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Impact of Maharashtra Government's Seed Fund Scheme on Nationalized Bank Loan Distribution: A Physician's Perspective

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Abstract

The Maharashtra Government's Seed Fund Scheme aims to foster entrepreneurship and self-employment among the youth in Maharashtra by providing financial support through nationalized banks. This study explores the loan distribution process and the specific challenges faced by physicians in accessing these loans. Qualitative research methods, including interviews with bank employees and beneficiaries, were employed. The study reveals that the loan distribution process is complex and time-consuming, with insufficient information and promotion about the scheme from the banks. The study concludes with recommendations to simplify the loan distribution process, increase awareness and promotion, and reduce the required documentation for beneficiaries.

Keywords: Seed Fund Scheme, Bank Loan, Loan Distribution, Physician

Introduction

Seed Fund Schemes are instrumental in promoting entrepreneurship and self-employment by providing financial support to budding entrepreneurs. These schemes typically aim to bridge the financial gap and encourage innovation by offering favorable loan terms and support mechanisms. The Maharashtra Government's Seed Fund Scheme is a significant initiative aimed at encouraging entrepreneurship among the youth in Maharashtra. Under this scheme, nationalized banks are entrusted with the responsibility of disbursing loans to eligible beneficiaries. However, the loan distribution process has been found to be intricate and time-consuming, posing challenges for potential beneficiaries, especially physicians. Physicians, as professionals, often require financial support to establish or expand their practices and services. This research focuses on analyzing the loan distribution process under this scheme and identifying the specific challenges faced by physicians in accessing these loans.

Objectives

- To analyze the loan distribution process under the Maharashtra Government's Seed Fund Scheme.
- To identify the challenges faced by physicians in accessing loans under this scheme.
- To provide recommendations for improving the loan distribution process and increasing the utilization of the scheme.

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Research Method

For this study, qualitative research methods were employed. Interviews were conducted with employees from 10 nationalized banks across 20 branches in Maharashtra responsible for loan distribution under the Seed Fund Scheme. Additionally, interviews were conducted with 100 beneficiaries of this scheme, including physicians, to understand their experiences and challenges in accessing the loans. The data collected from the interviews were analyzed to identify common themes and patterns related to the loan distribution process and the challenges faced by physicians.

Limitation of the Study

The study is based on qualitative research methods and is limited to a specific geographic area, Maharashtra. The findings may not be generalizable to other regions or populations. Additionally, the study relies on self-reported data from bank employees and beneficiaries, which may be subject to biases and inaccuracies. Furthermore, potential cultural factors influencing physician participation and limitations to the interview data collection method could also impact the study's findings.

Review of Literature

- Role of Nationalized Banks in Loan Distribution:** The nationalized banks in India play a pivotal role in disbursing loans for various government schemes aimed

at promoting entrepreneurship and self-employment. However, studies have indicated that the loan distribution process is often cumbersome and time-consuming, requiring multiple documents and approvals from various levels of the bank [1, 6].

- ii). **Challenges in Loan Distribution:** Inadequate information and promotion about the schemes from the banks have been identified as significant barriers for potential beneficiaries [2]. Previous research has also highlighted the challenges in loan distribution under government schemes and emphasized the need for streamlining the loan approval process [3, 7].
- iii). **Physician-Specific Challenges in Loan Acquisition:** Physicians face unique challenges in accessing loans under the Seed Fund Scheme. High student loan debt, lack of business experience, and the stringent loan approval process tailored more towards traditional businesses are some of the reasons why the loan process is particularly challenging for physicians [4].
- iv). **Effectiveness and Utilization of Government Schemes:** Studies have indicated that government schemes often face underutilization due to complex procedures and lack of awareness among potential beneficiaries [5, 8].

Findings and Discussion:

Loan Distribution Process: The study found that the loan distribution process under the Seed Fund Scheme is complex and time-consuming. Beneficiaries, including physicians, are

required to submit multiple documents to secure a loan, and approval from various levels of the bank is necessary. Consequently, it takes several months to obtain a loan, which can be a significant barrier for potential beneficiaries.

Awareness and Promotion: The study revealed that there is insufficient information and promotion about the Seed Fund Scheme from the banks. Many eligible beneficiaries, including physicians, are not aware of the scheme or do not have adequate information to benefit from it, leading to underutilization of the scheme.

Physician-Specific Challenges

Physicians face unique challenges in accessing loans under the Seed Fund Scheme. High student loan debt, lack of business experience, and the stringent loan approval process tailored more towards traditional businesses are some of the reasons why the loan process is particularly challenging for physicians.

Table 1: Challenges in Loan Distribution

Challenges in Loan Distribution	Percentage of Respondents
Complex Process	85%
Time-Consuming	90%
Insufficient Information	75%
Multiple Required Documents	80%

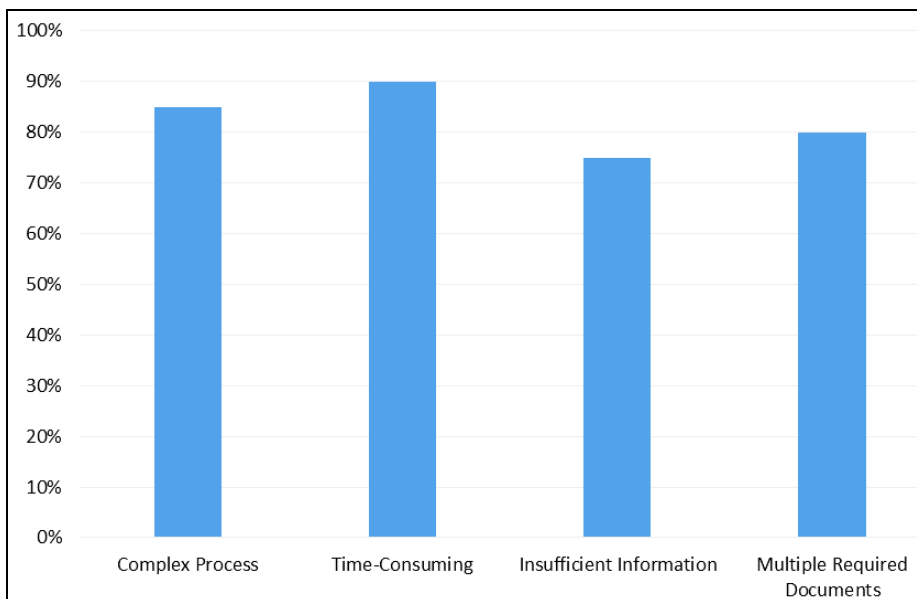


Fig 1: Percentage of Respondents

The study identified several key challenges faced by beneficiaries, especially physicians, in accessing loans under the Maharashtra Government's Seed Fund Scheme through nationalized banks. A significant 85% of respondents found the loan distribution process to be overly complex. This complexity arises from the need to navigate through numerous steps, including the submission of multiple documents, various levels of bank approvals, and compliance with stringent eligibility criteria. Additionally, 90% of respondents indicated that the process is excessively time-consuming due to lengthy documentation verification, multiple levels of approval, and delays in disbursement, leading to significant delays in accessing the funds. Furthermore, 75% of respondents expressed a lack of sufficient information and awareness about the Seed Fund

Scheme and its application process, resulting in underutilization of the scheme. Lastly, 80% of respondents faced challenges due to the requirement of submitting multiple documents, including financial statements, business plans, and personal identification documents, making the application process cumbersome and time-consuming. These challenges collectively highlight the need for streamlining the loan distribution process and increasing awareness and promotion of the scheme to enhance its effectiveness and utilization.

Recommendations

To enhance the effectiveness of the Seed Fund Scheme and increase its utilization, the following recommendations are proposed:

- i). Simplify and Expedite the Loan Distribution Process: Streamline the documentation requirements and approval process to make it more efficient and less time-consuming.
- ii). Increase Information and Promotion: Banks should actively promote the Seed Fund Scheme and provide comprehensive information to potential beneficiaries, including physicians.
- iii). Workshops and Training Programs: Offer workshops or training programs to equip physicians with the necessary skills and knowledge to navigate the loan application process successfully.
- iv). Tailor the Loan Approval Process for Physicians: Banks should consider tailoring the loan approval process to accommodate the unique needs and challenges of physicians, such as high student loan debt and lack of business experience.

Conclusion

The study concludes that the loan distribution process under the Maharashtra Government's Seed Fund Scheme through nationalized banks is complex and time-consuming, posing significant challenges for potential beneficiaries, including physicians. To enhance the effectiveness of the scheme and increase its utilization, it is essential to simplify and expedite the loan distribution process, increase information and promotion about the scheme from the banks, and reduce the number of required documents for beneficiaries to access the loans. Additionally, workshops or training programs could be offered to equip physicians with loan application skills, and the banks should consider tailoring the loan approval process to accommodate the unique needs and challenges of physicians.

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