

## Title of the Scheme

Stand-Up India Scheme for financing SC/ST and/or Women Entrepreneurs.

## Objective

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 or the trading sector. In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or Woman entrepreneur.

## Eligibility

1. SC/ST and/or woman entrepreneurs, above 18 years of age.
2. Loans under the scheme is available for only green field project. Green field signifies, in this context, the first time venture of the beneficiary in the manufacturing or services or trading sector.
3. In case of non-individual enterprises, 51% of the shareholding and controlling stake should be held by either SC/ST and/or Women Entrepreneur.
4. Borrower should not be in default to any bank/financial institution.

## Nature of Loan

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

## Purpose of Loan

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

## Size of Loan

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

## 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%+ tenor premium).

## 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.

## Repayment

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

## 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 to be sanctioned by way of Cash Credit limit.

## Margin Money

The Scheme envisages 25% margin money which can be provided in convergence with eligible Central / State schemes. While such schemes can be drawn upon for availing admissible subsidies or for meeting margin money requirements, in all cases, the borrower shall be required to bring in minimum of 10% of the project cost as own contribution.

## Scheme Guidelines

1. 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 or the trading sector. In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or Woman entrepreneur.
2. The Stand-Up India scheme is based on recognition of the challenges faced by SC, ST and women entrepreneurs in setting up enterprises, obtaining loans and other support needed from time to time for succeeding in business. The scheme therefore endeavors to create an eco system which facilitates and continues to provide a supportive environment for doing business. The scheme, which covers all branches of Scheduled Commercial Banks, will be accessed in three potential ways:
  - Directly at the branch or
  - Through SIDBI's Stand-Up India portal ([www.standupmitra.in](http://www.standupmitra.in)) or
  - Through the Lead District Manager ((LDM)
3. The portal will be the crucial interface layer for parameters/ metrics of the borrower (obtained through a set of about 8-10 questions listed below) 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.
4. The approach of the Stand-Up India portal, for handholding is based on obtaining answers to a set of relevant questions at the initial stage. These would be typically be:
  0. Location of the borrower
  1. Category – SC/ ST/ Woman
  2. Nature of business planned
  3. Availability of place to operate the business.
  4. Assistance needed for preparing a project plan
  5. Requirement of skills/training (technical and financial).
  6. Details of present bank account.
  7. Amount of own investment into the project
  8. Whether help is needed to raise margin money
  9. Any previous experience in business

Based on the response, the portal provides relevant feedback and helps categories the visitor to the portal as a ready borrower or a trainee borrower. Indicative process chart is attached.

### Ready Borrower

5. In case the borrower requires no handholding support, then registration on the portal as a Ready Borrower starts the process of application for the loan at the selected bank. At this stage an application number will be generated and information about the borrower shared with the bank concerned, the LDM (posted in each district) and the relevant linked office of NABARD/ SIDBI. The offices of SIDBI and NABARD shall be designated Stand-Up Connect Centres (SUCC). The loan application will now be generated and tracked through the portal.

### Trainee Borrower

- . In cases where the borrower indicates a need for handholding, then registration as a Trainee Borrower on the portal will link the borrower to the LDM of the concerned district and the relevant office of SIDBI/ NABARD. This process which would be electronic, could be done at the borrower's home by himself/ herself or at a CSC or through a bank branch by the officer dealing with MUDRA, as explained in paragraph 2.
- i. SIDBI (79 offices) and NABARD (503 offices) as Stand-Up India Connect Centers will then arrange for support for such trainee borrowers as requested in one or more of the following ways:
  - a. For financial training – at the Financial Literacy Centers (FLCs)
  - b. For skilling – at skilling centers ( Vocational Training Centers - VTPs/ Other Centers -OCs)
  - c. For EDPs – at MSME DIs/ District Industries Centers (DICs)/ Rural Self Employment Training Institutes (RSETIs)
  - d. For work shed – DICs
  - e. For margin money – offices related to margin money support schemes e.g. State SC Finance Corporation, Women's Development Corporation, State Khadi & Village Industries Board (KVIB), MSME-DIs etc.
  - f. For mentoring support from established entrepreneurs – DICCI, Women Entrepreneur Associations, Trade bodies. Credible, well established NGOs can also be used for extending hand holding support.
  - g. For utility connections – Offices of utility providers
  - h. For DPRs – Project profiles available with SIDBI/ NABARD/ DICs

At any time, even after the loan has been sanctioned, any borrower may access the services of the Stand-Up Connect Centers.
- ii. The LDM will monitor the process and work with local offices of SIDBI and NABARD for problem solving and easing bottlenecks. Based on the progress being achieved in each case and prima facie viability, the LDM will sensitize the concerned bank branch on potential cases likely to come up. Once this is done, SIDBI/ NABARD will meet concerned bank officials for further follow up. These organizations will also work with other organizations who are stakeholders such as the Dalit Indian Chambers of Commerce and Industry (DICCI), Women's Entrepreneur Associations etc.
- iii. Once hand holding requirements are adequately met to the satisfaction of the LDM and the trainee borrower, then a loan application will be generated through the portal.

### Stand-Up India Portal

6. The Stand-Up India Portal is interactive. It hosts information about various entities providing handholding support to the borrower. This includes:
  - Training : Technical or/ and Financial
  - DPR preparation
  - Margin money support
  - Shed / workplace identification

- Raw material sourcing
  - Bill discounting
  - E-com registration
  - Registration for taxation
7. The Portal is designed to obtain application forms, gather and provide information, enable registration, provides links for handholding, assists in tracking and monitoring. As more facilities become available it shall be further refined into an end to end solution.
  8. The Stand-Up India scheme endeavors to create an eco system to make borrowers ready. This system is now meant for supporting Stand-Up Borrowers but will be extended in due course to other schemes.

### Nature of Loan

9. The loan shall be a Composite Loan i.e. to meet requirements of assets such as plant and machinery and working capital. It is expected to cover 75 % of project cost and the rate of interest would be lowest applicable rate of the bank for that category (rating) not to exceed (base rate (MCLR) + 3%+ tenor premium). It shall be repayable in up to 7 years with a moratorium of up to 18 months. A Rupay card will be issued to enable operation of the working capital component. (The stipulation of the loan being expected to cover 75% of the project cost would not apply if the borrowers contribution along with convergence support from any other scheme exceeds 25% of the project cost).

### Credit Guarantee/ Collateral

10. The scheme for Credit Guarantee for loans under Stand-Up India has been notified ([www.ncgtc.in](http://www.ncgtc.in)). The norms in this respect are aligned with existing CGTMSE norms.

### Margin Money

11. The Scheme envisages 25% margin money which can be provided in convergence with eligible Central / State schemes. While such schemes can be drawn upon for availing admissible subsidies or for meeting margin money requirements, in all cases, the borrower shall be required to bring in minimum of 10% of the project cost as own contribution. To illustrate, if a State scheme supports a borrower with 20% of the project cost as subsidy, then the borrower will be required to contribute at least 10% of the project cost. Any subsidy received by a unit which was not foreseen during loan appraisal will be credited to the loan account. In cases where a subsidy was included during appraisal but received after commissioning, the same may be released to the borrower to repay any loan taken for arranging margin money. A list of Central / State wise subsidy/incentive schemes will be provided on the Portal. New schemes will be added as they become available.

### District Level Credit Committee

12. The District Level Credit Committee (DLCC) under the Collector with the LDM as Convener shall periodically review cases of both types of borrowers, meeting at least once each quarter. SIDBI and NABARD officers will join the review meetings.

### Assistance after loan disbursement

13. Events will be organized at District level, as frequently as necessary and at least once in each quarter, involving stakeholders to share best practices, review, problem solving and guide potential entrepreneurs. These events will also provide means for facilitating registration for bill discounting services, e-market places, taxation etc. NABARD will organize these events with the support of SIDBI.

### Grievance Redressal

14. 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. A system for online submission of complaints and their subsequent tracking through the portal shall be developed. Feedback on disposal of the complaint is to be made available to the customer by the bank concerned.
15. Banks may determine requirements such as stock statements, insurance of assets created & reasonable processing fees.

## Responsibilities of Stakeholders

### Stand-Up Connect Centers(SIDBI/ NABARD):

#### SIDBI:

- To operate and maintain the Stand-Up India web portal
- Arrange for handholding support for Trainee Borrowers
- Liaise with banks for follow up in potential cases through LDM/SLBC
- Coordinate with LDM for easing bottlenecks
- Assist the SLBC and DLCC in reviews and monitoring
- Participate in Stand-Up events organized by NABARD.

#### NABARD:

- Training of Trainers, LDMs, Bank officers for Stand-Up India
- Arrange for handholding support for trainee borrowers
- Liaise with banks for follow up in potential cases through the LDM
- Coordinate with LDM for easing bottlenecks
- Assist the SLBC and DLCC in reviews and monitoring
- Organize events, as frequently as necessary and at least once in each quarter, for experience sharing etc. amongst stakeholders.

#### LDMs:

- Monitor progress of cases
- Serve as contact point for SIDBI/NABARD for easing bottlenecks.
- Sensitize bankers on potential borrowers.
- Follow up with concerned regional/zonal office of the respective bank to ensure timely processing/ sanction of loans as per time frame specified in Code of Bank's Commitment to Micro and Small Enterprises.
- Ensure that borrower's requirement of handholding support is satisfied to the extent possible.
- Convene DLCC meetings in the specified periodicity.
- Participate in quarterly events with stakeholders organized by NABARD.

#### DLCC:

- DLCC under the Collector to review progress periodically
- Grievance redressal at district level
- Assist in resolving issues, if any, relating to public utility services and work space for potential borrowers

#### Bank branches:

- Help potential borrowers in accessing the portal
- Process loan applications received online or in person

- Process loans within the timeframe as stipulated in Code of Bank's Commitment to SME borrower(Application for loan upto 5 lakh within 2 weeks, between 5 – 25 lakh in 3 weeks, above 25 lakh in 6 weeks, from the date of receipt of application provided the application is complete in all respects and is accompanied by documents required)
- In case of rejection, reason to be made known to borrower as stipulated in the Code of Bank's Commitment to Customers.
- Grievance redressal at the bank level should be done in 15 days at the bank level as per Code of Bank's Commitment to Customers.
- Banks to put in place an internal mechanism for monitoring of scheme performance.

#### **Borrowers:**

- Access the portal or visit a bank branch and answer a short set of questions
- If categorized as a Trainee Borrower, then go through the sequence of handholding support, as applicable
- Arrange/ provide requisite documentation as required by the bank branch
- Attend quarterly events on experience sharing, best practices, problem solving etc.
- Set up and run the unit with due diligence.
- Make repayments in due time.