Chapter - IV
CHAPTER - 4
GROWTH AND DEVELOPMENT OF MARUTI UDYOG LIMITED - A REVIEW

The advent of Maruti Udyog Limited revolutionised passenger car market in India in 1983. Its history synchronises with the advent of the fuel efficient vehicle scheme of the Government of India. In 1959 and 1961, two committees were appointed by the Government of India under the chairmanship of L K Jha and G Pande respectively to examine the feasibility of manufacturing a small car. Their recommendations brought forth a fuel efficient, inexpensive car on the roads. Though the Committees suggested not to allow import of capital goods and avoid foreign collaborations, Maruti received an easy go by to start making a people's car. However, delay was caused to the production due to recession and hence the project had to be closed temporarily. However, in October 1980, nationalisation of Maruti could take place by the instrument of an Act of Parliament and on February 24th, 1981, MUL as a result was confirmed as a public sector enterprise and the asset required under the Act was transferred to MUL in April 1981.

1 Vidyadha Date, "History of the Industry in India", The Economic Times June 8, New Delhi 1986 p 7
Joint Venture Agreement between Suzuki Motor Corporation of Japan and Government of India

In order to give an impetus to the modern technology, in the manufacture of cars, an agreement was signed by the Government of India and the Suzuki Motor Corporation of Japan in 1982 for a joint product. Therefore, in November 1983, its production commenced with the launching of Maruti 800CC from its factory at Gurgaon. By 1984, MUL managed a bumper sale of 10,000 vehicles through 19 dealers. In 1985, the first all terrain vehicle Gypsy was launched and Maruti sold its 50,000th vehicle.¹

Mission of Maruti Udyog Limited

The mission of the Company is "to provide a wide range of modern, high quality, fuel efficient vehicles in order to meet the need of different customers both in domestic and export market."² The objective of the Government of India in allowing the MUL was to innovate and modernise automobile industry to produce a modern car at an affordable price with fuel efficiency. The decision was made to export 50 per cent of production by the elite attached to MUL and the Government of India which

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¹ Maruti "Building Trust Worldwide At a Glance", 50 Years of Independence, Issue New Delhi, 1997, p 3
² Ibid p 3
sent people to explore the export market in Europe and British Leyland Daihasu, Mitsubishi, Tokoy-Kongo and Nissan of Japan were contacted but they expressed their unwillingness to collaborate and buy 50 per cent of the manufactured good

Indian Market Research Bureau

A Market survey undertaken by the Indian Market Research Bureau programmed by MUL, was initiated to find out the idea of what people wanted to buy. Therein emerged SUZUKI, Japan as a possible collaborator with MUL with an obvious advantage of quality assurance (Suzuki has internally acclaimed expertise) training and exchange of personnel, equity participation offer Suzuki became the signatory to the Joint Venture Agreement and Licence Agreement on October 2, 1982.

MUL Collaboration Agreement with Suzuki Motor Corporation

The MUL was converted into a non-government company in 1992. Maruti's total equity at present stands at Rs 1322.92 million. A licence and a Joint Venture Agreement was originally

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1 Gautam Sen Sarab Jee Mormazd, and Mario Periera "Maruti Udyog Limited", The IAJ December, Mumbai, 1988 p 21
3 Maruti "Building Trust and Worldwide" Op Cit Issue, New Delhi 1997
Signed with Suzuki Motor Company of Japan in October 1982 by which Suzuki acquired 26 percent share of equity, with an option to increase it to 40 percent. Suzuki exercised this option in 1987 by increasing its equity to 40 percent. In 1992 Suzuki Motor Corporation further increased equity to 50 percent. In the last 14 years, Maruti has introduced some 15 models which include, Maruti 800, Omni, Gypsy, Maruti 800 new model, Maruti 1000, Zen, Esteem, Gypsy King etc.¹

The Company's collaboration agreement with the SMC (Suzuki Motor Company) pertains to the manufacture of four seaters, Micro bus/van with seating capacity of 5 to 8 persons, pick up truck and four wheels drive vehicle.

When MUL was created, the car industry was not a booming industry in India. The production was low. Even in MUL, the model was old and there was no innovative effort and concept of research and development strategy. Japanese technology was both modern and the best because it related, not only to manufacturing methodology but also had a good variety of industrial culture and practice with a possibility of low cost and labour expenses. The main components of Japanese technology

were based upon their skills and sophistication, participative culture technological upgradation and new thought provoking inventory management. All advantageous principles allowed the collaborative effort to yield good results. The MUL pioneered its production with five basic principles:

1. A moderate increasing target
2. To adopt phased indigenisation target
3. To obtain small profit in the first year of operation
4. To create model and quality standard of Japanese technology
5. To keep Maruti less costly

The key to success of MUL consists of team work culture and a recognition of each employee's future growth and prosperity, organisational discipline, constant increase and productivity of labour and capital, steady improvement of quality and reduction of costs, customer orientation, having long term objectives and policies and confidence in attaining the goals and finally respect for laws, ethics and human beings.

In 1987, the MUL launched the first ever handicapped controlled car in India. During the same year, Suzuki increased its stakes in the Company. It was during 1988 that six joint ventures were set up to manufacture critical components. Maruti 1000 was launched in 1992. In May 1993 came YE-Z car called Zen. A Rs 700 crore second plant, with installed capacity of 70,000 units, was completed by MUL in 1994-95 and a further expansion of capacity by 50,000 units has been taken up to raise the capacity to 3.1 lakh vehicles. In 1995, MUL had 375 strong vendor base and 11 joint ventures to meet its requirements. Infact, the Suzuki and the Government of India partnership has benefitted both the partners. The dividend extends to its employees, customers, and the automobile industry. The government has also pocketed crores into its exchequer either directly or through profits or indirectly through excise duties and sales tax. For Suzuki, out of its 41 plants throughout the globe, Maruti is the second largest and profitable venture. Suzuki has used Maruti as its base to export Zen and Gypsy to Europe and Australia under its own brand name. Besides royalty and profits, Maruti buys a lot of components and capital machinery through Suzuki in Japan which indirectly profits Suzuki. For the employees, the Company has been a heaven for excellence, challenge, team work and security. Over the years, the
remuneration of employees has increased tremendously. The cost of Maruti is well within the reach of middle-class. It is popular, cheap, or rather value for money, car on the road. Maruti, in fact, has spawned a host of component manufacturers and ancillaries. The quality of the components increased to international standards and their export is ever on the rise. The growing number of cars on the roads generated employment for millions in auto ancillary factories, service garages, infrastructure and consumables (as for example engine oil). Various steps had also been taken to ensure adequate power supply to the factory from the grid. Moreover, 5 MW Captive power generation was also created at the factory site.

The initial plan was implemented in two phases. The first phase of the project involving the setting up of an assembly shop, paint shop, and weld shop with the capacity to produce 40,000 vehicles per annum was finalized and attained in 1984. As planned in 1985, the second phase was initiated.¹

Organisational Structure of Maruti Udyog Limited

In the growth of industry, the notion of efficient organisation is an established fact. Organisation broadly

speaking, alludes to a group of persons formed to seek certain goals. It is formed when people stand in interaction with each other and are desirous of communicating and contributing towards some common goal. Organisation is recognised as a structure which leads one to believe that it is management's activity which affects human relations. As a matter of fact, it decides as to which person shall be at the apex and as to what constitutes the base of it. Thus, it lays down parameters of flow of authority from top to bottom with a provision for coordination, integration and control. No organisation is static if it needs renovations and adjustments and that is why it is dynamic in nature. Thus, organisation provides the framework through which the activity is carried out by all grades of personnel in a harmonious manner.

In order to run any organisation efficiently, its organisational structure has its own importance because it pinpoints duties, streamlines responsibilities and authority of various persons and creates a sense of public consciousness in them. Allen Al Louis defines organisation as a process of identifying and grouping the work to be performed, defining and delegating the responsibility and authority and establishing a
pattern of relationships for the purpose of enabling people to work out effectively, to accomplish the objectives of an industrial organisation. George Terry advocates that organisational structure is a diagrammatical form which shows important aspects of an organisation including the major functions and their respective relationship, the channel of supervision and relative authority of each employee who is in charge of a respective function. Brown refers "Organisation as a part which each member of an enterprise is expected to perform and the relation between such members, to the end that their concerted endeavour shall be most effective for the purpose of the enterprise."

The nomenclature organisation is also used in the sense of structure or mechanism that enables living things to work effectively. According to Joseph L Massie organisation stands for the "structure and process by which a cooperative group of human beings allocates its task among its members identifies relationship and integrates its activities toward common objectives."

2 Terry George, "Principle of Management", Homewood, 1972 p 387
The type of organisational structure imperative for MUL depends on the nature, importance, magnitude and investment and the role it is expected to play in economic development, capital formation and provision of goods and services. What is needed is vigilance and responsibility with which it utilises its autonomy coupled with meticulous management and the spirit of cooperation. There can be two types of structures, single executive or a Board of Directors. L D White observes in general that the burden of proof is on the advocates of a board in preference to a single executive. John A Fairlie observes "for the conduct of administrative services there should be a responsible single executive. There will remain, however, a place for boards in conducting enquiries and in planning new undertakings, as well as in the management of emergency or temporary tasks. Furthermore they will function as advisory agencies and as regulators of general policy, even in cases where a responsible single executive will carry out the actual administrative work." This division of function has already developed to a considerable extent in the control and management of educational affairs. It promises the possibility of deriving from the use of boards the greatest possible benefit with the least possible disadvantage. There will, of course, exist
danger of conflict between the supervising board and the administrative official."

It may, nevertheless be pointed out that the plural executive lacks ingredients of an effective management. Boards are expensive, cause delay, result in diffusion of responsibility and cause occasional deadlocks. The Board formed possibly renders difficult cooperation and coordination between different agencies. The plural executive suffers from a number of drawbacks while in effect severely restricts its large scale adoption. It results in lack of unity of purpose, lack of energy in execution, absence of a well-defined responsibility, often lapses of coordination. A single executive on the other hand displays energy, vigour, and courage in execution and is therefore to be preferred where the major policy has been settled and work is of a routine nature. Even where a commission type of organisation exists, the implementation of the decisions is very often entrusted to the charge of a single executive official. "Substantially universal experience demonstrates the fatal weakness of the direction of day to day operations by a plural body."

1 Fairlie John A "Encyclopaedia of Social Sciences", Vol I, 1975, p 608
administer, in this sense of the term, is the job of one, not of many." 

All undertakings require organisation, command, planning, coordination and control. In order to function properly the personnel of the structure should observe some general principles.

In the MUL, the general principles of administration are blended together with the Japanese social values. There are two principles which are common to all organisations, big or small, business or otherwise. The relations in the MUL are also devised on a universal superior subordinate relationship called hierarchy or scalar, governed by functional specialisation, command pattern, coordination of activities, regulating conduct and business. To organise means to establish a formal structure of authority through which work subdivisions are arranged, defined and coordinated for the defined objectives of the enterprise. The interrelated parts of the structure of work are correlated and coordinated.

Organisational Structure of Maruti Udyog Limited in 1988

It is the Board of Directors who are responsible for the day

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to day functioning of an organisation for achieving its ultimate goals. Like in any industrial concern, Board of Directors of MUL is the top administrative organ as well as the supreme policy making body of the company. The Directors hold responsibility for the management and they are appointed by the promoters and their names are mentioned in the Articles of the Association. Later on, they are elected in the shareholders Annual General Meeting of the Company.

Organisational Chart of Maruti Udyog Limited: An Analysis

The size of the Board of MUL has been changing with the efflux of time and need. The Chairman of the Board is appointed by the Government of India who also acts as part-time director of the Company.

The part-time directors are secretaries of the Ministries of Finance and Ministry of Heavy Industry (Department of Public Enterprises) respectively. In 1992, when the Board of Directors was made the supreme policy making organ of the company, an agreement was signed between Government and SMC, the joint venture partners agreed on SMC first exercising the right to have its nominee as Managing Director and the Government opting to name its candidate as Chairman. It is necessary to emphasise the fact that popular political processes, which are the essence
of democracy, can only work through governmental organisations, and that all governmental organisations are not merely administrative entities, they are and must be political organisms. After the completion of five years, the Government was empowered to nominate its candidate as Managing Director followed by SMC having its candidate as non-executive Chairman.

It is clear from Chart-1 that in 1988 there were four full time directors who are representative directors of the SMC in charge of production, Material, Technical, Finance etc. The Managing Director is the chief executive of the company who is also supreme authority. He is assisted by the four directors, who in turn, are assisted by thirteen Divisional Heads directly or indirectly in routine matters. The managing director is having all powers authorised by Board and is responsible for all such important policy matters such as production, marketing, sales, quality control, vendor upgradation, employee’s welfare schemes etc. There are thirteen main divisions, five of which are reporting directly to the Managing Director while the rest eight Divisional Heads report to their respective Directors. Thus, the Managing

1 Paul H Appleby, "Big Democracy", Alfred A Knof, New York 1945, p 128
Chart - 1

Organisation Structure of Maruti Udyog Limited (1988)

Director is to be assisted by four Directors, thirteen Divisional Managers and fifty five Departmental Managers and one Company Secretary.

The Director of technical matters is assisted by one Divisional Manager and four Departmental Managers. Similarly, the Director of Projects and Production is to be helped by three Divisional Managers viz Production Manager, Production Service Manager and Production Engineering Manager. The Production Divisional Manager is to be assisted by Departmental Managers of Production, Planning Control Press Paint shop, Assembly shop, Machine shop etc. The Divisional Manager of Production service is to be assisted by Departmental Managers of facilities maintenance and factory and operations civil engineering civil maintenance and factory administration. The production engineering is assisted by press engineering, body engineering, tool room and projects. In the same manner, the Director of Material is assisted by three Divisional Managers viz Vendor development, Material administration and Vendor upgradation. The Vendor Development Manager is assisted by three Departmental Managers. The Material administration Manager is to be helped by four Departmental Managers.
Likewise, the Director of Finance is assisted by one Divisional Manager, who is assisted by five Departmental Managers. It means each Director is assisted by a number of Divisional Managers and Divisional Managers are assisted by each Departmental Manager.

**Organizational Structure of Maruti Udyog Limited in 1992**

Chart-2 displays the organizational structure hierarchy of Maruti Udyog Ltd (MUL) for the year 1992. It is discernible from the chart that MUL has taken steps to bring about organizational efficiency broadening the horizon of the directional spheres of activities. The number of directors has been increased to five in 1992 from four in 1988. The nomenclature of the directional designation is also changed with a wider spectrum of activities of be discharged by them. At the first eschelon of the organizational hierarchy is the director (M&S) followed by Director (Sugg), director (P&P), director (Materials) and director (finance). The director (M&S) has been assigned two departments i.e. Marketing and Sales and spares. Instead of director (technical) as in 1988, there is director (egg) who is entrusted with divisions of QA & service. There is almost no charge in the director (P&P). In case of director (material), the division vendor development, which was previously independent has been attached to it besides the
Chart - 2
Organisation Structure of Maruti Udyog Limited (1992)

existing divisions. One additional newly created division viz. Info service has also been entrusted with the director (material).

The chart further reveals that on account of some adjustments in terms of amalgamation of the divisions and increase in the total number of directors, the size of division is pruned to eleven as compared to thirteen in 1988. These changes in the size of divisions have accordingly brought changes in the departments as portrayed in the chart. All this exercise has been done in view of the expanding activities of MUL over the years increased production modernisation and technological upgradation to cope up with the increasing demand in India and also abroad specially in Central Asia, West Asia, Africa and South East Asia and some selected countries in Europe.

**Organizational Structure of Maruti Udyog Limited in 1994**

Chart-3 reveals organisational structure of MUL in 1994. The noticeable change in the organisational structure of MUL in 1994 is the creation of two joint managing directors in place of directors projects production and materials. These two posts of directors have been abolished. There has been also change in the divisions - from 11 in 1992 to 13 in 1994. Several new departments have been created in view of the ever increasing
demand domestically. Two divisions viz. production and personnel and administration have been fairly expanded with additional couple of departments in case of finance and a major departmental overhauling in case of production.

Organisational Structure of Maruti Udyog Limited in 1995

Chart-4 provides a detailed account in respect of organisational structure of MUL in 1995. It is observed that a new director, entrusted with marketing activities has been created. Other lases of directors are the same.

Organisational Structure of Maruti Udyog Limited in 1997

Chart-5 portraying the organisational hierarchy of MUL in 1997 reveals that the divisional activities under the respective directors have undergone change. The newly created divisions are listed as under:

(i) Company secretary
(ii) Material III
(iii) Plant Consumption
(iv) Maintenance
(v) Two plants - I & II

Divisional Organisation Structure

Each division is divided into a number of departments. A
department consists of one or more than one Deputy Manager. He is assisted by two or more than two senior executives and also two or more than two junior executives, one private secretary and a number of supervisors. The number of supervisors may vary according to the functional requirement and size of the department. There are more supervisors in the production areas and the number is much less in the non-production sectors. Below the supervisors, there are technical and clerical staff. One fact has to be borne in mind that no set parameter or quota is adopted for a department so as to determine the number of subordinate staff under the manager. It can also vary according to functional necessities and requirement. Thus, we see that below the departmental manager, it is difficult to classify and categorise the employees in the Company.

**Personnel Management of Maruti Udyog Limited**

It is said that the personnel management is the cardinal and core function of any organisation. Its core and primary goal is the evolution of a purposeful and effective personnel policy so as to create and maintain a committed and disciplined personnel.

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1. Rajesh Shanker and Ajai Kumar, "A New Management Ethos" Indian Management New Delhi, October, 1985, pp 5-10
for the organisation Any structure is dependent upon systematic organisation of tasks and individuals into a pattern which can most effectively achieve the ends of efforts. Organisation is, in fact, one of the functions of management. Organisation is the anatomy or the structure while management is the physiology of the process. Drawing a distinction between the two terms, Seckler Hudson says, Organisation may be regarded as the division and unification of effort toward some goal or policy. Management is regarded as the collective utilisation of human resources and material in an effort to reach the known goal. "Organisation is a formalised structure for exercising purposes and management is the group of persons and process by which the organisation is animated to accomplish these ends. It simply implies getting things done."

Similarly, in the MUL also the fundamental function of management is performed with distinct skill and expertise of the trained personnel. It is a collective work by a team. The process of management is not confined to one particular step or level in an organisation; it is present in the entire organisation at many different hierarchical levels of authority and responsibility. It is a spread-up activity like all other activities between all the members of the MUL. 2 The MUL works on the principle of professionalisation and specialisation and chance to promotion.

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2 Fayol, "General and Industrial Management" Pitman, London 1949, p. 6
and furthering of interests of its personnel is also provided so as to let the task be completed in the domains of planning, supervision and delegation.

Personnel management creates wide opportunities for advancement within the organisation through the instrumentality of giving encouragement to good workers by stimulating action in the recruits of basic grades and by motivating individuals to stay in the organisation for a long period. The following are the components of MUL's personnel policy, starting from the recruitment policy, promotional avenues, training schedule, manpower metamorphosis, performance evaluation, personnel working conditions, amenities and other benefits of welfare orientation. Recruitment is a process of vital importance to any organisation to determine the tone and calibre of its employees in terms of their relevance and usefulness to the Udyog. A faulty recruitment policy inflicts a permanent weakness upon the MUL. Stahl O Glennⁱ says that recruitment is key to any strong service and a "corner stone of whole public personnel structure." Direct recruitment is attempted in case of technicians supervisor executives. In case of promotions, the principle of indirect recruitment is adopted. Promotion involves greater responsibility, change of title, increase in pay and a definite shift in the nature of work. A sound policy of promotion fosters a feeling of...

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belongingness in the personnel and add to the goodwill of the organisation

The Estimates Committee (First Lok Sabha) in its ninth report on administrative financial and other reforms lamented about the diversity of practices governing promotion of personnel and laid down a few guidelines which is now an accepted principle in all modern countries and business concerns. It was laid down that

1. Promotions should be solely on the basis of merit regardless of seniority of the persons concerned in the service.

2. Persons should be judged for promotion by people who have watched their work and conduct over a period.

3. Promotions should be made on the recommendation of a committee consisting of not less than three officers, one of whom at least is acquainted with the work of the persons concerned. In each case, the committee should record in writing the grounds on which claims of persons selected were overlooked.

4. In judging the person on the basis of confidential report, it should be seen that he was warned in time of the defects noticed in his work and conduct and that he did not show improvement and that he was warned again.

5. If no warning has been given to a person, it should not be presumed that the reports on him are so good as to justify his promotion.

The MUL adopts the following principles to open promotional avenues. It tries to promote on the basis of merit, punctuality, efficiency and behaviour. The guiding principle is performance-oriented using a performa based on performance.

Merit system is adopted for both recruitment and promotion.
Training, in the words of William G. Torpey, is the process of developing skills, habits, knowledge and aptitudes in employees for the purpose of increasing the effectiveness of employees. Training is a tool to teach the skill and expertise in a systematic manner. It is a device for knowledge and skill for a definite purpose and in a definite area. For efficient performance people working in different capacities and areas require some type of training. In any organization, training is arranged to develop the talents of the employee to its utmost. In MUL, new training is essential because of the fast development of new technological changes in industry with the passage of time. MUL is based on Japanese technology. MUL organizes several developmental training programmes by organizing lectures on them such as quality, discipline and cost consciousness. Generally, internal faculty members conduct the lectures. This practice of the company has proved to be a beneficial forum of sharing company’s vital decisional informations. Special seminars are arranged on quality and role of a supervisor. Employees get specialized training on sponsored basis. The Japanese officials make the trainees abreast of Japanese work culture and work model. Dividing it on six months initial programme of training, the

next six months training is instituted on 'on the job training' depending on availability of vacancy and choice of the candidate. Formal class room training is also done and the employees are exposed to it. A special programme is organised to reinforce Maruti culture and quality circle movement during house trainings. There are other types of training which comprise the technical training, industrial engineering, manufacturing, quality control, statistical analysis, computer programming, etc. The MUL also provides for in house training programme covering induction orientation plan and on the job training in different disciplines to the individual employer. A number of batches have been dispatched to Japan for training. Various forays like Maruti Suhyog Samiti, Joint Management Committee, Suggestions Scheme and Small Group activity are some of its achievements in the recent past.

To sum up, it may emphatically be underscored that the manning of an organisation is the most important area of any structure. Employees are the primary organ of an organisation. Organisational goals cannot be achieved without them. MUL has been found to be effective, efficient and prudent enough in keeping its personnel abreast of all the changes and challenges of management of the organisation.
Number of Employees Working in Maruti Udyog Limited

A concerted and integrated effort was made by the MUL to meet the expectations of employees through incentives and facilities. During 1983-84, 883 employees were engaged.

Table-1 shows that the number of employees rose to 5324 in 1996-97 which was an obvious increase of 502.94 per cent over the year 1983-84.

Initially it increased the number of employees to meet the tremendous demand. But with the recession in the market the percentage of innovative employees declined up to 190-91. But with the pace of economic liberalisation, once again the percentage of increase in employees shot up. But in 1995-96 due to recession in market share and the result of new entrant in automobile industry, the percentage of increase in employees declined.

However, any organisational structure grows in terms of manpower if it is successful it is bound to expand. The total number of employees in MUL on October 31, 1997 was 5596. Their average age is 33.25 years. The number of workers was 4260 i.e. supervisors/executives 1008 and of Managers 328.

Excellent Management-employee relationship is characterised by participative management, single (unaffiliated) Union communication and information sharing, teamwork, culture for easier
### Table - 1

Number of Employees working in MUL

(Rs. in Million)

<table>
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<th>No. of Increase &amp; Decrease over Previous Year</th>
<th>% Over Previous Year</th>
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<td>1997-98</td>
<td>5596</td>
<td>272</td>
<td>5 10</td>
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</table>

**Source:**

accessibility MUL is also characterised by a well established suggestion scheme and quality circles (QC) During 1996-97, 33,176 suggestions were implemented 464 QC existing in the Company held 6444 meetings during the year Suggestion Scheme and Quality Circles activities amounted to the saving of over Rs 510 million.

**Labour Welfare Facilities in Maruti Udyog Limited**

The employees receive medical aid facility as well as reimbursement of expenses incurred by any employee on production of valid bills The Company has established X-ray clinics, labs, medical stores and clinics with doctors for the sake of providing systematic procedure for the reimbursement to employees patients Moreover there is provision for speedy disposal of the sick through the help of first aid centres and dispensaries consisting of skilled doctors, nurses and other staff Subsidised food is available to the employees in properly run canteens The employees can receive grants conveyance allowance in terms of loans for the purchase of vehicles The loans are repayable in monthly, half yearly or annual easy instalments

Moreover, washing allowance is provided to every

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1 Maruti. "Building Trust Worldwide At a Glance", 50 Years of Independence, New Delhi, 1996-97, p. 4
employee which facilitates the cluster of neat and clean employees on the campus. Due to persistent care and caution, cordial industrial relations prevail and thus there is no loss of man hours. The MUL undertook during 1992 various welfare activities both for Maruti family as well as for Indian brethren when there was earthquake. Moreover, the Maruti Employees Cooperative House Building Society Ltd, Bhondsi has been granted a loan of Rs. 350 million by HDFC backed by Maruti guarantee to build 1200 apartments for employees. Blood was donated to Indian Red Cross Society. For the children of MUL employees, 'Bal Utsav' is organised.

Temporary refuge for children is provided in the shape of creche for the infants of female employees within the premises of the Company. In order to plan the careers of children, the Company has also provided for educational institutions for their better development. Two such notable good schools are situated in Delhi and Gurgaon. An innovative feature of MUL is a special bonus to every sincere and industrious employee to receive an extra cash for full or nearly full attendance record. This is a

great incentive to employees to display honesty, efficiency and sincerity to hard work. There are leave encashment provisions also. On the whole, the MUL provides ample perks and incentives for the betterment and welfare of its employees in the form of substantial amenities and facilities for their hard work, courtesy and loyalty towards their job. The MUL is trying to do justice to the nation by adequately utilising the resources at its disposal related to production, productivity, profits and ample contribution to the public exchequer. On the whole, the aim of MUL’s personnel organisation is to increase the sale and produce of cars which are acceptable technically feasible and socially constructive. It should prove itself upto the mark and strike business efficiency.

There is certain declared perspective and vision of the Company. “Our vision for the future is to become an internationally competitive Company in terms of our production volume, quality, cost and profits. The company is of the view that they must not only retain their leadership in India but should aspire to be amongst the global players. The company’s culture thinking and actions have all to be consistent with this vision.”

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1 Maruti, “Building Trust Worldwide At a Glance” 50 Years of Independence, New Delhi, 1996-97 p 5
Production of Vehicles in Maruti Udyog Ltd.

The average daily production for 1996-97 was 1165 vehicles. In every forty-five seconds, a vehicle rolls out of Maruti Plant. The existing plant capacity is 2,50,000 units per annum. The production facilities include modern Blanking line, press shop, weld shop, paint shop, parallel Assembly Lines for different models, engine Assembly Line, Machine Shop, Testing and Inspection Lines.

It is clear from Table-2 that in 1983-84, the total production of vehicles was 852, which rose to 336811 in 1996-97, indicating an overall increase of 394318 per cent. In terms of percentage, the increase over the years declined from 2525.82 per cent in 1984-85 to -1.55 per cent in 1991-92. But from 1992-93, it increased from 5.75 per cent to 34.63 per cent in 1995-96. Even though the government that would reduce tax burden and provide special concessions to those enterprises which are working above hundred percent capacity utilisation and hundred percent indigenisation, it has been further enterprised that the government must reduce duties and taxes on imported machinery required for modernising and developing the auto ancillary industry. It should also clear all those projects which will not harm the country's foreign exchange position. If the MUL is permitted to export its products, it will sort out MUL's problem of increasing its foreign exchange.
Table - 2

Production of Vehicles in MUL

(in numbers)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>No. of Increase &amp; Decrease over Previous Year</th>
<th>% Over Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-84</td>
<td>852</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1984-85</td>
<td>22372</td>
<td>21520</td>
<td>2525 82</td>
</tr>
<tr>
<td>1985-86</td>
<td>51580</td>
<td>29208</td>
<td>130 56</td>
</tr>
<tr>
<td>1986-87</td>
<td>80150</td>
<td>28570</td>
<td>55 4</td>
</tr>
<tr>
<td>1987-88</td>
<td>92630</td>
<td>12480</td>
<td>15 57</td>
</tr>
<tr>
<td>1988-89</td>
<td>105547</td>
<td>12917</td>
<td>13 94</td>
</tr>
<tr>
<td>1989-90</td>
<td>117521</td>
<td>11974</td>
<td>11 34</td>
</tr>
<tr>
<td>1990-91</td>
<td>123083</td>
<td>5562</td>
<td>4 73</td>
</tr>
<tr>
<td>1991-92</td>
<td>121167</td>
<td>-1916</td>
<td>-1 55</td>
</tr>
<tr>
<td>1992-93</td>
<td>128138</td>
<td>6971</td>
<td>5 75</td>
</tr>
<tr>
<td>1993-94</td>
<td>158109</td>
<td>29971</td>
<td>23 40</td>
</tr>
<tr>
<td>1994-95</td>
<td>206330</td>
<td>48221</td>
<td>30 50</td>
</tr>
<tr>
<td>1995-96</td>
<td>277776</td>
<td>71446</td>
<td>34 63</td>
</tr>
<tr>
<td>1996-97</td>
<td>336811</td>
<td>59035</td>
<td>21 25</td>
</tr>
<tr>
<td>1997-98</td>
<td>358213</td>
<td>21402</td>
<td>6 35</td>
</tr>
</tbody>
</table>

Source:
1. Various issues of "Annual Reports of Maruti Udyog Ltd", New Delhi
2. ACMA, Various issues of "Automobile Component Manufacturers Association of India", New Delhi
Sales Promotion Programmes of Maruti Udyog Limited

Various sales promotion programmes and advertising show a rise in sale pattern which can be seen from Table - 3. The sale of company increased to 327266 cars in 1997-98 as against 22048 in 1984-85. The lowest sale was 99517 in 1991-92, while the highest was recorded in 1997-98.¹

It is a matter of tremendous pride that the MUL maintained its record of the sale of the highest number of vehicles for five consecutive years.² However, there is an apparent likelihood that the rate of growth of MUL in production shall shrink due to growing competition with other fuel efficient vehicles which shall be available to the customer at cheaper rates in future but due to increase in demand, their number shall keep on increasing. It is estimated that the sale of Maruti vehicles will increase to 375717 vehicles in 2005 against 327266 in 1997. The other reasons for shrinkage of sale possibly could be due to induction of several new technologies component. Suppliers may face the problem of standardisation. Product quality may also produce problems of

² The Company received special award from Suzuki Motors Corporation, Japan, for examplary contribution to the overall achievement. During the year 1995-96, the MUL received the best dealer award. The Eleventh Annual Report, Op.Cit., p. 5
# Table - 3

Statement of Domestic Sales of MUL

<table>
<thead>
<tr>
<th>Year</th>
<th>M800</th>
<th>Omni</th>
<th>Gypsy</th>
<th>M1000</th>
<th>Esteem</th>
<th>Zen</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-84</td>
<td>852</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>852</td>
</tr>
<tr>
<td>1984-85</td>
<td>20269</td>
<td>1779</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22048</td>
</tr>
<tr>
<td>1985-86</td>
<td>31314</td>
<td>15489</td>
<td>891</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>47694</td>
</tr>
<tr>
<td>1986-87</td>
<td>52344</td>
<td>24205</td>
<td>5657</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>82206</td>
</tr>
<tr>
<td>1987-88</td>
<td>63763</td>
<td>25727</td>
<td>3830</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>93320</td>
</tr>
<tr>
<td>1988-89</td>
<td>66746</td>
<td>31145</td>
<td>6293</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>104184</td>
</tr>
<tr>
<td>1989-90</td>
<td>69279</td>
<td>34792</td>
<td>7961</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>112032</td>
</tr>
<tr>
<td>1990-91</td>
<td>69772</td>
<td>33318</td>
<td>7317</td>
<td>4993</td>
<td>-</td>
<td>-</td>
<td>115400</td>
</tr>
<tr>
<td>1991-92</td>
<td>54899</td>
<td>30053</td>
<td>5492</td>
<td>9073</td>
<td>-</td>
<td>-</td>
<td>99517</td>
</tr>
<tr>
<td>1992-93</td>
<td>66485</td>
<td>31846</td>
<td>4155</td>
<td>9823</td>
<td>-</td>
<td>-</td>
<td>112309</td>
</tr>
<tr>
<td>1993-94</td>
<td>86731</td>
<td>34797</td>
<td>4368</td>
<td>14926</td>
<td>-</td>
<td>2123</td>
<td>142945</td>
</tr>
<tr>
<td>1994-95</td>
<td>106114</td>
<td>40947</td>
<td>4759</td>
<td>14110</td>
<td>11160</td>
<td>7955</td>
<td>185045</td>
</tr>
<tr>
<td>1995-96</td>
<td>139403</td>
<td>39470</td>
<td>6972</td>
<td>2569</td>
<td>39390</td>
<td>21694</td>
<td>249498</td>
</tr>
<tr>
<td>1996-97</td>
<td>183593</td>
<td>46965</td>
<td>6913</td>
<td>1954</td>
<td>23059</td>
<td>41828</td>
<td>304312</td>
</tr>
<tr>
<td>1997-98</td>
<td>184509</td>
<td>56494</td>
<td>6746</td>
<td>810</td>
<td>18035</td>
<td>60672</td>
<td>327266</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1196073</td>
<td>447027</td>
<td>71354</td>
<td>58258</td>
<td>91644</td>
<td>134272</td>
<td>1998628</td>
</tr>
</tbody>
</table>

various types. As it is, production sometimes is dependent upon obsolete plants bought from international suppliers. Moreover, domestic components may increasingly be substituted by imported components. So the probability is that both in terms of sale, profit and production shall come down marginally in the years to come. The cut throat competition is posed to MUL due to introduction of Toyata, Telco and Daewoo and no less significant is the entry of multinational companies in this area. Public enterprises survey confirms how YE 2. the model car designed by BMC would be produced in India and sold to Europe and elsewhere through SMC's marketing channels in 1993. The entire European market will be available for sale.

**Market Share of Maruti Udyog Limited**

Table - 4 highlights the share of Maruti in non luxury car market, which has increased from 80 per cent in 1995-96 to 87.5 per cent in 1996-97. It means it dropped from 65.8 per cent in 1995-96 to 38.2 per cent in 1996-97. This was due to stagnation in market and entry of new players. In 1996-97 the market share for Hindustan Motors Ltd was 6 per cent against 70 per cent in 1980-81 a decrease of 91 per cent. Moreover, the table reveals that the market share of Premier Automobile Ltd was 45 per cent in 1981-82 which decreased to 2 per cent in 1996-97.

---

### Table - 4

**Market Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>Hindustan Motors Ltd.</th>
<th>Premier Automobile Limited</th>
<th>Maruti Udyog Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>70</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1981-82</td>
<td>55</td>
<td>45</td>
<td>-</td>
</tr>
<tr>
<td>1982-83</td>
<td>51</td>
<td>49</td>
<td>-</td>
</tr>
<tr>
<td>1983-84</td>
<td>53</td>
<td>46</td>
<td>19</td>
</tr>
<tr>
<td>1984-85</td>
<td>38</td>
<td>41</td>
<td>291</td>
</tr>
<tr>
<td>1985-86</td>
<td>24</td>
<td>37</td>
<td>468</td>
</tr>
<tr>
<td>1986-87</td>
<td>19</td>
<td>29</td>
<td>616</td>
</tr>
<tr>
<td>1987-88</td>
<td>21</td>
<td>26</td>
<td>597</td>
</tr>
<tr>
<td>1988-89</td>
<td>21</td>
<td>28</td>
<td>590</td>
</tr>
<tr>
<td>1989-90</td>
<td>16</td>
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<td>601</td>
</tr>
<tr>
<td>1990-91</td>
<td>14</td>
<td>24</td>
<td>616</td>
</tr>
<tr>
<td>1991-92</td>
<td>10</td>
<td>19</td>
<td>657</td>
</tr>
<tr>
<td>1992-93</td>
<td>13</td>
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<td>1993-94</td>
<td>13</td>
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<td>1994-95</td>
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<td>6</td>
<td>800</td>
</tr>
<tr>
<td>1996-97</td>
<td>6</td>
<td>2</td>
<td>875</td>
</tr>
</tbody>
</table>

**Source:**

However, in spite of competitive pressures, it has been able to maintain position of leadership in this segment as well. The programme of widening and deepening the sales network continued during the year with the dealer strength increasing from 87 to 112. Across the country there are 86 sales outlets. The company is committed itself to play a supportive role in the areas of environment, traffic management and road safety in its role of a socially responsible concern. To fulfil this commitment, Maruti has sponsored the Gypsy Interceptor Programme of the Delhi Traffic Police to check traffic violations in the city. A booklet on safe driving tips was also sponsored. This is being given along with the learners licence form.

**Domestic Market**

In order to meet the demands of domestic customers and to provide them with excellent after sale service the MUL has developed an extensive marketing and after sale service network comprising 123 dealers, 161 sales outlets (covering 93 cities), 194 dealer workshops and 868 Maruti authorised service stations besides 204 spare parts outlets including 15 MGP shoppe (boutique) and 26 stockists (covering 421 cities) in India. as on 31-10-1997.

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Export Performance of Maruti Udyog Limited

Maruti has exported over 1.6 lakh vehicles to more than 100 countries till October 1997. Seventy five per cent of these vehicles have been sent to Europe. Its markets include Algeria, Comeroon, Congo, Ethiopia, Ivory Coast, Gabon, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Senegal, Tanzania, Uganda, Zimbabwe, Angole, Egypt, Kenya, Zambia, Isreal, Jordan, Lebanon, Sudan, Syria, Yemen, Bangla Desh, Bhutan, Nepal, Sri Lanka, Turkey, Croatia, Cyprus, Ireland, Latvia, Norway, Romania, Switzerland, France, Australia, Belgium, Germany, Hungary, Greece, Italy, Spain, UK, Argentina, Chile, Panama, Nicaragua, El Salvador, Bolivia etc.

The data set up in Table-5 shows that the export of Maruti vehicles has increased manifold to 25994 vehicles in 1997-98 against 102 in 1986-87 an increase of 25384.3 per cent. In 1996-97, the export was 35031 which means that in this year the export was the highest for the company. During the period 1990-91 the export was 4908 which showed a negative trend over previous year with declining percentage by 6.03. This was not a good year for Maruti as far as export was concerned.

1 Maruti: "Building Trust Worldwide At a Glance", Op Cit, p 6
### Table - 5

**Performance of Export of MUL**  
(in numbers)

<table>
<thead>
<tr>
<th>Year</th>
<th>M800</th>
<th>Omni</th>
<th>Gypsy</th>
<th>M1000</th>
<th>Esteem</th>
<th>Zen</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-84</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>1985-86</td>
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<td>407</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
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<td>-</td>
<td>-</td>
<td>5223</td>
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<tr>
<td>1990-91</td>
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<td>216</td>
<td>1502</td>
<td>3</td>
<td>-</td>
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<td>969</td>
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<td>-</td>
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<td>1996-97</td>
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<td>27</td>
<td>18</td>
<td>25535</td>
<td>35031</td>
</tr>
<tr>
<td>1997-98</td>
<td>5624</td>
<td>685</td>
<td>1032</td>
<td>3</td>
<td>27</td>
<td>18623</td>
<td>25994</td>
</tr>
</tbody>
</table>

**Total**  
93313  4489  14111  607   117  62382  175019

**Source:** "Annual Reports of Maruti Udyog Limited", Various Issues from 1983-98, New Delhi.
Problems of Maruti Udyog Limited

The MUL failed to attain its own role projections to produce a small family's car due to a number of constraints. There is an entry of new dealers like Daewoo, Telco, Toyota. With the rise of new dealers and manufacturers, the Maruti dealers were compelled to give substantial discount on the sale of Maruti. The delay in the implementation of the project is due to intervention of DDA under Urban Ceiling Act. Moreover, MUL failed to achieve its indigenisation target. Low level of indigenisation is the major problem of the organisation because all other problems are adjoined directly or indirectly to indigenisation. The MUL does not command over domestic ancillary industries to secure supplies of components and equipments of reasonable quality. Indigenisation targets were not achieved by the Company due to non-supply of components and equipments of reasonable quality. Indigenisation targets were not achieved by the company due to non-supply of domestic parts in conformity with specifications.

The vendors play an important role in developing an organisation because development of organisation largely depends on their efficiency. There is an obvious correlation between the two. The Company is facing some problems in selecting and locating competent vendors. A strict criterion is adopted in selecting vendors. Its vendors have failed to supply
the components in time with quality specification as required by the MUL. The vendors are unable to maintain total consistency of quality over a large number and they were incapable of reaching the targets fixed. Additional incentives may be provided by the Company to improve its vendors as the vendors are the backbone of the company. Vendor development and upgradation is cardinal to the growth of any industry. Maruti has the early entrant advantage along with a build up volume of production of international levels. The volume of production has helped in creating a strong supplier network, the improvement of which is being emphasised.

Therefore, during 1997, strong efforts were made to develop and upgrade vendors by the MUL itself. Twelve new vendors projects were completed, twenty-five other projects showed progress during the year. Forty-two technical collaborations were signed by vendors with foreign companies over the last three years. Seventy-two vendors have been covered under Cluster Assistance Programme commenced in March 1996, of which thirty-one were certified till March 31, 1997. On the whole, all 134 MUL vendors are 1509000 certified under the vendor guidance programme. Two member teams from MUL have been visiting selected vendors every fortnight for the past two years, to help them improve systems, quality, tool and die.
maintenance and to expose them to 5s concepts. The scope of this programme has been extended to process capability and FMEA. In the past year, MUL has trained 10 two member teams to work with vendors. Manuals have been prepared on quality systems/checks, calibration of testing equipment cross functional QC teams help vendors to analyse the present condition. Vendors have finalised action plans for quality improvement with the inputs from the teams, as well as from the process and system audits by senior teams from MUL. These are closely monitored at MUL. A vendor Consultancy Cell, mainly using in house expertise, has been formed to upgrade vendors to achieve better reliability of supply, improve quality and reduce costs. It helps vendors identify priority improvement objectives, and gives them inputs to achieve these. Nominal cost is charged from the vendors and the MUL also shares the resultant benefits.

Due to lack of component supply, stilled employees, old model of technology, MUL was not able to achieve its fixed targets in production in the beginning during 1984-85. Moreover, production of MUL was raised to 80150 units against the fixed target of 80000 units in 1986-87. Due to component shortage, the production trend of MUL has been swinging up and down. In

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1 Maruti "Annual Report", Maruti Udyog Limited, New Delhi, 1996-97, pp 7-8
order to ensure supply, the MUL should keep necessary stocks for meeting shortages. Due to conveyor stoppages, it may amount to extra cost to the company. It will be less than the accumulated losses.

In selling products and services, quality is the summation of all activities. The MUL tries to maintain high quality standards of its products. But sometimes, the quality is not up to the mark, and therefore, the quality policy of the MUL is 'consumer satisfaction through quality of its products and service achieved by consistent adherence to procedure and systems.' Consequently, Maruti was awarded jointly with another company, a certificate for significant achievement by Confederation of Indian Industry under the CII-EXIM Award for business excellence. It is the highest honour. The certificate acknowledged the good work done by Maruti in the journey towards total quality management. Assistance programme was started to provide help to vendors and dealers to work for a better result. During 1997, Maruti further increased its service network to bring quality service within easy reach of the customers. The number of approved service workshops increased from 856 to 1010 covering 142 cities in the country. There is evident decline in sale which became a blot over the dazzling

1 Maruti, "Building Trust Worldwide At a Glance", Op Cit, p 7
performance of the MUL. Sometimes the indigenous quality of components is inaccurate and undurable to those of Japan which also results in the decline of product. The MUL should evolve auto-auxiliary industry to eradicate this decline. Plants equipments and manufacturing methods must be selected as per international standards of performance for the establishment of such industry. Highly skilled employees must be selected and training facilities must be made available for all the employees so that they can perform their best. They should be taught how to perform and deal with modern management so as to improvise quality. Strict vigil should be maintained to catch the corrupt officials.

The highly volatile tax structure with mid year and annual increase in customs and excise duty has made the MUL vulnerable. Though, the Government has taken several stringent steps to help the MUL meet its requirements but still all its efforts are futile. The continuous appreciation of yen and increased input costs have made the manufacturers struggle for financial viability. Taxes have actually crippled its economy. It has indeed weakened all the strategies of the industry.

It is imperative to take care of many more sound strategies to meet the challenge of competition and make its presence felt.

1 The Financial Express New Delhi April 1 1997, p 15
in all segments Maruti is aggressively trying to build capacity to meet the demand and have an edge over competition. It is facing the emergent problem of expansion and modernisation. As a result in 1994, a 700 crore Zen plant was opened, and another Rs 1800 crore plant would be set-up to take production up to five lakh vehicles per annum. It has, therefore, resorted to new model introduction in response to customers' requirements. It introduced six models in 12 years. Maruti is trying to bring in diesel vehicles and also new models like Vitara, Wagon R and Balleno. Likewise, it is constantly busy in model upgradation without increasing the cost and with models suited to Indian conditions and requirements of the customers. Another strategy of Maruti is to cater to stronger dealers' network expansion. Maruti is helping the network to upgrade its technology as well as facilitating ready availability of car finance for car purchasers. It has entered into a joint venture with Citi Bank. To manufacture various spare parts, MUL has also established the following joint venture components:

1. Bharat Steel Ltd (Seats)
2. Mark Auto India Ltd (Sheet, metal components, fuel tanks and axles)
4. Jai Bharat Maruti Ltd (Sheet metal body and muffler components)
5. Caparo Maruti Ltd (Sheet metal components)
Asahi India Glass Ltd (Glasses for all models)
Krishna Maruti Ltd (seats) 1

The company has implemented an enterprise wide E-mail system using which the Maruti personnel can communicate with all others within the organisation as well as dealers, vendors and any person anywhere in the world with an internet E-mail address. Personnel at corporate office and factory now can communicate almost on a real time basis through this E-mail network over a radio link. MUL has also successfully completed the migration of all application systems from propriety Burroughs main frame system to more open system resulting in wider computerisation within the organisation to faster the access of business data and increased productivity. This is its latest information technology. 2 Today Maruti is a national icon with vibrant colours, solid service network, eco friendly stance and the single most important factor is possibly the way Maruti fits the lives of the people. The equation of Maruti with the nation can be summed up in a single phrase proven on the harshest road of all life. 3 On the whole MUL is rated today as the best public enterprise with a compact organisational structure.

1 Maruti “Building Trust Worldwide At a Glance”, Op Cit, p 8
3 Ibid p 1
Conclusion

From the foregoing analysis, it can be concluded that the advent of Maruti Udyog Limited revolutionised passenger car market in India in 1983. Its history synchronises with the advent of the fuel efficient vehicle scheme of the Government of India. In 1959 and 1961, two committees were appointed by the Government of India under the chairmanship of L K Jha and G Pande respectively to examine the feasibility of manufacturing a small car. In October 1980, nationalisation of Maruti could take place by the instrument of an Act of parliament and on February 24, 1981, MUL as a result was confirmed as a public sector enterprise and the assets required under the act were transferred to MUL in April, 1981.

In order to give an impetus to the modern technology in the manufacturing of cars, an agreement was signed by the Government of India and the Suzuki Motor Corporation of Japan in 1982 for a joint product. The mission of the company is "to provide a wide range of modern, high quality fuel efficient cars in order to meet the need of different customers both in domestic and export market. The objective of the Government of India in allowing the MUL was to innovate and modernise automobile industry to produce a modern car at an affordable price with fuel efficiency."
In order to run any organisation efficiently, as organisation, structure has its own importance because it pinpoints duties, streamlines responsibilities and authority of various persons and creates a sense of public consciousness in them. The nomenclature organisation is also used in the sense of structure or mechanism that enables living things to work effectively.

It is the Board of Directors who are responsible for the day to day functioning of an organisation for achieving its ultimate goals. Like in any industrial concern, Board of Directors of MUL is the top administrative organ as well as the supreme policy making body of the company. The Directors hold responsibility for the management. Directors are appointed by the promoters and their names are mentioned in the articles of the Association. Later on, they are elected in the shareholders Annual General Meeting of the company.

The number of directors has been increased to five in 1992 from four in 1988. The nomenclature of the directional designation is also charged with the wider spectrum of activities to be discharged by them. The noticeable change in the organisational structure of MUL in 1994 the creation of two joint managing directors in place of directors projects, production and materials. These two posts of directors have been abolished.
There has been change also in the divisions from 11 in 1992-93 to 13 in 1994

The employees are categorised between L01, L020, L021. L01 stands for Managing Directors (MD) while L020 stands for unskilled personnel and remaining employees fall between L02 and L019. The company has its registered office in Delhi and plant at Gurgaon (Haryana). After the Head office, there are a number of Regional offices in Mumbai, Calcutta, New Delhi, Chennai, and Chandigarh. Other offices are also set-up at Kandala and Nhava Shova.

It is said that the personnel management is the cardinal and core function of any organisation. Its core and primary goal is the evolution of a purposeful and effective personnel policy so as to create and maintain a committed and disciplined personnel for the organisation. The fundamental function of management is performed with distinct skill and expertise of the trained personnel. It is a collective work by a team because they are engaged in task in more than a single manner.

The MUL adopted the principle of to open promotional avenues. It tries to promote on the basis of merit, punctuality, efficiency and behaviour. The guiding principle is performance oriented using a performa based on performance. Merit system is adopted both for recruitment and promotion.
The average daily production for 1996-97 was 1165 vehicles. In every forty-five seconds, a vehicle rolls out of the Maruti plant. The existing plant capacity is 2,50,000 units per annum. In 1983-84, the total production of vehicles was 852, which rose to 336,811 in 1996-97, indicating an overall rise of 39,431.8 per cent. In terms of percentage, the increase over the years declined for 25.25 per cent in 1984-85 to 1.55 per cent in 1991-92. But from 1992-93, it is showing an increase from 5.75 per cent to 34.63 per cent in 1995-96.

During 1983-84, 883 employees were engaged. The number of employees rose to 5324 in 1996-97, which was an obvious increase of 502.94 per cent over the year 1983-84. The total number of employees in MUL on October 31, 1997, were 5596. Their average age was 33.25 years. The number of workers were 4260, i.e., supervisors/executives 1008 and managers 328. MUL is also characterised by a well-established suggestion scheme and Quality Circles (QC). During 1996-97, 37,176 suggestions were implemented. 464 QC circles existing in the company held 6444 meetings during the year. Suggestion scheme and Quality Circles activities amounted to saving of over Rs. 510 million.

The employees receive medical aid facility as well as reimbursement of expenses incurred by any employee on production of valid bills. The company has established X-ray
clinics, labs, medical stores and clinics for the sake of providing systematic procedure for the reimbursement to employee patients. Moreover, there is provision for speedy disposal of the sick through the help of first aid centres and dispensaries consisting of skilled doctors, nurses, and other staff. Subsidised food is available to the employees in well-managed canteens.

The sale of the company increased to 3272.66 in 1997-98 against 2204.8 in 1984-85. The lowest sale was 995.17 in 1991-92, while the highest was recorded in 1997-98. It is estimated that the sale of Maruti vehicles will increase to 375717 vehicles in 2005 against 327266 in 1997.

The share of Maruti in the non-luxury car market increased from 80 per cent in 1995-96 to 87.5 per cent in 1996-97. It means it dropped from 65.8 per cent in 1995-96 to 38.2 per cent in 1996-97. This was due to a stagnant market and entry of new players.

In order to meet the demands of domestic customers to provide them with excellent models and after-sale service, the MUL has developed an extensive marketing and after-sale service network comprising 123 dealers, 161 sales outlets (covering 93 cities), 194 dealers workshops and 868 Maruti authorised service stations besides 204 spare parts outlets including 15 MGP shoppe (boutique) and 26 stockists (covering 421 cities) in India as on 31.10.1997.
Maruti has exported over 1.6 lakh vehicles to more than 100 countries till October 1997. Seventy-five per cent of these vehicles have been sent to Europe. The export sale in 1992-93 was 14,566 which increased in 1996-97 to 29,421. In the same manner, Maruti's share in the Indian car market was 46.8 per cent which rose to 76.6 in 1996-97.

The MUL has failed to attain its own role projections to produce a small family's car due to a number of constraints. There is the entry of new dealers like Daewoo, Telco, Toyota, etc. With the rise of new dealers and manufacturers, the Maruti dealers were compelled to give substantial discount on the sale of Maruti.

The Company has implemented an enterprise wide E-mail system using which the Maruti personnel can communicate with all others within the organisation as well as dealers, vendors and any person anywhere in the world with an Internet E-mail address. Personal at corporate office and factory now can communicate almost on a real time basis through this E-mail network over a radio link.

In the foregoing pages, growth and development of Maruti Udyog Limited have been discussed. In this context, the next chapter has been devoted to study the practice and applicability of Management Information System in Maruti Udyog Limited.