

MCQ Question · mcqquestion.com

Stand-Up India: 2016 to 2025, and What’s Next

Free · Share

Stand-Up India: 2016 to 2025, and What's Next

Practice: 5 MCQs



A State Bank of India branch in Chandni Chowk, Delhi. Every bank branch like this had a lending target under the scheme. Photo by Pinakpani, CC BY-SA 4.0, Wikimedia Commons.

Banks lend where they feel safe. Stand-Up India was a scheme that asked banks to lend to new entrepreneurs from SC and ST groups, and to women, as well. This page explains how it worked, who backed the loans, why it ended in 2025 and what comes next.

- **5 April 2016:** the scheme is launched. Each bank branch funds at least **one SC/ST borrower** and **one woman borrower**.
- **Loan: ₹10 lakh to ₹1 crore**, up to **7 years** to repay.
- **Backing:** a **credit guarantee** and a **SIDBI refinance window**. The government does not fund the loans.

- **February 2025: ₹60,504 crore** sanctioned and **₹34,450 crore** disbursed.
- **31 March 2025:** the scheme ends. The 2025 Budget announces a successor for **5 lakh** first-time entrepreneurs.

Contents

1. Why it was launched
2. Loan terms and eligibility
3. Who backed the loans
4. The 2021 changes
5. Loans sanctioned
6. Why it ended in 2025
7. What comes next
8. How exams ask
9. 4 understanding checks
0. Related Articles
1. 5 practice MCQs

1. Why was Stand-Up India launched, and what did it ask of every bank branch?

Stand-Up India was launched so that bank loans would reach **Scheduled Caste (SC)**, **Scheduled Tribe (ST)** and women entrepreneurs. The government saw these groups as underserved by formal credit. So it gave every bank branch a lending target.

1.1 When and why did it start?

It started because the government wanted banks to reach underserved SC, ST and women entrepreneurs. The Ministry of Finance said the aim was to “leverage the institutional credit structure”. In plain words, banks were to be used to reach people they had not served well.

The Prime Minister announced the idea in his address to the nation on **15 August 2015**. He called it “Start up India, Stand up India”. The scheme was launched on **5 April 2016** at Sector 62, Noida, together with a web portal.

At launch, the loans were for the **non-farm sector** only.

Memory hook: announced August 2015, launched 5 April 2016.

1.2 What did every bank branch have to do?

Each branch of a **Scheduled Commercial Bank (SCB)** had to fund at least **one SC or ST borrower** and **one woman borrower**. The PIB release of 2016 put it as “at least two such projects per bank branch”, one for each category.

The loan had to set up a **greenfield enterprise**. A greenfield enterprise is a brand-new business. It is not an existing one.

The scheme belongs to the **Department of Financial Services (DFS)** in the Ministry of Finance.

Common mistake: the target is per bank branch, not per bank. Most credit schemes only set who may borrow. This one set how many borrowers each branch must fund.

Sources:

- PIB, Ministry of Finance, 3 April 2016, “Prime Minister to launch the Stand up India scheme”
- Department of Financial Services, Stand-Up India page

2. What were the loan terms, and who could apply?

A borrower could take a loan of **₹10 lakh to ₹1 crore**. The borrower had to be an SC, ST or woman entrepreneur starting a new business. The terms below come from the Department of Financial Services and the scheme portal.



The loan terms in four lines. Original explanatory diagram.

2.1 What were the loan terms?

A borrower got one **composite loan** of ₹10 lakh to ₹1 crore, with up to 7 years to repay. The details are below.

- **Size:** a **composite loan** of ₹10 lakh to ₹1 crore. Composite means the term loan and the working capital come in one loan.
- **Repayment:** up to **7 years**, including an **18-month moratorium**. A moratorium is a break when repayment is paused.
- **Margin money:** "upto 15%". Margin money is the part of the project cost that the borrower, not the bank, puts in.
- **Own money:** in any case the borrower must bring at least **10%** of the project cost.
- **Card:** a **RuPay debit card** to draw the working capital.
- **Use:** greenfield projects in manufacturing, services, trading and activities allied to agriculture.

The loan was meant to cover **85%** of the project cost. The borrower and linked government schemes were to meet the rest.

Common mistake: margin money is not a government grant. It is the borrower's own share, which can be met with help from other eligible schemes.

2.2 Who could apply, and how?

An SC, ST or woman entrepreneur above 18 years could apply, if the business was new. Three rules mattered.

- The applicant had to be **above 18 years** of age.
- The applicant had to be an SC or ST entrepreneur, or a woman entrepreneur.
- A company or other non-individual enterprise needed an SC, ST or woman entrepreneur holding at least **51%** of shares and control.

An applicant could use the **Stand-Up Mitra portal** (standupmitra.in). The portal guides people from training to filling in the loan form. Applications could also go through **jansamarth.in**.

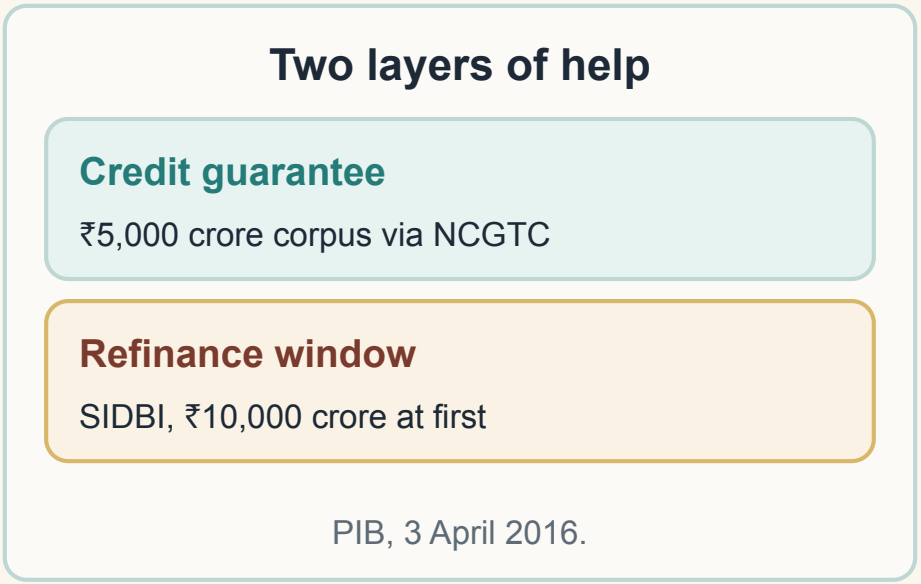
Sources:

- Department of Financial Services, Stand-Up India page (section 2)
- Stand-Up Mitra, scheme details
- Stand-Up Mitra, About the scheme

A Stand-Up India loan could be used to expand an old business.

3. Who paid for the loans, and how were banks protected?

Banks paid for the loans from their own funds. The government did not hand out loan money. It built two helping layers: a **credit guarantee** and a **refinance window**.



One layer protects the bank. The other gives it money. Original explanatory diagram.

3.1 Did the government fund the loans?

No. A Lok Sabha reply of 20 July 2021 says the Government does not allocate funds for loans under the scheme. Banks lend by their own board-approved policies, commercial rules and **Reserve Bank of India (RBI)** guidelines.

3.2 What was the credit guarantee?

A **credit guarantee** is a promise to cover part of a bank's loss if the borrower cannot repay. It makes banks more willing to lend to first-time borrowers.

At launch, the Ministry of Finance announced a corpus of **₹5,000 crore** for credit guarantee through the **National Credit Guarantee Trustee Company (NCGTC)**. The Government then put money into the **Credit Guarantee Fund for Stand Up India (CGFSI)**.

- ₹500 crore in 2016-17.
- ₹500 crore in 2017-18.
- ₹100 crore in 2020-21.

3.3 What was the refinance window?

Refinance means a larger lender gives money to banks so that they can make these loans. For Stand-Up India, the window ran through the **Small Industries Development Bank of India (SIDBI)**. Its **initial amount** was **₹10,000 crore**.

A Lok Sabha reply of 2016 said the loans would be “eligible for refinance and credit guarantee cover”.

Common mistake: the guarantee and the refinance window are two different things. One protects the bank against loss. The other gives the bank money to lend.

3.4 What help did borrowers get besides money?

Borrowers were promised **handholding support**. That means help with training before the loan, getting the loan, buying inputs and finding customers. The process was led by SIDBI. The offices of SIDBI and the **National Bank for Agriculture and Rural Development (NABARD)** were named Stand Up Connect Centres.



Women of a rural self-help group meeting in India. Women made up most Stand-Up India accounts. Photo by McKay Savage, Wikimedia Commons, CC BY 2.0.

Sources:

- PIB, Lok Sabha reply, 20 July 2021
- PIB, Ministry of Finance, 3 April 2016
- PIB, Lok Sabha reply, 2016

The government gave out the Stand-Up India loan money.

4. How did the scheme change in 2021?

In 2021 the scheme was made easier to use and given more time. A Lok Sabha reply of 20 July 2021 lists the changes. They followed an announcement in the Budget Speech for 2021-22.

4.1 What changed?

Three rules changed: the time allowed, the margin money and the activities covered.

- The scheme was extended up to **2025**.
- Margin money was cut from “upto 25%” to **“upto 15%”**.
- Activities allied to agriculture were added. At launch, the loans were only for the non-farm sector.

The reply said no other change was planned.

Memory hook: 2021 means less margin money, more activities, more time.

Sources:

- PIB, Lok Sabha reply, 20 July 2021 (section 4)
- PIB, Ministry of Finance, 3 April 2016 (section 4)

In 2021, margin money was cut from 25% to 15%.

5. How many loans did the scheme sanction?

By 28 February 2025 the scheme had sanctioned about **2.67 lakh accounts** worth **₹60,504 crore**. Only **₹34,450 crore** had actually been paid out by then.



Sanctioned is larger than disbursed. Original explanatory diagram.

5.1 What do the official totals show?

The official totals show a big gap between loans approved and money paid out. The Department of Financial Services gave them “as on 28.02.2025”, since launch.

- **Accounts sanctioned:** 2.67 lakh.
- **Amount sanctioned:** ₹60,504 crore.
- **Amount disbursed:** ₹34,450 crore.
- **Women’s accounts:** 1.99 lakh.

Sanctioned means the bank has approved the loan. **Disbursed** means the money has been paid out. The gap between the two is large.

5.2 How did the totals grow?

The totals grew steadily, but each one depends on its data date. Always read the date next to the number.

Data date	Loans or accounts	Amount sanctioned
28 June 2021	1,16,266 loans	₹26,204.49 crore
28 February 2025	2.67 lakh accounts	₹60,504 crore
Till June 2025	Not stated	₹62,790 crore

5.3 Which groups gained most?

Women gained most, in both accounts and amounts. A PIB factsheet compares November 2018 with November 2024.

- **Women:** accounts rose from 55,644 to 1,90,844. Sanctioned loans rose from ₹12,452.37 crore to ₹43,984.10 crore.
- **SC:** accounts rose from 9,399 to 46,248. Sanctioned loans rose from ₹1,826.21 crore to ₹9,747.11 crore.
- **ST:** accounts rose from 2,841 to 15,228. Sanctioned loans rose from ₹574.65 crore to ₹3,244.07 crore.

Women took the largest share. Of the 2.67 lakh accounts in February 2025, 1.99 lakh were women's accounts.

Sources:

- Department of Financial Services, Stand-Up India page (section 5)
- PIB, Lok Sabha reply, 20 July 2021 (section 5)
- PIB, India's Growth Story Strengthens, 28 November 2025
- PIB, Factsheet, 9 Years of Stand-Up India, 5 April 2025

Think it through: why compare sanctioned and disbursed loans?

A sanction is only an approval. A disbursement means the money has reached the borrower. So the gap between the two shows how much was still to be paid out.

6. Why did the scheme end on 31 March 2025?

The Department of Financial Services says the scheme ran “upto 31.03.2025, in line with the 15th Finance Commission”. So the end date came from the approval cycle. It was not a sudden closure.

6.1 What does the official page say?

It says the scheme ran up to 31 March 2025 and links this to the 15th Finance Commission. The page was last updated on 5 February 2026.

6.2 Was it a failure?

No. The Budget Speech of 2025-26 calls it “the successful Stand-Up India scheme”. It also says the next scheme will learn from it.

Common mistake: do not say the scheme was cancelled for poor results. The end date was set by its approval period.

Sources:

- Department of Financial Services, Stand-Up India page (section 6)
- Union Budget 2025-26, Budget Speech, para 32

The scheme was shut down in 2025 because it had failed.

7. What comes after Stand-Up India?

The Union Budget 2025-26 announced a new scheme for first-time entrepreneurs. It is still being worked out. The official scheme page shows the proposal at the approval-preparation stage.

7.1 What did the Budget announce?

The Budget Speech of **1 February 2025** said a new scheme will be launched for **5 lakh** women, SC and ST first-time entrepreneurs. It will give **term loans up to ₹2 crore** during the next 5 years.

The speech said the scheme "will incorporate lessons from the successful Stand-Up India scheme". It also promised online training in entrepreneurship and managerial skills.

7.2 Where does the new scheme stand?

The Department of Financial Services page of 5 February 2026 says the **Expenditure Finance Committee (EFC)** note is "under preparation". The EFC is the committee that examines large spending proposals before they are approved. The page adds that comments of the concerned ministries will be taken.

So, as of that page, the new scheme has been announced but not launched.

Sources:

- Union Budget 2025-26, Budget Speech, para 32 (section 7)
- PIB, 25 March 2025
- Department of Financial Services, Stand-Up India page (section 7)

8. How do exams ask about Stand-Up India?

Exams ask what the scheme is for, how it is supported, and how it differs from similar schemes. The best proof is a real paper.

8.1 What did UPSC ask in 2016?

UPSC CSP 2016, Paper I, Question 26 gave two statements about Stand-Up India.

1. Its purpose is to promote entrepreneurship among SC/ST and women entrepreneurs. 2. It provides for refinance through SIDBI.

The answer is **(c), Both 1 and 2**. The first is the stated aim. The second is the refinance window from section 3.

8.2 What traps do questions set?

Questions mix up four things, so watch for each.

- **One support layer, not two.** The loans had a credit guarantee and a refinance window. Naming only one is a trap.
- **Sanctioned versus disbursed.** ₹60,504 crore was sanctioned. ₹34,450 crore was disbursed.
- **Stand-Up India versus MUDRA.** MUDRA began with loans up to ₹10 lakh for small businesses. Its Tarun Plus band now goes up to ₹20 lakh. Stand-Up India gave ₹10 lakh to ₹1 crore, only to SC, ST and women.
- **End date.** 31 March 2025 was a planned end, not a closure for failure.

Sources:

- UPSC CSP 2016, General Studies Paper I, Question 26
- PIB, Ministry of Finance, 3 April 2016 (section 8)
- PIB, 25 March 2025 (section 8)
- Department of Financial Services, Stand-Up India page (section 8)

Explain it back: how would you describe Stand-Up India to a friend?

It was a bank loan scheme from 2016 for SC, ST and women starting new businesses. Each branch had a target for both groups. Banks lent their own money. A guarantee and a refinance window backed them. The 2025 Budget promised a bigger scheme next.

Your understanding checks

Your 4 quick checks Answered 0 of 4 · Correct 0

This score resets when the page reloads.

Practice: 5 MCQs

Practice MCQs

1. The Stand-Up India Scheme, launched on 5 April 2016, requires every Scheduled Commercial Bank branch to support which borrowers?

A. At least one MSME and one startup

B. At least one SC/ST borrower and one woman borrower

C. At least two women borrowers

D. At least one farmer and one artisan

See answer ↓

2. Stand-Up India loans range between what two amounts?

A. ₹10 lakh and ₹1 crore

B. ₹50 lakh and ₹5 crore

C. ₹5 lakh and ₹50 lakh

D. ₹1 lakh and ₹10 lakh

See answer ↓

3. On 20 July 2021, alongside extending Stand-Up India's validity to 2025, the government made what change to margin money requirements?

A. Eliminated it entirely

B. Increased it from 15% to 25%

C. Reduced it from 25% to 15%

D. Reduced it from 20% to 10%

See answer ↓

4. Why did Stand-Up India's approved implementation cycle conclude specifically on 31 March 2025?

A. A Supreme Court order mandated its closure

B. The scheme's total loan corpus was exhausted

C. It merged directly into PMJDY that day

D. It was tied to the 15th Finance Commission period

See answer ↓

5. The Union Budget for FY 2025-26 announced a successor to Stand-Up India, targeting how many first-time entrepreneurs, with what loan ceiling?

A. 2 lakh entrepreneurs, loans up to ₹5 crore

B. 5 lakh entrepreneurs, loans up to ₹50 lakh

C. 5 lakh entrepreneurs, loans up to ₹2 crore

D. 10 lakh entrepreneurs, loans up to ₹1 crore

See answer ↓

Answer Key

1. **B.**
   The correct answer is **at least one SC/ST borrower and one woman borrower**. Each Scheduled Commercial Bank branch was to fund both, for a new (greenfield) enterprise in manufacturing, services, trading or activities allied to agriculture.
   MSMEs and startups are not the target groups. Farmers and artisans are not either. “Two women” is not the rule, because the scheme also names SC and ST borrowers.
   Memory hook: One SC/ST, one woman, every branch.
   ↑ Q1
2. **A.**
   The correct answer is **₹10 lakh and ₹1 crore**. The loan is one composite loan. Repayment can run up to 7 years, including an 18-month moratorium.
   ₹1 lakh to ₹10 lakh is too small. ₹5 lakh to ₹50 lakh and ₹50 lakh to ₹5 crore are not the scheme’s band.
   Memory hook: Ten lakh to one crore.
   ↑ Q2
3. **C.**
   The correct answer is **reduced it from 25% to 15%**. A Lok Sabha reply of 20 July 2021 confirmed this. It also confirmed the extension up to 2025 and the addition of activities allied to agriculture.
   Raising it to 25% or removing it would make the scheme harder or looser than stated. “20% to 10%” is not the change. The borrower still brings at least 10%.
   Memory hook: Twenty-five down to fifteen.
   ↑ Q3
4. **D.**
   The correct answer is **it was tied to the 15th Finance Commission period**. The Department of Financial Services says the scheme runs up to 31 March 2025, in line with the 15th Finance Commission.
   The official page does not say the corpus ran out, or that a court closed the scheme. It does not say the scheme merged into PMJDY. The Budget Speech even calls it successful.
   Memory hook: The end date follows the approval cycle.
   ↑ Q4

5. **C.**

   The correct answer is **5 lakh entrepreneurs, loans up to ₹2 crore**. Budget 2025-26, para 32, announced a scheme for 5 lakh women, SC and ST first-time entrepreneurs. Term loans go up to ₹2 crore over 5 years. The official page of 5 February 2026 says its EFC note was still being prepared.

   ₹1 crore is the old Stand-Up ceiling. 10 lakh and 2 lakh are not the number. ₹50 lakh and ₹5 crore are not the ceiling.

   Memory hook: Five lakh people, two crore rupees.

   ↑ Q5

Curated by Arsalan Zuberi · mcqquestion.com

Scan to read online

https://mcqquestion.com/articles/indeco0224-stand-up-india-2016-to-2025-and-whats-next/