

An article on COVID -19 and Supply chain disruptions

Rajdeep Kaur

Assistant Professor

I.K. Gujral Punjab Technical University

COVID – 19 has forced the entire industries to rethink about their supply chain models. This pandemic has taken the world by complete surprise. Wuhan, that has been a base for manufacturing for decades, is the first one to get this evil deadly virus.

Government of India ordered a complete lockdown of 21 days to combat with the deadly virus, which was then extended to 3rd of May, 2020. In another way it borrowed some time to make arrangements for the upcoming challenges on the road ahead. Although the impact of virus has already made its mark on economic growth of country. It led to reduction in consumption, lesser demand for certain goods, changed consumer behavior etc. At present, the fourth phase of lockdown is going on i.e. till 31 May, 2020. A survey of Institute For Supply Chain Management revealed that near about 75% of companies faced disruptions in their supply chains. They also didn't have any semblance of their contingency plans. (Bridget McCrea, 2020)

The earlier models of managing supply chain risk and disruptions are not working out in the present situation. For example, mitigating risks and disruptions by adding more suppliers to supply chain. Rather than depending on single supplier, it is wise to have several alternate suppliers. But now it is hard for every industry to approach its alternate suppliers too. The reason is quite evident that their alternative suppliers are also disrupted.

Now to begin with, Industries have to do new Demand planning. As we can see consumer demand patterns have changed over past months. For example, apparels and appliances segments reporting drop in their sales as consumers are postponing their purchasing decisions. But on the other hand, pharmaceuticals and personal care products reported sharp rise in demand. In other words we can say supply chains have been experiencing demand shocks. The previous forecasts of demand will not produce any fruitful results now. So the demand planners have to recalculate their production levels and lead time. Here are some key challenges that are associated with global crisis

1. **Manufacturing:** Several Indian industries depend on imports from China. For Pharmaceuticals, China provides 70% of API (Active Pharmaceutical Ingredients). For automobiles 10-30% of base components are provided by China. Renewable energy sector depends for its 80% of its requirement of solar panels. In early March several restrictions were imposed by DGFT on trade. (Deepto Roy, 2020)
2. **Procurement:** There is an increasing pressure on manufactures to produce high quality products. High quality starts with procurement of good quality of raw material. Otherwise it will impact the organization's reputation.
3. **Distribution:** The lockdowns has impacted the logistics adversely by causing unusual

delays in transportation of goods. Moreover, the 'Bullwhip effect' has lead to artificial shortages.

To address these challenges, it is suggested that companies should monitor the countries that are impacted by the virus and they should assess their potential supply chain exposure. While making decisions to build inventories, they should asses the likely ways by which consumer spending may be impacted. Inventory should be within reach. New suppliers should be added to supply chain. Companies should prioritize problems and then find best solutions to resolve them. More investment should be done in digital support tools like machine learning, artificial intelligence etc. to improve insights, speed and visibility.

Conclusion:

To conclude, it can be said that one fact is beyond doubt, this virus has exposed vulnerabilities of the organizations. Some of researchers are considering COVID-19 as a 'Black swan event.' In order to combat with situation, organizations need to leverage advanced technologies and transform into Digital Supply Networks (DSN). Every organization is experiencing a paradigm shift and started focusing on ICT such as 3D printing, robotics, AI, IoTetc that are making evolutions to the supply chain management.

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