'We should invite component makers to India before OEMs'

It has been 40 years since Suzuki, the Japanese carmaker, signed an agreement with the Indian government for a joint venture. The government exited Maruti Suzuki, the joint venture, in 2013. **R C BHARGAVA**, who as chairman of Maruti Suzuki, has led the company in its journey to transform India's automobile sector, talks to **Surajeet Das Gupta** about the lessons from that experience for today's manufacturing sector. Edited excerpts:

Q&A

R C BHARGAVA
Chairman,
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The story of Maruti Suzuki is well known. What lessons one can replicate as the country pushes manufacturing once again through 'Atmanirbhar Bharat'?

I think one key and basic thing is to understand what customers want. If you want to progress you must have a proper feel of the situation at the ground level— what consumers want and not what we think; or replicate what the West is doing. Our market is very different. We have a huge two-wheeler market who use it for personal commute, which other countries don't and they want to upgrade. So our consumers are different. Our decision on the product was based on a market survey, which gave us an insight into what their transport requirements were.

The country is grappling with building supply chains in manufacturing, like in mobile devices and electronics. You started to build it from the scratch. What was your experience?

When we started the vendor development program, we saw our vendors as partners, which had never existed in the country. The relationship was that suppliers would attempt to reduce costs, improve quality, reduce defects and control inventory better, while we would closely work with them in helping to achieve these objectives, and help them upgrade their technology and their processes.

The partnership model straddled the entire supply chain ecosystem — the steel supplier would also try and see how they could reduce costs, for instance. We also went for joint ventures with vendors taking minority stakes to show our involvement. This is why the country got a vibrant component industry and today exports to the world. And carmakers from the world came into India after the supply chain was built. The lesson in this is that foreign investment will come far more readily if India has built the supply chain. And we should invite component makers to India before we invite OEMs (original equipment manufacturers).

Has frugal management helped the company, and why is it important for today's companies?

We have grown completely with internal resources after the initial investment by the two partners. Today, we have ₹41,000 crore of cash reserves, so the question is why do we and only a few other companies have (such cash reserves)? Frugal management and growth will be an essential requirement for Indian companies now — it leads to more investment, more money put in R&D, expansion and modernisation.

Is choosing the right partner important?

I think that is the key. While elaborating on the reasons why we thought Suzuki was the right match, I remember what was put on the file was that it is small but aspirational, more accessible and has a culture of frugality, and low-cost and high-quality products.

But did you merely replicate the Japanese model?

No, we realised that we could not cut and paste and use the same model. We had to modify it for India. For instance, one key area was building the trust and confidence of the workers. In Japan, because of the strong discipline and homogeneity of culture, respecting seniors is built in. In India, there was a huge gap between the new workers coming from villages and what the senior management [was] thinking.