Amid disruption, India Inc sees a silver lining amid supply disruption over coronavirus

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Indian businesses see potential benefits over the longer term from the novel coronavirus epidemic as companies focus more on local sourcing to offset supply disruptions in the future.

India, along with countries such as Malaysia, Indonesia and Vietnam, could emerge as alternative supply destinations for multinational companies, said industry executives.

In India, the coronavirus outbreak has disrupted the supply chain network, with China being a supplier of critical inputs to various industries such as pharmaceuticals, information technology and automotive.

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India Inc sees a silver lining amid supply disruption over coronavirus

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Most factories in China that were expected to resume work by mid-February post a Lunar New Year holiday have deferred their reopening, while those that have reopened are operating at a fraction of their capacities, said Vinod Sharma, chairman of the Confederation of Indian Industry's national committee on electronics. "I know that some companies in China have applied for permission to restart from their provincial governments, but have either not got permission or a clear indication of when they can restart," said Sharma. "Any restart beyond 17 February will impact our supply chain."

India's electronics industry is heavily dependent on China, importing about $20.6 billion worth of electronic items in 2018-19, comprising one of the biggest chunks of the country's imports.

Sharma, also the chairman of Delhi Electronics, a maker of raw materials for electronic components such as plastic film capacitors, said nearly 70% of his business is dependent on Chinese supplies. While Sharma's business will be hurt by delayed supplies from China, electronic product makers are likely to be worse off as they need many more inputs, he said.

Automobile and auto component makers said they are examining options. "We are checking alternative sources to supply parts to our customers in India," a senior executive at Bosch Ltd said, requesting anonymity. "Electronic parts that are lighter in weight can be airlifted but that would result in higher costs. However, we see that as a temporary solution."

In the longer run, the current disruptions in China, known as the factory to the world, would likely benefit emerging nations such as India and Vietnam as companies globally outsource more from such nations, according to industry executives.

"The dark side of coronavirus is also a blessing in disguise for India to uplift and enhance its manufacturing and industrial output to reduce external dependency," said Niranjan Hiranandani, president of the lobby group Assotech. To promote this, the government has to develop a conducive environment and roll out tax benefits to spur production effectively, he said.

He said it was also an opportunity for Indian exporters to fulfill the "deprived demand needs of global counterparts".

Chief economic adviser Krishnamurthy Subramanian said "the extent of our participation in global value chain does not suggest that we may get impacted" by the coronavirus.

Rather than worry about the impact, experts said Indian industry must look to build and redraw business plans that can aid other countries as well.

"If we look at it, India is currently among the top 20 global devices markets and the fourth-largest in Asia, only next to Japan, China and South Korea. We are a possible alternative supplier for parts of optical, medical and surgical instruments, and this is where we can extend help," said Arun Singh, chief economist at Dun & Bradstreet.

Countries such as Kenya and Nigeria are highly dependent on Chinese imports, he added.

Vietnam, Indonesia and Malaysia are among others in the region that could emerge as alternative suppliers, the industry executives said. "Many of our vendors have factories in Thailand, Malaysia, Vietnam, etc. and they are ramping up production there to meet the shortage," said Rajesh Goenka, director, sales and marketing of Rashi Peripherals, among the country's top three information technology importers.

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"NATIONAL LOGISTICS POLICY (NLP) TO FIX THE VALUE CHAIN", SAYS DEEPAK SOOD

By Mail Today Bureau in New Delhi

Deepak Sood, secretary general, ASSOCHAM shared, "National Logistics Policy (NLP) was one of the major announcements in the union budget for 2020-21 related to logistics and ease of doing business." In her budget speech, Finance Minister Nirmala Sitharaman spelt out a road map for soon to be unveiled NLP by the government. The NLP would clearly define the role of the union government, states and relevant regulators for a seamless operation which would ensure a substantial reduction in turnaround time for the movement of goods and services.

The road map also talked about creating a single-window-logistics market and focus on the generation of employment, skills and making MSMEs competitive. Since there is a full-fledged division of logistics in the commerce ministry, it is most likely that Commerce Minister Piyush Goyal would lead the NLP. Goyal is also in-charge of the ministry of railways which would expedite the process.

Logistics and warehousing, along with railways and airports, are part of the national infrastructure pipeline. The government has committed a sum of ₹103 lakh crore in the next five years.
Tunnel works worth over ₹1 lakh cr to be undertaken in next 5 years: Gadkari

NEW DELHI: Union minister Nitin Gadkari has said that works worth over Rs 1 lakh crore will be undertaken for tunnels at strategic locations in the next five years to ensure all-weather connectivity.

Also, the minister said, competent players, whether small or big, need to be given opportunity and there is a need to relax parameters including technical and financial qualifications for bidders.

"There is a need for tunnels in the country, especially at the strategic locations, to provide all-weather connectivity. In the next five years, we will undertake work worth more than Rs 1 lakh crore for tunnels," the road transport and highways minister said.

Gadkari said this after holding a round-table discussion with senior officials, stakeholders and industry players during a workshop on 'Underground Construction and Tunnelling' by Assocham and the National Highways and Infrastructure Development Corporation Ltd.

He said the need of the hour is to reduce cost and improve quality and added that departments cannot function in silos and need to work in a comprehensive manner.

"There is a need to relax technical and financial qualification for projects, including tunnels, to provide opportunity to small players also, as it has been seen that big players after getting the contract assign the same to small players who in absence of stringent parameters are unable to bid for the project," he said.

At the same time, he added that a policy will be put in place soon for project consultancy management as faulty detailed project reports (DPRs) had caused much damage to the highways sector.

He said national highways accounted for 40 per cent of the total 5 lakh accidents in India per annum in which 1.5 lakh people die and defective DPRs are one of the major reasons for faulty road designs.
Corp hunches: B-Town stars to be in attendance at Ahmedabad Trump event