## **ANNIVERSARY SUPPLEMENTS 2024** DHAKA TUESDAY FEBRUARY 20, 2024 **FALGUN 7, 1430 BS**

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## Key role of MSMEs in achieving our development goals

to incentivise the private sector and may also launch separate ventures to facilitate their market integration (e.g. Joyeeta like initiatives).

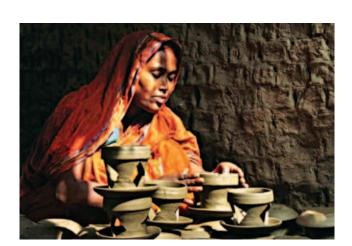
In recent years, online business activities have become increasingly popular due to greater demand as well as the ease of conducting businesses without much mobility or infrastructural In addition, though not a conventional SME, freelancing has come out as a fast-growing service-based platform for the urban youths in particular. However, a number of constraints related to the use of online based activities, for example, lack of smooth internet services, problem of electricity, lack of digital literacy, fragmented nature of the business, etc. are limiting the expansion of these types of initiatives. Given the vast potential of this sector, the government must emphasise on better structured policies, availability of better internet services and other facilities for the smooth operation of this sector.

Another fundamental problem related to the development of MSMEs and cottage businesses are related to



The sector has several structural bottlenecks that are constraining its potential expansion.

ILLUSTRATION: BIPLOB CHAKROBORTY



**Another crucial area** 

which constrains the

activities of the SMEs,

especially those in

rural areas, is lack

integration with the

MOKSUMAL HAQUE/

of market access

and low level of

consumers.

PHOTO:

particularly small and informal by nature, find it difficult to access any initiatives or government of Bangladesh. For example, during Covid-19 the government of Bangladesh had form of subsidised loan and

and cottage industries being managed to avail the incentive view to facilitate employment packages. Separate policy generation of women, a number incentives designed by the to credit, operation of business, and relevant bodies. For

extended support to the MSMEs contributions of the MSMEs is its lend to women entrepreneurs related to both demand as well as and cottage industries in the impact on women's employment with a targeted women's credit and perhaps it will not be wrong policy. The SME Foundation, the empirical evidence suggest that, to consider this sector as an leading institute in connection relevant entities in connection to though most of the micro and alternative to the RMG sector to the SMEs has also taken a wide small enterprises were hit quite when it comes to the question range of initiatives to encourage hard by the pandemic, only a of women's employment. It is women entrepreneurs. Despite

the fact that the micro, small small percentage of such firms important to note that, with a such initiatives, we are vet to see guidelines as well as regulations of initiatives have been adopted for the smaller entities in relation by the Bangladesh government taxation, etc. can be beneficial example, the SME Credit Policy for their growth and profitability. 2010 of the Bangladesh Bank One of the important requires commercial banks to

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the desired results in terms of

women's involvement in SMEs. In addition, entrepreneurs are also lagging behind their male counterparts in terms of the size and gravity of business activities. The reasonings for this gender gap is supply side factors. On the one hand, the service providers and the financing and operation of the SMEs are often less interested to extend credit or other services

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to the women entrepreneurs. On the other hand, the women entrepreneurs, due to their lack of mobility, lesser access to information, low degree of linkage to the mainstream supply chain, are not in a favourable position, especially when we compare them to their male entrepreneurs.

On top of these constraints, the prevailing patriarchy and gender-centric societal norms discourage and even restrict women to get involved in mainstream labour market activities. Though it is difficult to change this complex narrative in favour of women with targeted policies and required budgetary allocations, a positive change can be brought in. In addition, a separate and more favourable set of regulations in terms of documentation/legal requirements/collateral, etc. for financing and operation and by practicing gender-sensitive service delivery at the supply side is urgently required to bring more women in MSME activities.

With increasing global competition facing the RMG sector, coupled with the recent macro challenges of the economy, the importance of the SME sector cannot be overemphasised. However, this sector lacks due attention in relation to both policy measures as well as budgetary allocation and incentives. The existing benefits are often argued to be confined to those of relatively larger size and greater degree of business activities. Much greater emphasis is needed in terms of policies and strategies as well as their implementations to facilitate the growth of this sector. As with proper policy measures and initiatives, this sector can turn out to be the most crucial determinant for growth and employment of the



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