



# Women Entrepreneurs and Stand-up India Scheme in Punjab: A critical review

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## ABSTRACT

The study of financial inclusion has always been important for our country's government and central bank, and it has now become even more important in light of the impact of a recession-like situation prevailing in the country. The need of the hour is to have a deeply embedded financial system that not only aids in the fight against recession but also ensures the successful operation of the nation's financial system which is heavily reliant on the active participation of every sector of the economy. To achieve the aim of financial inclusion, the Stand-up India scheme for both women and ST/SC entrepreneurs was launched by the government of India. The issue of the government's responsibility for ensuring that women entrepreneurs have access to an entrepreneurial environment is of great importance. To make this scheme truly beneficial for women entrepreneurs, it should be the primary focus area for the government. This paper aims to analyze the Stand-Up India scheme from a gender perspective. The study aims to assess the Stand-Up India scheme in detail with reference to the benefits that the women entrepreneurs will get from it and to study the impact of the stand-up scheme on the upliftment of women beneficiaries in Punjab. For this study, both primary and secondary sources of information have been used.

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## Introduction

In the late 1970s, a distinct sub-domain of women's entrepreneurship emerged (Jennings and Brush, 2013) and it is true that women can play a very important role in broadening entrepreneurship and economic development (Sarfaraz et al., 2014). Women entrepreneurship increases the prosperity of the country in general and the wealth of the family in particular. According to the World Bank, investing more in women's businesses rather than men's contributes to greater national growth. Women's entrepreneurship empowers them to break down gender disparity and the economic dependence of women.

A woman entrepreneur is an enterprising individual with an uncanny vision for opportunities, commercial acumen, immense perseverance, and, above all, a person who is willing to take risks with the unknown because of the adventurous spirit she possesses (Medha Dubhashi Vinze, 1987). Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. Women entrepreneur refers to a woman or a group of women who start, organize, and manage their own business (Suganthi, 2009). Women entrepreneurship is the creative activity of starting and running a business venture that leads to economic empowerment and social betterment for women in society. According to this concept, women's entrepreneurship makes a meaningful, social, and economic contribution to society (Munshi, S et al, 2011). According to the Government of India, a woman entrepreneur is the one who assumes dominant financial control (minimum financial interest of 51 percent of the capital) in an enterprise (Government of India, 2012).

According to the **Sixth Economic Census**, conducted in 2014, only about 14 percent of Indian women own or run businesses. More than 90 percent of companies run by women are microenterprises, and about 79 percent are self-financed.

**Annette Dixon (2018)**, the vice president of the World Bank for South Asia, stated in a speech in March, 2018 that women only contribute 17 percent of India's GDP, which is less than half the world average. She estimated that the annual rate of economic growth would increase by 1.5 percentage points to approxi-

mately 9 percent if even half of Indian women engaged in the labour force.

To promote women entrepreneurship in India, has been recognized by the government. that enterprising women possess entrepreneurial skills that can be harnessed to help them transition from job seekers to job providers. As a result, GOI provides several activities geared toward female entrepreneurs like Nidhi Yojana, Mundra Yojna Scheme, Dena Shakti Scheme, Mahila Udyam Nidhi Yojana, Annapurna Scheme, Mundra Loan etc.. This paper focuses on Stand-up India scheme of the Govt. of India.

## Stand Up India Scheme:

The stand-up India scheme was announced by Prime Minister of India Mr. Narendra Modi on 15 August, 2015 and was launched on 5 April, 2016 to facilitate bank loans between 10 lakh to 100 lakh to at least one scheduled caste (SC) or scheduled tribe (ST) and at least one woman borrower per bank branch for setting up a new enterprise in manufacturing, trading or services sector. The eligible lending institutions for extending loans under the scheme are 1.25 lakh bank branches of scheduled commercial banks across the country.

Any SC/ST or women entrepreneur above the age of 18 years is eligible to avail the benefits under this scheme for the greenfield projects if the borrower has not defaulted in repayment of any bank loan taken earlier.

## Features of Stand-Up India Scheme

1.	Nature of Loan	Composite loan (including term loan and working capital) between 10 lakh and up to 100 lakh.
2.	Size of Loan	Composite loan of 75% of the project cost inclusive of term loan and working capital.
3.	Interest	The rate of interest would be the lowest applicable rate of the bank for that category not to exceed (Base rate (MCLR) + 3%+ tenor premium)

(Table continued)

(Table continued)

4. Security	The loan under the scheme can be secured by collateral security or guarantee of the Credit Guarantee Fund Scheme for stand-up India loans (CGFSIL).
5. Repayment of Loan	The loan is repayable in 7 years with a maximum moratorium period of 18 months.
6. Working Capital	The funds will be sanctioned in the form of overdrafts for the purpose of drawing working capital up to an amount of Rs 10 lakh. For the convenience of withdrawing funds, A RuPay debit card can also be issued to the borrower. The same will be provided by cash credit limit if the working capital required is above Rs. 10 lakh
7. Margin Money	Margin money of the composite loan under the stand-up India Scheme would be available up to 15%, but the loan borrower is required to contribute a minimum of 10% of the project's cost from their own funds.

## Review Of Literature

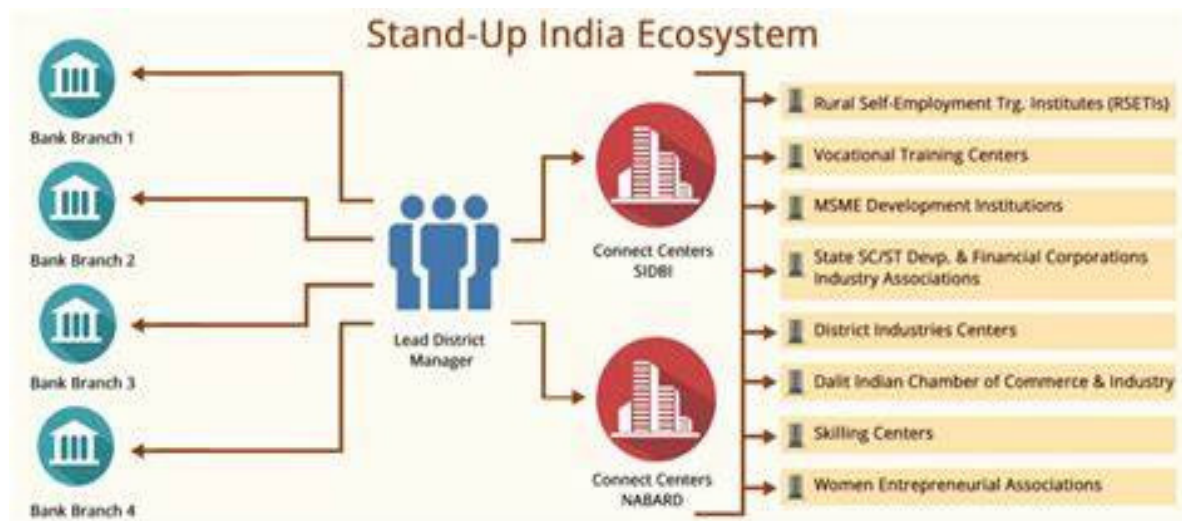
From the literature, it has been observed that lack of capital is the key problem for a women entrepreneur (Goffee and Scase, 1983; Aldrich, 1989). (Frances M. Hill , Claire M. Leitch & Richard T. Harrison, 2006) reported some issues related to gender, entrepreneurship, and finance that have been identified as problematic in the literature and further highlighted that women entrepreneurs and their businesses are heterogeneous and thus the study of female entrepreneurship, in general, is not homogeneous.

(Syed Zamberi Ahmad, 2012) in their research discovered that women entrepreneurs face challenges in securing financial support. Shortage of credit choices and an unfriendly market climate are serving as the key constraints. Other significant issues include an unfavourable market climate, insufficient government funding, and uncertain legislation. The barriers vary according to the field of activity of the enterprises.

The literature addresses the different aspects of finance challenges like gender discrimination for loans, entrepreneurship, government support, training, SMEs' financing constraints, economic development, etc.

According to Jharkhand Economic Survey (2016) report the program has supported 39 SC/ST and 152 women beneficiaries, resulting in the construction of

## Stand-Up India Ecosystem



industrial units by the SC/ST group and empowering women to start and run their businesses.

According to Achanta Shamith (2017), the stand-up scheme is a long-term proposal to boost the ability of women entrepreneurs to accelerate economic growth and create stronger societies around the world. This initiative is intended to provide an opportunity and financial support to motivate women to work on their ideas systematically and, eventually, start their businesses.

## Financial Challenges Faced by Women Entrepreneurs

Despite the fact that the number of women entrepreneurs in India has increased significantly in the post-liberalization period, many of them are still unable to succeed due to a lack of financial resources. (Aadurai, 1987) identified lack of formal education, ownership of property, and social mobility as the main problems faced by women entrepreneurs in accessing credit from financial institutions. (Starcher, 1996) suggested that women in developing nations have little access to funds, as they are concentrated in poor rural communities with hardly any opportunities to borrow money. As a result, they are forced to rely on their savings as well as loans from family and friends. According to (Garland, 2006) banks impose unrealistically high collateral requirements for the loans on the beneficiaries, as they tend to exaggerate the likelihood of default of women entrepreneurs. According to a report by United Nations Industrial Development Organization (UNIDO, 2003), it is evident that repayment rates on loans given to women are higher as compared to loans given to men, but women entrepreneurs still face more difficulties in obtaining credit often due to unfair attitudes of banks and lending groups. According to (Indarti and Langenberg, 2005), several empirical studies have concluded that potential entrepreneurs view a lack of access to capital and credit schemes, as well as financial system constraints, as the key barriers to business innovation and growth in developing economies. Personal savings, extended family networks, community savings and credit systems, and venture capital are all possible sources of capital.

## Objectives of the Study

The objectives of the study are as follows:

1. To study the impact of financial inclusion on the upliftment of women entrepreneurs of Punjab under the Stand-up India Scheme of GOI.
2. To study the constraints faced by the women beneficiaries to avail the benefit of this scheme.

## Research Methodology

The universe of the study is the women entrepreneurs residing in rural and urban areas of Punjab. A sample of 100 respondents is taken from Majha, Malwa and Doaba regions of Punjab. For the purpose of this study, both primary and secondary data has been used. The primary data was collected by respondents through a structured questionnaire.

## Need of the study

The study of financial inclusion has always been important for our country's government and central bank, and it has now become even more important in light of the impact of a recession-like situation prevailing in the country. The need of the hour is to have a deeply embedded financial system that not only aids in the fight against recession but also ensures the successful operation of the nation's financial system which is heavily reliant on the active participation of every sect of the economy. To achieve the aim of financial inclusion, the Stand-up India scheme for both women and ST/SC entrepreneurs was launched by the government of India. The issue of the government's responsibility for ensuring that women entrepreneurs have access to an entrepreneurial environment is of great importance. To make this scheme truly beneficial for women entrepreneurs, it should be the primary focus area for the government. This paper aims to analyze the Stand-Up India scheme from a gender perspective. The study aims to assess the impact of the Stand-Up India scheme in detail with reference to the upliftment of the status of women beneficiaries in Punjab and the challenges faced by them to avail the benefit of this scheme.

## Hypothesis

The following null hypothesis has been framed for the purpose of the study:

There is an impact of financial inclusion on the upliftment of women beneficiaries under the Stand-up India Scheme of GOI.

There are several constraints faced by women beneficiaries to avail the benefit of this scheme.

## Discussion and Analysis

A questionnaire containing a number of questions on the upliftment of the status of women entrepreneurs who are beneficiaries in the region of Punjab under the stand-up India scheme was developed. The detailed analysis is as under:

79% of the women beneficiaries are first-generation entrepreneurs and only 21% are having a family history of running a business.

Response	%
Yes	79
No	21
Total	100

Maximum women beneficiaries (47%) who have taken loan under stand-up India scheme are engaged in trading activities, followed by (31%) beneficiaries engaged in service sector and at last 22% are engaged in production sector.

Response	%
Production	22
Trading	47
Service	31
Total	100

58% of the women beneficiaries are actively engaged in the business by holding highest position having the effective decision-making power.

Response	%
Yes	58
No	42
Total	100

**Table 3:**

Maximum women beneficiaries (73%) are ready borrowers who have knowledge regarding setting up and carrying of business. They don't require any training prior to setting up of the business.

**Table 4:**

Response	%
Ready Borrower	77
Trainee Borrower	23
Total	100

Maximum women beneficiaries have opted to borrow money under Stand-up India Scheme because no collateral requirement exists under this scheme and the loan can be secured by collateral security or guarantee of the Credit Guarantee Fund Scheme for stand-up India loans (CGFSIL).

**Table 5:**

Response	%
Minimum documentation	12
Low-interest rate	15
Repayment of loan	8
Collateral free	56
Time taken for sanctioning loan is less	9
Total	100

Most of the women beneficiaries get to know about the scheme from bank officials whom they contacted regarding the loan for start up.

**Table 6:**

Response	%
Loan Mela	10
Portal	4
Bank	60
Call from bank	8
Friend/ Relative	15
Any other	3
Total	100

The loan granted to women beneficiaries under this scheme proved beneficial for their economic

upliftment. The annual income of most of the women beneficiaries (36%) has risen above Rs. 10,00,000

**Table 7:**

Response	%
1,00,000 - 3,00,000	12
3,00,001 – 5,00,000	25
5,00,000 – 10,00,000	27
More than 10,00,000	36
Total	100

The women beneficiaries have provided employment opportunities to others. Most of the beneficiaries (42%) have employed 20 to 50 employees under them in their concern.

**Table 8:**

Response	%
Less than 20	21
More than 20 but less than 50	42
More than 50 but less than 100	13
100 & above	24
Total	100

The maximum women beneficiaries (81%) have taken loan from the public sector banks as compared

to 19% who have taken loan from Private Sector banks.

Response	%
Private Sector Bank	19
Public Sector Bank	81
Total	100

**Table 9:**

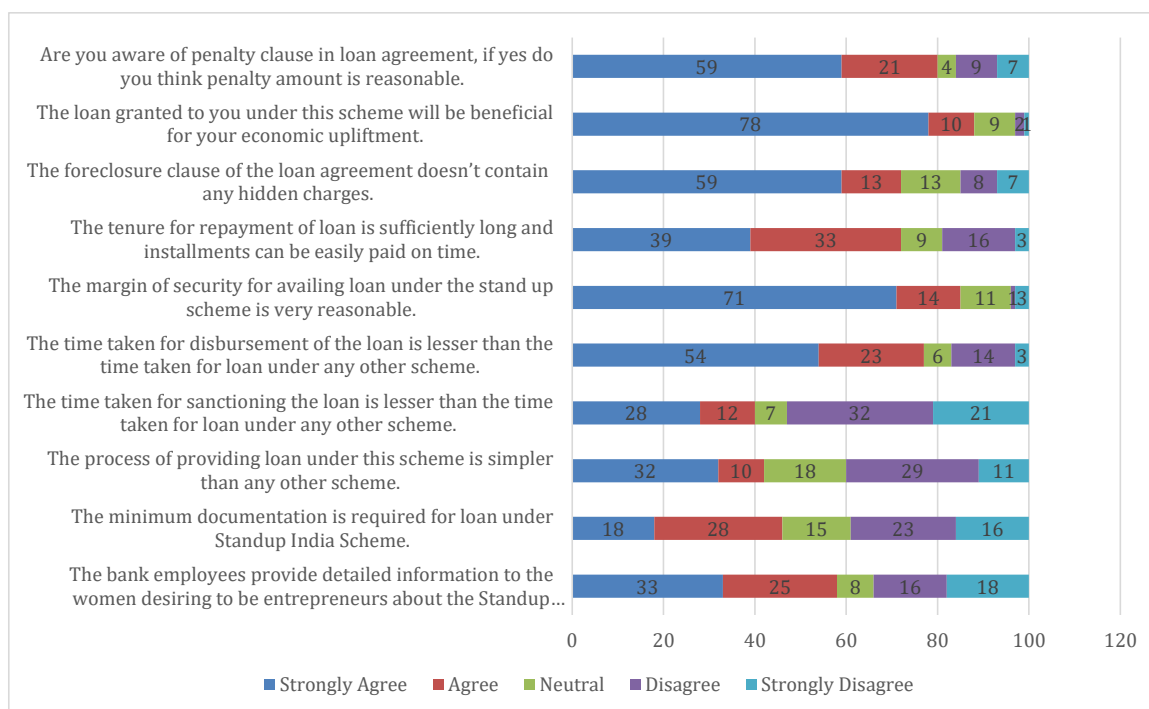
From the table it is evident that the bank employees provide detailed information to the women desiring to be entrepreneurs about the Stand-up India Scheme. The minimum documentation is not required for availing loan under Stand-up India Scheme and the process of availing loan is not easy. The time taken for sanctioning the loan is not lesser than the time taken for loan under any other scheme. The time taken for disbursement of the loan is not lesser than the time taken for loan under any other scheme. The margin of security for availing loan under the stand-up scheme is very reasonable. The tenure for repayment of loan is sufficiently long and instalments can be easily paid on time. The foreclosure clause of the loan agreement doesn't contain any hidden charges. Most of the beneficiaries are aware about the penalty clause in the loan agreement, and the penalty amount is reasonable according to them. This scheme is beneficial for the economic upliftment of the beneficiaries.

Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
The bank employees provide detailed information to the women desiring to be entrepreneurs about the Standup India Scheme.	33	25	8	16	18	100
The minimum documentation is required for loan under Standup India Scheme.	18	28	15	23	16	100
The process of providing loan under this scheme is simpler than any other scheme.	32	10	18	29	11	100
The time taken for sanctioning the loan is lesser than the time taken for loan under any other scheme.	28	12	7	32	21	100

(Table continued)

(Table continued)

Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
The time taken for disbursement of the loan is lesser than the time taken for loan under any other scheme.	54	23	6	14	3	100
The margin of security for availing loan under the stand up scheme is very reasonable.	71	14	11	1	3	100
The tenure for repayment of loan is sufficiently long and installments can be easily paid on time.	39	33	9	16	3	100
The foreclosure clause of the loan agreement doesn't contain any hidden charges.	59	13	13	8	7	100
The loan granted to you under this scheme will be beneficial for your economic upliftment.	78	10	9	2	1	100
Are you aware of penalty clause in loan agreement, if yes do you think penalty amount is reasonable.	59	21	4	9	7	100



## Conclusion

As on 23.11.2021, 1264 total accounts were sanctioned the loan amount of Rs. 271.49 crores in Punjab. Out of these 1264 accounts, there are 848 women beneficiaries with sanctioned loan amount of Rs.189.93 crores. This number itself speaks of the success of this scheme. Several entrepreneurial success stories have also come out in the region of Punjab by means of the stand-up India Scheme. The scheme has transformed many job seekers into job creators. Stand up India is successful in providing a platform to women entrepreneurs and therefore in 2019-20, the scheme was extended till 2025.

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