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A Study on Business Development Support Services Available for Women Entrepreneurs in Bangladesh

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Abstract- Women's economic empowerment is very much important part of economic development discourse in any development undertaking of a nation. Women empowerment depends on taking part in various development activities. Therefore, the involvement of women in various entrepreneurial activities has empowered them in social, economic and cultural fields. Despite recent progress in the advancement and empowerment, women in Bangladesh still remain vulnerable to poverty and social deprivations. Women entrepreneurs are in a less favorable position compared to men in case of accessing for example commercial credit from formal financial service providers, more lucrative markets, rather than the traditional local markets, technology and information to establish and grow their businesses, national incentives in small enterprise development through gender blind private sector development and fiscal policies and legislation and training and education for small enterprise development. In such a context, this paper attempts to investigate, evaluate and analyze the available support services for developing women entrepreneurship in Bangladesh.

Keywords: women entrepreneurship, support services, government policies, NGO.

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Abstract- Women's economic empowerment is very much important part of economic development discourse in any development undertaking of a nation. Women empowerment depends on taking part in various development activities. Therefore, the involvement of women in various entrepreneurial activities has empowered them in social, economic and cultural fields. Despite recent progress in the advancement and empowerment, women in Bangladesh still remain vulnerable to poverty and social deprivations. Women entrepreneurs are in a less favorable position compared to men in case of accessing for example commercial credit from formal financial service providers, more lucrative markets, rather than the traditional local markets, technology and information to establish and grow their businesses, national incentives in small enterprise development through gender blind private sector development and fiscal policies and legislation and training and education for small enterprise development. In such a context, this paper attempts to investigate, evaluate and analyze the available support services for developing women entrepreneurship in Bangladesh. The paper also focuses on some issues of concern and challenges of women entrepreneurship development in Bangladesh and finally, provides some strategy recommendations.

Keywords: women entrepreneurship, support services, government policies, NGO.

I. Introduction

Contribution of women in the economy is very important for the growth of socio-economic environment of Bangladesh. Without a meaningful and active participation of women, half of the total population, in regular economic activities, a dynamic and sustainable economy is impossible. In view of the need to bring the rural womenfolk in the development stream of the country, both the Government, the NGOs and other related agencies have provided ample opportunities to promote entrepreneurial skill among women. Income-generating activities, credit facilities, skill training, market opportunities have all combined to pave the way for the emergence of entrepreneurial development among women in rural Bangladesh. Bangladesh has undertaken systematic reforms across all sectors in the last decade with an emphasis on the initiatives to increase women's participation through laws, international conventions, and affirmative actions to meet quotas to ensure women's participation (Groundwork, 2002). It appears that women have brought a social and economic change; and opened up a new dimension in the business area through their participation in different socio-economic activities in Bangladesh.

a) *Statement of the Problem*

Mainstreaming women in industrial activities can substantially contribute towards economic growth and their empowerment. In order to support women to release their creative potentials as entrepreneurs innovative and specialized support services are needed. Although some specialized funds and programs have been undertaken to facilitate credit towards small businesses with more relaxed conditions but in practice, in most of the cases, entrepreneurs are required to offer collateral to guarantee loan repayment. Majority of the women do not possess any assets and cannot formally offer the necessary securities against loans. Due to the complexities in the social environment and administrative structure, women's entrepreneurship in Bangladesh is more challenging. Many social and operational constraints continue to restrict women from starting and running economic enterprises. But the development of women's entrepreneurship can offer excellent opportunities for development of one half of the population and for overall socio-economic progress of the country.

b) *Objectives of the Study*

The purpose of the study is to investigate the available support services of women entrepreneurship to ensure its growth and development in Bangladesh. To achieve this objective the following specific objectives are outlined:

a) To study the available support services of women entrepreneurs in Bangladesh.
b) To explore the constraints and challenges faced by women entrepreneurs.
c) To suggest some policy recommendations to overcome these constraints.

c) *Methodology of the Study*

In light of the objectives of the study, the paper has been designed to illustrate the available support

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services as well as their impact and effectiveness of women entrepreneurship in Bangladesh. To this end an extensive literature survey has been conducted. The study is based largely on secondary data from published sources including websites of different organizations. Data and information from secondary sources were collected by consulting various relevant journals, studies conducted by various donor and development agencies, and publications of Asian Development Bank, International Labor Organization, Bank of Small Industries and Commerce, Bangladesh Bureau of Statistics etc.

II. Support Services for Women Entrepreneurs in Bangladesh

The importance of women entrepreneurs in the national development process has been acknowledged by successive governments and steps initiated to realize these objectives. There are following specific areas where women entrepreneurs need supportive assistance:

- Legal assistance includes transparent regulation for getting Trade license etc. as well as other processes.
- Financing helps to reduce interest rate, easy access to loan, and Guarantor free loan for women entrepreneurs.
- Marketing assistance should be built among people to use local products and market should be created abroad through fair and other promotional campaigns.
- Technology includes continuous product/service quality control, quality enhancement through adopting new technology, tax reduction on imported new machinery etc.
- Business management includes a range of activities like HR, employee handling, customer management, record keeping, costing, inventory management, procurement, strategic positioning and so on.

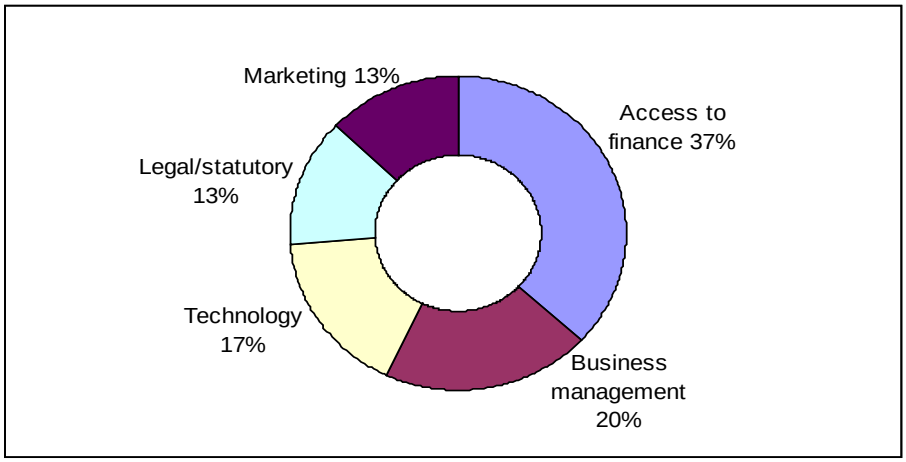


Figure 1 : Type of assistance required

(Source: Morshed, 2008, P.22)

The support services provided by various financial and credit institutions as well as by some public and private institutions have been examined in this section.

a) Policies and Programs Encouraging Supporting Women Entrepreneurs

The Government has acknowledged the importance of mainstreaming women in the national development process, and has initiated steps towards realizing this objective. Consequently, under successive Five Year Plans, the Ministry of Women's and Children's Affairs and other line ministries took up appropriate programs and projects under the coverage of sectoral allocations. In the Fifth Five Year Plan (1997-2002) as many as 24 goals and objectives are set for development of women and children in the country. The Government of Bangladesh has set distinct strategies in its National Action Plan (NAP) for the development of the women entrepreneurship:

- Adoption of a comprehensive sustainable industrial policy that will promote equity for women and men;
- Ensure women's easy access to markets;
- Develop entrepreneurial skills of the women;
- Provide infrastructure facilities for women entrepreneurs;
- Support research, evaluation and action oriented programs of industry particularly for women engaged in the industrial sector.

The SME Foundation has been recommended a gender action plan in September 2007. The Gender Action Plan (2008-2012) extended business support services towards SME women entrepreneurs by following activities:

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- Organize National and International trade fair for women entrepreneurs.
- Advocate for insurance facilities for SME.
- Advocate for reducing custom and excise duties for SME women entrepreneurs.

These goals and objectives, if implemented properly will definitely contribute with the participation of women in every sphere of our national life.

The Government of Bangladesh's Industrial Policy 2005 stipulates several useful strategies under micro level preparation to broaden the participation of women entrepreneurs, such as:

- Identifying women entrepreneurs capable of running independent and businesses.
- Designing various incentive packages.
- Reserving plots for women entrepreneurs in industrial parks in all divisional towns.
- Ensuring participation of women entrepreneurs in policymaking, financing, and investment.
- Giving pre-investment advice and assistance.
- Establishing a separate bank to ensure easy access to industrial credit, equity capital, venture capital, and working capital, collateral free loans.
- Providing financial support and in cases arranging necessary capital.

Export Promotion Strategy paper 2006-2009 has been outlined a number of strategies:

- Promoting labor-intensive (especially female labor) export-oriented production.
- Encouraging female entrepreneurs in the export sector.
- Encouraging them invent new production and product diversification.
- Honoring best female entrepreneurs by awarding Annual Export Trophy.

Some other important policies taken by the Government are enumerated as follows:

b) Supporting Services of Financial and Credit Institutions

Generally, financial institutions and banks extend credit for women under micro-credit program for poverty reduction. The interest rates of these credit vary based on the cost of the fund. For this purpose, mainly donor supported project funds are used, though some funds are also provided by Bangladesh Bank. The Bangladesh Bank directs the commercial banks to lend at least 15 percent of their lending capital for the industrial sector, while 5 percent are expected to be spent for the small scale industry (SCI) sector. Furthermore, as pointed out by an updated paper by the Dhaka Chamber of Commerce and Industry (DCCI) (p. 10), other than for poverty reduction project loan, there is no special regulation for credit for women entrepreneurs. These loans are often operated through NGOs or development agencies. Men mainly access the investment in the industrial sector. Some banks have ladies branches. But the objective of the activities is to mobilize savings and not encourage investments. Most of these branches incur loss, because they function as deposit collectors rather than lending institutions.

c) Supporting Services of Public and Private Institutions and Agencies

i. *Public/Government Institutions*

a. *Bangladesh Small and Cottage Industries Corporation (BSCIC):* The main objectives of BSCIC are to strengthen the small and cottage industry (SCI) sector by providing support services, including infrastructural facilities; pre-investment counseling; supply of techno economic information; credit arrangement; infrastructural facilities; management and skill development training; arranging for raw materials; diagnostic studies; market studies; subcontracting arrangements; inter-organizational coordination; and product development to small and tiny entrepreneurs. The following table shows a brief summary of statistics on the small and cottage industry (SCI) sector:

Table – 1 : Statistics on SCI

Salient features of SCI in Bangladesh	
Number of small industries	: 66,891
Number of cottage industries	: 6,16,470
Number of employment in the SCI	: 31.19 lakh

Source: BSCIC website.

b. Women Entrepreneurship Development Program (WEDP): The WEDP, initiated by the BSCIC with USAID assistance, is concerned with various activities, such as scouting for potential female entrepreneurs; providing project appraisals on their behalf; pre-investment counseling; loan arrangements for fixed and working capital; post-investment counseling and regular supervision; supply of modern designs and prototypes; special management and skill improvement training; and, where necessary, marketing and technical assistance.

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c. *Bangladesh Rural Development Board (BRDB):* BRDB provides essential support services to both the landless and assetless rural women and men. There are two self-employment programs provided by BRDB: Bittaheen Samabaya Samity (BSS), for assetless persons; and Mahila Bittaheen Samabaya Samity (MBSS), for poor women.

d. *Bangladesh Management Development Centre (BMDC):* The BMDC provide various support services for developing and improving skills and techniques at various level of management related to starting a small business, establishing a new industry, and entrepreneurship development for women.

e. *Bureau of Manpower, Employment and Training (BMET):* The BMET helps to promote entrepreneurship through among educated youths, both women and men, and among skilled Bangladeshi workers returning from abroad. BMET is responsible for identifying beneficiaries, forming groups, offering motivational training, and creating group savings.

f. *Directorate For Women's Affairs (DWA):* The DWA provides several development projects related to the agriculture training centre for women in Bangladesh; women's vocational training for population activities; technologies for rural employment with special reference to women; and the strengthening of national training and development academy.

g. *Department of Youth Development (DYD):* The DYD offers training to poor and unemployed youth in rural and urban areas in various trades and income-generating activities such as livestock, poultry, pisciculture, computer use, repair of electrical equipment, electrical and house wiring, refrigeration, and air-conditioning.

h. *Bangladesh Handloom Board (BHB):* Several activities are performed by BHB such as identifying sectoral constraints and promotional needs; supply of necessary raw materials to weavers at reasonable prices; and supply of other inputs such as dyes, chemicals. It also provides credit facilities; training and research support; depots and common facility centers, techno economic information; market promotion at home and abroad; and extension services.

i. *Other government organizations:* Other government organizations offering support services are Bangladesh Technical Assistance Centre (BITAC) for technical assistance; Power Development Board (PDB); Rural Electrification Board (REB) for electricity; Titas Gas Transmission and Distribution (TGTD) for gas; Water and Sewerage Authority (WASA) for water etc.

ii. *Private Institutions and Agencies*

a. *Micro-Industries Development Assistance and Services (MIDAS):* MIDAS provides following functions for the promotion of micro industries:

- Collection and dissemination of information on small and micro enterprises,
- Carrying out socio-economic studies and research,
- Identifying industrial projects of innovative nature,
- Promoting women entrepreneurship, providing technical, and
- Managerial assistance in the from of counseling, and training to existing and potential entrepreneurs.

b. *Bangladesh Rural Advancement Committee (BRAC):* BRAC operates on the basis of two major goals, such as- poverty alleviation and empowerment of the poor. These programs cover 69,421 villages, benefiting more than 120,000 people, the majority of whom are women (BRAC website). BRAC provides training facilities in the areas of human development and management and occupational skill development.

c. *Gana Sastha Kendra (GK):* The GK has been conducted women's emancipation programs on the basis of following objectives:

- To establish the rights of women by promoting awareness building and changing women's status in society, and
- To empower the poor by promoting education, particularly among poor women and children.

d. *Grameen Bank:* The major activities financed by Gremeen Bank are milk cows, paddy husking, cattle fattening, seasonal crop trading, and grocery shops. Every week, Grameen Bank's 12,000 staff members meet 3.2 million borrowers in 45,000 different villages spread around Bangladesh to deliver individualized bank services (Yunus, 2007).

e. *Bank of Small Industries and Commerce (BD) Ltd. (BASIC):* The main objective of BASIC is to meet the financial needs of small enterprises.

f. *Business Advisory Services Centre (BASC):* The major objectives of BASC is to promote growth by providing technology and market information, training, consultancy, and advisory services for business development.

g. *National Association of Small and Cottage Industries of Bangladesh (NASCIB):* NASCIB offers a range of support services to its members including credit availability; infrastructural support; SCI sector policy formulation; technological support; marketing assistance; training; database activity; and information dissemination.

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h. *Bangladesh Employers' Association (BEA)—now known as Bangladesh Employers' Federation (BEF):* The main objective of BEA is to provide consultancy, training, and related services to small and medium-scale enterprises in order to improve their overall productivity.

i. *Women Entrepreneurs' Association (WEA) Bangladesh:* The main objective of WEA is to create awareness and an enabling environment for women entrepreneurship development by providing members with linkage of support service organizations; promoting female entrepreneur products; sharing successful experiences of entrepreneurs at home and abroad; training and consultancy services and dissemination of information concerning available support services (training, credit, marketing channels, technology, etc.); liaison with similar organizations in other countries; and research on related issues.

j. *Jatiyo Mohila Sangstha (JMS):* The main objective of JMS is to protect the rights of women and children and empowerment of women. However, it has undertaken various skill development training and micro-credit operations, which support entrepreneurship development of the women population of the country.

d) Impact and Effectiveness of Current Support Services

Credit-based self-employment programs undertaken by both government agencies and NGOs have proliferated rapidly. A study conducted by Special Employment Creation Schemes (SECS) on 140 organizations indicates that, despite this rapid increase, total coverage remains small to meet the extent of poverty needing attention. Research into the major SECS shows that less than 5 per cent of the target population are covered (UNDP, 1993). Since a large number of borrowers receive repeat loans, the net additional increase in self-employment could even be much smaller. Furthermore, even though reports indicate improvements in income and living standards among targeted households, many of these families remain below the poverty threshold. Thus the impact of current support services taken by the Government and NGOs are not praiseworthy for ensuring rapid growth of women entrepreneurship development. A study completed by Dr. Jahangir Hossain Sardar (1995) indicates that support services have had some positive effect on the growth of small firms. It shows a significantly higher performance by assisted firms than similar non-assisted enterprises. Ideally, programs should be home-grown and driven by Bangladeshi perceptions of what is needed, rather than being excessively donor driven, as is now the case with most government programs (Hye, 1996).

III. Constraints and Some Challenges Faced by Women Entrepreneurs in Bangladesh

There are a number of constraints faced by women entrepreneurs in Bangladesh as summarized in following categories:

Gender specific constrains: Women entrepreneurs face some constraints due to the gendered access to resources that has been added a new dimension of difficulties for women entrepreneurs. The following figure explains the issue of gender and how this has an immediate influence on access to resources:

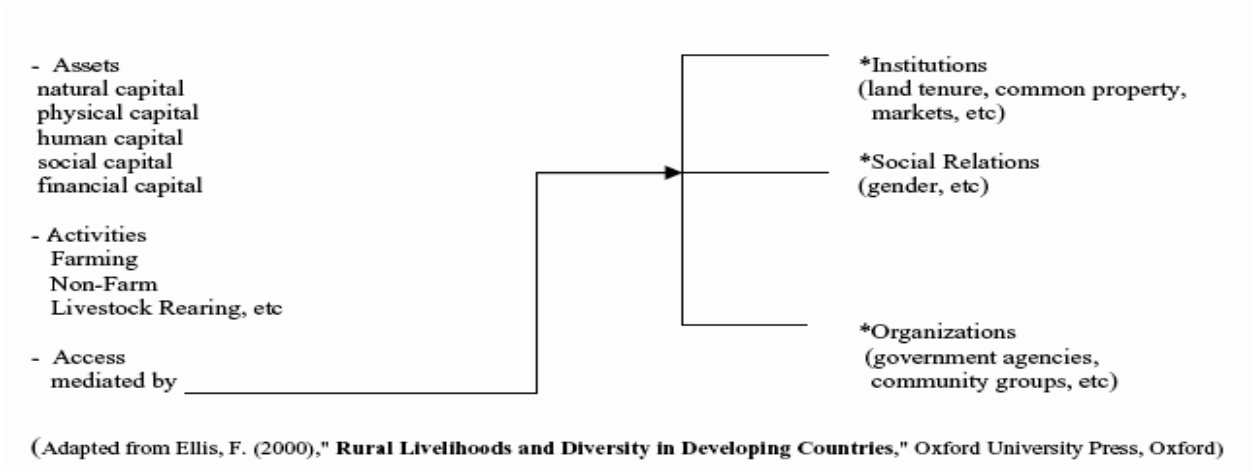


Figure 2 : Gender specific constraints

Access to finance: In South Asia, women are almost invisible to formal financial institutions- they receive less than 10 percent of commercial credits (Haq, 2000). "Seed Working Paper No. 14", by Nilufer Ahmed Karim made for ILO was based on the findings of the most comprehensive study done till the date by ILO (1995) with a sample size of 500 entrepreneurs (374 women and 126 male). 6% got loans from family members,

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o.5% got loans from commercial banks. 0.3% got loans from national banks, 61% got loans from NGOs. About 43% of women entrepreneurs are not aware of credit facilities granted to women entrepreneurs. Inadequate financing was ranked first by 76% of women entrepreneur (92% rural and 69% urban).

Access to financial institutions: Rural women entrepreneurs face considerable hardships in accessing finance. Because, they are outside the radar of formal financial institutions, despite several Government instructions to open up for the marginal clients.

Lack of awareness of facilities and support services: Women entrepreneurs in rural area are unaware of available support services and the procedures for getting it. Mechanisms for disseminating information on investment opportunities and the types and sources of assistance available are inadequate (Karim, 2001).

Lack of institutional support facilities: Different public institutions in Bangladesh are characterized by corruption, large-scale inefficiencies, lack of initiative, and ineffective decision-making (ADB 1997). Banks, furthermore, are not structured in such a way as to reach a target clientele without capital or assets (Karim, 1995). Lack of social capital: Due to lack of social capital, poor people at the rural area do not have the social networks and this deprives the target groups of a key linkage with business partners which could otherwise have provided valuable assistance regarding different aspects of business development.

IV. Conclusion and Policy Recommendations

Entrepreneurship is the key to the creation of new enterprises that energize and revitalize the economy. Entrepreneurship serves as the catalyst in the process of industrialization and economic growth. Women entrepreneurs can play a vital role in combating rural poverty. The emergence and development of women entrepreneurship largely depends on the supporting conditions of different factors such as economic, social, cultural, and psychological. To improve the socio-economic status of the women in Bangladesh it is necessary to formulate appropriate policies, take necessary actions and introduce effective measures to integrate the women in the mainstream of the development process. Therefore, the following recommendations may be considered worthwhile:

i. Financial Policies and Strategies: In respect of the policy, strategy and function of Bangladesh Bank and Commercial Banks following recommendations may be made:

- Identification of viable women entrepreneurs.
- Establishing credit guarantee scheme for women entrepreneurs.
- Sinking interest rate for loans for women entrepreneurs.
- Setting up special window for financing women entrepreneurs.
- Pre- and post investment counseling for women entrepreneurs for credit.
- Allocation of women share in equity development and fund.
- Preferential treatment of the women entrepreneurs by credit in thrust sectors.
- Monitoring of credit disbursement for women entrepreneurs.
- Maintaining gender based data on credit disbursement and dissemination information on credit opportunities.
- One stop service should be created in the Commerce Ministry exclusively for the women entrepreneurs for facilitating investment and business.
- Establishing a women bank.
- Enabling credit for the women without collateral.

ii. *Counselling and support services:* There are following counseling and support services to facilitate women entrepreneurship in Bangladesh:

- Credit programs need to be linked with entrepreneurship development training programs.
- Lending procedures must be simplified, with minimum documentation formalities.
- Special provisions should be made for female entrepreneurs.

iii. *Other Suggestions:* There are following other recommendations for facilitating women entrepreneurship:

- Tax holiday for women entrepreneurs should extended further and made more supportive for them.
- Gift Tax should be dismantled in the case of women beneficiaries.
- Either the registration procedure for import and export business should be simplified and made women friendly or completely dismantled.
- All anomalies in custom procedure must be removed and women friendly.
- Tariff for women entrepreneurs should be abolished.
- Value Added Tax (VAT) for women entrepreneurs should be abolished.

Therefore, Government and private sector interventions have generally accelerated income generating activities of women both in the urban and rural areas with entrepreneurship development. Such kind of support services, policies, and strategies help to

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change the scenario of Bangladesh especially for the women who have gathered courage to break barriers and enter the off-house working force as entrepreneurs and workers - a situation not appropriate for women or accepted by the society in the past.

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