



THE IMPACTS OF FINANCIAL SERVICES ON “MAKE IN INDIA CAMPAIGN”

BHAVE ATUL VIJAY

Assistant Professor in Accountancy,
Rayat Shikshan Sanstha's
Abasaheb Marathe Arts & New Commerce,
Science College, Rajapur, Ratnagiri
(MS) INDIA

ABSTRACT

India needs to analyze the importance of its financial services. The way to keep pace with the environment for a country is to develop its manufacturing sector. The success of “Make in India” campaign would depend upon the availability of financial services required. The study highlights the role of various available modes of financial services in order to bring the desired change and accelerate the growth of manufacturing sector in India. The present study brought forward the impacts of financial services in boosting manufacturing sector in India and to make “Make in India” campaign a success.

Efficient and dynamic financial services have positive relationship with the development of manufacturing sector in India and overall Indian economy. Assistance of financial services is very much required for lifting the Indian manufacturing sector. The study takes into consideration the opinions of selected managers of banks and financial institutions, finance managers of companies, entrepreneurs, government officials and experts from Maharashtra, Gujarat and Goa.

Keywords:- Make in India, Financial Services.

1 INTRODUCTION:

The present Prime Minister of India Mr. Narendra Modi announced the “Make in India campaign” on 25th September 2014 in New Delhi. He not only invited foreign firms to invest in India but solicited the CEOs of domestic companies also to invest in India by saying that, “There is no need to leave the nation. We want our companies to shine as MNCs”. The Make in India campaign laid the foundation of India's new national manufacturing policy and rolled



out the red carpet to both domestic and international industrialists to make India a manufacturing hub that will in turn boost the employment and overall growth of India.

Financial services mean the services with respect to money management provided by various organizations that are operating in finance industry of a country. These organizations include banks, consumer finance and insurance companies, investment funds, stock broker firms and government sponsored firms. There are two main types of financial services namely Fund Based Financial Services and Fee Based Financial Services. The fund based financial services are the services raising the finance against both movable and immovable assets, bank deposits, underwriting shares, debentures, venture capital, factoring, housing finance, leasing, mutual funds etc. The fee based financial services are the services requiring higher expertise and involving less financial risk like merchant banking, credit rating, bank guarantee, corporate advisory services, etc.

2. Review of Literature:-

According to IMF managing director, **Christine Lagarde**, “India is having a bright spot in a cloudy global economy, with recent policy reforms and improved business confidence boosting its economic activity with “Make in India”. **IMF is working to give India more finance.**”

Swati Jain and Rishi Kant Mittal ,Research Scholars, **University of Rajasthan**, in their paper “Impact of Services Sector in “Make in India” concluded that people and money, both are the organization’s greatest competitive edges. There is a need for financial service providers and advisors who could work for these industrialists right from the beginning i.e. right from clearance of the project.

Dr. Rita Jain, BBA HOD, S. S. Jain, Subodh P.G. College, Jaipur, in her paper ‘Role of Financial Services in “Make in India” Campaign ’ at 10th Biyani International Conference (BICON-15) stated that there is a need for financial service providers and advisors who could work for these industrialists right from the beginning of the project.

The paper published by Dr. Gunjan Bhagowaty, Management Development Institute, Gurgaon focused on the various issues and creativity of Make in India after 2014. His research paper aims to identify some of the key challenges like infrastructure, finance, HR and procedural delays in the path of development and recommend possible solutions to deal with the same. Researcher is hopeful about significant and sustainable growth in the manufacturing sector and progress towards India becoming a global manufacturing hub.

In short, from the literature reviewed above it is clear that in order to make India a manufacturing hub, financial services is the key driver. It is necessary to analyze the exact role of financial services in making “Make in India” campaign a success.

3. Objectives of the Study:-

The objectives of the study are as follows:-

1. To identify the impact of financial services on the development of manufacturing sector in India and overall Indian economy.
2. To find out the areas of investment where assistance of financial services is required for lifting the Indian Manufacturing Sector.
3. To highlight the assistance of financial services required for face-lifting the Indian Manufacturing Sector.

4. Hypothesis of the Study:-

1. **H₀**:- Efficient and dynamic financial services have negative relationship with the development of manufacturing sector in India and overall Indian economy.
H₁:- Efficient and dynamic financial services have positive relationship with the development of manufacturing sector in India and overall Indian economy.
2. **H₀**:- Assistance of financial services is not required for face-lifting the Indian manufacturing sector.
H₁:- Assistance of financial services is required for face-lifting the Indian manufacturing sector.

5. Scope of the Study:-

The study has been conducted only in the geographical boundaries of selected areas of Maharashtra, Gujarat and Goa. For the purpose of convenience and detailed study, in total 120 respondents, 60 from Maharashtra, 40 from Gujarat and 20 from Goa are selected as sample. The sample consists of 24 Managers of Banks and Financial Institutions, 24 Finance Managers of Companies, 24 Entrepreneurs, 24 Government Officials and 24 Experts as representatives. This research has been carried out between the period from 1st May 2017 to 30th September 2017.

6. Research Methodology:-

a) Type of Data:-

The structured questionnaire has been used for collection of primary data whereas secondary data has been used from published sources like books, magazines and websites.

b) Method of Research:-

Descriptive and exploratory research method has been used.

c) Sampling Method:-

Convenient sampling method has been adopted for the study.

d) Universe and Sample Size:-

Entrepreneurs, managers of banks and financial institutions, finance managers of companies, government officials and experts all over India are universe of the study. In total, 120 respondents are selected as sample by using convenient sampling method.

Table 1

State	Entrepreneurs	Managers of Banks and Financial Institutions	Finance Managers of Companies	Government Officials	Experts	Total
Maharashtra	12	12	12	12	12	60
Gujarat	08	08	08	08	08	40
Goa	04	04	04	04	04	20
Total	24	24	24	24	24	120

For the purpose of convenience and detailed study, in total 120 respondents, 60 from Maharashtra, 40 from Gujarat and 24 from Goa are selected as sample. The sample consists of 24 Managers of Banks and Financial Institutions, 24 Finance Managers of Companies, 24 Entrepreneurs, 24 Government Officials and 24 Experts as representatives.

e) Classes of Respondents Contacted:-

Following classes of respondents have been contacted:-

1. Entrepreneurs.

2. Managers of banks and financial institutions.
3. Finance managers of companies.
4. Government officials.
5. Experts.

7. Analysis and Interpretation of Data:-

1. Entrepreneurs:-

In total, 24 entrepreneurs, 12 from Maharashtra, 8 from Gujarat and 4 from Goa have been interviewed. From the interviews, it has been found that entrepreneurs have to face financial services related problems like problems in providing seed capital and venture capital, red tapism, time consuming procedures, requirement of more documents, more interest rates, corruption etc. In order to make 'Make in India Campaign' successful, it is necessary to provide finance as per requirement at the reasonable interest rates by avoiding procedural delays as the finance is the life blood of any business.

2. Managers of Banks and Financial Institutions:-

In total, 24 managers of banks and financial institutions, 12 from Maharashtra, 8 from Gujarat and 4 from Goa have been interviewed. From the interviews, it has been found that finance managers of companies have to face financial services related problems like changing government policies, financial losses due to popular government announcements, pressures from government industry relationships, losses due to insolvency of business houses due to irregularities etc. In order to make 'Make in India Campaign' successful, it is necessary to have proper follow up of procedures, rational decisions regarding finance on basis of merit of proposal and no external interferences.

3. Finance Managers of Companies:-

In total, 24 finance managers of companies, 12 from Maharashtra, 8 from Gujarat and 4 from Goa have been interviewed. From the interviews, it has been found that finance managers of companies have to face financial services related problems like red tapism, procedural delays, requirement of more documents, more interest rates, corruption etc. Certain financial services are not available at remote locations. In order to make 'Make in India Campaign' successful, it is necessary to provide finance as per requirement at the reasonable interest rates by avoiding procedural delays.

4. Government Officials:-

In total, 24 government officials related with providing finance to industries, 12 from Maharashtra, 8 from Gujarat and 4 from Goa have been interviewed. From the interviews, it has been found that through 'Make in India Campaign' government has formulated policy to provide easy finance both from within the country and from abroad, there are certain issues related with implementation of the policy. Such issues needs to be tackled in order to provide financial services as per requirements.

5. Experts:-

In total, 24 experts from the society related with providing finance to industries, 12 from Maharashtra, 8 from Gujarat and 4 from Goa have been interviewed. From the interviews, it has been found that in order to make 'Make in India campaign' 'successful, it is necessary to provide financial services to the manufacturing sector as per requirements. There should be proper balance between finance from within the country and overseas finance.

9. Ways to Promote Financial Services:-

1. Creating Favorable Environment:-

Foreign as well as domestic manufacturers should be encouraged by government to invest in India by providing favourable environment.

2. Financial Service Advisors:-

The financial service advisors provide advice as from where the finance come from, how much finance is required. Incentives should be provided to financial advisors who keep track of the inflow and outflow of the money.

3. Government Initiative:-

The initiative of government is must in order to reform the investment climate in India which is essential to make India a manufacturing hub. It should encourage promotion of more and more technological research and development parks.

4. Encouraging Fee based Financial Services:-

Government should facilitate and encourage merchant banking, factoring, invoice discounting facilities in order to make the finance readily available.

5. Review the Performance and Financial Constraints of the Manufacturing Units:-

Commercial banks should make finance readily available for manufacturing enterprises. Government should review the performance and financial constraints of the manufacturing units and frame policies like lower interest rates.

6. Credit Card Companies and Angel Investors

Government should facilitate the promotion of credit card companies as well as angel investors which will benefit both the manufacturer and the consumer.

10. Testing of Hypothesis

Hypothesis 1:-

H₀:- Efficient and dynamic financial services have negative relationship with the development of manufacturing sector in India and overall Indian economy.

H₁:- Efficient and dynamic financial services have positive relationship with the development of manufacturing sector in India and overall Indian economy.

Table 2

S r . N o .	Name of the State	Entrepreneurs		Managers of Banks and Financial Institutions		Finance Managers of Companies		Government Officials		Experts		Total Respondents	
		H ₁	H ₀	H ₁	H ₀	H ₁	H ₀	H ₁	H ₀	H ₁	H ₀	H ₁	H ₀
1	Maharashtra	07	05	06	06	04	08	09	03	07	05	33	27
2	Gujarat	06	02	05	03	04	04	06	02	05	03	26	14
3	Goa	03	01	02	02	03	01	02	02	03	01	13	07
	Total	16	08	13	11	11	13	17	07	15	09	72	48

(Source:-Field Survey)

From the above table, it has been clear that out of 120 respondents, 72 respondents are of the opinion that efficient and dynamic financial services have positive relationship with the development of manufacturing sector in India and overall Indian economy whereas 48 respondents are of the opinion that efficient and dynamic financial services have negative relationship with the development of manufacturing sector in India and overall Indian economy. [72 > 48]. Therefore, '**H₀**:- Efficient and dynamic financial services have negative relationship with the development of manufacturing sector in India and overall

BHAVE ATUL VIJAY

7 Page

Indian economy.’ has been rejected and ‘H₁:- Efficient and dynamic financial services have positive relationship with the development of manufacturing sector in India and overall Indian economy.’ has been proved.

Hypothesis 2:-

H₀:- Assistance of financial services is not required for face lifting the Indian manufacturing sector.

H₁:- Assistance of financial services is required for face lifting the Indian manufacturing sector.

Table 3

S r . N o .	Name of the State	Entrepreneurs		Managers of Banks and Financial Institutions		Finance Managers of Companies		Government Officials		Experts		Total Respondents	
		H ₁	H ₀	H ₁	H ₀	H ₁	H ₀	H ₁	H ₀	H ₁	H ₀	H ₁	H ₀
1	Maharashtra	09	03	08	04	04	08	10	02	09	03	40	20
2	Gujarat	05	03	06	02	05	03	07	01	06	02	29	11
3	Goa	03	01	02	02	03	01	03	01	03	01	14	06
	Total	17	07	16	08	12	12	20	04	18	06	83	37

(Source:-Field Survey)

From the above table, it has been clear that out of 120 respondents, 83 respondents are of the opinion that assistance of financial services is not required for face lifting the Indian manufacturing sector whereas 37 respondents are of the opinion that assistance of financial services is not required for face lifting the Indian manufacturing sector. [83 > 37]. Therefore, ‘H₀:- Assistance of financial services is not required for face lifting the Indian Manufacturing Sector.’ has been rejected and ‘H₁:- Assistance of financial services is required for face lifting the Indian Manufacturing Sector.’ has been proved.

11. CONCLUSION:-

Indian manufacturing sector should need to analyze the importance of its financial services. The way to keep pace with the dynamic environment for a country is to develop its manufacturing sector. The success of “Make in India” campaign would depend upon the availability of financial services required to speed up the operations and growth of manufacturing units. The study highlights the role of various available modes of financial services in order to bring the desired change and accelerate the growth of manufacturing sector in India. The present study brought forward the role of financial services in boosting

manufacturing sector in India and to make “Make in India” campaign a success. Efficient and dynamic financial services have positive relationship with the development of manufacturing sector in India and overall Indian economy. Assistance of financial services is very much required for lifting the Indian manufacturing sector. The appropriate utilization of financial services will definitely make “Make in India Campaign” a magnificent success.

REFERENCE

12. References:-

Journals:-

1. Bhattacharya, R., (2012), ‘The Opportunities and Challenges of FDI in Retail in India’, IOSR Journal of Humanities and Social Science, Vol. 5 (5), pp. 99-109.
2. Kabir Hassan, (2015), ‘The impact of globalization on the developing countries’, Journal of Economic Cooperation among Islamic Countries. pp. 71-135
3. Kamna Dhawan, ‘Indian Entrepreneurs in Import Substitution- Need of the Hour for Indian Economy’, AISECT University Journal, Vol. II, Issue IV. ISSN:-2278-4187. pp. 21-23.
4. Samridhi Goyal , Prabhjot Kaur , Kawalpreet Singh, ,(2013), ‘Role of HR and Financial Services in Making “Make in India” Campaign a Success’, IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 17, Issue 2. Ver. IV (Feb. 2015), PP 20-24.

Website:-

1. <http://www.makeinindia.com>