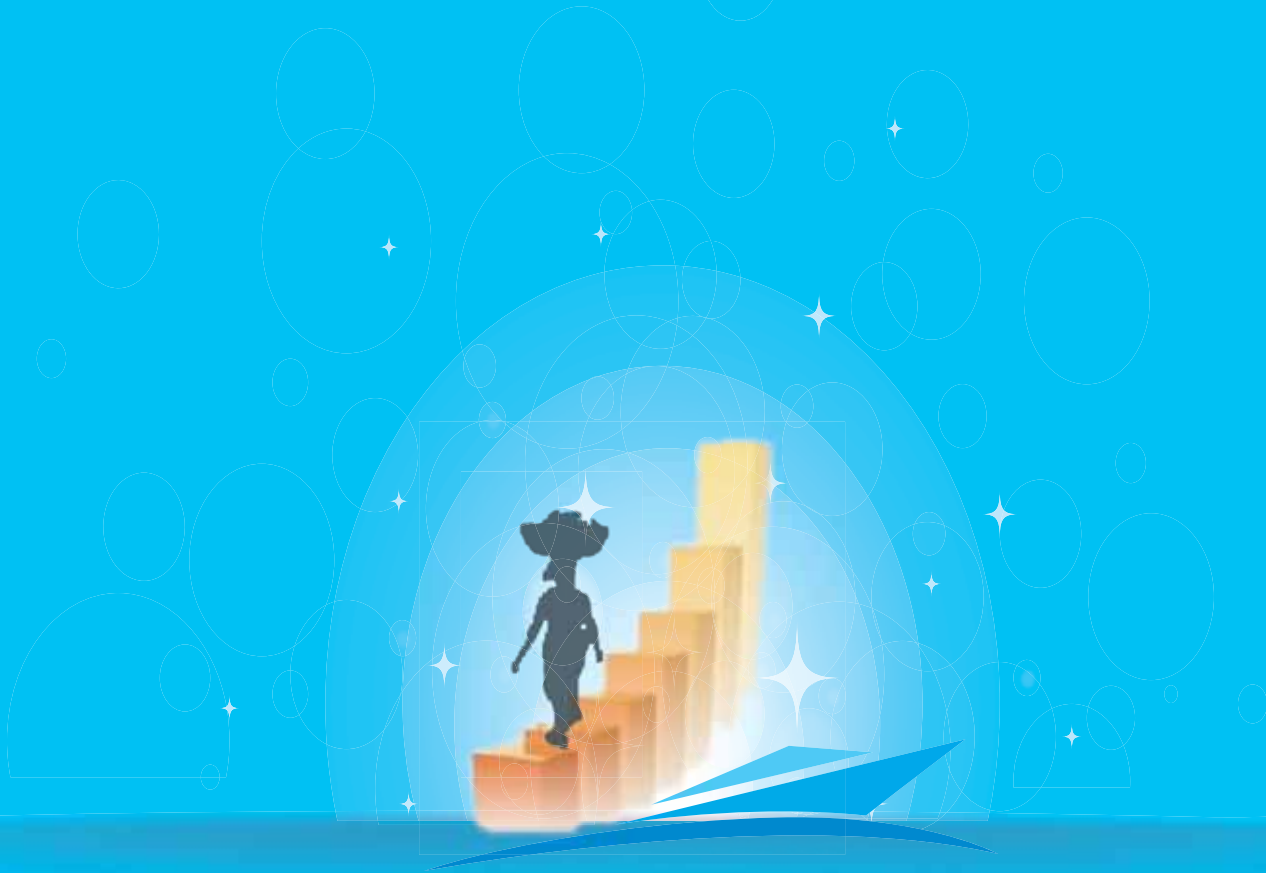


A PRIMARY SURVEY ON BANKS IN PROMOTING WOMEN ENTREPRENEURSHIP IN BANGLADESH



Bangladesh Bank

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A Primary Survey on Banks in Promoting Women Entrepreneurship in Bangladesh

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Preface

Women in general work as a powerhouse of a family, can be the driver of economic growth if properly utilized their untapped resources, is now at the forefront of the development agenda throughout the world. Although half of the global population is women, the number of women in business is not substantial due to various factors such as economic, social, and political in both developing and developed countries. Government of Bangladesh, central bank, private sectors, NGO's, development partners and donor agencies are working together to promote women entrepreneurship in Bangladesh. Also, they are trying to identify the obstacles, challenges and the opportunities for them.

Finance is one of the tools to empowering women entrepreneurs economically and socially as well. Often sources of funding are considered as one of the main challenges for the women entrepreneurship development. To promote female entrepreneurs, Bangladesh Bank has declared supportive measures so that women can easily avail financial assistance from banks at a lower cost. For this reason, it is necessary to assess the actual impact of these policies and suggest further improvement of the process.

The study is conducted to analyze the facts in two broad dimensions: firstly, assessing the role of banks in promoting women entrepreneurs and secondly, changes in the socio-economic status of women entrepreneurs. This study investigates various schemes of banks dedicated to women entrepreneurs. Identified problems in loan distribution, utilization patterns, monitoring measures of banks, communication gap between the banks, entrepreneurs and markets, terms and conditions and the assistance provided by the banks. The later one shed light on the demographic structure of the women entrepreneurs and changes in socio-economic conditions of the entrepreneurs before and after availing loans from various sources.

We sincerely believe that this survey report will be a valuable document to assess the overall status of the women entrepreneurs and helpful in identifying the areas where Bangladesh Bank's and government interventions are essential. Also, this report will act as an active tool for policy guidance at various levels of development planning.

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Dr. Sayera Younus
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1.1 Introduction

The number of women is nearly half of the total population in Bangladesh, and an essential part of nation's human resources. For this reason, bringing women to engage in income-generating activities have now become a major concern for the policy makers. Empowering women economically is a fundamental and unavoidable part of development dialog. In recent years, like other developing countries of the world, Bangladesh has been focusing on the most underprivileged group in the society—the women.

Bangladesh Bank, the central bank of Bangladesh is contributing significantly to commercial banks to promote women entrepreneurship in Bangladesh. Various helpful policies are initiated to promote women entrepreneurship (Box-1).

As a result, the number of female entrepreneurs increased by 182.43 percent and stood at 37,502 in 2013 as compared with 13,278 in 2010. The amount of loan disbursement had risen by 83.49 percent and stood at Tk. 3215.60 crore in 2013, which was Taka 1,752.46 crore in 2010. Bangladesh Bank's policies, as well as initiatives by the scheduled banks, jointly contributed to a substantial growth in the number of women entrepreneurs for taking loans from the banking system.

The amount of loan disbursement to women entrepreneurs by private commercial banks (PCBs) stood at Tk. 2865.48 crores in 2013, which was Tk. 1384.22 crore in 2010. The amount of loan disbursement to women entrepreneurs by specialized banks (SPBs), state-owned commercial banks (SCBs) and foreign banks (FCBs) stood at Taka 168.05 crore, 140.07 crore and Taka 42.0 crore respectively in 2013 as compared to Taka 105.09 crore, Taka 203.59 crore and Taka 59.56 crore respectively in 2010 (Table-1).

Therefore, to assess the status of women entrepreneurs (WEs) who borrowed from commercial banks a survey from December 2013 to March, 30, 2014 covering all seven divisions and sixty-four districts have been conducted. The total number of women entrepreneurs interviewed is 450, who borrowed from 155 branches of 43 Scheduled banks. Women entrepreneurs were selected from SCBs, PCBs, SPBs and FCBs. Among 450 entrepreneurs, 22 women entrepreneurs' loans were found non-performing while there were 12 entrepreneurs who had no trace on the spot during the period of the survey. Therefore, this report has been prepared based on the information collected from 416 women entrepreneurs (excluding a sample of 34 WE).

1.2 General Information on Women Entrepreneurs

In the survey, it has been found that out of 416 WEs, 54.1 percent of them started their business by self-motivation, as they wanted to become economically independent. About 76 percent of WEs have education level in between literacy and secondary, and 45 percent of them had no business experience. Most of the WEs (96 percent) operate the business under a single ownership, and 54.3 percent of them have own land.

In our survey, we have found that most of the women entrepreneurs (44.9 percent) received loan for micro industries followed by the cottages and small industries. About 68 percent of enterprises located in urban areas. Among them, 81.97 percent of enterprises is registered. In the survey, we have also found that only 38.5 percent of enterprises have balance sheets of which, only a few (8.8 percent) are audited.

From the survey, most of the economic activities of women entrepreneurs remained in the service sector (55.8 percent). The second largest area of women's business operations was in agriculture (22.8 percent). Women's business in the industry sector accounted for about 21.4 percent of total business activities. This include boutique (4.8 percent), traditional garments (3.4 percent), garments (2.6 percent), handicrafts (1.9 percent), paper & fabric bag production (1.2 percent), furniture production (1.0 percent), etc.

Survey results show that among 416 WEs, 43 percent women entrepreneurs were fully involved in business while 30.5 percent partially involved through family members, e.g., husband, son, father and 1.7 percent female entrepreneurs were slightly involved through hiring manager to look after their business. On the other hand, 24.8 percent women entrepreneurs did not have any involvement with the enterprise got help from the family members to run their business.

1.3 Performance in Business

The growth of the business of women entrepreneurs showed increasing trends. In 2013, capital, sales, labor and profit of the enterprises increased significantly compared with 2009. Capital grew by 90.4 percent, sales by 77.4 percent, labor by 53.0 percent and profit by 71.1 percent during these periods. Due to the growth in the business, structural changes in both the capital and labor had taken place. As a result, we have found that some enterprises shifted from micro to small and small to medium enterprises through expanding their capital and labor base.

Women entrepreneurs generated employment in a way to expand their business. The number of businesses with labor below six persons was 70.9 percent of the total enterprises (416) in 2009 decreased to 56.5 percent in 2013 implying that the number of hired labor increased over three to five years.

The productivity of labor also increased. Productivity as a measure of per capita sales of women enterprises had risen to 15.6 lakh¹ in 2013 compared to 13.4 lakh in 2009. Sales growth contributed to increase profits. For this reason profitability as a measure of per capita profit of women enterprises also increased from 1.0 lakh in 2009 to 1.3 lakh in 2013. With higher profitability, female entrepreneurs utilized their profits in expanding capital. Resultantly, their per capita capital increased from 3.3 lakh in 2009 to 4.2 lakh in 2013.

Women entrepreneurs utilized profits mostly for expanding their business. Some part of profit also were used as savings, investment and expenditure for the family. Among 416 entrepreneurs, 82.7 percent utilized their profits in expanding the business, 56.3 percent to create savings and 17.3 percent used profits for investment in the real sector (e.g., land, building). Some of the profits also went to investment on children. For example, 54.1 percent of them used profits in family expenditure, 39.7 percent on education, 32.7 percent on health and 15.4 percent on welfare activities like distributing clothes to poor, donation to schools and religious activities, arrangement of marriage for women, treatment for the poor women, etc.

During the last five years, opportunities for women entrepreneurs have increased significantly which contributed to the expansion and development of their business markedly. The shares of loans, capital, sales, manpower and profits of women entrepreneurs who took loans under dedicated scheme have been rising during the last five years while shares of loans, capital, sales, labor and profits of women entrepreneurs who received credit under other schemes have declined.

1.4 The Role of Banks in Promoting Women Entrepreneurship

In the survey, we have found that the majority (78 percent) of the female entrepreneurs do not ask for help from bank officials for business mainly due to the lack of knowledge of how to get them and may be they feel uncomfortable to communicate with the male bank officials. However, evidence shows that women entrepreneurs who have taken advice from the bank running business very well.

The rate of interest on a bank loan for the women entrepreneurs has been found decreased over three to five years. Only, 12 percent of the total women entrepreneurs in the survey received rate of interest less than or equal to 10 percent in 2009, which increased and stood at 30 percent in 2013 due to the increases

¹1 lakh = 0.1 million

disbursement of term loan through women dedicated schemes of the banks, which indicates a positive response to the policy of refinancing scheme of Bangladesh Bank. Only 39 percent of the total entrepreneurs provided collaterals against loans and majority (58 percent) of the them kept the lands as collaterals.

Most of the women entrepreneurs (93 percent) paid their loans on a regular basis. Only 29 women entrepreneurs among 416 WEs did not repay the loans regularly and in most cases (69 percent) irregularities of repayment of loans were found in the year of 2012 and 2013 due to deterioration of business environment caused by political unrest and less economic activities in the domestic front.

One of the major objectives of this study was to find out banks compliance with the Bangladesh Banks rules and regulation on women entrepreneurs. We have found that out of 150 bank branches, 144 branches have dedicated desks for the women entrepreneurs. However, only 29 of the branches have women headed desks. This is creating significant obstacles for WEs due to social barriers that prevailed in rural and urban areas.

Given the time lag for disbursement of the loan, it was observed that 54.1 percent of the total women entrepreneurs got a loan within one to two weeks after submitting a complete loan application. The main reason for the delay in loan disbursement is complicated terms of conditions for loan processing that includes mortgages, trade license, CIB report, etc. Other problems include a centralized system for loan approval, delay in client and land verifications, evaluation of assets of the clients, etc.

1.5 Obstacles to Doing Business

Overall women entrepreneurs in our survey who faced obstacles in doing business are classified into seven broad categories. Most of the women entrepreneurs faced various loan related problem such as the mismatch in demand and supply followed by marketing, social, environmental, family and business related problems. Among the credit-related issues, 39.4 percent mentioned about the insufficient amount of loan against their requirement and 21.9 percent mentioned about the higher interest rate on loans, 19 percent of them complained about the delay in loan processing, extra charges out of interest rate and insufficient documents. 20 percent mentioned other problems such as lack of refinancing facility in every branch, lack of grace period, collateral problem, and short-term loan with larger installment, harassment for getting permission from husband, etc.

2.1 Background

Bangladesh Government has taken policies in its National Action Plan (NAP) for the participation of women in every sphere of our national life. The Beijing Declaration: Platform for Action (PFA), gives more emphasis to the general development of the women, the equal economic right and opportunities, and the right of the women to credit, which is a core pre-condition for the development of the female entrepreneurs. In view of the need to bring women into the development stream of the country, Government, Bangladesh Bank, all Commercial Banks, Non-Government Organizations, and other related agencies have been working relentlessly to promote entrepreneurial skill among women through income-generating activities, credit facilities, skill training, creating market opportunities, etc.

Bangladesh Small and Cottage Industries Corporation (BSCIC), Asian Development Bank (ADB), Bangladesh Women Chamber of Commerce & Industries (BWCCI), United Nations Development Programme (UNDP), Women Entrepreneurs Association and Jatiyo Mahila Sangstha have also been playing a vital role in bringing the women entrepreneurs in the mainstream economy.

Table-1 : Bank group-wise disbursement of loan to women entrepreneur in 2010 and 2013

(Crore* Taka)

GROUP OF BANKS	2010				2013			
	Male		Female		Male		Female	
	Amount	%	Amount	%	Amount	%	Amount	%
SoCBS	7320.39	97.29	203.59	2.71	5007.85	97.28	140.07	2.72
PCBS	39110.35	96.58	1384.22	3.42	70546.41	96.10	2865.48	3.90
SPBS	2589.57	96.10	105.09	3.90	3522.31	95.45	168.05	4.55
FCBS	1074.37	94.75	59.56	5.25	1145.04	96.46	42.00	3.54
TOTAL	50094.68	96.62	1752.46	3.38	80221.61	96.15	3215.60	3.85

Note: * 1 crore = 10 million Source, SME & Special Programmes Department, BB.

The team visited all 64 districts in seven divisions in Bangladesh. Data had been collected from 30 banks and 61 respective branches in Dhaka, 14 banks and 25 branches in Chittagong, 8 banks and 15 branches in Khulna, 4 banks and 18 branches in Rajshahi, 8 banks and 12 branches in Barisal, 9 banks and 11 branches in Sylhet, and 6 banks and 13 branches in Rangpur division. However, as a percentage share of women entrepreneurs, the team visited the highest in Dhaka division (33.4 percent) followed by Chittagong (17.1 percent), Rangpur (13.9 percent), Rajshahi (12.5 percent), Khulna (11.1 percent), Sylhet (7.5 percent) and Barisal divisions (4.6 percent). In total, 416 women entrepreneurs had been interviewed from 155 branches of 43 banks.

Table-2 : Bank group-wise disbursement of loan to women entrepreneur in 2010 and 2013

Name of Division (Number of Districts)	Number of Bank	Number of Bank Branches	Number of Women Entrepreneur	Percent of Women Entrepreneur
Dhaka (17)	30	61	139	33.4
Chittagong (11)	14	25	71	17.1
Rangpur (8)	6	13	58	13.9
Rajshahi (8)	4	18	52	12.5
Khulna (10)	8	15	46	11.1
Sylhet (4)	9	11	31	7.5
Barisal (6)	8	12	19	4.6

Source: Field Survey, BB, 2014.

Table-3 : Summary statistics of women entrepreneur in the survey

Name of Division	No. of WEs run their business alone	No. of WEs run their business with the help of Manager and family members	No. of WEs run their business with the family members solely	Total
Dhaka	50	52	37	139
Khulna	31	9	6	46
Chittagong	28	30	13	71
Rajshahi	27	5	20	52
Rangpur	22	23	13	58
Sylhet	12	10	9	31
Barisal	9	5	5	19
Total	179	134	103	416

Source: Field Survey, BB, 2014.

2.2 Objectives of the Study

The primary goals of the study are to shed light on the role of banks in promoting women entrepreneurship in Bangladesh, finding obstacles, challenges and constraints of the group. Therefore, the focal objectives of the study are to-

- i. Analyze the categories of banks and their schemes for women entrepreneurs;
- ii. Identify the problems if any, of loan distribution provided by different banks in Bangladesh, analyze demand, supply and size of the loans;
- iii. Monitor measures of banks;
- iv. Investigate the utilization pattern of loans;
- v. Analyze demographic structure of women entrepreneurs;
- vi. Analyze socio-economic conditions of the entrepreneurs before and after of getting loan;
- vii. Identify communication gaps among banks, entrepreneurs, markets, and terms and conditions of loans provided by banks, and finally
- viii. Investigate the role of banks in promoting women entrepreneurs in Bangladesh.

2.3 Methodology

Charts, Tables have been prepared from primary and secondary data. Statistical program from SPSS has been used to get the output from raw data. Primary data has been collected from field visit during December 2013-March 2014. The sample period for secondary data is from 2009 to 2013. The interviews have been carried out for 450 women entrepreneurs from different categories of micro, small, medium and large of 155 bank branches of 43 banks. Out of 450 entrepreneurs, 416 entrepreneurs were brought under this study and the rest of the entrepreneurs' (34) were categorized as traceless and incomplete information due to their absence on the spot. The larger group of women entrepreneurs interviewed in this study was from Dhaka, Chittagong, Sylhet, Rajshahi, Rangpur and Panchagarh districts respectively among the 64 districts.

At the beginning of the sampling process of this study, banks were chosen based on their contribution to women entrepreneur loan disbursement in 2013. In this way, 43 banks were selected. Considering the availability of time and regional coverage, 155 banks branches were chosen primarily according to their contribution to loan disbursed to women entrepreneurs. Before surveying in the field level, the team collected complete lists of information on loan disbursed to women during 2009 to 2013 from 155 bank branches. From that list, a sample of 450 entrepreneurs was chosen on a random basis, and a maximum of three women entrepreneurs were selected from each bank branch.

2.4 Limitations of the Study

There is a limitation of this survey in selecting women entrepreneurs. For this study, only women entrepreneurs who have borrowed from banks have been selected. Therefore, this study ruled out the possibility of one of the major obstacles of doing business, access to finance. Access to finance was not cited by any women entrepreneurs as expected because we have selected all the women entrepreneurs who have borrowed from the bank. Another limitation is most of the women entrepreneurs located in the urban areas and this study mostly selected the micro industries.

2.5 The Plan of the Study

The chapters of the study have been designed as follows: chapter one contains a summary of the significant findings of the study. Chapter two provides background, objectives and methodology and related literature on women entrepreneurs. In chapter three, characteristics of the interviewed female entrepreneurs are shown. Loan related information of women entrepreneurs and socio-economic impact of credit utilized by them are depicted in chapter four and five respectively. Two case studies are presented in chapter six. Finally, conclusion and recommendations are discussed in chapter seven.

2.6 Bangladesh Bank Policies in Promoting Women Entrepreneurs

- Considering the role of the participation of women entrepreneurs in SME sector Bangladesh Bank has formulated a guideline named "Small and Medium Enterprise (SME) Credit Policies & Programs". The following steps have been taken by banks & financial institutions to ensure more institutional financial facilities for the women entrepreneurs in SME sector. With a view to organizing and making industrial development and to provide institutional credit facilities, at least 15 percent of total BB refinance fund for SME sector has been allocated to women entrepreneurs.
- Interest rate on loan for women entrepreneurs under the refinance scheme of Bangladesh Bank has fixed at the Bank Rate (which is at present 5 percent) plus maximum 5 percent, i.e. not more than 10 percent per annum.

- Participation of women entrepreneurs in industrial development of the country and for conducting business activities by women entrepreneurs in a large scale, banks/financial institutions are advised to put highest priority on the loan application of small and medium women entrepreneurs and settle the loan disbursement process within a very reasonable time from the date of acceptance of the application.
- Banks and financial institutions are advised to take the initiative to advertise all the facilities for women entrepreneurs in both electronic & print media.
- Banks and Financial Institutions may provide a maximum loan facility of Taka 25,00,000 against personal guarantee when the borrower is woman or woman/women's ownership of the enterprise is above 50 percent. In that case, group security/social security may be considered.
- Bank and financial institutions are advised to establish a separate 'Women Entrepreneurs' Dedicated Desk' in their every branch headed by a skilled and experienced woman official. Branch- wise list of Women Entrepreneurs' Dedicated Desk should be sent to SME and Special Programs Department (SMESPD) of Bangladesh Bank within two months from the date of declaration of this policy and program.
- Banks/financial institutions have also recommended to establish an special advice and service center for women entrepreneurs' in selected branches and ensure service friendly approach towards women.
- To identify the real women entrepreneurs, assistance can be sought from Bangladesh Small and Cottage Industries Corporation (BSCIC), SME Foundation & professional organizations, such as, Handloom/ Handicrafts Association, Mahila Samity, different Women Entrepreneurs' Association, such as, Bangladesh Women Chamber of Commerce & Industries (BWCCI), Women Entrepreneurs Association of Bangladesh (WEAB), Bangladesh Homeworkers' Women Association (BHWA), National Association of Small & Cottage Industries of Bangladesh (NASCIB), etc.
- To make credit disbursements easier for women entrepreneurs' group-wise SME loan disbursement arrangement has been introduced where the lower limit of loan for a single woman entrepreneur has been set at Taka 50,000. However, the bank has been added for female entrepreneurs requiring loan less than Taka 50,000 in such a way that they can apply for SME loan by forming a group for the equivalent amount of Taka 50,000 or more.
- Bangladesh Bank has a policy for financing all disabled SME entrepreneurs including the blind. Interest rate for all disabled SME entrepreneurs' loan including the blind will be bank rate (which is at present 5 percent) plus maximum 5 percent, i.e. not more than 10 percent per annum and determined the minimum amount of loan Taka 10,000 to maximum amount of loan Taka 5,00,000 under Bangladesh Bank Fund.
- To strengthen the contribution of banks and financial institutions operating under Islamic Shariah-based principles and to ultimately ensure development and expansion of SME banking practices, Bangladesh Bank has decided to introduce a "Funding Assistance Program (FAP)" under Islamic Shariah-based financing to agro-based industries and small enterprises (including women entrepreneurs) in Bangladesh. Under the Funding Assistance Program, banks and financial institutions operating under Islamic Shariah-based principles can enjoy Fund support upon satisfaction of some general rules. It is mentionable that priorities will be given to finances by PFIs to women entrepreneurs under this scheme and for this purpose only, the profit rate/ markup shall not exceed more than the prevailing bank rate (currently 5 percent) plus the rate of Mudaraba Savings Account.

2.7 Review of Literature

Comprehending the fact that without bringing the half of the population of a country in the mainstream of economic activities, it is not possible to achieve sustainable economic growth for any country, a number studies have been performed searching challenges, obstacles and opportunities regarding women

entrepreneurship in Bangladesh. Every year, research works are undertaken by various organizations including public institutions.

There are few studies, however, that particularly deal with the supply side points of view, the particular role of banks in financing women entrepreneurs. This has been blamed to be the one of the major obstacles to the development of women entrepreneurs in Bangladesh.

Khatun (2014), conducted a study on 129 women entrepreneurs in Dhaka division namely, Dhaka, Narayanganj, Gazipur, and Savar areas. Regarding problems faced in acquiring loans; sixty-nine percent of the entrepreneurs reported that they faced problems in getting credit. Out of the 40 entrepreneurs who faced problems in obtaining loans, 70 percent said that time constraint was a problem. Forty-five percent of the entrepreneurs said that bank employees are not cooperative. About thirty-eight (37.5) percent said that collateral/mortgage was a problem that they faced. Approximately 30 percent of the surveyed entrepreneurs said that they did not face any problem during the loan process. Of those who faced a problem (90 entrepreneurs), the majority (61 percent) reported providing all required documents was a problem that they encountered during the process of obtaining the loan.

A joint study by Bangladesh Bank and Bangladesh Agricultural and Rural Development (2013) conducted in 8 state owned commercial and specialized banks, 19 bank branches and 182 women entrepreneurs from six divisions for the sample period from December 2012 to March 2013 found that banks were able to fulfill the demand for loans by the women entrepreneurs entirely. Twelve (63 percent) bank officials opined about proper loan realization from female entrepreneurs without pursuing, and other 37 percent mentioned that banks have to chase the entrepreneurs to realize the loan in time. It was observed that annual return from investment using bank loans increased up to Taka 0.50 lakh in 2011 from Taka 0.20 lakh in 2009 indicating an improved socio-economic condition of the entrepreneurs as their self-sufficiency had increased; they could run business by their income, generate employment for themselves and other women as well which had contributed to decreasing household poverty. The major areas of their expenditure are expenditure on necessary goods for the family members, education of children, loan repayments, etc. which in turn helped families to develop human resources and expand the business.

A joint report on the Women Entrepreneurship in Bangladesh by Asian Development Bank (ADB) and Australian Governments (2012) found that women's entrepreneurship can increase family income and thus contribute to poverty reductions. As women engage in business activities, they face different constraints and opportunities compared to their male counterparts. Nevertheless, the potentialities of women entrepreneurship are recognized from various corners. The initiatives regarding women entrepreneurship are the major causes for the promotion of women entrepreneurship development in the country.

Asian Development Bank in consultation with the Bangladesh Women's Chamber of Commerce and Industry (BWCCI), the Women Entrepreneurs Association (WEA), and Micro Enterprise Development Assistance and Services (MIDAS) (2009) have identified a set of barriers to women entrepreneurship development in Bangladesh. In addition to persistent gender biases and gender-based discriminatory laws and regulations, the consultations identified three critical impediments to women entrepreneurship. These relate to women entrepreneurs' limited access to skills and technology; financial resources and services; and market information and business services particularly backward and forward linkage opportunities.

Chowdhury (2011) mentioned that many women entrepreneurs in Bangladesh, face various problems in businesses that include lack of capital, insufficient experience, unavailability of raw materials, lack of marketing opportunities, difficulties in attainment of skilled workers and challenges of account keeping, delay

in loan processing, problems involved in production, infrastructure problems, freedom of movement, male dominated social structure, harassment of law enforcing agents, non-cooperation of the wholesellers and irregular cash payments hampering the smooth running of their business.

SME Foundation (2009) conducted a study on women entrepreneurs through an extensive survey by randomly selecting 34 districts of Bangladesh. The study shows that there is a positive relationship between women entrepreneurship and economic development of Bangladesh. The study also indicates socio-cultural, educational and legal barriers and the problems of exclusion of women from access to market, technology and finance to the development of women entrepreneurship.

Access to capital/finance was found to be one of the major problems identified in the study conducted by the Bangladesh Women Chamber of Commerce and Credit (2008) in cooperation with the Centre for International Private Enterprises (CIPE). This study mentioned that family is the main sources of their starter capital. It was evident from their study that commercial banks, both public and private, did not play their due roles in promoting women entrepreneurs. It was also observed in their study that about 65 percent of the respondents did not know anything about the Bangladesh Bank policy on refinancing scheme for women SME. Among 35 percent of the respondents, that are aware of the circular issued by the Bangladesh Bank in promoting women entrepreneurship in Bangladesh, 79 percent of them got information from BWCCI through its various activities like seminar, workshops and training. Although 35 percent of the total respondents heard about the circular, 59 percent of them did not know about all provisions of the circular. Inadequate information dissemination process contributed to the hindrance of the proper implementation of policy to facilitate women entrepreneurship in Bangladesh.

Chowdhury, N. (2006) identified three types of 'women entrepreneurs' in Bangladesh. According to the author, there are the 'women entrepreneurs' who are born into economic-cum-industrial privileges: these are typically highly qualified women, with supportive family-based patrons for embarking on entrepreneurial careers. Then there are women entrepreneurs who started down the negativity of social stereotyping but still chose entrepreneurship as their mantle. Some among them have done well, even without the tailwind of supportive families and their "socio-economic clout". Doubtlessly, many others in this category are still struggling during the entrepreneurial fire in their inner recesses still burns brightly. And finally there are those women entrepreneurs who have to step up to the plate due to calamity in the family (the death of the husband, or the father, and the consequent necessity to take the reins of earning and breaking the bread for the dependents of the family).

Acharya, (2001) indicated in his study in Nepal that all formal credit institutions seek tangible collateral for loans, and women are effectively sidelined from institutional credit. Also, data on borrowing from formal and informal sources show that institutional sources of credit accounts for only 15 percent of women's borrowing whereas the non-institutional sources like from friends and family accounts for 84.6 percent.

Chowdhury et al. (2010) calculated gross value added in some selected industries for women vis-à-vis men entrepreneurs. In Bangladesh female-owned firms are significantly contributing to adding gross value as a percentage of total output by as high as 39.5 percent in electrical industry, 37.7 percent in apparel sector, 33.6 percent and 27.9 percent in design and light engineering sectors respectively compared to their male counterpart. It has been observed from their study that female entrepreneurs are contributing on a large scale in the area of apparel and leather sectors.

A study by Adewusi (2011) showed that when women are economically empowered and more likely to invest in the future human capital of society which will lower household poverty. The link between

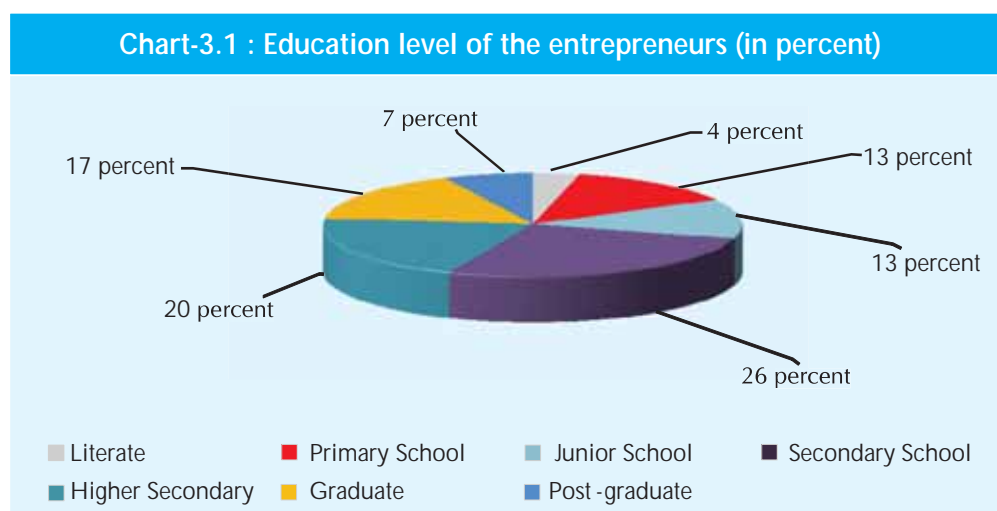
economic growth and women's economic empowerment is found to be positive and have multiplier effect due to various reasons such as educating women offers higher marginal returns in labor productivity compared with man. Inefficiency arises due to culturally or legally sanctioned discrimination against women that result in lower economic growth because land, capital and other productive resources are allocated based on non-economic criteria. Women have greater incentives to save than men, and they have stronger intergenerational altruism leading to higher social returns for their children.

The bottom line of the literature review is that development of women entrepreneurship is an integral part of the economic development of Bangladesh.

This report has been prepared based on information collected from 416 women entrepreneurs. The salient characteristics of women entrepreneurs in the survey are described below.

3.1 Level of Education

In the study, we found that 73 percent of the total entrepreneurs had education level up to secondary (Chart-3.1). Among them, the percentages of entrepreneurs achieved education from primary, junior, secondary, higher secondary levels were 13 percent, 13 percent, 26 percent and 20 percent respectively. Of them, only 4 percent of the entrepreneurs can sign their name.



Source: Field Survey, BB, 2014

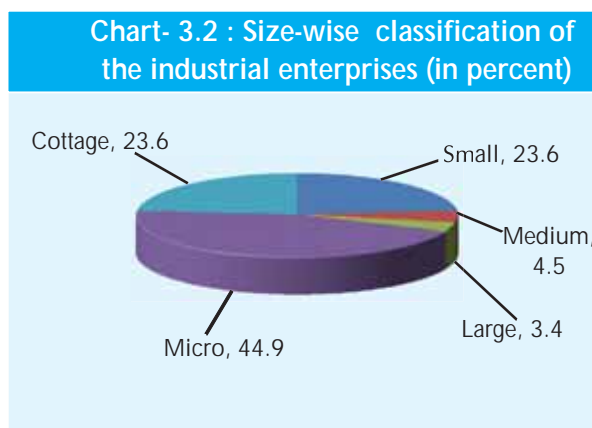
3.2 Experience and Ownership of Enterprise

It was observed that 45 percent of the total entrepreneurs started their business without experience. The majority of the entrepreneurs (96 percent) operated their business with single ownership.

3.3. Sector and Size-wise Classification of the Enterprises

Sector wise classification of the enterprises showed that 39 percent of the total enterprises belonged to a trading area where agriculture, industry and service sectors accounted for 23 percent, 21 percent, and 17 percent respectively.

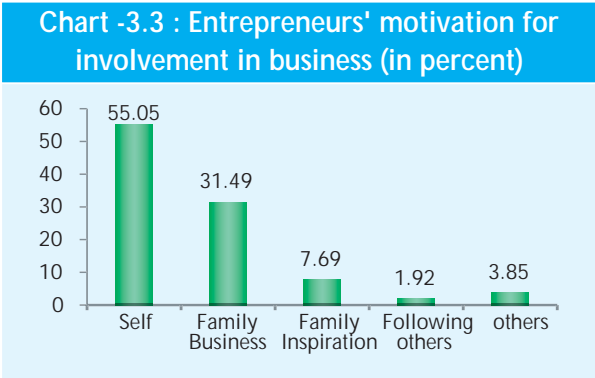
The majority (44.9 percent) of the total industrial enterprises (87) fell in the micro category followed by cottages and small industries. Medium and large size entrepreneurs were 4.5 percent and 3.4 percent of total industrial enterprises respectively (Chart-3.2).



Source: Field Survey, BB, 2014

3.4. Motivation for Starting Business

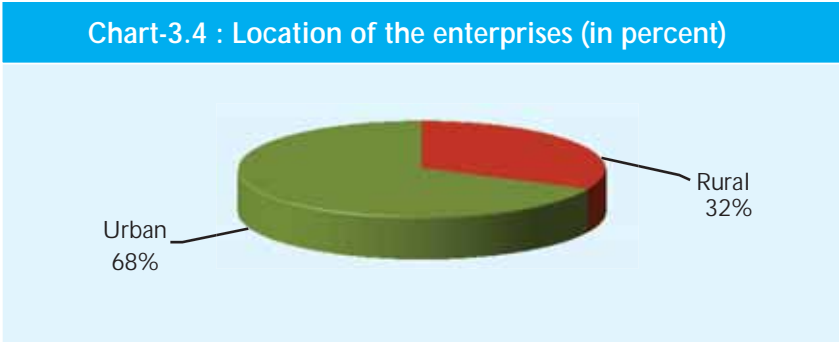
A few number of women are involved in business in Bangladesh. However, the current scenario is changing over time. Currently, some women came in the income generating activities through changing their social attitude. It has been observed that 55.05 percent of women out of 416 started their business being self-motivated to become financially independent (Chart -3.3).



Source: Field Survey, BB, 2014

3.5 Location of the Enterprises and Factor of Production

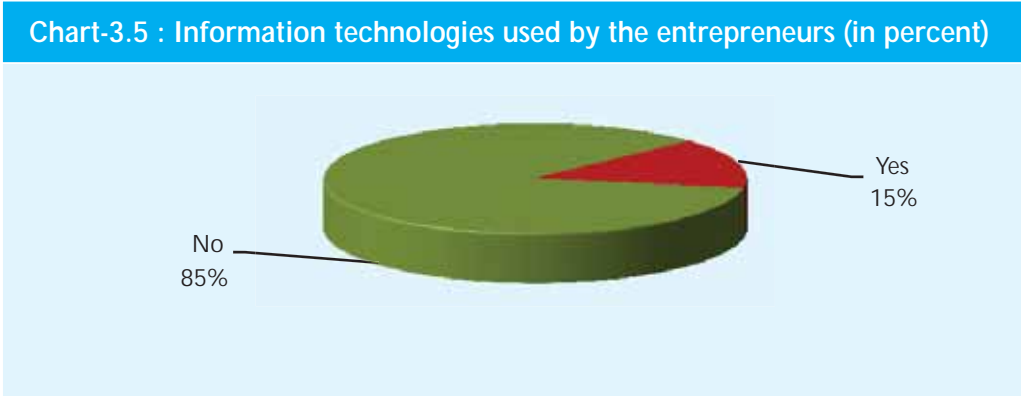
In the survey, it is revealed that 68 percent of the total women entrepreneurs (416) were located in the urban areas (Chart-3.4) and sixty-one percent of the total enterprises used labor-intensive technologies.



Source: Field Survey, BB, 2014

3.6 Nature of Equipment and Use of Information Technology

The majority (77.4 percent) of the total enterprises used manual equipment for their production whereas 13.8 percent used solely mechanical equipment and the rest of the enterprises (8.8 percent) used both manual and mechanical equipment. Only 15 percent of the total enterprises were found to use information technologies for their business (Chart-3.5).

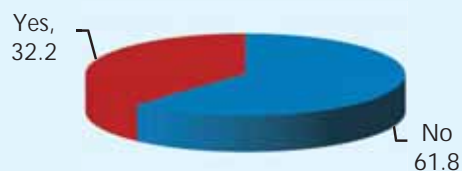


Source: Field Survey, BB, 2014

3.7 Registration and Balance Sheet

In the survey, 81.97 percent of the total enterprises (416) were found registered with trade license or other registration documents for obtaining loans. In case of maintaining balance sheet, it was observed that only 38.22 percent of the total enterprises kept balance (Chart-3.6) sheet of which only a few (8.8 percent) were audited.

Chart-3.6 : Status of balance sheet of the enterprises (in percent)

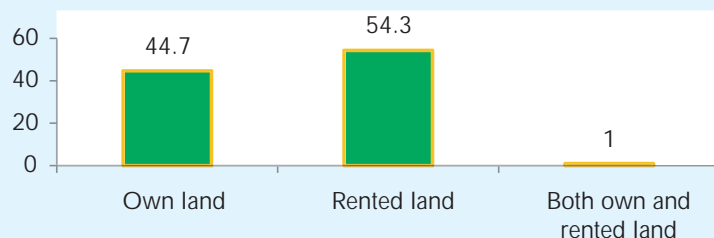


Source: Field Survey, BB, 2014

3.8 Ownership of Land and Duration of Establishment

The number of entrepreneurs who set up their enterprises on their own land was 54.3 percent of the total enterprises (Chart-3.7).

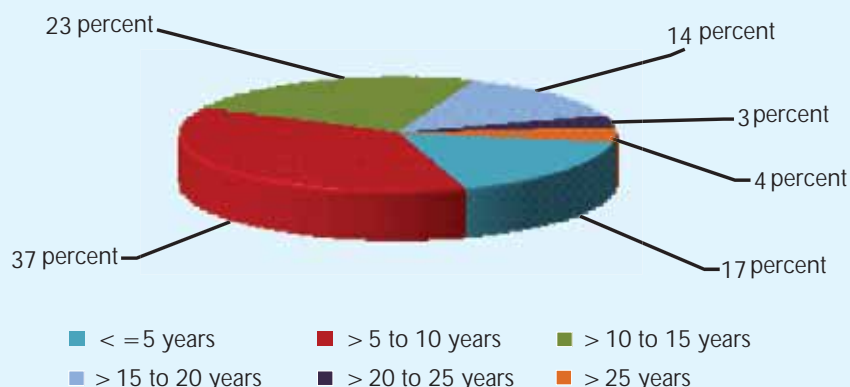
Chart - 3.7 : Status of land ownership for business (in percent)



Source: Field Survey, BB, 2014

In 416, most of the enterprises (54 percent) were up to 10 years old of which 17 percent enterprises were up to five years and 37 percent were above 5 to 10 years old (Chart-3.8).

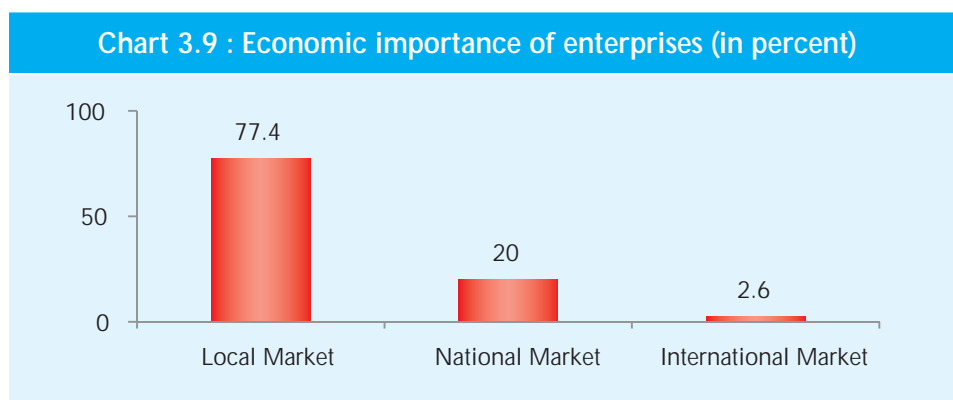
Chart 3.8 : Duration of establishment of the enterprises (in percent)



Source: Field Survey, BB, 2014

3.9 Economic Importance of the Enterprises

It was observed in the survey that 77.4 percent of the total enterprises (416) sold their products in the local market, and only 2.6 percent had access to international market. The rest of the enterprises sold their products at the national level (Chart-3.9).



Source: Field Survey, BB, 2014

3.10 Source of Initial Capital

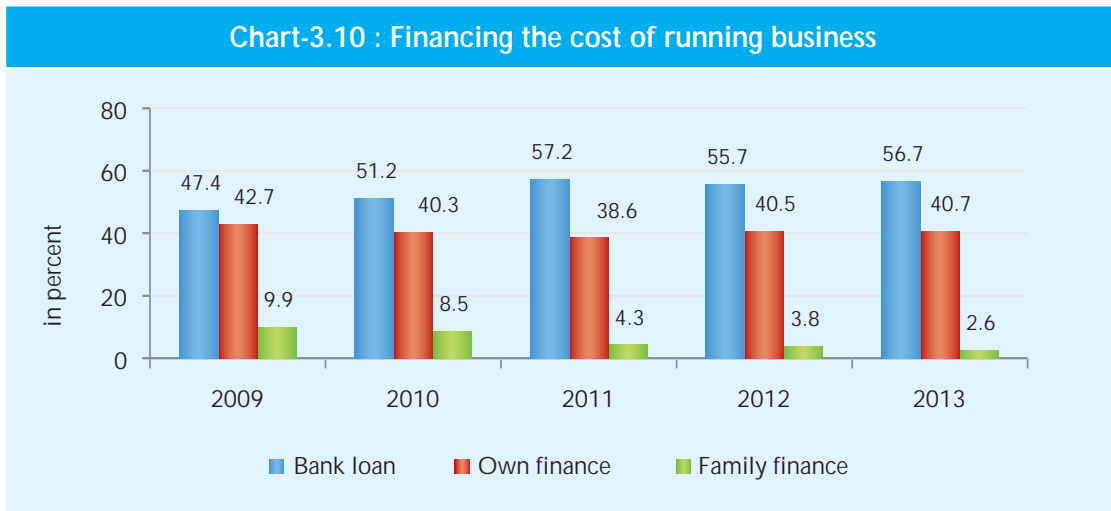
Initial capital plays a significant role in the overall development of the enterprises. The survey showed that 50 percent of the total enterprises (416) started business with capital from their own sources. Family support was also found to be contributing (35.34 percent) significantly in the formation of initial capital. However, the share of a bank loan to contribute as the initial capital of the enterprises was only 3.85 percent of the total (416) enterprises (Table-3.1).

Table 3.1 : Source of Initial Capital of the Entrepreneurs

Source	Number of Enterprises	percent of enterprises
Own	208	50.00
Family	147	35.34
Personal Loan	12	2.88
Bank Loan	16	3.85
NGO Loan	2	0.48
Grant	2	0.48
Other	1	0.24
Own & Bank Loan	28	6.73

Source: Field Survey, BB, 2014.

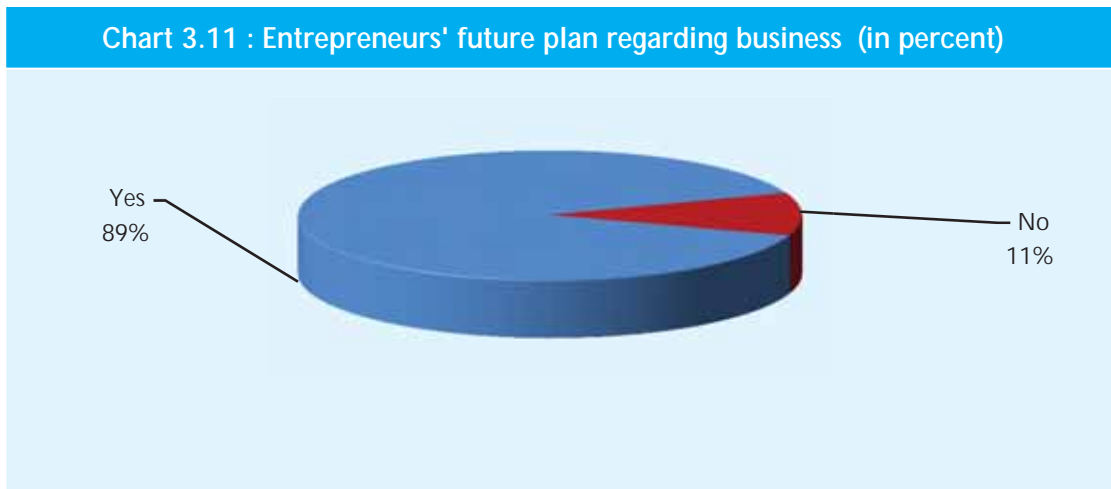
It is apparent from the above Table 3.1 that few women entrepreneurs got a bank loan for starting their business. However, now for financing the cost of running business (current expenditure or/and expansion of business) majority of women entrepreneurs (56.7 percent) depend on bank loan (Chart-3.10) followed by own finance (40.7 percent) and family finance only (2.6 percent). The family finance, which was used by 35.34 percent of entrepreneurs for starting business has now exhibited a declining trend (from 9.9 percent to 2.6 percent) during 2009 to 2013 because of the greater contribution (from 47.4 percent to 56.7 percent) of bank finance.



Source: Source: Field Survey, BB, 2014

3.11 Other Business, Future Plan and Other Income

The survey showed that 21.6 percent of the total enterprises had other business in addition to existing one. It was also been found that 89 percent of the total enterprises were very much eager to expand their business indicating a positive aspect for developing women entrepreneurs (Chart-3.11).



Source: Field Survey, BB, 2014

4.1 Schemes Dedicated to Women Entrepreneurs

It was found that women entrepreneurs availed loans under 24 Schemes provided by the Scheduled banks. Among these Schemes, 14 Schemes were solely dedicated to women entrepreneurs. In this survey, 34 percent of entrepreneurs were belonged to dedicated women entrepreneur schemes, and the rest of entrepreneurs were under ten general or other special Schemes (Chart-4.1).

Considering dedicated women Schemes, it was observed that 38 percent entrepreneurs received loan under Women Entrepreneur Investment (WEI) introduced by Islamic Bank Bangladesh Ltd. (IBBL), 20 percent received loans under Prothoma introduced by BRAC Bank Ltd., 15 percent under Mukti introduced by Eastern Bank Ltd. Moreover, 10 percent was under Women Entrepreneurs Credit (WEC) introduced by Rupali, Janata & Southeast Bank Ltd. (Chart-4.1). Others (6 percent) include Nari Shabolombi of NCC (1 percent), Anchal of Prime Bank (1 percent), Arjon of SCB (1 percent), Aparajita of AB Bank Ltd. (1 percent), Nari Jagorani of NBL (1 percent), Shikhar of the Southeast bank (1 percent).

4.2 Amount of Loan

From the survey, it was observed that loan disbursed to the women entrepreneurs increased during the last five years. Women entrepreneurs received an amount of loan Taka 4573.2 lakh in 2009 which increased to Taka 9860.9 lakh (a growth of 115.62 percent) in 2013 (Chart-4.2). This significant increase in loan was due to the encouragement of women entrepreneurs' loans by the Bangladesh Bank through launching refinance scheme for women and providing women entrepreneurs' loans through dedicated women projects by the scheduled banks as well. Loan dedicated to women through various Schemes of Scheduled Banks was Taka 579.0 lakh in 2009, which increased by 166.10 percent to Taka 1540.7 lakh in 2013 (Chart-4.3). During the last five years, dedicated loan to women contributed not only to growth but also their share of total women loans. The proportion of women dedicated credit in total loans to women was 12.7 percent in 2009, which stood at 15.6 percent in 2013.

Chart - 4.1 : Number of entrepreneurs (in percent) under different Schemes

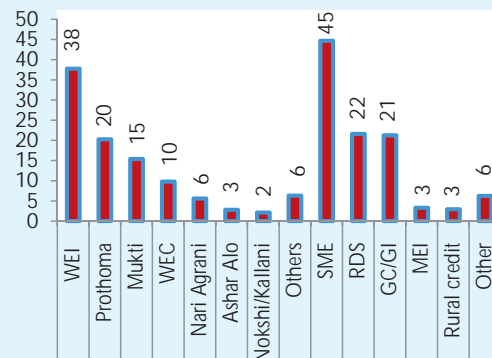


Chart -4.2 : Amount and growth of loan

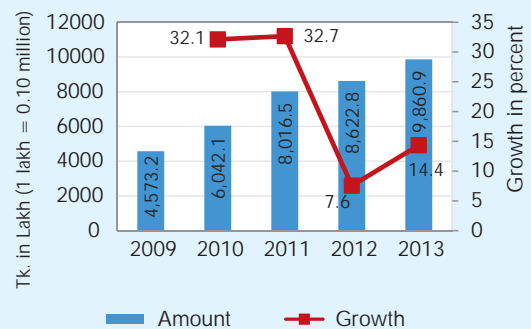
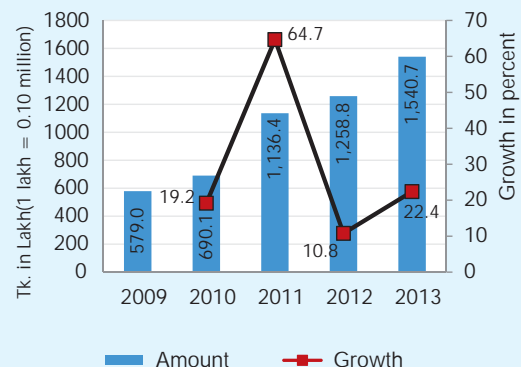
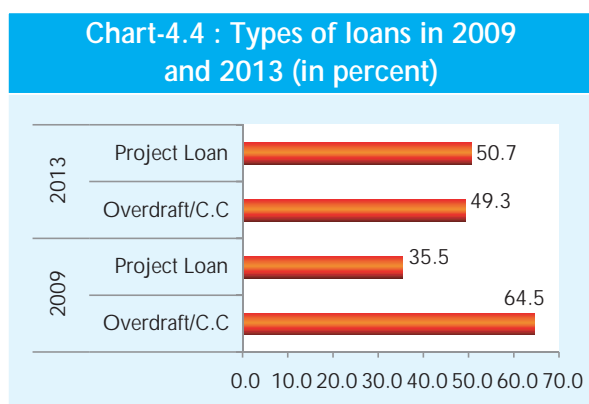


Chart-4.3 : Amount and growth of dedicated women loan



4.3 Type of Loan

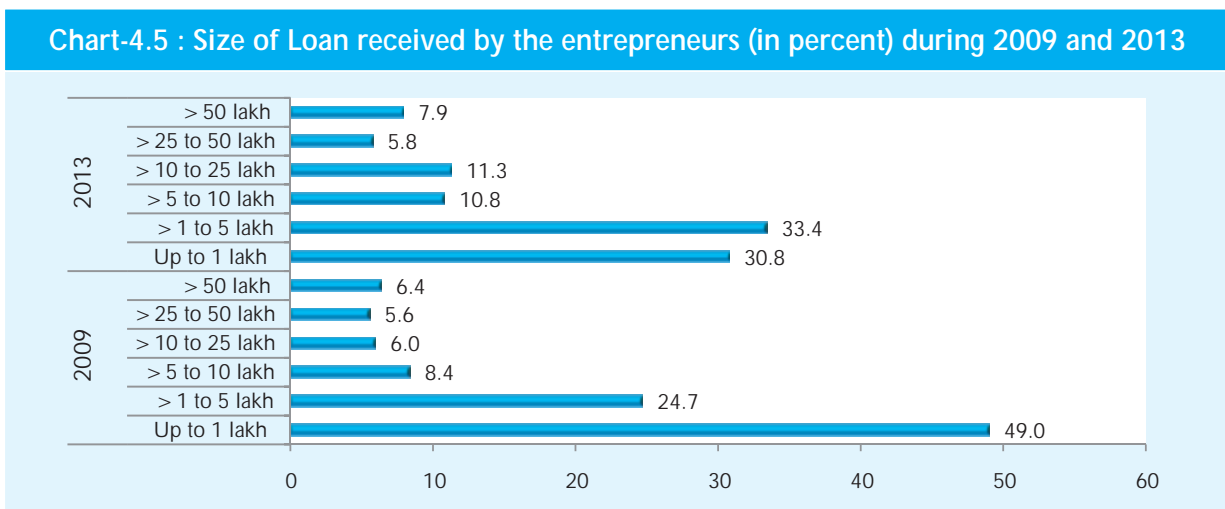
Analyzing the types of the loan, it was found that the number of term/project loan increased significantly and stood at 211 (50.7 percent) out of 416 in 2013 as compared to 89 (35.5 percent) in 2009 due mainly to increase of women dedicated loan both the number and amount (Chart-4.4) by banks.



Source: Field Survey, BB, 2014

4.4 Size of Loan

The size of the loan increased significantly during the last five years (from 2009 to 2013). The number of credit between Taka 1.00 lakh to Taka 5.00 lakh were 62 (24.7 percent) out of 416 in 2009 which increased to 139 (33.4 percent) in 2013 (Chart-4.5). On the other hand, the number of loan between Taka 10 lakh to Taka 25 lakh was 15 (6 percent) in 2009 which stood at 47 (11.3 percent) in 2013. The number of the loan above Taka 50 lakh was 16 in 2009 which increased to 33 (7.9 percent) in 2013. This indicates that women are getting opportunities to expand their business by taking a large number of loans from the banks.



Source: Field Survey, BB, 2014.

4.5 Tenure of Loan

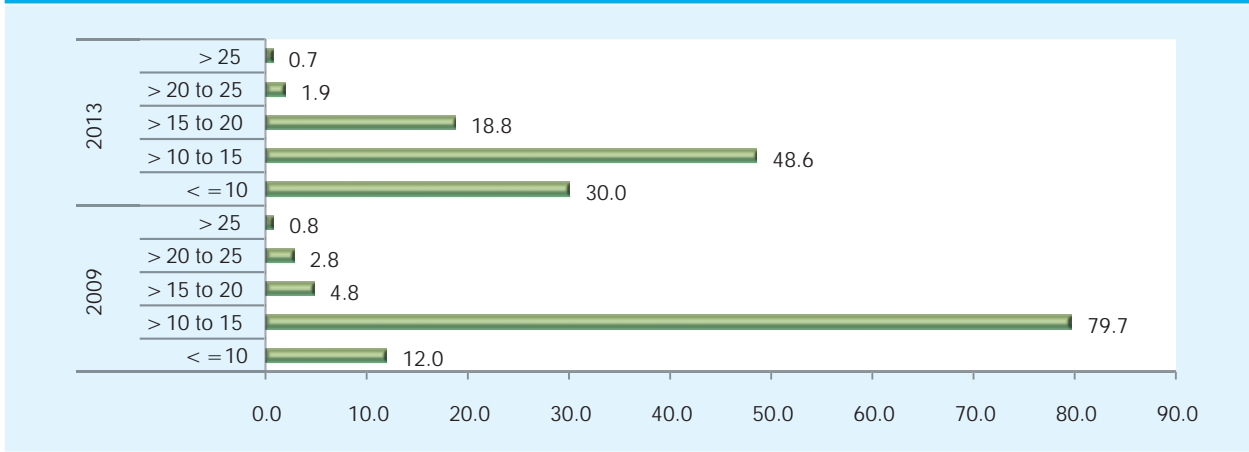
The tenure of overdraft/cash credit (CC) was up to 1 year. From the survey it was observed that the number of loan with the tenure up to 1 year declined to 78 percent in 2013 compared to 2009 due to rising in number of credits under the term loans. The number of loans with the tenure between of 1 to 2 years and 2 to 3 years also increased significantly to 11.3 percent and 7.2 percent respectively in 2013 compared to 6.4 percent and 2.8 percent respectively in 2009.

4.6 Interest Rate

It was found from the study that 30 (12 percent) entrepreneurs out of total (416) took a loan at less than or equal to 10 percent interest in 2009 (Chart-4.6). This number increased significantly and stood at 125 (30 percent) in 2013 due to the rise of disbursement of the term loan through women dedicated schemes of the

banks. This indicates a positive response of introducing the refinance scheme of Bangladesh Bank. However, the number of entrepreneurs who took loans at interest rates ranging from 10 percent to 15 percent declined significantly from 80 percent to 49 percent during last five years. Similarly, the number of entrepreneurs who took loan at interest rates ranging from 15 percent to 20 percent and above 25 percent interest rate declined to 1.9 percent and 0.7 percent respectively in 2013 from 2.8 percent and 0.8 percent respectively in 2009. Refinance scheme has contributed to declining interest rate on women entrepreneurs' loans.

Chart- 4.6 : Interest rate of loan received by the entrepreneurs (in percent) during 2009 and 2013



Source: Field Survey, BB, 2014

4.7 Collateral/Guarantor against Loan

Considering the collaterals against the loans received by the women entrepreneurs, only 38 percent of the total entrepreneurs (416) provided guarantees against their loans (Chart-4.7) due to nature of their loans (overdraft/cash credit).The majority (58 percent) of the women entrepreneurs out of 416 kept their land as collateral. Other types of collaterals include building (12 percent), factory (4 percent), land & building (13 percent), building & factory (2 percent) and miscellaneous (10 percent).

Chart-4.7: Status of collateral given by the entrepreneurs against their loans (in percent)

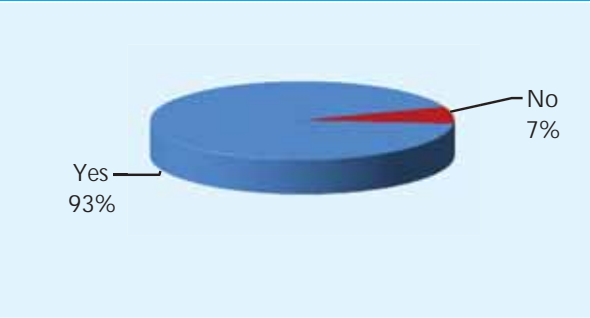


Source: Field Survey, BB, 2014

4.8 Repayment of Loan

Considering the cases of loan repayment of the entrepreneurs, it was observed that the majority (93 percent) of the entrepreneurs out of 416 has paid their loan on a regular basis (Chart-4.8). Only 29 women entrepreneurs do not repay the loan regularly. In most cases (69 percent) irregularities of repayment of loans were found during 2012 and 2013 due to deterioration of their business caused by political unrest, family shock, climate changes, etc.

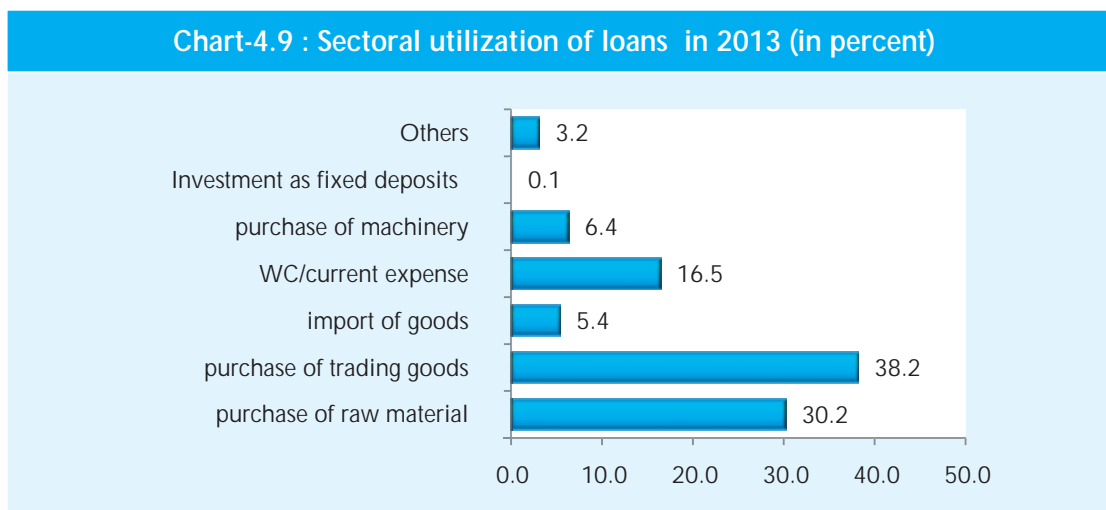
Chart- 4.8 : Repayment of loans on regular basis



Source: Field Survey, BB, 2014

4.9 Sector-wise Utilization of Loan

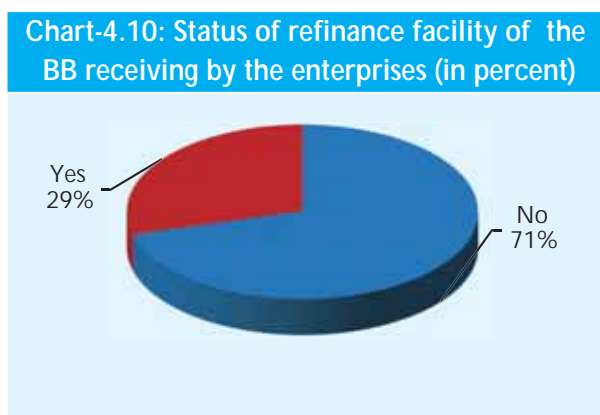
Since the majority of women entrepreneurs were involved in business activities, 38.2 percent of the total loans used for purchasing tradable goods and 30.2 percent for purchasing raw materials (Chart-4.9). About 16.5 percent of the total loans used for current expenditure.



Source: Field Survey, BB, 2014

4.10 Refinance Facility

The majority of the entrepreneurs (71.0 percent of the total entrepreneurs) mentioned that their loans were not under the refinance facility of Bangladesh Bank (BB) due to inability of some scheduled banks' compliance with the required terms and conditions of availing refinance facilities (Chart-4.10). For example, banks non-performing loan (NPL) should be less than 10 percent and must be compliant with capital adequacy ratio (CAR), risk management & anti-money laundering policy. Some times bank officials did not show their interest to claim refinance against the loan. As a result, entrepreneurs paid higher interest.

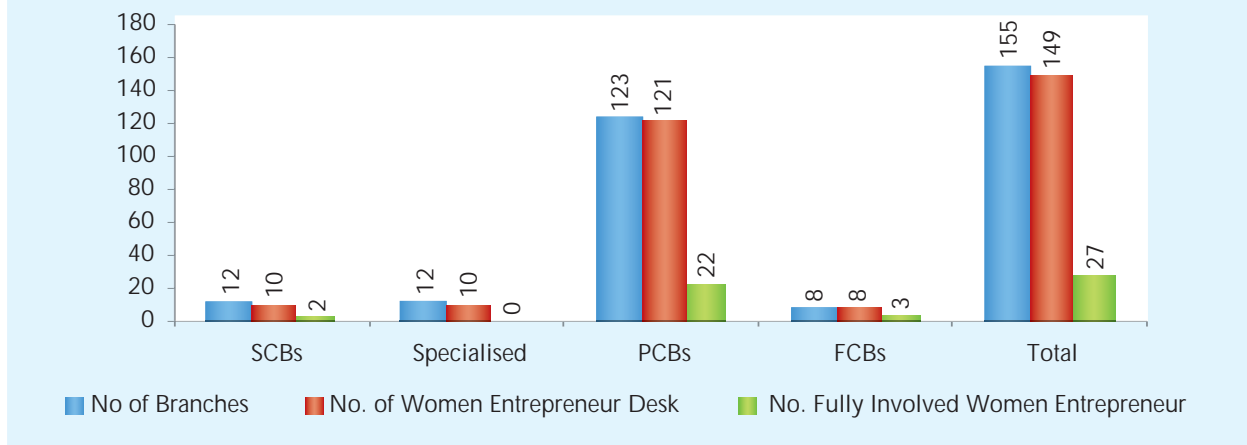


Source: Field Survey, BB, 2014

4.11 Women Entrepreneurs' Desk

Banks have been adopting various policies to promote women entrepreneurship in Bangladesh. They have been trying to prioritize women entrepreneurship through launching special products/schemes dedicated to women entrepreneurs through setting up "Women Entrepreneurs' Dedicated Desk". The study team visited 155 bank branches of which 144 branches had women entrepreneurs' desks (Chart-4.11). However, out of 149 branches only 27 branches were found with women entrepreneurs dedicated desks headed by women, and the rest 117 branches' women dedicated desks were led by the male officials. Under the guidelines for "Small and Medium Enterprise (SME) Credit Policies & Programs" each bank and financial institution should establish a separate 'Women Entrepreneurs' Dedicated Desk' with necessary and suitable manpower, provide them training on SME financing and suitably appoint a lady officer as chief of dedicated desk. Besides, a branch-wise list of 'Women Entrepreneurs' dedicated Desk should be sent to SME and Special Programs

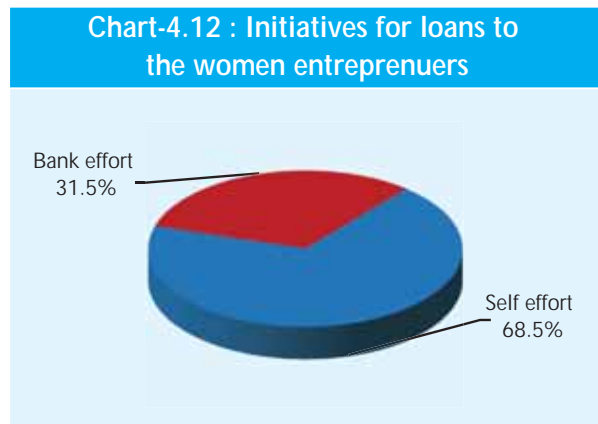
Chart 4.11 : Bank group-wise status of women entrepreneur desk and their involvement



Department of Bangladesh Bank within two months from the date of declaration of this policy and program. However, some bank branches still did not establish separate dedicated 'Women Entrepreneurs' desks with necessary and suitable manpower.

4.12 Access to Finance of the Women Entrepreneurs

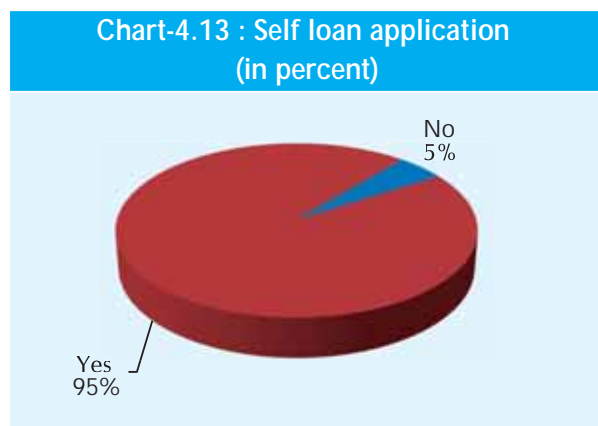
The majority of women entrepreneurs (68.5 percent) said that they came to the bank to avail loan with own initiatives whereas 31.5 percent of women entrepreneurs were identified by the banks officials (Chart-4.12).



Source: Field Survey, BB, 2014

4.13 Application for Loan

In 416, the majority (396 or 95 percent) of the entrepreneurs applied for loan by themselves (Chart-4.13). Among the rest (10), 35 percent involved through husband followed by son (25 percent), bank officials (20 percent) and others (20 percent). Others include a brother, teacher, etc. The majority of the entrepreneurs (96 percent) were aware of the terms and conditions of the loans before receiving their loans.



Source: Field Survey, BB, 2014

4.14 Time Lag for Disbursement of Loan

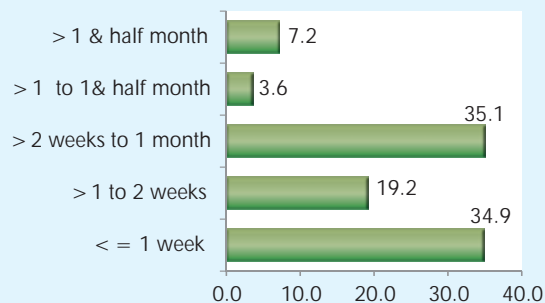
In view of time delay for disbursement of loan, it was observed that 54.1 percent of the total (416) women entrepreneurs had loan within one to two weeks after submitting loan application (Chart-4.14) and rest of the entrepreneurs had loans more than two weeks. The

major problems for the delay in disbursement of loans after submitting loan application were to complete terms of condition for loan processing that includes mortgages, CIB report, etc. Other problems includes a centralized system for loan approval, client's information verification and evaluation of assets, etc.

4.15 Obstacle for Getting/Receiving Loan

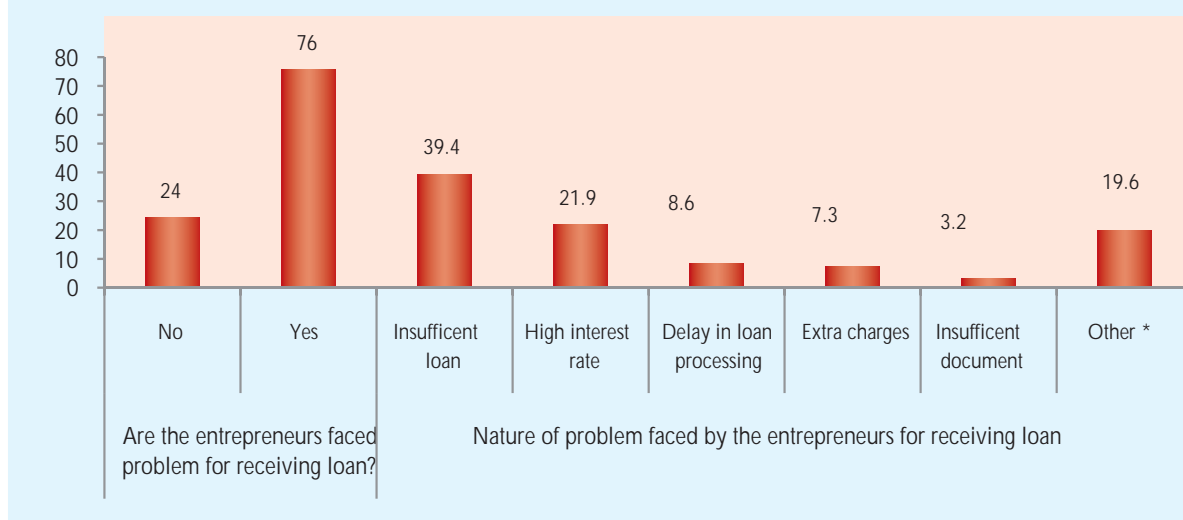
As far as the nature of constraints are concerned, 39.4 percent mentioned about insufficient amount of loans against their demand followed by the higher rate of interest on loans (21.9 percent), delay in loan processing (8.6 percent), extra charges out of interest rate (7.3 percent), insufficient documents (3.2 percent) and other problems (19.6 percent). Other problems include lack of refinancing facility in all branches, lack of grace period, inadequate collateral problems and short-term loan with higher installment, getting permission from husband, etc.

Chart- 4.14 : Time lag for disbursement of loan (in percent) by banks



Source: Field Survey, BB, 2014

Chart -4.15 : Types of obstacles faced by the entrepreneurs for receiving loan (in percent)



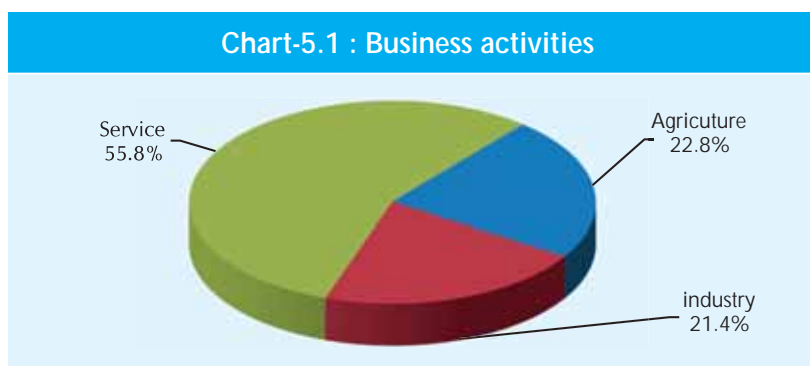
Source: Field Survey, BB, 2014

5.1 Business Activities

In this survey, the economic activities of women entrepreneurs can be categorized into three broad groups of gross domestic product (GDP) agriculture, industry and service. From Chart-5.1 it is observed that the economic activities of 55.8 percent of the women entrepreneurs out of 416 remained in the service sector that includes wholesale and retail business (34.1 percent); community, society & personal service (13.2 percent); transport, storage and communication (3.4 percent); hotel & restaurant (2.9 percent); health (1.2 percent); education (0.7 percent) and real estate, rent, & business activities (0.3 percent).

The second largest sector for women's business activities was in the agriculture (22.8 percent) which includes animal husbandry (17.5 percent), crops (2.6 percent), fisheries (1.7 percent) and forestry (1.0 percent).

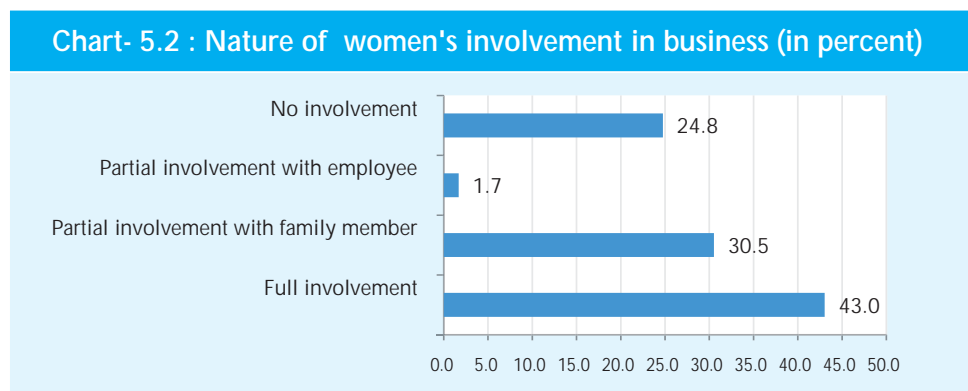
Women's business in industry accounted for 21.4 percent of total business activities, which includes boutiques (4.8 percent), traditional garments (3.4 percent), garments (2.6 percent), handicraft (1.9 percent), paper & fabric bag production (1.2 percent), furniture production (1.0 percent) and others (6.5 percent).



Source: Field Survey, BB, 2014

5.2 Nature of Involvement in Business

In this survey, it was evident that 43 percent women entrepreneurs out of 416 were fully involved in business while 30.5 percent were partially involved through the family members, e.g., husband, son, father. 1.7 percent women entrepreneurs hired a manager to look after their business and 24.8 percent women entrepreneurs' business were wholly operated by the family members (Chart-5.2).

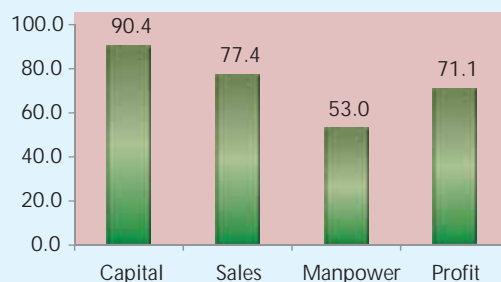


Source: Field Survey, BB, 2014

5.3 Business Performance

The growth of the business of the women entrepreneurs in the survey showed increasing trends during the last five years. In 2013, capital, sales, labor and profit of the enterprise was increasing significantly from 2009. Capital grew by 90.4 percent, sales by 77.4 percent, labor by 53.0 percent and profit by 71.1 percent during these periods (Chart-5.3).

Chart-5.3 : Growth (percent) of capital, sales, manpower and profit during last five years

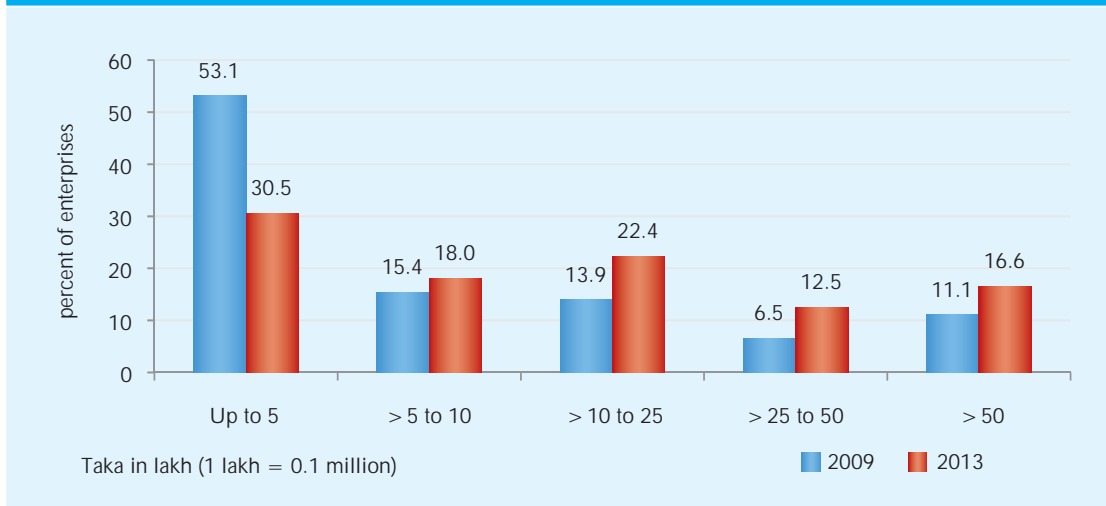


Source: Field Survey, BB, 2014

5.4 Structural Changes in Capital

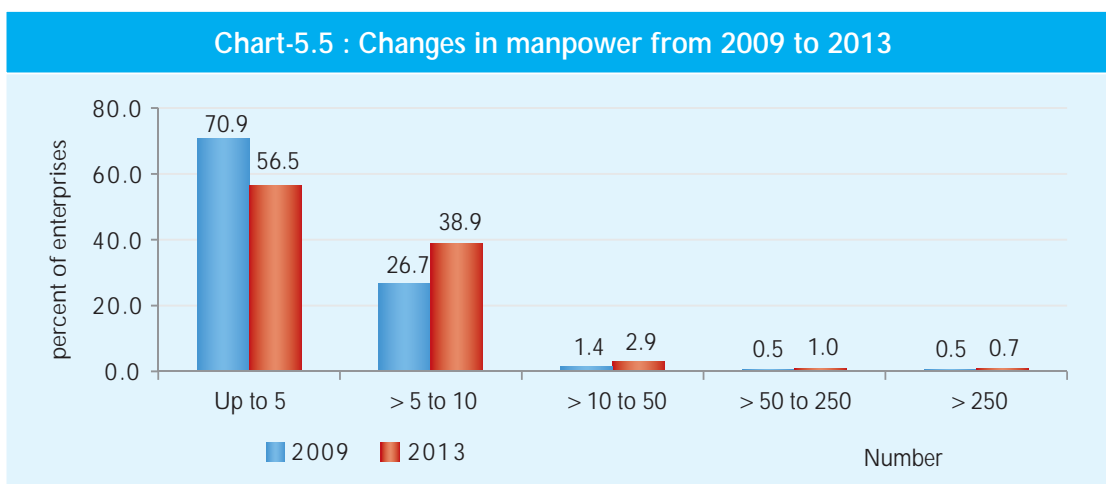
Due to growth in business, structural changes both in the capital and in the workforce had taken place. As a result, in this survey, some enterprises shifted from micro to small and small to medium enterprises through expanding their capital base. For example, the number of enterprises with capital below Taka 5 lakh was 53.1 percent of total enterprises in 2009 (Chart-5.4) which decreased to 30.5 percent in 2013. On the other hand, the number of enterprises with capital above Taka 50 lakh was 11.1 percent enterprises in 2009, which increased to 16.6 percent in 2013. It implies that some enterprises grew faster and became larger enterprises.

Chart-5.4 : Changes in capital from 2009 to 2013



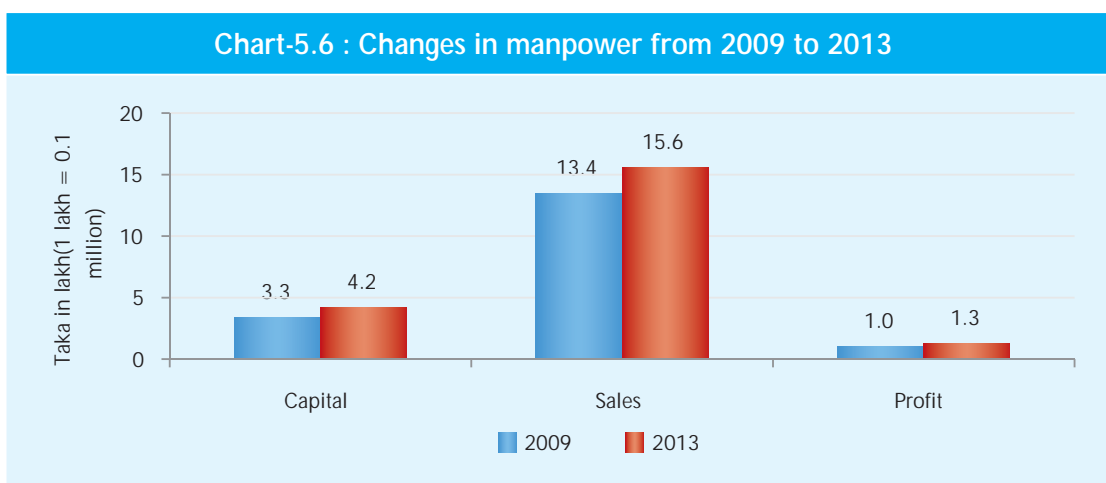
5.5 Contribution to Employment

In this survey, the labor of women enterprises increased significantly during the last five years. For example, the number of enterprises with workers below six persons was 70.9 percent of the total (416) enterprises in 2009, which decreased to 56.5 percent in 2013 (Chart-5.5). On the other hand, the number of enterprises with labor ranging from six to 10 persons was 26.7 percent in 2009, which was increased to 38.9 percent in 2013. This trend indicates that some enterprises are hiring more labor in the way of expanding their business and contributing to employment generation of the country.



5.6 Productivity and Profitability

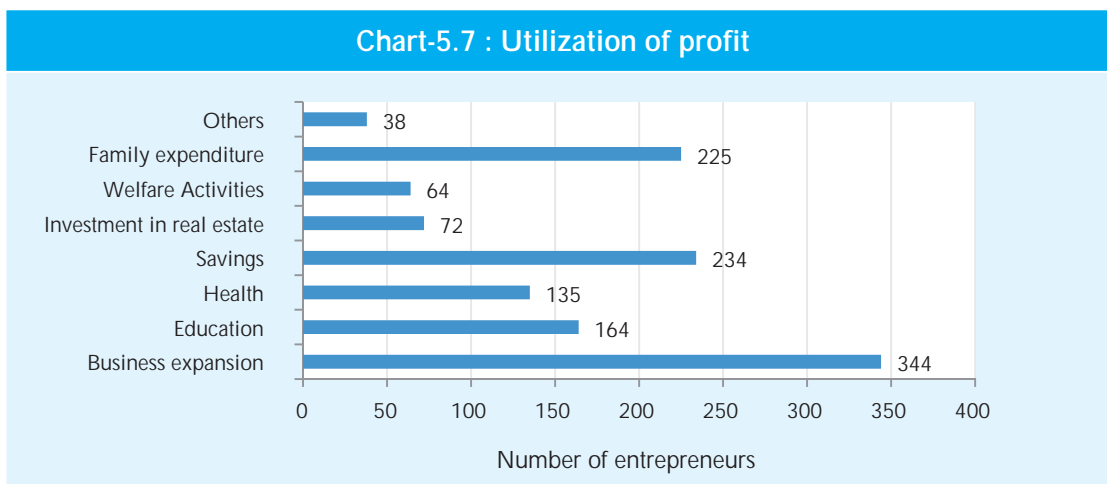
The productivity of women enterprises has also increased during last five years. Productivity as a measure of per capita sales of women enterprises increased to Taka 15.6 lakh in 2013 in comparison with Taka 13.4 lakh in 2009 (Chart-5.6).



The growth of sales contributed to growing profits. For this reason profitability as a measure of per capita profit of women enterprises also increased from Taka 1.0 lakh 2009 to Taka 1.3 lakh in 2013. With higher profitability, women entrepreneurs utilized their profit in expanding the business. As a result, per capita capital increased to Taka 4.2 lakh in 2013 in comparison with Taka 3.3 lakh in 2009.

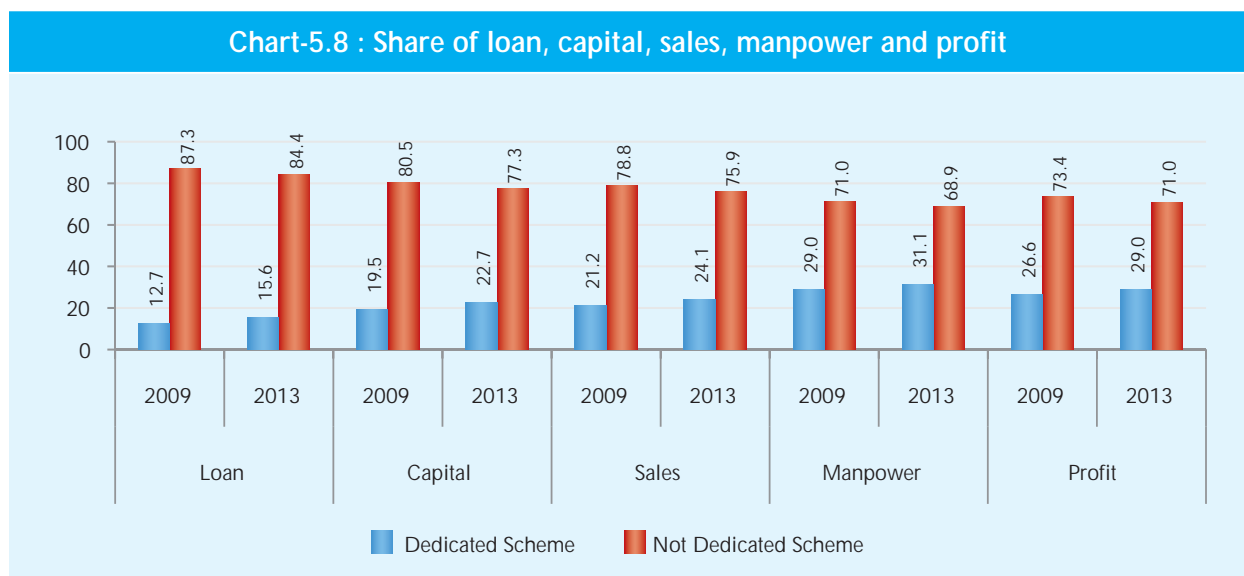
5.7 Utilization of Profit

Considering the use of profit, women entrepreneurs gave priority for expanding their business. They used their profit also in savings, investment in real estate and for family expenditures. Among the total (416) entrepreneurs considering with multiple response, 82.7 percent utilized their profit for expanding business, 56.3 percent in savings and 17.3 percent used profits for investment in real estate (e.g., land, building). Some of the profits also went into investment for children education (Chart-5.7). In this survey, welfare activities include distribution of warm clothes, a donation to schools and religious activities, the arrangement of marriage for women, treatment for the poor women, etc.



5.8 Impact of Loan on Business

During the last five years, business opportunities for women entrepreneurs had increased significantly, which contributed to the expansion and development of their business markedly. Women entrepreneurs borrowed money from different banks under various schemes. There were several loan schemes dedicated to women. The survey showed that the women performed better by utilizing credit under these dedicated projects compared to other general schemes. The shares of loan, capital, sales, labor and profits of the women entrepreneurs who took loan under dedicated scheme had been rising during last five years while the shares of loan, capital, sales, labor and profits of the women entrepreneurs under other general schemes had declined (Chart-5.8). In this survey, the share of a loan under the dedicated scheme in the total loan was 12.7 percent in 2009, which increased to 15.6 percent in 2013. On the other hand, the share of credit under other general schemes in the total loan was 87.3 percent in 2009, which decreased to 84.4 percent in 2013.

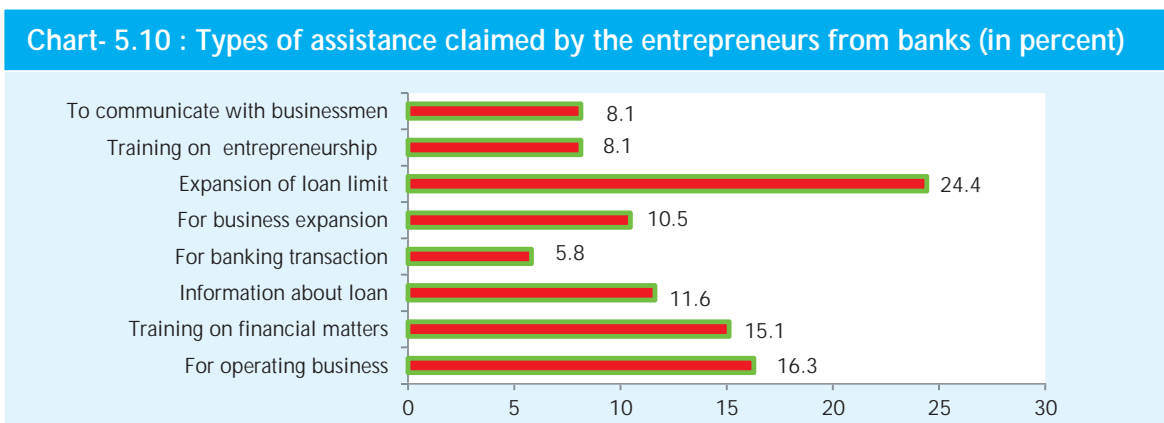
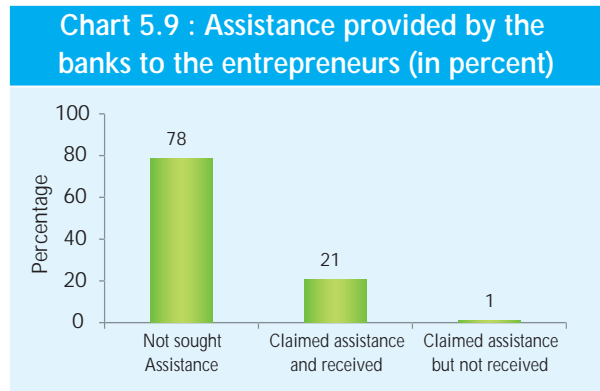


5.9 Assistance Provided by the Banks

In this study, we have found that majority (78 percent) of the entrepreneurs had not claimed any assistance from the bank officials for their business due mainly to their lack of knowledge (Chart-5.9). On the other

hand, bank officials were not always helpful to their clients due to their workload and conservativeness. It can be mentioned here that the entrepreneurs who have taken assistance from the bank, are running their business well.

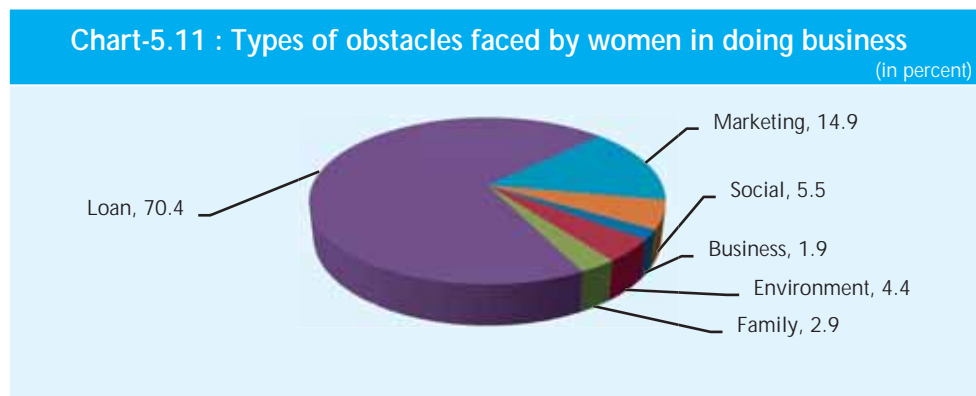
Considering the types of assistance provided by banks, 24.4 percent of the total (416) entrepreneurs got assistance from the banks for expanding their loan limit (Chart-5.10). 16.3 percent and 15.1 percent of the total entrepreneurs got support for operating their business and training on financial matters respectively. Banks also helped the entrepreneurs (13 percent) by disseminating the opportunities of women entrepreneurs' loans.



5.10 Obstacles Faced by Women Entrepreneurs

In this survey, women entrepreneurs faced various obstacles in doing business. These barriers are mainly classified into six broad categories (Chart-5.11). The study showed that most of the women entrepreneurs faced loan related obstacles followed by marketing, social, environmental, family, and business related constraints.

Where loan related barriers include insufficient credit, high interest rate, delay for loan processing, extra charges in addition to interest rate, banks claim for additional document, inadequate supply of seasonal credit, shorter grace period, requirement of collateral, short term loan with larger installment, women dedicated desk headed by male official, etc.



Source: Field Survey, BB, 2014

Obstacles related to marketing include competition with large firms, unstable market, delay in payment, rise in input cost, small market, labor crisis and maintaining the quality of the product in comparison with importable goods.

Business- related obstacles include lack of training before starting a business, inadequate supply of fund in a recession period and lack of financial literacy, etc. Family related barriers include poor support from family members, loan diversion from business to family affairs (treatment, higher education, foreign employment, etc.) and for getting permission/guarantee from husband for starting a business.

Social obstacles include political unrest, negative attitude towards women, infrastructure problem and inadequate administrative support to overcome the troubles comes from the miscreants.

Environmental barriers include diseases of livestock, flood, location (long distance) of the bank branches and higher infrastructure cost in the hilly area.

6.1 Karatoa Hotel, Panchagarh

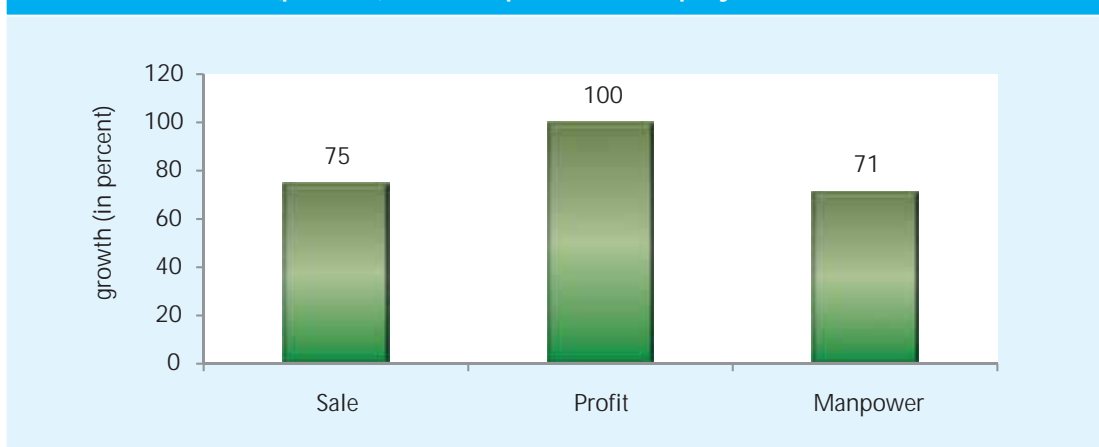
6.1.1 Background & Types of Business

Jamila Begum is the proprietor of Karatoa Hotel in Panchagarh, which was established in 2002. "Karatoa" is categorized as micro enterprise in the service sector and located in urban area. It is registered with a trade license. Mrs. Jamila Begum has been working as a chef from her childhood in different restaurants. After marriage, the entrepreneur and her husband started their business by setting up a tea stall with an initial capital of Taka 300 only. The women entrepreneur and her husband struggled a lot in their life. That tea stall later became "Karatoa Hotel" which is now a renowned restaurant in the area.

6.1.2 Business Performance

The capital of this enterprise stood at Taka 20 lakh in 2013, which was only Taka 1 lakh in 2009. The entrepreneur has own house and land bought from the profit of business. She took loan amount of Taka 5 lakh as term loan at 10 percent interest rate from BRAC Bank Limited, Panchagarh branch in 2011 to extend her business. After taking credit, the sales and profit of her business increased significantly in 2012. Besides, a mentionable development had been observed in the labor sector, which rose sharply from 2011. Total number of labor of the enterprise was 4 persons in 2009 and 2010, which stood at 7 persons, 12 persons and 25 persons in 2011, 2012, and 2013 respectively contributing to employment creation and poverty reduction of the country.

Chart-1 : Growth (percent) of sales, profit and employment of business in 2012



6.1.3 Social Contribution and Obstacle

Our society is not still friendly for the women as an entrepreneur, especially in the restaurant business. This attitude creates a social barrier for Jamila Begum to run her business smoothly. However, her mental and physical strength along with the support from her husband and family members allow her to advance by fighting all obstacles. Mrs. Jamila has been successful in her business and in bringing financial solvency of her family. She can be considered as a role model for the women entrepreneurs because of her uphill struggle and commitment to the business. Other women may be encouraged by her success.

6.1.4 Usage of Profit

Although she could hire a head chef in her current status, she is continuing her role as a chef in the restaurant. Her business is expanding consistently, and profit is being spent for expansion of business and family expenditure. She bought a land and a house from her earnings. She wants to take loan after adjustment of existing one. Mrs. Jamila Begum and her husband both are helping each other in their business equally.

6.1.5 Comments

Mrs. Jamila Begum is a notable women entrepreneur, and her business is growing tremendously for her amazing entrepreneurship.

Table-6.1.1 : Some Selected Indicators of the business				
Year	Loan (Taka In lakh*)	Sale (Taka In lakh*)	Profit (Taka In lakh*)	Manpower (person)
2009	-	54.0	2.5	4
2010	-	64.8	3.5	4
2011	5	72.0	4.5	7
2012	3.87	126.0	9.0	12
2013	2.24	144.0	9.0	25

*1 lakh = 0.1 million

6.2 Bina Enterprise, Dhaka

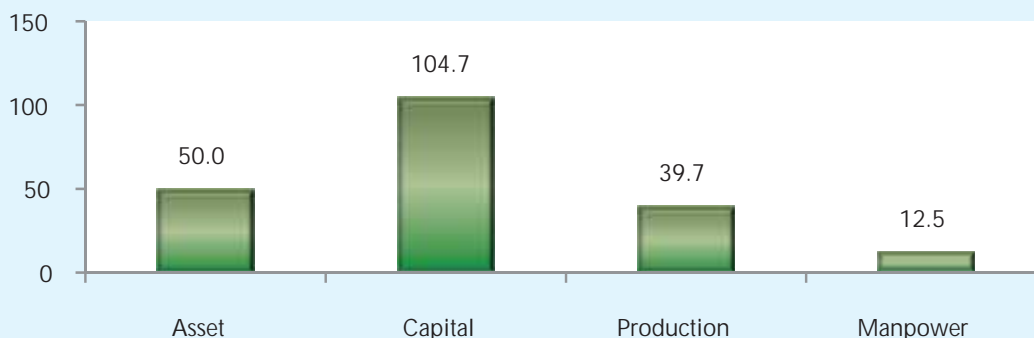
6.2.1 Background & Types of Business

Meherun Nessa Bina, the proprietor of Bina Enterprise, which was established in 2000 in Dhaka. It is categorized as a micro-enterprise in the manufacturing sector with registration from Dhaka City Corporation. Mrs. Bina had sewing experiences before starting a business and set up a small garment factory for producing traditional clothes including sari, Panjabi, women wares, household materials, etc. with the support of her family. Initially, Bina invested a tiny amount of money in Taka five thousand and only one laborer herself. Over the years, her factory has grown and now 250 women are working in her village for producing decorated clothes.

6.2.2 Business Performance

The capital of Bina Enterprise stood at Taka 38.9 lakh in 2013, which was almost half Taka 19.0 lakh in 2009. The entrepreneur borrowed money amounting to Taka 3 lakh at 12 percent interest rate in 2009 from Janata Bank Limited as cash credit that remained unchanged till 2013. Also, she borrowed a collateral free term loan of Taka 20 lakh at 10 percent interest rate from Eastern Bank Limited, Mirpur Branch in 2013 for business expansion. During last five-year, assets, capital, production and labor of Bina Enterprise increased by 50.0 percent, 104.7 percent, 39.7 percent and 12.5 percent respectively. It is mentionable that Bina's permanent worker in the city is only nine, but in the village, many women are working on the production basis.

Chart-6.2.1: Growth (percent) of assets, capital, production and manpower during last five years



6.2.3 Social Contribution and Obstacle

Mrs. Bina's business is growing and performing well. She contributes not only to the local market but also in exports. She does not export directly but through one of her corporate clients 'Arong'. She creates employment for rural women. Bina faces competition from imported goods. She does not advertise for her products due to the absence of any showroom of her own. She also faces a delay in payment from some of her corporate clients. As an active and real entrepreneur, she does not get the opportunity to participate in exhibitions abroad to advertise her product due to not being recognized by any proper authority of the country.

6.2.4 Usage of Profit

The entrepreneur earns a significant amount of profit every year, which utilize mainly on expanding her business. She also contributes to social development activities in the village by distributing grant for women's marriages and their medical treatments.

6.2.5 Comments

Mrs. Bina wants to preserve the culture of traditional clothes and set up showrooms abroad mainly in the United States and Canada for advertisements of her products.

Table-6.2.1 : Some Selected Indicators related to her business

Year	Loan (Tk. In lakh*)	Sale (Tk. In lakh*)	Profit (Tk. In lakh*)	Manpower (person)
2009	3.0	90.0	27.0	8
2010	3.0	96.0	28.8	8
2011	3.0	108.0	32.4	9
2012	3.0	120.0	36.0	9
2013	23.0	125.76	37.73	9

*1 lakh = 0.1 million

7.1 Major Findings

7.1.1 Increased Dedicated Women Loan

From the survey, it was found that the share of loan disbursed under the dedicated women loan scheme to total loans increased to 15.6 percent in 2013 from 12.7 percent in 2009. However, their share of capital, sales, labor and profits had been growing over the last five years. Therefore, if loans under dedicated women scheme increase further, their shares in the capital, sales, manpower and profits will rise more.

7.1.3 Dedicated Women Desk Headed by Women Officer

It was observed from the survey that only 27 bank branches out of 144 were headed by women officers. Without women heads in women desk, women entrepreneurs hesitate to discuss on business and loans and in some occasion, they are harassed by the male counterparts.

7.2 Recommendations for Short Medium and Long Term

7.2.1 Short Term

1. Need to form a committee with the officials of Research, SME, DBI-4 to check interest rate issues offered by banks to women entrepreneurs.
2. Need to increase loan through dedicated loan scheme for women.
3. Need to ensure Women Entrepreneurs Dedicated Desk headed by women officer with proper training.

7.2.2 Medium and Long Term

We recommend to having a Bank exclusively for Women Entrepreneurs.

Rationale for that

1. To increase access to credit for women entrepreneurs
2. To generate employment for women
3. Training and Research Institute will arrange training and also marketing in both home and abroad

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Annexure-1

Bank-wise Schemes Dedicated to Women and Entrepreneurs

Name of Bank	Product Name
Agrani Bank Limited	Nari Agrani
AB Bank Limited	Awparajita
Standard Chartered Bank	Orjon
Islami Bank Bangladesh Limited	Women Entrepreneurs Investment Scheme (WEIS)
Pubali Bank Limited	PBL Karma Uddog
Trust Bank Limited	Women Entrepreneur Loan
	Trust Sukannaya
BRAC Bank Limited	Prothoma
IFIC Bank Limited	Women Entrepreneur's Loan (Protyasha)
Southeast Bank Limited	Shuprova
Dutch-Bangla Bank Limited	Smart Women Entrepreneurs Financing
Prime Bank Limited	Anchol(Women Entrepreneurs' Loan)
Shahjalal Islami Bank Limited	Prottasha
IDLC Finance Limited	Women Entrepreneur Loan
Eastern Bank Limited	EBL Mukti
Bank Asia	Subarno

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