



SMEs get a boost from budget

MD FAZLUR RAHMAN

THERE have been a very few changes in the rates of customs duty, supplementary duty and value added tax in the proposed budget for the upcoming fiscal year. But out of the small number of adjustments, the SME sector came out as the one of the main beneficiaries.

"The budget for the first time has given special attention to the sector. The present government since coming to power has been working for the development of the sector, but there had not been special focus on this important sector," said Aftab ul Islam, chairperson of SME Foundation.

"The budget is definitely pro-SME. It's a good sign. The budget, if properly implemented, will foster the growth of the sector, creating employment for thousands of people each year," he told The Daily Star.

Islam welcomed the budgetary proposal to extend renewal period for bond facilities from one year to two years. As a result, official workload would be reduced and business people would be benefited.

He said at present, export oriented industries along with some others are enjoying bond facilities. Bond licences are renewed on the basis of annual performance and this renewal process increases the workload of related offices and businessmen also need to spend much time and money.

The turnover tax has been proposed to be cut to 3 percent from the existing 4 percent in the budget, while the annual turnover margin at Tk 60 lakh remains unchanged.

Finance Minister AMA Muhith hopes this will facilitate the expansion of small businesses.

Muhith also proposed that companies listed under turnover tax be given business identification number as companies listed under VAT. It will allow companies listed under turnover tax to take part in export and import trading.

To support the SME industries, the budget has proposed to increase the supplementary duty on electric fan

from 20 percent to 30 percent and impose 20 percent supplementary duties on electric multi cord, switch and socket.

The finance minister also proposed VAT exemption for some products to gear up employment generation through the development of local industries.

The 5 percent supplementary duty on particle board and the same type of boards has been proposed to withdraw. Besides, the finance minister has also proposed complete withdrawal of supplementary duty on concrete ready-mix, hollow concrete block, plastic goods (for kitchen and household) at production level.

The budget also plans to reduce duty rate of PVC (polyvinyl chloride) film from 25 percent to 12 percent.

Islam of SME Foundation said, this year budget would help create more entrepreneurs, especially among the womenfolk.

"The budget will definitely work for the development of the existing entrepreneurs, especially women. But we have not got any direction about what the government wants to do for the new entrepreneurs," he said.

Islam urged the central bank and other commercial banks to come forward and guide the budding entrepreneurs, who can change the country for good.

He also said the government should set up helpdesk at district level to help people take SME-related services easily.

In Bangladesh, the small and medium enterprises account for about 45 percent of manufacturing value addition, 80 percent of industrial employment, 90 percent of total industrial units and about 25 percent of total labour force.

Their total contribution to export earnings varies from 75 percent to 80 percent, according to a recent economic census. The SMEs make up 75 percent of the domestic economy. There are about 60 lakh SMEs and micro enterprises in Bangladesh, according to Asian Development Bank.

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Bilkis sets her own path to success

SUSHANTA GHOSH, Barisal

BILKIS Begum Lily was recognised as the best women entrepreneur from Barisal division by the Bangladesh Women Chamber of Commerce and Industries (BWCCI) in recognition of her success. She now plans to create more entrepreneurs like her particularly from the underprivileged segment of the society.

The chamber honoured Bilkis, 45, at a ceremony in Dhaka last month. Her husband died 13 years back and she has since been working hard to move on -- all by herself. She did not take assistance from banks or other financial institutions.

While talking to The Daily Star last week, the mother of a son and a daughter described her journey to success, which is full of struggles.

"My sister Faiza Ahmed Lima had been operating a boutique and tailoring shop named 'Anchal Boutiques' on the first floor at Mamata Complex of Chawk Bazar road in the city in 1993, with an investment of Tk 3 lakh."

After the death of her husband in 1998, the BA degree-holder joined her sister's business and invested Tk 3 lakh she got from her husband.

Later she took charges of the shop and expanded and developed it further with creative designs, craftsmanship and modern approach, Bilkis said.

She increased the number of permanent employees from two to seven and engaged 10 more as part-time

workers. The initial capital of Tk 3 lakh has now soared to Tk 20 lakh, Bilkis said.

About her business management, Bilkis said, "I collect orders for fashionable dress making, tailoring, block and boutique works from local as well as buyers from Dhaka."

She said she started the business at a time when there were a few women entrepreneurs in the country. Nowadays, women entrepreneurship has expanded from boutiques to computer showrooms.

She said an entrepreneur must be well-informed and trained before

starting any enterprise to avoid business risks and pitfalls and achieve success.

Bilkis said she now stands ready to help others.

She has already started helping women entrepreneurs at different stages and sectors of business. She

even helps them obtain trade licence and loans from financial institutions.

In Barisal, there are 65 women entrepreneurs enlisted with the BWCCI, while the Barisal District Women Business Forum has 110 members.

"However, the capacity building of the country's women entrepreneurs has not yet reached the expected level. We need to do more to attain that," she said.

She said women entrepreneurship would get a major boost if the country's financial institutions provide loans under easy and flexible terms and at lower interest rates.

"Local government organisations like city corporations and municipalities could help women entrepreneurs by establishing special markets and shopping malls for women entrepreneurs with low rent and a minimal cash advance," she said.

About her future plan, Bilkis said she wants to open showrooms and expand business in Barisal and other neighbouring districts including Bhola to engage the underprivileged women of those areas in the business.

She also plans to start production and sales of domestic utensils. Decoration pieces are also included in her business expansion plan.

Bilkis said business environment in Barisal is women entrepreneur-friendly and one could easily develop a business if minimal assistances from financial and local government institutions are available.

Bilkis said an entrepreneur must be well-informed and trained before starting any business to avoid risks and pitfalls



Bilkis Begum Lily