

Lack of new loan products, access to mkts key hurdles

FE Report

Speakers at a programme on Thursday identified lack of innovative loan products, managerial capacities and access to markets as the key constraints for further development of small and medium enterprises (SMEs) in the country.

Social barriers and prejudice against women are also additional barriers for the country's women SME entrepreneurs, they noted.

They opined that a centralized database and credit rating system for the SMEs will help these entities to go to next level.

The speakers said these at a dialogue titled "Evidence Dialogue on SME Development in Bangladesh" at a city hotel.

Innovations for Poverty

Action (IPA), Bangladesh and Access to Information (a2i) Program of Prime Minister's office jointly hosted the dialogue.

Speaking at the programme, General Manager of SME and Special Programs Department of Bangladesh Bank Shaikh

Md. Salim said banks are failing to fulfill the ceiling of loan disbursement to SMEs

and women entrepreneurs due to lack of innovative loan products.

The banks are basically offering corporate loan products to the SMEs, and the SMEs cannot match up with these loan products designed for large corporations.

Mr Salim also said a reason behind the reluctance to provide loans to the SMEs

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Developing SMEs

Lack of new loan

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is higher administrative cost. Besides, confusing definition of SMEs is another problem for them to get access to finance.

"But the banks' survival and future lie with the SMEs. So, the banks and financial institutions should proactively come to provide loans to the smaller business entities," he added.

Head of SME Banking of BRAC Bank Syed Abdul Momen said BRAC Bank is getting immunity from the ongoing irregularities in the banking sector for having the largest SME loans in the country.

He said BRAC bank provides around 8,000 SME loans every month, including new and renewed loans.

Sangita Ahmed, Vice President of Bangladesh Women Chamber of Commerce & Industry, Shotadal Islam, Manager - HR and Ethical Trades of Echotex Limited, Anowarul Arif

Khan, Results Management Expert of a2i, Imran Matin, Chief Research and Policy Officer of IPA, Ashraful Haque, Country Representative of IPA Bangladesh, Nusrat Jahan, Research Coordinator of IPA Bangladesh, Atonu Rabbani, Associate Professor of Department of Economics at University of Dhaka, and Paula Lopez-Pena, PhD Candidate and Researcher at Warwick University, UK, also spoke at the programme.

Atonu Rabbani and Paula Lopez-Pena presented two of their publications on the ready-made garments (RMG) industry of Bangladesh.

Imran Matin, Ashraful Haque and Nusrat Jahan presented insights from different research projects, conducted by IPA in various countries, and expressed the necessity for evidence-based SME policy implementation in Bangladesh.

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