

# 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.

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**Index terms**— women entrepreneurship, support services, government policies, NGO.

## 1 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.

## 2 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

## 6 A) POLICIES AND PROGRAMS ENCOURAGING SUPPORTING WOMEN ENTREPRENEURS

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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.

### 3 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.

### 4 C c) Methodology of the Study

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

### 5 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.
- (Source: ??orshed, 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.

### 6 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; ? 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.

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? 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. ? Collection and dissemination of information on small and micro enterprises,

## 7 c) Supporting Services of Public and

? Carrying out socio-economic studies and research,  
? Identifying industrial projects of innovative nature,  
? Promoting women entrepreneurship, providing technical, and

## 8 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).

## 9 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 constraints: 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: IV.

## 10 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.

## 10 CONCLUSION AND POLICY RECOMMENDATIONS

? 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.

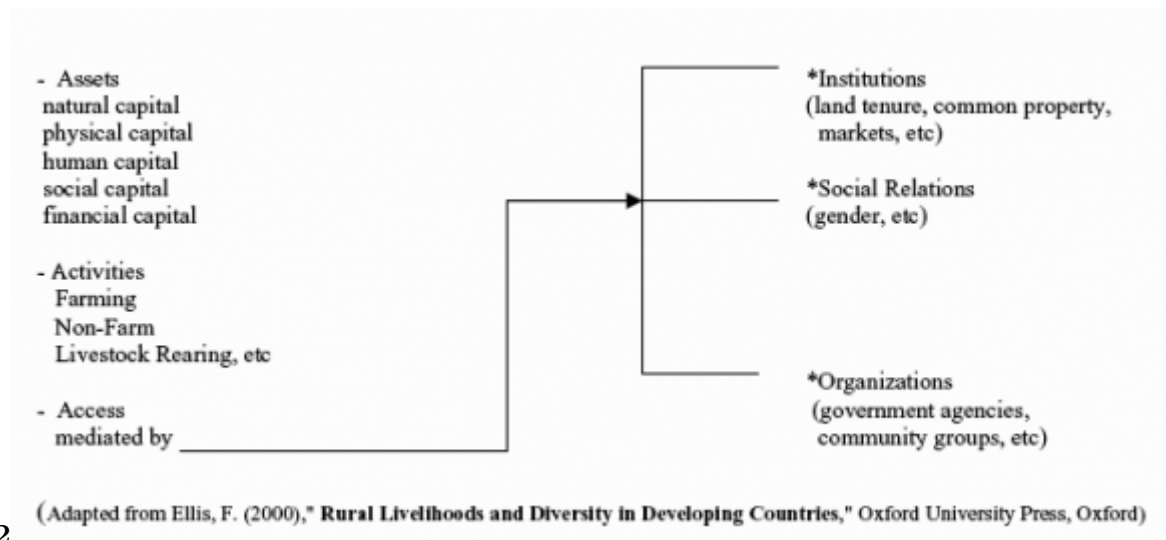
? Value Added Tax (VAT) for women entrepreneurs should be abolished. Therefore, Government and private sector interventions have generally accelerated income generating activities of women both in the urban and rural areas with entrepreneurship development. Such kind of support services, policies, and strategies help to <sup>1</sup>



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Figure 1: Figure 1 :) 2016 BA

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Figure 2: Figure 2 :

0.5% 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.

Figure 3: B



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## .2 B

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