

Cement plants could have worked without a shutdown: Singhania

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The JK Group, which has over two dozen production facilities in tyres, cement and paper industries, is unable to restart production due to disruption in its supply chain and non-availability of raw materials and staff.

Like the rest of India Inc, plants of the \$4-billion group are shut, barring a few facilities in the dairy and seed business.

"Despite the pandemic, cement, and paper plants could have worked without a shutdown. But all states have made their own interpretation of the Covid (coronavirus) notification and shut down everything," said Harsh Singhania, vice-chairman and managing director of JK Paper, and director, JK Organisation.

Though the government has lifted the nationwide lockdown, especially in rural and industrial areas, lack of transport would hurt reopening of the economy. "Even if we start producing, where is the transport, supply chain and customers? If shops are not open, then it makes no sense to keep producing and stocking in the factory sites," said Singhania. "How will the material be transported from the plants; how will the dealers take delivery and to whom will they sell?" Singhania said.



Harsh Singhania, MD of JK Paper, and director, JK Organisation, says the informal sector, MSMEs, and small shopkeepers have to be given financial bailout to revive demand

Unless the entire ecosystem restarts, the partial opening will not make much sense, he said. "Even in the group's packaged food business, the forward movement of products is closed," he added. Some of these packaging products are used by the pharmaceutical companies which have been identified as an essential industry.

Unfortunately, no major financial package has been announced for the industry even as the rest of the world is announcing financial bailouts, he said. The informal sector, medium and small scale companies and small shopkeepers have to be given financial bailout to revive demand, he added.

Direct money has to be transferred to people's accounts to create demand again, Singhania said. "What we need is a disaster relief package and should not be called an economic stimulus."

The central government must enable businesses to run efficiently. Take for example, the UK government has already announced that it will pay wages of private workers, he said.

Though the government has worked very hard but we are a federal structure. Every state has its own rules and regulations, which is a major challenge, he said. India need not worry about fiscal deficit or inflation anymore.

The JK Group has already made plans to restart production and in the cement plants it will start grinding from this week.

Initially, Singhania said the company supplied some paper to pharmaceutical companies but it was not economical to operate the plant just for small orders.