

Transport Industry Needs A Long Term Relief Package To Revive

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The outbreak of Covid-19 Pandemic prompted the Government to enforce total lockdown across the country in March, which was subsequently extended four times thereafter, as the Pandemic showed no signs of abating. The lockdown resulted in total shut down of most industries, both in the manufacturing and service sectors, save for some essential sectors, such as Pharma.

One of the hardest hit sector is the transport sector, which witnessed a severe disruption in business, due to loss of bookings and service infrastructure such as shortage of vehicles, drivers and manpower. The last five months have been a nightmare for the transport

fraternity, which is still reeling under the tremendous impact of the lockdown. Bookings dropped by as much as 60 to 70 percent, and revenues too dropping to an all time low. While the lockdown has been eased considerably since June, offices have opened, manufacturing has gained momentum, the transport sector is still to come to the terms with the impact of business loss, and its cascading effects. The sector is grappling with huge losses, with little signs of an early recovery, given the fact that the overall economy is in crisis.

The Government has doled out a few of sops for the transport sector to help it recover and manage

the huge financial loss it has suffered. However, considering the magnitude of the problem faced by the transport operators, these sops are grossly insufficient, and at the most appears to be of half hearted in nature. The Government needs to do much more, and on a larger scale, if it is really serious about coming to the rescue of the transport fraternity. Here are some crucial areas where the Government can extend palpable relief.

- ❑ Moratorium on loans – What the Government has given is mere temporary relief on payment of loan instalments. In real terms, what this means is that the instalments can only be withheld for a few months, but ultimately, it has to be paid. What is worse is that even during the withholding period, the interest is on, and keeps accumulating. Subsequently, one has to pay the same amount that one would have paid even otherwise. In effect therefore, this moratorium on loans is more a gimmick than anything else, and pointless so to say. Instalments must be fully waived for some months, and later revived. Only then will the actual relief be felt.
- ❑ GST applicable presently on CV's is a very big burden on the transport operators. 28% is too high a tax for the already burdened transport sector. The Government and the Industry together must lower the applicable GST rate to 12 % minimum, which will give a big relief to the transport sector. If 12 % is not feasible, the government should at least cap the GST at 18 %. This will give a tremendous boost to fund flow.
- ❑ Commercial Vehicle taxes can be reduced to a bare minimum, and fixed for an extended period of at least next five years, which will give the transport sector, increased liquidity. While the decision to exempt tax on commercial and goods vehicles, besides the road tax for six months is a welcome move, but the exemption is inadequate in terms of the period it is intended for. As we said, reviving the transport sector will take a longtime, and therefore any such sop has to be on a long term basis for it to have the desired

effects. A mere six months exemption is too short a period, which will in no effective way, help the sector as much as it should. Such exemptions must last for the next 3 to 4 years minimum if not five.

- ❑ Ever fluctuating fuel price has been the biggest burden for this sector. Bringing fuel under the GST regime has been a point of contention ever since the introduction of the one nation one tax, and what better time to factor in the fuel price with GST, than now. It is time the Government took this bold step, and give the transport sector, the long awaited relief from constant fuel price increase. This is the time for the Government to act, and show it really cares for the transport sector.
- ❑ Talking of fuel price, as if the hike itself was not enough, state Governments imposes additional tax surcharge on such fuel hikes, further burdening the transporters. Maharashtra and Mumbai in particular for example pays the highest fuel price and the tax on it. This must be either discontinued, or minimised.
- ❑ To give a boost to vehicle availability, the ban on entry of vehicles over 8 years old, must be lifted and all such vehicles must be permitted to enter and operate to and from Mumbai Municipal limits. The Government can regulate the entry of such vehicles, by permitting only those vehicles that are well maintained, and conform to RTO norms such as fuel efficiency, fitness, PUC compliant etc.

The Government must seriously consider the above cited concessions and waivers if it is honestly serious about bailing out the transport sector from the dire straits it finds itself in today.

