CHAPTER IV

PROFILE OF MARUTI CAR MANUFACTURE AND MARKETING IN INDIA AND STUDY AREA

4.1 PROFILE OF MARUTI CAR

Maruti Suzuki India Limited (MSIL), formerly known as Maruti Udyog Limited, a subsidiary of Suzuki Motor Corporation of Japan, is India's largest passenger car company, accounting for over 50 per cent of the domestic car market. Maruti Udyog Limited was incorporated in 1981 under the provisions of Indian Companies Act 1956 and the government of India selected Suzuki Motor Corporation as the joint venture partner for the company. In 1982 a JV was signed between Government of India and Suzuki Motor Corporation.

The company has two manufacturing facilities located at Gurgaon and Manesar, south of New Delhi, India. The facilities in both the places have a combined capability to produce over a 1.2 million vehicles annually. The company plans to expand its manufacturing capacity to 1.75 million by 2013.

The Manesar facility has been made to suit Suzuki Motor Corporation (SMC) and Maruti Suzuki India Limited's (MSIL) global ambitions. At present this plant rolls out World Strategic Models Swift,
A-star & SX4 and D’Zire. The plant has several in-built systems and mechanisms.

Suzuki Power train India Limited, the diesel engine plant at Manesar is SMC's and Maruti's first and perhaps the only plant designed to produce world class diesel engine and transmissions for cars. The plant is under a joint venture company, called Suzuki Powertrain India Limited (SPIL) in which SMC holds 70 per cent equity the and rest is held by MSIL. This plant has an initial capacity to manufacture 100,000 diesel engines a year. This has been scaled up to 300,000 engines per annum by 2010.

MSIL’s parent company, Suzuki Motor Corporation has been a global leader in mini and compact cars for three decades. Suzuki's technical superiority lies in its ability to pack power and performance into a compact, lightweight engine that is clean and fuel efficient. Product quality, safety and cost consciousness are embedded into their manufacturing process, which they have inherited from their parent company.

Maruti Suzuki exports entry-level models across the globe to over 100 countries and the focus has been to identify new markets. Some important markets include Latin America, Africa and South East Asia.

In 2010-11, the company has sold 1,271,005 vehicles, registering a growth of 24.8% over the previous year. This comprises 1,132,739 vehicles in the domestic market and 138,266 vehicles in the international market. Cumulatively, the company has produced 10 million vehicles. It
has rolled out its 10 millionth vehicle on 15th March, 2011, a significant landmark for the company and the automobile industry in India. The company’s total income (Net of Excise) for the year 2010-11 is Rs. 375,224 million, a growth of 24.6% over fiscal 2009-10. The company has a strong balance sheet with reserves and surplus of Rs. 137,230 million and a debt equity ratio of 0.02 as on 31st March, 2011.

NATURE OF THE COMPANY OWNERSHIP

Maruti Suzuki is a public limited company listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. SMC is the majority shareholder with 54.21% equity stake in the company. For the shareholding pattern of the company has been given on page 50 of the Corporate Governance section of the annual report.

ORGANISATIONAL STRUCTURE

Maruti Suzuki has a multi-tier management structure, consisting of a Board of Directors at the top, followed by five business vertical heads reporting to the managing director. The business verticals of the company are marketing and sales, engineering, production, administration and supply chain. More information on the organizational structure and the leadership team of Maruti Suzuki has been provided on page 38 of the Corporate Governance section of the report.

MANUFACTURING FACILITIES

Maruti Suzuki has two manufacturing facilities in Haryana, one each at Gurgaon and Manesar, with a combined manufacturing capability
of over 1.25 million vehicles per annum, which is much beyond the installed capacity of 1 million vehicles.

**Gurgaon Plant**

The Gurgaon facility contains three fully integrated plants with a combined installed manufacturing capacity of over 700,000 vehicles per annum. It also has a state-of-the-art K-series engine casting plant with a capacity of 7.80 lakh engines per annum.

**Manesar Plant**

The Manesar facility started in February, 2007, has one plant with a capacity of 300,000 vehicles per annum. Two more plants are presently under construction at Manesar.

**Research and Development Capabilities**

The company is gradually enhancing its R&D capabilities. It has over 1,000 R&D engineers. The R&D team is working closely with SMC engineers on new product design and development. It has also initiated work on setting up a test course for R&D purposes at Rohtak, Haryana.

**SUPPLIER BASE**

The company has worked through the years with its suppliers to develop new products, refresh existing ones and achieve higher localisation levels to reduce costs. As on 31st March, 2011, the company has had a supplier base of 260, including 19 joint venture companies where the company holds a strategic equity stake.
DOMESTIC SALES AND SERVICE NETWORK

Over the years, the company has expanded its sales and service network to cover the length and breadth of the country. Amongst car manufacturers in India, Maruti Suzuki has the largest sales and service network. As on 31st March 2011, it has had 933 sales outlets in 668 cities and 2,946 service workshops in 1,395 cities. The service network of the company includes dealer workshops, Maruti authorized service stations (MASS’s), Maruti Service Masters (MSMs) and Maruti Service Zones (MSZs).

Besides selling and servicing vehicles, the company provides its customers services like automobile finance, genuine spare parts and accessories, extended warranty and certified pre-owned cars. The company has had 353 true value pre-owned car outlets in 208 cities as on 31st March, 2011.

EXPORT SALES AND MARKETS

Maruti Suzuki’s first export assignment was a batch of 500 cars to Hungary in September, 1987. Since then, the export portfolio of the company has been consistently expanding. In the reporting year, the company has exported its cars to 78 countries in Europe, Asia, Latin America, Africa and Oceania.

Besides selling and servicing vehicles, the company provides its customers services like automobile finance, genuine spare parts and accessories, extended warranty and certified pre-owned cars.
company has had 353 True Value pre-owned car outlets in 208 cities as on 31st March, 2011.

**Product range**

It offers cars from entry level Maruti 800 and Alto to stylish hatchback Ritz, A star, Swift, Wagon R, Estillo and sedans D’Zire, SX4 and Sports Utility vehicle Grand Vitara.

- Maruti 800
- Alto K10
- Gypsy
- Wagon R
- A-star
- SX4
- Dzire
- Grand Vitara
- Alto
- Omni
- Zen Estilo
- Versa
- Ritz
- Swift
- Eeco

**MILESTONE OF THE COMPANY:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>Maruti Udyog Ltd. incorporated under provisions of the Indian Companies Act, 1956</td>
</tr>
<tr>
<td>1982</td>
<td>Signed License and JV agreement signed with Suzuki Motor Corporation</td>
</tr>
<tr>
<td>1983</td>
<td>Launched Maruti 800</td>
</tr>
<tr>
<td>1984</td>
<td>Launched Omni</td>
</tr>
<tr>
<td>1985</td>
<td>Launched Gypsy</td>
</tr>
<tr>
<td>1986</td>
<td>Produced 100,000 vehicles</td>
</tr>
<tr>
<td>1987</td>
<td>Exported first lot of 500 cars to Hungary</td>
</tr>
<tr>
<td>1990</td>
<td>Launched India's first sedan, Maruti 1000</td>
</tr>
<tr>
<td>1992</td>
<td>SMC increased its stake in Maruti Udyog Limited to 50%</td>
</tr>
<tr>
<td>Year</td>
<td>Achievement</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>1993</td>
<td>Launched Zen</td>
</tr>
</tbody>
</table>
| 1994 | Produced 1 million cars  
Launched Esteem |
| 1996 | Launched 24-hour Maruti-On-Road Service (MOS) |
| 1999 | Produced 2 million cars  
Launched Baleno  
Launched Wagon R |
| 2000 | Launched IDTR jointly with the Delhi government to promote safe driving (A CSR initiative)  
Launched Alto |
| 2001 | Launched Versa  
Launched Maruti True Value (pre-owned car business) |
| 2002 | Inaugurated Children’s Park in Delhi (A CSR Initiative)  
MC increased its stake in Maruti to 54.2% |
| 2003 | Launched Grand Vitara  
Produced 4 million cars  
Listed on Bombay Stock Exchange and National Stock Exchange |
| 2005 | Launched Swift |
| 2006 | Maruti launched ‘Dil Se’—a special programme for Indians living abroad, to facilitate them to gift Maruti cars on line to friends and relatives back home.  
MOU signed with Government of Haryana to set up IDTR  
Inaugurated 2nd IDTR at Delhi (A CSR initiative)  
Launched Zen Estilo  
Produced 6 million cars |
| 2007 | Launched Swift Diesel  
Inaugurated the fourth assembly line and diesel engine plant at Mansear  
Launched rural scheme “Ghar Ghar Mein Maruti; Mera Sapna Maruti” launched  
Launched SX4  
First Citizen, Dr. A.P.J. Abdul Kalam visits Maruti’s facilities  
Maruti Udyog Limited renamed Maruti Suzuki India Limited  
MOU signed with Government of Gujarat to setup Driving and Technical Training Institute for tribal youth in Gujarat (A CSR initiative)  
Initiated community development programmes in 4 villages in Manesar (A CSR initiative) |
<table>
<thead>
<tr>
<th>Year</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>- Launched Swift D’Zire  &lt;br&gt; - Inaugurated K10B engine plant at Gurgaon  &lt;br&gt; - Launched A-star  &lt;br&gt; - Completed 25 years of operations in India  &lt;br&gt; - Launched National Road Safety Mission (A CSR initiative)</td>
</tr>
<tr>
<td>2009</td>
<td>- First shipment of A-stars dispatched from Mudra port for overseas markets  &lt;br&gt; - Signed MOU with Government of Uttarakhand to set up IDTR (A CSR initiative)  &lt;br&gt; - Laid the foundation of two IDTRs in Haryana (A CSR initiative)  &lt;br&gt; - Launched Ritz  &lt;br&gt; - Produced 8 million cars  &lt;br&gt; - Haryana Government allotted 700 acres for R&amp;D complex at Rohta  &lt;br&gt; - Launched Estilo  &lt;br&gt; - Launched IDTRs at Uttarakhand and Gujarat (A CSR initiative)</td>
</tr>
<tr>
<td>2010</td>
<td>- Launched Eeco  &lt;br&gt; - Achieved landmark of producing one million cars in one year  &lt;br&gt; - Launched Alto K10  &lt;br&gt; - CNG i-GPI Green range launched - SX4, Estilo, WagonR, Eeco, Alto</td>
</tr>
<tr>
<td>2011</td>
<td>- Launched Kizashi  &lt;br&gt; - Launched SX4 Diesel  &lt;br&gt; - Produced 10 million cars</td>
</tr>
</tbody>
</table>

4.2 PROFILE OF THE STUDY AREA – SALEM DISTRICT

The present study is undertaken in Salem district. It is deemed appropriate to have an overview of the profile of the study area. The social and economic development of an area could be measured in terms of several indicators. These indicators include geographical and topographical structure, population, agriculture and topographical development, education, health care, transport, etc. The profile of the
study area as well as the activities of Self Help Groups in the study area are presented in this chapter.

HISTORY

The human civilization in this district reaches far back to the stone ages. The existence of pre historic culture in Salem is evident from the discovery of Paleolithic and Neolithic stone implements and dung ash heaps in and around Salem. First Century around the beginning of the Christian era, the existence of a culturally and economically advanced society in Salem two thousand years ago is evident from the discovery of silver coins of the Roman Emperor Tiberices Claudices Nero in Koneripatti of Salem 1987. In the Second Century Pandiyan dynasty ruled Salem Pandiyan Nedunchezhiyan Kanaikal Irumporai ruled KolliMalai, Third Century is the period of Bogar a notable Tamil Siddhar and arrival of Buddhism and Jainism. Fourth Century witnessed the rise of Pallava dynasty, The Sixth Century period of Mahendra Varma Pallva and Rule of Saivite principals. Seventh Century was the period of weakening of Buddhism and Jainism and Period of Narasimha Varma Pallava, The Eight Century witnessed the rule of Pandiyan dynasty. The ninth Century could be described as the period of Rise of Siva samayam and fading away of Jainism and Buddhism and Rise of Pallava, The Rise of Chozha dynasty and decline of Pallava took place in the Tenth Century. In the Eleventh Century Chozha ruled, In the Twelth Century Rise of Hoysala rule was in some parts, In the Thirteenth Century Hoysala rule was established and some parts of Salem remained under Pandiyan dynasty. During the Fourteenth Century 1310 Malikkafur went through in 1368-
Salem came under Vijaya Nagar Empire, In the Fifteen Century The Chalukyas rule, and the Palyakarars rural was established In the Sixteenth Century Madurai Nayakars, ruled and the Emperor Krishnadeve Raya was in part of Salem including Attur, In the Seventeenth Century Rise of local chieftains GattiNayakas, Palayakara ruled, In the Eighteenth Century Rule of Hyder Ali and Tipu Sultan was in matches till taking over by British in 1772 First Collector to Salem assumed office in the end of the Eighteenth Century.

In Nineteenth Century 1856 Settlement department established in the end of the company rule and taking over by British Crown, the 1860 Salem City became the Capital of the District, 1862 Salem Central Jail was built, in 1866-1867 a series of famines and epidemics, broke out 1875 Cholera epidemic rages, 1876-1878 The Great famine, 1891-1892 Another famine, 1896-1897 Last famine of century, In Twentieth Century Developmental activities in Salem such as constructing railways Ghat roads and construction of Mettur Dam took place.

In 1947 Salem become an independent part of free India. In 1951 Exchange of villages between Mysore and Madras State took place under the provinces and states absorption of enclaves’ order 1950. In 1961 Sankari taluk and Tiruchengode taluk, were formed Salem district was bifurcated into Salem and Dharmapuri districts on 2nd October 1965. Salem constituted 9 Taluks such as Attur, Edappadi, Gangavalli, Mettur, Omalur, Salem, Sankari, Vallapadi, and Yercaud.
ADMINISTRATIVE PROFILE

Now Salem district consists of 9 taluks namely, Salem, Valappadi, Attur, Gangavalli, Sankari, Edappadi, Mettur, Omalur and Yercaud. There are many local bodies in the district include 3 Municipalities, 33 Town panchayats, 20 Panchayat unions and 384 Village panchayats.

GEOGRAPHICAL FEATURES
LOCATION

The Salem district is one of the biggest districts of Tamilnadu, surrounded by Dharmapuri district at its north, Erode and Namakkal districts in the south, Villupuram district in the east and west Ghats in the west. Its district headquarters is centrally situated in the town itself. It is intersected by numerous hills such as Shervaroy hills and Kalrayan hills. The hills adorn the district with natural beauty and forest wealth North Latitude between 11° 14 and 12° 53, east Logitude between 77° 44 and 78° 50 through the district.

AGRICULTURE

Agriculture is the main source of livelihood of the people in this district. The food crops are sown in more than 72 per cent of the cultivated land. The major food crops are paddy, Cholam, Cumbu, Ragi, Redgram, Greengram, Blackgram and Horsegram are the main dhal items Turmeric, Sugarcane, Mango, Bannana, Tapiaco, Groundnut & Gingelly, and the famous mango fruits are the cash crops. Agricultural Research Center is functioning in the district. Ground water is its major source of irrigation.
ANIMAL HUSBANDRY AND DAIRYING

The sheep research station located at Mecheri in Mettur has developed and introduced the popular Mecheri Breed. The breed is popular among the farmers, and it is reared mainly for meat purpose. The livestock population of the district includes cattle and buffaloes, sheep, goats, horses, pigs, mules, camels, and donkeys. Intensive Cattle Development project is functioning to improve the quality of cattle.

Salem dairy has an impressive milk production and the district stands first in milk production. A variety of milk production has been introduced by the diary recently and the same are effectively marketed. There are 1092 Registered Milk Co-operative Societies functioning at present 1010 Milk Co-operative Societies are procuring 780.64 Lakh liters per day during flush season and 577.36 Lakh liters per day during lean season. Salem is one of the major fishing centers in Tamilnadu. Fishing is also conducted, in inland waters. One of the important fishing centers in the district is Mattur Dam and PWD tanks. The annual production of fisheries is put at 428 tons.

INDUSTRY

The district is rich in mineral deposits like Magnesite, Bauxite, Granite, Limestone, Quartz and Iron ore. Allied industries like Magnesite mining, cement manufacture, bricks manufacture, Aluminium smelting etc thrive well. The Salem steel plant is an ambitious project started with a view to utilizing the locally available iron-ore from Kanchamalai to produce steel. It is a public sector company engaged in rolling out cast
steel blacks into sheets of required dimensions by cold and hot extrusion methods. Production of sun-bleached sugar, vellam or nattu sarkarai is a major cottage industry among the sugarcane cultivators of Salem.

Rope making is another major cottage industry. Ropes are made by people out of the fibers of Coconut, Aloe, Cotton and Jute. Salem has a sizeable weaver population and weaving is an important household industry here. Both silk and cotton fabrics woven in Salem find popular market throughout the state. The Ammapet Weaver’s Co-operative Society has a turnover of Rs.2.40 crores and its main products are cotton sarees, bed sheets, towels, silk sarees and dhotis. Making of silver ornaments and artifacts by handwork is an important cottage industry in Salem. Silver anklets made in Salem are popular throughout the country.

The district has 48 Medium Scale Industries, 32,561 Small Scale Industries and 5826 cottage industries. The area in and around mineral pulverizing and cement factories is identified as air pollution stressed area. The discharge from major industries such as Chemplast, MALCO, Mettur Thermal Power Station, etc., are near the Cauvery River. The discharge from sago and dyeing units in Salem. Attur and Valapadi taluks are also affecting the environment.

**TRADE AND COMMERCE**

In the Salem district the main commodity exported to foreign countries are the Steel, Coffee, and Mango Fruits. Some of the commodities that move out of the district are Food grains, Sugar, Fertilizer, Paper and Chemical Products.
TRANSPORT AND COMMUNICATION

Salem district finds significant place in the transport vehicle population. Bus facilities are provided for every revenue village in the district. There is a good network of National Highways and State Highways. NH-47 and NH-7 are passing through the district to a distance of 98 Kms. Almost all villages are connected by roads and provided bus facilities.

TOURISM

Yercaud is a popular summer resort in Salem quite inexpensive yet exquisite. The cool and middle climate prevailing here makes it an ideal summer retreat. The Sherverayan temple deep inside a narrow cavern with a rivulet rippling behind the idols is one of the main sports tourist attraction. The flowering of “Kirundi” once in twelve years also attracts tourists. Coffee, spices like cardamom, pepper, fruits like “Kamala” Orange, butter fruit, jack fruit are grown in Yercaud and find good market. Some of the popular temples are the Taramangalam Shivan temple in Omalur, Sukavaneswarar temple, Kottai Mariamman temple, Prasanna Venkatesha Perumal temple and Yercaud houses many colonial buildings and churches in Salem district.

MARUTI SUZUKI DEALERS IN SALEM

SK CARS:

SK cars is the top ranking Maruti dealer in Salem. The company having its registered office at SK Nagar, Seelanaickenpatti, Salem was
incorporated on 11th July, 1995. The business life of the company began its 1st dealership in Salem in the year 1995. The sale of Maruti vehicle is soundly boosted by marketing intelligence of the SK cars. Because it has been maintaining the No.1 dealer position continuously for the last five years. Based on the recent business reports, the company delivers one Maruti car in every day.

The company assists the customer from the time of choosing vehicle model, colour, finding the best finance option that suits them. It constantly keeps the customer update about the vehicle status until the delivery of the vehicle is done. In case of servicing of vehicles, the company is at their service, with options of collecting vehicle from doorstep and delivering to the customer soon after the service. They always keep one Maruti car ready on road service in case customer’s vehicle gets breakdown on the way. Their Maruti skilled technicians will come to the location and rectify the problem or if it is a major work that has to be attended at the workshop the vehicle will be towed to the nearest service station.