

Commerce Reporter

Speakers at the DCCI webinar on Wednesday urged the authorities concerned to simplify the documentation process for the speedy disbursement of stimulus fund to the cottage, micro, small and medium enterprises (CMSMEs) to offset the COVID-19 impacts.

They said most of the cottage, micro, small and medium (CMSME) entrepreneurs are yet to get the benefits from the stimulus package.

The complex documentation process and lengthy procedures are behind the slow disbursement of the stimulus fund, they said.

Dhaka Chamber of Commerce & Industry (DCCI) arranged the webinar on “CMSME’s Access to Finance and the Way forward” through Zoom platform, said a DCCI release.

DCCI President Shams Mahmud in his welcome speech said the CMSME sector represents 13 million business entities in Bangladesh which constitutes about 35.49 percent employment in the country. But the prevailing Covid 19-led crisis affects the sector adversely. For the revival of this sector the government announced a stimulus of Tk 20 thousand crore.

“But many entrepreneurs are facing challenges in getting loans from the package due to various difficulties. Non-banking channels can be useful for disbursing loans to CMSMEs. Moreover, the definition of SMEs needs to be unified in all policies,” he said.

Executive Director of Bangladesh Bank Abu Farah Md. Naser said Tk 20,000-crore stimulus package is for a 3-year term. If the stimulus rolls out for three years its effective amount will be Tk 60,000 crore.

He said the risk of loan classification is very low in case of small entrepreneurs.

The Central Bank’s Executive Director said the credit guarantee scheme will ease the access to finance specially for the CMSMEs.

He said Bangladesh Bank will consider whether lending can be treated as working capital, he said suggesting the entrepreneurs to keep their marketing chain active.

He also said that other non-banking institutions may be included to disburse stimulus.

Replying to a question, he said Bangladesh Bank eased capital requirements for the startups so that they can get loans easily.

DCCI senior vice president NKA Mobin said the CMSME sector is contributing 25 percent of the country’s GDP and 35.5 percent of total employment. The CMSMEs’ contribution to export earnings is ranging from 75 percent to 80 percent, he said.

But due to Covid-19 pandemic, sales of this sector came down to 35 percent. About 62.4 percent of the CMSMEs have become unable to pay salary, Tax & VAT now, he said adding that most of the entrepreneurs are facing challenges in fulfilling all requirements of banks and 59 percent of CMSMEs find loan disbursement process complex.

He recommended for speedy disbursement of loan and bringing anked entrepreneurs in the banking channel.

General Manager of Bangladesh Small and Cottage Industries Corporation (BSCIC) Akhil Ranjan Tarafder said CMSMEs sometimes struggle to get loans.

Proper documentation process, collateral, lengthy process and banks unwillingness are behind the slow disbursement, he said.

He said 50 industrial estates on 20 thousand hectares of land area will be established by BSCIC.

General Manager of SME Foundation Nazeem Sattar said the SME foundation made a

guideline for small entrepreneurs and submitted it to the Ministry of Industries for approval. He urged for creating an alternative financing model. “We need to come out of the conventional system and to be flexible to provide loans to small businessmen.”

He noted that Bangladesh Bank also allows some institutions like SME Foundation, BSCIC, PKSF etc. to disburse loans to SMEs.

DCCI vice president Mohammad Bashiruddin and Joint Secretary of Ministry of Industries Ferdousi Begum and SME-related high officials from different banks also spoke on the occasion.