

Freight surcharge bolt from the blue for Punjab industry

High input cost sounds death-knell for SMEs of state

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The state government's move to impose surcharge on freight has come as a bolt from the blue for small and medium enterprises (SMEs) of land-locked Punjab, particularly, Jalandhar, which is on the verge of extinction because of several cost disadvantages.

The industry, which faced the double whammy of demonetisation and ill-planned GST in 2016 and 2017, respectively, has lost its competitiveness because of high input costs and exorbitant freight rates, Jalandhar-based manufacturers said.

Jalandhar, which is famous for sports good manufacturing, rubber-chappal industry, pipe fittings, nut-bolt, auto parts, hand tools, valves and cocks industries, is fast losing its sheen.

Cash-strapped Punjab has recently imposed a 10% surcharge on freight charges for transporting goods in the state. This is likely to add to the woes of the industry, they said.

Punjab is a landlocked state and heavily dependent on logistics service providers. Industrialists say their margins are squeezed because of high freight charges — first to

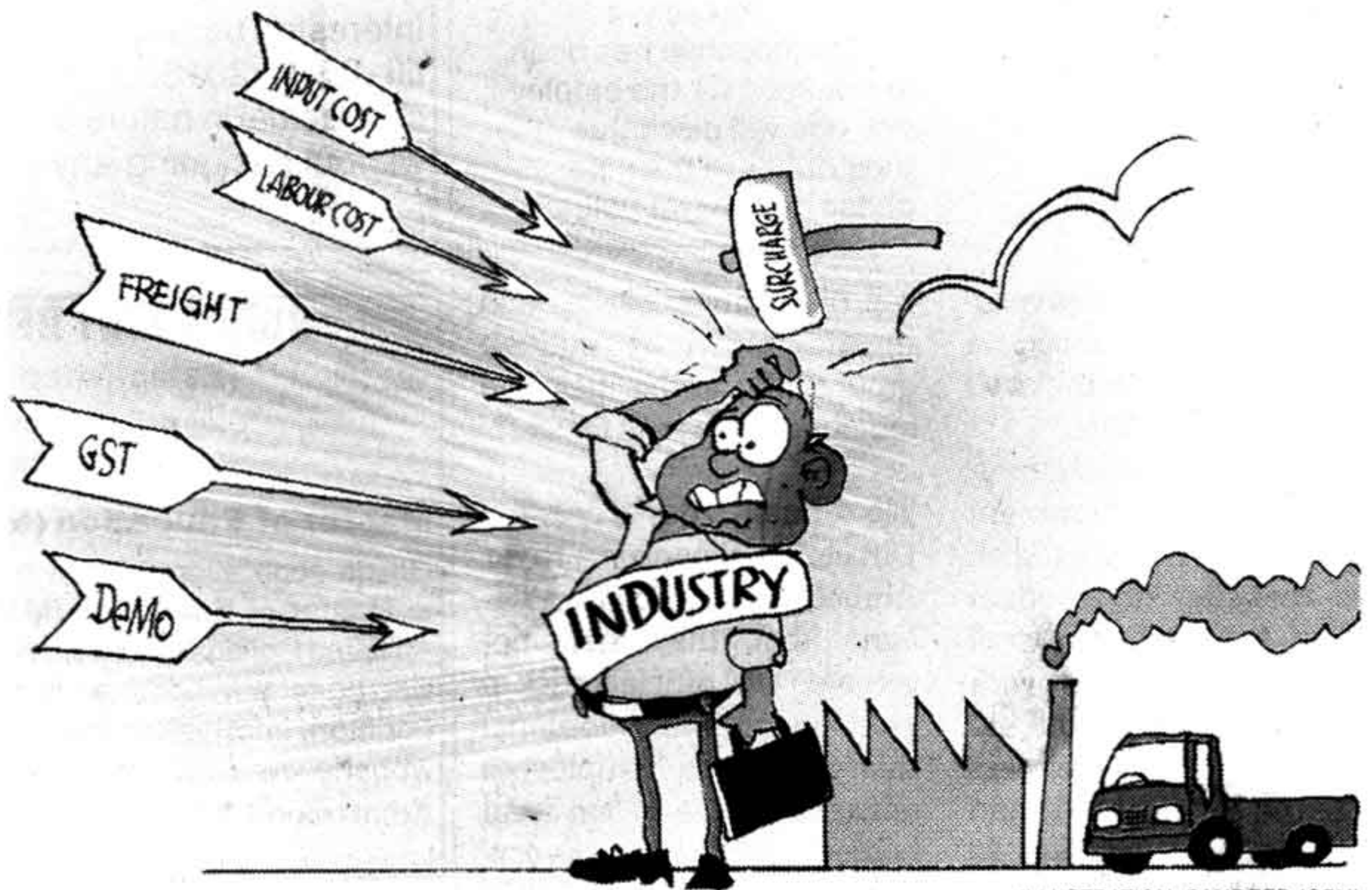


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import raw materials from different states and then to transport finished goods to different markets.

"The state is far away from ports. The surcharge will increase the transportation cost. The manufacturing sector will lose their share not only in domestic but also in international markets," PHD Chamber chairman (Punjab) RS Sachdeva said.

The industry faces double freight burdens, which makes it uncompetitive, Jalandhar Chamber of Industries general secretary Charanjeet Singh Maingi said.

"Earlier, the transporta-

tion charges were not high, but now the prices have skyrocketed which is troubling the industries," HS Chitkara of the All India Rubber Industry Association said.

Besides freight charges, the industry is facing other troubles for decades. It imports almost all raw materials. Even workforce comes from other states. These factors add to the input costs.

Jalandhar imports raw rubber from Kerala. Pig iron and steel are imported from Jharkhand and Orissa to manufacture nut-bolt, motor parts, hand tools and gym equipment from

Jharkhand, Orissa. It imports gun metal from Europe for manufacturing valves and cocks and bath fittings. Major items for making sports goods are imported from China while furnace oil comes from Jamnagar. The industry is largely dependent on the migrant labourers from UP and Bihar.

Industrial sources said until now the small entrepreneurs have been pulling on somehow, but growing burden of input costs and government levies has pushed the industry on the verge of extinction.