

## **The Strenuous phase of the Indian Manufacturing Industry**

Indian manufacturing industry under the lockdown phase for restricting COVID-19 is supposed to be undergoing the root beer game effect, wherein one event leads to a highly intensified response. Short term overproduction coupled with medium-term discount sales and cracking up of supply chain leading to offloading of goods at bottom prices having volume support but smacking down the profit and profitability.

Indian manufacturing industry which contributes almost 20% of the GDP with the auto industry having the major share of almost 50 per cent was by the end of 2020 expected to become the fifth largest manufacturing country in the world. The government aimed to consummate 25 per cent GDP share and 100 million new jobs in the sector by 2022. According to the IHS Markit's, Purchasing Managers' Index fell from 54.5 in February to 51.8 in March, indicating the slowest movement in business conditions since November 2019. In March, the Indian manufacturing industry was derailed by slower rises in new business as international demand lost momentum owing to the pandemic. The report signalled that the decline in global sales was the highest since September 2013. Moody's Investors Service abridged India's economic growth projection for 2020 from 5.3% to 2.5%, in the concurrence to disruptions caused by Covid-19 to the global economy.

Amidst COVID-19, operations are massively disrupted, demanding manufacturers to gauge the impact and decide the response at real-time. Highly eruptive demand for goods entails the evaluation of short term and long term risk management, workforce safety and contingency strategies. Till now, market leaders have focused around resolving the current limitations to stabilize the business units and have created a rapid task force to assess the challenges of demand changes, labour support and supply chain model. But now, in concurrent with it, there is a need to evolve a future system in alignment with tech-solutions to foster resilience, competitive edge and better protection through the crisis once the economies start to bounce back.

Five key areas viz; demand disruption, workforce supply and safety, viable manufacturing ecosystem, production network and digital solutions should be highlighted to reshape and boost the manufacturing industry.

### **Assessing Demand Disruptions**

There is a drastic change in product portfolios and demand priorities. Manufacturers are transposing from the legacy line towards new product line which is the new normal now, to harness the opportunities. There is a shift towards the medical equipment, safety products, canned and frozen goods. As such, the manufacturers are reprioritizing the production schedules to cater to the demand of critical goods and are building up the associated supply chain along with reconciling the crucial skills needed to address the short term and future demand.

### **Redefining Workforce Policies**

COVID has drastically changed the workforce behaviour highlighting the significant issues of workforce availability, safety and productivity. The workforce is finding it very hard to reskill for multi-role coverages for the new product lines and processes that have been introduced due to COVID-19. Workers are expecting their leaders to develop a support system to ensure a safe and flexible working environment. Companies not only should secure physical safety but also ensure mental well-being and connect with the workers.

However, the biggest challenge is to maintain or enhance productivity by re-engaging or upskilling the capabilities of the workers as per the changing product priorities.

### **Viable Manufacturing Ecosystem**

During the massive market disruptions, the ecosystem suffers the most. Revising contracts with every ecosystem player including co-manufacturers, material suppliers and logistic providers to accommodate new product mix has become the priority. New supply price, delivery time and delivery routes are to be reviewed. Finding new alternatives for the global supply chain is definitely a vital challenge for manufacturers at the present crisis.

### **Realigning Production Assets**

The resulting changes in demand induced product mix, workforce norms and available ecosystem are substantially remodifying the existing physical production assets. There is an urgent need to identify the essential equipment, facilities and processes upon the capital investment. There should be greater flexibility in repurposing the non-critical assets to accelerate future growth.

### **Grasping Digital Opportunities**

The present crisis provides accelerating opportunity for digital enablement across the length and breadth of manufacturing establishments including demand-supply analysis, workforce skill identification, portfolio and network analysis. Manufacturers with digital and analytical capabilities, remote operations centres, collaborations with remote worker enablement will respond to the situation more accurately, successfully and quickly.

Altogether, the remaining period of the financial year, of 2020 – 2021, seems to be strenuous, but manufacturing companies can reclaim their positions and build for the future.



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