

Stand Up India Scheme

The Stand Up India scheme 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 topic, 'Stand Up India Scheme' comes under Indian Polity Syllabus of the IAS Exam and this article will provide you relevant facts about it.

For more information on the Stand Up India Scheme, one can visit the following official websites:

- <https://startupindia.gov.in/content/sih/en/government-schemes/stand-up-india.html>
- <https://www.standupmitra.in/>

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.

Key Features of the Stand Up India Scheme:

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.

Given below are the key features of the Stand Up India scheme:

- The scheme is part of an initiative by the Department of Financial Services (DFS) to promote entrepreneurial projects.
- An amount ranging from Rs 10 lakhs to Rs.1 crore to be provided as a loan, inclusive of working capital for setting up a new enterprise.
- 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.
- A RuPay debit card would be provided for the withdrawal of credit.
- Credit history of the borrower would be maintained by the bank so that the money is not used for any personal use.
- Refinance window through Small Industries Development Bank of India (SIDBI) with an initial amount of Rs.10,000 crore.
- Under this scheme, through NCGTC, creation of a corpus of Rs.5000 crore for credit guarantee.
- Supporting the borrowers by providing comprehensive support for pre-loan training like facilitating the loan, factoring, marketing, etc.
- A web portal has been created to assist people for online registration and support services.

- 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.
- The scheme will also be an advantage for the ongoing schemes of other Departments.
- 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 (DICC). Along with DICC, there will also be involvement of other sector-specific institutions.
- The designation of Stand Up Connect Centres (SUCC) will be provided to SIDBI and National Bank of Agriculture and Rural Development (NABARD)
- An initial amount of Rs.10,000 crore will be allotted to the Small Industries Development Bank of India (SIDBI) to provide financial aid.
- 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.
- To help the credit system reach out to the entrepreneurs, the margin money for the composite loan will be up to 25 per cent.
- 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.

Convergence and Inter-Sectoral Linkages In The Scheme:

- At the launch of this scheme, 5100 E-Rickshaws were distributed by Bhartiya Micro Credit (BMC) under the Pradhan Mantri Mudra Yojna scheme.
- In addition to getting a loan under the Stand Up India Scheme, the recipients will also be covered under Pradhan Mantri Jan Dhan Yojna, Pradhan Mantri Jeevan Jyoti Yojana, Pradhan Mantri Suraksha Yojana, Atal Pension Yojana schemes and other eight significant Prime Minister schemes.
- BMC - Bhartiya Micro Credit, aims to spread awareness of the financial inclusion and social security schemes and proposes to take the benefits to poor and homeless people in the country.
- The idea is to facilitate the up-gradation of pedal rickshaw pullers into E Rickshaw owners and help create threefold increment in their income.
- The Mudra Scheme is responsible for providing credit for all the facilities under this program.
- The shift from pedal rickshaw to E rickshaw will also help contribute towards achieving the goals of Swachh Bharat Abhiyan.
- Under the scheme, charging and service stations will also be set up, which will help the growth of the emergence of small and micro enterprises along with creating many opportunities for entrepreneurs.
- This organically integrates Bhartiya Micro Credit (BMC) E-Rickshaws program into the 'Stand Up India' initiative.

What is the need for this scheme?

At present, only established cities get encouragement from the establishment of new industries. But once this scheme is launched, the new industrial activity will be triggered by 2.5 lakh people and 1.25 places across the country every year.

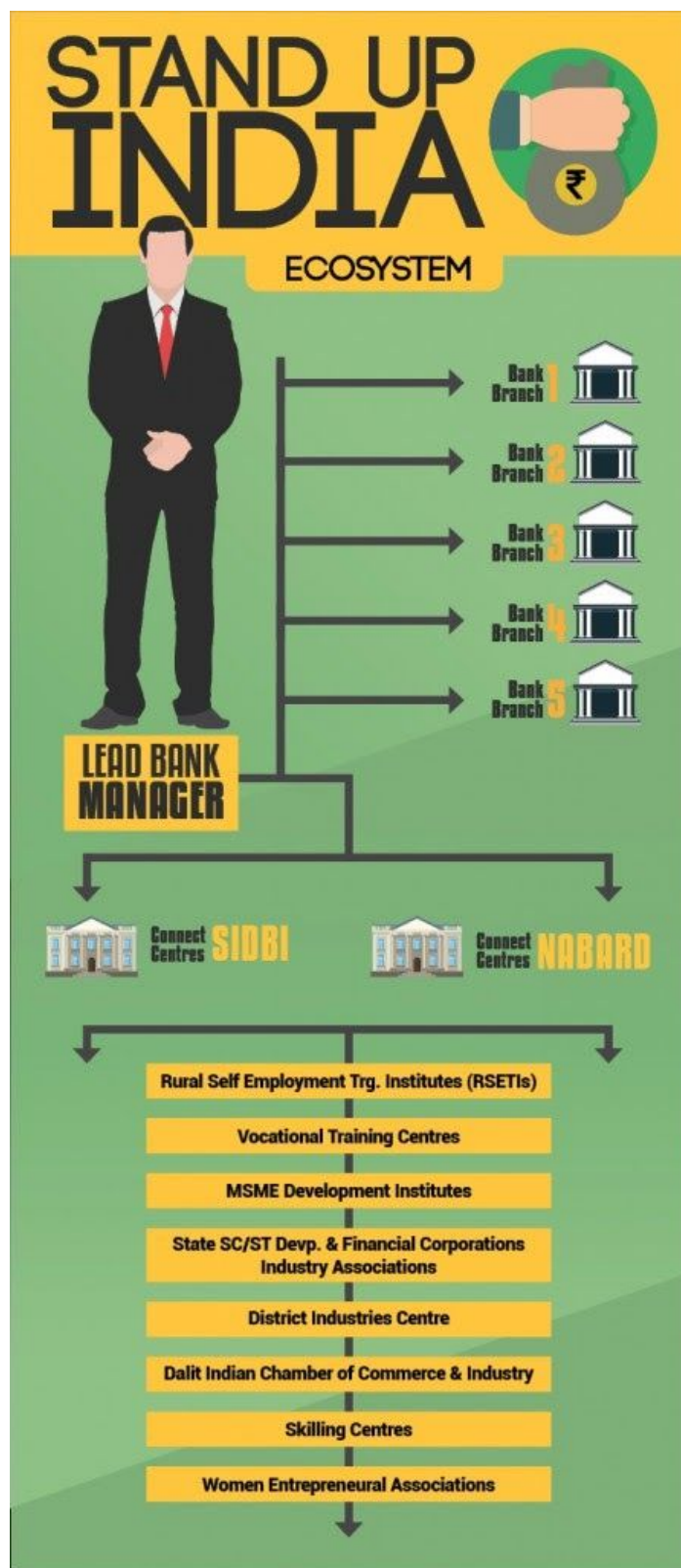
Bank nationalisation was done in the name of the poor, but for the first 70 years after Independence, nearly 40 per cent of the population did not have access to banking services

The idea is to provide finance and loans to not only big businesses but also to the common man.

Eligibility Criteria: Stand Up India Scheme

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 crores
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 Organisation'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:

- The basic aim of the initiative is to encourage and motivate new entrepreneurs so as to minimize unemployment.
- 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.
- They also provide post set up aid to the consultants.
- 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.
- This scheme will help to eradicate legal, operational and other institutional obstacles for entrepreneurs as well.
- It can be a very positive boost in terms of job creation, leading to socio-economic empowerment of Dalits, tribals and women.
- It may also act as the driving force for other Government schemes like 'Skill India' and 'Make in India'.
- It will help protect the demographic dividend in India
- 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

- 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.
- There is also an inclusion of Credit Guarantee Fund and the entrepreneurs enjoy relaxation in Income tax at least for the first three years.
- There will be complete relaxation for the entrepreneurs for the Capital Gain Tax.
- Moreover, for the entities who qualify the program will further enjoy benefits like the redemption of tax on the profits earned.
- 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 Scheme: Challenges

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:

- 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.
- The criteria for this scheme says 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
- The company is required to have a turnover of 25 crores. There are very few women-led entrepreneurs and SC/ST led firm which fit this criterion
- 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
- 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 Dhan Yojana. (PMJDY)
- The funding support of about 10 lakhs to 1 crore is inadequate for the manufacturing sector
- The SC/ST's and women have not been fully and meaningfully empowered in terms of tech-knowledge, access to skilled labour, knowledge about the sectors and so on.

Awareness generation:

As a part of media awareness and reporting the following initiatives will be taken up by the Government to promote the scheme:

- A Startup India Twitter Handle has been created
- An official website has been made and an application for the initiative to create better awareness about Stand Up India has also been initiated.
- Also to encourage others, motivating stories will also be blogged every day on the online web portal of the scheme.
- To spread awareness about the scheme on social media platforms, a devoted Facebook page will also be set- up.

Most of the women entrepreneurs involved in the co-operative movement and self-help group movement are dominantly contributing to the service sector. Experts are of the opinion that the

government through this scheme can provide an institutional framework and support services to the women to make a beginning in the manufacturing sector too.

The SC/ST population needs to be educated and socio-politically empowered further to reap the benefits of this scheme meaningfully. If implemented with adequate ecosystem support, this scheme can indeed transform the socio-economic architecture of rural and urban India and realise the Gandhian directive principle of encouraging village and cottage industries could be fully and meaningfully.

The above details would be of help to candidates preparing for UPSC exams this year. You can know more about the topics asked in the exam by visiting the UPSC Syllabus page and also refer to the links given below for more articles.