

The Present Situation, Problems and Countermeasures of Manufacturing Investment in Anhui Province

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Abstract: Firstly, this paper analyzes the overall investment situation and sub industry investment situation of manufacturing industry in Anhui Province. Then, it points out the existing problems in the scale of manufacturing investment, sub industry investment, capital source, investment efficiency and regional investment coordination in Anhui Province. Finally, the paper puts forward countermeasures and suggestions on how to improve the investment efficiency of manufacturing industry in Anhui Province.

Keywords: Manufacturing; Source of funds; Investment efficiency.

1. Introduction

Manufacturing industry is not only the focus of the big country game, but also the main battlefield of economic and technological competition. If the manufacturing industry is strong, the country will be strong, and if the manufacturing industry is prosperous, the country will be prosperous. In recent years, Anhui has unswervingly promoted high-tech, high-tech production, high-quality products, high-efficiency enterprises and high-end industries, accelerated the construction of a strong manufacturing province, and the overall economic situation has been stable and good. According to the report of the white paper on the business environment of China's regional manufacturing industry in 2020, the business environment of Anhui's manufacturing industry ranks 8th in the country, and the policy environment ranks 8th in the country. On June 19, 2020, the development and Reform Commission of Anhui Province and the Department of finance of Anhui Province issued the detailed rules for the special implementation of financial discount interest for manufacturing financing in Anhui Province. According to the detailed rules, Anhui Province will implement a 100-billion-yuan discount interest policy for manufacturing financing, stabilize manufacturing investment, ensure the stability of the industrial chain and supply chain, and promote the industrial transformation and upgrading of the province. For the manufacturing loans granted by qualified enterprises, the people's Bank of China will supplement the preferential funds of re loan and re discount in equal amount. At the same time, the people's Bank of China shall guide qualified manufacturing enterprises to conduct bond financing and conduct evaluation of bond underwriting business of financial institutions; We will support financial institutions with sound operations, reasonable asset growth, and significant quality and effectiveness in serving the development of the real economy to issue capital bonds, expand the source of funds, and improve the ability to provide credit to manufacturing enterprises. At present, although the strategy of building a strong manufacturing province in Anhui Province has achieved certain results, there are still some problems in Anhui manufacturing investment, which require

us to attach great importance to.

2. Analysis on the Overall Investment Situation of Manufacturing Investment in Anhui

2.1. The overall investment in manufacturing industry shows an upward trend

According to the data of manufacturing investment from 2012 to 2021, Anhui's manufacturing investment generally shows an upward trend. From 2012 to 2016, the investment in manufacturing industry increased steadily. In 2016, the investment in manufacturing industry exceeded trillion yuan for the first time, reaching 1038.831 billion yuan. From 2016 to 2018, the growth rate of manufacturing investment increased significantly. In 2018, the growth rate of Anhui manufacturing investment reached 33.33%. From 2018 to 2019, the growth rate of manufacturing investment decreased and the growth rate slowed down. The amount of manufacturing investment increased from 1524.5 billion yuan to 1684.5 billion yuan. In 2020, affected by factors such as the spread of domestic and foreign epidemics and the price fluctuation of raw materials in the manufacturing industry, the production and operation of the manufacturing industry also fluctuated greatly. The investment growth rate in the past decade was negative for the first time, and the investment amount also decreased to 1584.504 billion yuan. In 2021, facing the complex and severe external environment and against the background of multiple domestic epidemics, our province will focus on high-quality coordinated development based on reality, and continue to make a big cake for manufacturing development. Thanks to the effective implementation of various preferential policies for enterprises, the investment in manufacturing industry increased by nearly 140 billion yuan compared with 2019. The effect of the policy of "double inviting and double attracting" is obvious. In 2021, our province organized nine batches of major investment projects to start collectively. The number of industrial projects in the warehouse in the province increased by 1549, including 863 industrial projects with more than 100 million

yuan. The investment in manufacturing industry gradually rebounded, with an annual growth of 14.6%, 5.2 percentage points higher than the overall investment growth, which provided a strong support for the rapid growth of the manufacturing industry in the province.

2.2. The growth rate of manufacturing investment has dropped

From 2012 to 2021, the growth rate of Anhui manufacturing investment alternated. From 2012 to 2016, the growth rate of manufacturing investment alternated, falling to 9.4% in 2016; After that, due to the capacity reduction in the early stage, the supply of industrial products exceeded the demand, and the capacity utilization rate increased significantly, causing the growth rate of manufacturing investment to stop falling and pick up, significantly rising from the historical low of 9.4% in 2016 to the maximum of 33.3% in 2018; In 2019, due to the double pressure of the domestic and international economic downturn, the growth rate of manufacturing investment dropped precipitously. After reaching 33.33% in 2018, it suddenly dropped to 10.1% in 2019. In 2020, COVID-19 made the manufacturing industry even worse. In 2020, the manufacturing industry showed negative growth for the first time, with a growth rate of - 5.6%. In 2021, Anhui's manufacturing investment achieved good results and resumed positive growth, with a growth rate of 14.6%. It can be seen that manufacturing investment shows different differences in different stages.

Compared with the growth rate of manufacturing investment in Anhui and the growth rate of manufacturing investment in China, it can be seen that the manufacturing investment in Anhui has been higher than the national level except that it was lower than the national growth rate in 2012 and 2020. In 2012, the growth rate of Anhui's manufacturing investment was 1.6 percentage points lower than that of the national manufacturing investment. Since 2013, the growth rate of Anhui's manufacturing investment has been significantly higher than that of the national manufacturing investment, and the gap is gradually widening. At the end of 2018, the gap reached 26.83 percentage points, the largest value in the decade from 2011 to 2020. Even after the sharp decline in 2019, it is still 7 percentage points higher than the national average growth rate. The trend relationship between Anhui manufacturing investment and national manufacturing investment shows that, on the one hand, although the efficiency level of China's manufacturing industry has been steadily improved, the downstream industries, especially small and micro enterprises, are still under great pressure in the process of capacity reduction, the vitality of market players needs to be stimulated, and the manufacturing industry needs to operate steadily to improve quality and efficiency; On the other hand, it shows that the strategy of building a strong manufacturing province in Anhui has formed a joint force to promote the high-quality development of the manufacturing industry, and provides a solid guarantee for the development of manufacturing investment.

Affected by the base of 2020, the growth rate of manufacturing investment in Anhui Province in 2021 showed a trend of "high in the front and low in the rear", falling from 21.2% in the first quarter to 14.6% in the whole year. However, excluding the influence of the base, the average growth rate of manufacturing investment in the two years gradually

decreased from 10.6% in the first quarter to 7.05% in the first half of the year, and then to 6.75% in the first three quarters. The annual growth rate was 7.3%. As the manufacturing investment base in 2020 is low, the growth rate of Anhui manufacturing investment in the first quarter of 2021 is as high as 21.2%. The industrial production at the end of the second quarter and the beginning of the third quarter is affected by the flood, and the growth rate of fixed assets investment is also facing a certain impact. Compared with the high investment amount in the first quarter, it is down by 7.1%. In the second half of 2021, under the lagging influence of the improvement of enterprise profits and the recovery of domestic and foreign demand, the average growth rate of manufacturing investment in the two years continued to be good. However, the crowding effect of raw material prices on the profits of the middle and lower reaches could not be eliminated in the short term, and there was little room for repair of manufacturing investment. The annual growth rate of manufacturing investment reached 14.6%, and the average growth rate in the two years reached 7.3%.

2.3. Analysis of capital source of manufacturing investment

This part is mainly to make a detailed comparative analysis of the investment capital sources of Anhui manufacturing industry from 2012 to 2020. From 2012 to 2020, the largest source of Anhui's manufacturing investment funds is self-raised funds, and the main sources of self-raised manufacturing funds are various special funds and special loans. The total investment of self-raised funds has increased from 560.807 billion yuan in 2012 to 1479.643 billion yuan in 2020, and the total investment has nearly tripled. The investment proportion of self-raised funds shows an alternating trend of increase and decrease, but it is always the part with the largest proportion. From 2012 to 2020, the self-raised funds of Anhui manufacturing investment accounted for about 90% of the total investment funds of the manufacturing industry. It can be seen that the overall investment funds of Anhui manufacturing industry are still highly dependent on the self-raised funds. Domestic loans are the second largest source of investment funds for Anhui's manufacturing industry, and the total amount of funds shows a trend of decreasing first and then increasing. From 2016 to 2020, there was an overall upward trend, from 30.338 billion yuan to 85.069 billion yuan. This is mainly due to the widening of investment channels in the manufacturing industry, and the state continues to attach importance to the development of the manufacturing industry. Among them, it dropped to 59.908 billion yuan in 2019, mainly due to the global economic downturn and the Sino US trade war, which led to a decline in domestic loans to the manufacturing industry. At the end of 2021, the CPPCC Anhui Provincial Committee held a counterpart Consultation Forum on "promoting financial support for high-quality development of manufacturing industry" to discuss how to continuously increase financial support for the transformation and upgrading of traditional manufacturing industry and the development of strategic emerging industries, focusing on serving the real economy, especially the manufacturing industry. This will effectively broaden the development path of manufacturing investment. In the future, the proportion of domestic loans and bonds is expected to increase, and promote the healthy development of Anhui manufacturing investment sources.

3. Analysis of Investment in Manufacturing Industry by Industry in Anhui

3.1. Analysis of investment in manufacturing industry by industry

From the perspective of the overall change trend, the growth rate of investment in various industries of the manufacturing industry shows a downward trend, and the change range of investment in various industries is different. In 2020, the growth rate of Anhui's manufacturing industry was -5.6%, a year-on-year decrease of 15.7%. Among the 31 industries, in addition to food manufacturing, petroleum processing, coking and nuclear fuel processing, chemical raw materials and chemical manufacturing, pharmaceutical manufacturing, non-ferrous metal smelting and rolling processing, iron, shipbuilding, aerospace and other transportation equipment manufacturing and comprehensive utilization of waste resources, the investment volume of these eight industries increased and the growth rate was higher than that in the past. The growth rate of the other 23 industries showed a downward trend and a large decline. It can be seen from the table that most of the manufacturing industries whose investment can maintain positive growth in 2020 are heavy industries with high growth rate, such as oil processing, coking and nuclear fuel processing industry of 59.5%, ferrous metal smelting and rolling processing industry of 43.9%, non-ferrous metal smelting and rolling processing industry of 15.2%; Light industry accounts for a small proportion and the growth rate is low, such as 9% in the textile industry and 0.4% in the food manufacturing industry.

The top three industries with the highest growth rate were petroleum processing, coking and nuclear fuel processing, comprehensive utilization of waste resources, ferrous metal smelting and rolling processing, up 59.5%, 57.7% and 43.9% year-on-year; The top three industries with the largest decline were tobacco products, chemical fiber manufacturing and general equipment manufacturing, with a year-on-year decrease of 122.5%, 94.6% and 60.2%. It is worth noting that the special equipment manufacturing industry is the only manufacturing industry that has maintained positive growth for ten consecutive years against the background of the epidemic. This is mainly due to the high attention Anhui has paid to high-end equipment manufacturing in recent years, the implementation plan of "double bidding and double introduction" for high-end equipment manufacturing, the adherence to the industrial chain investment, and the active introduction and landing of new enterprises with strong driving capacity. Although the development trend is good, objectively speaking, Anhui's professional equipment manufacturing foundation is relatively weak, the overall scale is small, and there is a lack of "big country and heavy equipment" and leading enterprises with important influence in China. The next investment direction should focus on solving the problems of incomplete categories, small scale and talent shortage in the professional equipment manufacturing industry.

3.2. Analysis of investment sources of manufacturing industry by industry

At present, the investment sources of Anhui manufacturing industry mainly include state budget funds, domestic loans, bonds, foreign capital utilization, self-raised funds and other

funds (including social funds, personal funds, free donations, etc.), and the proportion of various funds is different. This part is mainly to make a detailed comparative analysis of the investment capital sources of manufacturing industry in Anhui by industry in 2020.

It can be seen from the total investment sources of manufacturing industry in 2020 that there are three industries with more than 150 billion yuan, namely, general equipment manufacturing industry (184.980 billion yuan), special equipment manufacturing industry (181.190 billion yuan) and non-metallic mineral products industry (167.401 billion yuan). There are also electrical machinery and equipment manufacturing industry (127.362 billion yuan), automobile manufacturing industry (112.100 billion yuan), and computer, communication and other electronic equipment manufacturing industry (110.779 billion yuan).

From the distribution of capital sources, it can be seen that the largest source of Anhui manufacturing investment funds is self-raised funds, and the main sources of self-raised capital construction funds are various special funds and special loans. Among the self-raised funds, special equipment manufacturing industry, general equipment manufacturing industry, non-metallic mineral products industry, electrical machinery and equipment manufacturing industry and automobile manufacturing industry have investment funds of 100 billion yuan, with investment amounts of 173.519 billion yuan, 164.890 billion yuan, 159.826 billion yuan, 118.325 billion yuan and 106.657 billion yuan respectively. However, the investment in tobacco products industry, metal products and mechanical equipment repair industry is far lower than that in other industries, with less than 200 million yuan. From the above comparison, it can be concluded that self-financing is the main source of investment by industry, accounting for more than 90%, followed by domestic loans and other funds. However, the investment funds from the state budget, foreign capital and bonds are very small, less than 1%.

4. Problems in Manufacturing Investment in Anhui

4.1. The investment scale has been reduced

In terms of the total investment in fixed assets, the investment in manufacturing has always been the first in the industry. Even though the total investment in 2020 has decreased compared with the previous year due to the epidemic, it still leads other industries. In order to eliminate the impact of price factors and facilitate the comparison of investment among industries, from a relative data - the proportion of manufacturing investment in fixed assets investment, it jumped from 39.18% in 2017 to 46.72% in 2018, and then to 47.10% in 2019, reaching the highest point since 2013. The proportion in 2020 and 2021 is difficult to exceed that in 2019. See table 3-11 for details. For the goal of building Anhui into a strong manufacturing province during the 14th Five Year Plan period, the current manufacturing investment is still insufficient.

4.2. Slow recovery of investment

Only 11 of the 31 manufacturing industries realized investment growth in 2020, while most of the 11 industries only achieved growth rate greater than zero. Compared with the growth rate data of previous years, the gap is still large, indicating that the recovery of manufacturing investment is slow. Among the other 20 industries that have not realized

investment growth, the manufacturing of alcohol, beverages and refined tea, tobacco products, textile and clothing, clothing, wood processing and wood, bamboo, rattan, palm and grass products, furniture manufacturing, cultural, industrial, sports and entertainment manufacturing, chemical fiber manufacturing, non-metallic mineral products, metal products, general equipment manufacturing, electrical machinery and equipment manufacturing, instrument manufacturing and other manufacturing industries, In the metal products and mechanical equipment repair industry, the investment in these 14 industries even decreased by more than 10% over the previous year. From the perspective of industrial chain, the upstream raw material industry recovers slightly faster, the investment in the equipment manufacturing industry in the middle reaches is still sluggish as a whole, while the investment in the downstream consumer manufacturing industry continues to grow negatively. The slow improvement of the investment in the middle and downstream industries is the main drag on the investment in the manufacturing industry.

4.3. Unreasonable source of funds

From 2012 to 2020, self-raised funds have always accounted for an equal proportion in the investment sources of Anhui's manufacturing industry. Except for 2012, 2018 and 2019, the proportion is about 87%, and the other years are more than 90%. The total proportion of the state budget funds, domestic loans, bonds, foreign capital and other funds shall not exceed 10%. Among them, the proportion of state budget funds, bonds and utilized foreign capital is less than 1% each year. For high-tech enterprises, a large amount of capital investment is needed in the early stage of development, and obtaining external financing is very important for their development.

4.4. Obvious investment gap between regions

By comparing the manufacturing investment in the three major regions of Southern Anhui, central Anhui and Northern Anhui from 2019 to 2021, it is found that the central Anhui has always been in the leading position in the three years. The proportion of manufacturing investment in southern Anhui in the whole province is very stable, at about 6.5%, which is at the middle level. In 2021, the gap between the growth rates of investment in the three regions has been smaller than that in the previous two years. The growth rate in southern Anhui is about 2 percentage points higher than that in the whole province, and that in northern and central Anhui is slightly lower than the average level of the whole province. However, as the base number of manufacturing investment in Northern Anhui is smaller than that in central and southern Anhui, the total investment is still difficult to reach the same level under the similar growth rate. The average level of central and southern Anhui has reached 100 billion. From the regional perspective, the investment amount of Suzhou, Huaibei and Bengbu has also reached the level of 100 billion, but the investment amount of Fuyang, Huainan and Bozhou is too low. The gap between Suzhou with the highest amount and Huainan with the lowest amount is more than 100 billion. This situation also exists in central and southern Anhui. Hefei and Lu'an in central Anhui Province and Wuhu and Chizhou in southern Anhui Province have an investment gap of more than 200 billion yuan. It shows that the manufacturing investment gap in Anhui province not only exists between the north and the south, but also between the cities within the region.

4.5. Low resource utilization efficiency

From 2013 to 2021, the scale efficiency of Anhui manufacturing investment decreased from 0.947 to 0.659 almost year after year, and the investment efficiency has been decreasing. This indicates that there is invalid investment in the manufacturing industry at present, and the capital input and output of the manufacturing industry have been mismatched, that is, the resource allocation is unreasonable. From the perspective of the industry, the overall high-end degree of the manufacturing industry is not enough. From the perspective of investment efficiency of manufacturing industry in various cities in 2021, the technical efficiency and pure technical efficiency of Huangshan, Huainan, Fuyang, Bozhou and Hefei are higher than the average. Three of the five cities belong to the northern Anhui region. The technical efficiency of half of the cities in Northern Anhui is higher than the average value of the whole province, but the overall investment has been lagging behind, and the efficiency is high but there is no place to play.

5. Countermeasures to Solve the Investment Problem of Manufacturing Industry in Anhui

Anhui's manufacturing investment is facing the problems of shrinking investment scale, slow recovery, unreasonable source of funds, obvious regional gap and low efficiency of resource utilization, which can be solved from five aspects: increasing investment intensity, improving investment confidence, broadening financing channels, narrowing regional gap and expanding effective investment. The details are as follows:

5.1. Increase investment in manufacturing

According to the work report of Anhui government in 2022, one of the main expected objectives in 2022 is to strive to increase fixed assets investment by more than 10%. One of the key tasks is to give full play to the advantages of Anhui Province in history and culture, scientific and technological innovation, manufacturing industry foundation, geographical location, comprehensive transportation and ecological environment. The growth of fixed assets investment should drive the growth of manufacturing investment and achieve the goal of gradually increasing the proportion of manufacturing investment. Only in this way can the position of manufacturing industry be stabilized and the advantages of manufacturing industry be brought into play.

5.2. Improve manufacturing investment confidence

The deterioration of the profit distribution pattern of the upstream, middle and downstream industries caused by the rise of raw material prices is the main reason why it is difficult to recover the investment in the manufacturing industry quickly. The profit space of the middle and downstream industries is squeezed, and the proportion of the middle and downstream investment is more than half. The investment confidence needs to be restored. In order to meet the requirements of "consolidating the foundation and strengthening the yuan and stabilizing the expectations" put forward by the meeting of the Political Bureau of the CPC Central Committee, it is necessary to accelerate the recovery of demand. We should not only take measures to ensure

supply and price stability, but also protect the recovering consumer market, pay attention to the new trends and trends of consumption, and meet the demands of consumers to the greatest extent.

5.3. Expand financing channels of manufacturing industry

At the end of 2021, the Anhui Provincial People's Political Consultative Conference held a counterpart Consultation Forum on "promoting financial support for high-quality development of the manufacturing industry". The meeting emphasized that the financial system should firmly establish the concept that serving the real economy is its bounden duty and purpose, further enhance the sense of responsibility and urgency for high-quality development of the financial service manufacturing industry, We will continue to increase financial support for the transformation and upgrading of the province's manufacturing industry and the development of strategic emerging industries. It is necessary to implement the requirements of the symposium, increase the proportion of medium and long-term loans and credit loans to the manufacturing industry, and increase the support for credit to the high-tech manufacturing industry. Promote the healthy development of investment capital sources of Anhui manufacturing industry.

5.4. Narrowing the regional gap in manufacturing investment

There has always been a gap in manufacturing investment between Northern Anhui and southern and central Anhui, and there is also an imbalance in manufacturing investment between the six prefecture level cities in Northern Anhui. In order to narrow the gap between Northern Anhui and southern and central Anhui and promote the coordinated development of the six cities in Northern Anhui, we must grasp the opportunity of the construction of industrial transfer clusters in Northern Anhui. Anhui's banking and insurance industries are already pouring financial water into the construction of the cluster area. The northern part of Anhui should strengthen the sense of urgency, further optimize the business environment, actively strengthen communication and connection, and create good conditions for industrial transfer. In order to better serve the market entities, we should deepen the reform of the commercial system, intensify the efforts to streamline administration and delegate power, speed up the construction of the system of "provincial single order" list of rights and responsibilities, and implement various tax reduction and fee reduction measures; In order to improve the financing environment, it is necessary to actively promote the cooperation between government, bank and enterprises, establish the credit status and rating related financing and credit mechanism, explore the development of mortgage free and guarantee free credit loans, project equity and creditor's rights financing, and strengthen enterprise financing services .

5.5. Expand effective investment in manufacturing

Expanding effective investment in manufacturing can not only help the recovery of manufacturing investment in Anhui, but also improve the efficiency of manufacturing investment in Anhui. In 2021, the added value of high-tech manufacturing industry and equipment manufacturing industry increased by 27.4% and 15.5% respectively over the previous year, accounting for 13.6% and 33.8% of the added value of industries above designated size. The contribution of scientific and technological innovation to the economic growth of the province is more prominent. In order to enable the manufacturing industry in the province to recover as soon as possible and better cope with economic fluctuations, it is necessary to increase support for the transformation, optimization and upgrading of traditional industries, accelerate the transformation of energy saving and carbon reduction in the industry, transform and upgrade the traditional manufacturing industry to digital, networked and intelligent, and enhance the core competitiveness of the manufacturing industry. In order to change the situation that Anhui manufacturing industry has been in the decline of scale efficiency, it is necessary to increase the investment in innovative research and development of manufacturing industry. Manufacturing investment cannot be used solely to expand production scale. It is necessary to prevent ineffective and inefficient investment, aim at market demand, reduce low-end supply, take innovation as the guide, enter the high-end market by developing high-value added products, and continuously improve the innovation capacity of industrial Internet. Such high-efficiency investment can not only benefit the current stable growth, but also benefit the long-term. Only in this way can Anhui's manufacturing industry have the ability to meet domestic demand and the advantage of participating in the international circulation.

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