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"Revival Financial Strategies for Indian Musical Instrument Manufacturers for the Sustainable Development"

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1. Abstract:
Indian musical instrument manufacturing industry is known for its rich heritage. The manufacturers are the sole owners of their business and the manufacturing process is totally carried out on the traditional basis within a very small area. Manufacturers rely upon self-investment and manage the needs of the capital from own funds only they do not avail any borrowed funds hence one major aspect of capital is underutilized leading to under capitalization of this business hence it could be concluded that financial inclusion has not reached till them. All the manufacturers are relying upon their own sources of funds despite of economic benefits provided in terms of subsidy. As these entrepreneurs are not accessing financial services their credit fulfillment is only 30% of their total requirement. These manufacturers are unaware of creating credit worthiness and they rely upon retailers to carry forward their financial requirements. This industry requires support from local, central as well as state government in the form of subsidies and awareness for having proper financial access to develop amicable relations with bank. This study examines financial management practices in the manufacturing of Indian musical instruments and suggests the revival financial strategies to be implemented by the Indian Musical Instrument Manufacturers for gaining the potential towards sustainable development.

Keywords: sustainability**,** inclusive growth**,** musical instrument manufacturing, financial management practices, revival strategies

2. Introduction:
Globalization of India has given ample opportunities for handicraft sector in the economy development of nation having rich heritage of handicraft paves for constructive development in leading global market. India is one of the key suppliers of handicrafts to the global market and Indian handicraft products are demanded all over the world. This sector is continuously contributing to the well-being of the people, and the national economy from the ancient to Mughal's, and from Mughal's to British, and from British to independent India.
In view of the importance of the handicrafts in our economy and society, various aspects of handicrafts, such as, sociological, technical, cultural, economic, artistic and aesthetic aspects have been studied by a number of scholars.
Manufacturing of Indian musical instruments is one of the prominent handicraft industry which is currently facing the contemporary problems in various management functions where finance is having a significant influence hence providing a scope for a reviving strategies by analyzing industry's strength and weaknesses in terms of financial capabilities to help industry to prosper in global world by capturing opportunities and minimizing the challenges.
Understanding pivotal role of finance is important for smooth functioning of business in terms of management of costs of raw materials, manpower and activities of production that leads to offer competitive price and ensure profitability as well. Also, finances are significant when applying to external funding through loans, grants, or investor funds which helps the manufacturer operationally, technologically or in scaling the business practices.
It is observed that this industry lacks in applying skills of management functions specifically finance. It was found that artist manufacturers are suffering significantly which would be a matter of concern for all the traditional instrument manufacturers This industry requires support from local, central as well as state government in the form of subsidies then and then would this industry will sustain in future. This article attempts to study organizational capability profile and discover financial problems and prospects prevailing in environment for sustainability and suggesting revival financial strategies for Indian Musical Instrument manufacturers with the following objectives.

3. Objectives of the Study:
The prevailing research emphasize on structure of finance related problems and prospects.

1] To review the present financial status of the Musical Instruments Manufacturers' of Miraj, Varanasi and Kolkatta.
2] To identify the nature and extent of financial problems being faced by Musical Instruments Manufacturers'.
3] To examine the factors: influencing the financial growth of the Indian Musical Instruments Manufacturers' of Miraj, Varanasi and Kolkatta.
5] To prepare Organizational Capability Profile for financial analysis of this sector.
6] To formulate the revival strategies suitable suggestions and recommendations; based on the findings of the study.

4. Hypothesis of the Study:

In order to get thorough understanding of financial problems in terms of interrelationship between different factors involved in it, the following hypotheses have been set along with their alternate counterpart.

Ho: There is no significant difference between the use of internal and external sources by manufacturers for credit fulfillment.

H1: There is significant difference between the use of internal and external sources by manufacturers for credit fulfillment.

HO: Amount Invested in Business and Annual Profit Earned are not correlated.

H2: Amount Invested in Business and Annual Profit Earned are correlated.

5. Result and Discussion

For achieving the objectives and testing the hypotheses, the authors have comprehensively conducted the survey of various units of Indian musical instruments in Miraj, Varanasi and Kolkatta and identified the factors causing financial problems faced by the manufacturers of all the units of above mentioned geographical area. The responses given for the structured and close ended questionnaire by the manufacturers were recorded and compiled using SPSS for following analysis and hypotheses testing.

Table 1: Capital Source * Percentage for Credit Fulfillment Cross tabulation

		Percentage for Credit Fulfillment			Total
		10 TO 30%	30 TO 50%	50% and Above	
Capital Source	Own Investments	102	0	0	102
	Friends & Relatives	18	0	0	18
	Bank Loan	0	6	2	8
	All of the above	3	1	13	17
Total		123	7	15	145

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	192.452[a]	6	.000
Likelihood Ratio	118.925	6	.000
Linear-by-Linear Association	108.539	1	.000
N of Valid Cases	145		

Access to finance is the ability of individuals or enterprises to obtain credit services. The lack of financial access limits the range of services and credit fulfilment is only 30% of their total requirement as the manufacturers are not accessing financial services that may be provided by a variety of financial institutes that are part of the financial resources. Table 1 indicates that most of the artist manufacturers rely on their personal wealth or internal resources to invest in their businesses. Further Chi-square test applied on the cross tabulation of **Capital Source and Percentage for Credit Fulfillment** shows p-value less than 0.05 which reveals that there is a significant difference between the use of internal and external sources by manufacturers for credit fulfillment where personal investment has very less credit fulfillment as compared to Bank loans. Hence there is a strong evidence to reject the null hypothesis stating no significant difference between the use of internal and external sources by manufacturers for credit fulfillment.

Table 2: Distribution of Investment Amount in Business

Particulars	Frequency	Percent
Below 5 lakhs	0	0
6 to 50 Lakhs	120	83
50 Lakhs to 2 cores	21	14
Above 2 cores	4	3
Total	145	100

Source: Field Survey

Table 3: Distribution Of Annual Profit Earned

Annual profit	Frequency	Percent
0 to 1 lakh	61	42
1 to 5 Lakhs	66	46
5 to 10 lakhs	8	5
10 to 50 lakhs	10	7
50 lakhs and above	0	0
Total	145	100

Source: Field Survey

Significant range of investment by these manufacturers is moderate for all manufacturers between Rs. 6 Lakh to Rs. 50 Lakh. Very few are having the investment even in crores thereby the annual profit earned by them is in between Rs. 1 Lakh to Rs. 5 Lakh followed by those who earn up to Rs. 1 Lakh. Very few of them earn up to Rs. 50 Lakh Thus it is concluded that manufacturers are not earning the profit in desired proportion to the amount of investment and many are suffering from losses too.
Hence to get more insights about the relationship between investment amount and profit earned, the Spearman's Rank correlation test is used and the result is tabulated as follows.

Table 4: Spearman's Rank correlation

<table>
<tr><th colspan="3"></th><th>Annual Profit Earned</th></tr>
<tr><td rowspan="3">Spearman's rho</td><td rowspan="3">Investment Amount</td><td>Correlation Coefficient</td><td>-.198*</td></tr>
<tr><td>Sig. (2-tailed)</td><td>.017</td></tr>
<tr><td>N</td><td>145</td></tr>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).

From the output table we observe the Spearman's rho statistic, r = -0.198. Therefore, we reject the null hypothesis with 95% confidence and conclude that there is very strong evidence that Amount Invested in Business and Annual Profit Earned are negatively correlated
Based on the analysis of the data collected from manufacturers, inferences drawn on cross tabulation and testing of hypothesis highlight that the manufacturers need to widen their network and expand beyond boundaries to earn huge amount of profit as the profit margin is low where only the working capital needs are fulfilled. Only those entrepreneurs who do the purchasing of the raw material in bulk for ease, less production are enjoying higher profitability. Talking in terms of investment, nearly 1 to 5 lakh is invested in the manufacturing business. 10 to 30% of credit fulfilment is done by financial institution as it is known fact that to avail loan from any financial institution, security is required and these manufacturers are unable to provide any Collateral security. In order to identify revival financial strategies for the manufacturers the Organizational Capability Profile which mainly highlights the strengths and weaknesses of manufacturers is also prepared as follows.

6. Organizational Capability Profile

Organizational capability is the inherent capacity or potential of an organization to use is strengths and overcomes its weaknesses in order to exploit the opportunities and face the threats in its external environment. It includes several capability factors which create strategic strengths and weaknesses existing in different

functional areas within an organization, which are very crucial in formulation of strategy and its implementation.
Based on different capability factors, following organizational capability profile is prepared as a concise chart showing strength and weakness of more critical areas which can have a relationship with strategic management.

Table No.5.2 OCP or Indian Musical Instrument Manufacturing Industry

Capability Factor		Competitive Strength or Weaknesses	
Finance	Access to financial resources	↓	Most of the manufacturers rely upon self-investment. Lack of credit fulfillment limits their full potential and leading to the inadequacy. Unawareness or ineligibility towards accession of right financial resources. Unprofessional Image leads to inability to attract Corporate Finance. The lack of financial access limits the range of services and credits for enterprises.
	Amicable relationship with financial Institutions	↓	Irregular and volatile nature of demand for the products makes it difficult to arrange finance from organized sources Very few manufacturers rely upon the credit facility provided through banks. Less capital fulfillment through financial institutes. Fulfils the requirement through financial help from their friends and relatives.
	High level credit worthiness	↓	Manufacturers are not maintaining accounts as well as not taking help of any financial adviser despite of having less knowledge about it. Financial statement is not prepared in order to learn about the company's financial performance.
	Tax Benefit due to various government policies	↓	No clarity on Government Schemes related to funding of craftsmen for manufacturing Indian musical instruments. Unawareness of Development Programmes organized by government agencies. No economic benefits provided in terms of subsidy.

7. Revival Financial Strategies

Small business entities rely on loans and credits for their routine operations. In order to get such financial help credit worthiness matters a lot. Credit worthiness would only pave the path for availing loan facilities which determines fitness and eligibility. Enhancing credit worthiness prospect would assist in getting more flexibility in payments. It also has a direct impact on funding, employment etc.
Credit worthiness is depending upon financial information that will help in determining their ability to pay for their loans. To find such financial information, financial statement should be prepared in order to learn about the company's financial performance. Another way to determine a client's creditworthiness is to calculate its debt-to-income ratio. These numbers can made available from the company's financial statement.
Entrepreneurs are only carrying out operations by managing working capital only. They are facing many issues of financial factor leading to crunch all the time thereby their fixed capital part remains unfocussed. If taken care of this, they would be also having a strong backup as mortgages to avail bank facilities.
Every sized business either small or medium should try to cut down the operating costs to improve the profitability. The common way to cut down operating costs is to reduce the inventory cost. Expenses for carrying Inventory can go up to 25% or even more of the total inventory cost. In order to reduce cost of inventory and improve cash flow, demand forecasting plays very important role.
Manufacturers should identify their spending levels of inventory to determine costs cutting issues without compromising quality. Further participation in trade fairs as centralised place for selling the instrument would earn more profit than selling to the retailers.
Government has to help these manufacturers by organizing such trade fairs and more importantly by providing adequate finance for designing and manufacturing products by using innovative tools and modern techniques. Indian musical instrument manufacturing industry is known for its rich heritage.

This industry requires support from local, central as well as state government in the form of subsidies provided but all the manufacturers are relying upon their own sources despite of economic benefits provided in terms of subsidy.

8. Conclusion

As most of the manufacturers are depending upon their own investments, they are facing financial crunch due to inadequate funds and credit fulfillment. Hence financial access has to be improved by these manufacturers which would promote growth and also benefit the economy in general wherein such labour intensive units of Indian musical instruments may intensify competition that could reduce income inequality. Financially literate entrepreneur is a need of an hour so that they can confidently involve in financial inclusion and deal with various financial services like payment, insurance, credit, deposit, and various risk management services for backing up the funds of an businesses.

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