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# EVALUATING THE EFFECTIVENESS OF THE STAND-UP INDIA SCHEME OF THE GOVERNMENT OF INDIA: PUNJAB VERSUS REST OF INDIA

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**ABSTRACT**
Finance often poses a significant barrier to entrepreneurship, particularly for marginalized sets like females and backward classes. To address this challenge, the Indian Government introduced the 'Stand-Up India' Scheme on April 5, 2016. This initiative, launched by the Ministry of Finance, seeks to stimulate start-ups among the masses for their financial empowerment and also for the occupational development of others. This scheme provides financial support to potential entrepreneurs under women and SC/ST categories by facilitating bank loans for the establishment of unexplored initiatives in sectors such as manufacturing, services, trading, and activities allied to agriculture. Thus, the primary aim of the scheme is to encourage self-reliance and financial independence among the aforementioned groups. This study has been conducted to assess the effectiveness of the Stand-Up India Scheme in the state of Punjab and to compare its outcomes with those observed in the rest of the country.

**Keywords:** Entrepreneurship, SC/ST, Women Entrepreneurs, Greenfield Enterprises, Financial Assistance, etc.

## Introduction

Entrepreneurship is key to driving economic growth and fostering financial inclusion. Finance is often considered a significant obstacle for entrepreneurs as many struggle to secure the initial funding to launch or grow their businesses. However, systemic barriers such as limited access to finance, lack of resources, and socio-economic constraints often inhibit marginalized groups from exploring entrepreneurial opportunities. The Stand-Up India scheme launched by the government in April 2016 addresses these challenges by bridging the credit gap and promoting self-employment opportunities among historically disadvantaged communities. This scheme is a flagship initiative to foster entrepreneurship among marginalized sections of society.

## Stand-Up India Scheme

This scheme was introduced on April 5, 2016, by the Govt. of India and it offers bank loans between ₹10 lakh - ₹100 lakh to women, scheduled caste (SC), and scheduled tribes (ST) for venturing into new business in production, trading, or service sector and activities associated with agriculture. The prospective borrowers must have attained the age of 18 years and should not have defaulted on earlier loans. Loans can be availed up to 75% of the cost of project (including long term and short term loans) at interest rates capped at the bank's base rate plus 3% and tenor premium. The loan can be secured using either Collateral Security or the Credit Guarantee Fund Scheme for Stand-Up India Loans (CGFSIL). The period to repay the loan is upto seven years, with a maximum moratorium period of 18 months. An overdraft facility is available for working capital of a maximum ₹10 lakh, and there is also the facility of a RuPay debit card for convenient withdrawals. A cash credit scheme is also provided for the amounts exceeding ₹10 lakh. The contribution of at least 10% of the project cost will be made by the applicant from his own funds, with the assumption that 25% of the margin will be covered by other government subsidies. The scheme facilitates handholding support, including pre-loan training, business plan preparation, and business operational guidance.

## Review of Literature

Availability of financial support is one of the critical success factors in entrepreneurship, as identified by Carpenter and Petersen (2002). Access to finance is one of the major determinants of survival and growth for startups. In a similar manner, Beck and Demirguc-Kunt (2006) established a significant positive relationship between financial development and entrepreneurial activity, especially in emerging markets. Shabna Mol (2014) analyzed financial inclusion among Kerala households below the poverty line, revealing that bank account access and usage were influenced by literacy and profession. The study found that many households used bank accounts primarily for government incentives, with a considerable number being aware of financial inclusion initiatives and no-frill accounts.

Naude (2010) pointed out that government initiatives, such as the Stand-Up India and the Small Business Administration (SBA) in the US, offer cheap loans and training to entrepreneurs. Kumar (2018) discussed the Stand-up India Scheme which he believes is an essential initiative for supporting micro and small-scale manufacturing units by helping them in financial planning and project development. The study by the National Institute of Public Finance and Policy (NIPFP) in 2019 found that the scheme empowered women and marginalized communities through financial resources for business establishments.

Kumar et al. (2020) reported successful SC/ST entrepreneurship stories from those who could break the vicious cycle of poverty through business endeavors sponsored by this scheme. More than 80% of beneficiaries successfully started business enterprises, as reported by the Ministry of Finance (2020), and brought about employment generation and economic activity. Sharma and Gupta reported in 2021 that due to the accessibility of credit being improved, in rural areas alone, the percentage of women entrepreneurs increased by 25%.

However, challenges persist. A report by the RBI (2021) identified a lack of awareness about the scheme and bureaucratic bottlenecks in sanctioning loans. Significant impediments to effectiveness were proved to be inadequate training and mentorship by Das and Singh (2022) with a recommendation for business training programs. Although the Stand-Up India Scheme has boosted entrepreneurship among women and SC/ST communities, enhancement is possible on challenges regarding awareness, bureaucratic inefficiencies, and inadequacy in terms of training.

**Objectives of the Study**

This study has been conducted to analyse the assistance obtained by the qualified beneficiaries in the region of Punjab under the Stand-Up India Scheme. It also attempts to compare the assistance received by qualified beneficiaries in Punjab with those across the rest of India to ascertain any significant differences. The study further aims to provide recommendations to enhance the effectiveness of the scheme and promote entrepreneurial progression among targeted communities.

**Hypothesis of the Study**

Null Hypothesis:

($H_{o1}$): There is no significant difference between the benefits received by the eligible beneficiaries in Punjab with the rest of India under the Stand-Up India Scheme**.**

Alternative Hypothesis:

($H_{a1}$): There is a significant difference between the benefits received by the eligible beneficiaries in Punjab with the rest of India under the Stand-Up India Scheme.

**Research Methodology:**

The study has been conducted using the secondary data obtained from indiastst.com. Also, the data from census publications, official websites of government, various books and research papers in journals has been taken.

**Data Analysis & Interpretation**

**Table 1: Amount Sanctioned for beneficiaries under the Stand-Up India Scheme**

| **Amount Sanctioned for Scheduled Caste/Tribe (SC/ST) and Women Entrepreneurs under Stand-Up India Scheme** | | |
|---|---|---|
| **(As on 30.06.2023)** | | |
| **(Rs. in Crore)** | | |
| **Region** | **SC/ST** | **Women** |
| **Punjab** | 224.71 | 1079.53 |
| **Rest of India** | 7982.9 | 33671.3 |
| **Total in India** | 8207.61 | 34750.83 |

Source: https://www.indiastats.com

The above table shows the total sanctioned amount across India under the Stand-Up India Scheme was ₹8,207.61 crore for SC/ST and ₹34,750.83 crore for women. In Punjab, the amount sanctioned was ₹224.71 crores for Scheduled Caste/Tribe (SC/ST) and ₹1079.53 crores for Women Entrepreneurs as of June 30, 2023. Comparatively, in the rest of India, SC/ST beneficiaries received ₹7,982.9 crore, and women beneficiaries received ₹33,671.3 crore. This indicates that Punjab accounts for a small portion of the total funds, reflecting potential disparities in access to the scheme.

**Table 2: Number of Accounts and Amount Sanctioned for the beneficiaries under the Stand-Up India Scheme**

| **Number of Accounts and Amount Sanctioned for Scheduled Caste/Tribe (SC/ST) and Women Beneficiaries under Stand-Up India Scheme** | | | | |
|---|---|---|---|---|
| **(2019-2020-upto 23.11.2021)** **(Amount: ₹ in Crore)** | | | | |
| **State** | **Women** | | **Scheduled Caste/Scheduled Tribe** | |
| | No of Accounts | Population | No. of Accounts | Population |
| **Punjab** | 848 | 13,103,873 | 416 | 8,860,179 |
| **Rest of India** | 27451 | 57,43,43,857 | 7209 | 297,063,909 |
| **Total in India** | 28299 | 58,74,47,730 | 7625 | 305,924,088 |

Source: https://www.indiastats.com

The Z-test has been applied to examine the differences between the means of two populations and check whether there is a significant difference between the number of beneficiaries under the Stand-Up India Scheme in Punjab) and Rest of India.
Since both Z-values (8.73 for women and 13.33 for SC/ST) are much greater than the given value of 1.96 (at a 95% confidence level), null hypothesis is rejected and alternative hypothesis is accepted.
This indicates that there is a statistically considerable difference in the proportion of beneficiaries between Punjab and the Rest of India. Punjab has a lower proportion of beneficiaries under the Stand-Up India Scheme, highlighting a disparity in access to the scheme.

**Summary and Conclusion**
As per the 2011 Census, Punjab has a slightly lower female population share (47.23%) compared to India (48.5%). However, Punjab surpasses the national average in female literacy (70.73%) and SC/ST literacy (66.07%), which are higher than India's 64.6% and 62.55%, respectively. These figures indicate a strong educational foundation in Punjab, which can support entrepreneurial growth under the Stand-Up India Scheme. Despite its promising impact, the scheme's success in Punjab varies, highlighting the need for a more customized approach. Addressing regional challenges through better awareness, accessibility, and support mechanisms can improve the scheme's reach and effectiveness.
The focus should be on the increased mentorship and outreach programmes even in rural and remote areas so that eligible beneficiaries under the scheme with entrepreneurial skills can be identified and their potential can be realized to the fullest. The further extension of the scheme till 2025 is an opportunity to hone the execution strategies. Educational institutions should also be involved in creating initial awareness about entrepreneurship and the assistance provided by the Government through various schemes. With the support of educational institutions and improving access to training, the effectiveness of the Stand-Up India Scheme can further be enhanced in empowering marginalized communities.

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