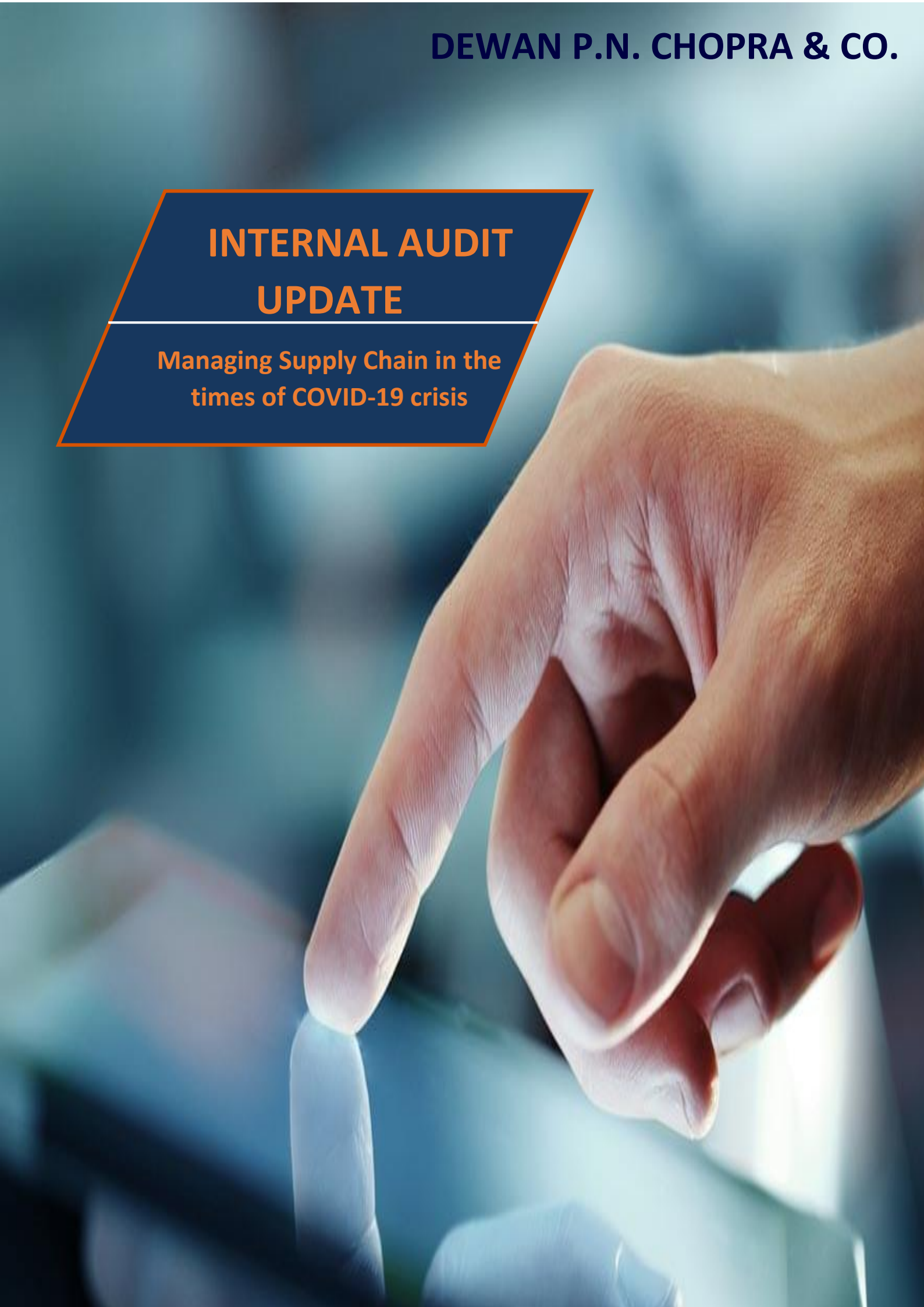


**INTERNAL AUDIT
UPDATE**

**Managing Supply Chain in the
times of COVID-19 crisis**



Managing Supply Chain in COVID-19 Crisis

In current time of crisis, companies are forced to relook at their supply chain models and transform the traditional supply chain mechanism. India has imported \$480 Billion in FY 2019 ranking 11th in the whole world in terms of import. So it is evident that India's importing capacity has been impacted majorly due to Covid-19 and so does the production and resulting losses to the company. Lockdown all over the country has also disrupted domestic movement of goods.

As per a March survey conducted by the Institute for Supply Chain Management, nearly 75 per cent of companies reported supply chain disruptions in one form or the other due to coronavirus-related transportation restrictions, and the figure is expected to rise further over the next few weeks. Other interesting figures that emerged from the survey included the lack of any semblance of a contingency plan for almost half the companies in case of a supply chain disruption leading back to China, and well over 50 per cent of the companies also reported experiencing sudden, unexpected delays in receiving orders, a problem compounded by supply chain information blackout from China.

The Covid-19 outbreak has exposed just how vulnerable and far-flung supply chains have become. Companies that begin investing today in a resilient supply chain will be best positioned to weather the next event that obstructs the global flow of goods.

Since now companies have started to operate at lower capacity, following are some ways and strategies to manage supply chain disruptions:

- 1. Have a backup plan in case of emergencies:-** It is always better to have a backup plan to mitigate the risks of any emergency situation like Covid-19 pandemic.
- 2. Have Diversified supply base:-** For better management of supply chain mechanism it is recommended to have a supply partners at diverse place. By setting up your supply chain so that you have suppliers in different places, you can ensure that you'll always be able to get at least some goods amidst any disruption.

3. **Conduct an intensive analysis on risk areas:-** Risk analysis helps to identify weak areas and enables to focus on areas where alternatives are required and therefore making it less exposed to vulnerabilities and reducing the impact that could have been there if risks are not analyzed and managed before.
4. **Close monitoring of inventories:-** Monitoring inventory levels, lead time of every raw material specially at times like this helps to better manage the ordering of goods. Physical Check of not only what finished products you have available, but also what components and spare parts are available that can keep production running can help at better monitoring of the inventories.
5. **Keep good contact with Suppliers:-** Companies need to maintain regular contact with suppliers regarding their capability to deliver goods and services during the COVID-19 crisis to ensure smooth supply chain.
6. **Assess Buyers' buying trend and behavior:-** It is to be noted that buying behavior of buyers need to be understood and analyzed so that variants in demand are produced and production for those which are less in demand is curbed. So therefore considering pivoting your products to match demand.
7. **Identifying Flexibility in Logistics:-** It is now required to be flexible and take decisions which are required on the spot instantly. It should be identified that which areas can afford slower delivery and which are the locations which cannot afford delayed deliveries. This necessitates the requirement of continuous communication with the suppliers.
8. **New Vendor Development:-** In this time of crises a team should be deployed to identify new vendors if the existing vendors or imports are not able to meet the requirements and are not able to supply on timely basis.

9. Manage Demand volatility:- Manage panic buying situations and maintain the optimum level of inventory so that huge working capital and its opportunity cost is not blocked in the inventories.

10.Backward and forward integration:- Wherever possible companies should strive for backward and forward integration. Backward integration enables availability of raw material at company's demand and in case of forward integration the entity has ready market for supply.

Conclusion:- This is an urgent wake-up call for Indian industry to realize the need to develop its own local sourcing units and adopt alternative strategies for reducing the dependency on imports from other countries.

In such times making a good long-term plan is essential. Disruptions may occur in one or other ways but by being agile and proper planning any disruption can be managed. Making good relations with supplier and customers are the added advantage in dealing through these difficult times.

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