

# INDIAN FINANCIAL SERVICES AT A GLANCE

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## ABSTRACT-

*Financial service industry is a changeable area, which immediately impact of various reasons. Reasons may be technology, monetary and fiscal policies, tax changes etc. financial product, services and the financial instrument these are categories of finance delivered by the financial services. In financial instrument we come throughout promissory notes, cheques, bills etc. and the different types of mutual funds, debit card credit card are the part of financial product. Financial services allow the customer to find asset on credit, according to customer convenience and interest rate. Financial services means the products and services presented by institutions similar banks of many types of facilitation of several financial transactions and extra interrelated activities like how to manage money, delivered the information to stock market, loans, insurance, credit cards, investment opportunities financial services give to offerings provided by means of the finance industry.*

## INTRODUCTION-

Financial services means to provide the services to banking and financial organizations. Financial services provide the knowledge to individual and businessman for a specific part of banking, real estate and also how to invest in market. Financial services are the important part of gross domestic product. Financial services help for making a good decision. Financial services are the significant part of financial system. Financial institutions, financial market, financial instrument are the elements of financial services.

Asset management and liability management companies are the major companies of financial services. Financial services study the need of the customer in details. The aim of financial services is act as mediator between the individual and financial investors which help in financial transaction. Financial services cannot be stored as they need to created and delivered to the customers. Financial services helps in increasing the FDI in the country which is help in develop the Indian country. The financial services industry manages money for corporations and individuals. It comprises such Organisations as commercial and investment banks, insurance companies, accounting agencies, credit-card companies, hedge funds, consumer finance firms, and brokerage firms.

**KEYWORDS:** Financial Services, India, Financial institutions

## LITERATURE REVIEW-

**Lee ladhar (2005)** this research paper revealed that the banking services by using the various ratios. Banking services expand to promote the financial inclusion. Banks provide the financial services to the customer. Technology is the valuable tool for promoting the banking sector.

World Bank (2008) in this study the economic growth theories of development promote the financial development. Financial sector develop the economic growth. in the absence of financial system, poor individual, small enterprises have limited saving and earnings to invest their education.

**Dheavan and Ravichandran (2010)** this research article analyzed the financial inclusion in karaikal region through Indian bank on saving pattern, financial awareness, and the financial aspects. It observed that financial awareness. Respondent are aware the advantages of saving a money. It also observed that respondent use the cheque by making payment system as a replacement for cash.

**The Economist(2012)** the report is highlighted on financial inclusion in global issues. The World Bank estimated that the both developing and developed countries less than 20% of the people have access to financial services of any kind. In order to reduce poverty and improve economic development, there should be increase in providing bank accounts, credit and implement various saving schemes and insurance products. It also suggested that the Banks in association with the public organizations and through innovation and education can improve the access to financial services.

**Varun Kesavan (2015)** assessed that a strong sustainable financial system is the need of the hour for all the countries irrespective of its status in the development. To have a strong financial system and economic status, availability of finance to the people is important.

## OBJECTIVES OF THE STUDY-

- To understand the concept of financial services.
- To know the trends in financial services in India.
- To know the various challenges facing by financial services in India.

## RESEARCH METHODOLOGY-

We reviewed the relevant literature and analyzed secondary data available on financial services in India. This report is purely based on descriptive research which used secondary data and information sourced from, relevant books, journals, articles, media reports and various websites related to financial services. The researcher adopted to have greater accuracy and in depth analysis of the study. Available secondary data was extensively used for the study.

## IMPORTANCE OF FINANCIAL SERVICES

Financial services are important to improve the economic conditions in all sectors. The benefits of economic growth is reflected on the increases the standard of living. Financial institutions also earn the profits. Hence, take out the importance of financial services in the following points:

### 1. Promoting savings

Financial services such as mutual funds give adequate opportunity for different types of saving. The various types of investment options are made available for the convenience of pensioners as well as aged people so that they can be confident of a reasonable return on investment without much risk. For people interested in the expansion of their funds, various reinvestment opportunities are provided.

### 2. Promoting investment-

In promoting investment the financial services promote more demand for products and producers. There is also more demand for a consumer to invest more. The stock market helps in mobilize more funds by the investors. Domestic and foreign companies not only produce their product but also sell their products and also they acquire modern machinery for more production.

### 3. Economic Growth and development-

Financial services are important for economic growth and development. Financial services help the consumers to get various types of products and services which can be develop the standard of living. Financial services help to poor section of societies and also help the people to control the availability of asset for making income.

### 4. Benefit to Government

The financial services allow the government to increase short-term and long-term funds to meet revenue and capital expenditure. Through the money market, government increases short term funds by the issue of Treasury Bills. These are purchased by commercial banks from out of their depositor's money. The government is able to increase long-term funds by the sale of government securities in the securities market which forms apart of financial market.

### 5. Expands activities of Financial Institutions

Financial services facilitate financial institutions not only increase finance but also expend their funds in the most profitable way. Mutual funds, credit cards, hire purchase finance are some of the services which acquire financed by financial institutions.

The financial institutions are developing their activities and thus increase the use of their funds for various activities.

### 6. Generate employment-

Financial services help to generate employment in the country as it is in the growth of economy. Generating employee is helpful for developing India with the help of employment generation it helps to expand the financial services and it also help the increasing the FDI flow in the country which is required for the growth of country.

### **7. Helps in projects selection-**

Financial services are help in to select the projects & it also help the improving the performance of the investment. Financial services help to provide the goods and services and also transfer the economic resources

## **TRENDS IN FINANCIAL SERVICES IN INDIA**

Following points will describe in brief the financial services trends in India

- The boom of big data
- Startup India
- Outsourcing
- NPA
- IFRS
- Payment bank

### **1. The boom big data-**

In the financial services data play the important role. Data science, business analytics, business intelligence has inflow in all the areas. financial industry looking out for professionals who are well prepared with knowledge of business analytics, slightly it is the important period for business analytics professional, who observe a rapid in their demand. Collection of data of customer and their transactions important to development of techniques to use the information to create clients

### **2. Start up in India-**

In India has observed in the startups industry deals with leaps and bound. Now current government declared the financial assistance for start-up. Financial services industry invests the more in India and there are many ideas to the financial assistance. With increases the start-up who need investment, there is need for finance model who develop the model and interpret the projects.

### **3. Outsourcing-**

In Indian companies there is increases cost for setting up their head offices these are Chennai ,Mumbai, Kolkata, Bangalore etc. they have decided to outsource their activities in another cities such as Pune ,Jaipur etc. therefore the increases the opportunities for all the employees.

#### 4. NPA-

NPA means non-performing asset. The risk of NPA is effective debt payment in MNCs is changing now a day. MNCs no longer keep the approach towards the debt of primary data of fund. Constantly change there is increases demand for credit analyst and who expert in analysis of financial changes in the business.

#### 5. International financial reporting standard-

IFRS is started for making its impact in financial accounting companies. in India this is the important or need for demand of IFRS experts who can guide the changes in financial accounting.

#### 6. Payment bank-

Payment banks are redefining the traditional banking and now payment bank reach out the rural areas. Payment bank is available in almost all the rural areas. RBI gives the license to the entire payment bank. Popular payment banks are paytem, Vodafone M-pesa, national securities depository etc. with the help of payment bank increases the demand of financial experts.

### CHALLENGES FACING FINANCIAL SERVICES IN INDIA

The growth of financial services is very fast but due to some issues facing in financial services. In the financial services facing some challenges in India. Following are the various challenges facing by financial services-

- **Lack of qualified personal-**

Financial creativity requires the financial services. In the India there so many people are not qualified. Therefore so many employees are not trained. Therefore the economic growth reduces in India.

- **Lack of investor awareness-**

Due to lack of knowledge the investors can not aware the various new financial product and instrument. So the investor does not get the advantages of innovative financial services and financial instruments.

- **Lack of transparency-**

As the financial services are expanding in various forms both national and international but the lack of transparency in keeping the accounts the growth of financial services is very low.

- **Lack of specialization-**

Due to lack of specialization in Indian people there is no knowledge in two or many areas. There is lack of specialization in India as each financial intermediary trade in different financial services

without having many areas but other countries the financial intermediary work in two or more areas and also they are specialized in this particular area.

- **Lack of recent data-**

The financial intermediary is not involved in the research paper they do not work in research paper on financial services. Also they do not get a proper knowledge and updated information about the financial services. The updated information is very important for doing the innovation in financial services.

- **Lack of efficient risk management system-**

Due to globalization of economy the various companies are entering the Indian market and the importance is given to the foreign portfolio flows. There is various flows in currencies which increases the various kind of risk like exchange rate risk, interest rate and political risk.

## **MAJOR INITIATIVES BY GOVERNMENT FOR INDIAN FINANCIAL SERVICES**

The Government of India introduced some reforms to control, liberalize and improve the financial services industry. The Government and Reserve Bank of India have taken different measures to assist access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures consist of introduce the Credit Guarantee Fund Scheme for Micro and Small Enterprises, issuing rule to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). In 2017, a new portal named 'UdyamiMitra' has been launched by the Small Industries Development Bank of India (SIDBI) with the aim of improving credit availability to Micro, Small and Medium Enterprises' (MSMEs) in the country.

### **Investments in financial services in India-**

- Up to November 22, 2018 Investments by Foreign Portfolio Investors (FPIs) in Indian capital markets have achieved Rs 6,310 crore (US\$ 899.12 million)
- the Financial Inclusion Lab has selected 11 fintech innovators with an investment of US\$ 9.5 million promoted by the IIM-Ahmedabad's Bharat Inclusion Initiative (BII) along with JP Morgan, Michael and Susan Dell Foundation, and the Bill and Melinda Gates Foundation in October 2018
- In January to October 2018 The private equity and venture capital investments reached US\$ 25.20 billion.

### **Government Initiatives in financial services in India**

- In December, 2018, Securities and Exchange Board of India (SEBI) proposed direct overseas listing of Indian companies and other regulatory changes.

- Bombay Stock Exchange (BSE) introduced weekly futures and options contracts on Sensex 50 index from October 26, 2018.
- In September 2018, SEBI asked for recommendations to strengthen rules which will enhance the overall governance standards for issuers, intermediaries or infrastructure providers in the financial market.

## CONCLUSION:

The Indian financial services are one of the most difficult, yet one of the most strong service segments of the Indian economy. Across from insurance to capital markets, banking to foreign direct investments (FDI) and from mutual funds to private equity (PE) investments, the financial services cover all connected segments under its umbrella. Having major effects in its abstract as well as physical form post liberalization, the financial services segment is positively the support of Indian economy with the help of financial services also increases the standard of living.

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