

Women entrepreneurs and stand-up India scheme: a critical evaluation

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Abstract

The stand-up India scheme was launched in 5th April 2016 by the Prime Minister of India Mr. Narendra Modi to support entrepreneurship among women and SC & ST communities. The objective of the scheme is to provide bank loans between ₹ 10 lakhs and ₹ 1 crore to at least one woman and at least one SC or ST borrowers per bank branch for setting up a greenfield enterprise. It is found in various researches that women entrepreneurs in India find it difficult to get funding for their startups. It is believed that all these come to an end on the launch of the scheme. The scheme helps not just those who are in the initial stages of their entrepreneurial plans, but also those who have already set up their company but still fall under the startup category. The scheme has its other side too. Though the scheme looks pretty lucrative but as a whole the scheme itself has a number of loopholes that restrict the long run gain. To look into the matter in detail, this paper tries to make a critical analysis about the scheme as a whole. The paper tries to address some of the questions such as what are the benefits that the women entrepreneur will get from the scheme? What is the performance of the scheme from the time of its launch? How does its performance women friendly? etc. Secondary sources of data such as Govt. websites of Stand-up India, various Govt. reports on Stand-up India scheme and different research papers are considered for the study. Suggestive measures are provided in the last part of this study.

Key words: *Women Entrepreneurship, Stand-Up India, SWOT analysis, Gender Analysis*

1. Introduction

According to GEM 2013 Global Report, woman entrepreneur can be defined as that economic entity who is vigorously involved in industrial activity, owns and manages the functions of the business enterprise, invests her own (or borrowed) capital resources, even if in lower proportion (in case of micro enterprises of informal sector), identifies opportunity and bears risk to organize and mobilize the factors of production and the resources of the enterprise, individually as a self-employed or in collaboration or as a member of a family business and produces goods/services to the customers with a primary motive of profit maximization. National level standing committee on women entrepreneurship, Government of India, 1991, defines women entrepreneurship as an enterprise owned and controlled by a woman having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprise to women". Women controlled businesses are increasing all over the world. In the same way the participation of women in entrepreneurial activities has increased over the years in India too, but it is not that much enough to make the country a successful entrepreneurial hub. The Sixth Economic Census of India, 2012-13 (released by Ministry of Statistics and Programme Implementation) portrays a worrying picture of the status of women entrepreneurs in the country. The report shows that women constitute only 13.76 per cent of the total entrepreneurs (8.05 million out of the 58.5 million entrepreneurs). These enterprises provide employment to 13.45 million people. A further fact is that out of these entrepreneurs, the share of entrepreneurs working in agriculture sector is 2.76 million (34.3 per cent of the total entrepreneurs) whereas 5.29 million females (65.7 per cent of the total entrepreneurs) work in non-agricultural sectors. In the agriculture, livestock leads

(with a share of 31.6 per cent) among all other farming activities. In non-agricultural activities owned by women entrepreneurs, manufacturing and retail trade are dominant ones with 29.8 per cent and 17.8 per cent shares respectively. This is seen that as much as 79 per cent of enterprises run by women are self-financed; only 4.4 per cent have borrowed money from a financial institution or received assistance from the government.

2. Review of literature

In the literature, it is found that women entrepreneurs often face gender-based barriers to starting and growing their businesses, like discriminatory property, lack of access to formal finance mechanisms; limited mobility and access to information and networks, matrimonial and inheritance laws and/or cultural practices etc. A study by Das (2000) shows that more than 50 per cent of the women used their own funds or funds borrowed from their spouse or family to set up their business. Another study conducted on women entrepreneurs in Coimbatore District, Tamil Nadu points out that financing the enterprise as a major problem faced by the women entrepreneurs (Mangai et al. 1992). A study done by Jayammal (2012) found that financial problem is a major problem faced by the women entrepreneurs. They face this problem at the time of starting, as well as during the operations of their business enterprises, problem of getting loan and subsidy, insistence of collateral security and margin money requirement, time taken to process loan, tight repayment schedule, poor financial management are some of the obstacles etc. According to a report by the United Nations Industrial Development Organisation (UNIDO, 1995), the rates of repayment of loan by the women entrepreneurs are higher than men's, but still women face more difficulties in obtaining credit, often due to discriminatory attitudes of banks and informal lending groups (UNIDO, 1995). Vijayakumar and Jayachitra (2013) found that the developing nations are absolutely in dire need to motivate women entrepreneurship as women workforce is instantly available to exploit the uncharted dimensions of business undertakings.

Till date several schemes, exclusively meant for women entrepreneurs, were launched by the Government of India. The government funded schemes have assisted only a marginal section of female folk. The large bulk of them are still unaffected by shift and expansion activities that have benefited only the urban middle class women which

constitute a small section of women entrepreneurs. To deal with the situation, Mody Government launched, in addition with the existing schemes, the Stand-Up India scheme for both women and ST/SC entrepreneurs. Here the question of accountability of the Government for ensuring the provision of entrepreneurial ecosystem to women entrepreneurs arises. How to make this scheme beneficial for the women entrepreneurs in true sense is another question to be answered. Here the gender analysis is very much needed. This paper tries to critically assess the Stand-Up India scheme through gender lens. The paper has the following objectives-

3. Objectives of the study

The objectives of the study are as follows

1. To assess the Stand-Up India scheme in detail with reference to the benefits that the women entrepreneur will get from the scheme
2. To assess the performance of the scheme in these years.

3. Materials and Methods

This study is based on the secondary data. Data have been collected from various sources such as Govt. websites of Stand-up India scheme, reports published by Parliament of India Rajya Sabha, 2017, Sixth Economic Census of India report (2012-13), reports published by SIDBI, different research papers etc. focusing on Stand-Up India scheme.

A critical evaluation is done on the Stand-Up India scheme keeping the question 'how does this scheme helps women entrepreneurs in real sense' at the core. The evaluation is done through SWOT analysis. A critical analysis is also done on the performance of the scheme over these two years with the help of several Government reports and existing literature through gender lens. The gender analysis is done on equity, opportunity of choices, participation, adequate resources etc.

4. Results and discussion

4.1 About the Stand-Up India scheme

In his Independence Day address on August 15, 2015, Prime Minister Narendra Modi unveiled his game changer campaign "Start-Up India Stand-Up

India” to promote entrepreneurship at grass root level for economic empowerment and job creation. It seeks to leverage the institutional credit structure to reach out to the underserved sector of people such as Women and Scheduled Caste & Scheduled Tribe entrepreneurs so as to enable them to participate in the economic growth of the nation (Stand-Up India portal, 2018). The scheme target to benefit at least 2.5 lakh borrowers through 1.25 lakh bank branch networks located across the country. The objective of the Stand-Up India Scheme is to facilitate bank loans between ₹10 lakh to ₹100 lakh to at least one Woman borrower and at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower per bank branch of all scheduled commercial banks for setting up a greenfield enterprise. To support enterprises promotion among entrepreneurs from Women and SC, ST category the portal provides a digital platform based on 3 pillars

1. Handholding support
2. Providing Information on financing
3. Credit Guarantee.

4.2 Eligibility

There are some eligibility criteria which must be full filled by the women or SC/ST entrepreneurs to avail the benefits of the scheme. These are as follows:

1. The entrepreneurs of the above stated categories must be above 18 years of age.
2. Loans under the scheme are available only for green field project. Green field enterprises imply the first time venture of the beneficiary in the manufacturing, services and trading sector.
3. For non-individual enterprises, 51 per cent of the shareholding and controlling stake should be apprehended by either Women Entrepreneur or SC/ST.
4. Borrower should not be in default to any bank/financial institution.

4.3 Nature of Loan

Composite loan is provided (inclusive of term loan and working capital) between ₹10 lakh and upto ₹100 lakh.

4.4 Purpose of Loan

For setting up a new enterprise in manufacturing, trading or services sector by Women /SC/ST entrepreneur.

4.5 Size of Loan

Composite loan of 75 per cent of the project cost inclusive of term loan and working capital. The stipulation of the loan being expected to cover 75 per cent of the project cost would not apply if the borrower’s contribution along with convergence support from any other schemes exceeds 25 per cent of the project cost.

4.6 Interest Rate

The rate of interest would be lowest applicable rate of the bank for that category (rating category) not to exceed (base rate (MCLR) + 3 per cent + tenor premium).

4.7 Security

Besides primary security, the loan may be secured by collateral security or guarantee of Credit Guarantee Fund Scheme for Stand-Up India Loans (CGFSIL) as decided by the banks.

4.8 Repayment

The loan is repayable in 7 years with a maximum moratorium period of 18 months.

4.9 Working Capital

For drawal of Working capital upto ₹10 lakh, the same may be sanctioned by way of overdraft. Rupay debit card to be issued for convenience of the borrower. Working capital limit above ₹10 lakh is to be sanctioned by way of Cash Credit limit.

4.10 Margin Money

The Scheme visualize 25 per cent margin money which can be provided in convergence with Central / State eligible schemes. These schemes are eligible for admissible subsidies or for meeting margin money requirements, in all cases, the borrower shall be required to bring in minimum of 10 per cent of the project cost as own contribution.

5. SWOT Analysis of the scheme in gender point of view

SWOT analysis (Strengths, Weaknesses, Opportunities and Threats analysis) can be defined as a framework to identify and assess the internal and external factors which can have an impact on the feasibility of a project, product, place or person (Sammur et al., 2015). In this study, SWOT analysis is used to assess the Stand-Up India scheme. The scheme has been assessed in gender point of view.

5.1 Strengths

- a) It is seen from the data of Sixth Economic Census that in non-farm sector, manufacturing and retail trade are dominant in percentage share of the total women entrepreneurs in India. The Stand-Up India scheme also encourages the women entrepreneurs to take up projects in manufacturing, trading and services sector also.
- b) The scheme covers all branches of Scheduled Commercial Banks. The scheme is accessed in three potential ways: Directly at the branch or Through SIDBI's Stand-Up India portal (www.standupmitra.in) or Through the Lead District Manager ((LDM). These options help the women entrepreneurs to access the opportunity irrespective of time and place.
- c) As women entrepreneurs have to balance the home and business at the same point of time, accessing information regarding loans and other related information from the concern offices or institutions is not an easy task. By starting the Stand-Up India portal (providing digital platform), this problem can be solved up to a great extent. The portal will be the crucial interface layer for parameters/ metrics of the borrower and will provide information and feedback to such borrowers. A potential borrower will have the option of registering on the portal right away or simply visiting it and registering later. This portal may be accessed at home, at Common Service Centers (CSCs), through a bank branch (through the nodal officer for MUDRA at the branch) or through the LDM. In branches where internet access is restricted, the branch will guide the potential borrower to an internet access point.
- d) Rupaya debit card is issued for convenience of the borrower for drawal of Working capital upto 10 lakh, the same may be sanctioned by way of overdraft. This facility will be useful for women entrepreneurs as their mobility is quite restricted.
- e) Provision has been made in the portal for redressal of grievances of the borrower. The portal provides contact details of the officers/agencies in each bank designated to attend to grievances. Now complaints can be registered in an easy and fast way. A woman if face any discrimination can go to portal to file a case against the perpetrators.
- f) A total of Rs 3,000 crore MUDRA Credit Guarantee Fund (CGF) as hedge is proposed to act against default of Rs 50,000 to Rs 10 lakh loan. This is also extended to small entrepreneurs. Rs 5,000 crore Stand-Up India

CGF will stand guarantee for Rs 10 lakh to Rs 1 crore loans to be provided to least 2.5 lakh women and SC/ST.

- g) Generally women entrepreneurs do not have collateral for loan but in this scheme, loan may be secured by collateral security or guarantee of Credit Guarantee Fund Scheme for Stand-Up India Loans (CGFSIL) as decided by the banks, besides primary security, to help them in particular.

5.2 Weaknesses

- a) The maximum loan limit of the Stand-up India scheme is Rs 1 Crore which is sometimes quite small in case of the enterprises established in manufacturing or trading sector.
- b) The scheme provides much lower interest rates than the market rate. This low rate of interest is for the poor people. It definitely incurs huge losses for the PSU banks. On the other, it will be like investing more and more in non-performing assets. According to the scheme there will be creation of jobs, encouraging new talents but also there will be a flood of loans that must be fulfilled by the PSU banks which is definitely not a very good news for any of the banks.
- c) As all know that Indian tax structure is definitely a weak one which keeps changing with time. It is quite impossible for the government to cope up with such heavy investment from the government's side. Also there are no such tax regime and labour laws in the nation that can give a back up to this huge project.
- d) According to start-up survey, it has been seen that most of the successful start-ups in India are dependent on latest technology. In India, there are several places where latest technologies haven't reached yet. At the same time, poor women and other applicants, who fall under Stand-Up India scheme, are also not aware of technology evolution till today. It looks little difficult for lot of people to compete in long run.
- e) In the list of subsidy schemes, only Skill Upgradation & Quality improvement and Mahila Coir Yojana scheme is included for women entrepreneurs. The Mahila Coir Yojana (MCY), in particular, aims at women empowerment through the provision of spinning equipment at subsidised rate after appropriate skill development (training) programmes. This is quite discriminatory as Subsidised Term loan from National Scheduled Castes Finance and

Development Corporation (Subsidy to Beneficiaries Under the Central-Sector Scheme of Special Central Assistance to the Scheduled Castes Sub Plan, the Below Poverty Line) and Special Credit Linked Capital Subsidy Scheme (SCLCSS) for MSEs is continued for ST/SC borrowers. These schemes should also be allowed to be used by the women counterpart too (www.standupmitra.in, 2018).

5.3 Opportunity

- a) This scheme inculcates entrepreneurial values among women and involve greatly in business dealings.
- b) Business opportunities that are approaching for women entrepreneurs, such as service sector, are women friendly.
- c) By taking up entrepreneurial venture, women can become more self sufficient in economic term.

5.4 Threats

- a) Lack of proper monitoring process of disbursement of loans.
- b) Women are lack of knowledge and access to new technology and often have low self-confidence, will power and strong mental outlook. These attitudes amongst women create a fear to take up entrepreneurial ventures or to execute their entrepreneurial work properly.
- c) No provision for training on use of modern technology specially the computer and internet facility for women.

6. Performance of the Stand-Up India Scheme over these two years

The Stand-Up India programme was launched almost 2 years back. While analyzing the performance of the scheme, it is seen that things are impressive in case of women in comparison to ST/SC folks. All banks were told to ensure that every branch must give two loans – one to a ST/SC and one to a woman – to help them set up a new business enterprise. In 280th report of Department related Parliamentary Standing Committee, Rajya Sabha stated that during the interaction with the PSEs on the Central Government Public Procurement Policy for Micro and Small Enterprises Order 2012, most of the PSEs stated their difficulty in finding SC/ST entrepreneurs. The SC/ST

components could not be utilized due to lack of demand for loans or finances. These marginalized groups of society possess traditional and inherent entrepreneurial skills, which need to be tapped in alignment with market requirements. The Committee recommends that the SC/ST Hub¹ should create an All India Database of SC/ST entrepreneurs location and vocation wise and share the same with PSEs. Also, the SC/ST Hub should run National Skill Qualification Framework (NSQF) compliant skill development programmes for SC/ST technicians who could take contract jobs and services that PSEs outsource.

The Committee observed that Stand-Up India Scheme includes the same training, marketing and financial support programmes whose performance has been indifferent. The Committee noted that under Stand-Up India Scheme out of 1.29 lakh Bank Branches, only some 1000 branches have met their target of lending to one SC/ST and one woman entrepreneur, fully. Some 11000 branches have met the target partially. During the submission before the Committee one of the industry associations informed the Committee that most of the Bank branches were lending to women entrepreneurs only under the Stand-Up India scheme. The Committee may also be informed about the credit limit and interest rate charged under this Scheme.

In is found in a study conducted by Indian Express that in between April 5, 2016 and September 24, 2017, only 6 per cent of the 1.3 lakh bank branches in the country have provided Stand-Up India loans to SC or ST individuals. In addition to it, less than 25 per cent have provided loans to women from the general category (Indian Express reported, 2017).

According to data received from the Department of Financial Services, Ministry of Finance, 21 public sector commercial banks, 42 regional rural banks and nine private sector banks have provided Stand-Up India loans to 5,852 SC applicants, out of which 1,761 applicants are ST individuals and 33,321 general category women. Loans worth Rs 8,803 crores have been sanctioned so far, of which Rs 4,852 crore has been disbursed. The 21 public sector commercial banks sanctioned loans to 38,111

¹ Hub has been set up to provide professional support to SC/ST entrepreneurs to fulfill the obligations under the Central Government Public Procurement Policy for Micro and Small Enterprises Order 2012.

individuals under the Stand-Up India scheme – 5,559 to SCs, 1,653 to STs and 30,899 to general category women. The average amount disbursed to SC/ST applicants is Rs 10 lakh while the average for women is Rs 12.27 lakh.

Of the nine private banks, IndusInd Bank has sanctioned 184 Stand-Up India loans to SCs. The others, taken together, have provided only 12 loans to SC individuals. Nine banks have together sanctioned such loans to only 196 SC, 76 ST individuals and 2,015 general category women. Axis Bank, HDFC Bank, South Indian Bank and The Nainital Bank have not provided a single Stand Up India loan to an SC individual, the newspaper reported, and Axis Bank, Federal Bank, ICICI Bank, The Nainital Bank and Yes Bank have not provided any loans to ST individuals. These banks which have not sanctioned any loan to SC/ST individuals, also not sanctioned any loan to women too.

As on 11th April, 2017, Rs 5807.7 crore has been sanctioned in 28,444 accounts. Of these, women hold 22,708 accounts with sanctioned loan of Rs 4,740.11 crore, Scheduled Caste persons hold 4,487 accounts with sanctioned amount of Rs 825.17 crore while Scheduled Tribe persons hold 1249 accounts with a sanctioned amount of Rs. 242.43 crore. (Press Information Bureau Government of India, 2017).

From the review it can be seen that in case sanctioning loans the share of women is larger than SC/ST counterpart. It is a good sign that the women are coming out from their usual restricted circle and taking up a challenging career as budding entrepreneurs. Here one important aspects is still under question. No information has found from the available sources regarding the release of those funds in proper flow to these women entrepreneurs. Uninterrupted monetary flow is very much needed to run an entrepreneurial venture smoothly. As this is the only source of livelihood for these women entrepreneurs, a halt in their work cannot be afforded.

7. Conclusion

From the above discussion it is found that women have come up to take entrepreneurship as their profession. In case of opening accounts against loan in public, private banks and RRBs, the share of women is more than SC or ST applicants. The share of sanctioned loan to women is also more in comparison to ST/SC counterpart. It seems that the campaign is a good start for the startup industry in

India. But the implementation of the scheme is yet to reach its fullest extent.

From the above discussion, it is found that women along with the SC/ST are not ambitious due to lack of knowledge and training. Proper implementation is needed in delivering training through the existing ST/SC Hub. This Hub can also include the women in providing trainings on financial and technical know how to carve the women entrepreneurs adequately with entrepreneurial qualities and skills to meet changing trends and challenging international markets and also be proficient enough to survive and sustain in the local economic field.

As Stand-Up India scheme is a online facility, so government of India should provide internet facilities to all the remote areas of the Nation so that entrepreneurs get their innovation implemented through their own places.

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