

Manufacturers in total disarray after logistics hits a roadblock

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- Restrictions on movement of factory workers and staff members have also hampered operations
- Centre has asked states to facilitate functioning of food processing units to maintain supply of essential items

NEW DELHI: Manufacturers struggled to distribute essential products to many parts of India on the first day of an unprecedented 21-day lockdown to stem the spread of Covid-19, a move that drew praise from the World Health Organisation but left local authorities confused about its enforcement.

Production at many companies ranging from automobile makers to manufacturers of electronic goods have already ground to a halt, but others such as food and consumer goods companies tried to maintain a semblance of normal operations even as police stopped transport of essential goods and raw materials, despite government orders to allow them to ply.

Amrinder Singh, director of Bonn Industries, one of the top suppliers of bread in north India, said the company has struggled to transport even the food staple.

"These incidents are coming to light despite the prime minister recognizing the role played by the logistics industry as essential service. Still, there are incidences of our trucks being stopped by cops in various check-points," he said.

"We have also suggested state governments provide special vehicles and points for selling essential goods but it hasn't been considered yet. Along with this, there is a dearth of availability of raw materials due to logistics concerns," Singh said, adding that they are unable to run their plants due to the current situation.

Even the distribution of medicines has faced problems in several places.

"Production is on because it is an essential commodity, but transportation of formulations is not happening at the speed and rate it should," said an executive at one of India's largest drug makers on condition of anonymity.

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"We are in talks with authorities but every state has a different point of contact. For some, it is the police, for some district magistrate and so on. So, there is a lot of paperwork," the person added.

Over and above this, restrictions on the movement of factory workers and staff members have hampered operations, he added.

Echoing the concerns, a top packaged food maker said that the company was finding it tough to run its plants and warehouses at full capacity.

"There are some places where they are allowing it and others where they are not allowing. Wherever they are allowing, we are continuing and in others, we are making representations to the government saying that production of all packaged foods should be considered essential or it will create further chaos," the executive said on condition of anonymity.

In a post on LinkedIn, Vivek Gambhir, managing director of Godrej Consumer Products Ltd, said that the company was increasing manufacturing capacity to ensure ready availability of essential goods, but urged the government to give clear directions to enforcement authorities to stop the harassment. "Currently, there is a lot of ambiguity on the ground. Factories are shutting down, trucks are being stopped and distributors are not being able to service the stores in their areas," he said.

In a filing to stock exchanges on Tuesday, Godrej Consumer said that in view of the lockdown in many states and union territories across the country, operations in several of its locations have been scaled down or shut down.

In a BSE filing, Nestle India too said that it has suspended operations at manufacturing, distribution centres and warehouses at some locations due to the lockdown.

"As the company is in the manufacture and sale of food and beverage products, it is in discussions with the authorities to continue operations in the factories/ distribution centres where the operations have been suspended," Nestle India said in a statement dated 24 March.

Following the lockdown order, the home ministry directed that all shops selling essentials to remain open. These included items such as grocery, milk, vegetables, fruit, meat, fish, as well as chemists.

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The central government has asked state governments to facilitate the functioning of food processing units rather than obstruct them to maintain an uninterrupted supply of essential items.

Guruprasad Mohapatra, secretary of department of promotion of industry and internal trade, in a letter to all chief secretaries, asked state authorities “not to obstruct and call for closure of food processing units.

Information and broadcasting minister Prakash Javadekar said on Wednesday that centre and states will ensure there is enough supply of such essential products. Helpline numbers will be set up in states and districts to ensure availability, he added.

Other industry executives also said they were finding it difficult to maintain operations because their staff was not able to reach them.

“We see this more as a supply disruption rather than it disrupting the demand side,” said Kausshal Dugarr, founder and CEO of Teabox, a startup offering India’s first premium global tea brand. “Given the unpredictability and uncertainty that is laid before us, we are taking the necessary steps to reduce overheads and extend our working capital among other things.”

Another company also said that it was trying to reduce overhead costs by mainly trying to negotiate lower rentals.

“On the salary front, we are not firing any of our guys as we believe (we should) stand with them in this crucial time, said Senil Shah, founder of New York Burrito Co.