

State of women entrepreneurship: What we have achieved..



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Women's Economic Empowerment: is a process through which women overcome obstacles at individual, social and institutional levels, and achieve effective control over their material wellbeing both in non-market and market spheres and women function as free and effective economic agents able to influence allocation, utilization and distribution of resources.

Women's empowerment as a whole and in particular economic empowerment of women is considered to be a precondition of gender equality. Therefore women's economic empowerment is a critical factor to move a country forward towards inclusive and sustainable development.

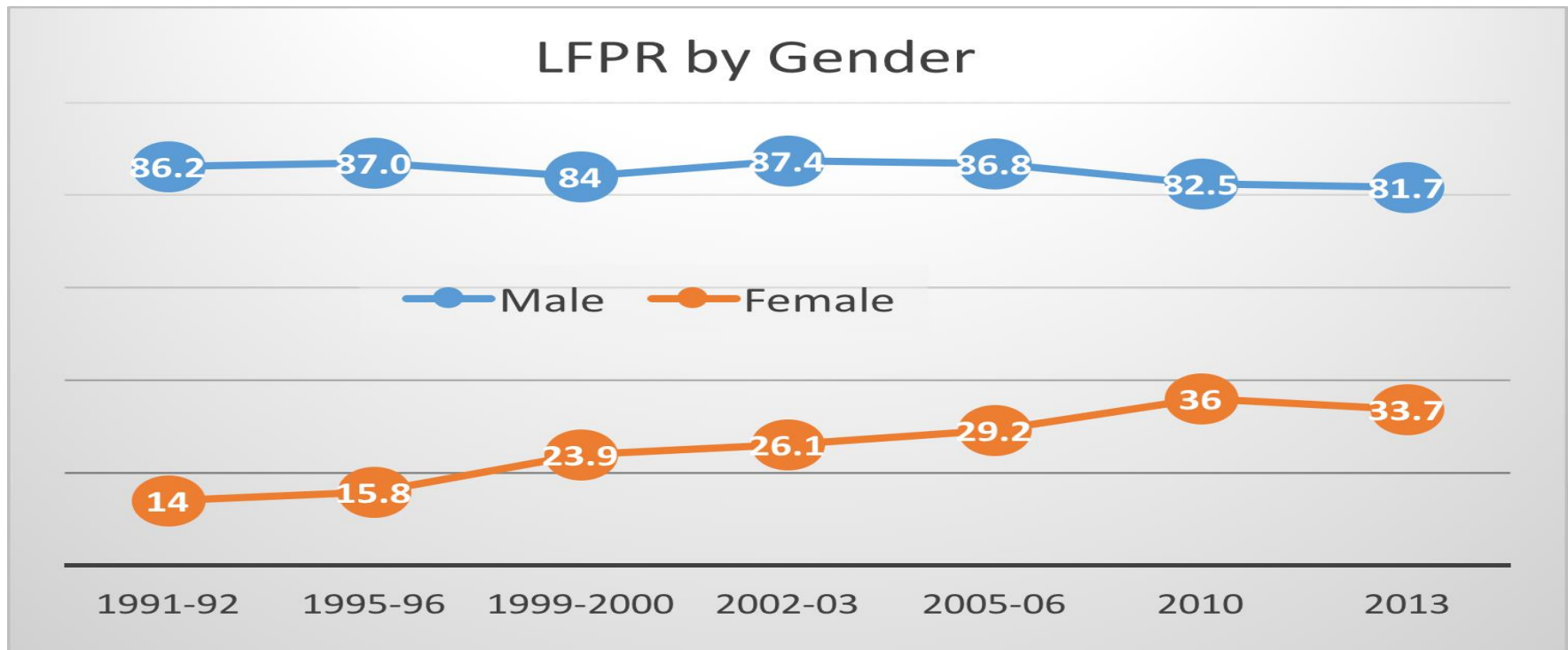
Women entrepreneurship development in any country is associated with that country's government policy, support from financial institutions and other supporting organizations.



Labor force participation of Women in Bangladesh:

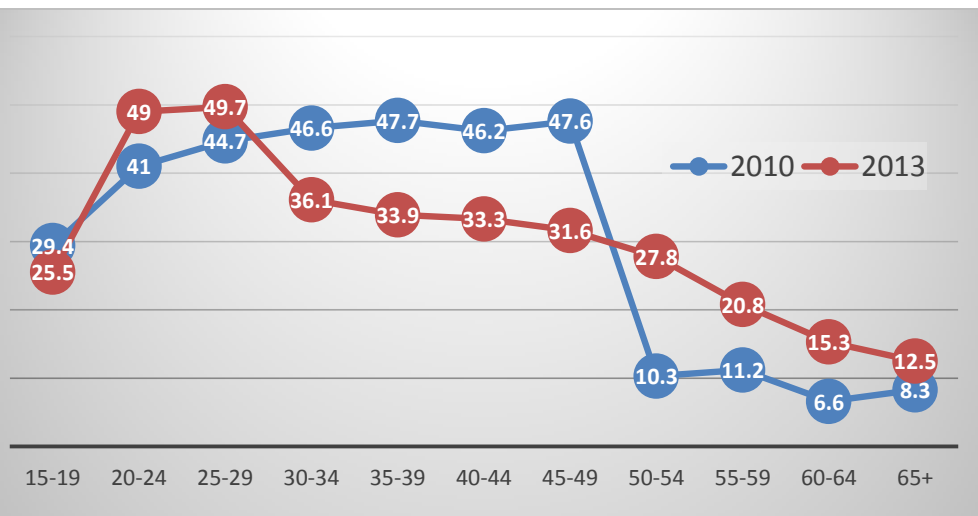
- Women constitute about half of the total population. According to the Labor Force Survey 2013, working age (15 year +) female population in Bangladesh is 54.21 million, of which only 18 million (33.5%) are part of the labor force (they are associated to income generating activities).
- The labor participation rate in 2010 was 36%. Surprisingly and alarmingly there has been decline in women's participation in labor force.

Trends of Female labour force participation rate (FLFPR)



- Women constitute 30 per cent of total employed labour force in Bangladesh. Therefore, it is expected that future growth of labour force will depend mainly on growth of female labour force through continuous increase of female LFPR. Female LFPR in Bangladesh is lower than that of South-East Asian and East Asian countries.
- FLFPR increased over last two decades (with a downturn recently); still significantly below the LFPR of male..

Declining Trends in FLFP in Bangladesh



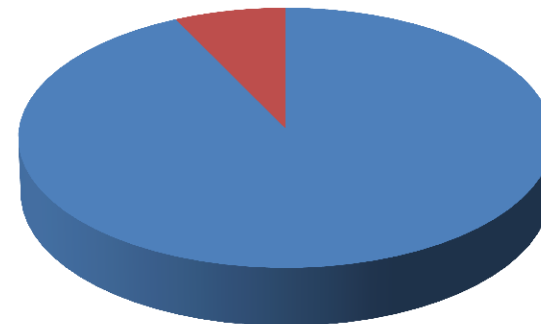
- The most recent LFS has experienced a decline of the female labour force participation by **2.6 percentage** point compared to earlier survey in 2010, which is puzzling.

- That reduction can be explained by two ways: *changing participation of different age cohorts of women* (Figure) and *changes in the composition of the economic sector generating employment to female* (Table).

Economic sector	2010	2013	Change
Agriculture, forestry, and fishing	10506	9008	-1498
Manufacturing	1907	3782	1875
Electricity, gas & water supply	9	25	16
Construction	227	168	-59
Wholesale & retail trade	1027	776	-251
Hotel and restaurants	56	120	64
Transport, storage & communication	247	135	-112
Financial intermediations	51	80	29
Real estate, renting and business activities	67	1	-66
Public administration and defense	36	154	118
Education	326	712	386
Health and social works	172	292	120
Community, social and personal services	1592	1577	-15
Total	16223	16830	6

Women entrepreneurs (economic census 2013)

- Total number of entrepreneurs = 7818565
- Male= 7255197
- Female= 563368
- (only 7.21% of the total entrepreneurs)



■ Male ■ female

Women as Entrepreneurs

Total person engaged in economic entities of Bangladesh	24500850
Working proprietor	7352024
Male proprietor	6920215
Female proprietor	431809
Female proprietor as % of total proprietor	5.87
Source: Economic census 2013.	

Working Status of Women

Working Status of Female	4051718	100
Working Proprietors	431809	10.66
Unpaid Family Workers	465978	11.50
Full Time Workers	3000846	74.06
Part Time Workers	91005	2.25
Casual Workers	62080	1.53

Micro, medium, small and medium
enterprises 99 percent of
establishments

Promises for women entrepreneurs in policies



7th five year plan:

- Ensure equal rights of women in all spheres of development, including access to information, skills, resources and opportunities
- Enhance the participation of women in political, civil, economic, social and cultural life;
- Promote economic self-reliance for women, and generate economic policies that have positive impact on employment and income of women workers in both formal and informal sectors;
- Create appropriate institutional arrangements with necessary financial and human resources and authorities at all levels to mainstream women's concerns in all aspects and sectors of development
- Mainstream women's concern in agriculture and rural development, industry and commerce besides services;
- Ensure the visibility and recognition of women's work and contributions to the economy





Industrial Policy 2016

- Necessary assistance and services would be provided by SME Foundation and BSCIC.
- Technical training institutions will arrange training and related activities for enhancing the efficiency of women entrepreneurs.
- The Ministry will coordinate arrangements with financial institutions and banks to explore ways to create women friendly banking services, which will ensure easy access to industrial credit, equity capital, venture capital and working capital.
- Women entrepreneurs will be given preference in service industries such as ICT, laundry, tourism and service, beauty parlor, advertising firm including fisheries, agriculture and handicrafts and livestock and food processing industries.
- The Government will identify and remove legal barriers to women's economic and business empowerment particularly in relation to women's participation in enterprises

SME foundation

- Necessary assistance and services would be provided to women entrepreneurs by SME Foundation and BSCIC.
- All the facilities for the women entrepreneurs will be communicated in both electronic and print media.
- The Foundation is capitalized by the government of Bangladesh with a total endowment of Tk. 2 billion
- Provides help to women entrepreneur in legal and administrative regimes like regulatory barriers relating to trade license, patent and trademark, product certification, environmental issues etc.
- SME Foundation helps the SME entrepreneurs by providing collateral free loan at 9% interest rate to women entrepreneurs through their credit wholesaling wings.
- Training programs include entrepreneurship development, and training related to SME cluster wise skill, technology, ICT, training of trainers, productivity and quality improvement, marketing, management, financial management for women entrepreneur by signing MoU between SME Foundation and training institute or SME related association.

Export policy 2015

- According to this policy it is necessary to reduce the discrimination between men and women, and to integrate more and more women in business development activities.
- Promoting labor-intensive (especially female labor) export-oriented production.
- Encouraging female entrepreneurs in the export sector.
- Initiatives will be taken to introduce SME Credit Guarantee Scheme for increasing export in export-oriented industries.
- Agricultural farms with at least five acre size will be provided with venture capital facilities to encourage production and export of vegetables, fruits, fresh flowers, orchids etc.;
- Encouraging female entrepreneurs to invent new production and product diversification.
- Selecting of female Commercially Important Persons and Honoring best female entrepreneurs by awarding Annual Export Trophy



Financing under The Refinancing Scheme of the Bangladesh Bank

46 banks and non-bank financial Institutions have signed a participation agreement with Bangladesh Bank for financing the SMEs.

Bangladesh Bank launched a scheme of Taka 1.0 billion in November 2001 out of its own fund for financing the agro-based product-processing industries in the areas outside Divisional Head Quarters and Narayanganj town.

Bangladesh Bank is encouraging all banks and FIs to provide loan to women entrepreneurs at maximum 10 percent interest rate.



Financial supports for Women Entrepreneurs:

Bangladesh Bank has taken some steps and formulated a guideline for the banks & financial institutions to ensure more institutional financial facilities for women entrepreneurs in SME sector.

- With a view to organizing and making uniform industrial development and to ensure institutional credit facilities, **at least 15% of total BB refinance fund for SME sector has been allocated for women entrepreneurs.**
- Interest rate for women entrepreneurs will be Bank rate (which is at present 5%) plus maximum 5%; not more than 10% per annum.
- Banks/Financial Institutions will accept and settle all types of loan applications of SME women entrepreneurs with the highest priority.
- Banks and financial institutions shall take 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 Tk.25,00,000/- against personal guarantee if borrower is woman or majority of the owners of the enterprise are women.**
- Banks/Financial Institutions shall establish special advice and service center for women entrepreneurs in selected branches and ensure service friendly approach towards women entrepreneurs.

Loan documents needed for SME financing by banks:

Criteria for loan selection are similar among financial institutions. Most frequently requested documents by financial institutions as a part of the loan application process include:

- Personal guarantee
- Business plan
- Appraisal of assets to be financed
- Purchase agreement
- Cash flow projection
- Personal financial statement
- Formal application for financing
- Business financial statement
- **TIN** certificate
- Citizenship certificate
- Bank solvency certificate
- **VAT** certificate
- Export license

Disbursement of SME loan, 2015

	Sub-Sectors/	Cumulative disbursement of the year 2015	
		Number of borrowers	Amount disbursed (in Crore Taka)
Disbursement of loan towards Women	Service	3678	467.19
	Trade	18970	2243.44
	Manufacturing	165585	1516.36
Total SME	Man	536670	111643.49
	Women	188233	4226.99
Grand Total of SME		724903	115870.48

Source: Quarterly SME loan statement: Bangladesh Bank. As on 31-12-2015

Gender dimension of SME Financing by Bangladesh Bank

Year	Disbursement of fund (Taka in Crore)			Share of women in total disbursement (%)
	Disbursement to Men	Disbursement to Women	Total Disbursement	
2010	51738.95	1804.98	53543.93	3.37
2011	51670.99	2048.45	53719.44	3.81
2012	67529.41	2224.01	69753.42	3.19
2013	81271.01	3351.17	84622.18	3.96
2014	96971.4	3938.75	100910.2	3.90
2015	111643.5	4226.99	115870	3.65

Gender dimension of SME borrowers and loan size

Year	Total disbursement (no. of borrowers)				Average loan size (in Crore Taka)	
	Men	Women	Total	% of women in total number of borrowers	Men	Women
2010	295003	13723	308726	4.45	0.18	0.13
2011	302644	16697	319341	5.23	0.17	0.12
2012	445151	17362	462513	3.75	0.15	0.13
2013	702533	41719	744252	5.61	0.12	0.08
2014	498926	42730	541656	7.89	0.19	0.09
2015	536670	188233	724903	25.97	0.21	0.02

Sectors where women SME entrepreneurs are investing (SME Foundation)

Types of Business	No of persons
Electronics and electrical	186
Software development	30
Light engineering and metal working	103
Agro-based business	726 (10.3%)
Leather processing and leather goods	84
Knitwear and ready made garments	447
Plastics and other synthetics	28
Healthcare and diagnostics	123
Educational services	14
Pharmaceuticals	239
Fashion rich personal effects wear and consumption goods	2241(31.7%)
Other sectors (Furniture, handcraft, Shops mart, childcare, Old home, event management)	2843(40.4%)
Total	7064

Sector wise Loan Disbursement by Sonali Bank

Sectors	2012		2013		2014		2015		2016	
	Amount (crore Tk.)	Yearly %	Amount (crore Tk.)	Yearly %	Amount (crore Tk.)	Yearly %	Amount (crore Tk.)	Yearly %	Amount (crore Tk.)	Yearly %
Service	15.51	7.78	11.41	4.13	13.73	1.80	81.41	6.18	44.12	2.89
Business	133.57	67.03	253.39	91.62	697.76	91.26	1171.29	88.90	1354.75	88.60
Industry	50.18	25.18	11.77	4.26	53.10	6.94	64.84	4.92	130.25	8.52
Total	199.26	100	276.57	100	764.59	100	1317.54	100	1529.12	100

Top 10 sectors receiving SME loan of Sonali Bank Ltd.

(According to no. of Borrowers)

Based on data of January-December 2016

	Sectors	No. of Borrowers	Share of respective sector in Total borrowers
1	Trading	2257	23.14
2	Grocery and stationary	1559	15.98
3	Rice mill/paddy and rice business/ Chatal	1283	13.15
4	Wholesale and retail shop	558	5.72
5	Readymade garments/textile/ butique business	481	4.93
6	wood product business/Furniture making and wood cutting	374	3.83
7	Rod and cement	293	3.00
8	Stationary/ departmental store	227	2.33
9	Bran freight business	216	2.21
10	Cosmetics/ pharmacy	169	1.73
	Others	2337	23.96
	Total	9754	100.00

Top 10 sectors receiving SME loan of Sonali Bank Ltd. (According to loan amount)

Based on data of January-December 2016

Sectors	Amount of loan (in crore tk)	Share of respective sector in Total loan disbursement
1 Trading	538.41	35.21
2 Rice mill/paddy and rice business/ Chatal	226.69	14.82
3 Grocery and stationary	173.04	11.32
4 Wholesale and retail shop	83.92	5.49
5 Readymade garments/textile/ butique business	61.44	4.02
6 Bran freight business	42.29	2.77
7 Rod and cement	39.28	2.57
8 wood product business/Furniture making and wood cutting	27.66	1.81
9 Stationary/ departmental store	25.62	1.68
10 Hardware business	21.67	1.42
Others	289.13	18.91
Total	1529.15	100.00

Problems faced by women entrepreneur in Bangladesh:

- Lack of land
- Deficient infrastructure and utility services
- Deficient legal and regulatory framework
- Inadequate access to finance
- Shortage of Raw-Materials
- Problems of Access to Credit
- Capital Deficiency Inadequacy of capital
- Limited Micro-Credit Supports
- Complexity in the Credit System
- Unavailable and Inadequate Fuel and No Gas Supply
- Shortage of Water and Power Supply
- Underprivileged and Inadequate Training Facilities
- Religious Misinterpretation and Misrepresentation
- Poor Educational and Practical Knowledge and Experience
- Unavailable Socio-Economic Infrastructure
- Transportation and Communication Gap
- Marketing Problem of the Products



Major Challenges and Barriers Faced By women entrepreneurs

- To most women, economic empowerment means women's financial independence, ability to bear own expenses and the ability to decide for themselves.
- Women face a range of barriers at home and at work that severely obstructs their performance in the labour market
 - conservative perceptions of family members, absence of reliable transportation, lack of safety and security at workplace and limited access to proper education as major constraints.
 - marriage and motherhood restricts women's ability to pursue a career as it is difficult for them to ensure support from the husband and extended family.
 - perception of the rising middle class is that women should stay at home and look after the children instead of getting engaged in any work.

Major Challenges and Barriers Faced By women entrepreneurs

- In certain creative fields women do not have the social liberty to pursue a client as persistently as a male worker and sometimes lose out opportunities as well (say, in banking or insurance field). In more competitive fields, women rarely exert aggressiveness and fall back in the race to become a leader as well.
- Mismatch between education and job requirements hinders women's prospects of getting a job where they can be their best. Absence of specialized training opportunities also prevents development.
- E-commerce and increased women entrepreneurship. However, accessing finance is still a struggle for them. Most women are not aware about the services or provisions available to them, some face discrimination at the bank due to poor customer service by the staff and are therefore unable to secure loans.

Triggering questions

- Is financing the major obstacle for women entrepreneurs?
- How to increase number of female borrowers?
- Does the disbursed loan go to real women entrepreneurs?
- What to do about bringing diversification in women entrepreneurship?
- What to do about access to market?
- Are women entrepreneurs really empowered ?

Thank You

