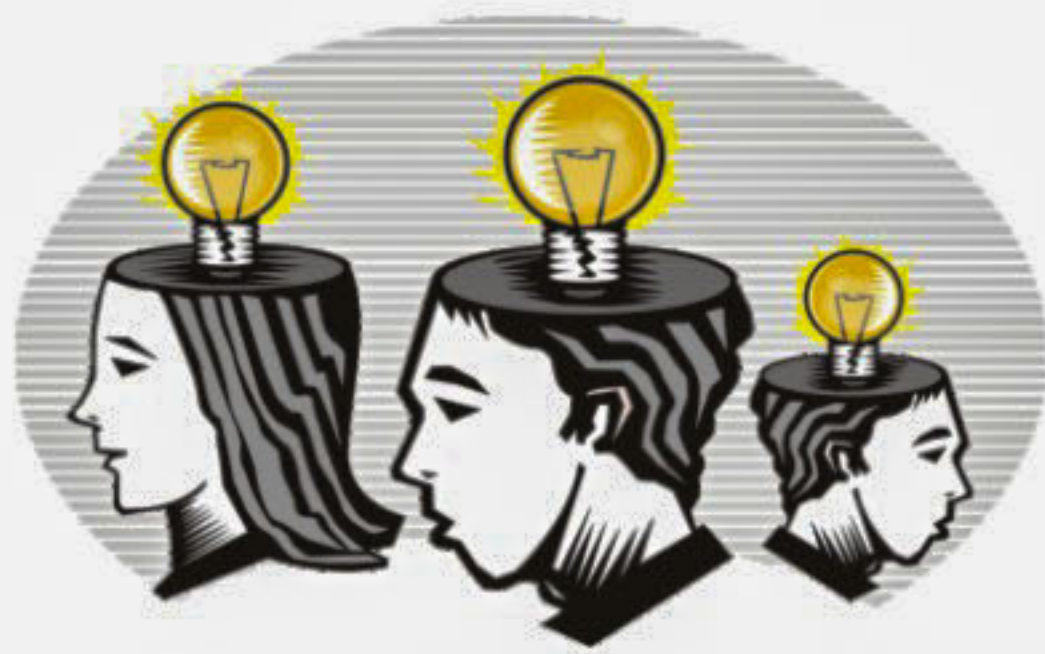


Pockets



of Change

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SME: new definition to herald new life

MD FAZLUR RAHMAN

THE central bank has come up with a new definition for small and medium enterprises in line with the government's industrial policy of 2010.

Also, the move also defines the country's growing women entrepreneurs for the first time.

The new definition replaced the previous ones formulated in May 2008, incorporating microenterprise and cottage industries.

Under the new definition, the Bangladesh Bank will deem a woman as an entrepreneur if the person is an owner or proprietor of a privately-run organisation, or owns at least 51 percent of share in case of a joint venture or company listed with the Office of the Registrar of Joint Stock Companies and Firms.

The central bank also included microenterprise and cottage industries in all of its SME loan policies and programmes, it said in a circular last week.

The new definition will be effective soon, said the circular.

An official of Bangladesh Bank SME and Special Programme Division said the new definition would help strengthen the government efforts to develop the sector.

The official said the definition of 'women entrepreneurs' aims to acknowledge their contribution to the economy. "It's actually an effort for gender mainstreaming in business. It will help remove confusion among financial institutions about who is a woman entrepreneur and who is not."

"As a result, the government will be able to hand out incentives to women entrepreneurs effectively and promote them," the central bank official told The Daily Star yesterday.

He said the definition would help banks and other financial institutions take their loan products to cottage and microenterprises. "In the past, the financial institutions did not feel encouraged to finance cottage and microenterprises in absence of a guideline from the central bank. Now they will feel encouraged."

In Bangladesh, the SMEs 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 ranges 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 microenterprises in Bangladesh, according to Asian Development Bank.

According to the new definition, in case of manufacturing, a medium-size industry/enterprise will be those with assets worth Tk 10 crore to Tk 30 crore (excluding land and factory building, but including replacement value) or 100 to 250 workers.

In both services industry and businesses, the medium enterprises will be those which employ 50 to 100 workers and have assets worth Tk 1 crore to Tk 15 crore (excluding land and factory building).

The circular said if a business fits into one of the criteria of a large industry, it will be considered as a large industry, even if its other yardstick features are of a medium one.

In the manufacturing sector, small industries/enterprises will be those with assets worth Tk 50 lakh to Tk 10 crore (excluding land and factory building, but including replacement value) and/or 25 to 99 workers.

In both services industry and business, small enterprises should employ 10 to 25 workers and have assets worth Tk 5 lakh to Tk 1 crore.

The central bank circular said if the features of a business match one of the criteria of a medium industry, it will fall into the medium enterprise category, even if its other yardsticks represent those of a small one.

In manufacturing, micro industry/enterprise will be those with assets worth Tk 5 lakh to Tk 50 lakh (excluding land and factory building, but including replacement value) and/or with workers between 10 and 24 or less.

In services industry and business, microenterprises will be those which employ 10 or less workers and have assets (excluding land and factory building, but including replacement value) worth Tk 5 lakh or less.

The BB said if a business fits into one of the criteria of a small industry, it will be considered as a small enterprise, even if its other features match those of a micro-enterprise.

Cottage industries/enterprises will be those family-controlled ventures having assets worth Tk 5 lakh to Tk 50 lakh (excluding land and factory building, but including replacement value) and/or 10 to 24 workers or less.

If a business falls into one of the criteria of a micro industry, it will be called a micro one, even if its other yardsticks are similar to those of a cottage industry.



Passers-by walk past the head office of SME Foundation in Dhaka. The state-run agency is responsible for promoting SME activities in the country.

AMRAN HOSSAIN

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Emerging from the margins



The boutique house of Lutfun Huq Pia is pictured.

STAR

QUAZI AMANULLAH

LUTFUN Huq Pia received a national award for her outstanding performances in boutique business. The 37-year-old woman is the lone entrepreneur from the southwestern region of the country to win such a prestigious award this year.

"My perseverance and determination has inspired me to be involved in boutique business since my student life," she said, adding that she feels proud of the national award that she got on May 24.

She started her handicraft business in September 2005 with a small investment of Tk 2,000. "When I was a college student, it seemed boring to me to stay at home and live an idle life. So, I quickly decided to start handicraft works in my home," she said.

"Now I am able to earn my own living and have made a name both at home and abroad."

An arts graduate from Boyra Government Girls' College and the mother of a son, Pia said she had struggled to popularise her products. Batiks, block prints and other handicraft works brought her fame in the southwestern region.

Khulna Mahila Samity, a platform of women in the district, organised a fair in 2006 where many boutiques of the region took part. Pia's works were first recognised at the fair when the Samity handed the first prize to her boutique.

"This award has motivated me a lot and intensified my interest to take the business ahead."

There were barriers in her ways since the beginning of the career. "But these could not hold me back as I got active cooperation from my businessman husband KM Nazmul Huq, in-laws and also from my well-wishers," she added.

Pia now owns Pria Boutiques that is located in the ground floor of the three-storey house of her father at Moulvipara in Khulna city. She became a member of the central committee of Bangladesh Women Chamber of Commerce and Industry in 2009.

Her workforce consists of 45 temporary and 10 permanent people -- most of them housewives and college students who work on contract. Others work on a



Lutfun Huq Pia

monthly payroll, she said.

"I have a showroom in Dhaka that contributed greatly to popularising the products of Pria Boutiques abroad, particularly in the US and Japan."

Pia now plans to expand her business by setting up a factory to provide employment opportunities to needy women.

She also wants to open a big sales centre of her boutique in Dhaka. "But money matters, as it is difficult for women entrepreneurs to get loans from banks."