

# Lack of evidence-based policy bars SME growth

STAFF CORRESPONDENT

Lack of evidence-based policy is a hurdle to boosting the small and medium-sized enterprises (SMEs) in the country, experts said at a seminar.

They also expressed concern over the reluctance of banks and non-financial institutions in lending funds to SMEs without collateral.

The speakers came up with the remarks at a seminar titled 'Authentic Dialogue on SME Development in Bangladesh', jointly organised by Innovations for Poverty Action (IPA), a USA-based development research organisation and Access to Information (A2i) Programme at a city hotel on Thursday. General Manager of SME and Special Program Division of Bangladesh Bank, Sheikh Mohammad Selim, Dhaka University Associate Professor Atonu Rabbani, A2i Expert Anwarul Arif Khan and Researcher Paula Lopez-Pena from the University of Warwick, among others, spoke, on the occasion. IPA Country Manager Ashraf Haque made the address of welcome.

The speakers said despite different initiatives of the government, SMEs are failing to play the desired role in the country's economy for various problems in production and marketing.

BB General Manager Sheikh

Mohammad Selim said, "The banks show reluctance in SME financing citing high administrative cost. There are no special packages for the small entrepreneurs. Most of the banks offer term loan for them which turns into a burden for the SMEs." A2i project expert Anwarul Arif Khan said the government has been working on developing skilled workforces as the country needs 17 lakh of new human resources every year.

IPA Country Manager Ashraf Haque said the SMEs have been struggling due to lack of policy support as there are no evidence-based activities in the sector.

IPA Chief Research and Policy Officer Imran Matin focused on the scenario of SME activism across the globe that sees organisations working on research-based approaches for poverty reduction.

The speakers noted that effective research on SME development can play a vital role in Bangladesh's economic development and poverty alleviation.

Expansion of SMEs would contribute to Bangladesh's efforts to become a middle-income country by 2021 through creating new jobs, they observed. IPA official Nusrat Jahan presented insights from different research projects conducted by IPA in various countries and stressed the need for evidence-based SME policy implementation in Bangladesh.