

## The Maruti Story: How A Public Sector Company Put India on Wheels

Wallace Jacob

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**Bhargava R.C. and Seetha (2010). The Maruti Story: How A Public Sector Company Put India on Wheels, Collins Business An Imprint of HarperCollins Publishers, Noida. pp. xxi + 383, Rs. 499.**

R. C. Bhargava and Seetha have written a superlative book which explores and explains practical management and the governance system at Public Sector Units and a few other private organizations as well. Several incidents have been mentioned in the book which help the reader to appreciate Frederick Winslow Taylor's as well as Henri Fayol's principles, gain a deeper understanding of the ten managerial roles identified by Henry Mintzberg besides understanding some management, technical jargon, government policies, procedures and decisions.

The first chapter explains the vision and mission of the Late Mr. Sanjay Gandhi who worked as an apprentice with the car manufacturing Rolls-Royce Motors for three years and came back to India with the idea of manufacturing a people's car. The authors have been able to bring out in a very succinct way how Sanjay Gandhi's idea was both valid and impossible at that point of time. The chapter also covers little known facts about G. Mackenzie & Co., General Motors, The Indian Automobile Industry and the three companies - Hindustan Motors (Ambassador), Premier Automobiles (Premier Padmini) and Standard Motors (Standard Herald) - manufacturing cars at that point of time. The chapter highlights the policies of the Government and how those policies affected the industry and the reasons for poor quality. It also explains the awakening of the government and the steps taken towards making the country self-sufficient in the field of automobiles. The chapter also traces the incorporation of Maruti Motors Limited (on 04 June 1971), the formation of Maruti Heavy Vehicles company, the effect (detrimental) of change of Government in the general elections of January 1977 on Maruti Motors Limited and Maruti Heavy Vehicles, and the incorporation of Maruti Udyog Limited (on 24 Feb 1981) as a 100 percent government-owned company - a project which went on to revolutionize the Indian automobile industry. (Maruti ceased to be a PSU in 1992 because Suzuki Motor Corporation was allowed to increase its equity from 40 percent to 50 percent).

Although Sanjay Gandhi left for his permanent abode on June 23 1980, but his obsession with making a people's car continues to propel the passenger car manufacturing industry. Soon after Sanjay Gandhi's sad demise Mrs. Indira Gandhi called upon Arun Nehru, asked him to take stock of the situation and check whether it was possible to revive Maruti. Arun Nehru felt that the project could be revived but it would require a joint venture with a foreign technology giver and a minimum production volume of 100,000 cars a year was essential for the viability of the project. Mrs. Gandhi got visionaries like Mr. Sumant Moolgaokar (legendary chairman of TELCO), Mr. Yashwant Sinha (who became the finance minister of our country thrice), Mr. D. R. Mehta (who went on to head the Securities and Exchange Board of India), Mr. Krishnamurthy (who headed the behemoth by the name of BHEL) and several other such stalwarts to manage Mauti Udyog Limited. Incidentally Moolgaokar felt that small and compact cars would be unsafe and unsuitable for our country and insisted on the development of light commercial vehicles. He even went on the extent of saying, at one of the board meetings, "Maruti should not manufacture cars". Moolgaokar went on to submit his resignaton

which was accepted. And the government went on with its plans and eventually created an icon - the Maruti 800.

The second chapter provides deep insights into how the management at Maruti commissioned a market survey to ascertain what the customers wanted, and formed a team to visit car manufacturers in Europe and Japan to explore options. The team visited Fiat headquarters in Italy, Peugeot and Renault in France, Volkswagen plant in Wolfsburg, Daimler-Benz in Stuttgart, MAN AG in Germany. In Japan the team met representatives from Toyota, Honda, Suzuki Motor Corporation (SMC), Mitsubishi. Finally by the grace of the Divine, SMC evinced interest in the project. Incidentally, SMC was not in the picture as a potential partner due to a slight oversight - the slight oversight provides great and relishing food for thought. In order to win the trust of the potential car owners, Suzuki sent a few cars of different models for an exhaustive testing in our country. The cars were driven from Kolkata to Delhi and then to Shimla, Mumbai and other places covering more than 10,000 kms over different and treacherous terrains. The test drives resulted in several modifications such as higher ground clearance, stronger horns, more robust shock absorbers, etc. in the cars to suit the driving conditions in our country.

The third chapter vividly brings out the SMC system of project management, where all the constituent shops of a car factory are not constructed simultaneously. In the case of Maruti, the last stage, i.e. the car assembly and testing line was set up first. It was then followed by the setting up of paint and weld shops. The chapter contains a comprehensive discussion pertaining to the advantages of such a system. The chapter also focuses on the recruitment methodology followed at Maruti, which is very important in a country where many job aspirants may not have the required aptitude and/or qualifications but certainly have very powerful ministerial approaches. Thankfully, Maruti can boast of workers from all parts of the country. Maruti also has the honour of being a profitable company from the very first year of its incorporation. Normally a car manufacturing unit might take an estimated three to four years for reaching the break-even point.

At a press conference in Kolkata some contemptuous journalists had remarked that the Maruti 800 car would disappear in the city's potholes during the rains. Ironically, at that point of time Maruti 800 was the only car that kept running, even when the streets were flooded. The third chapter explains how the company could manage such a feat. The Maruti company is blessed with a culture - the culture of not assuming that a problem had no solution. But initially it was difficult to accept such reasoning. The Japanese did not want even a speck of dust on the shop floor. For the workers of our country not having dust at the workplace; that to at a place like Gurgaon, was next to impossible. But there was a solution to this problem as well! The Suzuki office does not have air-conditioning because they have a belief that air-conditioning is not good for health. In a country like ours, it is difficult to imagine white-collar and red-collar employees enjoying work in sweltering heat. At one point Suzuki argued that robots were not required in a car manufacturing unit because labour in India was cheap. Nonetheless Maruti wanted to adopt the modern concepts of production technology and Maruti was able to convince Suzuki of the feasibility of using robots. The fourth chapter examines the company's experiences with Gypsy - a four-wheel drive vehicle - which was once heavily used by the Defence forces, paramilitary forces and the field departments of the Central and the State governments. The chapter also focusses on the measures taken by the Maruti company in exporting their cars to East Europe, West Europe and thereafter to almost all the other continents except North America.

In a nutshell the book throws light on labour problems, redtapism, role of Planning Commission and Public Investment Board, problems due to outdated technology, the role of market surveys, marketing strategies, advertising, achieving cost cutting, the state of the economy of our country. The superlative tome also examines how politics and politicians might govern (or foil the efforts to govern) a company, the Japanese way of doing things, the effect of speed of decision making, risks associated with a project, meeting deadlines, installation of capital equipment, the working of the assembly line, the general operation sequence of car manufacturing, worker selection policies, generating power and meeting power requirements in a country suffering from acute power shortages and power cuts. It covers aspects such as meeting working capital requirements, employee training, problems which may occur during sea shipment, the power and utility of roadshows, homologating (testing to see if the vehicles conform to the sundry local regulations and then certifying for sales), customer education (the high roof version of the Maruti van had a tendency of overturning if the corners were taken at high speeds due to its higher centre of gravity), customer satisfaction, product positioning, research and development, government's decision to delicense car production in 1994, union strikes, vendor selection, indigenization, quality control, reducing absenteeism, job rotation, quality circles, share pricing, and successor-planning. The beauty of the book is that it makes situations come alive. It also has photographs covering a few of the major milestones of Maruti's journey.

Maruti company has been special to India in several ways. Workers are required to reach the plant ten to fifteen minutes before their time begins and perform the mandatory physical exercises. There are two seven-and-half-minute tea breaks during a shift, workers are also given an attendance bonus, there is a common canteen for all, regardless of rank, the food, plates and cutlery are also the same for all. The company also has common toilets for the officers as well as the workers, a system of open offices, all employees are entitled to similar medical facilities, and there is a system of continuous training of workers. The company also devised novel housing scheme for the workers due to which twenty-five year old workers were able to have their own flats. Maruti also established Maruti Authorized service stations where genuine spare parts were made available to customers at reasonable prices. In a way the Maruti 800 car was an embodiment of a special type of freedom for women, because, women found it easier to drive the Maruti 800 car themselves, compared to the Ambassador and the Padmini.

The book brings out how the Public Sector Enterprises are bound in the shackles of political dominion. In a way it also suggests certain reforms which if brought about can propel our country at least a few years ahead of other giants. The book is indeed an eye-opener, it provides a 360° view of the working of several organizations. All the chapters contain gems and pearls which will undoubtedly enrich the reader. The book is definitely a collector's item.

### **Author's Profile**

**Wallace Jacob** is an M. Phil. in Management. He is presently working as a Senior Assistant Professor at Tolani Maritime Institute, Pune. He teaches Principles of Management and Project Management. His book reviews have been published in MDI's journal -Vision A Journal of Business Perspective. He has also presented a few papers in various conferences.