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Research Article

A Study on the Effectiveness of Government Credit Initiative in Promoting Business Development in Bihar

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Abstract

This study looks into how well government loan programs in Bihar, India, support the development and expansion of entrepreneurship. Four goals guide the research: assessing entrepreneurs' awareness and accessibility of government credit programs; analysing their influence on business growth; comparing the performance of beneficiaries and non-beneficiaries; and analysing beneficiary satisfaction and utilization challenges. 264 entrepreneurs participated in a quantitative survey, and data were analysed using partial least squares structural equation modelling (PLS-SEM), chi-square tests, t-tests, and descriptive statistics. The results show that although there is a moderate level of awareness regarding government loan programs, recipients report more growth and financial stability than non-recipients. But issues including lack of follow-up support, limited outreach, procedural delays, continue to be major problems. The report emphasizes that although loan programs are essential for fostering entrepreneurial success, their full potential is constrained by gaps in outreach and implementation. The results add to body of knowledge on financial inclusion and the growth of SME's and offer policy suggestions for improving the availability, sufficiency, and the application of government lending programs.

Keywords: Government Loan Programs, Entrepreneurship Development, Awareness, Beneficiary vs non- beneficiary, Implementation, Business Growth.

1. Introduction:

Small and Medium-sized enterprises(SME's) are widely recognized as being important drivers of employment creation and economic growth. In developing countries like India, The Government lending programs aim to promote entrepreneurship and bridge the gaps in financial inclusion. Bihar, one of India's less developed states, provides a unique environment with plenty of opportunity for entrepreneurs, but the absence of Institutional Finance significantly restricts it.

Despite Initiatives such as Mukhyamaktri Udyami Yojna, Credit Linked Capital Subsidy Scheme(CLCSS), Start-Up Bihar, and the Credit Guarantee Fund Trust for Micro and Small enterprises (CGTMSE). These programs lessen the financial strain on aspiring business owners and current business units by offering a combination of Interest-free Loans, capital subsidies, margin money Help, and credit guarantees. Even while special provisions are created for minorities, women, youth, and people with disabilities, guaranteeing inclusive growth, entrepreneurs nevertheless face challenges related to awareness, accessibility and execution. Prior Research has shown that whole loans aid in business growth and poverty alleviation, their accessibility is sometimes restricted by complicated procedures and lack of financial literacy

Businesses in Bihar still have trouble efficiently obtaining financing, even with existence of both federal and state-level credit programs. The impact of these programs is frequently hampered by lack of understanding, bureaucratic hold-ups, inadequate scheme outreach, financial institutions limited

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capabilities which hamper effectiveness of credit scheme. It is very important to research the function of state government credit programs in Bihar for a number of reasons- Evaluation of Policies, Economic Growth, Social Inclusion, and Real-World Consequences.
Accordingly, this study has four objectives:
1.To evaluate the extent of awareness and accessibility of government credit schemes among entrepreneurs in Bihar.
2.To examine the impact of government credit initiatives on financial performance and business growth.
3.To compare the performance of government-supported businesses with non-beneficiaries.
4.To analyse beneficiary satisfaction and challenges faced in utilization of credit schemes.

2. Literature Review

Using cross-country firm-level survey data and econometric analysis, the study found that SMEs consistently report lack of finance as a key growth constraint. Beck, T. and Demirguc-Kunt, A. (2006) Through a descriptive and secondary data based study of government reports, the paper assessed policy initiatives for MSMEs in India. The study found that although government assistance has created more opportunities, procedural complexity and a lack of awareness continue to be obstacles. Pawan Kumar Gupta (2023). Using primary data from North-East India, the study evaluated the Credit Guarantee Scheme's effectiveness. It came to the conclusion that although the program increased financing for SMEs, its full impact was limited by low awareness levels. R. Das (2016). The study looked at credit rating practices' role in financing SMEs in India using a policy analysis and a case-based review. It concluded that stronger credit rating frameworks could help bridge financing gaps by reducing information asymmetry. Shankar, S (2019). Using a conceptual analysis of the Green Credit Programmed in India, the paper explored its potential to incentivize environmentally positive actions. The author concluded that the scheme has promise but requires careful implementation and monitoring to ensure effectiveness. Kumar, S (2024). Based on the survey data and regression analysis, the study investigated Stand-Up India's role in women's empowerment and employability. Kaushik, S. and Singh, D. (2025). Using a historical and policy review approach, the study analyse the evolution and performance of India's agricultural credit system. It came to the conclusion that although outreach increased, effectiveness is still limited by inefficient delivery and improper funding allocation. Gulati, A. and Juneja, R. (2019 The study looked at credit utilization trends in India using household-level data and an econometric approach. The findings demonstrated the importance of formal credit access in reducing poverty and increasing income. Singh, J., Sharma, D. and Batra, G.S. (2023). Through a global review of credit guarantee schemes, the study assessed their effectiveness in supporting small enterprises.Samujh, R.-H., Twiname, L. and Reutemann, J. (2012).Using a policy analysis and secondary data review, the study examined the interlinkages between agricultural marketing and rural credit in India. Acharya, S.S. (2006). The study examined MSME challenges in Bihar using secondary data and state-level analysis. It found that the largest obstacles are a lack of infrastructure and funding, although there are opportunities in agro-based industries. Kumar, R. (2018). The study looked at government credit programs for female entrepreneurs using statistical analysis and an empirical survey. Khan, H., Hussain, F. and Mazhar, S.S. (2024). The study examined the function of self-help groups (SHGs) in rural economic development in Bihar using survey-based research. Kumari, S. (2023)

3.Methodology

A Structured Questionnaire was prepared to gather primary data from entrepreneurs in several Bihar districts, a standardized questionnaire was created. To guarantee representation of both government credit plan recipients and non-beneficiaries, a stratified random sample technique was employed. Entrepreneurs from a variety of industries, including manufacturing, services, and trade, made up the final sample. Digital forms and in-person surveys were used to collect data. Both descriptive and

inferential statistical techniques were used to analyse the data. The levels of awareness, accessibility, and satisfaction were compiled using descriptive analysis. Inferential methods included independent samples t-tests (to compare beneficiary and non-beneficiary firms), A PLS-SEM model analysis was done to analyse the reliability of the model and multiple regression analysis (to identify determinants of company performance), and the Chi-square test (to investigate the relationship between awareness and accessibility). Cronbach's Alpha was used to verify the scales' reliability and ensure internal consistency and descriptive statistics shows the significance of satisfaction among entrepreneurs.

4. Data Analysis with results:

Objective 1: To evaluate the extent of awareness and accessibility of government credit schemes among entrepreneurs in Bihar.

The first objective focuses on determining how well-informed and easily accessible government credit programs are among Bihar's business owners. We can determine whether or not entrepreneurs are aware of loan schemes and how easy it is to get them by analysing the effects of their knowledge and accessibility. The initial goal was to assess how well-informed and easily accessible government loan programs were to Bihar's business owners. Three degrees of reactions were measured using frequency analysis (low, medium, high).

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Awareness score	264	1.00	5.00	3.16	.938
Accessibility score	264	1.00	5.00	3.19	.882
Valid N (listwise)	264				

According to Table no 1, Accessibility items (access1-access5) have mean scores ranging from 3.03 to 3.37, whereas awareness items (aware1-aware5) have mean scores ranging from 2.98 to 3.36. These Figures suggest that respondents indicated a moderate level of awareness and accessibility with relation to the impact on business development, as the means are somewhat over the scale mid-point. Both averages support the respondents' moderate perceptions. The standard deviations of the awareness items (1.10-1.31) and accessibility items (1.06-1.18), which demonstrate some variation in perceptions but no significant difference, suggest that entrepreneurs have a moderate level of awareness and accessibility. This suggests that a sizable percentage of respondents either lean toward low or high scores, even though the majority are in the middle. A clearer picture is given by the composite scores. The average score for accessibility was 3.20 (SD=0.88), and the average score for awareness was 3.17 (SD=0.94). It’s interesting to note that accessibility is scored somewhat higher than awareness, indicating that respondents might think that it’s a little simpler to obtain the possibilities or services than to fully understand them. Overall, the result highlight a perception of awareness and accessibility that is balanced but not particularly favourable. The necessity for focused efforts to enhance these dimensions and guarantee more uniform and widespread responder experiences is further highlighted by the moderate variability.

Table 2: Awareness Frequencies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	53	20.1	20.1	20.1
	2.00	114	43.2	43.2	63.3
	3.00	97	36.7	36.7	100.0
	Total	264	100.0	100.0	

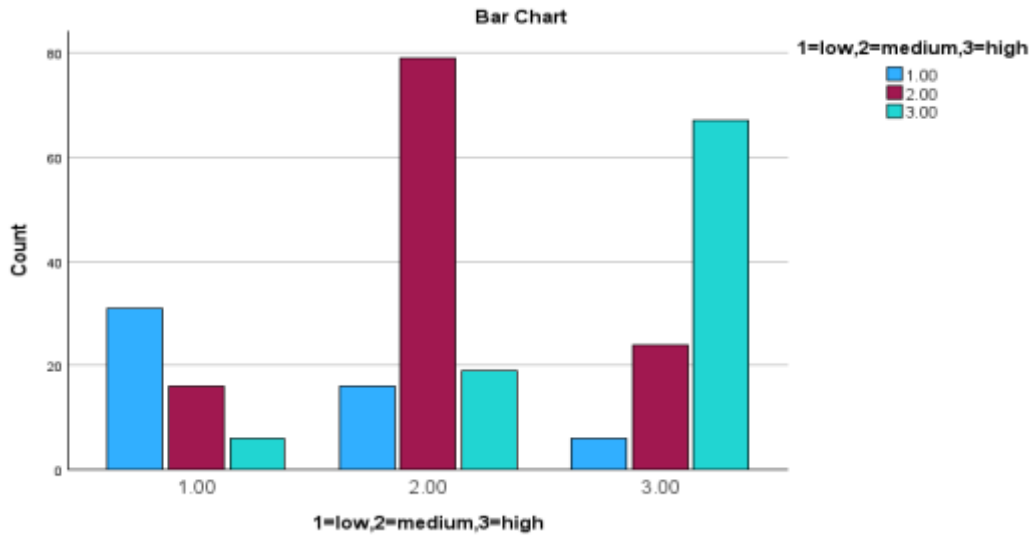


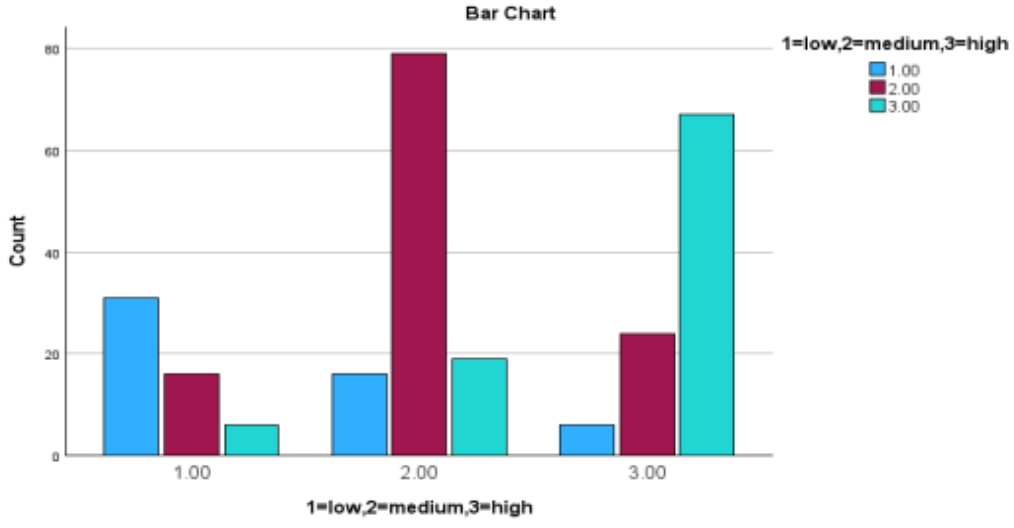
Figure 1: Awareness Frequencies

According to Table 2 and Figure 1, The majority of responders (43.2%) are classified as medium, while 36.7% are classified as high. Low awareness was noted by just 20.1%. 43.2% of respondents, 36.7% of whom fall into the high category, and 20.1% of whom fall into the poor category, according to the results of awareness. This implies that a significant minority of entrepreneurs are still ill-informed about such schemes, even though a sizable portion of them have a moderate or high level of awareness. In general, entrepreneurs are somewhat to highly aware of credit schemes. The purpose of the bar chart is to illustrate the degree of awareness among Bihar's entrepreneurs. In contrast, Figure 1 shows the Awareness Frequencies through a clustered bar chart that explains the variation in entrepreneurs' awareness levels.

Table 3 Accessibility Frequencies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	53	20.1	20.1	20.1
	2.00	119	45.1	45.1	65.2
	3.00	92	34.8	34.8	100.0
	Total	264	100.0	100.0	

Figure 2 – Accessibility Frequencies



According to Table 3 and Figure 1, About one-third rated great accessibility (34.8%), whilst the majority claimed medium accessibility (45.1%). Although not universal, access is quite accessible. Just 20.1% of the population still has limited accessibility. Although slightly different, the distribution for accessibility is rather similar: 20.1% rated low accessibility, 34.8% reported good accessibility, and 45.1% reported medium accessibility. This shows that one-fifth of entrepreneurs still suffer low accessibility obstacles, despite the fact that the majority may use government financing schemes at least moderately. The bar graph illustrates how easily accessible government loan programs are to Bihar's business owners. In the context of Bihar, this is vital. Agriculture, small-scale businesses, and microenterprises are the main drivers of the state's economy, which has historically fallen behind in terms of industrialization (Kumar, 2018). Due to their ignorance of conventional financing options, many business depend on unofficial source of funding. To bridge this gap, the government created initiatives such as Credit Guarantee Fund Trust for Micro and Small Enterprises(CGTSME), Start-Up Bihar, and Mukhya Mantri Udyami Yojna (MMUY). However, complete outreach has been blocked by insufficient awareness campaigns, low financial literacy, and complicated proceduresA clustered bar chart explaining the accessibility level among entrepreneurs is used in Figure No. 2 to illustrate the accessibility levels.

Table-4 Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	128.529[a]	4	<.001
Likelihood Ratio	117.204	4	<.001
Linear-by-Linear Association	83.677	1	<.001

Chi- Square Test Analysis:

According to Table no. 4, The chi-square test results show that the differences between the accessibility and awareness levels are not random ($\chi^2 = 128.529$, df = 4, $p < 0.001$), and the distributions are statistically significant (Table No. 4). Furthermore, accessibility and awareness have a comparatively strong positive correlation, according to the correlation analysis (Pearson's R = 0.564; Spearman's rho = 0.567; $p < 0.001$). In other words, accessibility to government programs tend to grow along with increased awareness about them. The results demonstrate that despite the limited success of government initiatives, there are still large gaps in knowledge and accessibility. Generally speaking, schemes are available to entrepreneurs who know about them; those who don't are immediately excluded from the advantages. This demonstrates the interdependence of information exchange and actual loan program utilization. The fact that 20% of respondents lacked sufficient accessibility and comprehension is concerning, especially in Bihar, where entrepreneurship is essential to local development but commonly encounters barriers due to capital constraints and financial marginalization.

According to the research, almost 80% of Bihar's entrepreneurs exhibit sufficient policy outreach by being at least moderately accessible and aware of government lending programs. Nonetheless, a notable policy gap is highlighted by the steady presence of about one-fifth of respondents with poor accessibility and little knowledge. To close this gap and guarantee fair access to government credit programs, it would be crucial to support financial literacy programs, awareness campaigns, and last-mile scheme delivery. Financial literacy should be increased, scheme procedures should be made simpler, and awareness campaigns should be stepped up in order to bridge this gap and ensure that government loan programs fulfill their declared goal of encouraging inclusive entrepreneurial development in Bihar.

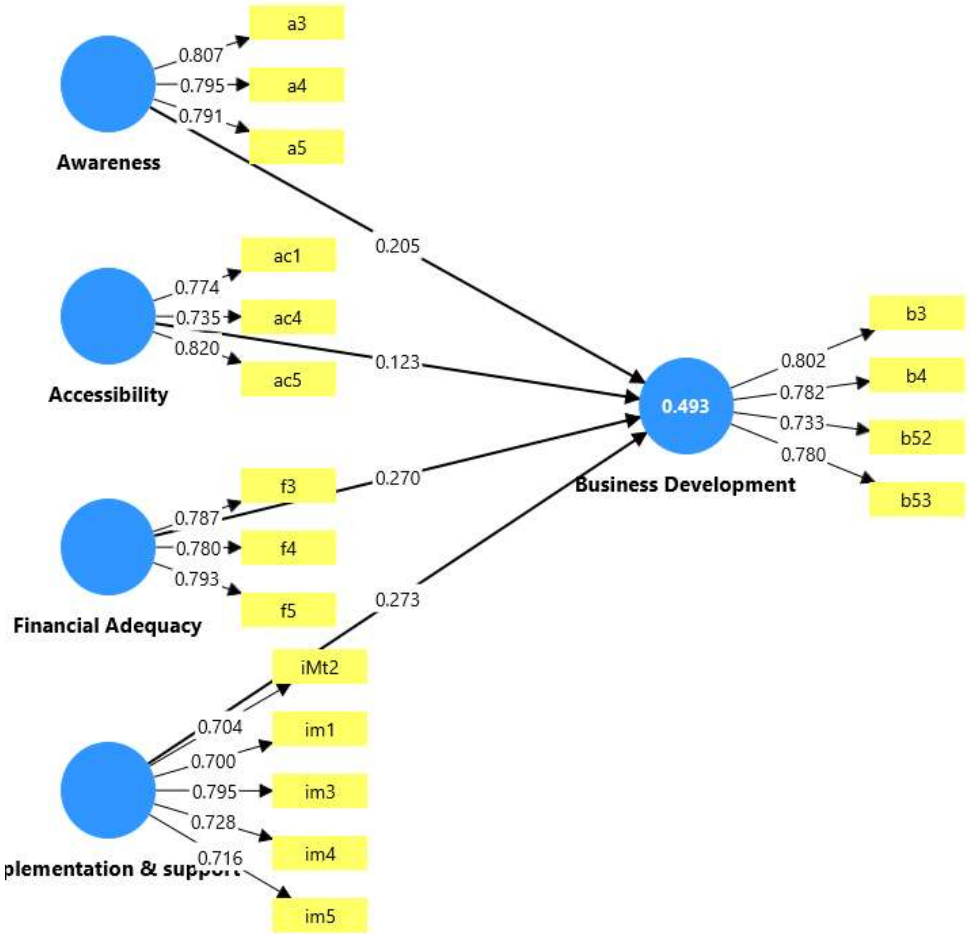
Objective 2: To examine the impact of government credit initiatives on the financial performance and growth of businesses in Bihar

This goal focuses on how government lending programs affect Bihar's corporate development. This study will describe how the development of businesses is affected by awareness, accessibility,

financial sufficiency and assistance, and the use of government loan programs. The state has fundamental financial constraints: weak industrial finance infrastructure, dependence on agriculture (employing ~70% of workforce), and reliance on informal moneylenders. Accessible credit for underprivileged populations is the goal of government credit programs like CGTMSE (collateral-free loans for MSMEs), Stand-Up India (cantered on SC/ST and women entrepreneurs), and PMMY (small-ticket loans up to ₹10 lakhs). The findings demonstrate that these programs greatly increase working capital, expansion potential, and shock resistance for companies that use them.

Deeper understanding of the effects of government loan programs was made possible by the multiple regression analysis. With R2 = 0.493 and Adjusted R2 = 0.485, the model showed a strong fit, meaning that my independent variables—awareness, accessibility, finance, and implementation—could account for roughly 61.7% of the variance in business performance, while the dependent variable for the regression analysis is business development.

Figure 3 Government Credit Schemes affecting Business Development



According to Figure no.3, To assess the influence of the Government Credit Initiative (Awareness, Accessibility, Financial Adequacy, Implementation, and Support) on business development, a partial least squares equation modelling (PLS-SEM) analysis was conducted. The outside loadings in the figure above show the strength and direction of the associations. A comparatively stronger positive impact on business development is indicated by Financial Adequacy (β = 0.205) among the variables, while implementation and monitoring (β = 0.273) also exhibit a notable positive influence, highlighting the fact that better business outcomes are a result of efficient supervision and execution of Credit Initiatives. The outer loadings as shown in Figure no.3 of the construct have values above 0.70, which is above the threshold and suggest that the model is reliable and the constructs in the model (Awareness, Accessibility, Financial Adequacy, implementation and Business Development) are fit according to the study.

Table 5-PLS-SEM model fit analysis:

	Saturated model	Estimated model
SRMR	0.074	0.074
d_ULS	0.936	0.936
NFI	0.713	0.713

Table No. 5 shows The PLS-SEM analysis's findings revealed favourable model fit indices:
An SRMR OF 0.074, below the cut-off of 0.08 SRMR, tells us that the model is a reliable fit. The NFI OF 0.713 suggests that the NFI is greater than the benchmark of 0.70 confirming adequacy. The PLS-SEM Model states that the the constructs in the model are reliable and the model is positively accepted. Financial Adequacy is confirmed by the NFI which is 0.71, higher than the cut-off of 0.70. The SRMR value falling below the 0.08 barrier and the NFI surpassing the benchmark of 0.70 thus indicate that the model exhibits acceptable to good fit. The robustness of the estimation is further supported by the fact that the discrepancy measures (d_ULS and d_G) likewise fall within acceptable bounds. These findings support the study's structural model's suitability for examining the proposed connections among awareness, accessibility, financial sufficiency, implementation, and business development

Table-6 Regression Analysis

	R Square	R-Square Adjusted
BD	0.493	0.485

In Table no. 6, Business Development (BD) has an R-Square value of 0.493 (adjusted R-Square = 0.485), meaning that awareness, accessibility, financial sufficiency, and credit program implementation account for about 49% of the variance in business development. This illustrates how government lending programs and gains in company performance are strongly correlated. Having access to reasonably priced loans increases operating cash flow and makes it easier to diversify, reinvest, and lessen reliance on unofficial lenders. The approximately 50% explanatory power highlights the structural importance of government support for the expansion of SMEs in Bihar. The PLS-SEM findings demonstrated a good model fit (SRMR = 0.074, NFI = 0.713). About 49% of the variance in business development can be explained by awareness, accessibility, financial adequacy, and the execution of credit schemes, according to the R2 value for business development, which was 0.493 (adjusted R2 = 0.485). This illustrates how credit tactics have a big influence on business success. Working cash availability is directly facilitated by government loan initiatives, which also reduce dependence on unofficial lenders. Regression research unequivocally demonstrates that government loan programs have a major influence on the financial performance and expansion of Bihar's enterprises.
When taken as a whole, the components account for 49.3% of the variation in business development. The strongest and most important contributors among the four predictors are implementation support and financial adequacy. Accessibility and awareness are crucial at the descriptive level (Objective 1), but once implementation and funding are under control, they are not a reliable indicator of growth.

Objective 3: To compare the performance of government-supported businesses with non-beneficiary enterprises in Bihar

The Aim of the objective is to compare the performance of Bihar's government-supported businesses, or beneficiaries, with those of non-beneficiaries. This comparative analysis will help us determine which enterprise type is more suitable for business in Bihar and provide insight into how well these two groups performed. To compare the performance of two groups (beneficiary vs non- beneficiary) and impact of credit initiative on Bihar’s business development, an independent sample t-test was conducted to compare their performance. Government Credit support is a important factor in determining whether growth occurs in Bihar which has the lowest per capita income in India. Globally, credit guarantee programs improve the competitiveness and survival of SMEs.

Table 7 Independent sample T-Test

Group Statistics					
	Status of Credit Availment	N	Mean	Std. Deviation	Std. Error Mean
Business score	1	135	3.47	.906	.0784
	2	129	2.90	.926	.0813

Independent Samples Test business score								
		t-test for Equality of Means						
		t	df	Significance		Mean Difference	Std. Error Difference	95% CI
				One-Sided p	Two-Sided p			Lower	Upper
	Equal variances assumed	5.053	262	<.001	<.001	.570	.112	.347	.792
	Equal variances not assumed	5.051	260.8	<.001	<.001	.570	.112	.347	.792

Independent Samples Effect Sizes					
		Standardizer[a]	Point Estimate	95% Confidence Interval	
				Lower	Upper
business score	Cohen's d	.916	.622	.374	.869
	Hedges' correction	.918	.620	.373	.866
	Glass's delta	.926	.616	.362	.867

According to Table no. 7, To compare business success between companies who used government loan programs and those that didn't, t-tests were conducted. In comparison to non-beneficiary which have a mean of 2.91 and SD of 0.93, the business score of beneficiary have a mean of 3.48 and SD of 0.91 which is substantially higher in the results. Statistical significance is obtained by the mean difference of 0.57 ($t(262)=5.05, p>0.0001$). The magnitude of the difference was also determined by calculating the effect size. With a huge effect size of Cohen's $d = 0.91$, it appears that enterprises with government help outperform those without. This demonstrates how availability of financing programs enhances the expansion and effectiveness of businesses (Raghu & BS, 2024; R. S. and S. B. S, 2025; Varshith V Shetty, Chandan T, 2021). Because government lending programs are linked to better business performance levels among recipient firms as opposed to non-beneficiaries, the findings thus confirm the goal. This outcome demonstrates the revolutionary impact of programs like MMUY and CGTMSE, which offer loans without collateral, so removing one of the main obstacles that Bihar's entrepreneurs face: a lack of assets to pledge as security. Even modest finance infusions can assist rural and semi-urban businesses procure raw supplies, modernize equipment, and stabilize cash flows. Statistical analysis confirms that beneficiary businesses significantly outperform non-beneficiaries in terms of business development scores. Beneficiaries' mean score of 3.48 is significantly higher than that of non-beneficiaries mean score of 2.91, and the difference of 0.57 points is medium-to-large ($d = 0.62$) and highly significant ($p < 0.001$) (S. B. S & Sen Mazumdar, 2024; Sushma B S, 2020)(K Prajwal, 2024). These finding confirm that beneficiary business performs better than non-beneficiary business in Bihar. This provides strong evidence of the effectiveness of credit initiatives in promoting business performance and competitiveness in Bihar. Thus, credit-supported businesses in Bihar show better growth and performance outcomes, validating the effectiveness of government credit initiatives.

Objective 4: To analyze beneficiary satisfaction and challenges faced in the utilization of government credit schemes.

This objective focuses on the difficulties and happiness that the recipient has when using these credit programs. We will receive feedback from this investigation regarding the degree of difficulties encountered and whether or not using credit schemes results in beneficiary satisfaction. According to Table no.8, There was a significant difference ($t(262) = 4.83$, $p < 0.001$) between the

satisfaction scores of beneficiaries (M = 3.38, SD = 0.86) and non-beneficiaries (M = 2.89, SD = 0.80) according to an independent samples t-test. A significant disparity in satisfaction levels is indicated by the effect size (Cohen's d = 0.83), with beneficiaries expressing greater satisfaction with regard to financial access and scheme utility. By using or not using credit programs, this analysis helps us compare the satisfaction levels of beneficiaries and non-beneficiaries.

Table 8 Independent sample T-Test

Group Statistics					
	Status of Credit Availment	N	Mean	Std. Deviation	Std. Error Mean
satisfaction score	1	135	3.383	.860	.0740
	2	129	2.888	.802	.0704

Independent Samples Test satisfaction score									
		t-test for Equality of Means							
		t	df	Significance		Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
				One-Sided p	Two-Sided p			Lower	Upper
satisfaction score	Equal variances assumed	4.831	262	<.001	<.001	.495	.10253	.29345	.69721
	Equal variances not assumed	4.839	261.84	<.001	<.001	.495	.102	.293	.696

Beneficiaries of government credit schemes report higher satisfaction in terms of credit accessibility, financial adequacy, and business growth opportunities. **Non-beneficiaries**, in contrast, express lower satisfaction, highlighting gaps in awareness, accessibility, and procedural ease.

Table 9 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
satisfaction score	264	1.00	5.00	3.14	.867
Valid N (list wise)	264				

According to Table no.9**,** The descriptive statistics show an overall mean satisfaction score of 3.14 (SD = 0.87) on a 5-point scale, reflecting a moderate level of satisfaction among beneficiaries. The results indicate that beneficiaries of government credit schemes are significantly more satisfied compared to non-beneficiaries, and the difference is not only statistically significant but also practically meaningful (large effect size). This suggests that entrepreneurs who accessed credit schemes value the opportunities created—such as improved access to working capital, reduced dependence on informal lenders, and financial stability. However, since the overall satisfaction mean = 3.14 (moderate), which indicates that the entrepreneurs face moderate level of challenges while implementing credit schemes.

Table 10 Reliability analysis

Reliability Statistics	
Cronbach's Alpha	N of Items
.842	5

Case Processing Summary			
		N	%
Cases	Valid	264	100.0
	Excluded	0	.0
	Total	264	100.0
a. List wise deletion based on all variables in the procedure.			

According to Table no.10**,** The reliability test confirmed the satisfaction scale (α = 0.842). The overall satisfaction means of 3.14 (SD = 0.87) indicates moderate satisfaction. Beneficiary satisfaction was assessed using a satisfaction score variable. Reliability analysis of the five-item scale yielded a Cronbach's alpha of 0.842, indicating strong internal consistency and reliability of the satisfaction measure. This means entrepreneurs do recognize the value of access to formal credit, but the moderate average reflects persisting challenges. These include bureaucratic delays, high documentation requirements, delays in disbursement, and inadequate loan amounts. For instance, many small entrepreneurs in Bihar require working capital above the upper MUY threshold, forcing them to combine formal loans with informal credit (B. Uday Kiran Reddy, 2025; A. G. and S. B. S, 2025).
The greater satisfaction levels reported by recipients as opposed to non-recipients underscore the significance of government credit programs. However, the moderate average satisfaction shows that entrepreneurs still face challenges, particularly in the areas of accessibility, procedural barriers, and awareness gaps. This suggests that in order to increase scheme effect and improve satisfaction levels, policy changes that streamline procedures and broaden outreach—such as cutting paperwork, increasing disbursal capacity, and providing post-loan support—are necessary in improving the reach of credit schemes to more rural areas which will improve the awareness and accessibility gaps as well.

Discussion

The study's findings highlight both the advantages and disadvantages of Bihar's government credit initiatives. Although over one-fifth were still excluded, awareness of M = 3.16 and accessibility of M = 3.19 were found to be moderate, with approximately 80% of entrepreneurs expressing at least medium levels of participation. This result confirms earlier findings that knowledge shortages and financial illiteracy restrict the expansion of SMEs (Gupta, 2023; Beck & Demirgüç-Kunt, 2006). The PLS-SEM results confirmed that credit initiatives account for 49% of the variance in company development, demonstrating their substantial structural influence in an area where options are constrained by low industrialization and reliance on informal borrowing (Barney, 1991; Singh, Sharma & Batra, 2023).
Beneficiaries reported significantly better performance i.e. M = 3.48 than non-beneficiaries i.e. M = 2.91, with a significant effect size. A big influence, proving that initiatives like Stand-Up India, PMMY, and CGTMSE are crucial differentiators for Bihar's business performance. Beneficiaries' satisfaction remained moderate i.e. M = 3.14, despite being significantly higher, as evidenced by enduring issues such as complicated documentation, insufficient loan amounts, and procedural delays. This is consistent with earlier studies on ineffective delivery. Overall, the results demonstrate that government credit programs are beneficial tools for financial inclusion and business expansion in Bihar; however, implementation problems and outreach gaps prevent them from reaching their full potential, requiring improved post-loan support systems, streamlined procedures, and more reliable awareness campaigns.

Limitation and future research:

As with any empirical examination, this study has limitations. First, it is difficult to determine long-term causal effects because the study uses cross-sectional survey data. A longitudinal approach may be used in future studies to investigate the long-term effects of loan access on firm performance. Secondly, the study was limited to the people of Bihar while the state provides a similar context for financial inclusion, the results might not be accurate to the other regions in India. By doing Comparative study in other states we could get better understanding. Third, respondents may have skewed the study's variables because the majority of them were self-reported. Additional data, such as loan disbursement records or performance metrics, may increase objectivity. Future studies should also evaluate how loan agreements impact industries like manufacturing, services, and agriculture that have different requirements. Additionally, Qualitative research might examine business owner's actual experiences of credit schemes, thus offering a deeper topic like Loan sufficiency, repayments

terms, and policy barriers. Finally, it is possible to investigate how focused efforts might strengthen the inclusion of financial support mechanism by looking at the role of new tools like women-specific credit program or Green credit.

Conclusion:

This study offers compelling proof of how government funding programs support entrepreneurship in Bihar. The results indicate a moderate level of accessibility and awareness, indicating that although many entrepreneurs are aware of programs, outreach is still lacking. The PLS-SEM results show how important credit programs are for fostering business growth, as over half of the variance in business development can be explained by awareness, accessibility, financial sufficiency, and implementation. The effectiveness of institutional finance is further supported by the fact that beneficiaries have significant effect sizes and outperform non-beneficiaries. Overall satisfaction is still moderate despite higher beneficiary satisfaction, pointing to systemic problems like copious paperwork, bureaucratic hold-ups, and limited support. The success of government loan programs depends on how well they are implemented, but they have a big impact and are essential for Bihar's business development. Entrepreneur satisfaction and performance outcomes would be enhanced by raising awareness, streamlining processes and strengthening financial literacy problems.

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