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# Honda Cuts Production



Honda has decided to defer capacity expansion at its second Indian plant in Rajasthan besides cutting production (just like [Toyota](#)) at the existing facility at Greater Noida, near Delhi. Honda India said it would postpone capacity enhancement and assembly operations at its second plant in Tapukara, Rajasthan.

Addition of new capacity, initially scheduled for Q4 of 2009, has been deferred in view of the current economic slowdown, which has impacted the automobile industry, resulting in a drop in demand, a senior official of Honda India said. The company had announced an initial investment of Rs 1,000 crore at the Rajasthan plant, of which Rs 600 crore had already been used.

"While work on shed is still continuing and structures will be ready, installation of equipment will not be happening," the official said. "We are closely monitoring the market situation and will adjust monthly production volumes to respond promptly to market demands while ensuring operational efficiencies and low inventory levels," the official added.

HSCI had planned to set up the second plant in Rajasthan with an initial capacity of 60,000 units, while it expanded capacity at its Greater Noida facility to one lakh unit per year. The official said production at the Greater Noida facility would be reduced, without specifying quantum, in view of the negative growth in the Indian automobile industry and in the interest of maintaining lean operations.

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