

Pharma, consumer durables may feel China curb heat

Industry players say lockdown could have an impact on the supply of components used in consumer durables

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Mumbai, 2 December

The pharmaceutical and the consumer durables sectors, which depend on China for imports, have not been impacted yet due to unrest in China with people protesting against lockdowns.

But the lockdown could have an impact on the supply of components used in consumer durables if it continues for the next fortnight.

In the pharmaceutical industry, Indian players import 66-70 per cent of their bulk drug requirements from China. So far, there have been no supply deficiencies, but firms are keeping a close watch on the situation, and say that pricing volatility continues.

Sudarshan Jain, secretary general of the Indian Pharmaceutical Alliance (IPA), the umbrella organisation of big pharma players in India, said as of now there was no crisis as far as supplies were concerned, but price volatility was



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there. IPA members account for 60 per cent of the domestic market and about 80 per cent of India's exports of pharmaceutical products.

Wages in China have gone up, and prices of active pharmaceutical ingredients (API) and key starting materials (KSM) from there have

been rising for the past two years. This has especially happened for fermentation-based APIs, in which India does not have enough capacities.

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gins if they were to procure from the local market.

"Smaller players have 15-20 days' inventories as against the larger players, who maintain those for two-three months. So far, there is no crisis, but if the shipments slow, or if prices go up, these players will procure from Indian API makers. This will hit margins," the person said. He added in supplies, the Indian market would not face any drug shortage in the near to medium term.

"From the C&F (carry and forwarding) agent to the retailer there is always an inventory of two and a half to three months. Then at the manufacturer level there is some stock, of around a month or so. Also, there is some inventory of the raw material. Therefore, the consumer would not feel the pinch soon," said

another manufacturer.

Atul Lall, managing director at Dixon Technologies, which is a contract manufacturer of consumer durables like mobile phones and television panels, expects the situ-

ation could become a problem if lockdowns continued for 10-15 days.

However, the Consumer Electronics and Appliance Manufacturers Association (CEAMA) says there is no impact yet and companies that manufacture

cooling products like air-conditioners and refrigerators have been building their inventories ahead of summer.

"It is too early to judge because shipments are still happening. We will have to gauge the situation two to three weeks from now to see if there is any real impact," said Eric Braganza, president, CEAMA.

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