

Contribution of Equity Entrepreneurship Fund towards Development of S.M.E Sector in Bangladesh

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Agenda

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Objective

- **To have an overview on the EEF and its area of concentration.**
- **To have an overview on the SME and its area of concentration.**
- **To evaluate the performance of SME under EEF.**
- **To evaluate the productivity of SME Sector of Bangladesh through employment generation and industrialization.**
- **To make a comparison between the performances of SME with and without the contribution of EEF.**
- **To find out the contribution of SME in total Gross Domestic Product (GDP) over the years.**

Methodology

Selection of the topic

Identifying Data Sources

Collection of Data

**Classification, Analysis, Interpretation and
Presentation of Data**

Findings of the Study

Final Report Preparation

Framework

- **Research topic was selected with consultation of my senior colleague in Bangladesh Bank. Data are collected from secondary sources.**
- **Data are collected from Bangladesh Bank, Investment Corporation of Bangladesh (ICB) and SME Foundation of Bangladesh**
- **Arithmetical and graphical tools are used to classify, analyze, interpret and presentation of data.**
- **Problems are defined.**
- **Final report is prepared on the basis of suggestions made by my supervisor.**

EEF at a glance

- **Introduced in financial year 2001-02.**

- **It is a kind of equity assistance.**

Bangladesh Bank according to the ordinance of 16(18) b of Bangladesh Bank order 1972 was performed all the activities of EEF.

- **The objective of EEF is to develop the risky but otherwise promising sectors, viz, software industry, food processing and agro-based industry**

- **To create employment opportunity for young educated and skilled people of the country is another objective of EEF.**

SME at a glance

Proposed definition of the GoB

- **Small Enterprise has less than 50 employees and / or less than 15 mTk in Fixed Capital Investment**
- **Medium Enterprise has 51-99 employees and / or Fixed Capital Investments between 1.5 and 100 m Taka**
- **Most of the sectors are labor intensive.**
- **Less capital requirements.**

Some sectors of SME

- **Agriculture and agriculture processing industry**
- **Fishing industry**
- **Preservation of Food seed**
- **Hatchery**
- **Processing of dry fish**
- **Information and Communication Technology (ICT) based industry**
- **Horticulture and flower cultivation**
- **Food processing**
- **Poultry and Dairy firm**
- **Fish feed industry**
- **Mushroom cultivation and so on**

Sectors of SME financed by EEF

- **Agriculture-based industry**
- **Information and Communication Technology (ICT) based industry**
- **Food processing**

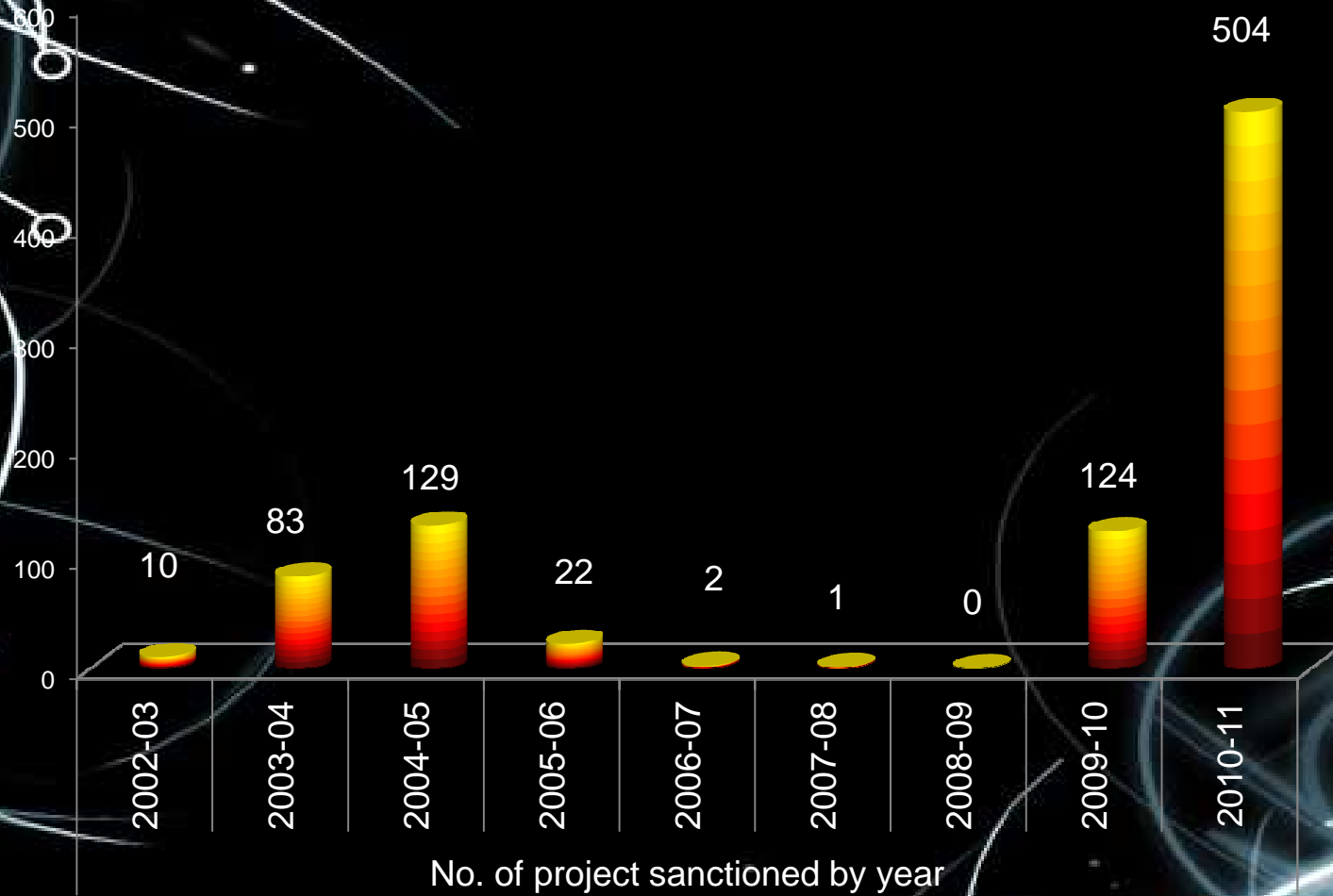
SME before 2001

- **No definition for SME sector**
- **There are some large industry like paper mills, sugar mills, glass factory, fertilizer industry, steel industry etc.**
- **Failure of large scale industry helps to emerge SME sectors**
- **EEF is introduced to boost up SME sector.**

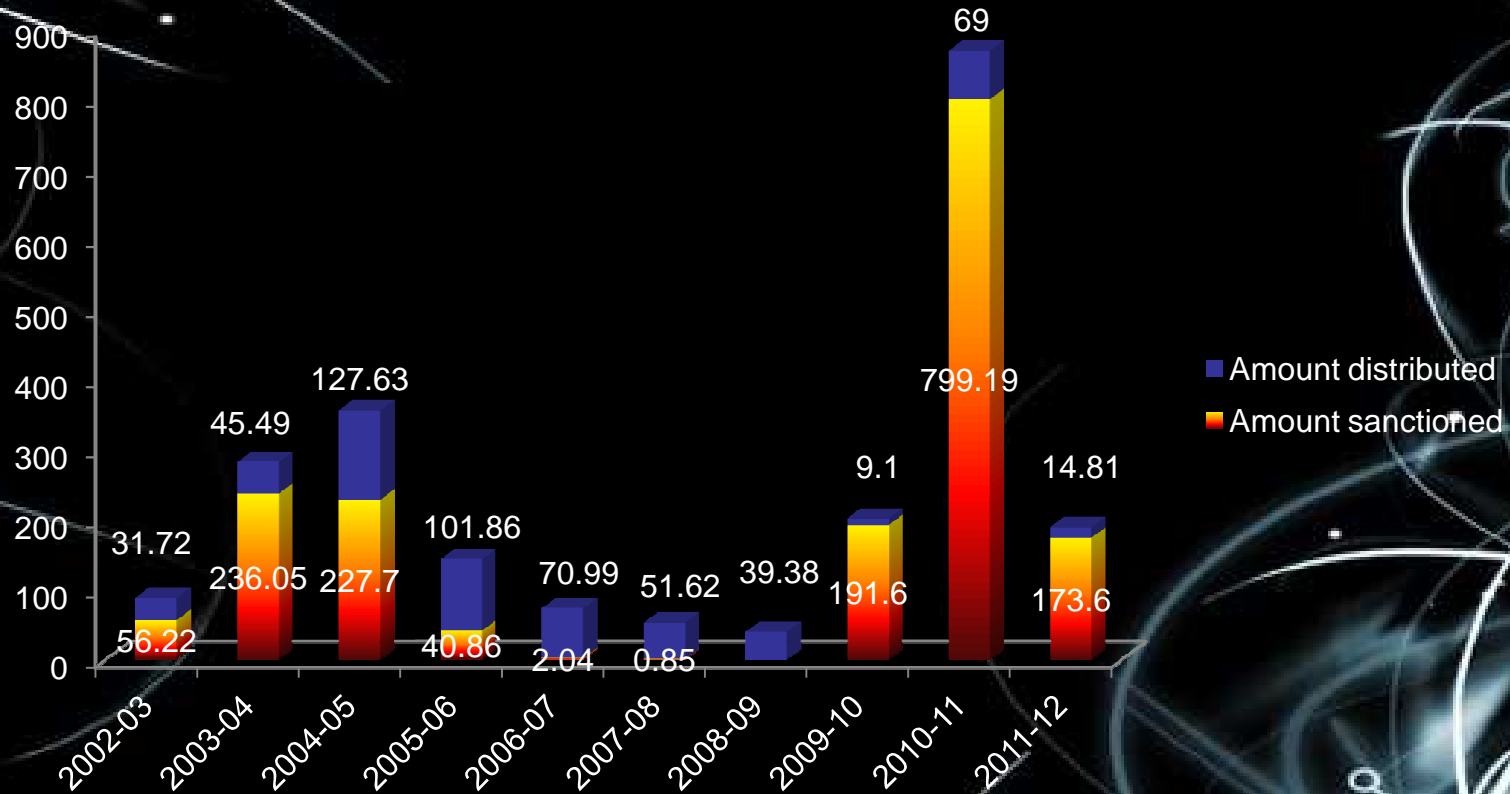
SME after introduction of EEF

- **SME sectors get a formal structure**
- **Availability of Credit and equity assistance.**
- **Introduction of favorable state policy.**
- **Adaptation of proper technology**
- **Development of proper Infrastructures**
- **Availability of Markets Information**

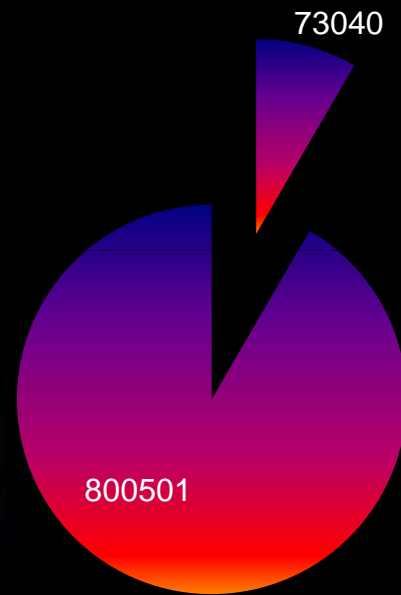
No. of projects sanctioned by year



Sanctioned vs. distribute amounts

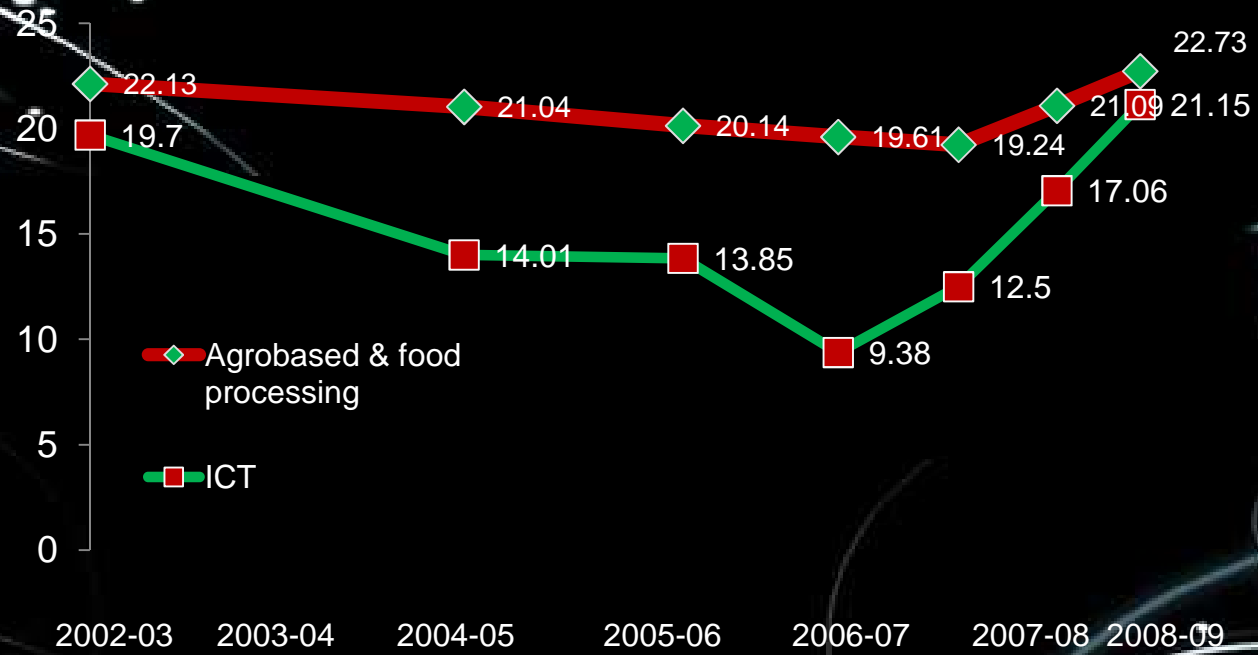


Employment creation

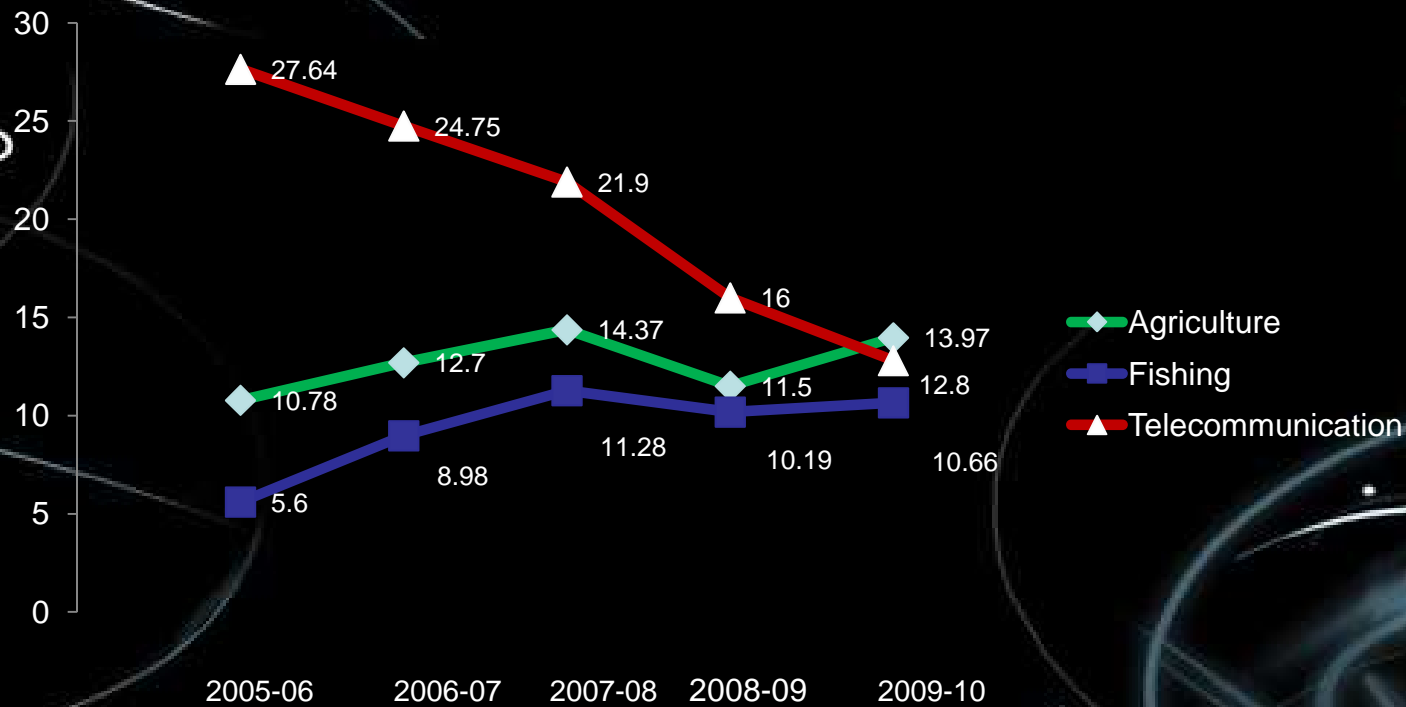


- Employment by EEF project
- Total Employment in SME

Sector growth



GDP growth of similar sector



Findings

- **The growth rate of the three sectors financed by EEF is up warding and the rate is almost 20%**
- **The growth rate of similar sector is down warding or stagnant and the rate is almost 12%.**
- **Despite of prevailing the similar factors for the sectors development the growth of the three sectors is increasing because of EEF.**

Conclusion

- **EEF has a significant contribution towards the development of SME sector of Bangladesh. Some direct impact of EEF:**

Sanctioned project	961
Sanctioned amount	1807.95 crore Taka
Employment creations	73040 person
FC earnings	10.25 crore (USD)
Growth rate of FC earning	670%
Growth rate of the three sectors	20% (about)

Recommendations

- **The amount of EEF should be increased as there is more and more increasing demand prevailing.**
- **More and more potential and promising sectors need to be explored and to give support.**
- **Technology based agricultural sectors are doing well. So more amount should be invested there.**
- **Project appraisal and project selection should be of more ease and with lesser procedure.**
- **More professional commercial bank should come forward with disbursing such fund.**