

## **STAND UP INDIA SCHEME: BENEFITS OFFERED TO WOMEN ENTREPRENEURS**

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### **ABSTRACT**

Earlier the role of women was confined to the house work only and then with time women started working in both organised and unorganised sectors of India. But a new trend in modern India emerged and women started their journey as entrepreneurs. They contribute in the economic and social progress of the country. The Indian economy can grow faster if more number of women are encouraged and supported to be a part of total workforce. As per the report of McKinsey, the country could add up to \$770 billion, more than 18% to its GDP by 2025, by offering equal opportunities to women. To encourage the participation of women in entrepreneurship, the Indian government has been offering numerous schemes like Mudra Yojana Scheme for women; stand up India, Annapurna scheme etc. These schemes offer different benefits to women who wish to start a new venture or to expand the existing one such as providing loan at nominal rate of interest or offering assistance. Thus this conceptual study aimed at providing an overview about a scheme named “Stand up India” started by government of India. The paper aimed to critically analyse the initiative started by government of India to support women entrepreneurs.

**Keywords:** Entrepreneur, Women, Scheme, economic growth.

## INTRODUCTION

Women empowerment in ancient India transports to a terrain of mixed views. In ancient India, women enjoyed equal status with men and were trained in the art of warfare by choice. The story of Rani AbbakkaChowta is a classic example of women empowerment in the country. Women empowerment in India gathered much momentum after January 26, 1950, following adoption of the Constitution of India that carries several clauses and sections that eliminate ambiguity over status of women. When Oxford Dictionaries declared “Nari Shakti” as Hindi word of the year 2018. Evidently, we can estimate the influence women are having on the world during all these years. Gone are the days when women would end up their entire life within the 4 walls of the house. Like the male counterparts, women nowadays are writing fresh stories of unprecedented success, with their wit and hard work. More and more women are expanding their entrepreneurial horizons and venturing into an unprecedented range of business areas. The greater choices now available to women in the fields of employment have been the major driving force for their upheaval as bureaucrats, professionals and executives. They have now begun to enter the fiercely competitive world of business - and economic independence. The fact that such a large percentage of them had entered the non-traditional areas attests to female entrepreneurship being a fairly recent phenomenon boosted by programmes and schemes of Indian Govt aimed at reinstating women empowerment in the long run. The Traditional female skills are being turned into a livelihood, by starting a home based business encompassing textiles, catering, embroideries, boutiques, crafts and many more. Look at the world around you that women are empowered is evidence by their prevailing presence in courts and public offices, corporate houses and parliament, and what not Name entrepreneurs and writers, scientists, and social activists, actors and directors; they are everywhere.

Women are the pillars of society and when women are empowered, the whole world is empowered Ministry of Micro, Small and Medium Enterprises (MSME) is empowering women entrepreneurs through its different schemes helping women spark their talent and build their own identity. 1.38 lakh projects have been set up by the women entrepreneurs under Prime Minister's Employment Generation Programme (PMEGP)

Scheme since inception and upto 23.01.2019. The projects set up by women entrepreneurs are about 30% of total projects set up under PMEGP. Under the scheme, women entrepreneurs are covered under Special Category and are entitled to 25% and 35% subsidies for the project set up in urban and rural areas respectively. For women beneficiaries, own contribution is only 5% of the project cost while for general category it is 10%. during 2016-17 and 2017-18, under the Khadi Programme of KVIC, women entrepreneurs have set up 30437 projects for which margin money of 85,305 lakh Rupees have been disbursed.

Not only MSME, the Government of India has taken various steps towards women empowerment and safety. Initiatives like BetiBachao, BetiPadhao, Stand Up India, Mission Indradhanush, Mudra Yojana Scheme, TREAD (Trade Related Entrepreneurship Assistance and Development) Scheme, MahilaUdyamNidhi Scheme, Annapurna Scheme, Stree Shakti Package for Women Entrepreneurs, BhartiyaMahila Business Bank Loan, Dena Shakti Scheme, Udyogini Scheme, Cent Kalyani Scheme and many more have added to the welfare of the women population in India. Swami Vivekananda, one of the greatest sons of India, quoted that, “There is no chance for the welfare of the world unless the condition of women is improved, It is not possible for a bird to fly on only one wing.” Therefore, the inclusion of 'Women Empowerment' as one of the prime goals in the eight Millennium Development Goals underscores the relevance of this fact.

### **STANDUP INDIA SCHEME**

The increasing presence of women as entrepreneurs has led to significant business and economic growth in the country. Women-owned business enterprises are playing a prominent role in society by generating employment opportunities in the country, bringing in demographic shifts and inspiring the next generation of women founders. To support the women of India, government has started many initiatives. The Prime Minister of India, Mr Narendra Modi launched the Stand Up India Scheme in April 2016, encouraging people from the scheduled caste and scheduled tribes and women across the country to become entrepreneurs by loaning them a sum of money to start a business. It aims at providing people belonging to the scheduled caste or scheduled tribe or women of the country a loan between Rs.10 lakhs to Rs.1 crore, based on their requirement. The aim is to promote

entrepreneurship among them. The Stand up India scheme aims at promoting entrepreneurship among women and scheduled castes and tribes. The scheme is anchored by Department of Financial Services (DFS), Ministry of Finance, and Government of India. Under the scheme, 1.25 lakh bank branches would each be expected to lend money every year to at least one Dalit or tribal entrepreneur and one woman entrepreneur in their service area. The key features of the Stand Up India scheme are:

1. The scheme is part of an initiative by the Department of Financial Services (DFS), Ministry of Finance to promote entrepreneurial projects.
2. An amount ranging from Rs 10 lakhs to Rs.1 cr to be provided as a loan, inclusive of working capital for setting up a new enterprise.
3. The scheme states that each bank branch needs to facilitate two entrepreneurial projects on an average. One for SC/ST and one for a woman entrepreneur.
4. A RuPay debit card would be provided for the withdrawal of credit.
5. Credit history of the borrower would be maintained by the bank so that the money is not used for any personal use.
6. Refinance window through Small Industries Development Bank of India (SIDBI) with an initial amount of Rs.10,000 cr.
7. Under this scheme, through NCGTC, creation of a corpus of Rs.5000 cr for credit guarantee.
8. Supporting the borrowers by providing comprehensive support for pre-loan training like facilitating the loan, factoring, marketing, etc.
9. A web portal has been created to assist people for online registration and support services.
10. The main purpose of this scheme is to benefit the institutional credit structure by reaching out to the minority sections of the population by initiating bank loans in the non-farm sector.
11. The scheme will also be an advantage for the ongoing schemes of other Departments.
12. The Stand Up India scheme will be led by Small Industries

Development Bank of India (SIDBI) along with the involvement of the Dalit Indian Chamber of Commerce and Industry (DICCI). Along with DICCI, there will also be involvement of other sector-specific institutions.

13. The designation of Stand Up Connect Centres (SUCC) will be provided to SIDBI and National Bank of Agriculture and Rural Development (NABARD)
14. An initial amount of Rs.10,000 crore will be allotted to the Small Industries Development Bank of India (SIDBI) to provide financial aid.
15. There will be a pre-loan and an operational phase for this scheme and the system and Officials tend to help people throughout these phases.
16. To help the credit system reach out to the entrepreneurs, the margin money for the composite loan will be up to 25 per cent.
17. The people who apply for this scheme will be familiarised with the online platforms and other resources of e-marketing, web-entrepreneurship, factoring services and registration.

There are certain eligibility criteria that need to be fulfilled by the people applying for the loan:

1. The individual must be 18 years or above
2. The company must be a private limited/LLP or a partnership firm.
3. The turnover of the firm must not be more than 25 cr.
4. The entrepreneur should either be a woman for a person belonging to scheduled caste or scheduled tribe category.
5. The loan will only be provided to fund Greenfield projects i.e., the project must be a very first one being undertaken under the manufacturing or service sector.
6. The applicant must not a bank or any other Organization's defaulter.
7. The company should be dealing with any commercial or innovative consumer goods. An approval of DIPP is also required for the same.

### Benefits of Stand Up India Scheme:

When the Government comes up with a scheme, its main aim is to benefit the citizens and the same is the case with the Stand Up India scheme. Given below are the benefits of launching the Stand-Up India scheme:

1. The basic aim of the initiative is to provide encourage and motivate new entrepreneurs so as to minimize unemployment.
2. If you are an investor then Stand Up India gives you the right platform where you get professional advice, time, and knowledge about laws. Another benefit is that they would assist you in the start-up for the initial two years of your work.
3. They also provide post set up aid to the consultants.
4. Moreover, another benefit for entrepreneurs is that they do not have to worry much about how to pay back the amount that they have taken for the loan as they need to pay back the loan in a span of seven years, which reduces the stress of repayment for the borrowers. However, a certain amount needs to be paid back each year as per the borrower's choice.
5. This scheme will help to eradicate legal, operational and other institutional obstacles for entrepreneurs as well.
6. It can be a very positive boost in terms of job creation, leading to socio-economic empowerment of Dalits, tribals and women.
7. It may also act as the driving force for other Government schemes like 'Skill India' and "[Make in India](#)."
8. It will help protect the demographic dividend in India
9. With access to bank accounts and technological education, it will lead to financial and social inclusion of these strata of society.

### Tax Benefits/Incentives in Stand Up India

1. The applicants will get 80% rebate after filing the patent application form. This can only be filled by startups and the benefits are also more for them as compared to other companies.
2. There is also an inclusion of Credit Guarantee Fund and the entrepreneurs enjoy relaxation in Income tax at least for the first

three years.

3. There will be complete relaxation for the entrepreneurs for the Capital Gain Tax.
4. Moreover, for the entities who qualify the program will further enjoy benefits like the redemption of tax on the profits earned.
5. This is to ease the entities during the initial startup phase and that there is no burden of paying heavy costs for taxes.

### **STAND UP INDIA: PROGRESS AND INITIATIVES**

Banks have sanctioned Rs. 25,586 crore (US\$ 3.41 billion) to about 114,322 beneficiaries under the Stand Up India Scheme in the last five years since inception for promoting entrepreneurship among women and SCs & STs. As of March 23, 2021, the scheme has benefited 93,094 women entrepreneurs with an outstanding loan of Rs. 21,200 crore (US\$ 2.83 billion). About 16,258 entrepreneurs belonging to the SC category have received loans worth Rs. 3,335.87 crore (US\$ 445.73 million) and 4,970 entrepreneurs from the ST category have received loans worth Rs. 1,049 crore (US\$ 140.16 million). The extension and increased allocation would help support women job seekers who got unemployed in the pandemic year and are seeking alternative sources of income, as the Indian economy is headed for recovery in 2021.

As a part of media awareness and reporting, the following initiatives were taken up by the government to promote the scheme:

- A Start Up India Twitter Handle has been created.
- An official website has been created and initiative to foster better awareness about Stand Up India has also been initiated.
- Also, to encourage others, motivating stories will also be blogged everyday on the online web portal of the scheme.
- To spread awareness about the scheme on social media platforms, a devoted Facebook page has also been set up.
- The Finance Minister, under the Union Budget 2019-20, announced an extension to Stand Up India scheme until 2025. As of February 2021, the scheme has expanded by 21.3% in terms of the number of loan applications sanctioned by lending institutions and increased

by 21.1% in the amount sanctioned in the last one year. Observing phenomenal growth in the number of applicants and sanctioned loans, Stand Up India has certainly created a strong roadmap for welfare of women and the SC/ST population. This growth is likely to continue in future owing to the vast supportive and financial measures taken by the government to uplift the backward society.

- Most women entrepreneurs (engaged in the co-operative and self-help group movements) are significantly contributing to the services sector. Intellectuals believe the government (through the Stand Up India scheme) can provide an institutional framework and support services to women to start entrepreneurship in the manufacturing sector too.
- The SC & ST population needs to be educated and empowered further (socio-politically) to reap benefits of the Stand Up India scheme. If implemented with a supporting ecosystem, this scheme can indeed transform the socio-economic architecture of rural & urban India and realise the Gandhian directive principle of encouraging village and cottage industries.

### **Challenges of Stand Up India Scheme:**

Every scheme or program launched comes up with its set of advantages and disadvantages. The Stand Up India Scheme is also the same. The various challenges with the Stand Up India scheme are as given below:

1. The education of the people about the socio-economic dimensions of Dalit entrepreneurship and women entrepreneurship has not been paid much attention. If this is not done, the Stand Up India scheme may not be very effective.
2. The criteria for this scheme say that the company needs to be innovative. Judging whether a product is innovative or not is left to the discretion of the DIPP. This may lead to delays and also potentially good entrepreneurial ventures may be lost in the process.
3. The company is required to have a turnover of 25 cr. There are very few women-led entrepreneurs and SC/ST led firm which fit this criterion.



4. The self-help group's which have indeed provided some impetus to women entrepreneurs, especially in rural areas have been subject to elite capture and have been overwhelmed by locally dominant interests. The Stand Up India scheme does not make mention of any institutional measures to address these challenges.
5. Further, the banking sector has not yet penetrated to the hinterlands in a meaningful manner. Therefore, the challenges of lack of institutional bank linkages, awareness among the people, digital divide and many other technical challenges can be obstacles to bank account linkages despite the success of Pradhan Mantri Jan DhanYojana. The funding support of about 10 lakhs to 1 crore is inadequate for the manufacturing sector.
6. The SC/ST's and women have not been fully and meaningfully empowered in terms of tech-know how, access to skilled labour, knowledge about the sectors and so on.

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