

Nokia suspends production at Indian handset factory

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Finnish telecom equipment group Nokia said Tuesday it was halting production in its Indian factory near Chennai and that a dispute with local tax authorities was hindering finding a buyer for the facility that employs 7,000 workers.

The manufacturing facility, located in the southeastern city of Sriperumbudur, was not included in the sale of the Nokia handset division to US giant Microsoft, completed in April, due to the tax dispute.

A subcontracting arrangement allowed the Finnish group to keep producing mobile phones for the US tech company at the Indian factory, but Nokia said in a statement that Microsoft had informed them that it would terminate this agreement on November 1.

"In absence of further orders from Microsoft, Nokia will suspend handset production at the Sriperumbudur facility," the group said.

Indian authorities decided in 2013 to seize the plant following a dispute over a multi-billion-dollar tax claim.

"The continuing asset freeze imposed by the [tax](#) department prevents Nokia from exploring potential opportunities for the transfer of the factory to a successor," Nokia said.

The Chennai plant is one of Nokia's most important factories. The

Finnish group said it was trying to find ways to "minimise the impact" of their decision on the employees.

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