

Evaluating the Role of MUDRA Bank in Shaping Business Operations: An Empirical Study of MSMEs in Lucknow district

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Abstract: The Pradhan Mantri MUDRA Yojana was instituted to foster financial inclusion by providing accessible credit to micro, small, and medium enterprises (MSMEs). Evaluating both its operational milestones and structural bottlenecks is essential to maximizing its regional economic efficacy. This study examines the operational achievements, and institutional barriers encountered by MSME beneficiaries following the implementation of the MUDRA scheme in the Lucknow district. The research utilizes an empirical approach, analyzing primary survey data collected from MSME respondents across the study area to evaluate internal management practices, credit accessibility, and external market vulnerabilities. The findings indicate that the MUDRA scheme serves as a powerful socio-economic driver, significantly reducing financial constraints, generating rural employment, mitigating household poverty, and fostering women's empowerment. However, severe institutional bottlenecks persist, characterized by extensive delays in loan sanctions, prolonged timelines for working capital limit approvals, political interference, and the restrictive presence of invisible cartels. Internally, a substantial share of enterprises face management challenges, including poor collection rates, involuntary expenditures, and post-COVID-19 market uncertainties. While the MUDRA Yojana successfully expands credit access and drives regional development, its long-term sustainable impact relies heavily on streamlining institutional bank authorization processes, eliminating bureaucratic delays, and training entrepreneurs to optimize resource utilization against volatile market trends.

Keywords: MUDRA Yojana, MSMEs, Operational Bottlenecks, Lucknow, Socio-Economic Development

1. INTRODUCTION

The theoretical foundations of growth of MSMEs, or micro, small, & medium-sized enterprises, are based on a range regarding financial theories, with an emphasis on entrepreneurship, innovation, and economic growth. The Entrepreneurship Ecosystem Theory is a well-known theory that says that MSMEs and other entrepreneurship endeavours may thrive in a financially supportive environment with enough infrastructure and a favourable regulatory framework.

Schumpeter's Theory of invention, another notable position, emphasizes the significance of invention in economic progress. This theory says that MSMEs, who are well-known for their flexibility and agility, act as creative destruction agents by introducing novel products, techniques, and technical improvements that drive economic progress. Furthermore, the firm's Resource-Based View (RBV) implies that the availability and smart use of resources, particularly financial capital, are crucial to organizational competitiveness and success. This approach emphasizes the importance of focused interventions to strengthen MSMEs' resource bases for long-term growth.[1]

MUDRA loans fit within a variety of theoretical frameworks that promote the growth of MSMEs. Mudra's financial resource provision aligns with the RBV theory, which recognizes capital availability as a critical resource for small enterprises. MUDRA thinks that by providing financial support, it would help MSMEs strengthen their



resource bases, allowing them to invest in productivity-boosting techniques and foster long-term growth. Furthermore, the Entrepreneurship Ecosystem Theory is consistent with MUDRA finance. MUDRA provides a variety of financial services to support a business-friendly environment, including term loans, working capital loans, and micro loans. The loans are meant to accommodate MSMEs' different financial needs, fostering an environment that encourages their development, growth, and stability.

The significance of giving access to credit is consistent with theoretical models highlighting the relevance of financial backing for MSMEs. However, a critical analysis is required to determine the inclusiveness of MUDRA loans. The theoretical basis that positions MSMEs as engines of job creation and economic growth creation lays the groundwork for evaluating the impact of MUDRA loans. A critical perspective examines the quality and sustainability of employment produced. Are MUDRA-funded firms contributing to solid livelihoods, or are there issues with the sorts of jobs created? MUDRA's emphasis on gender-inclusive growth is consistent with the acknowledgment of women entrepreneurs as a critical component of the MSME sector. A critical evaluation requires an analysis of the true influence on women's empowerment. Is MUDRA lending resulting in increasing participation and profitability for women-owned businesses, or are there still hurdles to gender inclusivity? The RBI's theoretical viewpoint emphasizes the necessity of managing resources in ensuring sustainability. A critical assessment entails analyzing how MUDRA manages the inherent risks connected to MSMEs, taking into account economic downturns and small company issues.[2] Is the risk management approach successful, and how does it affect the viability of MUDRA-funded initiatives?

Given the importance of fostering an entrepreneurial environment, a critical examination should include the challenges of putting policies into action. Important considerations include bureaucratic barriers, loan distribution delays, and policy response to changing economic conditions. How effectively does MUDRA tackle these challenges, and what needs to be done to ensure best practices in policy implementation? The theoretical foundations of MUDRA loans and MSME development serve as the framework for understanding the dynamics of small company growth.

However, in order to completely comprehend the intricacies and problems associated with MUDRA's impact, a critical assessment is required. The integration of MUDRA loans with entrepreneurial philosophies, as well as the emphasis on innovation and financial inclusion, serve as the foundation for a full review. By critically examining issues such as inclusion, employment quality, gender impact, risk management, and policy implementation problems, the research hopes to help MUDRA enhance its tactics and policies. The findings are likely to improve the theoretical foundations of MSME development and provide evidence-based solutions for long-term economic growth.

Finance is one of the most important aspects in reducing poverty and generating opportunities. Financial inclusion is a very valuable approach in India. Financial inclusion is the process of ensuring that all sectors of society, especially low-income and vulnerable populations, have access to basic financial services at a fair cost. The Government of India (GOI) has implemented a number of financial inclusion initiatives for small business owners, the weaker section, low-income groups, and micro enterprises, including the Pradhan Mantri Mudra Yojana (PMMY), Pradhan Mantri Jeewan Jyoti Beema Yojana (PMJJBY), Pradhan Mantri Jan Dhan Yojana (PMJDY), Atal Pension Yojana (APY), and Pradhan Mantri Surakhsha Beema Yojana (PMSBY), among others. [3]

The MSME sector, a vital part of Indian economy, currently accounts for roughly 45% of exporters and 44% of the country's GDP. Microenterprises, which account for more than 90% of all companies and 90% of jobs outside of agriculture, are a critical pillar of the Indian economy, ranking in the top two industries for job creation. Despite issues such as a lack of financial resources, poor market linkages, technical obsolescence, & so on, the sector continues to grow.[4]

As a result, MSMEs, particularly those engaged in entrepreneurial activity and self-employment at bottom of economic pyramid, must be included and included in any economic policy discussion decision-making, or reform, such as access to financing. Many obstacles prohibit small businesses from doing their duties efficiently. Obtaining capital is one of the industry's primary challenges. Access to funding, gaps in knowledge, skill development, infrastructure, policy advocacy requirements, data asymmetry, lack of growth perspective, lack of market

development/making, and entry-level technology are the primary challenges that the nation's MSMEs confront. The bulk of non-corporate enterprises are unregistered. They are not legally required to pay taxes and do not keep reliable financial records. As a result, banks find it difficult to make loans to them. The majority of this business lacks access to external finance. PMMY aims to bank the unbanked. PMMY's purpose is to help firms in the aforementioned categories through the Micro Units Promotion and Lending Agency (MUDRA) Bank.

Narendra Modi, prime minister launched PMMY initiative on April 8, 2015. Farmers and micro businesses can get loans of up to Rs 10 lakhs from any bank, including public banks (Allahabad Bank, Andhra Bank, Bank of Baroda, Bank of India, Bank of Maharashtra), private banks (ICICI Bank, Karnataka Bank, KarurVysya Bank, India Ind Bank, HDFC Bank, and others), state cooperative banks (Andaman & Nicobar State Co-operative Bank Ltd.), foreign banks (Citi Bank), and non-banking banking organizations.[5]

The major purpose of this initiative is to promote and inspire enterprises to expand into new areas around the country. These loans are commonly referred to as micro-development and restructuring agency limited (MUDRA loans). To guarantee the success of this project, the Indian government has formed several MUDRA units around the nation to refinance banks, which then make these loans available to small loan borrowers. Their primary goal is to assist those seeking loans with financial concerns. The Pradhan Mantri Mudra Yojna (PMMY) has introduced three new programs: "Shishu," "Kishore," and "Tarun." These programs primarily aim to address the financial, growth, and development needs of micro enterprises while also making recommendations for future possibilities.[5]

2. LITERATURE REVIEW

Vijayalakshmi and Suseela Bharati (2012) state in their report that money is crucial for survival & development of SMEs. Admittance to funding enables SMEs to pursue profitable investments, expand their operations, & get access to cutting-edge technologies. As SMEs have been the green field for sustaining pioneering abilities, original company visionaries should be worked with by providing access to needed funding through the establishment of assurance reserves. Money should not only be perfect but also financially intelligent. [6]

Kumar and Joshi (2013) used Indian family units data from the 2009 Public Examples Review (NSS) to investigate the impact of the Mahatma Gandhi Public Regional Work Assurance Act (MGNREGA) on food intake, health security, job prospects, and pay age. A close examination of MGNREGA grantees and non-participants revealed that the program had a significant impact on recipients. They say that growing pay levels have resulted in increased food consumption, and that MGNREGA has had a positive influence on raising family food consumption, changing dietary patterns, and ensuring nutritional food security to India's destitute provincial families. [7]

Mahammad Shahid's (2016) article is an attempt to raise awareness of MUDRA Yojana & its primary aims. Additional information sources have been obtained in order to examine such facts. There aren't many opportunities to examine the PMMY conspiracy, which is still in its early stages. However, an effort has been made in this study to break out the item contributions and implementation of the strategy over the long term. Keywords: MFIs, PMMY, MSMEs, Mudra Bank, Independent work. [8]

R. Rupa's (2017) study aims to understand the MUDRA yojana and its relevance, to estimate its progress, and to investigate the example and quantity of credits provided to Tamil Nadu. To summarize, PMMY, a commendable government program to support company owners, would result in a dramatic revolution in the MSME sector. If the partner foundations continue to support the MUDRA yojana in the same way they did in 2015-16, MUDRA aims to achieve even greater success. [9]

Dr. C. Vijai's (2018) study focuses on the opportunities, benefits, & implementation of PMMY in India, particularly in Tamil Nadu. The MUDRA Yojana is India's most recent program to aid small and smaller specialty units. This concept has been modified to focus primarily on business people. This sort of plan will boost the prosperity of individuals who work in limited scope enterprises, which will have a big influence on the overall success of the economy. MUDRA as a monetary tool is largely considered as viable in its early stages throughout the country. This will result in major improvements and help to the formation of India. [10]

Venkatachalam & Simon (2019) spearheaded a focus on microfinance & lending access to rural & poor persons, as well as small company owners who are frequently cut off from financial framework owing to limited branch presence, or "Last Mile Lenders" of small/miniature enterprises. Valuing MUDRA, creators stated that banks should step up and contact new trailblazers, counsel them, , whenever possible, interface them with their various clients to assist with market development, as the MUDRA's primary job is to connect creative individuals and effective. [11]

Prabaharan (2020) examined the role of SBI in new business owners & level of client awareness of SBI Business Advances in Srivilliputhur Taluk. The present review has led to an understanding of important and optional information. Essential information was acquired through a survey and carefully broken down using quantifiable procedures such as rate investigation and weighted average method. The advantageous investigating technique used 75 current record SBI consumers who are working in Madurai city as a test. The research concluded that State Bank of India provides several advance programs for new and existing businesses or business visionaries. However, a significant number of financial professionals claim current account holders are unaware of the credit options available at State Bank of India. The assessment 38 advised that the broker make an immediate step to attract the attention of money managers or leaders in business. [12]

According to Narayan S. Ghanti and Sachin S. Hiremath (2021), serious issues faced by private companies or small businesses include a lack of data, monetary ignorance, a lack of monetary access, and innovation barriers. To assist these ventures, the Government of India established the PMMY conspire in 2015, which provides security credits to produce business. The Plans have been helpful in providing loans & financial assistance to MSMEs sector. Similarly, it was shown that more than 91 percent of MUDRA advances disbursed in Shishu plot are less than Rs.50000. In order to shed light on these challenges, it is critical to investigate & assess effectiveness of PMMY. This research will attempt to understand situation as MUDRA evolves. Like SHISHU, KISHOR, and TARUN. It analyzes bank's monetary execution, the decrease in unemployment rate, and the amount dispensed by the PMMY. [13]

Varuna Agarwala, Sudarshan Maity, and Tarak Nath Sahu's (2022) current assessment, based on 417 female grantees from ancestral areas of West Bengal India, investigates how monetary assistance has aided women in their financial growth. It evaluates the plan's impact in terms of women's employability and strength levels. To analyze the data, the assessment uses the requested strategic relapse, Wilcoxon Sign test, impact size, and so on. The findings indicate that microcredit provided under the MUDRA Yojana benefits female entrepreneurs by increasing profitability and job readiness while empowering them socially, financially, intellectually, and politically. These research' findings lend credence to the idea that women may be "dynamic problem solvers" who play essential roles in both the home and society. Puja Kumari, Bharat Kumar Mehe, Ramona Birau, Archway & Lal Verma, and Suman Sagar [14].

Petre Valeriu Ninulescu (2023) On April 8, 2015, the Public Authority of India launched MUDRA (Miniature Units Advancement & Renegotiate Organization) Plan to provide financial assistance & support to MSMEs. Regardless, the district has a favoured critical area and abundant assets, including fortes of production from each state. Individuals in the district will undoubtedly gain from harnessing available resources and growing the MSME. As a result, purpose of this research study is to critically evaluate the manifestation of the MUDRA conspiracy in India from the beginning. Furthermore, the study proposes to examine the state-specific number of records and dispensing sums under Shishu, Kishore, and Tarun under the MUDRA Plan in each of India's seven Northern Eastern provinces. [15]

Pallavi M et al.'s (2024) study article examines impact of Pradhan Mantri Mudra Yojana (PMMY) in encouraging sustainable business among women in Amravati District, Maharashtra. The PMMY plan aims to increase financial inclusion and empower women entrepreneurs by offering access to microfinance. This study used a mix of methods, including quantitative surveys and qualitative interviewing, to assess the scheme's impact on financial health, firm performance, and socioeconomic advancement for female entrepreneurs. A sample of 200 female entrepreneurs who profited from PMMY was studied statistically, using Cronbach's Alpha for reliability testing and factor analysis utilizing KMO and Bartlett's tests. [16]

Santosh Kumar et al.'s (2025) work sought to investigate specifics of Mudra Yojana and financial incentives available to small companies. The government is launching a variety of measures to increase self-employment. But the primary question for self-employment is where to acquire money to establish a firm. To address this issue, on April 8 2015 Hon'ble Prime Minister Shri Narendra Modi introduced PMMY (PMMY) to promote self-employment and address the financial challenges faced by small & medium-sized businesses. Under Mudra Yojana, loans of up to 10 lacs were made available to non-agricultural micro and small industries, as well as non-corporate entities. Over the years, PMMY has grown in popularity. [17]

Mr Kamatchi Raja N et al. (2026). The data demonstrate that trend is generally improving, with both account & disbursement values increasing considerably, particularly in 2021-22 & 2023-24, indicating improved financial inclusion & entrepreneurial activity. A minor reduction in number of accounts in 2024–25, & amount of disbursement, suggests transfer to loans with a greater value. [18]

3. ANALYSIS

Table1: strategy to improve the productivity of MSMEs from MUDRA schemes

Parameters		SA	A	N	D	DS
Evade Repeated interruption in production and Non-Submission of data to bank	n	154	164	28	44	35
	%	36.24	38.59	6.59	10.35	8.24
Maintain consistent bank accounts	n	142	148	18	65	52
	%	33.41	34.82	4.24	15.29	12.24
Optimum utilization of capacity	n	137	153	23	58	54
	%	32.24	36.00	5.41	13.65	12.71
Prerequisite turnover of personal	n	152	193	28	28	24
	%	35.76	45.41	6.59	6.59	5.65
Clear outstanding salaries and P.F	n	155	179	33	30	28
	%	36.47	42.12	7.76	7.06	6.59
Maintain good industrial relations	n	147	174	32	42	30
	%	34.59	40.94	7.53	9.88	7.06
Enhance the technical competence	n	159	210	14	24	18
	%	37.41	49.41	3.29	5.65	4.24
Improve the operation al ratios	n	142	182	32	39	30
	%	33.41	42.82	7.53	9.18	7.06
Improve the quality of product and services	n	157	206	16	28	18
	%	36.94	48.47	3.76	6.59	4.24
Increases in the level of stock	n	128	143	26	76	52
	%	30.12	33.65	6.12	17.88	12.24

Source: Computed primary data

Table 1 depict that the view of the respondents on the techniques to work on the efficiency of MSMEs from MUDRA conspire. Almost 36.24 percent of the respondents emphatically consented to avoid rehashed break under way and Non-Accommodation of information to bank, 38.59 percent of them concurred about it, 6.59 percent of them said no assessment regarding it, 10.35 percent of them differ about it, and 8.24 percent of them unequivocally differ about it. Around 33.41 percent of the respondents firmly consented to keep up with predictable financial balances, 34.82% of them concurred of it, 4.24 percent of the respondents said no assessment regarding it, 15.29% of them differ about it, and 12.24 percent of them emphatically differ about it. Almost 32.24 percent of the respondents are unequivocally consented to the ideal use of limit, 36.00% of the respondents expressed concurred about it, 5.41 percent of them said no assessment regarding it, 13.65 percent of them differ about it, and 12.71 percent of the respondents firmly differ of it. Around 35.76 percent of the respondents firmly concurred the essential turnover of individual, 45.41 percent of them concurred the essential turnover of individual, 6.59 percent of them differ of it, and 5.65 percent of them unequivocally differ about it. Around 36.47 percent of the respondents emphatically concurred for clear exceptional compensations and P.F, 42.12% of them concurred about it, 7.76 percent of them said no

assessment regarding it, 7.06% of them differ of it, and 6.59 percent of them firmly differ about it. Almost 34.59 percent of the respondents firmly consented to keep up with great modern relations, 40.94% of the respondents expressed concurred of it, 7.53 percent of them said no assessment regarding it, 9.88% of them differ about it and 7.06 percent of them said unequivocally differ of it. Around 37.41 percent of them unequivocally differ to improve the specialized capability, 49.41 percent of them concurred about it, 3.29% of them said no assessment regarding it, 5.65 percent of them differ of it, and 4.24 percent of them firmly differ of it. Almost 33.41 percent of them unequivocally consented to work on the functional proportions, 42.82 percent of them concurred about it, 7.53 percent of them said no assessment regarding it, 9.18% of them differ of it, and 7.06 percent of them differ of it in the review region. Around 30.12% of the respondents said emphatically consented to increment in the degree of stock, 33.65 percent of them concurred of it, 6.12% of the respondents said no assessment regarding it, 7.18% of them differ of it, and 12.24 percent of the respondents unequivocally differ of it in the explored region.

Table 2: challenges of funds management

Parameters		SA	A	N	D	DS
Deliberate diversion of funds	n	125	138	33	73	56
	%	29.41	32.47	7.76	17.18	13.18
Poor collections	n	144	169	28	49	35
	%	33.88	39.76	6.59	11.53	8.24
Unplanned payments to creditors	n	129	159	41	52	44
	%	30.35	37.41	9.65	12.24	10.35
High Inventory	n	77	91	23	127	107
	%	18.12	21.41	5.41	29.88	25.18
Unproductive expenditure	n	153	160	28	45	39
	%	36.00	37.65	6.59	10.59	9.18
Delay in Sanction of loans	n	162	186	16	33	28
	%	38.12	43.76	3.76	7.76	6.59
Delay in sanction of working capital limits by bank	n	154	198	16	32	25
	%	36.24	46.59	3.76	7.53	5.88
Delay in implementation of project	n	138	170	33	50	34
	%	32.47	40.00	7.76	11.76	8.00

Source: Computed primary data

Table 2 portray the table shows that difficulties of assets the executives in the review region. Almost 29.41 percent of the respondents emphatically concurred conscious redirection of assets 32.47 percent of them concurred of it, 7.76 percent of them said no assessment regarding it, 17.18% of them differ of it and 13.18 percent of them said firmly different intentional redirection of assets. 33.88% of the respondents emphatically concurred unfortunate assortments of the enterprises after execution of MUDRA plot, 39.76 percent of the respondents are concurred about it, 6.59 percent of them no assessment on it, 11.53 percent of them expressed differ of it and 8.24% of them said emphatically different unfortunate assortment in the ventures. Almost 30.35 percent of the respondent's perspective said unequivocally concurred spontaneous installments in the ventures, 37.41 of them expressed concurred of it, 9.65 of them no assessment on it, 12.24 of the respondents expressed differ of it, and 10.35 of the respondents emphatically differ impromptu installments to the enterprises. Around 18.12% of the respondents said assessment unequivocally concurred high stock in the business, 21.41 of the respondents expressed concurred of it, 5.41 percent of them said no assessment regarding it, 29.88% of them concurred of it, and 25.18 percent of them emphatically differ of it. Almost 36.00% of the respondents said assessment firmly concurred uselessly consumption, 37.65% of the respondents firmly concurred of it, 6.59 of them said no assessment regarding it, 10.59 disagreed of it and, 9.18 percent of them said emphatically differ of it. Around 38.12 percent of the respondents said firmly concurred defer endorse in advance, 43.76 percent of them differ of it, 3.76 percent of them said no assessment regarding it, 7.76 percent of them expressed differ of it, and, 6.59 percent of them said unequivocally differ of it. Around 36.24 percent of the respondents said emphatically concurred defer in authorization of working capital cutoff points by bank, 46.59 percent of them expressed concurred of it, 3.76 percent of them said no assessment regarding it, 7.53 percent of them expressed differ

of it, 5.88 percent of them firmly differ of it. Almost 32.47 percent of the respondents said assessment unequivocally concurred defer in execution of task, 40% of them expressed concurred of it, 7.76 percent of them said no assessment regarding it, 11.76 of them expressed differ of it, 8.00% of them said firmly differ of it.

Table3:MUDRA bank schemes of the banks on the socio economic development

Parameters		SA	A	N	D	DS
Decrease the employment problem of rural area	n	155	196	30	24	20
	%	36.47	46.12	7.06	5.65	4.71
Decrease the poverty of the HH with additional income	n	160	190	35	23	17
	%	37.65	44.71	8.24	5.41	4.00
Invisible cartels inhibited to get loans including political interference	n	175	216	17	10	7
	%	41.18	50.82	4.00	2.35	1.65
The inspiration of program me to revitalize the knowledge	n	138	198	49	25	15
	%	32.47	46.59	11.53	5.88	3.53
Enriched number of women entrepreneurs under the scheme entails empowerment	n	151	210	28	22	14
	%	35.53	49.41	6.59	5.18	3.29
Decrease the financial constraints in entrepreneurial arena	n	158	193	44	19	11
	%	37.18	45.41	10.35	4.47	2.59

Source: Computed primary data

Table 3 depicts shows that the view of the respondents on MUDRA bank plans of the banks on the financial advancement in the review region. Almost 36.47 percent of the respondents said firmly concurred decline the business issue of rustic region, 46.12% of the respondents concurred of it and 7.06 percent of them had no assessment on it, no assessment on it, 5.65 percent of them expressed differ of it, and 4.71 percent of them said emphatically differ decline the work issue of country region. Around 37.65 percent of the respondents said unequivocally concurred decline the neediness of the family with extra pay, 44.71 percent of the respondents expressed concurred of it and 8.24 percent of them had no assessment on it, 5.41 percent of them expressed differ of it and 4.00 percent of them said firmly differ decline the destitution of the HH with extra pay. Around 41.18 percent of the respondents firmly concurred imperceptible cartels repressed to get credits including political impedance, 50.82% of them expressed concurred of it, and 4.00 percent of them had no assessment on it, 2.35 percent of them differ of it and 1.65 percent of them said unequivocally differ undetectable cartels restrained to get advances including political obstruction. Almost 32.47 percent of the respondents said firmly concurred the motivation of program to renew the information, 46.59 percent of them concurred about it, 11.53% of them said no assessment regarding it, 5.88% of them expressed concurred about it, and 3.53 percent of them emphatically concurred about it. Around 35.53 percent of the respondents said emphatically concurred improved number of ladies business visionaries under the plan involves strengthening, 49.41 percent of the respondents expressed concurred of it, 6.59 percent of them had no assessment on it, 5.18% of them differ about it, 3.29% of them unequivocally differ advanced number of ladies business people under the plan involves strengthening in the plan. Almost 37.18% of the respondents said firmly concurred Lessening the monetary requirements in pioneering field, 45.41 percent of them expressed concurred of it, 10.35 percent of them had no assessment on it, 4.47 percent of them differ about it, 2.59% of them said emphatically differ decline the monetary limitations in enterprising field in the researched region.

Table 4: problems / challenges of MSMEs in the changing business environment

Parameters		SA	A	N	D	DS
Post COVID 19consequences	n	113	176	61	40	35
	%	26.59	41.41	14.35	9.41	8.24
Huge repercussions and uncertainty of market	n	124	149	51	56	45
	%	29.18	35.06	12.00	13.18	10.59
Lack of financial support in time and also inflexibility in repayment	n	136	178	44	35	32
	%	32.00	41.88	10.35	8.24	7.53
More risky investment and felt apprehensive	n	138	192	36	31	28

	%	32.47	45.18	8.47	7.29	6.59
Invisible caste cartels	n	135	189	40	35	26
	%	31.76	44.47	9.41	8.24	6.12
Confronting conflicts in the business units	n	141	205	39	24	16
	%	33.18	48.24	9.18	5.65	3.76
Facing the problem in Marketing	n	142	226	30	17	10
	%	33.41	53.18	7.06	4.00	2.35
Operational constraints including shortage of skillful employees	n	175	220	15	8	7
	%	41.18	51.76	3.53	1.88	1.65

Source: Computed primary data

Table 4 shows that the Issues/difficulties of MSMEs in the changing industry climate in the explored region. Almost 26.59 percent of the respondent's viewpoint said that emphatically concurred post Corona virus results in miniature ventures, 41.41 percent of the respondents expressed concurred of it, 14.35 percent of the respondents of them had no assessment on it, 9.41 percent of them expressed differ about it, and 8.24 percent of them said firmly differ Post Corona virus outcomes. Around 29.18% of the respondents unequivocally concurred enormous repercussions and vulnerability of market, 35.06 percent of the respondent concurred of it, 12.00% of the respondents said no assessment regarding it, 13.18% of them differ about it, 10.59 percent of them said firmly differ of immense repercussions and vulnerability of market in the business. Almost 32.00% of the respondent's viewpoint said that firmly concurred absence of monetary help in time and furthermore rigidity in reimbursement, 41.88 percent of them expressed concurred of it, 10.35 percent of them said no assessment regarding it, 8.24 percent of them expressed differ about it, and 7.53 percent of them unequivocally differ absence of monetary help in time and furthermore resoluteness in reimbursement. Almost 32.47 percent of the respondents said that assessment emphatically concurred more dangerous speculation and felt fearful, 45.18% of them concurred of it, 8.47 percent of them had no assessment on it, 7.29% of them assessment differ about it, 6.59 percent of them more hazardous venture and felt anxious in this plan. Almost 31.76 percent of the respondent's viewpoint said emphatically concurred imperceptible position cartels, 44.47 percent of the respondents concurred of it, 9.41 percent of them had no assessment on it, 8.24 percent of them differ about it, 6.12 % of them said unequivocally differ of it. Almost 33.18 percent of the respondent's perspective firmly concurred standing up to clashes in the specialty units, 48.24 percent of them expressed concurred about it, 9.18% of them had no assessment on it, 5.65 percent of them differ of it, and 3.76 percent of them unequivocally differ of it. Around 33.41 percent of the respondent's viewpoint said that emphatically concurred dealing with the issue in promoting, 53.18 percent of the respondents expressed concurred of it, 7.06% of them had no assessment on it, 4.00% of them differ of it, and 2.35 percent of them firmly differ about it. Almost 41.18 percent of the respondents said that assessment emphatically concurred functional limitations including deficiency of talented representatives, 51.76 percent of them expressed concurred of it, 3.53 percent of them had no assessment on it, 1.88% of them differ of it and 1.65 percent of them said firmly differ functional imperatives remembering lack of capable workers for the explored region.

4. HYPOTHESES TESTING

H0: There is no influence of business environment in influencing the repayment of the MUDRA Loans of selected MSMEs across the study area.

Table5: model fit

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.766(a)	0587	0.585	7.24	1.03

A. Predictors: (Constant) under/ non-financing in time, Low income generation, Mismanagement of funds, Non-cooperation by Govt. agencies, Defective project appraisal

B. Dependent Variable: Challenges in repayment of loans

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n$$

Y= dependent

X=Predictors

R² and adjusted R² of the model are greater than 0.5. Hence the regression model is good prediction

Table 6: ANOVA for independent variables

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	146.6	4	36.65	6.06	.000(a)
	Residual	2546.4	421	6.05		
	Total	2693.0	425			

A. Predictors: (Constant) under/ non-financing in time, Low income generation, Mismanagement of funds, Non-cooperation by Govt. agencies, Defective project appraisal

B. Dependent Variable: Challenges in repayment of loans

Table 7: coefficients for independent variables

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
Challenges In Repayment of loans	2.12	5.41	.0	0.39	.697NS
Under/non-financing in time	2.15	1.35	.15	1.59	.112NS
Low income generation	1.34	3.15	.45	0.42	.671NS
Mismanagement of funds	1.26	1.52	.15	0.83	.408NS
Non-cooperation by Govt. agencies	2.55	3.63	.23	0.70	.483NS
Defective Project Appraisal	0.66	3.45	.36	0.19	.848NS

A. Predictors: (Constant) under/ non-financing in time, Low income generation, Mismanagement of funds, Non-cooperation by Govt. agencies, Defective project appraisal

B. Dependent Variable: Challenges in repayment of loans

$=\beta_0 + \beta_1$ (Under/ non-financing in time) $+\beta_2$ (Low income generation) $+\beta_3$ (Mismanagement of funds) $+\beta_4$ (Non-cooperation by Govt. agencies) $+\beta_5$ (Defective project appraisal)

"A multiple linear regression analysis was conducted to determine the individual predictive impact of six operational challenges on the dependent variable (N = 425). The regression coefficients revealed that none of the hypothesized factors emerged as statistically significant predictors of the outcome. Specifically, challenges in loan repayment (B = 2.12, t = 0.39, p = .697), untimely or under-financing (B = 2.15, t = 1.59, p = .112), low income generation (B = 1.34, t = 0.42, p = .671), mismanagement of funds (B = 1.26, t = 0.83, p = .408), non-cooperation by government agencies (B = 2.55, t = 0.70, p = .483), and defective project appraisal (B = 0.66, t = 0.19, p = .848) all failed to reach statistical significance at the alpha = 0.05 level. Consequently, the null hypotheses for all evaluated independent variables are retained, indicating that these specific operational constraints do not exert a systematically reliable influence within the evaluated regression model."

5. CONCLUSION

The evaluation of MSME respondents in the Lucknow district highlights both operational achievements and systemic barriers following the MUDRA scheme implementation. On a positive note, the scheme has acted as a

powerful socio-economic driver, significantly reducing financial constraints, generating rural employment, and mitigating household poverty. It has notably fostered women's empowerment by increasing the number of female entrepreneurs and motivating business owners to upgrade their technical competencies and functional ratios. However, operational bottlenecks within institutional lending persist. A vast majority of beneficiaries report severe administrative challenges, specifically citing extensive delays in loan sanctions, prolonged timelines for working capital limit approvals, and project execution delays. Furthermore, external market vulnerabilities—including political interference, the restrictive presence of invisible cartels, and post-COVID-19 market uncertainties—continue to disrupt business stability. Internally, a substantial share of enterprises face ongoing management issues, such as poor collection rates, involuntary expenditures, and the conscious redirection of funds. Ultimately, while the MUDRA Yojana succeeds in expanding credit access and driving regional development, its long-term efficacy relies heavily on streamlining bank authorization processes, eliminating bureaucratic delays, and training entrepreneurs to optimize resource utilization against volatile market trends.

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