

F. No. 28/01/2016-CP- IF-II
GOVERNMENT OF INDIA
Ministry of Finance
Department of Financial Services

'Jeevan Deep' Building,
Parliament Street, New Delhi,
Dated: 16th June, 2016

To,
The Chairmen /Chairpersons/ CMDs/ MD & CEOs of all Public Sector Banks

Subject: Stand Up India Loans – Earmarking & Categorisation

Sir / Madam,

Stand Up India Scheme was launched on 05.04.2016 by the Hon'ble Prime Minister. The scheme envisages extending bank loans between Rs. 10 lakh to Rs. 1 crore for greenfield enterprises set up by SC, ST and Women entrepreneurs & extending effective handholding support to them. Each bank branch is to extend loans to at least one SC/ST and one woman entrepreneur. Enterprises covered under the scheme may be in manufacturing, services or the trading sector. The scheme shall be implemented through all Scheduled Commercial Banks.

2. The Scheme has since been notified in the Gazette of India *vide* number S.O.1499(E) dated 25th April, 2016 and the guidelines for the scheme have already been sent to you *vide* this department's letter of even reference dated 28th March,2016 (copy enclosed). The salient features are summarized as under :-

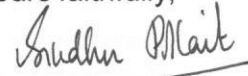
- (i) Composite loan between Rs. 10 lakh and upto Rs.100 lakh, inclusive of working capital component for setting up any new enterprise. The entire loan component would be eligible for refinance. The scheme is expected to benefit at least 2.5 lakh borrowers based on two new enterprises by a bank branch, on an average.
- (ii) All applications under the scheme will be approved by the banks and processed online. An online tracking system in the Stand Up India portal has been developed for the purpose.
- (iii) The Interest Rate to be charged by the Scheduled Commercial Bank [SCB] should be the lowest applicable rate on the facility (as per rating) and should not in any case, be more than 3 % p.a. over the Base Rate + tenor premium, if any, for the term loan component.
- (iv) The loan under the scheme would be appropriately secured and backed by a credit guarantee through a credit guarantee scheme for which Department of Financial Services would be the settler and National Credit Guarantee Trustee Company Ltd.(NCGTC) would be the operating agency.

- (v) It is expected that the composite loan sanctioned under the scheme would be repayable over a period of 7 years.
- (vi) Margin money of the composite loan would be upto 25%. Convergence with state schemes is expected to reduce the actual requirement of margin money for a number of borrowers.
- (vii) Debit Card (RuPay) for drawal of working capital.
- (viii) Over a period of time, it is proposed that a credit history of the borrower be built up through Credit Bureaus.

4. It has been decided that the loans given to this segment will be known as Stand Up India Loans. It is therefore, requested that all advances granted on or after 05th April, 2016 falling under this category be classified as **Stand Up India Loans**.

5. Banks are requested to share the contents of this letter with their sponsored RRBs, if any, and are advised to put in place an internal mechanism for monitoring of progress under the Scheme. Monthly Progress report under the scheme may be sent to the respective SLBCs, SIDBI and this department on a regular basis.

Yours faithfully,



(Sindhu Pillai)

Director

Tel no. 23748765

Email: sindhu.p@nic.in

Encl : As above

Copy to:

1. CMD, SIDBI
2. Chairman, NABARD.
3. CEO, IBA. ,with a request to share the contents of this letter with Private and Foreign Banks
4. SLBC Convenor of all States.