

**CHECKMATE 2016  
8<sup>TH</sup> INTERNATIONAL  
CONFERENCE**

ALLANA MANAGEMENT JOURNAL OF RESEARCH / JULY - DECEMBER 2016 / PAGE NO. 080

**“A STUDY ON THE ROLE OF HR AND  
FINANCIAL SERVICES - A BENCH MARK OF  
PROSPERITY IN MANUFACTURING SECTOR”**

PROF. SHAIKH PARVEEN CHANDPASHA  
ASSISTANT PROFESSOR  
AIMS, PUNE

**INTRODUCTION**

**T**he MAKE IN INDIA program laid the foundation of India's new national manufacturing policy and rolled out the red carpet to both domestic and international industrialists with an aim to make India a manufacturing hub that will in turn boost the employment and overall growth of India. Manufacturing industry requires heavy finance to facilitate the buying of latest modern technology, setting up and development of required infrastructure, developing skill set of its human resource to produce best quality products and survive in ever increasing global competition. And if India wants to lure the investors and turn itself into a manufacturing hub, its human resource and financial service will play a vital part in making this dream come true. The overall contribution of the manufacturing sector to its gross domestic product (GDP) is just 28%. India stands at a very low rank in contributing to the world manufacturing, with its overall share standing at a meager 1.8%. Developing India as a manufacturing hub is not only required to earn a golden place in the eyes of foreign countries, but it is also important because the development of Manufacturing sector in India and its transformation into a hub of World Manufacturing Industry will create more jobs and employment opportunities for its people.

**OBJECTIVES OF THE STUDY**

- To study the impact of HR and Financial Services on the development of Manufacturing sector in India
- To study the promotion of assistance of financial services and importance of tapping of human potential required for face-

lifting the Indian Manufacturing Sector; which is the main objective of "MAKE IN INDIA" campaign.

- To suggest different techniques and systems through which financial assistance can be provided which is required to propel the manufacturing industry.

#### RESEARCH METHODOLOGY

The present study is based on **secondary data** and doctrinal research methodology has been used. Basically, the required information has been derived from -various books, articles from newspapers, magazines and journals, and from various related web-sites which deal directly or indirectly with the topics related to FDI.

#### IMPACT OF HR AND FINANCIAL SERVICES ON MANUFACTURING SECTOR IN INDIA

India's current ranking in the world in factory output is 10. Its overall contribution to Indian GDP is 28% and it engages nearly 17% of the total work force. The basis of any manufacturing organization is governed by the quantity of money it is willing to invest and the kind of people who are going to work in it. For transforming the health of the manufacturing sector and in order to make it a most preferred destination for domestic as well as foreign investors and industrialists, it is very much important to promote both fund based and non-fund based financial services. Manufacturing firms to withstand the global competition, and to ensure their long term sustainability, have to invest in huge quantity in setting up and developing its infrastructure, raw material, skill development of its human resource, and R&D. Hence, the manufacturing houses need such sources which should make the finance available as and when needed. Such a continuous need of inflow of heavy finance can only be satisfied by the financial services. The attention of the domestic as well as foreign manufacturers can only be sought if the investment climate is made favorable. As the investment climate is directly proportional to manufacturers' way of thinking, hence, this climate needs to be favorable in every aspect. The current technological status, available mode of finance and human resource skill set and its availability needs to be identified along highlighting the development initiatives and future imperatives that are required to make India a manufacturing hub and most preferred investment destination for both local and international players.

#### UNDERSTANDING THE FINANCIAL SERVICES AND ITS TYPES

It simply means 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.

##### ▪ ASSET/FUND BASED FINANCIAL SERVICES

Fund based financial services help raising the finance against the assets including both movable and immovable, bank deposits, etc. It also includes underwriting shares, debentures, bonds, venture capital, factoring, housing finance, leasing, mutual funds etc.

##### ▪ FEE BASED FINANCIAL SERVICES

It involves higher expertise and less financial risk. It includes merchant banking, credit rating, capital restricting, bank guarantee, corporate advisory services, etc.

#### DIFFERENT WAYS TO PROMOTE FINANCIAL SERVICES

1. The initiative of government is a 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 on the pattern of special economic zones.
2. Foreign manufacturers as well as domestic manufacturers will only be encouraged to invest in India if they will be provided with an enabling environment. Ensuring timely availability of money, relaxing the norms and regulations governing the banks in order to make the easier and cheaper credit available to the manufacturing houses.
3. Government should Facilitate and encourage merchant banking, factoring, invoice discounting facilities in order to make the finance readily available.
4. Encouraging commercial banks to make finance readily available for manufacturing enterprises. Government should frame such policies which are a bit lenient and relaxed, and thus have an insight to

performance and financial constraints of the manufacturing units.

5. Regulatory environment should be improved in order to pave a way for the development and growth of the manufacturing industry in India.
6. Government of India should facilitate the promotion of more and more credit card companies and angel investors which will benefit both the manufacturer and the consumer.

#### UNDERSTANDING THE IMPORTANCE OF HUMAN RESOURCE IN MANUFACTURING SECTOR IN INDIA AND ITS IMPACT

Besides promoting the various types of financial services, it is also essential to tap, exploit and enhance the immense talent and potential of the work force available in India. Rightfully once said by the Walt Disney, "You can create, design and build the most wonderful place in the world but it requires people to make that dream a reality." Indian work force is immensely talented and adaptable. In order to develop an organization and ensure its sustained growth, it is very much important to develop its human resource working in it. Continuous investment in up gradation of their skills, knowledge and competencies is essential for an organization if it wants a guaranteed survival in the immensely competitive environment. The organization which does not understand the importance and talent of its human resource cannot withstand the competition. A motivated, up to date human work force will help an organization achieve its mission and vision. Various modern HR policies include performance and career management, development of various continuous improvement and learning programs. Focused on the up gradation of employee's knowledge, skill and abilities, programs such as employee development should be promoted. Employee development is a joint, ongoing effort on the part of both the employee and the organization for which he or she works. A highly skilled work force can accomplish higher goals than an under skilled human resource. Employees' performance needs to be enriched by developing training and development programs if 100% potential of the human resource needs to be tapped. The human potential is immense and if it is left untapped, it will go waste. Human resource is the most valuable asset of an organization and it needs to be continuously monitored and injected with performance development programs, programs that increase the job satisfaction of employees,

employee welfare programs etc. The human performance can be appraised with the use of various performance appraisal models. Organizational excellence can only be achieved by investing continuously in the work force of the organization.

#### LIMITATION

- The study is based on published data and information. No primary data has been collected.
- Time constraint remained the major limitation in the study.

#### CONCLUSION

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. Improved quality and better performance management system needs to be in place to guide, monitor and enhance the skill set of its work force. Mind set of Industrialists both foreign and domestic towards India needs to be changed. On the basis of the study it can rightfully concluded that People and money, both are the organization's greatest competitive edge. It is essential to unlock the human talent for the success and sustainability of any organization. The development, prosperity and sustainability of India as a Manufacturing hub clearly depend upon the immense potential of its human resources and the financial services that are available for the domestic.

#### REFERENCES

- Indian Entrepreneurs in Import Substitution - Need of the Hour for Indian Economy, Mrs. KamnaDhawan, AISECT University Journal Vol. II/Issue IV Sep. 2013. ISSN: 2278-4187
- R. Bhattacharya, (2012). The Opportunities and Challenges of FDI in Retail in India, IOSR Journal of Humanities and Social Science, 5(5), pp. 99 - 109
- [http://en.wikipedia.org/wiki/Economic\\_development\\_in\\_India](http://en.wikipedia.org/wiki/Economic_development_in_India)
- <http://www.makeinindia.com/>
- [https://twitter.com/makeinindia\\_](https://twitter.com/makeinindia_)
- <https://www.facebook.com/makeinindiaofficial>
- <http://www.livemint.com/Opinion/F5QqV0GErpseshTfKQq8J/Make-in-India-a-distant-dream.html>
- <http://indiatoday.intoday.in/gallery/pm-modi-launches-ambitious-make-in-india-project/1/12900.html>

<http://www.hindustantimes.com/india-news/all-about-modi-s-make-in-india-campaign/article1-1268103.aspx>

<http://businesstoday.intoday.in/story/narendra-modi-make-in-india-campaign-september-25-global-business-community/1/210482.htmls>

[http://www.hks.harvard.edu/mrcbg/CSRI/publications/report\\_19\\_EO%20Finance%20Final.pdf](http://www.hks.harvard.edu/mrcbg/CSRI/publications/report_19_EO%20Finance%20Final.pdf)