

Is it time to change focus / strategy?

The recent developments in Delhi on the pollution from have left transporters in a daze. They would never have imagined that the judiciary would impose such conditions on them. However with a subject as sensitive and popular as pollution, one can be ready for bigger jolts. For example the Supreme Court has a put a hold on registration of SUVs over 2000cc. Many automobile companies would face the tremors of this decision. But when the Supreme Court puts down the hammer – it stays put.

As far as the commercial vehicles are concerned, the transporters are flabbergasted with the Supreme Court's decision. The operating costs of the transporters are going to be impacted severely. The long haul trucks will have to take longer routes to avoid Delhi, while those operating on short routes will have to pay higher environment tax. This leaves us with the big question – who will bear the burden of this cost increase?

For many years now, freight rates have been a major competitive tool for the transporters. Naturally the advantage of this goes to the customer, and perhaps for this reason many customers have started taking the transporters for granted. They know very well that even if



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ter, there are many more willing take up the job – that too at a lower rate. However there are some companies who treat the transporters as their partners, but when it comes to freight rates, the customers have enough number of transporters in their kitty to trigger a price war. In fact recently one of the transporters told us that at the time of contract renewal, a certain customer calls each transporter separately and negotiates the freight rates with them.

Given the above scenario, it would be a real challenge for the transporters to pass on the increase in operating cost to the customers. However with the above development they would have no choice but to start doing the same. Most transport companies are working on wafer thin margins and any further

increase in the operating cost would be a serious blow to their profitability. Therefore it would be in the interest of the industry to stop competing on freight rate and instead look for other parameters.

For many years, transporters have been fighting against the Government on various issues. There have been many strikes on critical issues. Each time the industry has got together and has taken up the issues with the authorities. However when it comes to dealing with the customers, the transporters develop cold feet and accept whatever is given to them. There may be just 10-12 transporters working for some customers, but each one closely guards information from each other. The transport industry will have to realise the importance of sharing information – especially on issues such as freight rate, credit period

and outstanding. More than often transport companies lower their freight rate and get into a contract with a customer. It is only later that they realise that they have replaced a transporter whose outstanding in running into lakhs. However by this time they have fallen into trap and they have to keep providing service.

If the above information is shared by the transporters or better still put on a website, it would really help the industry on the whole and safeguard other transporters. However we are still dealing with other issues and ignoring something as important as this. We target the government on their policies and now we even have transporters developing websites to blacklist truck drivers. But what about putting erring customers on the website? Isn't it time to change our focus and strategy?



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