

Tuesday May 25, 2021

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businessstimes.com.sg

VIRUS OUTBREAK: INDIA SURGE

India's Covid-19 resurgence drags on Singapore companies

Some firms have managed to avoid supply disruptions by diversifying their sources, but others are struggling with shortages and payment delays

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THE second wave of Covid-19 infections in India is taking its toll on Singapore companies, whose contingency plans are wearing thin as the surge rages on.

Some firms have managed to avoid supply disruptions by diversifying their sources, but others are struggling with shortages and payment delays despite implementing contingency plans.

And although companies were more prepared for the operational challenges this time, they are seeing more widespread infections among their networks of late, affecting morale.

Said Vick Aggarwala, CEO of semiconductor and electronic component distributor Supreme Components International, which has four offices in India: "This year, we see more of our friends, customers and employees testing positive compared to last year... That hurts."

Cash flow is the biggest issue for Supreme Components' India business at the moment. The pandemic is a convenient excuse for payment delays, and insurance companies are also tightening their credit terms and being more selective in granting credit limits.

The company is now urging new customers to pay in advance, rather than offering net terms.

Shipping operator Victory Shipping



Transworld CEO Mahesh Sivaswamy (left) says imports and exports overall have slowed down due to a combination of factors; Supreme Components CEO Vick Aggarwala says: "This year, we see more of our friends, customers and employees testing positive compared to last year... That hurts." BT FILE PHOTOS

has had contingency plans in place to minimise impact to its operations in India, but the spread and intensity of the second wave have been "much greater than anticipated earlier", according to managing director Sivakumar Munisamy.

Lockdowns within states have made it difficult for trucks to reach the ports on time for loading and unloading of vessels. Several countries have also imposed restrictions on crew changes for seafarers who stopped at Indian ports, forcing them to work longer periods on the vessels.

Mr Munisamy said these have contributed to delays to the supply chain and manpower deployment in India.

"While we were able to minimise the



most of its members have not faced major issues with imports and exports to and from India, as they are able to get their supplies from other countries.

However, one member in the medical technology industry faced shipment delays because of reduced production from its suppliers in India. Since the company could only use certain approved suppliers in India, it could not switch to another supplier and had to instead opt for air freight to expedite the deliveries.

Among the companies that are faring slightly better is Valency International, an international commodity trading company which also has a cashew processing plant in India.

Said managing director PK Jain: "Unlike in the first wave when the whole country was put in a sudden lockdown, we see lesser impact on sales, operations and supply chain."

Actions taken during the initial pandemic surge helped protect pharmaceuticals manufacturer Beacons Pharmaceuticals against supply chain shocks from the latest wave in India. Last year, it diversified its sources from just China and India to include South Korea, Taiwan and Europe, and increased its buffers of raw material stock.

Still, businesses and banks in India are operating at lower capacities, impacting sales and operations for companies operating there. Valency has reduced its sales to Indian markets and is focusing more on online sales and other markets for the time being. It will position itself to capture the rebound

in demand when the lockdowns lift, Mr Jain added.

Khaitan International, another commodity trading firm, anticipated the current scenario and proactively managed its exposure to India ahead of the latest surge, said second-generation business owner Manish Khaitan.

Since there has not been a nationwide lockdown, the firm has not experienced bottlenecks in the ports or cargo movement issues.

Mr Khaitan said: "As far as our business in India is concerned, while being prudent, cautious and selective, we are maintaining our volumes as we have not witnessed any negativity in our Indian transactions."

Cognisant of the crucial role it plays in keeping the global economy running as part of the shipping industry, Executive Ship Management (ESM) has undertaken strict health and safety measures, including Covid-19 testing, to ensure its employees stay safe, said chief executive Balaji Singh Teeka.

Most of its shore employees around the globe have been vaccinated, while ESM is seeking help from government and non-government bodies to get seafarers vaccinated when the ships call at various ports.

"(Vaccination) is the most crucial factor in order to sustain the shipping industry in the long run, rather than indulging in short-term measures like switching from one nationality of crew to another," Mr Teeka added. "So far, we have continued to operate the ships with our professionally trained and highly skilled Indian seafarers with minimum disruption to the trade."