

Sansad TV Perspective: Crisis in the Global Supply Chain

In the series Sansad TV Perspective, we bring you an analysis of the discussion featured on the insightful programme 'Perspective' on Sansad TV, on various important topics affecting India and also the world. This analysis will help you immensely for the [IAS exam](#), especially the mains exam, where a well-rounded understanding of topics is a prerequisite for writing answers that fetch good marks.

In this article, we feature the discussion on the topic 'Crisis in Global Supply Chain'.

Video Link: - [The Global Debate | Global Supply Chain](#)

Anchor: Vishal Dahiya

Participants:

1. Ms. Gul E. Kremer, Wilkinson Professor, Department of Industrial and Manufacturing Systems Engineering, Iowa.
2. Mr. Easwaran Subramanian, Partner and Leader for Supply Chain, Deloitte India.
3. Dr. Rajesh Chadha, Senior Fellow, CSEP
4. Mr. Victor Stolzenburg, Research Economist, WTO

Context:

The Global Supply Chains are the lifeline of International Trade that keep the progress of business alive. These are dynamic sets of networks that travel across geographies with the purpose of sourcing goods and services. The onset of the pandemic has broken the entire supply chain circuit and stability at an alarming rate. This is where this issue gains impetus and needs a precise introspection by experts.

Important Facts:

- [OECD](#) evaluates that due to high commodity prices and increased shipping cost, the inflation is high up to 1.5% across the [G – 20](#) nations and will shoot up to 1.75% by December and a 1% high in the year 2022.
- The ongoing bottlenecks of the Global Supply Chain are unlikely to get resolved very soon. This was reiterated by the US President in a summit to embolden the supply chain.
- The participants of G -20 summit believed that the focus should be on transparency, security, sustainability, diversity, openness and predictability to tackle the impact of COVID-19 on global supply chains.

Major areas of concern:

- There exists the issues related to logistics and workforce that disrupted the supply chain along with the volatility in the supply and demand.
- Many concentrated supply chains are transformed into dispersed mode. This results in a dilemma for the companies as they find it challenging to examine its short term and long term implications.
- Equipment shortage and disturbed sailing activities were the key attributes of congestion at the major ports.

- The entire context of Global Supply Chain revolves around the shifting of production platforms from high wage to low wage economies accompanied by certain risks. Such a shift will be at an advantage if there are enough enabling policies in their support.
- One of the experts from the panel pointed out that the risk location was not isolated as the pandemic had impacted everyone at the same time which contributed to the crisis in the supply chain.

Steps taken by GOI to tackle the Crisis:

- India has signed a supply chain pact with Japan and Australia which would result in broadening the supply chain through the collaboration of the intervening countries. This would be a pragmatic approach to deal with the crisis till things return to normalcy.
- **India is all set to attract companies that found supply chain relocation a major challenge as an outcome of the pandemic.** This would ensure employment generation and a boost to avert the aftermath of COVID-19.
- The Indian market is inclusive of various favourable factors for supply chain relocation such as suitable business environment, liberal FDI norms, improved Ease of Doing Business, digital infrastructure and consumer friendly ambience. All these factors make our country an efficient emerging global manufacturing hub.

Going Forward:

Country-level participation with larger value chain intervention becomes essential for mitigating the crisis in the Global Supply Chain. The experts suggested that we concentrate on International Cooperation with transparency in the trade frontier, Sustainability and Trade Discipline meticulously designed under the guiding principles of WTO. The execution of all the important ways put forth by Government interactions, International Organisations, Economists and other functional authorities will become an enabler in transforming events of crisis into opportunities for people and their aspirations.

Read more summaries of [Perspective](#) in the link.