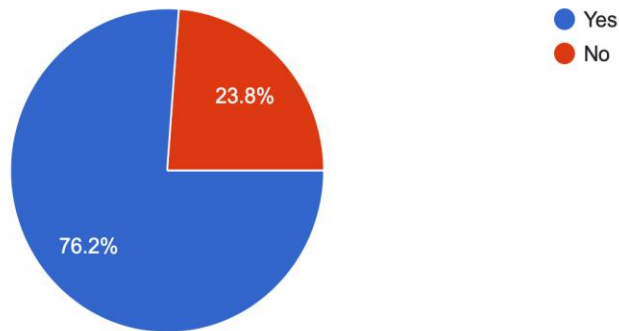


Self-satisfaction is a very important factor which should be present in the owners of the industries so that smooth functioning can be carried on, but the given data represents almost an equal scenario. Around 52.5% of people are not in favour of changing their business. In contrast, 47.5% of people are not satisfied with their business and prefer changing it.

**Question 5:**

Did you face high losses during the pandemic?

21 responses

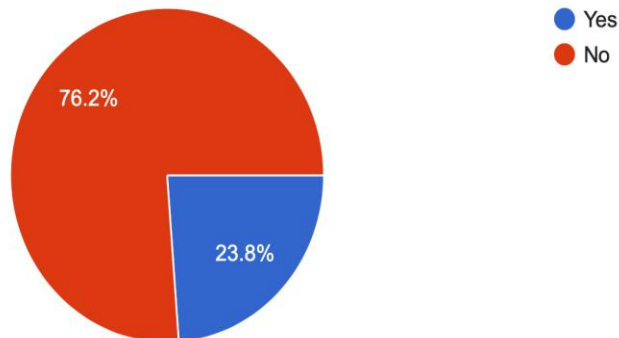


The pandemic was a real low blow for the country. Huge losses were faced by masses and the economy was hit poorly. It is believed that almost one year is required to recover the demand levels prior to COVID-19. Wholesalers and retail textile industry owners also faced the same. A majority of nearly 76% confirmed that they faced high losses during the pandemic. There were few people who managed to cut down their losses by implementing proper plans and policies to cope with the challenges they had to face during that period.

**Question 6:**

Did you fire any of your employees during the pandemic?

21 responses

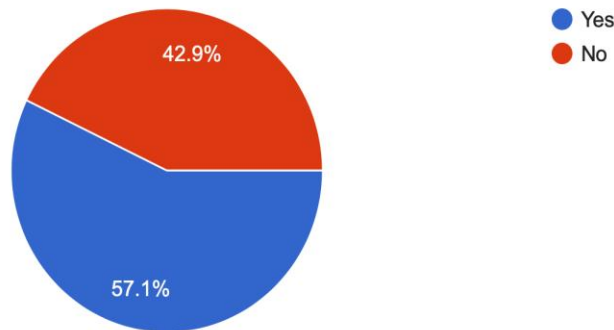


A lot of people lost their employment during the pandemic as everything was shut down. But almost 76% of the owners in our sample from this industry confirmed that they didn't fire any of their employees. After talking to a few of them, it was found that their salary had been reduced by 30-40% but none of them lost their employment completely.

**Question 7:**

Did you face problems of shortage of stock during the lockdown?

21 responses

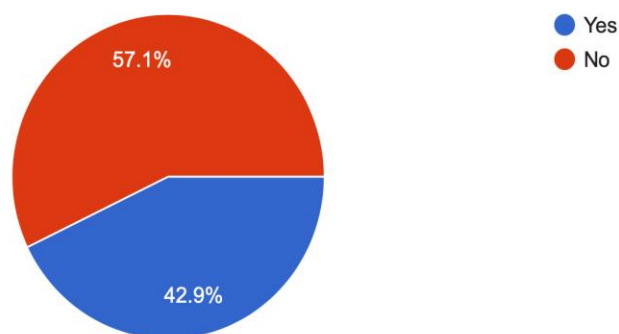


During COVID-19 there was a complete lockdown because of which factories had to remain closed. The labour working under the factory owners started moving back to their villages. This led to a shortage of manpower in the industries which eventually resulted in the shortage of products which hence justifies what majority of our sample voted for.

**Question 8:**

Was transportation of the product an issue during the lockdown?

21 responses

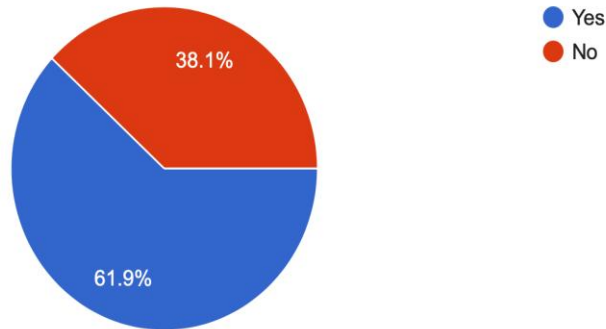


With the help of the survey it can be observed that transportation of products was also a trouble for the people. People had to face difficulty both in purchasing and selling. While the majority i.e. 57.1% of the people did not face problems of transportation, 42.9% of the people faced such problems which eventually had an impact on their sales leading to lower profits.

**Question 9:**

Did you lose any of your customers because of the pandemic?

21 responses

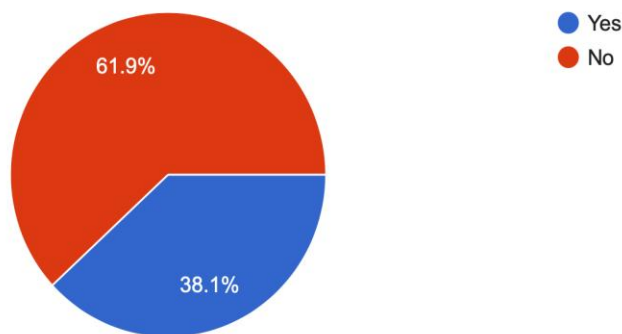


As mentioned earlier, the economy was poorly hit during the pandemic, lots of people lost their source of income which is why people refrained from spending money on wants and rather focussed only on the necessities/needs. For the same reasons, it was confirmed through the survey that around 62% of businesses lost their customers due to the pandemic.

**Question 10:**

Did you cut your link with any of your suppliers?

21 responses

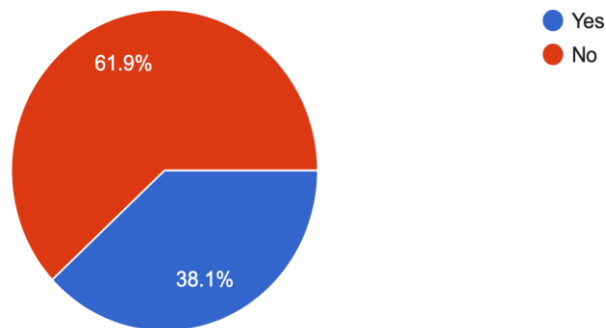


We have already observed in one of the earlier questions that there was a shortage of stock. But there wasn't a complete stop in the supply. Hence, the majority of the owners i.e., 61.9% confirmed that they did not cut ties with any of the suppliers and the rest 38.1% did cut the ties. The reason may be the lack of requirement of those particular products as many owners lost their customers during the pandemic. So as to reduce the losses incurred by keeping excess goods, hence cutting down their suppliers.

**Question 11:**

Were you able to earn profits in any month during the pandemic as compared to last year's records?

21 responses

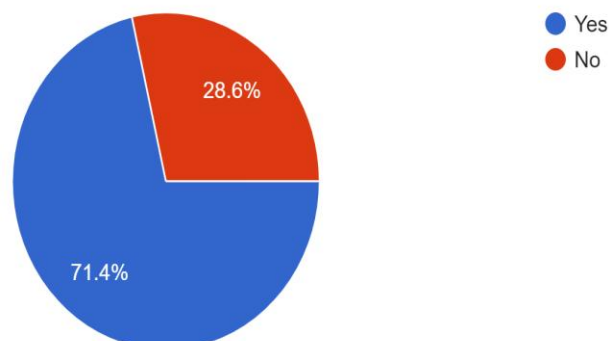


It became very difficult for the people to earn more during the pandemic as they lost many of their customers which cut down their sales. Still 38.1% people were able to earn profits in comparison to their last year's records as they managed to analyse the threats and adopt new plans and policies so that these threats could be mitigated carefully without causing any harm to their business.

**Question 12:**

Was there any price fluctuation because of COVID-19?

21 responses

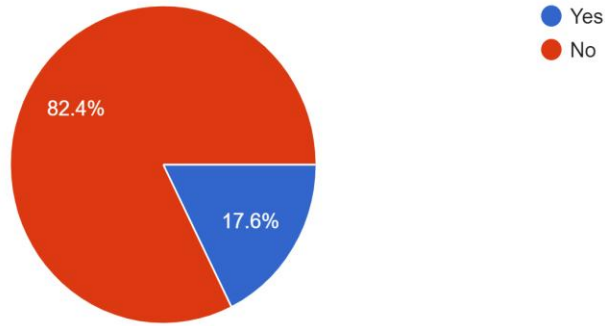


Prices did not remain stable during COVID-19. Prices of daily use items also spiced up. Wholesalers also reported a fluctuation in the prices which is shown in the pie chart from our survey above. Majority i.e. 71.4% of the sample verified this fact. As the factories had a meagre amount of workforce they were not able to produce much which in turn led them to increase the prices of the products. In contrast, the excess stock of the same products with the wholesalers was released by lowering their price. This led to a continuous fluctuation in the prices.

**Question 13:**

If yes, was this fluctuation favorable to you?

17 responses

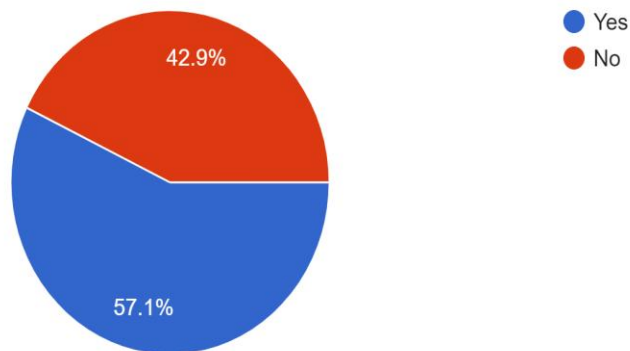


Price fluctuation leads to instability due to which businesses have to incur losses which is agreed by 82.4% of people. They had products of the same type and to release their stock they started selling their products at a lower price which was not adopted by their competitors who did not have excess stock of the same which led to lower profits in comparison to their competitors.

**Question 14:**

Was there any product that had a higher demand during the lockdown?

21 responses



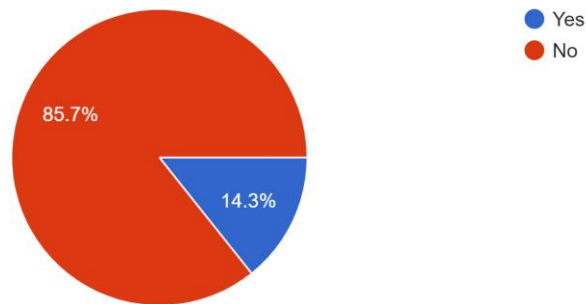
During the pandemic people stayed inside their houses, plethora of people became fitness freaks which eventually led to an increased demand for leisure wear and athletic wear. Masks were in high demand at that point of time. Businessmen found various ways to advertise these products to increase their sales in turn increasing the demand for these products.



**Question 15:**

Did you receive any relief from the government?

21 responses



The economy was in a downturn and the government had to manage its resources carefully to avoid any mistakes. It was not easy for them to provide relief to each and every organisation. Thus it is clearly reported by the majority of the sample, depicted in the chart above no relief was given by the government.

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#### 4. CONCLUSION

In conclusion, talking about the pre and post COVID-19 effects on the wholesale clothing we can see that most of the owners are satisfied with their business and do not prefer changing it. There is a healthy competition among the owners of business which encourages them to stay on the top. Most of the owners were not satisfied with the profits they managed to make during that period. This was a result of price fluctuation because of which people had to face huge losses. Sometimes there were problems of stock shortage because the factories did not have enough labour to produce goods in abundance which led to increase in the prices and sometimes due to excessive stock of the same product these owners sold the goods at a lower price which resulted in huge losses.

Transportation of products was also a huge concern at that point of time. Owners of these businesses did not cut down their links with any of their suppliers and customers and maintained a quality relation with them during the entire time.

Very few owners were able to make profits in comparison to last year's profit. They managed to do so by proper analysis of the environment which helped them to get familiar with the upcoming threats and they managed to deal with it properly, helping them to reduce the intensity of the risks. There were few products whose demand rose during the pandemic. This made people get more inclined towards them and they started selling these items as well.

Unemployment was also a concern during the pandemic. Plethora of people lost their jobs and the rate of unemployment increased. But the owners of these industries did not fire any of their employees. They reduced their salaries by 30-40% which was a genuine trade in comparison with other owners who fired their employees. Most of the owners were satisfied with their working environment and delighted with the business they owned.

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