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The Stand-Up India Scheme: An Analysis of Entrepreneurship, Employment Generation, and Inclusive Economic Development

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ABSTRACT

In a developing country like India, the growing population represents a vast human resource on the one hand, while on the other it poses challenges such as unemployment and economic inequality due to limited employment opportunities. In this context, promoting entrepreneurship has become essential for the effective utilization of human resources. The establishment of new enterprises not only generates self-employment but also creates additional employment opportunities, thereby contributing to economic development. To achieve this objective, the Stand-Up India Scheme, launched by the Government of India, seeks to promote inclusive development by providing bank loans to Scheduled Castes (SCs), Scheduled Tribes (STs), and women entrepreneurs for establishing greenfield enterprises. This research paper examines the key provisions, progress, and contribution of the Stand-Up India Scheme to entrepreneurship development and employment generation. The study is based on secondary data, using original reports and other reliable sources. It also presents a SWOC (Strengths, Weaknesses, Opportunities, and Challenges) analysis of the scheme. The findings indicate that the scheme has made a significant contribution to promoting entrepreneurship among women and socially disadvantaged groups, generating employment, and enhancing financial inclusion. However, challenges such as limited awareness, procedural complexities, delays in loan approval, the gap between sanctioned and disbursed loan amounts, and inadequate business mentoring continue to affect its effectiveness. Therefore, simplifying the lending process, expanding awareness campaigns, and strengthening continuous mentoring and support mechanisms are essential to improve the overall impact of the scheme.

***Keywords**: Stand-Up India Scheme, Entrepreneurship, Employment Generation, Inclusive Economic Growth, Financial Inclusion, MSMEs.*

Introduction

In the traditional approach to economic development, capital, savings, and investment were considered the primary drivers of growth. However, in the modern economy, human resources and entrepreneurship are regarded as the key pillars of sustainable economic development. A country's population becomes a valuable asset only when it has access to adequate employment opportunities, skills, and entrepreneurial opportunities. Otherwise, a growing population may lead to challenges such as unemployment, poverty, and social inequality. Therefore, promoting new enterprises and startups has become essential for the effective utilization of human resources.

Entrepreneurship is a major driver of innovation, productivity, and employment generation. Recognizing its importance, the Government of India has introduced several initiatives to promote entrepreneurship among socially disadvantaged groups and women. Among these, the Stand-Up India Scheme is a significant initiative that provides bank loans ranging from ₹10 lakh to ₹1 crore to Scheduled Castes (SCs), Scheduled Tribes (STs), and women entrepreneurs for establishing greenfield enterprises. The scheme is not limited to providing financial assistance; it also promotes inclusive development, self-reliance, and employment generation. The present study provides an analytical evaluation of the Stand-Up India Scheme, focusing on its progress, benefits, limitations, and contribution to entrepreneurship development, employment generation, and inclusive economic development.

Objectives of the Study

- To examine the development of entrepreneurship.
- To analyse the progress and outcomes achieved under the Stand-Up India Scheme.
- To conduct a SWOC (Strengths, Weaknesses, Opportunities, and Challenges) analysis of the Stand-Up India Scheme.

Review of Literature

McClelland (1961): David C. McClelland, in his book 'The Achieving Society' (1961), argued that entrepreneurship is not an innate trait but can be developed through appropriate training, motivation, and experience. He identified the Need for Achievement (n-Ach) as the primary determinant of successful entrepreneurship. McClelland further emphasized that entrepreneurship development programs can enhance this achievement motivation, thereby fostering entrepreneurial capabilities.

Drucker (1985): Peter F. Drucker, in his book 'Innovation and Entrepreneurship: Practice and Principles' (1985), argued that entrepreneurship is not an innate talent but a discipline and a practice that can be developed through education, experience, and innovation. He emphasized that the ability to identify opportunities, manage risks effectively, and pursue continuous innovation are the key characteristics of successful entrepreneurs.

Shapero (1982): Albert Shapero, in his book "Entrepreneurial Event Theory" (1982), proposed that an individual's decision to become an entrepreneur is influenced by three key factors: Perceived Desirability, Perceived Feasibility (the belief in one's ability to start and manage a business), and favourable circumstances According to his study, supportive government policies, entrepreneurship training, and access to financial assistance play a significant role in promoting entrepreneurial development.

Galton (1869) and Carlyle (1841): Francis Galton and Thomas Carlyle, proponents of the Great Man Theory, argued that qualities such as leadership, entrepreneurial ability, risk-taking capacity, and self-confidence are largely innate rather than acquired. According to their view, not everyone can become a successful entrepreneur through training only, as exceptional leadership and entrepreneurial capabilities primarily depend on an individual's inborn traits and natural disposition.

Research Methodology

The present paper "The Stand-Up India Scheme: An Analysis of Entrepreneurship, Employment Generation, and Inclusive Economic Development" has been prepared by using secondary data. "Secondary data means data are already available i e., they refer to the data which already been collected and analysed by someone else. Secondary data may either be published data or unpublished data." The most reliable sources (Original Reports) have been used for this.

Entrepreneurship and Economic Development

In the modern era, human resources have become a subject of extensive discussion across the world. Many countries are increasingly concerned about the rapid growth of their populations. It is generally believed that when population growth outpaces the availability of limited resources, it leads to higher levels of unemployment. Rising unemployment, in result of this, contributes to social tensions, giving rise to complex challenges such as poverty, social unrest, and economic and social imbalances.

On the other hand, an alternative perspective views population not as a burden but as an asset. A growing population expands the workforce, which can become a valuable driver of a country's economic progress. It also enlarges the market for goods and services by increasing consumer demand. Thus, population growth not only presents challenges but also creates new economic opportunities and possibilities.

The common thread linking these two perspectives is the effective utilization of human resources. If a society is able to generate adequate employment opportunities for its expanding population, the growing workforce can contribute to market expansion and strengthen the prospects for economic development. Conversely, if employment opportunities fail to keep pace with population growth, unemployment and related socio-economic problems become inevitable. The real challenge, therefore, lies in ensuring the optimum utilization of human resources by maintaining a balance between the number of people seeking employment and the availability of jobs. While the number of job seekers is closely associated with population growth, the expansion of employment opportunities depends largely on the pace of economic development. Understanding how economic development can be achieved is, therefore, of critical importance.

For many years, discussions on the determinants of economic development focused primarily on savings and investment. This approach was rooted in the concept of the vicious cycle of poverty. A country remains poor because its income is low; income is low because investment is inadequate; investment is inadequate because savings are insufficient; and savings are insufficient because income is low. This cycle of low income–low savings–low investment–low income was considered the principal obstacle to development, leading policymakers to emphasize increased investment as the primary solution. However, experience has demonstrated that the effectiveness and productive utilization of investment are often more important than its volume. The efficient use of investment ultimately depends on the competence and capabilities of those who manage and direct productive activities.

In recent years, greater attention has been given to the role of entrepreneurs in promoting income generation and employment. Entrepreneurs play a vital role in transforming underutilized resources into productive assets that contribute to economic growth. Although the association between entrepreneurship and innovation has long been recognized, it is now widely acknowledged that the expansion of entrepreneurial activity also promotes economic development and employment generation. The effective utilization of human resources, therefore, requires the creation of a broader entrepreneurial base within society. As the number of entrepreneurs increases, new enterprises are established, production expands, and additional employment opportunities are created. Consequently, a better balance is achieved between the number of people seeking employment and the availability of productive jobs, thereby contributing to sustainable economic development.

Theoretical Perspectives on Entrepreneurship Development

After recognizing the need to increase the supply of entrepreneurs, the next important question is how the supply of entrepreneurs can be increased. Two major schools of thought have emerged in this regard. According to one school of thought, entrepreneurial qualities are innate, whereas the other holds that entrepreneurs can be developed through appropriate education, training, experience, and encouragement.

A group of scholars believes that entrepreneurs are not born but can be developed, and that the supply of entrepreneurs can be increased. The principal advocate of this view is David C. McClelland. Other scholars, including Peter F. Drucker, Albert Shapero, and Gifford Pinchot, have also argued that entrepreneurship is a capability that can be developed through training, experience, and a supportive environment. According to McClelland, entrepreneurs are not born with entrepreneurial abilities; rather, these abilities can be developed through appropriate training, education, motivation, and experience. He identified the Need for Achievement (n-Ach) as the foundation of entrepreneurship. In his view, since this achievement motivation can be developed, entrepreneurship itself can also be nurtured and developed.

According to the opposing view, entrepreneurship is primarily the result of innate qualities. Traits such as leadership, risk-taking ability, self-confidence, vision, creativity, and decision-making ability are considered to be inborn. Therefore, not everyone can be transformed into a successful entrepreneur through training alone. This perspective is commonly associated with the Great Man Theory. Among its early proponents were Francis Galton and Thomas Carlyle, who argued that exceptional leadership and entrepreneurial qualities are largely inherited and inherent to certain individuals.

an innate quality or a capability that can be developed. Based on contemporary research, McClelland's perspective has gained wider acceptance. It is now generally recognized that while certain personal traits may be inborn, entrepreneurial qualities can be significantly developed through appropriate education, training, experience, and a supportive environment. In brief, entrepreneurship is neither solely the result of innate qualities nor entirely the outcome of training. Rather, successful entrepreneurship emerges from a combination of inherent abilities and acquired knowledge, skills, and experience.

Importance of Increasing the Supply of Entrepreneurs in India

If we accept the fact that the supply of entrepreneurs can be increased, then it assumes special importance in a country like India, which has a large population and youth demographic. By developing the country's large youth population as job creators rather than job seekers, serious problems such as poverty and unemployment can be reduced. The establishment of new enterprises leads to an increase in production, income, and exports, accelerates regional development, and creates new employment opportunities. In addition, it promotes innovation, competitiveness, and self-reliance. Therefore, increasing the supply of entrepreneurs through education, training, financial assistance, technology, and government support is essential for India's inclusive and long-term economic development.

How Can the Supply of Entrepreneurs Be Increased?

To increase the supply of entrepreneurs, it is necessary to create an environment in society that encourages entrepreneurship. Entrepreneurship education at the school and college levels, skill development training, guidance from successful entrepreneurs, encouragement of innovative ideas, availability of technology, a simple process for starting a business, and government support schemes motivate more people to start enterprises. If the government, banks, and various institutions provide guidance, incubation centres, market information, and financial assistance, new entrepreneurs can be developed and the supply of entrepreneurs in the country can be continuously increased.

Relationship Between Entrepreneurship Development and Access to Credit

This relationship can be explained through the following points:

- **Capital is a Basic Requirement for Starting an Enterprise**

Knowledge, training, and skills are essential for entrepreneurship, but adequate capital is indispensable for transforming a business idea into reality. Financial resources are required for fixed and working assets, raw materials, and day-to-day business operations. Many individuals have good business ideas and skills, but are unable to implement them due to a lack of capital. Therefore, if credit is available at affordable interest rates, on time, and in adequate amounts, business ideas can be converted into actual enterprises.

- **Lack of Capital is a Major Obstacle for Disadvantaged Sections**

For entrepreneurs from marginalized sections, the lack of initial capital and limited collateral are major challenges. Credit available on easy terms plays an important role in helping them start businesses and achieve economic self-reliance.

- **Credit Expands the Scope of Entrepreneurship**

Easy access to credit encourages new and first-generation entrepreneurs to start businesses. As a result, self-employment and the growth of MSMEs are promoted, which contribute to the development of both the local and the national economy.

Thus, it can be said that training develops entrepreneurial ability, while easy, adequate, and timely access to credit is the most important means of converting that ability into business success. Credit is one of the most important initial requirements for entrepreneurship development, as it is difficult to start a business without capital. However, for long-term success, credit must be complemented by training, guidance, market knowledge, and digital and financial literacy.

Major Financial Schemes for Entrepreneurs in India

To promote entrepreneurship in India, the Government and various financial institutions have introduced several credit schemes. Under the Pradhan Mantri Mudra Yojana (PMMY), loans are provided to micro and small enterprises under three categories: Shishu (up to ₹50,000), Kishore (₹50,001 to ₹5 lakh), and Tarun (₹5 lakh to ₹10 lakh). The Prime Minister's Employment Generation Programme (PMEGP) provides loans along with government subsidies for establishing new micro enterprises. Under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme, credit guarantees are provided for collateral-free loans, making it easier for small enterprises to obtain finance. The Startup India initiative offers financial assistance, tax benefits, and mentoring to innovative startups, while the Small Industries Development Bank of India (SIDBI) strengthens entrepreneurship by providing various forms of financial assistance, refinance, and developmental support to micro, small, and medium enterprises (MSMEs).

All these schemes, including the Pradhan Mantri Mudra Yojana (PMMY), PMEGP, CGTMSE, Startup India, SIDBI, and the Stand-Up India Scheme primarily aim to promote self-employment, reduce unemployment, encourage innovation, and accelerate the country's economic development by fostering entrepreneurship. Each of these schemes is important in its respective area. However, the Stand-Up India Scheme is specifically designed to provide loans ranging from ₹10 lakh to ₹1 crore to Scheduled Caste (SC), Scheduled Tribe (ST), and women entrepreneurs who wish to establish new (greenfield) enterprises. Owing to its higher loan limit and its focus on promoting the establishment of new enterprises, the scheme holds special significance for the development of industrial entrepreneurship. The following section discusses the scheme in the context of promoting entrepreneurship.

Stand Up India Scheme

The objective of the Stand-Up India scheme is to facilitate bank loans between 10 lakh and 1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one-woman borrower per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services, Agri-allied activities or the trading sector In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either by an SC/ST or Woman Entrepreneur.

Table 1: Cumulative Progress under the Stand-Up India Scheme (5 April 2016 to 28 February 2025)

Sr.	Indicator	Progress
01	Total loan accounts sanctioned	2.67 lakh
02	Total amount sanctioned	₹ 60504 crore
03	Amount disbursed	₹34,450 crore
04	Women beneficiaries	1.99 lakh loan accounts

Source: Ministry of Finance, Department of Financial Services (Stand-Up India Dashboard)

The above table shows the progress of the Stand-Up India Scheme from 5 April 2016 to 28 February 2025.

- The analysis of the table reveals that a total of 2.67 lakh loan accounts were sanctioned during this period, indicating that a large number of new entrepreneurs received financial assistance to start their businesses. The scheme has made a significant contribution to promoting entrepreneurship among women entrepreneurs and members of the weaker sections of society. Therefore, it can be concluded that the scheme has effectively achieved its primary objective.
- A total loan amount of ₹60,504 crore has been sanctioned, reflecting the scheme's substantial financial outreach and significance. This large-scale financial assistance has encouraged the establishment of new greenfield enterprises, promoted investment, and contributed to employment generation.
- However, out of the total sanctioned loan amount, only ₹34,450 crore has been disbursed. The gap between the sanctioned and disbursed amounts indicates that certain administrative procedures, documentation requirements, or other operational constraints may delay the actual flow of funds after loan approval. Therefore, there is a need to make the loan disbursement process more efficient and faster.
- One of the most significant features of the scheme is women's empowerment. A total of 1.99 lakh loan accounts have been sanctioned in the names of women, accounting for approximately 75% of all sanctioned loan accounts. This highlights that the Stand-Up India Scheme has been effective in encouraging women to enter entrepreneurship and enhancing their economic self-reliance.

The primary objective of the Stand-Up India Scheme is to ensure that each Scheduled Commercial Bank branch provides loans to at least one SC/ST entrepreneur and one woman entrepreneur. From this perspective, considering that India has approximately 1.6 to 1.7 lakh Scheduled Commercial Bank branches, each branch would have been expected to sanction loans to at least two beneficiaries (one SC/ST entrepreneur and one woman entrepreneur) during the scheme's nearly nine-year period. This would have resulted in approximately 3.2 to 3.4 lakh loan accounts. However, in reality, only 2.67 lakh loan accounts had been sanctioned by February 2025. This gap suggests that the scheme's objectives have not been implemented uniformly across all bank branches. Possible reasons for this include the availability of eligible beneficiaries, local economic conditions, the quality of business proposals, banks' credit appraisal processes, and other administrative factors.

This situation may be viewed, on the one hand, as a limitation in the implementation or outreach of the scheme. On the other hand, the gap also indicates the potential to reach a larger number of beneficiaries compared to the intended target. If bank branches adopt a more proactive approach, create greater awareness, provide proper guidance, and establish effective mechanisms to identify potential beneficiaries, the Stand-Up India Scheme can make an even greater contribution to entrepreneurship development, employment generation, and socio-economic empowerment.

Overall, the Stand-Up India Scheme has made a significant contribution to financial inclusion, women's empowerment, and the establishment of new enterprises. However, ensuring the full disbursement of sanctioned loans, providing continuous guidance and business training to beneficiaries, and supporting the long-term success of enterprises will remain key challenges in the next phase of the scheme.

SWOC (Strengths, Weaknesses, Opportunities, and Challenges) Analysis of the Stand-Up India Scheme

- **Strengths**
  - **Promotes Inclusive Growth:** The Stand-Up India Scheme provides financial opportunities to Scheduled Castes (SCs), Scheduled Tribes (STs), and women entrepreneurs. As a

result, it promotes financial inclusion, social empowerment, and social justice by enabling these underrepresented groups to participate in entrepreneurial activities.

- **Encourages the Establishment of New Enterprises:** By promoting greenfield enterprises, the scheme encourages the establishment of new businesses, enhances self-employment, and creates additional employment opportunities.
- **Availability of Adequate Financial Assistance:** The scheme provides loans ranging from ₹10 lakh to ₹1 crore. This financial support enables aspiring entrepreneurs to obtain the capital required to establish new greenfield enterprises.
- **Covers Multiple Sectors:** The scheme offers financial assistance for establishing new enterprises in the manufacturing, services, and trading sectors, thereby benefiting entrepreneurs across a wide range of business activities.
- **Boosts the Local Economy:** The establishment of new Micro, Small and Medium Enterprises (MSMEs) and startups contribute to higher production, increased investment, greater income generation, and enhanced local economic activity.
- **Promotes an Entrepreneurial Culture:** By encouraging innovation, a risk-taking mindset, and entrepreneurship, the scheme strengthens India's startup ecosystem and supports the vision of Atmanirbhar Bharat (Self-Reliant India).
- **Contributes to Long-Term Economic Development:** An increase in the number of entrepreneurs leads to greater employment generation, higher income levels, and more balanced and sustainable economic development.

- **Weaknesses**
  - **Lack of Awareness:** There is inadequate awareness about the scheme and its benefits, particularly in rural and remote areas. As a result, many potential beneficiaries are unable to take full advantage of the scheme.
  - **Complexity in the Lending Process and Banks' Limited Risk Appetite:** A gap exists between loan sanction and actual loan disbursement. Complex procedures, lengthy approval processes, and banks' cautious approach towards new and first-time entrepreneurs often delay the timely release of financial assistance. This may hinder the scheme's core objective of promoting entrepreneurship.
  - **Lack of Business Experience and Skills:** First-generation entrepreneurs may have limited knowledge and experience in business management, financial planning, and marketing. This can affect the successful establishment and long-term sustainability of their enterprises.
  - **Limited Mentoring and Handholding Support:** Although financial assistance is provided under the scheme, there is no well-defined mechanism to ensure that all beneficiaries receive continuous mentoring, business guidance, and handholding support after the loan is sanctioned. This may affect the long-term success of new enterprises.
- **Opportunities**
  - **Promoting the Potential of India's Youth:** By encouraging India's large youth population to pursue entrepreneurship, the scheme can promote the establishment of new enterprises, increase self-employment, and generate significant employment opportunities.
  - **Integration with Other Government Schemes:** The impact of the scheme can be enhanced through convergence with initiatives such as Make in India, Digital India, Startup India, and Skill India, thereby accelerating entrepreneurial development.
  - **Potential for Rural and Local Enterprise Development:** The scheme offers significant opportunities to strengthen local economies by promoting agriculture-based enterprises, service-sector businesses, and micro and small enterprises in rural areas.
  - **Opportunities for Women and Socially Disadvantaged Entrepreneurs:** The scheme can enhance the entrepreneurial capabilities of women and socially disadvantaged groups by encouraging them to establish new businesses and achieve greater economic self-reliance.

- **Scope for Technology and Innovation-Driven Enterprises:** By promoting digital businesses, emerging technologies, and innovation-driven enterprises, the scheme can create new markets, expand business opportunities, and support sustainable economic growth.

- **Challenges**
  - **Business Risk and Enterprise Sustainability:** New enterprises generally face a higher risk of failure. Market uncertainty, changing customer demand, and business management challenges can affect the long-term sustainability of these enterprises.
  - **Market and Cost-Related Challenges:** Increasing market competition, rising raw material prices, and higher production costs can reduce the efficiency and profitability of new entrepreneurs.
  - **Lack of Financial and Managerial Skills**: Some beneficiaries may have limited financial literacy, business planning, and management skills. This can pose a challenge to the successful establishment, growth, and long-term sustainability of their enterprises.
  - **Credit Risk and Loan Recovery Challenges:** Since many beneficiaries are first-time entrepreneurs with limited business experience, banks may face challenges in the timely recovery of loans. The uncertain performance of new enterprises also increases the risk of Non-Performing Assets (NPAs), making credit management more challenging for lending institutions.
  - **Challenge of Effective Implementation:** Ensuring that the benefits of the scheme reach all eligible beneficiaries remains a major challenge. This requires greater awareness, access to quality training and mentoring, and consistent and effective implementation across different regions.
  - **Uneven Demand Across Bank Branches:** The availability of eligible applicants is not uniform across all bank branch service areas. As a result, some branches may face difficulties in achieving the scheme's intended targets due to a limited number of suitable beneficiaries.

Conclusion

The Stand-Up India Scheme is an important initiative that promotes social justice, financial inclusion, and entrepreneurship development. Although the scheme has certain limitations and implementation challenges, its effectiveness can be further enhanced through greater awareness, effective training, continuous mentoring, and a simplified lending process. As a result, the scheme has the potential to generate more employment opportunities, strengthen women's empowerment, promote social equity, and contribute significantly to the country's overall economic development.

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