

Maruti Suzuki To Restart Riot Hit Car Plant

The Associated Press

NEW DELHI (AP) — Top Indian carmaker Maruti Suzuki said Thursday it would reopen a factory with tightened security including a force of 100 police after a riot by workers last month killed one person and injured dozens of others.

The company would restart production at the Manesar plant outside New Delhi from Aug. 21 in phases, after beefing up security, Maruti chairman R. C. Bhargava said.

The violence at the factory, along with slowing economic growth, lagging reforms and a power failure that cut electricity to half the country have damaged India's efforts to attract major foreign investment.

The July 18 riot was sparked by a labor dispute that ended with workers rampaging through the plant and managers hiding or fleeing for safety.

The company fired 500 workers accused of spearheading the violence, Bhargava said.

Analysts say the shutdown was costing the company 1 billion rupees (\$18 million) a day and eroding its market share. Maruti Suzuki, a subsidiary of Japan's Suzuki Motor Corp., has two car assembly plants in India.

The riot killed a human resources manager, who was burned to death, and injured 96 other managers, the company said. The police have arrested union leaders and were searching for scores of others accused of taking part.

The plant was initially shut because of fire damage caused by the riots but was kept closed as part of a lockout until management worked out a plan to reopen it safely, company officials said.

The state of Haryana, where the factory is located, agreed to set up a team of 500 specially trained police in the region and keep 100 of them inside the factory during all shifts, the company said. Maruti Suzuki was hiring another 100 guards inside the plant and was providing dozens of bodyguards for its managers.

Bhargava said the company did not plan to keep such high levels of security forever, but wanted to ensure that it was safe as it restarted production.

"If we err, it has to be erring on the side of caution. We cannot take a risk again," he said.

The conflict between the workers and management stems from the wide gap in the salaries of contract workers, who reportedly earn 6,000 rupees (\$107) a month, and permanent workers, who take home three times as much. The company said

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Thursday that the workers currently on temporary contracts would be made permanent.

Many manufacturers have struggled with labor unrest in India in recent years. The Manesar plant, which makes Maruti Suzuki's most popular cars, the Swift and the DZire, was hit by three strikes in 2011. The plant produces between 1,500 and 1,700 cars a day.

The major production losses came at a time when the company was already facing backlogs because of the huge demand for some of its cars.

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