Stand Up India Scheme

[UPSC Notes]

What is Stand Up India Scheme?

The Stand Up India Scheme is a program initiated by the Government of India to encourage entrepreneurship in India, mainly in Scheduled Castes (SC), Scheduled Tribes (ST), and women above 18 years of age. The scheme is handled by India's Finance Ministry and is anchored by the Department of Financial Services (DFS). The Stand Up India Scheme was launched on 5 April, 2016.
The scheme was started to effortlessly provide loans to SC or ST community entrepreneurs or women. Under this scheme, each bank branch (irrespective of Bank) is instructed to give loans ranging between Rs.10 lakh and Rs.1 crore to a minimum of one SC or ST prospective borrower and a woman borrower for starting their enterprise as an emerging entrepreneur. The loan can be sanctioned to borrowers with enterprises such as manufacturing, services, and the trading sector. It is important to note that the enterprise setup needs to be a greenfield enterprise. A greenfield project is not constrained by prior work. It is constructed on unused land without needing to remodel or demolish an existing structure.

The Stand Up India Scheme completed six years in April, 2022, and the Finance Ministry has extended it till 2025. The New Margin money requirement was around 25% earlier and is now reduced to approx. 15%.

Stand Up India Scheme: Requirement to Avail the Loan

Previously, only developed cities encouraged entrepreneurship or new businesses. However, with the commencement of this scheme by the Government of India, over 2.5 lakh people across the nation have started their entrepreneurship journey every year, and the setting up of new businesses or industries was triggered.

This scheme has not only streamlined the process of loans for new entrepreneurs or large-scale businesses but has also made business loans approachable for ordinary and subordinate people. The requirements to avail of the loan under the Scheme are:

- SC/ST and/or women entrepreneurs should be above 18 years of age
- The borrower should not be a defaulter to any bank or financial institution.
- Loans should only be provided to Greenfield enterprises and no other.
- In the case of non-individual enterprises, at least 51% of the shareholding and controlling stake should be held by either an SC/ST or Woman entrepreneur.

Stand Up India Scheme: Beneficiaries Included

As already stated, this scheme only supports women or SC/ST entrepreneurs across the country; however, it has more criteria than these entrepreneurs need to fulfill to benefit from this scheme.

- The individual seeking a loan under this scheme must be at least 18 years old.
- The firm or enterprise which requires a loan should be an LLP or Private Limited or can be a partnership firm.
- If the enterprise is a partnership firm, a scheduled cast or scheduled tribe person or women must have control over a minimum of 51% of its shares and stacks.
- The loan will only be certified for the first-ever project or venture. The loan is for only green field projects in the trading, manufacturing, and service sectors.
- The loan applicant should not be a debtor or nonpayer to any bank or organization.
- The enterprises applying for loans must work on state-of-the-art consumer goods or commercial merchandise.
- Department of Industrial Policy & Promotion (DIPP) must approve the enterprises.

Stand Up India Scheme's Benefits to Citizens-

The Indian government's key objective for launching this scheme was to benefit ordinary people and citizens of India. As a result, and as per the aim, this scheme profited many people across the country.

- As per the central aim of this scheme, it has encouraged and motivated emerging entrepreneurs. Consequently, it also minimized unemployment with the increase in emerging businesses.
- The Stand Up India scheme also provides an appropriate platform for investors to get expert advice and information about various laws.
- Along with loans, the entrepreneurs also get assistance and guidance under this scheme for two years from the beginning of the start-up. It also includes post-establishment help to the consultants.
- The Stand Up India scheme additionally benefits from repaying the loan, so entrepreneurs need not worry about it.
- The scheme allows loan repayment in seven years, reducing the pressure of loan repayment for entrepreneurs. However, the borrowers must pay back a specific amount yearly per their choice.
- Additionally, it helps to eliminate legal, functioning, and other official obstacles for entrepreneurs.
- This scheme can be significantly effective in creating new jobs and empowering the social and economic lives of women and SC/ST people.
- It can also be seen as a driving influence for encouraging other central government schemes such as 'Skill India' and 'Make in India.'
- It also helps in protecting the country against demographic dividends.
- Besides, it has enabled the financial and social presence of SC/ST people and women by providing access to banks and technological education.

- The Stand Up India Scheme also offers some tax benefits to the applicants, such as relaxation on Capital Gain Tax, recovery of tax on the incomes, no pressure of paying hefty taxes during initial start-up time, and many more.

Stand Up India Scheme's Achievements

Since its commencement, it has proved beneficial for entrepreneurs and ordinary citizens. Moreover, over six years (till 2022) of existence, it has received a great response from the people.

- This scheme has generated higher than 1.33 lakhs occupations in India, facilitating emerging entrepreneurs.
- In the last six years, more than 1 lakh women entrepreneurs received the necessary advantages.
- Per the records of 21 March, 2022, 30,160 crores INR loans were sanctioned to 1,33,995 accounts.
- Until now, loans for 6 19,310 SC borrowers worth 3976.84 crores INR have been approved, and 6,435 ST borrowers worth 1373.71 crores INR have been sanctioned.

Stand Up India Scheme's Significant Characteristics-

The Prime Minister of India launched the scheme to promote entrepreneurship and motivate women and ST/SC people to become entrepreneurs. The scheme has the following features, which make it popular and beneficial for the citizens of India.

- The scheme mandated that every bank branch, irrespective of a bank name, must facilitate loans to two entrepreneurial ventures yearly. It includes one woman entrepreneur and one SC/ST entrepreneur.
- The borrowers are provided with RuPay debit cards for easy withdrawal of the loan amount whenever required.
- The Bank or bank branch supervises the history of the borrowers to check the proper use of loan money.
- Refinance gaps through the SIDBI with a primary amount of Rs.10,000 crores.
- The scheme created a corpus of 5000 crore INR for credit assurance through NCGTC.
- It also supports the borrowers by offering wide-ranging assistance, including pre-loan training, such as smoothing the loan process, factoring, marketing, and much more.
- An online portal is being developed to help people with online registration and other support facilities.
- It is beneficial for other governmental schemes of other ministries or departments that are in action.
- Stand Up India Scheme is directed by the SIDBI in cooperation with the DICCI. Certain Institutions are also involved in the scheme other than DICCI.
- The SIDBI and NABARD hold the title of SUCC for this scheme.

- Borrowers who apply for loans through this scheme are also acquainted with useful online platforms in business and other means of online marketing, web entrepreneurship, and many others.

Stand Up India: Inter-Sectoral Associations and Conjunctions-

The Stand Up India Scheme is associated with other governmental schemes. These instances prove it. The BMC has delivered around 5100 Electronic Rickshaws underneath the Pradhan Mantri Mudra Yojna during the commencement of this scheme. With this, BMC aimed to make people aware of schemes like social security & financial inclusion. It also proposed to take these fundraisers to India's deprived and homeless citizens.

Additionally, BMC's idea was to smooth the advancement of pedal rickshaw owners to E-rickshaw owners. It will help them to generate three times more income than the previous rickshaws. Furthermore, this shift will help uphold cleanliness and support Swachh Bharat Abhiyan. That's how the BMC E-Rickshaws program naturally incorporated into the 'Stand Up India' scheme.

The borrowers under the Stand Up India scheme are also roofed under many other crucial schemes by the Prime Minister, such as Pradhan-Matri Jan-Dhan Yojna and Pradhan-Mantri Suraksha Yojana.

Challenges of the 'Stand Up India'

Any scheme or program set up for the citizens' benefit has pros and cons, advantages and disadvantages. Also, they face many challenges when they are released to the public. 'Stand Up India' also has some challenges.

- The Stand Up India scheme can be ineffectual or unproductive if people are not being educated about the socio-economic scopes supporting and enhancing women and ST/SC entrepreneurship.
- The DIPP evaluates whether an enterprise's product is innovative or not as per the scheme's criteria. This evaluation process can delay the venture, and might be some potential and promising entrepreneurship can be lost.
- Another criterion of the scheme (the enterprise's turnover must be 25 crores) made it more for prospective entrepreneurs to get the financial benefits as only a few SC/ST and women entrepreneurs can fulfill this criterion.
- As per its criteria, the scheme is only viable for the trading, manufacturing, and service sector but its loan range (10 Lakhs to 1 crore) is insufficient to start a manufacturing venture.
- Until now, some women and SC/STs across the country have not been inspired or encouraged about technologies, skilled labor, and many other entrepreneurial skills.

- Moreover, no institutional measures are mentioned in the scheme to tackle and overcome these challenges.

Stand Up India: Facts to Remember

Below we have compiled the essential facts relevant to the Stand Up India Scheme. Must go through the points, as it can prove beneficial to them for the UPSC 2023 Prelims.

- **Launched By –** Central Government of India
- **Launch Date/Year –** 5 April 2016
- **Stand up India scheme under which ministry –** Finance Ministry and DFS
- **Number of loans sanctioned –** 1,16,266 (till 2021)
- **Total Amount of loans –** INR 26, 204, 00, 000, 00 (till 2021)
- **Number of women entrepreneurs who benefited –** Over 93,094 (81% of the total loan taken under this scheme)
- **Nature and amount of loan –** Composite loan accounting for 75% of the total venture's cost
- **Loan Interest Rate –** Depends on the Bank's minimum applicable rates but does not exceed MCLR + 3% + tenor premium.
- **Loan Repay Duration –** 7 years with a freeze period of at most 18 months
- **New inclusion in the scheme –** Activities associated with agriculture
- **New Margin money requirement –** Earlier was around 25% and now reduced to approx. 15%.