Towards Sustainable Entrepreneurship
and Social Development for Rural
Women in Bangladesh

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Thesis

I hereby declare that this thesis is my own work and effort and it has not been submitted anywhere for a degree at any tertiary educational institute.

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The School of Sustainability, Institute of Sustainable Development and Technology Policy (ISTP)
Dedicated to my Parents
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Acronyms

ADB  Asian Development Bank
BAPA  Bangladesh Agro-Processors Association
BBS  Bangladesh Bureau of Statistics
BD  Bangladesh
BDT  Bangladesh Taka
BIDS  Bangladesh Institute of Development Studies
BNPS  Bangladesh Nari Progati Sangha
BRAC  Bangladesh Rural Advancement Committee
BSCIC  Bangladesh Small and Cottage Industries Corporation
CGAP  Consultative Group to Assist the Poorest
EDM  Enfant du Monde
FY  Fiscal Year
GDP  Gross Domestic Product
HBPS  Hathay Bunano Proshikhan Samity
IDRC  International Development Research Centre
IFAD  International Fund for Agricultural Development
IED  Institute for Environment & Development
IGA  Income Generating Activities
IKD  Innovation, Knowledge and Development
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ILO</td>
<td>International Labor Organization</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>JFF</td>
<td>Justice Fazlul Haque Welfare Foundation</td>
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<td>LDC</td>
<td>Less developed country</td>
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<td>LFS</td>
<td>Labor Force Survey</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MOI</td>
<td>Ministry of Industry (Bangladesh)</td>
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<td>MFIs</td>
<td>Microfinance Institutions</td>
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<tr>
<td>MIDAS</td>
<td>Micro Industries Development Assistance and Services</td>
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<tr>
<td>NGO</td>
<td>Non-government organization</td>
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<td>PEP</td>
<td>Productive Employment Project</td>
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<td>NAP</td>
<td>National Action Plan</td>
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<td>REOPA</td>
<td>Rural Employment Opportunities for Public Assets</td>
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<td>SEDS</td>
<td>Start up Enterprise Development Scheme</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<td>WED</td>
<td>Women Entrepreneurship Development</td>
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<td>WEDP</td>
<td>Women Entrepreneurship Development Program</td>
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<td>WID</td>
<td>Women Industrial Development</td>
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<td>WIDER</td>
<td>World Institute of Development Economics Research</td>
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**UNCED**  United Nations Conference on Environment and Development

**UNDP**  United Nations Development Program

**UN-OHRLLS**  United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

**UNRISD**  United Nations Research Institute for Social Development

**USAID**  United States Agency for International Development
Abstract

Entrepreneurship today has become an important professional skill to reduce poverty among rural women in Bangladesh. Recent studies show that most rural women borrowers claim that their sustainable socio-economic development depends on current ‘micro credit policy’. However, most women entrepreneurs’ practical situation is still vulnerable and unproductive, especially in rural Bangladesh. Usually, when a woman runs an enterprise solely, after a certain period, if she is unsuccessful, that micro credit turns into a burden for her. The study proposes to critique micro credit policy, because the practical fact is the micro credit policy most often only tries to help rural women to survive, but does not encourage them to sustain their business through group cooperation. The paper attempts to discuss from different perspectives the ability of women entrepreneurs in rural Bangladesh to improve their economic situation and to strengthen their empowerment in the rural community. In addition, the research also analyzes the socio-economic sustainability of women’s enterprises. The study examines key approaches to eradicate the poverty and vulnerability of rural women as they aim to reach the MDGS (Millennium Development Goals) through entrepreneurship development corresponding to small business institutions. It shows how group-based women’s enterprises as cooperative societies can improve the chances of sustainability of their businesses and can provide faster capital accumulation. The study also investigates whether there are enough prospects for food processing and handicraft as business for rural women entrepreneurs in Bangladesh. Indeed, a new insight of policy initiatives has been proposed, like reducing micro-credit interest rate or distribution of a little funding by
government or some donor agencies to cover the higher costs of microfinance institutions (MFIs) instead of imposing higher interest rate for encouraging women to sustain into their enterprise business. The main findings of the study are rural women entrepreneurship development for eliminating poverty, empowering women with more advanced education and skill and, ensuring sustainable development of rural women through improving micro-credit policy, precise government’s intervention and group-based entrepreneurship business efforts.
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Chapter 1

INTRODUCTION OF THE THESIS

1.1. Introduction

The main aim of this thesis is to investigate sustainable empowerment of women through women entrepreneurship development. In other words, women entrepreneurship development can enable women to be more economically, socially and environmentally empowered.

In order to face the dynamics of globalization women should be more self-confident, more self-sufficient as well as self-dependent to achieve their power of capability to earn by their own effort. Women entrepreneurship development is one of the key strategies to attain both the strength of women empowerment and economical stability which will ensure their more sustainable development.

Poverty reduction is a major issue in development policies. To inform policy, income earned by female entrepreneurs has been used as an indicator to assess whether they are poor or not (Van Maanen, 2004). Now it is increasingly realized that poverty is a multidimensional concept. The first dimension is income. According to the income approach, poverty is defined as the lack of income to provide for the basic needs of
life: food, shelter, water, education, sanitation, and health care. Capabilities form the second dimension. The capability approach considers poverty to be the absence of skills and abilities to earn a livelihood (UNDP, 1997). In addition, the political dimension (no access to political decision-making, no legal protection) and the socio-cultural dimension (lack of respect for human dignity, no social acceptance) can be distinguished.

The thesis focuses on Bangladesh. Bangladesh is a developing country with a huge and growing population. Most of the women in the rural area of the country are vulnerable and economically unstable. In this situation, developing the scope of entrepreneurship is one of the solutions for the women to get away from the vicious circle of poverty. Hence, there is a strong relationship between admittance of financial services and empowerment for women in rural areas of Bangladesh (Mayoux, 2006).

The complete power structure of rural Bangladesh, based on relationships on dependence and perpetuated through existing socio-cultural norms, along with the weakness and the corruption of the legal and political system restricts the involvement of the poor and powerless in market-based activities (Mair & Marti, 2006, p.10).
The study has been designed due to explore the various aspects of the situation of poor village women in Bangladesh. There is a strong consensus that improving the position of women is a vital issue. Women need to improve their rights to lead a better life. Women Empowerment can foster economic independence, help women realize their potential, and increase opportunities. Economic sustainability is the solution to poverty. To strengthen sustainable development, it is necessary to build up the women’s economic infrastructure, raising their professional skills through entrepreneurship development. Women empowerment corresponds strongly to their entrepreneurship development.

Most of the people of Bangladesh live in villages. Of a total 140 million people, 85% live in rural areas and almost 50% of the entire population in Bangladesh are women (Ahmed, 2008, p.1; Islam, 2002, p.1), but 70% of Bangladeshi women are village dwellers (Yeasmeen, cited in Islam, 2002, p.1). For empowering the entrepreneurial sectors, women should be trained to undertake various entrepreneurial initiatives, for example, to take part in household activities to maintain the resources and to join the men in farming movements, to set up small enterprises requiring good and efficient entrepreneurial skills and training to maximize profits and opportunities for self-employment including manufacturing such as
tailoring, embroidery, spinning, dying, printing, handicrafts and pottery. Women can also be empowered in the industrial sectors as business partners, consultants, exporters, importers, contractors, suppliers, traders, brokers, dealers or other types of intermediaries.

### 1.2. Study Organization

The most important aim of the study is to find a sustainable way to overcome poverty, with an emphasis on rural women’s business entrepreneurship development in Bangladesh. The study especially indicates how productively women’s entrepreneurial activities can affect their lives and what actual strategic channels provide access to their betterment. Further, the research argues with some recent women’s business development strategies and tries to identify and factors to improve those strategies. Therefore, different strategic actions are suggested to reinforce the women entrepreneurship development techniques.

This paper is divided into six chapters. Chapter 1 outlines the introduction and study background, conceptualization, study objectives, literature reviews and methodology and relationship to the MDGs (Millennium Development Goals) through women entrepreneurship
development process. This chapter mainly presents the central idea and attempts to generate the key instruments and the key arguments of the thesis. Chapter 2 profiles the current situation of rural women entrepreneurship in Bangladesh, the problems and solutions, and prospects of sustainable future. This part of the thesis especially deals with rural women’s present vulnerable status as it affects entrepreneurial activities, and the determination to overcome those hardships through more structured and well-considered methods of entrepreneurial promotion. Chapter 3 deals with women entrepreneurship development in non-farm food processing and handicrafts fabrication, factors influencing future development and scope for improving the present condition of those sectors, and lastly, the sustainability and relation to poverty alleviation of those two entrepreneurial sectors. This portion of the thesis basically resolves the new forecasts of women’s empowerment and women’s social and economical protection, by initiating more affordability in those business entrepreneurship sectors. Chapter 4 presents the arguments against and arguments for and limitations of ‘micro-credit policy, group-based capital formation, government initiatives, different NGOs’ programs and some case studies. This part actually explores some new approaches progressing recent micro-credit
policy to generate additional advantages for rural women in terms of operating their loans to set up their business enterprises. Chapter 5 discusses the relationship between sustainability and group entrepreneurship, and the advantages of group works and demerits of sole-proprietorship. This chapter focuses on group-engagement towards entrepreneurship development for rural women and group effectiveness in promoting more technical skill and advancement in women’s enterprises. And Chapter 6 contains sustainable outcome and a summary of major findings, policy reformation, recommendations and concluding remarks. This last portion proposes implementation of some necessary policies so that rural women can benefit from economic and social support and achieve sustainable development in their entrepreneurial business.

1.3. Methods of the Study

The study has been arranged according to the strategic approaches followed by the World Bank, UNDP, ADB, Oxfam, ILO and some other organizations for poverty reduction in the context of rural Bangladesh. It mainly considers improving the current situation of rural women to
achieve significant development in their social and economic life. Therefore, the research has been designed with respect to observe rural women’s current income-generating activities through entrepreneurship business, and refers to related scholarly researches in similar fields.

The study is applies some definite techniques and methods involving strong argument analysis. The study seeks to address the question: How can be poverty reduced and the MDGs (Millennium Development Goals) be achieved through sustainable rural women’s entrepreneurship development in Bangladesh?’ The study is carried out according to its meaningful critical importance in the research area. The techniques belong to different theoretical approaches and analytical debates within these scholarly ideas. Again, the methodology and procedures indicate the actual gap where sufficient researches have not been done yet at the current stage of rural women entrepreneurship business development in Bangladesh, especially group-based entrepreneurship. As the design of the research is desktop-based, the process of the research reveals the way to identify the factual omissions and obviously the solution to fill up the gap analytically.
1.4. Study Limitations

The study is also subject to some limitations in that it does not concentrate on particular age, area and community groups of rural women, rather it has considered the most affected vulnerable part of rural women. The research also has not involved direct field work research, data collection, surveys, data interpretation and data analysis, statistical representations and some other research field work techniques for coming a particular result and decision, while, it has been followed by some significant and similar theoretical works by different experts to analyze their ideas and finally, discuss these particular theoretical expressions.

1.5. Conceptualization of Sustainable Development, Entrepreneurship, Group Entrepreneurship, Sustainable Entrepreneurship, and Women’s Empowerment

Sustainable Development:

‘Sustainable Development’ has now become a key issue all over the world and is interconnected with environmental, social as well as
economic welfare.

The Brundtland Commission report, *Our Common Future* (1987), described sustainable development* as a kind of maturity that can congregate the recent wants, no matter what would be the aptitude of the future generation to ensure their requirements. Moreover, sustainable development deals with the rational affiliation between organism and surroundings. This leads to the verity that sustainable development means the compact combination of economic growth, constancy and effectiveness of the human race. In addition, it is the consistent structure of paucity mitigation and ecological balance (Ahmed, 2001).

As stated by Paul, Mahbub in 1970, sustainable development refers to the substantiative solution of problems covering the fundamental aspects of entity such as education, nutrition, health, sanitation and employment.

* Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs (Our Common Future) this definition comes from our common future, (World Commission on Environment and Development, Oxford University Press, 1987).
Entrepreneurship:

The famous Austrian economist Schumpeter (1949) defined entrepreneurship focusing on innovation in four different areas such as new products, new production methods, new markets and new form of organization. McQuaid (2002) implied that entrepreneurship is an exclusive concept of market performance. Likewise, Kearney (1996) defined enterprise as the capacity and willingness to initiate and manage create action in response to opportunities or changes, wherever they appear in attempt to achieve outcomes of added value.

Entrepreneurship refers to the qualities and characteristics normally expected of a successful entrepreneur. It includes perception of new economic opportunities, taking initiative, creativity and innovation, the ability to turn given resources and situations to practical account, and acknowledgement that failure is possible. And, an entrepreneur is any person who possesses the above qualities and uses them in setting up and running an enterprise. Entrepreneurs are enterprise builders—they perceive new business opportunities, organize businesses where none existed before, direct these businesses by using their own and borrowed capital, takes the associated risks, and enjoy profit as rewards for their efforts (Karim, 2001, p.02).

Kao (1993) sees entrepreneurship as an initiative of undertaking a wealth-creating and value-adding process through incubating ideas,
assembling resources and making things happen.

In general, entrepreneurship development refers to training and other support services incorporated with a structured program designed to assist individuals and groups interested in becoming entrepreneurs and starting small businesses. Again, individuals who work for themselves and are not employed by another are called ‘self-employed’ and that group of people can be known as entrepreneurs who assume all risks and responsibilities of a business enterprise.

According to Bhuiyan (2007), entrepreneurship is defined as a kind of behavior of a person that includes perceiving economic opportunities, initiative-taking, creativity and innovation, and organizing socio-economic mechanisms to turn resources and situations to practical account, and is the acceptance of sick to failure.

**Group or Co-operative Entrepreneurship:**

This expression Group entrepreneurship generally refers to any group or cooperative, whether rural or urban, who display entrepreneurship. They manifest a desire to be self-employed; a willingness to undertake new enterprises; a willingness to take calculated risks; the ability to engage in common productive activity; and the capacity to take responsibility for financial resources. Members pool resources, obtain entrepreneurship training and assistance, draft a business plan, and organize a small business that provides them with jobs and income as a group (Karim, 2001, p.03).
In a general sense, it means, a group-based or co-operative enterprise is a group-based form of business which is owned and controlled by the same people who use its services. Group-based enterprises are directed by norms, values and group-organizing principles.

Co-operatives are able to promote economic and social development, because they are commercial organizations that follow a broader set of values than those associated purely with profit orientation. This is because co-operatives are owned by those who use their services, and the decision taken by co-operatives balance the need for profitability with the wider interests of the community. Also, the group performers foster economic fairness by ensuring equal access to markets and services for the membership base, which is open and voluntary (Nippierd, 2002). Additionally, group-entrepreneurship plays an important role in job creation and economic growth in a large number of countries. More awareness and knowledge about the co-operative form of enterprise, as an option to conduct business is widely needed by the people most likely to benefit from it (Stephen, 1995).

**Sustainable Entrepreneurship:**

According to the concept of sustainable development and
entrepreneurship expressed by writers’ different scholarly background, sustainable entrepreneurship means the compact combination of economic growth, constancy and effectiveness of the human race. In other words, sustainable entrepreneurship is the independent initiative that provides added value to society associated with new business ideas, a vision for growth, a commitment to enterprise innovation, determination to accumulate essential resources and a prevailing need to achieve success (Schaper and Volery, 2001, p.12).

Ahmed (2001) refers to sustainability as the consistent structure of scarcity mitigation and ecological balance. Theorists like Schumpeter (1950), Say (1821), Cantillon (1680-1734), and Mill (1871) explicate entrepreneurship as a sustainable tool of engendering economic growth. Correspondingly, sustainable entrepreneurship can be defined as the fair combination of resources, business initiatives, innovations and other significant elements of social surroundings. In other words, the setting up of a combination of resources in a market venue into a productive organism receiving lower production to higher production level involving risk and uncertainty of environment to extract greater profit margin (Mondal, 2002, p.3-4).
Women Entrepreneurship:

Women entrepreneurship involves raising productivity, utilizing economic resources, poverty reduction, training and skill development, expanding business and marketing experiences for women. Sustainable self-employment opportunity depends upon appending input to GDP and reducing the vulnerability of women, especially those who live in rural areas.

Bangladesh is a country of dense population. A large number of rural women are suffering from poverty, unemployment, and bankruptcy. As a result, those rural women in Bangladesh need to be supported through amplifying their empowerment levels. Women entrepreneurship is a means to developing their economic empowerment adequately to gain sustainable development.

A lot of initiatives have been taken positively to launch many skill training programs for rural women in Bangladesh for entrepreneurship development (REOPA- CST Project, UNDP, 2007, p. 03) and Source: http://www.undp.org.bd).

A woman entrepreneur is one who has alone or with one or more partners, started, bought or inherited a business, is assuming the related financial, administrative and social risks and responsibilities and is participating in
the firm’s day to day management. Such women are also known as women business owners or self-employed women (LFS, 1996).

Overall, the promotion of women entrepreneurship in rural area is a process of improving the fundamental features of poor rural women’s situation, such as education, health, sanitation and employment, in a better social, economic, environmental and political atmosphere as a whole.

**Women Empowerment:**

Although empowerment is described by many scholars disparately, broadly, it can be denoted as the enforceable transition of manipulating self-assessment, self-motivation, and self-realization. Furthermore, it’s an act which results in internal and external changes in a person’s communal position and central connection of superiority in civilization (Nelly, 2001). John Snow Inc. (1990) defines empowerment in a behavioral sense as the ability to take effective action. Also Mayoux (2000) remarks that empowerment is a procedure of accumulating and widening the transformation of power inter-connectively.

Thus, women empowerment requires such initiatives that have to be pursued on a consistent and permanent basis in order to effect a
transformative change in women’s lives and contribute to the eradication of poverty (UN-OHRLLS, 2006, p.07).

1.6. The Literature Review

It is widely accepted that ‘Women Empowerment’ is a strategy to foster women’s ability to make decisions properly, to control sources of power, and to strengthen their own autonomy eventually. Moreover, there is a plenty of evidence that women empowerment is a key means to advance economic prosperity, to raise women’s capability to reduce the inequality in both gender and wage rate distribution, to protect the rights of women (for example, to upgrade their bargaining power) and to secure women from every sudden crises of life. Arguably, it is a process and result together (Ismail and Rahman, 2006). As described by Keller and Mbwene (cited in Rowland, 1995), it is a process to organize them to be eligible to be self-reliant, to be more independent, to have the right to make their own choices, and to control resources to assert their challenges and to eliminate discrimination as well. Again, Mayoux (2000) stated that to be a successful empowered woman both gender and empowerment apprehensions should be integrated into employment stipulation vicinity.
Consequently, empowerment will act as income generating tool to facilitate the well-being of humanity, economically, socially, and politically simultaneously. Indeed, Jejeebhoy (2000) believes that particular institutions have a definite role to perform to increase women’s autonomy enabling them to become aware of gender discrimination, to mobilize community resources and public services, and provide vocational and technical training to increase women’s access to and control over economic resources.

Sustainable development helps those women who are most economically and socially weaker sections of society. It could encourage women to participate effectively in the development process. According to Ahmed (2001, p. 04), sustainability depends on developing strategies to increase human capability through education, training and health care, and organizing access to credit, technology, other resources and services for people (such as poor women) to be able to address the issues in different areas effectively and purposefully. The study also shows that the 1992 United Nations Conference on Environment and Development (UNCED), or the RIO Earth Summit, was convened to address urgent problems of environmental protection and socio-economic development (Ahmed, 2001, p.02). Harris (2000, p.22) describes on W.W Rostow’s (1998) work
on shaping development policy as the ‘Originator of the stage of growth theory’ regarding sustainability for social development. However, the underlying causes of sustainability are related to gender inequality in social and economic development. Sangyang and Huang (2008, p.676) suggest that efforts are being made to improve the status of poor women as a vulnerable group of society; and, to illustrate, existing co-operative institutions and the establishment of women-led or women member co-operatives provides strong potential for sustainability to promote women’s entrepreneurship (Stephens, 1995). For instance, the most important contribution of women to rural and social development in the Republic of Korea lies in the pioneering role of women-led linkage between consumers’ and producers’ co-operatives (Sangyang & Huang, 2008, p.680). Social stereotyping and violence at the domestic and societal level are some of the factors against sustainable development for poor rural women in the context of Bangladesh so far. Obviously, discrimination against girl children, adolescent girls and women is also the common feature in the most rural parts of Bangladesh that certainly eliminates the chances of sustainability in any women’s development movements.

This is evident through an investigation of women’s role in decision
making and entrepreneurship development, and a client’s survey by Professor Hashemi (1989, p.10) indicates that there has been significant progress in the development of women entrepreneurship over a few months. Solaiman and Belal (1999, p.129) claim, ‘Promotion of rural entrepreneurship can help to alleviate poverty and mobilize natural resources and efforts of the rural people, to make the job creators instead of job seekers’. Indeed, they show that village-based enterprises, such as forestry, fishery, poultry, dairy, production of fruits and vegetables etc. create self-employment opportunities throughout the year. This study also states that this kind of rural entrepreneurship helps achieve a sustainable society in Bangladesh. Again, Maynul Islam (2002, p.327) argues that by any logical standard, women’s role is equally as important as men’s in procreation, sustenance and enrichment of human life. His study also shows that their role is essential in production of goods and delivery of services. Further the research concludes, out of 1.55 billion people living in absolute poverty throughout the world 70% of them are women, but, as the domestic work of women is not treated as productive or economic activity, their invisible contribution to the tune of eleven trillion dollars is lost or unaccounted for every year from the world economy (Islam, 2002, p.327).
The main objectives for women’s advancement through poverty reduction highlighted in the report *Bangladesh- Unlocking the Potential-National Strategy for Accelerated Poverty Reduction* by IMF (November, 2005, p.38) are ensuring women’s full participation in main-stream market-oriented economic activities, improving women’s efficiency in performing their household and reproductive roles and ensuring infrastructure services for women; building women’s capacity in health and education to increase productive capacity and personal achievements; ensuring against vulnerability and risk; enhancing women’s political empowerment and participation in decision making; ensuring women’s participation in the international forums; and strengthening institutions and capacity-building in monitoring and the evaluation of women’s development.

Schumpeter in the *Theory of Development* is the first economist to distinguish between an entrepreneur and capitalist (Mondal, 2002, p.03). The study also observes that assumption of risk involving innovation is the role of the entrepreneur; assumption of risk ` research focuses upon the five elements of innovation identified in Schumpeter’s (1934) model of entrepreneurship theory, which are: introduction of a new good, adoption of new inputs to produce a new good or previously
produced good, opening a new market, and creating a new organization.

As described by Amit, Glostnel and Muller (1993, p.03), Leibenstein’s (1968) characteristics of an entrepreneur are: an entrepreneur connects different markets, answers market deficiencies by supplying, creates and is responsible for time-building implicit or explicit contractual arrangements and input transforming organizational structures, and completes inputs (all resources need to be produced and there should be a market for a product).

Establishment of Micro, small and medium-sized enterprises has been recognized as a pivotal strategy to increase women’s economic empowerment while fighting poverty and gender equality (Snagyang & Huang, 2008, p.678). The study also mentions that the promotion of women’s entrepreneurship through women’s co-operatives has potential for fostering women’s income generation and women’s empowerment as well as helping to alleviate rural poverty among women (Taimini, 1998).

Again Rutherford (1995, in Rutherford et al., 1997) shows that the poor (women) in Bangladesh commonly practice ‘self-exclusion’ from income generating credit initiatives. Other researchers show that NGOs cover only ‘middle’ and ‘upper’ income poor (women) as increasingly the extreme poor (women) are seen to be dropping out of credit programs.
after having failed to keep up with repayment of their installments (Hulme & Mosely, 1995, cited in Sharif, 1997, p.72). Another study claims that, ‘very poor individuals are often described as high risk due to their lack of collateral and unstable sources of income and hence timely repayment of loans is often not anticipated’ (Hossain and Knight, 2008, p.03).

This study also argued that the focus on ‘women’ is not essentially linked to concern for empowering women; rather it is determined by concern for the program’s viability. Yet, some scholars also claim that ‘Channeling resources particularly through women in poverty alleviation programs serves a range of goals; basic needs, welfare, equity and empowerment’ (Kabeer, 1997, p.02). ‘Despite the potential contribution of micro-finance to women’s empowerment and wellbeing, there is a long way to go before women have equal access to financial services in rural areas or are able to fully benefit from them’ (IFAD, Chalasani, 2009, p.10). Mk Nelly & Mc Cord (2001, p.05) describe Mayoux’s (2000) framework for empowerment through power relations for rural women as: power within—power to—power with and power over with respect to micro-finance programs. Other work of Mayoux (2006, p.13) examines recent developments that undertake to make product innovation by rural women
entrepreneurs sustainable and increasingly client-based and that aim for significant empowerment; she strongly emphasizes participatory market research, consumer protection and financial literacy. Again, Mayoux’s (1995, p.04) research clarifies rural women’s micro-enterprise development patterns by outlining two distinct approaches: a market approach, which aims to assist individual women entrepreneurs to increase their income, and an empowerment approach, which aims not only to increase the income, but also the bargaining power of poor (women) producers through group activities.

1.7. Conclusion

This study has specifically focused on the basis of ‘Poverty Reduction Strategies’ followed by the organizations like the UNDP, World Bank, Oxfam, ADB, ILO and some others to reduce poverty. The aim is to enable rural women in Bangladesh in entrepreneurship development to be better empowered. Through these strategies, an ample mode of sustainable development can be possible to achieve. It is shown by many researchers that poverty be addressed through education and establishment of flourishing enterprises (e.g. Ashe and Parott, 2001).
Financial sustainability depends upon successful combination of enterprise and business development services for women to be better empowered (Mayoux, 2006).

The background of the research reveals that in the context of Bangladesh, one of the current most important aspects of ensuring sustainable income generation pathways for rural women is to accelerate self-employment opportunities by exploring economic resources.

The study defines some basic terms of sustainable entrepreneurship business for rural women and outlines the structure of the study to develop the ideas for each chapter.

This chapter highlights particular rural women’s issues involving economic activities for sustainable development from different critical perspectives of scholarly evidence. The literature review of the section discusses how entrepreneurship development can improve the quality of the rural women entrepreneurs’ lives in Bangladesh. Again, it reflects that women need better support from the target group of financial institutions as well as government, through a scheme such as Small and Micro Enterprises (REOPA – CST Project, 2007, UNDP, p.03).

To sum up, this chapter attempts to explain how to broaden rural women’s capacity for self-confidence and economic empowerment by
considering rural women as potential and productive resources. The primary objective for sustainability of rural Bangladesh is to build up more efficient entrepreneurship development policy for rural women. The next chapter will look the current situation of rural women, their problems in operating entrepreneurship business and finally, sustainable solutions to overcome those obstacles.
Chapter 2

SITUATION ANALYSIS AND INITIATIVES TO REDUCE OBSTACLES TO THE DEVELOPMENT OF WOMEN IN BANGLADESH

2.1. Introduction

This chapter discusses rural women’s present circumstances, highlighting their current socio-economic sustainability. Besides, this section of the study presents some obstacles that rural women usually face in terms of operating business enterprises to maximizing earnings. Moreover, the study also recommends some particular solutions to overcome the recent challenging hardships and to sustain poor rural women as potential women entrepreneurs.

Bangladesh has scarce resources and is a densely populated country where society is highly stratified (World Bank, 2003, p.1). Services and opportunities are determined by gender class and location. About 84% of 140 million people of Bangladesh live in rural areas and women make up nearly half of the population (Afrin et al., 2008, p. 169). Moreover, the
study by REOPA-CST (UNDP, 2007, p.02) indicates that in Bangladesh, with 50% rural poverty rates are chronically poor people, even though having huge potential of this proportion; especially the women who suffer from continuous food insecurity, can not own any cultivable land or assets, are often found to be illiterate and may also suffer serious illness or disabilities. The same study argues that one of the main causes of rural poverty in Bangladesh is extreme climate; a large proportion of the country is low-lying and vulnerable to flooding which causes damage to crops, homes and livelihoods (IFAD, 2007, p.02). Again, the enormous population growth and the pressure of environment disasters such as soil erosion and flooding aggravate the situation for poor village people including poor women. These circumstances usually emerge when they become the heads of their households, such as widows or wives of men who have migrated in search of employment. Women suffer discrimination because of their gender. Also, they have limited earning opportunities and their nutritional intake is often inadequate. Amongst extremely poor people, there are a disproportionate number of households headed by women (UNDP, 2007A, p.2).
2.2. Current Situation of Rural Women’s Entrepreneurship in Bangladesh

Recent researches on rural women entrepreneurs’ status reflect their unequal position in the society in Bangladesh.

Women are usually the last to eat at mealtimes and 30% of the women are chronically malnourished. Furthermore, violence against women makes women socially vulnerable and prevents them from fully participating in society. However, women in Bangladesh have gained greater access to micro credit and increasingly participate in economic activities, particularly in the readymade garment (RMG) sector. This has significantly contributed to Bangladesh’s annual GDP growth rate of more than 5% over the past decade (USAID, 2011).

Evidence from different studies and researches (Bhuiyah and Abdullah, 2007, p.136) shows the various categorical statuses of Bangladeshi rural women’s entrepreneurial activities and recurrent stipulation. Among those, some turning issues are raised here to represent the recent empowering situation of them as well.

The sex and age-based structure of the population shows that like the male population, women represent a huge resource for the country. They must be provided equal opportunity in education, employment and economic activities; only then can resource be utilized properly.
(Statistical Pocketbook (SP), Bangladesh Bureau of Statistics (BBS), cited in BCCI, CIPE-ERRA project, 1999, p. 01). Information on the educational status of women in Bangladesh confirms that they are being increasingly educated which suggests that the country should provide this growing number of educated village women with job and other productive economic activities (Statistical Pocketbook (SP), Bangladesh Bureau of Statistics (BBS), cited in BCCI-CIPE, ERRA project, 1999, p. 01). But, despite improved literacy rates, women are not yet seen to be equal to men in educational sectors, especially rural women. Even the educated rural women are still facing discrimination in the job markets, and are less involved being benefitting less in the business sector in Bangladesh, for example, in the small and medium enterprise areas. These studies further demonstrate that, due to increasing demand by internal and external pressure groups, the participation of villages in all sectors, including economy has increased during the 1980s and 90s (Statistical Pocketbook (SP), Bangladesh Bureau of Statistics (BBS), cited in BCCI-CIPE, ERRA project, 1999, p. 02). Women in the rural informal sector are either self-employed or employed in family enterprises including both agricultural and non-agricultural sectors. These activities involving homestead agriculture, livestock and poultry rearing,
fish farming, nursery and tree plantation, tool making, kantha sewing, fish net making, food processing, tailoring, rice processing etc have been regular and invisible sources to family income supplementation (Chowdhury, 2001, p.06). A sector-wide distribution of employed persons in rural areas shows that agriculture is the predominant source of female employment, followed by the manufacturing sector (Statistical Pocketbook (SP), Bangladesh Bureau of Statistics (BBS), cited in BCCI-CIPE, ERRA project, 1999, p. 03).

The entrepreneurship status of the population during 1999 shows that out of 46.8% self-employed citizen, women make up only 8.3%. However, the situation in urban Bangladesh is a little bit better. In the urban area nearly 15.4% of the 36.7% self-employed people are women, whereas in rural area, it is only 7.4% of 47.6% (Statistical Pocketbook (SP), Bangladesh Bureau of Statistics (BBS), cited in BCCI-CIPE, ERRA project, 1999, p. 03). Most of the women are unpaid family helpers, at 83.2% in the rural area and at 42.9% in the urban area. Also the percentage of poor women working as day laborers, on national level, averages 5.7%, in urban areas 6.2% and in rural areas 5.6% respectively. This statistical substantiation explains that industrial development in Bangladesh is unable to absorb even the cheapest part of the labor force –
the women laborers (Statistical Pocketbook (SP), Bangladesh Bureau of Statistics (BBS), cited in BCCI-CIPE, ERRA project, 1999, p. 04).

Another more recent report by USAID (2011) briefs that according to their one survey; only 24% of women participate in the labor force compared to 84% of men. Female participation is also concentrated in lower-level jobs, and wages are about only half of the male wage rate. Though gender parity has been achieved in primary and secondary education enrollment, drop-out rates are higher for girls than boys.

Maternal mortality rate is still very high—194 per 100,000 live births—and only 18% of deliveries occur in suitable facilities. Home deliveries with skilled attendants also remain very low, at 4%. Thirty percent of women are chronically malnourished (BDHS 2007). Achieving MDG 5 is a challenge (USAID, 2011). The same evidence ensures that Bangladesh has the unfortunate distinction of persistent early marriage (average age of marriage is 16.4 years) and early child bearing, which often contributes to high fertility and maternal mortality. A number of laws exist to prevent violence against women, but the enforcement of those laws remains a major challenge. The Bangladesh Cabinet recently approved "The Domestic Violence (resistance and protection) Act, 2010". Though the government declared it would reintroduce the National
Women's Development Policy adopted during the last government to ensure gender equality in society, no progress has been made so far. A lack of gender-disaggregated social and economic data acts as a barrier in monitoring progress towards gender equality (USAID, 2011).

Previously, women’s enterprises were confined to sectors which were dominated by traditional gender roles, such as food and beverage provision, beauty parlor, health, education, webbing, tailoring and the wholesale and retail apparel trade. The situation is improving slowly; today women are also in occupations which were solely controlled by the male before. Now, most of the women in Bangladesh who have top management post in private and public sector enterprises, sit on the important policy making bodies of the country, are themselves entrepreneurs and can own enterprises. Women are now seen also as owners and managers in cold storage, shipping lines, advertising firms, travel agencies, interior decoration, engineering workshops and garments industries (Chowdhury, 2001, p.7).

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2.2.1. **Supporting Women Entrepreneurship**

The importance of women entrepreneurs for national development has been acknowledged by successive government bodies and steps have been initiated to assist them. Under successive Five Year Plans (1997-2002), initiatives have been gradually integrated into the macro-economic framework and multi-sectoral economy to bring women into the mainstream of economic development and encourage potential women entrepreneurs to realize their business plans (ADB, 2001, p.04).
2.2.2. Women Entrepreneurship Development in the Constitution of the Country

Articles 26, 27, and 28 of the Constitution** of Government of the People’s Republic of Bangladesh specifically mention the issue of emancipation and development of the rural women of the country. Articles 26 and 27 provide for cultural, social and political development of women while Article 28 focuses on the issue of equal economic rights and opportunities, and development of women entrepreneurship (ADB, 2001, p. 05).

**The Constitution article belongs to the Fourth World Conference of United Nations on Women Development in Beijing, 1995, adopted in Beijing Declaration: Platform for Action Plan (PFA). The PFA provided an agreed upon strategy for global community to move forward and entrust the governments for the development of women in all areas (ADB, 2001, p.4-6).
2.2.3. *Government Strategies for Women Entrepreneurship Development*

The Government has set particular strategies in its National Action Plan (NAP) under the Fifth Five Year Plan (1997-2002) for the development of the women entrepreneurship. Those are as follows:

i. Adoption of a comprehensive sustainable industrial policy that will promote equality for both women and men.

ii. Increase the number of women entrepreneurs.

iii. Ensure women’s easy access to markets.

iv. Develop entrepreneurial skills of the women.

v. Provide infrastructure facilities for women entrepreneurs.

vi. Advancement of technical efficiency of women and develop technology suitable for women.

vii. Enable MOI (Ministry of Industry) and other related ministries and agencies to address and implement WID (Women Industrial Development) issues in a comprehensive and coordinated way for effective implementation of the Industrial Policy.

viii. Support research, evaluation and action oriented programs in industry particularly for women engaged in the industrial sector (ADB, 2001, p. 5-6).
In all development plans, from the First to Fifth Five Year Plan, development of women in all spheres of our national life has been given priority. Finally, in the Fifth Five Year Plan (1997-2002) as many as 24 goals and objectives are set for development of women and children in the country. Hopefully, by proper implementation of these goals and objectives, a wide-range improvement in women’s participation will be possible in every span of our national life.

The Fifth Five Year Plan of the country clearly reflects the objectives of the development policies and National Action Plan (NAP) to:

i. Ensure equal rights of women in all spheres of development, including access to information, skills, resources and opportunities.

ii. Enhance the participation of women in political, civil, social, economic and cultural life.

iii. Promote economic self-reliance for women, and generate economic policies that have positive effect on employment and income of women workers in both formal and informal sector.

iv. Create appropriate institutional arrangements with necessary financial and human resources and authorities at all levels to
mainstream women’s concerns in all aspects and sectors of development.

v. Mainstream women’s concerns in the agriculture and rural development industry and commerce as well as services.

vi. Ensure the visibility and recognition of women’s work (World Bank, 2003, p.06), and contributions to the economy.

Correspondingly, according to Bangladesh’s Sixth Five Year Plan-FY2011-FY2015, the Government of Bangladesh makes a clear commitment to equality between women and men in its recently-approved ‘Poverty Reduction Strategy Paper’ (PRSP). It sets out several strategic goals:

- Enhance women’s participation in decision-making;
- Promote gender equality and empowerment of women (also a Millennium Development Goal); and
- Ensure women’s full participation in mainstream economic activities (USAID, 2011).
A number of core targets have been identified to monitor the progress of the Sixth Plan. These targets have been set according to the vision and objectives of the perspective plan as well as the goals of the Millennium Development Goals (USAID, 2011).

2.2.4. Supporting services of both public and private sectors

The ILO (International Labor Organization) program for Rural Women in 1982-83 was a part of Rural Policies Branch (EMI/UR) of the World Employment Division, and carried out 12 programs for rural women in Bangladesh. Also, the project on ‘Self-Employment for Rural Women in Bangladesh through Cottage Industries’ (BAS/ 81/10) was a part of the ILO regional project. Bangladesh Small and Cottage Industries Corporation (BSCIC) took up the collaboration with the government of Bangladesh and ILO; it finally agreed to continue the project until June, 1990 for 2 years (ADB, 2001, p. 13). When in early 1989 an evaluation study conducted by the ILO Headquarters, Geneva, and the evaluation team highly appreciated the achievements of the project and for that reason, it was extended for five years more covering 16,500 target beneficiaries in five Districts (ADB, 2001, p. 13).

The aims of such organizations are to increase the awareness of survival opportunities of poor village women in Bangladesh. They are given much support to strengthen their empowerment for sustainability. Additionally,
they are targeted to be self-employed with a minimum sufficient wage rate within the estimated year.

Moreover, at the local level, two women entrepreneurs associations are involved in this reform but in a very limited way. They are still trying to promote the poor village women entrepreneurs’ business interests and support them by lobbying the government for essential reform (ADB, 2001, p. 23).

In almost every workshop, a general discussion and answer-question session was organized to review the current situation of rural women entrepreneurs in Bangladesh by analyzing the barriers and limitations to improving their situation, and consider how to remove these obstacles to sustainable empowerment for vulnerable women.

2.3. Existing Problems

In spite of the commitments of GOB through the fifth and sixth five year plans, women still face discrimination, exclusion and injustice, and have a negligible influence in decision-making processes.
Discriminatory laws and polices hinder formal equality, and socio-political conditions prevent women from exercising their rights. Girls are often considered a burden, especially for poor households, where they are at risk of marriage at an early age and where the practice of dowries, though illegal, continues and is burdensome (USAID, 2011).

There are a number of key challenges faced by rural women entrepreneurs in Bangladesh. Begum (1993, 1995, pp.158-159) identifies some problems linked with women empowerment in entrepreneurship development in rural Bangladesh: which are lower literacy rate of women, inadequate government effort and lack of institutional framework, adverse socio-religious customs and traditions, lack of consciousness among men and women, failure of women to respond to modernization, and failure to provide adequate safety and security to women. REOPA-CST (UNDP, 2007, p.05) and some other studies (such as Bhuiyan and Abdullah, 2007, p.149-150) focus various existing problems. In general, some significant problems are discussed below:
1. Access to finance & financial institutions

Women entrepreneurs in rural Bangladesh face various obstacles to accessing finance. Especially, whenever they are going to open a new enterprise, they usually face extensive difficulties in accessing credit. According to Haq (cited in Sinha, 2005, p.14), women in South Asia are virtually invisible to formal financial institutions-- they get paid less than 10% of commercial credits. Likewise, gender-based obstructions, for instance, conventional thinking, culture and social values, lack of collateral – all exacerbate the intricacies encountered by women. High transaction costs, the rigidity of collateral requirements and heavy paperwork are further impediments to women entrepreneurs (Charumathi et al. 1998). In other words, lack of capital, higher interest rates (Sinha, 2005, p.15), lack of experience and information, lower investment and unavailability of facilities like business premises or other apparatus, often hamper the progress and existence of enterprises handled by village women entrepreneurs.

2. Access to markets

Access to markets is affected by some crucial factors, such as expert experience, conception and acquaintance. Rural women often face
troublesome difficulties in running their small and medium enterprises (SMEs) due to inability to switching to the market commodities (Sinha, 2005, p.16). Because of some social restrictions and violence, (such as, religious restriction for women like ‘Purdah’- covering women to separate them from male community and violence like women’s physical abuse, rape or even extreme mental tortures to women by male dominated society) sometimes they are not able to make any contract with local and international markets either, even though many of them have good skills in marketing and intermediary capacity (Rahman, 2010, p.12). Unfamiliarity with the outer world impedes rural women to accessing contracts with an assortment of agencies when launching business enterprises.

3. Access to training

Most of the rural women in Bangladesh are poor and uneducated. Even they do not have sufficient arrangement to protect them from insecurity and illiteracy. The surrounding society also creates various barriers to development of their potentiality (like knowledge and skills) through training both vocationally and technically (Rahman, 2010, p.13). Particularly, it has been shown in rural areas in Bangladesh that female
entrepreneurs are repeatedly molested and given fewer opportunities by
the male community to build up their entrepreneurial skills to run their
enterprises smoothly (USAID, 2011). Without being afforded the
necessary combination of education, training and social security as well
as social awareness, female country entrepreneurs cannot make transition
to enterprise business (MIDAS, 2009, p.106). Studies prove that less than
13% of the enterprise development program trainees are women in
Bangladesh (Finnegan, Human Development in South Asia, cited in
Sinha, 2005, p.05). Other research shows that among the seven countries
in South Asia, the percentage of females enrolled in secondary vocational
education is the highest in Pakistan, while in Bangladesh it is the second
lowest position. (Haq, cited in Sinha, 2005, p.17). So, it is clear why the
poor women entrepreneurs of Bangladesh are still in a backward situation.
On the other hand, family responsibilities such as household work,
looking after children and caring for elders prevents them from gaining
skills and knowledge properly and thus, they usually cannot find the
appropriate time to be more proficient. Again, male entrepreneurs do not
have to worry as much about their household duties as the female
entrepreneurs do.
Such extra physical and mental stresses reduce the women entrepreneurs’
time and ability to learn constructively. Consequently, they are not motivated to use and to mobilize their wealth and resources to extend their expertise and such diversions result in deficiency in managerial skill, strategic planning, organization perception etc. which are the key responsibilities for entrepreneurship development to achieve empowerment to ensure sustainability.

4. Access to Networks

Women entrepreneurship activities are not smoothly incorporated in industry, trade or business participation. There are seldom any women-only or women-majority networks where a woman could participate, accomplish self-reliance and attempt to make progress. Most of these existing networks are men controlled and sometimes not predominantly welcoming to women, while men expect lots of things together in one time of observing women’s performance. Most of the women entrepreneurs are generally involved in setting up smaller extent of enterprises having adversity to admit information. For instance, it has been estimated that women operate around 50% of SMEs, less than twenty women were registered among nearly 250 participants, and most were civil servants rather than female business personnel (Sinha, 2005,
p.18). The study adds that many developing countries frequently arrange spouse programs to determine the involvement of husbands to assemble their non-working wives. Further, the evidence implies that despite taking some initiatives on this, the BCCI (Bangladesh Chamber of Commerce and Industries) has ineffective in promotion of feminine entrepreneurship (Sinha, 2005, p. 19).

5. Access to Policymakers
The majority of women entrepreneurs in Bangladesh have very limited access to policymakers. Lack of access to information limits women’s knowledgeable input into policymaking. Moreover, large companies and male entrepreneurs can more easily influence policy and have access to policymakers (Sinha, 2005, p. 19). Women have less opportunity to enter a leadership position or mainstream business organization. Besides, very often lobbying are the reasons behind their decreasing ability to apply their own potential to policy making (Sinha, 2005, p. 19).

6. Access to Infrastructure
Poor infrastructure affects village women’s ability to improve their enterprises (Rahman, 2010, p.21). Some unsatisfactory programs by
government or other regulatory authority are the main reasons for the lack of proper provision of visible and trustworthy infrastructure for feminine entrepreneurship. Unplanned road, air or other physical transportation and communication systems, unorganized supportive government policy (Sinha, 2005, p.22), trade and commerce regulation etc. are the main constraints for infrastructure development which would assist rural female entrepreneurs in Bangladesh (UNDP, 2007A, p.07).

7. Access to Technology

It is obviously true that women get less access to technological innovation than men. Owing to lack of self-confidence and also lack of utilization of modern technology (UNDP, 2007A, p.06), they have to deal with low quality products and production, insufficient marketing channels to distribute their products, lower capital or investment and low income over and over again (Rahman, 2010, p.22). Unavailability of technological facilities, in particular, telephone, internet, e-commerce, e-trade and so on frequently hinders the evolution of rural women’s entrepreneurship.
8. **Access to Support Services**

Rural women entrepreneurs in Bangladesh typically do not have access to suitable cooperative or support services from the relevant authority; creates social, cultural and economical hurdles which undeniably have a direct effect upon their quality of product and consequently income (REOPA-CST, UNDP, 2007A, p.07).

9. **Access to Land**

The system of land tenure is another vital factor affecting rural women’s entrepreneurship development. Village women have to overcome extreme difficulties to access land and location for their business enterprises (REOPA-CST, 2007, UNDPA, p.07).
2.4. Overcoming the Barriers Endured by Village Women Entrepreneurs in Bangladesh

Since women’s entrepreneurship development is a compelling instrument for stimulating the economic growth of a nation, many developed and developing countries are taking some initiatives to encourage the development of potential for susceptible women entrepreneurs. In spite of women being conventionally involved with various SMEs by different government and non-government organizations (NGOs) in Bangladesh, feminine entrepreneurial aptitudes have not been successfully raised to the required level (Chowdhury, 2007, p.241). Although the promotion of SME development has been brought up intensely to consecutive governments since 1947, the broad macro policy tenet has continued to remain prejudiced against SMEs development; in many cases like public sector investments, trade and taxation policies have most been anti-SME development in nature and substance (ADB, 2002). Hence, it is essential to prevent the resurgence of negative consequences through the application of some strict procedures in order to promote women’s entrepreneurship development and strike a balance between maximization of women empowerment and sustainable development, so as to achieve higher quality of life, economic freedom as well as choice
of alternatives. Regarding this, Kabeer (‘Money can’t buy me love’? 1997, p.21) remarks,

Different aspects of women’s disempowerment, and hence empowerment, are closely related so that initiatives in relation to one aspect are likely to set off changes in other aspects, although not in easily predictable ways.

Again, according to Noni S. Ayo (ARDCI, 2001), ‘Even before all the questions can be answered the issue is who (a woman entrepreneur) she is’.

This research attempts to find some definite solutions to address the problems facing women entrepreneurs in rural Bangladesh. Evidence mainly from different desktop-based studies has been taken to identify the actual way of overcoming the inhibitions. The proposed solutions are as follows:

2.4.1. Specialized Training and Skill Development Program and Women’s Basic Education Facilities as a Group Unity:

Most women entrepreneurs in rural area of Bangladesh still have little opportunity to voice their opinions or participation in decision making.
Some of them even have very limited experience in expressing their ideas since they have had few opportunities to do so. In the view of Sebstad and Conhen (1986), groups provide women entrepreneurs with a means to know and be known by other women; a forum for learning leadership, decision making, public speaking skills and a basis for development of trust, friendship, and financial assistance. Depending on the methodology, in these groups women are called upon to develop and use skills in group dynamics and persuaded to exercise authority, and to command the respect of others some for first time in their lives in the society.

The development of women’s entrepreneurship predominantly depends on the educational system that is the most influential factor for developing women’s skills, knowledge, attitudes and values as well as stimulating creativity (Chowdhury, 2007, p.245). Education does not only assist vulnerable women to generate a better status in family life, but also upgrade their leadership skills in order to improve economic stability in their surrounding area. As a result, leaders in the groups become role models because they are ‘women like them’- poorer women, women who have become literate, later in life (Helen Sherpa, 2001). Women’s entrepreneurship education was unheard of in Bangladesh until 1990 when the universities and training institutes, following the trends in the
USA, Western Europe and Japan, launched separate programs for educating women to train in entrepreneurship (Chowdhury, 2007, p.247).

2.4.2. Prudent Government Participation:

Because it requires a sound entrepreneurial atmosphere, the development of SMEs is an obligatory step for the government of the People’s Republic of Bangladesh. Only the government can play the central role in promoting women’s entrepreneurship. Without the help of the bureaucracy, no significant progress would be possible in establishing female-owned enterprise businesses.

In addition, effective government must be concerned with gracefully deportment, decentralization and elimination of bribery (Chowdhury, 2007, p.248). The government should advance the prerequisites for women to develop their entrepreneurial business, so as to make the provision for women to participate and to defeat market mechanisms without facing too much hassle and regulation. Many theorists claim that sometimes excess rules and obligations can restrict the growth of the economy by increasing the costs of doing business which can lessen the profits. Therefore, before application, the regulations introduced by the local government should be scrutinized very carefully. With the burden of
extreme rules, the women entrepreneurs would less likely be attracted to enter the market. For instance, dogmatic requirements for establishing a business force companies to deflect time and other resources from other productive exercises to meet those requirements. High tax rates and higher minimum wages will diminish profits and discourage business development (Chowdhury, 2007, pp.248). Tax relief, subsidies, investment allowances and other incentives may encourage women’s entrepreneurial progress.

Chowdhury (2007, p.248) comments, the capital market in Bangladesh is underdeveloped and banks increasingly avoid risky lending, whereas access to finance is essential for growth in the economy. However, many SMEs have trouble raising enough capital for starting and continuing their business. Many constructive development schemes can help to enhance awareness through information, training, counseling and building public-private partnerships and encourage women to take responsibility and assert themselves through regional networks or local gatherings of women entrepreneurs. It would be a way of sharing experiences about enterprise businesses and about acquiring commercial knowledge and direction.

Government should be aware of women entrepreneurs in order to protect
their security by applying some regulations, for example, eliminating corruption with appropriate legislation. The social, economic, political and democratic awareness of the women in Bangladesh can be raised by establishing entrepreneurial schools or institutions under the control of an appropriate authority or other government agencies to ensure an important content for the required quality of women’s entrepreneurial ventures (Chowdhury, 2007, p.248).

2.4.3. Raising Legal Law and Justice for Women Entrepreneurs:

Enforcement of legislation and justice is vital to empower women to achieve sustainable development of their entrepreneurial activities. Strict regulations and security systems can protect women’s rights more effectively. Besides, more formal training programs on topics such as increasing the power of women to speak freely, eliminating domestic violence and introducing family planning could considerably improve women’s ability to face the difficulties and challenges of enterprise business (Cheston and Kuhn, 2002, p.43).

On the other hand, educational initiatives will likely be most successful when they are developed in cooperation through group activities (Cheston and Kuhn, 2002, pp.43). Because, involving the women
themselves in planning and organizing through group activities have potential empowerment benefits. Education, training and discussion sessions can be organized inexpensively. Thus, every sector of the society can be aware of the need to protect women’s legal rights to confirm their success in business. Moreover, the government administration, central bank, security system and legal authorities should have the precise plans for women’s entrepreneurship development to ensure sustainable empowerment of women in rural areas of Bangladesh. With some support, groups of economically empowered women can take steps to address the cultural and legal barriers that limit their social and political empowerment. By having opportunities to discuss social and legal issues (Cheston and Kuhn, 2002, pp.42), women can gather knowledge of their civil and legal rights and become more aware of their position and the choices they can make. They can have increased knowledge of how relevant institutions can help them when they need legal assistance.

However, the process of getting empowerment benefits and achieving autonomy should be cultured and fair, otherwise every attempt to access business capital will be in vain. Entrepreneurial institutions must experiment continually with existing theories and models to increase
women’s control of programs and resources with access to greater amounts of capital as a way of ensuring ownership and autonomy (Cheston and Kuhn, 2002, p.45).

Ensuring female property and inheritance rights can help to empower women and rectify a fundamental injustice. Evidence shows that many institutional arrangements can enhance the extent and security of women’s rights to land, houses, and other productive assets (Grown et al. 2005, p.76). Women entrepreneurial works undeniably depend upon the assets they obtain by legal property rights. These assets function as the capital in their enterprises.

For women entrepreneurship business or other tenure security is increasingly linked to establishment and enforcement of land, housing and property rights, particularly, as land tenure systems evolve and local ownership patterns shift in response to profound economic and demographic changes (Grown et al., 2005, p.76).

Sometimes, some of the rural women entrepreneurs in Bangladesh need not borrow extra amounts from any leading institution to invest into their business. If they have adequate scope to gain their property both from their inheritance and their husbands’ assets for establishing a small business, those particular assets would sometimes be enough for their
small entrepreneurial undertaking. That would also help to avoid making interest payments to ending organizations which often clears burden for them.

Women in rural parts of Bangladesh have far less opportunity for control over land and other productive assets than men do. This inequality results from a variety of factors, including unequal inheritance practices, the practice of registering land and houses in the name of households (usually defined as a man), unequal access to land markets due to custom, tradition and unequal economic assets, and gender-biased land reforms (Grown et al., 2005, p.75). Inequality in property rights contributes to women’s generally low status and vulnerability to poverty compared with men. Women’s lack of property also has been increasingly connected to development-related problems across the every rural sector in Bangladesh including poverty, health, unemployment, entrepreneurship development, corruption and violence.

Effective land rights for women coupled with equal access to credit, technical; information, entrepreneurial training and development skills, and other inputs, are important for improving women’s welfare and their bargaining power within the household as well as for economic efficiency to maintain self-owned enterprises successfully (Grown et al., 2005, p.76).
To illustrate, in the rural area of Bangladesh, a study found that the assets that women bring into a marriage, though fewer than those that men bring, play a significant role in household decision making (Quisumbing and Maluccio, 2003, p.12). Even in this society whose husbands control most household resources, expenditures on children’s clothing and education were higher and the rate of illness among girls was lower in households where women owned assets (Quisumbing et al., 2000, p.77).

Hence, the supportive hands of the patriarchal society provide women entrepreneurs to utilize their property rights to business purposes. In this way, increased productivity and faster economic progress can be made possible by active women’s entrepreneurial businesses having legal property rights and fair justice.

2.4.4. Violence vs. Gender Equality:

Most of the women entrepreneurs in the rural society of Bangladesh are seriously affected by the devastation of various social transgressions, such as violence, corruption, sexual harassment and high crime rates (Srestha, cited in Cheston and Kuhn, 2002, p.43). All their attempts at running their enterprise business can be entirely ineffectual due to those
contraventions of social standards.

Violence against women occurs not only in rural areas in Bangladesh, but also in many developing countries around the world. Rural women become victims of violence mostly which seriously restrict them to establish their business. Economic, social and political violence, corruption, and other serious crimes have the direct effect of destroying women’s business capacity. Studies mostly show that such violence and offenses against women are an important economic development constraint. National governments, women’s organizations and the United Nations (UN) have recently found that these misdemeanors in the human race towards women and their activities are typical abuses of basic human rights which discourage the empowerment of women (Grown et al., 2005, p.111).

Atrocities such as rape committed against women during armed conflict are a weapon of war and a gender based crime. Social violence in the home has been found to be correlated with economic crime outside of the home, as well as with political and institutional violence at the local and national level (Moser, cited in Grown et al., 2005, p. 112).

In addition, domestic violence occurs in the home at the hands of intimate partners or relatives, and its manifestations include rape and other forms
of sexual violence, physical violence, and psychological abuse. Sexual violence occurs within the wider community, and its manifestations include rape and sexual assault or intimidation in public spaces. Women are at increased risk of this type of violence in conflict situations. In both conflict and non-conflict settings women are primarily the victims of sexual violence and men are primarily the perpetrators (Grown et al., 2005, p.112).

Such violence and crime often result in continued failures in women’s entrepreneurship continuous and increasing absenteeism from entrepreneurial tasks, which rapidly diminish labor market participation, reduce productivity, result in lower earnings, investment and savings and also lower intergenerational productivity. Studies find that women who have been abused by their husbands or outside traitors are socially isolated.

This prevents a woman from participation in community and income earning activities, but perhaps, most important, it robs her of the social interaction that might help her end the abuse (Burinic et al, 1999, cited in Grown et al., 2005, p.119).
Different forms of those abuses and crimes like female feticide and infanticide, sexual abuse, incest, corruption, molestation, sexual harassment by anti-social elements, marital rape, kidnapping, murder and domestic violence, interrupt both the peace and security of their personal and social life and result in insolvency in self-owned enterprises (Srivastava, 2002, p.236). Moreover, such a situation curtails even their access to a range of basic needs namely foods, shelter, livelihood, security and health. Opportunities for political participation also decrease (Srivastava, 2002, p.235). This in turn restricts women’s involvement in enterprises, and impedes economic and social development while promoting poverty. Researches confirm that the self-worth and confidence necessary, to run a progressive enterprise business can be possible only if such brutal mental and physical tortures can be prevented, and if women have the sufficient support from the local community and neighborhood (Srivastava, 1999 and 2002, p.281).

Conversely, for achieving welfare, gender equality can advance productive efficiency. In a developing country like Bangladesh, in both rural and urban regions, development of gender equality is an important issue. According to Leonard (2003, p.80 and 82), work in developing world (like Bangladesh) was largely regarded as a male domain and
consequently the vital economic values of women’s work (such as women’s entrepreneurship) in the subsistence sector was ignored. Even more, gender relations in the developed world suggest that women are still a long way from uniformity with men. Furthermore, it is arguable that the development process itself in terms of agricultural and industrial revolutions including development of women enterprises, actually had an unfavorable effect on the social status of women. Hence, entrepreneurship development is based largely on a liberal feminist approach to gender; the UN advocated enhancing political, entrepreneurial, employment and educational opportunities for women (Leonard, 2003, p. 82). The study demonstrates that women in developing countries prefer working in outside jobs or in entrepreneurship or other self-employment activities, rather than staying home as unpaid labor. This evidence also suggests that such efforts marginally enhance their economic position.

The World Bank, for example, has a gender policy unit responsible for mainstreaming gender issues and has committed resources to developing women-friendly policies (Franches, cited in Molyneux, 2002, p.177). Moreover, different gender awareness initiatives for reducing discrimination often encourage women to be self-sustained and earn
social capital. Those initiatives are mostly taken by development agencies and government programs to mobilize resources for poverty relief and community development relating to entrepreneurial activities for poor women, especially in the rural areas of Bangladesh. Policies work best when, through redistributive and capacity building measures, they strengthen the capabilities of economic agents to enter into voluntary and mutually beneficial association, sustainable over time, rather than simply being short term and parasitic on the ties of solidarity that may exist (Molyneux, 2002, p.180).

Nevertheless, in a patriarchal climate, women have limited access to independent sources of livelihood, making them increasingly economically dependent on their male partners. Eventually, women are consistently attempting to break all levels of social, economic, political and gender discriminative barriers. Every sector of the rural society in Bangladesh should be working to improve the inferior position of women and their entrepreneurial activities compared to that of men. Obviously, rural women’s progressive business and entrepreneurial activities depend on a sustainable economic solution which is completely interrelated with their capital formation of entrepreneurship development (Molyneux, 2002, p.180), the men’s supportive movements towards women and also
with the changing status of women. Clearly, it must be said that all sorts of positive outcomes from ending the inequality between men and women in enterprise business activities, should be cumulative, sustainable on a long-term basis as well as having more potential for national economic welfare. Finally, they should be visibly important for the reproductive and survival economy.

2.5. Prospect and Sustainability of Rural Women’s Entrepreneurship Development in Bangladesh

In recent years, the developing countries of the world including Bangladesh have been focusing attention on the most vulnerable group in the society the women. Recognition has steadily mounted that a society cannot misuse half of its human resources by discrimination on grounds of sex. This escalating consciousness on the part of the government has led to the adoption of national bureaucratic policies to facilitate a development process engaging women in all fields, particularly in economic activities focusing on entrepreneurship development and empowerment that will broaden the dimension of sustainable development in Bangladesh, mostly in the rural under-developed areas. The achievement of sustainable development will be not so difficult if
common awareness of women’s professional development can be raised. It is a pivotal instrument for the entire development of the country. People should be more concerned about this matter and provide more cooperation on all levels to promote women’s potential prospects in the entrepreneurial sectors. In order to attain a place the entrepreneurship development field, poor women of the rural Bangladesh need to be more challenged to the existing complexities around them. Women’s participation in the work place, leadership role in political and social arenas and access to credit may be simply regarded as empowerment of women (Bhuiyan and Abdullah, 2007, p. 142).

In fact, women should be offered better prospects in various business and commercial sectors, in particular, industry, marketing, manufacturing, management, leadership, export-import oriented business, agricultural, contractual, trading, family business, partnership business, shareholding, homestead works, and handicrafts business, pottery, dairying, bakery, dyeing and printing, book binding, child care, nursery, support working, beauty-parlor and so on (Chowdhury, (2001, p.05-06). Recently, the government of Bangladesh has taken some necessary steps to provide a special training program for women entrepreneurs, “Bangladesh Jubo Unnoyon Prokolpo” which is controlled by the Bangladesh Karigori
Board. In addition, other training facilities are being offered by both the government and the NGOs to increase their efficiency and competency especially in the rural areas. Such movements are being initiated in spite of having religion, family, and social restrictions (Chowdhury, 2001, p.03). Depending on the issue, rural women entrepreneurs can become more sustained and successful in the area of industry, especially the small cottage and micro home-based ones (Chowdhury, 2001, p.03). These can be promising areas for enhancing more female participation and generating employment opportunities.

Additionally, incentives could stimulate enterprises to improve female entrepreneurial skills and income generating activities. Women’s growing involvement in the construction of civil works gives evidence of their potential contribution to market growth opportunities which should be more widely acknowledged (Chowdhury, 2001, p.09).

2.6. Conclusion

It is undoubtedly true that most women entrepreneurs suffer almost similar problems in the balancing of their household responsibilities with many additional responsibilities in their newly set up or expanding
business. Every family member should share all the household responsibilities so that the women entrepreneurs can get themselves much more involved in their business. In the mean time, they might become less stressed from their children and other family tasks as housewives. In this way, their household duties are waived and they can get extra time to concentrate on their business to achieve additional success whenever they want to start up any new entrepreneurial business. Distribution of daily household tasks also can help to teach every family member the lesson of self-dependency as well as utilization of time.

Previously, the spouses, children, elders and other family members of women entrepreneurs usually created some extremely difficult barriers with family restrictions, customs and other conservative practices (Chowdhury, 2001, p.10). Women were even not allowed to be educated as the family member thought that women might become disrespectful and disparate towards them. However, nowadays, women are improving their situation. The view points of most people of the rural society in Bangladesh have been changing gradually through some particular initiatives taken by government and NGOs (Chowdhury, 2001, p.05). To be a successful entrepreneur, if a woman is married, she primarily needs the best support from her husband and other family members as well.
Without co-operation, it is quite impossible to attain a good result from a newly set up enterprise business; rather the whole plan and procedure might be undertaken in vain. Therefore, support from their own families is a crucial part of running their business smoothly enterprises.

There are still so many young women either educated or uneducated searching for jobs (Solaiman, and Belal, 1999, p.129). These unemployed females can get involved in various self-reliant rural projects, but the success of the projects depends on the development of their skills. By creating a strong women’s work-force, a project can be run properly and the unemployed problem can be solved. In this way, a huge portion of the female labor-force can join in entrepreneurial activities either completely or particularly with their own employment status facilitating them with more structured communication and infrastructural opportunities. Additionally, it will be much easier for them to compete in the market with greater experience and efficiency. This approach is based on training women entrepreneurs: a) to understand the importance of the surrounding environment, b) to appreciate their countryside (sometimes indigenous) knowledge in existing work practices, c) to implement the new approach within their specific circumstances, and d) to adapt the present working situation to a new condition (Solaiman, and Belal, 1999, p.129-130). The
same study also suggests that, this approach should be concerned with the women living in rural areas and looking for sustainable work, gaining experience of technology in the required field, improving their communication skills and a constructive attitude of those particular progressive village women. In addition, such programs can draw on the participants’ experiences. Besides, existing popular knowledge is recognized and new knowledge is built up on the basis of existing knowledge. The women entrepreneurs become self-reliant, creative and self-motivated by this means (Solaiman, and Belal, 1999, p.130).

Some concrete steps need to be taken by the major intervening agencies, namely government organizations, non-government organizations (NGOs), women’s organizations, news reporting agencies as a media, radio, television, cellular phones, internet, other electronic media and relevant stakeholders (private initiatives, civil society etc.), aimed at stimulating the process of female empowerment and making progress in their self-employment and entrepreneurial activities. These interventions should be under the nature of legal existence as to provide greater opportunities for the sustainable development of women at all levels and to reduce discriminatory practices against women as well as all types of gender-based stereotypes (Parveen, 2004, p.08).
To help rural women succeed in business enterprises media can play a leading role in disseminating relevant information. Launching of vigorous ethical campaigns by organizing rallies and public meetings to ensure participation of all rural people could be an effective tool to create direct concern about women enterprises (Parveen, 2004, p.09). Again students from different parts of Bangladesh can join into encourage women’s entrepreneurship development activities through speeches, counseling, group discussion along with posters, placards, festoons etc. in the local community. Besides, electronic media like radio and television can sponsor some effective programs such as drama, folk songs, puppet shows, animated cartoons, tutorial based programs or even advertisements to make women more efficient and expertise in their entrepreneurial back ground (Parveen, 2004, p.09). In this way, they can have advice on advertising economic independence as well as protecting and raising their capital more confidently to invest into their entrepreneurial business.

It is a matter of fact that knowing how to start a business can extend the likelihood of becoming a real entrepreneur (Chowdhury, 2007, p.247). In particular, the poor rural women in Bangladesh should be provided these entrepreneurial lessons in a scheduled manner. Eventually,
entrepreneurial studies will be included in the education systems in Bangladesh which can act as a vanguard to supply skills and information on to fostering entrepreneurship procedures for rural women in Bangladesh. Entrepreneurship training should not be only for academic student of business or with relevant backgrounds, but also can be applied into other fields of studies, for example in the political, environmental, law, statistical, technical or even more in the engineering sector (Chowdhury, 2007, p.248). There are enough engineering and polytechnic institutions in Bangladesh, which could include entrepreneurial studies in both theoretical and practical practices that may contribute positively to the entrepreneurial and technical potential of students in particular fields. Consequently, the entrepreneurial activities of women can spread rapidly with the continuous supports of students of colleges and universities under the supervision of several organizations (like banks, NGOs and other institutions) in Bangladesh (Cowdhury, 2007, p.248).

Even more, it is clear that institutions can promote or retard economic development according to the protection they give to rural women entrepreneurs, the opportunities they provide for specialization, and the freedom of maneuver they permit. The existence of socio-cultural upright
transformability are essential to acquire faster economic growth for required sustainable development and the construction of a legal, social and political environment for the establishment of successful rural women’s entrepreneurship in Bangladesh. Therefore, in order to make rural Bangladesh more resourceful and abundant, an increased supply of female labor is a fundamental factor for economic development. In this regard, the prospects for women entrepreneurship and the sustainability of these prospects will depend on whether women entrepreneurs are significantly influenced by these factors: a good market potential gap between existing supply and potential demand, an adequate return on investment, and, finally, the availability of necessary funding for the products and access to the resources (REOPA-CST Project, UNDP, 2007A, p.09).

To strengthen government policy and strategies as well as the existing regulatory framework for women entrepreneurship, some specific initiatives can be generated by the government bodies. Firstly, the National Action Plan (Rahman, 2010, p.10) for the development of women entrepreneurship should consider the steps which should be undertaken to feed women entrepreneurs with resources. Secondly, ensuring implementation of the policies of the National Action Plan, and
thirdly, ensuring implementation of the Beijing UN (United Nations) convention on women’s development (ADB, 2001, p.04).

To recapitulate, it is clear that in the modern society of rural Bangladesh, women being engaged in different indoor (activities within the home) entrepreneurial activities and are not only continuing their enterprises in a limited range of business movements, but they are involved in other outside (activities beyond home) entrepreneurial activities along with managing most of their households’ works (Parveen, 2004, p.04). Given that, women should have certain arrangements to perform their entrepreneurial activities on both a farm and non-farm basis to contribute to rural recovery in a particular period of crisis. The success of the rural entrepreneurs can be reflected in their socio-economic status. The economic solvency and changes in the homestead and the enterprise can speak for their untiring efforts and for the urge for a better life. A consistent and expected sustainable outcome will be easier by that means. The next chapter will discuss the social sustainability for rural women entrepreneurs through food processing and handicraft development business sectors.
Chapter 3

IMPROVING SOCIAL DEVELOPMENT
THROUGH WOMEN’S ENTREPRENEURSHIP
IN FOOD PROCESSING AND HANDICRAFTS

3.1. Introduction
Micro and small enterprises can offer a massive benefit for rural women, such as flexible hours of business activities, location of ventures near women’s homes, ease of entry in business, and links with local community and markets. Targeting appropriate support to relevant women’s groups requires better understanding of their needs and aspirations (BAME, 2008, p.17).

Women-led businesses often concentrate in low paying, feminized markets (such as handicrafts, agricultural, fish and live stock products for local markets, food processing and sale of goods and services). Besides overcoming the challenges, rural women’s entrepreneurial activities can contribute to economic growth in less developed countries (LDC) like
Women’s entrepreneurship is, however, not broadly accepted in many societies and women face behavioral discrimination in starting, consolidating and developing a sustainable business. Social norms and attitudes have strong effects on the implementation of laws, policies, and programs in this regard (IFAD, ILO, 2010, p. 02). Rural female entrepreneurs have to face particular challenges entering new and productive markets and escalating their businesses. If they are involved in social enterprises, women can get better business support for entrepreneurship development. Certainly, social entrepreneurship becomes a pathway to building self-esteem, motivation and understanding about working for success (BAME, 2008, p.17).

This chapter discusses the interrelationships between women’s entrepreneurship development and social sustainability involving women’s social value, and focuses on social enterprise activities like, access to credit, training and development, education and income generating activities for rural women entrepreneurs. This portion of the study also looks at meeting MDGs through women’s entrepreneurship development via social enterprises run by organizations like BRAC (Bangladesh Rural Advancement Committee) and Grameen Bank. It
evaluates how the situation of poverty in the context of Bangladesh can be improved for rural women.

The main aims of this chapter are:

-identifying the scope of small and medium entrepreneurial business support services through social enterprises for rural women in Bangladesh,

-explaining support formation available to female entrepreneurs and assessing their effectiveness, and

-identifying the places for rural women in mainstreaming socio-economic development arena through observing rural women development in the food processing and handicrafts entrepreneurship sectors for achieving poverty alleviation as well as MDGs.

3.2. Women’s Entrepreneurship as a Tool of Social Development and Women’s Empowerment for Reaching MDGs

In order to operationalize the notion of SD (sustainable development), the United Nations (UN) defined a set of Millennium Development Goals (MDGs). These MDGs comprise eight quantifiable and monitorable goals
(with 18 targets and 48 specific indicators) for global development and poverty eradication by 2015. Goals include health, education, gender equality and environmental issues (Seelos, Ganly and Mair, 2006, p.236).

To instill new momentum in the efforts to achieve sustainable development (SD), the UN Millennium Declaration was adopted in September 2000 at the largest-ever gathering of heads of state. It committed countries – rich and poor – to doing all they could to eradicate poverty, promote human dignity and equality and achieve peace, democracy and environmental sustainability (UN General Assembly, 2000, cited in Seelos, Ganly and Mair, 2006, p.235-236).

The Millennium Development Goals (MDGs) were adopted in 2000 by 189 countries as aims for economic growth. The reduction of poverty is the first target of MDGs. Likewise, gender sensitive employment guarantee programs, and supporting women entrepreneurs and benchmarking for gender equality in the private sector are proven approaches to improving women’s access to employment. In addition, measures for social and legal protection for vulnerable women workers are essential, particularly in the context of the ongoing economic crisis. However, the report for MDG 3 (2009; p. 10) reveals that there is growing recognition that the targets and indicators that frame the goals on
gender equality and women’s empowerment are too limited, but progress on all the MDGs is dependent on progress on gender equality and women’s rights. Economic development is considered essential to reduce poverty and to meet the MDGs (World Bank 2004, cited in Mair and Seelos, 2005, p.04).

**Social Enterprise**

Social enterprise is a non-profit venture operating in a commercial market that creates opportunities for disadvantaged, marginalized persons in training, employment and/or income generating activities. The objective of the enterprise is to contribute to the individual’s economic independence through workforce participation. At the community level, the engagement of individuals will promote greater prosperity and reduce social exclusion (Grow, IPM, 2009, p.11).

It is really important for rural women to be involved with social enterprises in order to make an interaction with the society in order to having economic and social progress of their status. Mair’s (IESE, 2008, p.11) study reveals that in developing countries, social entrepreneurship can provide positive enforcement not only to encourage economic development, but also to provide a productive ground for social and
economic development and can ensure these social enterprises’ sustainability for productive purposes. The research adds that social entrepreneurs provide the stimulant in the form of social capabilities and therefore address inequalities in different dimensions (social, economic, and political) that can be a source of unbalanced progress and that make development vulnerable.

A social entrepreneur has a social vision and works for benefit maximization through collective action, assessing the needs and identifying the factors that can impede the process of needs fulfillment. Social entrepreneurship combines the best of social practices, forging new connections and support between people, with best business practices, including the encouraging of risk taking and creativity, all with the aim of improving the livelihood of poor people (Latham, 2001, cited in Hasan, 2005, p.08).

This social capital-promoting human touch or social purpose venture, community wealth venture, non-profit enterprise, or civic enterprise is the function of a social entrepreneur (Johnson, 2005, cited in Hasan, 2005, p.11). Social entrepreneurship refers to innovative activities aimed at increasing organizational effectiveness and fostering long-term sustainability (CCSE, cited in Cook, Dodds & Mitchell, 2003, p. 63). It
concerns the creation of viable socio-economic structures, relations, institutions, organizations, and practices that yield and sustain social benefits (Fowler 2000, cited in Hasan, 2005, p.08). Thus, social entrepreneurs change the performance capacity of society (Drucker, cited in Hasan, 2005, p.03).

Moreover, financial sustainability through earned income represents an important pillar of social entrepreneurship for rural women, but it is not a sufficient condition to achieve sustainable business development. In fact, in some situations the target of women’s ability to pay becomes an important hurdle towards financial sustainability. Hence, the main purpose is social change to develop poor women entrepreneurs’ quality of life by altering institutional or economic arrangements that determine the social, economic and political day-to-day realities at the local level (Mair, 2008, p. 06).

Another study by Mair, (2005, p. 244) suggests that to achieve an effective involvement in social development, social entrepreneurship must accomplish a critical accumulation of initiatives around the globe. The evidence also ensures that the dimension and range of SE (social enterprise) depends on the number of individuals who choose to become (women) entrepreneurs with a primary social mission and it also depends
upon clearly identified and limited individual characteristics. This research reflects,

Social entrepreneurship, seen as a field of experimentation and innovation, has the potential to contribute new insights to the discipline of entrepreneurship, and also to the wider social sector. The interface between SE, CSR (corporate social responsibility) efforts, and public institutions offer great potential for discovering new forms of collaborative value creation in support of sustainable development (Mair, 2005, p. 245).

Since women and their dependent children make up the majority of those living in poverty, social entrepreneurship initiatives that increase income-generating opportunities for women can be important factors in reducing hunger and poverty levels (MDG 1), and can also enhance women’s social and political status, and promote the empowerment of women (MDG 3). When women have access to adequate income and socio-economic value and sufficient economic ability to pay school fees, their children are more likely to attend school, especially the girls since they will not have to be kept home to help their overburdened mothers (MDG 2). Availability of better markets for expanding their enterprise business can provide sufficient earning sources and can amply bring them an
accountability afford food and scope for processing and cooking it in a more organized way, all of which promotes better health for women and their families as well (MDGs 4, 5 and 6). Among the social enterprises directly impacting MDGs, the majority are working to reduce poverty, empower women and conserve natural resources (Bangladesh Gender Profile, 2006, p.08). In particular, two social enterprises namely Kashf Foundation and BRAC target their services towards women and provide additional educational and support programs to help them make the most effective use of their resources. For example, Phulki, in Bangladesh, operates 55 work-based daycare facilities for women employed in factories, government offices and businesses; it aims to show factory owners that by investing in childcare they will benefit from a happier, more productive workforce (Seelos, Ganly and Mair, 2006, p.243).

Women were the most vulnerable group and had the least rights. Thus, changing the roles and perception of women in Bangladesh’s society were a key to reducing inequality and promoting learning and development. Education about rights and the provision of legal services was important to enable women to participate in economic life (Seelos and Mair, October, 2005, p.08).
Women entrepreneurs are gradually becoming important economic agents. However, there is a long way to go. The percentage of women entrepreneurs in Bangladesh is not as high as in some other developing countries like India, Pakistan, and China (Tambunan, 2009, p. 35). In order to reach a comparable stage to these neighboring countries, MDGs need to be initially achieved from both in terms of macro and micro economic level of the country. Therefore, a women entrepreneur-friendly business environment and the capability to sustain and expand their enterprises are the pivotal requirements for rural women in Bangladesh.

Female entrepreneurs have demonstrated the ability to build and maintain long-term relationships and networks, to communicate (into their enterprises) effectively, to organize efficiently, to be fiscally conservative, to be aware of the needs of their environment, and to promote sensitivity to cultural differences (Jalbert, March, 2000, p.24).

Knowledge and expertise about marketing goods and services are also vital to business success in social enterprises just as it is in mainstream enterprises. Understanding the power of publicity including the use of local and national media through PR (public relations) strategies would
help support many rural women in their endeavors. Some of the highest-achieving business leaders in the field of social enterprise have made successful use of public relations efforts.

In order to make an impact on any of the MDGs, social entrepreneurs suppose to be operating in the poorest countries and therefore in the most difficult situations for fostering women’s entrepreneurship development. The UNDP’s Millennium Project report of 2005 states that achieving the MDGs by 2015 is an ambitious task but can be done if there are intensive efforts to actively engage and empower civil society, promote entrepreneurship and the private sector and mobilize domestic resources in low-income countries (UN Millennium Project, 2005).

### 3.3. Women’s Entrepreneurship Development (WED)  
**Towards Social Sustainability**

The successful social enterprise must demonstrate innovation, reach and scope, replicability, sustainability, and direct positive social impact; it must also be a role model and add mutual value.

Rural women’s social needs, socio-economic protection, reflection of
socio-cultural values, security and self-realization are vital factors to integrate in any sustainable business.

Subsequently, social enterprises working for women briefs are required to recognize the women’s social needs as a global issue to attain sustainable development.

Social enterprises as entrepreneurship that create new models for the provision of products and services that cater directly to the social needs underlying sustainable development goals such as the MDGs (Seelos and Mair’s Study, 2005, p. 244).

Social entrepreneurial activities can achieve MDGs targets including poverty reduction, lower mortality rates for children and poor women, empowering women, eliminating gender inequality and providing education for child and women education.

The only targets upon which social entrepreneurs are not having any impact are macro-level targets, where results differ widely among countries. Each nation will have to work out its own concrete policy implications. Yet, irrespective of these differences, sustainable development should be seen as a global objective (UN General Assembly,
cited in Seelos and Mair, 2005, pp.03).

A study by Mair, Seelos and Ganly (June, 2005, p. 09) reports that a worldwide social enterprise, namely Schwab has a record of successfully initiating its enterprises and later achieving the social value impacts on a global scale.

3.4. The Pre-requisites for Women’s Entrepreneurship Development for Socio-economic Advancement and Poverty Eradication

Economic and social advancement are some of the key concerns for developing entrepreneurial activities for women in rural Bangladesh. According to Venkaraman, (cited in Mair & Marti, 2006, p.03), for business entrepreneurs, social value creation is often a by-product of the economic value created. It is very important to ensure rural women’s socio-economic protection in terms of entering markets.

A new contract [regarding socio-economic development for advanced women’s entrepreneurship] is required because increased social and economic expectations, the erosion of traditional values, demographic change and scarce state resources have all served to weaken collectivism (Latham, 1997, cited in Hammer, 2007, p.04).
In many developing countries, we now see a new breed of actors entering the game at this stage: a hybrid type of entrepreneurial actor for whom the ultimate objective is the sustainable development of their countries based on both social and economic progress (Chrisman, Seelos & Mair, cited in Mair & Marti, 2006, pp.03).

It [socio-economic advancement ensuring proper rural women's business structure] is a policy field where ambitions exists to be equally involved at both ends of the process: citizens and enterprises in industrial countries want to be active participants in cooperation with developing countries; and aid organizations consider local participation in aid supported activities in developing countries to be a pre-requisite for success and an aid goal itself (Ahmed, cited in Ahmed, 2007, p.15).

With regards to poverty reduction as an overall development goal, and often as a part of it, most donors have set goals with focus on women and gender equality. Primarily, the emphasis was on women as a vulnerable group as a submissive class of clients that had to be assisted and offered aid through special development support. This later changed to an insight of women as dynamic human beings who, as producers and in other

The MDGs can really only be achieved to ensure socio-economic protection by governments entering into unilateral agreements and contributing aid. They are assisting the Less Developed Countries (LDCs) to achieve economic growth. To increase women’s involvement in enterprise business, investment in social enterprises is a critical way to promote socio-economic development. It has been noticed that the countries that have seen the greatest progress in poverty reduction have been those with the strongest economic growth rates. The differential performance of various developing countries in respect of economic growth can be, as a first estimation, reasonably explained by the differences in their investment rate in entrepreneurship business ventures.

A major challenge of economic growth and poverty reduction in Bangladesh is raising the investment rate which would lead to higher growth rates in a better socio-economic developing environment. The enhanced growth rate is essential to achieve the poverty reduction targets set by the Millennium Development Goals (MDGs), (IMF-05/410, 2005, p.62).
3.4.1. Market Participation and Market Mechanism:

For fostering social development, rural women’s entrepreneurial capacity development is a vital issue. Many social enterprises are the key drivers to facilitate them to build their enterprise establishment capabilities. To recognize market and performing as active entrepreneurs, women need to better access to market and to identify the viability of these markets. Market participation and market mechanism are essential to running the enterprises as well as to creating the social and economic environment to get sustainable business development.

Market enterprise interventions linking women entrepreneurs to markets try to overcome information and access barriers. These market enterprise programs aim to improve access for the products of individuals and collectives to local markets. Many women are, however, only able to access markets through male relatives, and female-headed enterprises may face constraints and discrimination.

According to Venkataraman (1997, cited in Mair & Marti, 2006, p. 38),

Entrepreneurship is particularly productive from a social welfare perspective when, in the process of pursuing selfish ends, entrepreneurs also enhance social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs, and net increases in real productivity.
In Bangladesh further reform is needed to bring about more effective entrepreneurship development for rural women to achieve MDGs. Large companies have the opportunity to secure lower input costs, strengthen reputation and contribute to economic development by creating linkages with social and conventional women entrepreneurs in Bangladesh. But many of these opportunities are being missed. Women entrepreneurs may have strong products and services to offer, but because they lack business, presentational and language skills and social networks, they may be unable to persuasively market to potential business customers. Access to market participation by rural women entrepreneurs is necessary to generate income, and also needs to be organized as for getting profit oriented statures. In other words, it is a creative solution and requires direct action, but is means of educating and influencing others, with the ultimate goal of establishing and securing a new and far more satisfactory market-production equilibrium.
3.4.2. Creating Financial Viability in Order to Fight Against Poverty:

Differences of earned income between men and women are to be reduced and eliminated, as well as the disadvantages of women in terms of their purchasing power, access to property and other actions for economic development, etc. Other strategies aim at reducing the illiteracy of women. This will allow women better to integrate themselves in the more and more complex economic and social life of the country (Koné, UN, 1999, p. 95).

Women entrepreneurship development programs allow women to enhance their sustainability, and thus to reduce individual insecurity and global poverty. Women are still the main victims of poverty in the country. Women entrepreneurs therefore need to acquire good contracts and secure a supply of information in order to function effectively.

It is imperative to achieve a balance of rural women entrepreneurs between increasing their asset bases and diversifying their income sources, but some may need protection rather than promotion in the early stages.

This chapter outlines some case studies of successful women’s entrepreneurship development. In case study 1, it is shown how an agency outlines technological innovation to help rural women to develop their entrepreneurial potential to sustain their enterprises. The next three
case studies (in Appendix, case study 2, 3 and 4) describe three successful stories in the food processing sector that reflect significant women’s entrepreneurship development in rural Bangladesh. Again, the following three case studies (in Appendix, case study 5, 6 and 7) represent considerable advancement in women entrepreneurship development in the handicrafts sector. In addition, the next chapter describes positive and negative effects in three cases in the micro-credit program in Bangladesh, and BRAC’s initiatives (case study 8, 9 and 10) in that program in Bangladesh.

The case study 1 shows how rural women entrepreneurs can learn to use new technology to promote sustainable economic development. A number of innovative financing mechanisms are emerging, often based on credits, to fund such opportunities. However, whilst the opportunities are clear, few women entrepreneurs are found with the technological or financial expertise to take advantages of them.

3.4.3. Making Social Value for Rural Women Entrepreneurs:

When involved in different social enterprises, women entrepreneurs gradually achieve self-confidence, community-wide awareness of social issues, credit worthiness, mobility, and communication with outside
world, community acceptance, personal savings and a sense of economic security.

Development professionals suggest that a weak social network is determining to escaping poverty (World Bank, 2002). The constraints to reducing poverty lie in a complex structure of social relationships, traditions and superstitious beliefs. Those elements of the society repeatedly reproduce and sustain poverty, which leads to women’s vulnerability and gender discrimination.

In areas where universal benefits cannot be demonstrated, governments need to contain their activities to safety net services designed to enhance the equality and inclusiveness of our society. This means targeting (through income support and locational programs) public resources to those instances where private resources are not sufficient to provide a decent threshold of social capability (Latham, 1997, cited in Hammer, 2007, p. 07).

Social value and protection of rural women depend on a set of publicly mandated actions – state or private – that address risk, vulnerability and chronic poverty. Social protection aims to prevent undesirable events, diminish their impact, or boost the capacity of poor women to deal with
them. The vulnerability of female entrepreneurs can also be addressed in a transformative way through, for example, the promotion of collective action for women’s’ rights.

There should be systematic and intensive efforts by government agencies, business enterprises and civil society groups to overcome rural women’s identified concerns and establish a comprehensive and transparent governance mechanism as a tool to achieve improved performance in all spheres of socio-economic activities.

Promotion of self-employment, launching of a special program aiming at increasing opportunities for women in economic/social activities and the valorization of human resources are priority measures taken by the Government [in Bangladesh] as a means of eliminating poverty. In all of these strategies for stimulating economic growth, a high priority is given to women. They form the least-favored social group and every action to enable them to leave their situation of insecurity is highly welcome (Koné, 1999, p. 95).

Moreover, differences in earned income between men and women must be reduced and eliminated, as well as the disadvantages of women in terms of their purchasing power, access to property and other actions for economic development, etc. Other strategies aim at reducing the illiteracy
of women. This will allow women to better integrate themselves in the more and more complex economic and social life of the country.

A number of social protection and development interventions by the government and NGOs provide safety nets for the poorest rural women. These provide either long-term assistance to those unable to work (such as pensions for the elderly), or a ‘step’ for poor women to overcome the initial barriers to productive activities (e.g. WEDP-Women entrepreneurship development program).

The social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large. Unlike the entrepreneurial value proposition that assumes a market that can pay for the innovation, and may even provide substantial return for investors, the social entrepreneur’s value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own (Martin & Osberg, 2007, pp. 34-35).

Female entrepreneurs need to be more integrated into society to devote themselves to their entrepreneurial ventures and engage themselves in productive economic activities to secure their stable socio-economic status and to reserve their social needs and protection.
This highlights the significance of above described pre-requisites for women entrepreneurs in Bangladesh in terms of socio-economic advancement and poverty reduction.

3.5. The Prospects of Home-based or Indoor Food Processing and Handicrafts Fabrication as Rural Entrepreneurial Initiatives

Women’s involvement in food processing and handicrafts fabrication has been two very familiar types of entrepreneurial activities in past decades. In these businesses, women can access income easily while protecting their children and maintaining their household works as well. The socio-economic causes of extreme poverty among women are often perceived as a vicious circle with three components: unemployment (marginalization in the labor market), poverty, and social isolation (UNDP, 2006). As an example of social isolation, some of them have to conserve (purdah- a muslim religious culture of conserving women) themselves from patriarchal community to maintain the social norms. There is much prospect on those activities, if those can be run more strategically. Rural women’s potentiality can be utilized in a more
specific and well-organized way. This can give poor women the ability to make profit from their enterprise development in the long run. Although other entrepreneurial sectors like mobile phone business, shop keeping, kitchen gardening, pottery, weaving, tailoring and so on can positively benefit the rural women, these two sectors are still important in their lives because of women’s traditional expertise in those areas and also easier access to capital and raw materials in their neighborhoods.

In order to achieve rapid social development to meet the MDGs, the rural women entrepreneurs of Bangladesh need to be more advanced in their entrepreneurial sectors and the food processing and handicrafts sectors of entrepreneurship are comparatively the more flexible ways to attain earlier social development than other sectors.

### 3.5.1. The Food Processing Sector

#### 1. Features and future impacts

Food processing is best carried out where the raw materials are found. Therefore, this close integration allows food processing to be a vehicle of industrialization of the rural life (Ohiokpehai, 2003, p.206).

As Bangladesh is an agro-based country, the main food traditions and
culture come from agricultural livestock. Agro-processing of food stuffs could be beneficial to small-scale female entrepreneurs, since it offers access to new markets, technical assistance, specialized inputs, and financial resources.

A household is food secured when there is access to food, all the time, and the whole year round and with a possibility of food in future. Therefore, analysis of macro and micro economic policies governing the food production and how these policies affect the lives of poor farmers must be looked into to alleviate food/nutrition insecurity, malnutrition and poverty (Ohiokpehai, 2003, p.204-205).

Agriculture is inter-related with nutrition through food processing. However the special role of women family food security and maintenance of nutritional levels through agricultural production and processing is still under-valued.

The under valuation of women was identified as both a cause and a effect of (overall) under development closely linked to such global (and regional) problems as poverty, overpopulation, illiteracy, food shortages, malnutrition and poor health conditions (Mwagiru, cited in Ohiokpehai, 2003, p.205).
Furthermore, additional training in food processing through business development and marketing should be encouraged among women farmers to help improve nutrition and raise incomes at household level. Food processing can serve several development objectives for households: increased income, greater savings, food security and better nutrition.

It is thus important to provide women farmers both male and female-headed households with efficient, effective and appropriate technology, training and information. However, it is a mistake to view rural women as a homogeneous social classification or to drive policies and services for women in agriculture that are not based on empirical research which captures their diversity. The extension service needs to be adapted to circumstances as there is no one one-package extension model, which can work for all women in all places (Gebremichael, 2009, p. 21-23).

Home consumption and commercial trade are the two major areas where processed food commodities are utilized. In case of commercial trades, processing is done on a either at large or small scale. In this country mostly small-scale food processing technologies and equipment are used because they are less expensive and labor-intensive. The loss in productivity because of manual operations is insignificant compared to
the under-utilized and high investment costs of larger automated equipment. The gain in employment and thrifty use of resources make these small-scale technologies more sustainable and therefore more valuable to the national economy. If comparatively higher values are added by processing, the processed products become more suited for small-scale production.

The food grains (cereals and pulses) are the major staple food in the country and are eaten regularly as part of the daily diet. Wheat has recently grown in popularity and demand for wheat based products such as bread and pasta has increased all over the country. Besides, potato chips, puffed rice (muri), khoi, chira, chatu, chanachur from pulse, oilseeds and oil-bearing materials like: rape, mustard, sunflower, groundnut, sesames, linseed, coconut etc. have also the market viability across the country (Mazed, 2002, p.40).

Techniques for processing food grains include milling, puffing and flaking. Rice, wheat, maize and millets are milled to produce flours, which are used to prepare many types of foods. Dough (yogurt) and ghee (butter) are made from milk and sweets are made from a combination of flour, sugar milk fats, milk solids, and other ingredients like cinnamon, cardamom, nuts, sesame etc. Noodles, pasta products and other snack
foods are extruded foods which undergo a series of processes such as frying, boiling and drying. Baked products like bread, biscuits, cakes and pastries are widely available and are consumed by people from almost all income groups. A range of wood, charcoal, gas or electric ovens is available for baking (Mazed, 2002, p.40).

The small number of vegetable processing industries may be explained by small farm sizes and the limited organization of farmers, coupled with high production during only a certain period of the year. This results in under-utilization of capacities, hardly justifying the high capital costs of these industries. Also, there continues to be a limited domestic market for processed vegetables.

The contribution of vegetable processing industry to the total economy is not significant. However, the number of fruit and vegetable industries have grown from 12 in 1986 to 62 registered with Bangladesh Agro-Processors Association (BAPA) in 2000 (SDNP 2003). In addition, it provides employment opportunities, especially to women. SDNP (2003) reports that around 75% of the permanent and casual workers in the processing units are women. In one of the processing units the team visited, women comprised 98% of all labor (Weinberger and Christian A, 2005, p.40).
Presently the processed products of fruits and vegetables include jam, jelly, fruit, cheese, fruit leather, chutney preserves and candies, fruit drink and pickles. The fruits are mainly mango, jackfruit, pineapple, papaya, palmyra palm, golden apple, muskmelon, watermelon and guava. Pineapple juice is prepared with help of a low cost solar dryer.

The technology has been transferred to home and industry level. Proper dehydration of cabbage retaining more Vitamin C has been developed. The dehydration technology of cauliflower has been standardized both in mechanical and solar dryer method. The procedure for preparation of formulated products from cabbage has been standardized. The technology is very efficient, inexpensive and simple, and hence there is ample scope for wide adoption by the growers and the housewives (Mazed, 2002, p.41-42).

Processed products of vegetables include tomato sauce, paste and ketchup, chili sauce, chili powder, pickles, and packing of green peas (motor shuti) in preservatives. Fruit and vegetable processing involves pre-cooling, washing, storing, dehydrating, pickling, peeling, slicing, crushing, extracting, steaming, blanching, sterilizing, filling, scaling and sealing containers, and labeling.

In some cases the products are prepared using only flavors and emulsions.
instead of original fruits. From the under-utilized groups, olives are processed into oil, pickles and chutneys, and amla, hartaki and tamarind are processed into chutneys. Similarly, green chilies, green mangoes, plums, garlic, ginger, lemon, radish, beet, carrot, mixed vegetables, cucumber etc are preserved in either salty or sweetened process and mastered, rai and sesame oil or even lemon juice or vinegar is used as a preserver.

Nonetheless, the varieties of fruits and vegetables and their mechanism of processing are still not so sufficient for profitability and this needs to be improved to maintain its healthiness and proper hygiene in Bangladesh, especially, using more advanced technologies in rural sides.

A small number of fruits and vegetables processing industries uses a very few numbers of indigenous fruit commodities for processing into jam, jelly, fruit drinks and pickles. Vegetables, except potatoes, are not all processed in the existing industries, although there is a good prospect for processing these commodities. A small number of seasonal fruits are not sufficient for efficient running of the industry. As a result, considerable amount of time of the year is spent idly in these factories (Mazed, 2002, p.41).

In Shariatpur, more women PEP (Productive Employment Project)
beneficiaries are engaged in food processing than in other non-traditional business, as shown in Table 1 in Appendix.

Table 1 shows that food processing is profitable and a good job generator. A PEP survey showed food processing (no.1) as third in profitability, next to fisheries and jute products (no. 2). It provided better jobs than fisheries and farming partly because, unlike those activities, food processing and selling did not stop during the rainy season and thus provided more workdays.

Therefore, agro-processing in the broader sense is important to the national economy, having shown a purported 32 per cent annual growth in past years (Bangladesh Economic Review, 1995). While large companies have now entered the snack food market, small producers serve local markets and boost local economies.

2. **Scope for improving food-processing sector and sustainability**

Women can shine as potential entrepreneurs doing food processing development in the fishing and shrimp cultivation sectors. Women have found that for drying and processing fish and prawns, spices, herbs or vegetables processing and preserving techniques are comparatively easy
to learn and handle. These activities have become a household-based enterprise. Processing fish and vegetables in the homestead is a traditional practice, but with improvements it has become an income generating activity having a certain market demand. Moreover, the introduction of modern technology in rural areas can generate an increased demand for processed food products in the global market instantly, thus bringing more income and socio-economic value to the women who produce and market them.

Increased production of vegetable and fish from household resources has increased their income as well as allows them to consume a certain portion of the production which ensures a regular supply of vegetable and fish to the households, contributing to improvement in their diets (Ahmed & Solaiman, 2005, p. 123-124).

Women’s involvement in shrimp cultivation is not a recent phenomenon in Bangladesh. Poor women living in coastal regions of Bangladesh have been traditionally engaged in both fisheries and agriculture for a long time.
Women in the shrimp production mainly get work as wage laborers, building the embankments around prawn ponds, maintaining service roads and weeding in the shrimp fields. Women from various polders reported that they have been working in the shrimp sector for the last 20 years. Women and children do various types of work related to shrimp production. Most women and children of the study area maintain their livelihoods by collecting shrimp fry, preparing gher as day laborers, clearing the shaowla (fungus) and working in the processing plant. It is mostly the poor women who are working in the shrimp sector (Halim, 2004, p.03).

Most fish preservation methods, such as smoking, drying, and even fermentation are performed by women near or inside the house and are often considered as domestic activities, enabling them to combine these activities with other domestic tasks. In addition, post-harvest activities only begin out of season (Mai, C., 2006. p.03). Fish is, preserved either in cold storage facilities, which are inadequate in most rural communities where the fish ponds are located. Fishes are preserved also as dry products, like smoked fish, which is destined for remote or distant markets. The global market mostly demands a wide range of fish products. Women-headed households are among the poor and more vulnerable groups. The prevailing social and cultural constraints on the interaction of men and women, the lack of a clear strategy for assisting female farmers
in general, and female-headed households in particular, limits the extension system’s ability to reach female-headed households (Saharma, 2004, p.27). Female-headed households also lack alternative productive resources that would enable them to improve their productivity and income, which in turn would contribute to ensuring household food security.

Hence, food processing could help the rural poor in Bangladesh, especially women, who are among the most disadvantaged. Food processing often requires only a little capital and can use local produce. It is an activity in which women, who may be culturally restricted to their homes, can engage.

Building on their own know-how, women could increase their household income by using local resources to process foodstuff. Preserving food stretches the utility and productivity of farm produce, which is often wasted during peak seasons but scarce during lean seasons (Mai, 2006, p.03). Food processing helps to make food available during lean seasons and helps to stabilize household income.

In this way, food processing can serve several development objectives for households: increased income, greater savings, food security and better nutrition.
In Appendix, case study 1 shows how a social enterprise successfully assists the rural women entrepreneurs, and case study 2 and 3 illustrate how rural women can benefit from home-based food processing.

In Appendix, case study I, we can see that a social enterprise- DriVen Partnership can provide considerable financial and technical support to build entrepreneurs sustainable developed in their business initiatives successfully.

Additionally, case study 2 in Appendix, it has been described earlier (in p.101) how the Product Employment Project (PEP) aims to assist rural women entrepreneurs targeting their sustainable livelihoods.

Continually, the case study 2 in Appendix explains a successful story how a women entrepreneur named Rahela Begum struggled to achieve her business success after her husband’s death having five children. Once she was involved in a project namely FSVGD (Europe Aid) to get cooperation in her village. After getting sufficient training and other support, she started doing food processing business and succeeded her goals for sustainable profit.
3.5.2. The Handicrafts Development Sector:

Today, in many developing nations including Bangladesh, handicraft production is a major form of employment and in some countries constitutes a significant part of the export economy. Observers of the handicrafts sector predict that the escalating number of small businesses turning to handicraft production is unlikely to decline significantly in the future. More specifically, artisans have been identified as the second largest sector of rural employment after agriculture in many regions of the world (USAID, 2006, P.01).

Handicraft is a practice that can be engaged in at home, and handicraft production most often appears as a small-scale enterprise within the households of the rural poor. Women’s role in such enterprises is increasingly important, with the traditional division of labor in rural women’s workplaces in the home. In rural areas, women experience a strict division of labor. They are responsible for food production, child care, and family reproduction. Men, on the contrary, maintain the agricultural field, and take care of the livestock (Youkhana, 2010, p.02).

Bangladeshi handicrafts have a market in Western countries as well. Due to the growing demand for handicrafts, a large number of women have been engaged in their production. Thus the traditional unpaid women of
the rural and urban areas have turned into paid laborers, i.e. the traditional production relationship has been changed.
In rural areas, women need financial support to invest in agricultural production and non-agricultural income generating activities such as small trades, food processing, handicraft activities, etc. In this way, women entrepreneurs can make a considerable contribution to national economies through their increased involvement and escalation in small and medium entrepreneurial businesses.

Artisan production has thrived because handcrafted products offer distinct advantages: minimal start-up capital, flexible work hours, the ability to work at home, and freedom to manage one’s own business. Unlike many other forms of labor, artisan production can also enable a degree of labor autonomy for those who have limited access to the cash economy. As a means of livelihood, handicrafts provide an ideal avenue for creative, independent entrepreneurs (USAID, 2006, P.01).

In Bangladesh, the handicrafts market is highly competitive. The sectors that are traditionally accessible for women are facing enormous obstacles. As a result, they are characterized by low productivity and low profit margins. Their competitiveness is constrained by limited access to information and resources to support the development and marketing of
their products.

However, handicraft enterprises can foster development in both rural and urban areas. In places where they have been exported-oriented, they have been major sources of income and an effective area for the growth of modernization.

Handicrafts are an important productive sector and export commodity for many developing countries. The growth of international markets for home accessory products and an increased interest in global goods have opened up new market opportunities for artisans (USAID, 2006, P.01).

In the 1980s, many NGOs were engaged in the export market to a limited extent and mostly for cottage industry handicrafts. Organizations like Mennonite Central Committee, Caritas, Oxfam and BRAC created a decentralized and trained workforce to produce handicrafts for the most part for northern markets. However, in the 1990s some NGOs moved into other export markets (Buckland, 2002, p.12).
The potential of the handicraft sector for contributing to the expansion of exports and therefore, to economic growth is immense, although it is yet to be fully exploited. What is required is more deliberate attention to, and awareness of, the export marketing issues involved and coordinated implementation of active support measures (Bharadwaj, cited in USAID, 2001, p.04).

NGOs are involved with women's groups or assist women to create and market handicrafts as a means of income generation for themselves and their families. NGOs also provide vocational training in handicrafts or products, including embroidery, stitching, tailoring, knitting, *mehendi* (henna tattoos used especially for weddings and celebrations) design, paper bag making, soft toy making, batik tie-dye, and catering. The NGOs also assist women in developing marketable products for local and international markets. Some NGOs provide education on issues of health, hygiene, reproduction, and nutrition. In a context where health, hygiene, and reproductive products often require out-of-pocket expenses, they are not always accessible to low-income women. Simple environmental topics and health concerns are discussed, such as issues related to the use of latrines, water quality, nutrition, and vaccines. NGOs claim that the success of micro-loans supports handicraft or cottage industries in most of the women-oriented cases (Thomas and Sinha, 2009, p. 35-37).

Historically, due to the great demand for handicrafts, the quality of the
product deteriorated and the people lost their interest in these articles, which were no more the traditional handicrafts known as “artecrafts”. In the eighties a large curtailment of the market took place due to decreasing growth of the economy. Handicrafts started losing international market due to lack of promotion and marketing strategies and stagnation of typical unchanging designs (USAID, 2001, P.04).

Traditionally the rural people used to use pottery and cane or bamboo made household products (handicrafts) but due to substitute production of household products in imported modern plastic industries the hand-made household products lost their markets and numerous artisans become unemployed or had compelled to change their professions (Barkat & Maksud, 2001, p. 22).

Nevertheless, at present in Bangladesh, a large number of men and women artisans are engaged in handicrafts production with new techniques and skills and the potential for more improved quality handicrafts products accessing global markets. Thus the traditional unpaid women of the rural and urban areas have turned into paid labors and the traditional production patterns have been changed.

Bangladeshi handicrafts have a market in western counties due to the growing demand. The major countries importing handicraft products from Bangladesh are, France, UK, Germany, Netherlands, USA, Belgium,
Italy, Japan, Greece, Saudi Arabia, Portugal, Sweden, and Australia. These 13 countries together account for more than four fifths of the total handicraft exports from the country. During the fiscal year 1991-92, the most important importer of handicraft from Bangladesh was France. About a fifth of the total handicraft exports went to this country alone. The next important importing country was the UK and Germany (USAID, 2001, p.06).

For instance, BRAC advertise for ‘Aarong’ with the slogan that Aarong is ‘the world of Rural Artisans’. It is really a house of rural artisans, because the rural artisans can really own an equitable production share. Rural artisans’ products at a high price at home and abroad and most of the cases; these artisans are getting their reasonable share of production income. Although a considerable number of rural women have been able to earn cash by involving themselves in the export oriented handicrafts industry, this process has consequently strengthened the ‘Metropolis Satellite Relationship (the inter-connection between domestic and international markets), (Barkat & Maksud, 2001, p. 22-23). Besides, the handicrafts like fiber, fabrics, leather, fur, and wooden articles are equally popular among the locals and foreigners. In some centers, rural women entrepreneurs sell their outputs through shops,
exhibitions, and seasonal bazaars (markets), while some well-established women’s enterprises sell almost all of their products to foreigners via popular boutique shops in urban areas. The returns, however, are generally low because of the poor marketing channels and absence of adequate product promotion services. The lack of organization and coordination among the small crafts producers for product promotion, training, and other development opportunities gives an advantage to the traders or intermediaries who offer low prices. Hence, this is a major factor contributing to the low returns. Due to limited returns from these activities, families living in remote rural areas are often trapped in a vicious cycle of poverty. In order to help these producers to access the local and international markets and obtain proper returns they (i) need to be organized, and (ii) require more aggressive marketing. Also, an increase in the level of production would require a matching expansion in marketing services. Considering that the raw material obtained from their home-based assets is one of the sources of capital, there is not enough to run their business in the long run.

Most of the poor women, who were previously most disadvantaged socially and economically, are now involved in income generating activities as well as small and medium size enterprise development
(Ahmed, 2007). Their working days in other than household works are shown in the Table2 (Appendix) and case study 5, 6, 7 reports on some developments in the handicrafts sectors.

Table2 in the Appendix shows that, over 90% of rural women in Bangladesh are engaged in household activities rather than other income generating activities (IGA). Likewise, case study 5 signifies that with the help of a social enterprise namely JFF (Justice Fazlul Haque Foundation), rural women entrepreneurs became more financially and socially privileged doing entrepreneurship in handicrafts.

In the same way, case study 6 in the Appendix discusses another social enterprise namely HBPS (Hathay Bunano Proshikhan Samity) in Bangladesh for rural women’s entrepreneurship development in handicrafts shows that HBPS generates an operating profit of approximately 42% on average. As a model of for-profit social business, HBPS reinvests this profit into the business which is basically used for training, business expansion, marketing, research and development, and poor women entrepreneurs’ welfare facilities (like a day care centre).

Additionally, case study 7 in the Appendix reveals that four social enterprises are working jointly for rural women entrepreneurs’ welfare, but each of their activities differ aiming poor women’s socio-economic
and sustainable business development.

The wide involvement of women in decision-making and in affairs related to the national or local advancement agenda is a core concept in social sciences and in the last few decades it has inspired many intellectuals involved in socio-economic and especially cultural issues, and is considered an elemental democratic right.

Women’s participation in sustainable economic, social, and cultural development through handicrafts entrepreneurship development in rural areas is a significant issue. Such entrepreneurial movements can work for any community, village, or social group that has not yet been acutely considered. Society needs to participate and perform these initiatives inevitably to protect women’s malfunction and their deferred community’s progress as well as to ensure their wellbeing and protection process in development of such entrepreneurial work as handicraft fabrication.

Participation of women becomes sustainable if there is provision for institutional credit, gender sensitive program designing, planning and implementation mechanisms, training in management and marketing skill development, and law reform ensuring ownership of resources (Ahmed and Solaiman, BFRF, p.138).
3.6. Conclusion

On the basis of case studies and tables regarding food processing and handicrafts activities it is clear that challenging traditional attitudes to women as entrepreneurs has proven to be more successful with appropriate support. Rural women’s potential as producers, employers, business owners and entrepreneurs has been demonstrated in women’s market corners in ADB’s third Rural Infrastructure Development Project (1997) and other rural development projects and more recently in the Agro-based Rural Development Project (2005) (ADB, 2010, p.05). In other words, it is well-recognized that women’s entrepreneurship can raise women’s incomes and thus contribute to poverty reduction.

The capacity of women entrepreneurs to be financially self-sustaining and take independent actions for their enterprise is an indicator of sustainability. Creation of links between the groups and formation of Samities or co-operative firms (involving in group entrepreneurship) as an organizational base for women entrepreneurs poses a challenge and is an element of sustainability that is not yet operational.

Through food-processing and handicrafts entrepreneurship development participation, rural women entrepreneurs are offered the opportunity to participate in planning and decision making for their society and for their
own future. When women feel that they can be involved in planning, policy making and deciding or solving problems in the society they will feel more solidarity and gather more encouragement in social, economic, and cultural development programs.

As pointed out by ADB (2010, p. 02), access to skill, financial resources, technology, market information, business services, particularly backward and forward linkage opportunities, and infrastructural developments are the mandatory requirements for rural women entrepreneurs’ sustainable business progress to reduce poverty and socio-economic insecurity.

To sum up, this chapter outlines the socio-economic development of rural women as entrepreneurs necessary to ensure meeting the MDGs to eradicate poverty in the rural context of Bangladesh. It also sketches rural women’s sustainable business potential for advanced empowerment. This part of the research also describes prospects for rural women to achieve further development in the food processing and handicrafts sectors as business entrepreneurs. Lastly, it shows some successful cases for rural women’s socio-economic advancement in both these entrepreneurial sectors encouraging rural women to be more skillful and self-motivated in their enterprise business.

The following chapter will discuss the relationship between rural
women’s entrepreneurship development and micro-credit policy.
Chapter 4

WOMEN ENTREPRENEURSHIP

DEVELOPMENT AND MICRO-CREDIT POLICY

4.1. Introduction

For decades now, micro-credit has been a central part of development initiatives in Bangladesh and elsewhere. It is praised for its role in poverty alleviation, capacity building and empowerment of women, although these programs have generated some criticisms (Nawaz, 2010, p.670). These loans granted to poor rural women, guaranteed by peer-based collateral, have given access to credit to many people who would otherwise lack the means to provide adequate guarantee to a legitimate lender, and therefore rely on users. At the same time, the non-government organizations (NGOs) that provide these loans have come to rely on the income generated by the interests on these loans (Stiles, cited in Peloquin, 2008, p.07).

Microfinance, as an effective poverty alleviating instrument, is the core of the largest NGO programs in Bangladesh. In recent years there have
been significant advances in poverty reduction policies and programs, but poverty reduction is not a simple formula; rather it is connected with larger socio-cultural and institutional complexities. The central ground of the microfinance credit approach is that lack of access by the poor to credit is one of most critical obstructions to poverty reduction and broad-based economic development. Poor women entrepreneurs are conservatively viewed as ‘unbankable’ (Nissanke, 2002, p.02). To start with, borrower net worth of poor women is too low to get access to financial services provided by formal financial institutions such as banks. Second, poor women cannot easily overcome the informational and enforcement problems that normally exist as frictions in the borrower-lender relationships. Third, poor women usually cannot offer collaterals to overcome the agency problems characteristic of a principal-agent relationship (Nissanke, 2002, p.02).

The development of micro-credit programs and micro-enterprise in Bangladesh has emerged as a major strategy for the alleviation of poverty and unemployment that continue to create problems for economic and social development in the country. This chapter discusses micro-credit policy in Bangladesh and its links with rural women entrepreneurs. The chapter also includes the evolution of the micro-credit policy and some of
the limitations encountered by the entrepreneurship development sector, and outlines efforts to identify some critical solutions to improve rural women’s socio-economic status as rural entrepreneurs through the micro-credit policy. The primary intention of the chapter is to identify strategies to broaden the sustainable socio-economic benefits for rural women in Bangladesh in the long run.

A great deal of research has been focused on the design of micro-credit programs. The relationship of micro-credit programs to existing institutions (like Grameen Bank and BRAC) is an important variable in achieving sustainability. Sustainability is not achieved if programs do not meet the needs of the poor rural women that they are designed to help. Programs are not sustainable if their costs cannot be met over a long period of time. Without a commitment to maintaining, evaluating, and improving programs, sustainability cannot be achieved.

Microfinance, like most other development activities, works best when it is part of a broader versatile approach to poverty alleviation in which a number of other structural hindrances that poor women experience, such as lack of health, education, and infrastructure services, are also addressed.

This chapter argues that micro-credit programs become more sustainable
when net benefits to the community exceed total costs. Benefits ensue to the community when new businesses are successful and incomes increase. Micro-credit fills a gap that banks do not always fill. Commercial banks are unable to economically administer micro-credit programs. They are not also involved in the business of training, most often for rural women entrepreneurs. Without a credit report and a track record of business success, poor women do not look like good credit risks to commercial lenders. High costs and high risks combine to discourage banks from entering the micro-credit market (Snow, 1999, p. 66-67). To take up where the market lets off, micro-credit programs usually have two objectives. First, they allow people access to small amounts of capital that would otherwise be inaccessible and, second, they provide a training ground for female entrepreneurs, some of whom may expand their businesses to a point where they can utilize commercial sources for working capital (Snow, 1999, p. 66-67).

Despite such benefits, this chapter attempts to put existing microfinance issues into a fuller perspective. It sketches the key arguments around microfinance in relation to the sustainability of women’s entrepreneurship development, poverty alleviation, and women’s empowerment.
4.2. Overview of ‘Micro-credit’ Policy in Bangladesh

Microcredit, by definition, is a solitary intercession providing small and short-term basis loans, arranged only for short durations, with repayments beginning as promptly and as recurrently as feasible whenever the credit is given whether through groups, or directly to individuals, micro-credit loans normally go to individuals, not to collectives (Mahajan, 2006, p.10). Micro-credit is defined as the extension of small loans to entrepreneurs, especially to rural women too poor to qualify for traditional bank loans. In developing countries especially, micro-credit enables very poor people to engage in self-employment projects that generate income. Micro-credit is the most important part of the microfinance field, which can comprise all other financial products such as micro-insurance, savings or others.

Although the terms microcredit and microfinance are often used interchangeably, it is important to recognize the distinction between the two. Microcredit refers to the act of providing the loan. Microfinance, on the other hand, is the act of providing these same borrowers with financial services, such as savings institutions and insurance policies. In short, microfinance encompasses the field of microcredit (Sengupta and Aubuchon, 2008, p.10).
Other studies like CGAP (2011, p. 01) define micro-credit as very small loans for unsalaried borrowers with little or no collateral, provided by legally registered institutions. Microfinance typically refers to micro-credit, savings, insurance, money transfers, and other financial products targeted at poor and low-income people. Commonly, microfinance is often defined as financial services for poor and low-income clients. In reality, the expression is often used simply to refer to loans and other services from providers that categorize themselves as ‘microfinance institutions’ (MFIs). These institutions commonly use new techniques developed over the last 30 years to provide very small loans to unsalaried borrowers, taking little or no collateral. They include group lending and liability, pre-loan savings requirements, steadily increasing loan sizes and an embedded guarantee of ready access to future loans if present loans are repaid completely and rapidly.

Moreover, accessing finance by using micro-credit is essential for rural women entrepreneurs for making more profit in their business. Generally it is really important to mobilize their capital and savings to sustain their business. In this way, micro-credit can increase women’s decision-making power, limit gender discrimination, and achieve higher
confident levels and more efficiency in business enterprise development. In micro-credit, there is both group lending and individual lending. Group lending also known as unity lending is a method that allows a number of individuals to provide collateral or security for a loan through a group repayment assurance. The motivation to repay is based on an individual’s reputation; if one person in the group defaults, the other group members make up the payment amount. Individual lending, in contrast, focuses on one client and does not require other people to provide collateral or guarantee a loan. There are more than 10,000 micro-credit lending institutions worldwide; an estimated 16 million people are borrowing loans through this burgeoning system (Global Nomads Group, 2006, p.02).

The main purpose of micro-credit policy is poverty reduction for poor communities and it is especially for those rural women who are the most underprivileged part of society (Steier, cited in Galperin, 2007, p.24). Bella Galperin’s (2007, p.24) study shows that the purpose of micro-credit is to help micro entrepreneurs expand their business as to create benefit for their households, such as increased income, better housing, nutrition, schooling and other resources. As in some other entrepreneur’s accounts, she describes negative experiences with the micro-credit
program. Micro-entrepreneurs who received small loans were unable to pay their loan in time. Since payment schedules were inflexible, micro-entrepreneurs with slow turnover and limited cash for emergencies were under great pressure to pay back their loans. However, several independent studies conducted by World Bank, the International Food Research Policy Institute, and the Bangladesh Institute of Development Studies (BIDS) supported its positive impact (Galperin, 2007, p.25).

The study recommends that contemporary microfinance programs have countered this view by demonstrating that the responsibility essentially relies upon factors with the control of the lending institution, those organizational factors such as, stuff inefficiency and skill as well as clear communication of repayment expectation. The study also observes that micro-finance is failing to eliminate global poverty levels. This evidence follows that micro-finance is clearly associated with the Millennium Development Goals of poverty eradication (Morduch & Haley; 2002). Mallick (2002, p.162) questions the effectiveness of micro-finance regarding sustainable interest rate and comments that poverty levels have gradually declined in Bangladesh through long-run efficacy of high interest rate micro-credit.
Besides, UN-DESA (2008, p.1-2) argues,

The mission of micro-finance is to serve the poor, since micro-finance does not sufficiently extend its reach to the extreme poor, raising interest rates and increasing the scale of operation will only lead to further exclusion of the poor from the programs.

Again, Goetz and Gupta (1996, p.50) report,

In cases where loans were invested in non-directly productive ways—such as payments for dowry or medicine—women were often the decision makers, as they can have the greatest future stake in ensuring a daughter’s entry to her in-laws’ house-hold is smooth, or in repairing the health of household members, especially if it is their own, and hence less likely to attract scarce general household resource.

Nevertheless, Gopalan’s (Aug, 2001, p.06) study confirms, ‘Women’s group can be the vehicle of credit delivery, because of ensuring good repayments’. The study further suggests ‘As the collectives of women groups’ access larger and larger credit, they need to build their capacities to manage resources’. Apparently, women are more likely than men to develop strategies that emphasize product quality and less likely to
emphasize customization or cost efficiency. UNDP (October, 2006) cites an UNDP/ILO document stating that ‘training for empowerment as EDP (Entrepreneurship Development Program) can be effectively implemented and targeted to poor rural women in Bangladesh by ensuring that gender-specific constraints are addressed in parallel with any technical or business training and other support activities’. The study added that ADB strategies for rural women entrepreneurs of Bangladesh are gender action plans, preparation and implementation of a development framework for ‘women’s’ training under collaborative women entrepreneurs’ associations, funding allocation for rural women entrepreneurs and lastly, monitoring and facilitating gender interventions and keeping track of the women entrepreneurs beneficiaries. Even so, Mayoux, 2001 (SEED, ILO, WP-15, p.52) notes,

Women’s restricted access to property, income, and credit in some countries constitutes fundamental constraints on female enterprise. In a similar way, macro-level institutionalized discrimination in legal systems and customary law fails to recognize and enforce women’s equal rights.

Moazzem (28 July, 2008, p.27) explains, ‘Women-led SMEs need more
attention as women entrepreneurs face various types of hurdles in securing loans from banks’. A number of commercial banks have opened windows for women entrepreneurs, mainly in their urban branches. These are commendable initiatives but they need to be extended to suburban and rural areas. Again, most researches show that despite the necessity of financial self-sufficiency, access to micro-credit services by credit groups is not yet adequate in times of emergency. Although, the Grameen Bank, the introducer of the micro-credit policy in Bangladesh, has success stories about as high as 98% loan recovery, rural women still need strong support from financial institutions, especially young entrepreneurs who need to be more educated and cannot afford loan guarantees to the banks (Karim, 2001, ILO, SEED WP-14, p.52 & p.62).

Small loans to support consumption spending are unlikely to have an important role in boosting achievement of the Millennium Goals (UN-HABITAT, 2011, p.47).

The Millennium Development Goals (MDGs) Bangladesh Report (2009, p.64) sets out goal-2, ‘Extensive training programs in income generation skills in agriculture and fisheries and livestock, computer, sewing, block-
batik trade, handicrafts are being conducted. Support is being given to women entrepreneurs engaged in small and medium enterprises (SMEs)’.

The main constraints women entrepreneurs face to their business growth continue to be limitation on their access to the public sphere, markets, information, and their concentration in lower value-added market and cultural environment, in which, women micro-entrepreneurs navigate rather than some inherent characteristics of women (Simel, 2001, p.10).

However, microfinance has proven its ability to target the more fit and entrepreneurial poor women (UN-HABITAT, 2011, p.45). ILO (SEED, WP-14, 2001, p.26) by Nilufar Karim reports, ‘[Microcredit] Loans are granted by the family to 6% of female entrepreneurs, while this is true for less than 1% of male entrepreneurs. Again, more male entrepreneurs have benefited from bank credit private (4% vs. 0.5% for women), commercial (3.2% vs. 1.9% for women), and national (2.4% vs. 0.3% for women)’. The evidence shows that rural female entrepreneurs in Bangladesh who have granted an NGO loan generally head non-registered, home-based enterprises with less than six workers (including the entrepreneur herself). These rural women entrepreneurs often have little education, and run
informal or quasi-informal operation enterprises in the ‘other manufacturing’ (including textiles) and food-processing sectors.

Most of the critics of micro-credit policy argue that the micro-credit programs for women in Bangladesh expanded, in part, due to the financial viability of institutions providing small credit to women (Newaz, 2003, p. XVIII).

Microfinance as a credit institution is seen as a tool to provide small loans for poor people who have no access to formal banks in order to improve their livelihoods and to cope with the shocks and uncertainties they may experience. Studies show that microfinance was recognized as a significant means for development during the micro-credit summit held in Washington in February 1997. In addition, the United Nations General Assembly has designated 2005 as the International Year of Micro-credit in order to boost microcredit and microfinance programs around the world. Since then microfinance has captured more attention from governments, NGOs, researchers, civil servants etc. Researches state that worldwide, women are more likely to be poor than men. Of the approximately 985 million people living in extreme poverty
in developing countries, an estimated 70 percent are women (World Bank, 2007, cited in Fofana, p.02). Women are poorer than men because often they lack access to economic resources and opportunities, education and support services, and to land. Compared to men, women face more cultural, social, and economic and legal obstacles, especially in developing countries, and the obstacles are greater for them too. In rural societies women and girls have less food, healthcare educational equipment, capital and income. However, women are increasingly taking charge of entrepreneurial activities because of the migration of men from rural areas to cities or abroad, in search of paid employment (Fofana, p.02).

Microfinance institutions (MFIs) normally provide comprehensive packages, including small loans, savings facilities, payment services, money transfers and insurance in some cases, to poor and low-income households that have no access to formal banks. MFIs also provide training and information about how productive business activities should be run. By doing so, microfinance is seen as a means to alleviate poverty. By giving financial services to the poor, microfinance may enable them to build up assets, launch new income generating activities or develop their economic activities, participate in a free market economy, to be able
to meet up their consumption and to reduce their vulnerability of risks and external shocks like drought, scarcity, illness, and floods that may come unpredictably. MFIs can empower poor people, particularly poor women, and strengthen economic and social structures (Morduch, et al., 1999).

MFIs become financially viable, self-sustaining, and integral to the communities in which they operate; they have the potential to attract more resources and expand services to poor women. MFIs also can broaden their resource base by mobilizing savings, accessing capital markets, loan funds and effective institutional development support.

If rural women can work through receiving credits, loans and other finance facilities at favorite jobs and live through earned income (as it is called “self-reliance and independence”), so undoubtedly we would see changes in social, economic and cultural relations of village (Abedi & Saleh, 2011, p.323).

The study by Abedi and Saleh indicates that the aim of credit programs is to increase efficiency in employment activities, provide jobs, stabilize occupations which faced financial crisis, raise income levels and thus increase the standard of living.
Micro-credit policy instruments are likely to play a major role in sustainable socio-economic development of the poor and socially excluded section of society, on a long-term basis (APEIS, RISPO, p.05).

It is very important to evaluate the poverty alleviation capacity of micro-credit and to assess the success of particular policies.

Local entrepreneurs typically have a very good and accurate appreciation of the constraints and obstacles that must be addressed if business growth is to happen. The microfinance provider’s role in overcoming these constraints and obstacles is to facilitate discussions with local entrepreneurs, listen carefully to clients and help them design strategies to rise above these issues (UN-HABITAT, 2011. p.35).

Microfinance thus, can address these behavioral issues, pave the way for pro-poor social development and eventually advance Millennium Goals (UN-HABITAT, 2011, p.34).
4.3. Grameen Bank and Micro-credit Policy

Muhammad Yunus, founder of the Grameen Bank and father of micro-credit, provides a classic example of social entrepreneurship aiming to strengthen women’s initiatives as entrepreneurs. Grameen Bank as a social enterprise (though having limitations), sustained itself by charging interest on its loans and then reprocessing the capital to help other women. Yunus brought inspiration, creativity, direct action, courage, and potency to his venture, proved its viability, and over two decades widened a global network of other organizations that imitated or adapted his model to other countries and cultures, firmly establishing micro-credit as a worldwide industry (Martin & Osberg, 2007, p. 35-36). Yet, the study argues that when women operate loans inefficiently, this is often the result of a lack of literacy and experience in handling credit.

Grameen Bank is the pioneer in offering collateral-free easy loans to the poor who do not have access to financial institutions. The rapid expansion of the micro-credit system is due to its contribution:

The income generation, employment creation, enterprise development, educational and health development, etc. are the productive outputs of the micro-credit in Bangladesh. The worldwide contribution of Grameen Bank has attracted the world community towards it and has achieved the greatest reward Nobel Prize in 2006 (Ali, 2008, p.961).
Muhammad Yunus, founder of the Grameen Bank, conceived the idea of a collateral-free social welfare banking from his observation of the poor people’s (especially women’s) ineffectual struggle for survival. After returning home from the United States in 1972 with a Ph.D. in economics from Vanderbilt University, Yunus joined the University of Chittagong as a professor and started thinking of ways to achieve poverty alleviation, mostly for rural women (Auwal & Singhal, 1992, p.10); he finally succeeded in creating Grameen Bank to implement micro-credit policy for rural women and other poor sections of the society in 1976. According to Professor Yunus, (cited in Karim, 2008, p.09), the Grameen Bank model of micro-credit is not solely a matter of the extension of credit; it has a distinctive set of social objectives that it aims to implement through micro-credit policies. The aims are:

- It promotes credit as a human right.
- It is aimed towards the poor, particularly poor women.
- It is based on ‘trust’, not on legal procedures and system.
- It is offered to create self-employment, income-generating activities and housing for the poor, as opposed to consumption.
- It was initiated as a challenge to conventional banking which rejected the poor by classifying them as ‘not creditworthy’.
- It provides service on the door-step of the poor based on the
principle that the people should not go to the bank, the bank should
go to the people.
• It gives high priority to building social capital.

Bangladeshi women were deeply rooted in their communities with few
links to other networks. Hence, enforceable trust is a valuable resource
that social enterprise like BRAC or Grameen Bank can utilize in
operating micro-credit to lower transaction costs as a prerequisite of
financial sustainability (Seelos et al., 2010, p.08).

Grameen Bank claimed that through micro-credit program, rural
women have attained more power and freedom than previously

The Grameen Bank experience demonstrates that an innovative financial
institution can successfully address the special needs of the poor and
illiterate, and bring about social change (Fuglesang and Chandler, cited in

The Grameen Bank gives loans only to the poor, over 95% of whom are
women. The Grameen experience has shown that the poor and
particularly women are better credit risks provided that loan size, lending
credit criteria and repayment terms are fine-tuned to their needs (Hulme & Moore, 2006, p.05). Thus Grameen Bank insists on small loans (and hence, monthly installments), short maturity, immediate loan disbursement, flexible repayment terms etc.

Women’s productivity has been at least as high as men’s and repayment rates significantly better (often close to 100 percent). Women’s better credit worthiness can perhaps be ascribed to better use of loan funds, a more prudent approach to borrowing, and a better sense of fiscal responsibility (Mohiuddin, 1993, p.1205).

Criticisms of Grameen Bank

The success of Grameen Bank’s microfinance operating has been contradicted by strong criticism which has been briefly discussed in the following section (4.4(2)) This criticism particularly belongs to loan repayment, high interest rates, exploitation of women borrowers, ineffective microfinance provision to target groups, unchanging levels of poverty and failure to cater effectively to the target groups (Holt cited in Hossain and Knight, 2008, p.02).

It is not a denial that the Grameen Bank’s management provides significant weaknesses due to rigidity in the loan process.
Under the classic Grameen Bank model, borrowers who were late in their loan payments were banned from the loan process until they had repaid in full. This approach left individuals with loans in arrears with few options, as they lacked access to credit and savings to meet fixed interest and principal payments and reenter the loan process. Instead of acting as a deterrent against default, the process posed a moral hazard; women in danger of defaulting took unnecessary risks to remain in the Grameen system lest they lose all access to credit, as well as any chance of escaping abject poverty (Mainsah, et al., 2004, p.9).

4.4. Arguments For and Against the Micro-credit Policy

MFIs have both positive and negative effects on women borrowers across the country.

1. Argument For:

Microfinance has been shown to foster self-employment. Many poor women entrepreneurs know very well what to do, but lack the capital needed to set up or expand their businesses (Global Nomads Group, 2006, p.10).

Studies have found positive effects of MFIs on poverty alleviation for rural women entrepreneurs. According to Pitt and Khandker (1998) microfinance programs contribute to an increase in women’s independent income and a net increase in household consumption. Sebstad and Cohen
(1996) found an increase of 25 to 40% in enterprise earnings and household income as a result of access to loans. Hulme and Mosley (1996) and Mosley (2001) found that the incomes of poor borrowers had increased more than the incomes of the control group (non-borrowers). Chua et al. (2000) concluded that microfinance services helped clients build all kinds of assets, and also enabled clients to diversify their sources of income. Pitt and Khandker (1996) found that microfinance had a profound impact on poverty reduction (cited in Nawaz, 2010, p.671).

Women who are more empowered also may be more likely to join a credit program is expected, but a significant duration effect would strongly suggest that credit programs further empower the women who join them (Hashemi, Schuler and Riley, 1996, p. 639-640).

From the launching of the micro-credit programs in Bangladesh a huge number of microcredit NGOs took the initiative to mobilize and organize women at the grassroots level and provide them access to supportive services to improve their empowerment both in family and in society (Haque and Itohara, 2008, p. 233). Women who participate in micro-credit are taking a greater role in
household decision-making, have greater access to financial, economic, and social resources, enjoy greater mobility, and are participating in various economic activities after taking loans from micro-credit NGOs. Thus they are able to contribute to household income which is improving their status in the family (Haque and Itohara, 2008, p. 234-235).

Evidence suggests that credits are needed to make technological changes in productive activities and, on the other hand, we need suitable technical technologies to use credits with optimum efficiency (Fani, 1999, cited in Abedi & Saleh, 2011, p.323).

The Gender and Development strategy makes a distinction between women’s practical requirements and their long-term strategic interests that provides improvement in women’s status. Practical needs can be readily recognized and typically interrelated to living surroundings and availability of resources. It may be associated with food, water, health, facilities, and education of the children of poor women. Entrepreneurship of rural poor women enables them to meet their practical needs more easily (Commonwealth Secretariat, 2003, p.10).

Entrepreneurship enables better access to gender equality for the poor rural women. They achieve more opportunities, greater access to resources and equal participation with men in decision making. The
strategic interests of women include reduced vulnerability to violence and development and improved access to political power (Commonwealth Secretariat, 2003, p.10).

Meeting women’s strategic needs can help them to meet their practical needs, achieve greater equality, change their existing roles and challenge their subordinate position. MFIs (Microfinance institutions) can strengthen women’s fallback position and bargaining power and thus can address both their practical and strategic gender needs (Moser, 1993; Goetz et al., 1996; Mayoux, 1999; ADB, 2000). So, understanding women’s needs, especially by considering their business activities, may be a way to make microfinance programs more effective for women.

Studies suggest that financing women can play a vital part in initiative sustainable entrepreneurship development through micro-credit policy and help to generate income viability for women.

Financing women through credit sources can be basic step toward sustainable development and in that way; rural women grow as single-minded human and with confidence so they can feel esteem and dignity in themselves and in society (Abedi & Saleh, 2011, p.325).
Micro-credit addresses a wide variety of cash needs. Health, education, marriage and funeral expenses, household enterprises, the means to cope with household emergencies, and many other needs may be met through micro-credit (Littlefield et al., cited in Tipple and Coulson, 2007, p. 131). The study also shows that credit generates significant short-term increases in household expenditure and welfare; and it spurs economic growth in the informal sector through increasing capital investment in businesses, creating employment, and generating long-term income growth.

Despite the positive impacts outlined above, micro-credit remains a contradict form of development assistance. The next section will look at some of the potential negative impacts of micro-credit.

The case study-8 demonstrates the Grameen Bank’s actual positive impact on women’s entrepreneurship development through micro-credit operation (in the Appendix section).

2. Argument Against

A recent study in Bangladesh (Chemin, cited in Nawaz, 2010, p.671) indicates that, although microfinance has a positive impact on the per capita expenditure of the participants, this is less than formerly believed.
The same evidence provided by Banerjee et al. (2009) shows that microfinance has no impact on participants’ average monthly expenditure per capita, or on health, education or women’s decision making.

Rahman’s village repaid Grameen Bank loans through short-term loans from moneylenders ‘with a promise to the lender that the borrower will return the amount (usually with interest) after receiving the new loan from the Grameen Bank’. This meant that the borrowers began a new Grameen loan ‘with a deficit on the capital’. This, according to Rahman, led to the creation of ‘debt cycles’ for the borrowers (Chavan & Ramakumar, 2002, p.960).

Microfinance programs may enable poor people to improve their situation, but they do not eliminate the need for other basic social and infrastructural services. Microfinance can help poor households to reduce their vulnerability to economic shocks, but they do not eliminate such shocks. It helps the poor to take advantage of economic opportunities, but it does not create such opportunities. Microfinance can only ever be one kind of a broader process of social and economic development (Global Nomads Group, 2006, p.10).
Lenders seek to manage default risk; all borrowers promise to repay, but, whether due to choice or to constraint, some break their promise. To control risk, most lenders require collateral, an asset that the borrower loses upon default and that thus motivates repayment (Schreiner, 2001, p.05).

While women have taken a high percentage of the loans and invested in their households, improving the health and education of their children, this has had a cost. Running a business has added to their workload and changed their role in the family, sometimes putting a strain on their marriage. Moreover, in some cases husbands have used the loans but expected the women to repay them. It is important to include gender training as a part of the microfinance program to address these problems (Global Nomads Group, 2006, p.10).

It is clear that women’s choices about employment activity and their ability to increase incomes are seriously constrained by gender inequalities in access to other resources for investment, responsibility for household subsistence expenditure, lack of time because of unpaid domestic work and low levels of mobility, or constraints on sexuality and sexual violence which limit access to markets in many cultures.

There are debates about whether microfinance really benefits women, since there are studies that report negative effects. Hulme and Mosley
revealed that microfinance interventions were ineffective in reducing poverty among the very poor. Chua et al. (2000) found that the lending outreach of MFIs to poor borrowers is limited and this limited participation of the poor is a proof that the program failed to alleviate poverty. In his study, Rahman (1999) found that women used their savings and household assets and that they diverted money from consumption needs or incurred new loans to pay installments. Goetz et al. (1996) also indicated that borrowers diverted their money for consumption to repay their loans. In addition, women borrowers may be subjected to group pressure, resulting in intimidation and violence against them (Karim, 2001). Finally, a loan becomes a debt, and the poor have no source of income to repay their loans (Rogaly, 1996). Dignard and Havet (1995) and ASA (1997) propose several causes of default in micro-credit, which can be divided into four main categories. These are organizational, household/financial, group dynamics and other factors such as geographical locations and environmental degradation. These factors show that participation in a microcredit program has not always positive impacts on per capita income and expenditure through borrowing loans from MFIs by rural women. Microcredit extensively can affect socioeconomic variables, including children’s schooling, children’s
nutrition, fertility and contraception use etc (Bahar, 2002, p.145).

In less developed countries (like in Bangladesh), men and women often lack education, business skills, basic financial understanding and the conditions to save money. Without training and support systems in place, they are much more likely to default on loan repayments and to fail in their business enterprises (SEDA, 2009, p.02).

Significantly, it is a fact that women nonetheless bear the liability for repayment of any loans. Although women tend to meet the re-payment schedules, the high interest rates were a significant deterrent to their economic advancement (Ruben, 2007, p.10).

Accordingly, Amin et al. (2003) concluded that the vulnerable poor borrowers of MFIs were further impoverished. The negative effects of microfinance have been explained by several reasons, including the incapability of microfinance to address all dimensions of poverty (human, economic, political, and socio-cultural) as discussed above. The negative effects may also have to do with wrongly investing the credit because women have little or no control over the use of their loans.

Because, the majority of micro-credit programs loan are exclusively to
women, due to the perception that, women in developing countries like Bangladesh are more reliable with finances than their male counterparts. Most often, women are pressured into handing over any profits to their husbands rather than to using them to reinvest in their businesses and repay loans. Women are also more likely to use funds to help their families, rather than to invest in the expansion of their enterprises (SEDA, 2009, p.02).

For example, Rahman (1999) found that Grameen Bank borrowers used their savings and household assets to pay weekly installments. Rahman (1999) and Mallick (2002), (both cited in Tipple and Coulson, 2007, p.133) point out that, in Bangladesh, the users of the loans are mainly men (husbands or relatives), who encourage the women to join and borrow on their behalf. The study also reveals that violence and discrimination against women has been motivated by their involvement with the Grameen Bank. Some women have been attacked for resisting their men-folk’s proposals for the use of the loans, and others have suffered a collateral increase in violence owing to men’s frustration at their wives having more power in the household.

Indeed, micro-credit policy can be practically observed with its negative effects in case study-9 in Appendix section.
Most women invest in existing activities which are low profit and insecure or in their husband’s activities. In many programs and contexts it is only in a minority of cases that women can develop worthwhile activities of their own through credit and savings alone (Tipple and Coulson, 2007, p.133).

The users of micro-credit, interested and concerned citizens are asking for the modification of credit policies of Grameen bank to make the program more appropriate, productive, sustainable and feasible. The interest rate, the installment system, the volume of credit to the borrowers, management of unexpected bad loans etc. have made the credit operation of Grameen bank weak and less sustainable (Ali, 2008, p.961).

Rahman (1999, cited in Islam, 2002, p.17) argues that the rate of interest of Grameen Bank is too high and much higher than that of the commercial banks. The study again shows that until 1991, the Grameen Bank charged 16 per cent rate of interest on its general loans. However, in 1991, they re-set the interest rate at 20 per cent due to a rise in administrative costs, much higher than the commercial banks’ interest rate (Rahman, 1999). Similarly, other micro-credit organizations’ interest rates are also too high (Table 4 in Appendix). Micro-credit’s interest rates in Bangladesh are relatively low compared to international standards, but
they are still high compared to traditional commercial banks (CGAP, 2006).

Table 4 in Appendix shows the increasing range of interest rate of microfinance.

Most loans advanced by microfinance institutions in Bangladesh are targeted towards women. Aminur Rahman (1999, cited in Bahar, 2002, p.149) noticed that loans taken are often used for other purposes than those the loan is allocated for. This evidence supports Rezaul Karim’s and Osada’s (1998) observation, that there was a steady growth in the default rate from the Grameen Bank (15 per cent in 1994) and that 88 per cent of the total defaults did not adjust to the category of non-poor.

Women do not always benefit from micro-credit programs because they are often forced to assume loans for the benefit of their male relatives. Women borrowers have had to recycle loans to make payments (often by borrowing from moneylenders), have had to sell household assets or their own food supplies to make payments, or have had to leave their home village for an urban area in order to find wage labor to repay their loan (Pretes, 2002, p.121).

Often, financial services, particularly credit, are not appropriate for most rural women at all times. For loans that will be used for business
purposes, micro-credit best serves those who have identified an economic opportunity and can capitalize on it if they have access to a small amount of ready cash. Apart from how loans are used, MFIs can provide long-term (APEIS, RISPO, p.05), stable credit access only when most women clients have both the willingness and ability to meet planned loan repayments.

Microfinance is typically unsuitable for the impoverished women, who may need grants or other public resources to improve their economic situation. Grants are a more efficient way to transfer resources to the destitute than are loans that many will not be unable to repay. Too much risk is taken by MFIs and clients, when the only way a client can repay a loan is by starting a successful business.

Basic requirements like food, shelter, and employment are often more urgently needed through financial services and should be appropriately funded by government and donor subsidies (CGAP, 2011, p.01).

Without subsidies, interest rates may rise; and, as standard demand theory suggests, fewer loans will be requested. Moreover, rising interest rates without subsidies may exclude poorer projects, thus raising average returns. But, they may also increase the moral hazard problem; at higher interest rates, only risky borrowers apply for a loan, thus increasing the default rate and lowering returns (Sengupta and Aubuchon, 2008, p.23).
In conclusion, governments and development agencies too often use microfinance as the sole tool to address socio-economic problems. Despite its clear benefits in some cases, there is also evidence (CGAP, 2011, p.02) to suggest that it would be better spent on other development concerns that, unlike microfinance, cannot be delivered without continuing subsidies. Sustainable MFIs also have the potential to attract non-subsidized resources to finance intensification of rural women’s entrepreneurial activities.

The next section will look at how microcredit in combination with women’s empowerment activities can yield better development results.

4.5. Microcredit in Women’s Empowerment and Women Rights

Development can be viewed as empowerment and self-dependency of women. Development is not complete without the reduction of poverty through increasing productivity and sustainability in economic and social sectors. However, to achieve a high level of empowerment, gender dissimilarity in the society should be identified. Therefore, for the
empowerment of women, there must be women’s collective mobilization to overwhelm particular instances of institutionalized gender inequality (Rummana, 2011, p.36).

Although women played a part in production, men controlled decision-making and the income. In some cases women had been pressurized into taking loans by their husbands and handed the loans directly over to them. The men used the majority of the loan for cultivation and gave women the money for the repayments (Rajasekhar, cited in Mayoux, 2002, p. 19).

A majority of microfinance programs target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women’s empowerment. Women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority.

Investing in women’s capabilities empowers them to make choices which are a valuable goal in itself but it also contributes to greater economic growth and development. It has been well-documented that an increase in women’s resources results in the well-being of the family, especially children (Mayoux et al., cited in Swain, 2007, p.69).
It can be expected that micro-credit has the effect of raising the income level of the credit recipients and thus the total household income (Rushidan, cited in Roy, 2004, p.07). Around 95% of the credit recipients of Grameen Bank are women (Hulme & Moore, 2006, p.05); their enhanced income through participating in micro-credit programs enables them to acquire higher purchasing power.

Interventions like micro-credit programs, which are driven by twin objectives of poverty alleviation and empowerment of poor women, would provide women with the opportunity to take part in the money economy or labor force, to have an independent source of income and would improve the status of women within the household and in the society. The participation in money economy or labor force amplifies mobility (Roy, 2004, p.09).

As much as donors like to see an immediate impact on empowerment and poverty, they are at the same time concerned about the financial self-sufficiency of the intermediary. Funding for microfinance is increasingly dependent on progress towards financial self-sustainability within a given time-frame. The cost-cutting measures in microfinance programs may have potentially negative implications for poverty-reach and contribution
to women’s empowerment (Mayoux, 1998 and 2000, p.04). Even those donor agencies are becoming aware that this may limit the potential of microfinance for empowerment or poverty alleviation. This awareness has not however so far led to significant change in practice.

Savings and credit groups provide a base for poor women to organize themselves, expand options for livelihoods and to participate actively in development. The learning and exchange between women’s groups is crucial for enhancing participation, while linkages with banks and institutions are crucial to accessing resources (Gopalan, 2001, p. 06).

Lalonde (cited in Anslinger, 1997, p. 109) argues that the success in improving the social status of rural women entrepreneurs through microcredit program in Bangladesh depends on creation of non-traditional job opportunities, provision of information on legal rights, occupational safety, environmental issues and child welfare linked to training and technical assistance; and a new respect for women in the community, with increased exercise of choice on such matters as marriage and the spacing of children.

A number of MFIs have shown that, with strong management and efficient operations, the United Nations MDGs target to halve the number of people living in absolute poverty by 2015 may be possible (Bliss, 2005, p.09).

Most poor women manage to mobilize resources to develop their enterprises and their dwellings slowly over time. Financial services could enable the poor women to leverage their initiative, accelerating the process of building incomes, assets and economic security. Microfinance institutions can broaden their resource base by mobilizing savings, accessing capital markets, loan funds and effective institutional development support (Kumaramangalam, 2010, p. 436).
With considerable perceived gaps in credit service delivery to the poor and microenterprise, the mission of microfinance institutions (MFIs) is set to address this market failure by serving the ‘unbankable’ segments of the population in the name of poverty reduction. For this purpose, MFIs have adopted a set of delivery mechanisms with ‘innovative’ contracts and incentives with the view of minimizing the risks in dealing with the poor. MFI’s risk-minimization approaches are adopted from those practiced by ‘informal’ finance in solving the information and enforcement problems (Nissanke, 2002, p.05).

In Bangladesh, the eradication of poverty is an essential step towards development. Grameen Bank has helped poor people to protect, diversify and increase their sources of income. It protects poor women against extreme vulnerability and helps them to lessen income fluctuations.

Frequent repayment schedules are also seen to act as an added mechanism to secure repayment. As most microfinance organizations collect repayments before investments bear fruit, they are, in fact, lending against the borrower’s steady income stream (not just the investment) and, hence, securing part of the loan repayment even if projects fail. Compulsory savings, along with emergency funds and other group funds play a role of collateral substitutes, used as insurance against loan defaults (Nissanke, 2002, p.05).
Grameen Bank promotes credit as a human right. It believes poverty is not created by poor women in most cases, but created by institutions and policies and that aid is not the long-term solution to eradicating poverty. Grameen Bank credit is based on the principle that poor women have skills which remain unutilized or under-utilized and that by unleashing the energy and creativity in each human being poverty can be eliminated. Grameen is not based on collateral or legally enforceable contracts, but based on ‘faith’. In order to obtain a loan a borrower must join a group of borrowers and be part of a savings program (Bliss, 2005, p. 04).

MFIs support mechanisms such as progressive lending, frequent repayment schedules and compulsory savings to generate dynamic incentives for repayment. Progressive lending refers to the system by which borrowers obtain increasingly larger loans if repayment is made promptly. As long as the system is credible and alternative sources of finance are less attractive, this type of incentive can enhance repayments (Morduch, cited in Nisanke, 2002, p.05).

Good repayment records and women’s cooperation with the micro-credit organizations are reasons for targeting women. Many studies show that women’s repayment records are much higher than those of men (Islam, M., 2002, p.07).
4.7. Improving Features of Micro-credit for Rural Women in Bangladesh Context

The previous section has shown that microcredit has the capacity to reduce poverty for rural women in countries like Bangladesh. There are however, limitations on the effectiveness of microcredit. The next section will explore how to lessen those limitations in microcredit policy.

1. Keeping Interest Rate Low:

Microfinance institutions have been successful in part mainly because, they have wide recourse to credit, either from donations or through concessionary interest rates from external funders. Most of these MFIs have adopted the widely known Grameen Bank model (Steinwand, cited in Kombo & Justus, 2011, p.1150).

Lower micro-credit interest rates have helped increase the availability of affordable finance for poor women but there is concern that imposing higher interest rates on micro-credit is an increasing feature of expanded loan distribution. It reduces the MFIs’ willingness and ability to expand operations, and discourages potential women entrepreneurs from supporting their business enterprises.
The fraction of a lender’s portfolio at risk rises with greater interest rates for most of the institutions based on individual-based lending. Again, the raising interest rates beyond a certain point begin to diminish profits under the individual-based lending (Cull et al., 2005, p.05).

In a typical developing economy like Bangladesh, the best available investment opportunities in small business for a majority of poor women are with moderate returns. Poor women in this category cannot be expected to have the same ability to service loans taken at high interest rates as those who realize high returns on their investments. Thus, it is important to make a strenuous effort to lower interest rates on micro-credit.

2. Risk Diversification:

The study by Rahman, cited in Chavan and Ramakumar (2002, p.960) suggests that by reducing the interest rate, it can be possible to regularize frequently loan repayments by rural women confirming full recovery of the loan and securing the profit margin.

Financial institutions should realize that risks are an unavoidable part of
their operations and the main role should be to mitigate and manage them. They should be able to minimize the probability of risks occurring and if the risks occur, how the impact can be minimized. If the risks are not managed well, MFIs are likely to fail to meet their social and financial objectives.

Poorly managed risk results financial losses, loss of confidence by the donors, investors, lenders and borrowers in the organization as they lead to capital erosion (Kombo & Justus, 2011, p.1150).

Apparently, despite employing the risk management strategies, commercial banks have been seen to be so rigid in their policies and impose some conditions to prevent them from lending to SMEs (small and medium enterprises). Therefore, there exists a gap as to which institutions should provide credit facilities to the SMEs (Kombo & Justus, 2011, p.1150).

The various strategies adopted by microfinance institutions involving micro-credit policy, such as diversification of risk, risk avoidance, transferring of risks, and mitigation of risks, are effective in reducing the impact of risks to these institutions and hence contribute to their financial
sustainability for promoting more efficient entrepreneurship development activities by rural women.

3. Reducing Extreme Pressure and Obligations in Terms of Frequent Loan Repayments:

Micro-credit loans are characterized by small, frequent repayment schedules ranging from daily repayments to weekly or monthly. This allows the borrowers to pay down the loan in small amounts and gives them the capacity to manage their finances better without being overburdened by debt repayment. However, for poor rural women entrepreneurs, sometimes it is very stressful for them to pay back the whole amount of the loan in a particular scheduled period. Therefore, it is very much essential to provide them options for flexible payback periods and especially to limit the stringent regulations and complicated steps regarding these repayments.

High levels of cross-financing deplete the capital of the loan, and reduce the value of the new loan that is used to repay or service the old. The process turns into a ‘vicious cycle’ as smaller investments into directly productive enterprises yield less returns, thus requiring even higher loans the next time to repay the original loan (Sinha and Matin, cited in Chavan & Ramakumar, 2002, p.960).
Such evidence suggests that for participants to repay loans and earn additional income, NGOs must provide multiple layers of support for very poor women and their families.

4. Governments’ and Other Donor Agencies’ Support In Case Of Grants and Subsidies Allocation:

Microfinance has almost exclusively been provided in the form of loans; very few programs have used grants. Yet, many small businesses established in developed countries rely on some form of equity capital to fund business start-ups. The success of start-up grants and equity financing in developed countries suggests that this method of microenterprise finance might also be applicable in developing countries. In some situations, grants may be superior to credit programs.

Micro-grants are comparable to venture capital in that the decision making process, about whom to fund, is similar in both cases. Both venture capitalists in the developed world and grant giving agencies in developing countries aim to target their support to entrepreneurs who are likely to succeed in business (Pretes, 2002, p.120).
Government and the international donor community like NGOs have willingly acknowledged the concept of microcredit and microfinance as one of the most promising mechanisms to poverty alleviation and eventual eradication. Microenterprise development is, in turn, recognized as an innermost part of the private sector development agenda, microenterprises being referred to as a distinctive channel for achieving the donors’ targets of ‘poverty reduction through private sector development’, while attending the growth and equity objectives of economic development (Nissanke, 2002, p.01).

Subsidies are necessary during the start-up stage of an MFI, but they are best used to cover operating costs and to build MFI systems and staff capacity. It can take several years for an MFI to reach the scale and efficiency needed to cover its costs from interest income. Donors can play an important role during this period by using subsidies to build the capital base of efficient MFIs, enabling them to grow more quickly, increase their leverage, and serve larger numbers of clients on a sustainable basis (CGAP, 2002, p.02).

Grants financing provides reduction of risk and lower transaction costs. With lowered risk, poor women can consider adopting innovations that might prove too risky if financed through borrowed capital. Grants avoid
the cost of collection entirely and also minimize processing costs, because the recipient’s credit history does not need to be thoroughly researched. Grants also create creditworthiness for the women entrepreneurs. A grant creates a partnership between the women entrepreneurs and the donor agencies, both of whom have an interest in the success of the business (Pretes, 2002, p.121).

5. Less Dependency on Credit Allotment, Higher Levels of Confidence and Efficiency in Mobilizing Capital:

Increasing women’s access to micro-finance will enable women to make a greater contribution to household income. This contribution will be recognized and valued by other household members and lead not only to increased household well-being, but also to women’s potentially increased role in decision-making and improved well-being for women themselves (Mayoux, 2002, p. 07).

For most women, support will be needed to help develop viable and profitable economic activities. They will need loan and savings products which are adequate to enable them to purchase and control assets. Support will need to include challenging gender inequalities in the
household and restrictions on women’s activities outside the home and access to markets.

4.8. Government’s Monitoring Channels and their Improvement

1. Recent Credit Policy and Industrial Development:
Many theorists and practitioners have emphasized the importance of credit for the promotion of women entrepreneurs from their different point of views. For example, Dr. Muhammed Yunus of Grameen Bank states that credit can create hope and ambition for change in business women and potential entrepreneurs. In addition, Jennefer Riria-Ouko of Kenya Women’s Finance Trust comments that direct financial services are the key way to empower women and empowering women is the only way to achieve total development (ADB, 2001, p.06).
There are many non government organizations; that are working for rural women in Bangladesh to develop their level of entrepreneurship, such as BSCIC (Bangladesh Small and Cottage Industries Corporation), MIDAS (Micro Industries Development Assistance and Services), Women
Entrepreneurs Association, Bangladesh, JMS (Jatio Mahila Sangstha) etc. are playing a leading role in lending to women on a preferential basis. The Dhaka Chamber of Commerce & Industry (DCCI) has joined this program with specific objectives and targets for bringing the women entrepreneurs into the mainstream economy (ADB, 2001, pp.06-07).

Recent studies show that there is no specific credit policy in Bangladesh which could promote the business activities for rural women entrepreneurs. Therefore, it is necessary to have a well-designed credit policy within the framework of a comprehensive financial policy which is effective for rural women entrepreneurs in Bangladesh.

Most credit allocations are approved by the Bangladesh Bank (Central Bank). However, many organizations, institutions and agencies sponsor very small loans to poor village women entrepreneurs. These loans are not enough to run a business enterprise. Nonetheless, these organizations are working according to the policy for promotion of rural women for self-sustaining employment and income generation. Even though the programs of these institutions have a worthwhile impact on poverty alleviation and self-employment, it is obvious that they are not well designed to promote women’s entrepreneurship development to meet the requirements of rural women entrepreneurs.
It is significant that there is no provision in the Industrial Policy, 1999, in Bangladesh that suggests that banks or other financial institutions should have special arrangements for financing women’s enterprises. In India, the Industrial Policy has privileged the village women and their financial or other needs and incorporates special arrangements for women enterprises like permission to use the share market for capital mobilization (ADB, 2001).

For industrial credit the number of women borrowers is much less than that of men. Only a small number of women entrepreneurs got a very small bank loan according to the 1993-94 bank report ‘Accessibility of women in banking services’ (Bank Panorama, Vol. X, YI, No. 1 & 2 A, March & June, 1996 pp. 122). Subsequently, it is clear that despite increasing the loan provisions for village women entrepreneurs, no significant improvement has been found in this respect.

2. Micro-credit Regulatory Authority:

The government of Bangladesh enacted the Microcredit Regulatory Authority Act 2006 with a view to ensuring the transparency and accountability of micro-credit activities of the MFIs in the country. The
micro-credit Regulatory Authority (MRA) has been established under the Act and is now empowered and responsible for implementing it and for bringing the micro-credit sector of the country under a full-fledged regulatory framework. According to the Act, no MFIs can carry out micro-credit activities without obtaining a license from MRA (Hossain, 2008, p.03).

Therefore, the main responsibilities of the Microcredit Regulatory Authority (MRA) include the issue and cancellation of the license for microcredit, and overseeing, supervising and facilitating the entire activities of MFIs.

MRA is also working to prepare detailed rules and policies to monitor and supervise licensed NGO-MFIs; those will cover governance issues, financial transparency, mode of operations and other related issues to ensure transparency and accountability in operation (Geslain, 2007, p.04).

To achieve national goals and to protect rural women entrepreneurs from poverty, these regulations covering by the MFIs and NGOs should be further improved. Prompt action by the government in Bangladesh through MRA to strengthen national development policy and to target MDGs should be:

- to promote more advantageous settings for microfinance under
more dynamic and stringent strategies of MRA,
- to monitor institutions, but provide enough flexibility to foster innovations (Khan, 2008, p.08).
- to set realistic guidelines which are easy to supervise.

The Micro-credit Regulatory Authority (MRA) provides a particular legal structure for establishing MFIs, making it easier to set up MFIs. MRA has the power to make MFIs reliable in lending and to monitor fraudulent practices (Khan, 2010, p.09-11). Again, it can encourage innovation and use of technology. In this way, it is possible to reduce poverty.

Additionally, under the plans, procedures and rules of the Bangladesh Bank instigated by government and other Commercial Banks (Rahman, 2010, p.30), there is provision for:

- Identification of viable women entrepreneurs
- Constructing credit guarantee scheme for women entrepreneurs.
- Reducing interest rates for loans to women entrepreneurs
- Setting up social pathway for financing women entrepreneurs
- Pre- and post-investment counseling on credit for women entrepreneurs
- Allocation of women’s share in equity development and funds
- Preferential treatment of women entrepreneurs by credit in power
sectors

- Monitoring of credit disbursement for women entrepreneurs
- Maintaining gender-based data on credit disbursement and dissemination of credit opportunities
- Establishing a women’s bank
- Enabling credit for the women without collateral.

4.9. Microcredit in Capital Formation

External finance is an important area of enquiry, because that access to external capital may hold an important key to understanding business growth in the small and medium enterprise (SME) area (Winborg and Landstrom, 2001). There has been some confirmation to suggest that women prefer to utilize internal sources like personal savings to finance and grow their business ventures (Haynes et al., cited in Bruin and Hartle, 2006, p.93).

Access to capital and financing strategies for entrepreneurial women is an important concern for SMEs at both the start-up and growth phases, while credit provision for the development of rural women entrepreneurs may not be an appropriate way of facilitating rural development, and, if
the provision of credit is determined mostly by factors other than ability to repay the loan, it is unlikely that the micro-enterprise will be self-sustaining. In such a circumstance the state is likely to discontinue providing credit (Roth, 1997, p.08).

Capital formation helps to correct imperfect information about borrowers lacking formal credit and employment histories, and substitutes for collateral by ensuring against default through sanctions and peer enforcement (Haque, 2010, p.08).

Therefore, it is necessary to raise the capital earlier for small entrepreneurial initiatives by rural women. Organized capital accumulation can mostly lead them to take appropriate investment decisions and sometimes provide funding for their business without loans. Consequently, they can be relieved from enforced loan repayment that is a burden for them in most cases.
4.10. NGOs’ and their Role in More Effective Micro-credit Policy

The developing world depends on NGOs as a mechanism for financial aid and assistance as well as for urgent humanitarian relief (Handy et al., cited in Thomas and Sinha, 2009, p.31).

NGOs’ have the potential to challenge and transform the existing power relationships. NGOs in Bangladesh differ in size, structure, location and orientation. They differ in scale, from small local groups working in just one group of villages to national organizations with a number of regional offices (Newaz, 2003, p.57).

As providers of credit, jobs, and sustenance to a financially strapped poor rural population, NGOs in Bangladesh have remarkable power to regulate rural women’s behavior, and subject them to NGO approvals and priorities (Karim, 2008, p.07).

In the context of Bangladesh, there is no denying the importance of micro-credit programs offered by NGOs and their impact in bringing about socio-economic changes in rural Bangladesh. With respect to micro-credit, it is argued that the Grameen Bank and other NGOs have performed at much higher levels than government credit schemes and their achievements compare very favorably with all other anti-poverty
strategies in the country (Newaz, 2003, p.17).

Often provided or facilitated by NGOs, these loans support women’s ability to save, budget and plan, develop a regular income level, participate in cooperative experiences with other women or men, make decisions about how to invest, earn a profit, pay back loans, and access social capital within the financing organizations. NGOs and financing organizations often offer multiple resources such as a space to meet, marketing or advertising for products, a permanent address for receiving mail, space to keep and display crafts or products, record keeping for finances or inventory, equipment such as sewing machines or kitchens, and access to a wider network of NGOs for advocacy, information, training, and marketing (Thomas and Sinha, 2009, p.32).

NGOs provide goods and services not usually supplied by the state or the private sector; help the government achieve development objectives by providing public information, education, and communications campaigns; and organize citizens to allow them to voice their aspirations, concerns, and alternative ideas to policy makers (Clark, cited in Thomas and Sinha, 2009, p.31).

Many NGOs have been encouraging saving and extending credit to poor
rural women with an approach that combines credit with literacy training and consciousness building, advocacy, technical assistance and market skills, all bundled in a wide-ranging package of services. This strategy is based on an assumption that uncontaminated economic growth alone cannot alleviate poverty. It is argued that there is greater reduction in poverty when micro-credit programs are combined with increased access to basic social services (Newaz, 2003, p.19).

4.11. A Case Study Discussion of BRAC Influencing the Micro-Credit Policy With Group or Individual Lending: BRAC’s Strategy for Poverty Alleviation through Micro-credit Policy

In the micro-credit policy group formation is often used by microenterprise programs particularly for the poorest women clients. The group plays a role in reducing the cost of gathering information about the borrower, but it’s more important role is in repayments through shared liability for default. Lenders can shift some of the loan-processing and loan-approval tasks onto the group because the groups have better access
to information on the character and creditworthiness of potential borrowers (Otero and Rhyne, 1994, p.16).

Groups often are required to meet regularly to monitor loan activity, collect repayment of interest and principal, and offer mutual support. A group of entrepreneurs contribute their savings to a central fund, and then on a rotating basis, they have rights to borrow against it. In some cases, microcredit programs hold the group accountable, as loan repayment should be individual’s responsibility. Savings can be used as a kind of self insurance against default on repayment (Buss, 1999, p.19).

Women are jointly held responsible for the repayment of individual loans. Thus each woman is responsible for the repayment of all the other loans in any MFIs. When a default occurs, the bank (or the NGO) suspended money from the other members, forcing them to either pay up or lose access to future loans. The bank ties individual responsibility to group responsibility, using that as a mechanism to (a) maintain tight fiscal control over repayments; (b) regulate women borrowers’ financial conduct after they received a loan; and (c) enforce payment through collective punishment for individual defaults (Karim, 2008, p.17).

The Grameen Bank in Bangladesh, the founder of group liability, has recently relaxed group liability by allowing defaulters to renegotiate their
loans without appealing to group pressure. Many of these groups (e.g., ASA) have made this shift while still keeping the ‘group’ intact. Thus, while liability is individualized, the group process helps lenders lower their transaction costs (by consolidating and simplifying loan disbursal and collection logistics) while possibly maintaining some but not all of the peer screening, monitoring or enforcement elements due to reputation (Karlan & Giné, 2006, p.03).

The study also suggests that group liability can help institutions improve repayment:

(i) ascertaining how risky the borrower is (adverse selection),

(ii) ensuring that the funds will be used properly (ex-ante moral hazard’)

(iii) ensuring that the borrower tells the truth in case of default about her ability to pay (monitoring),

(iv) enforcing repayment if the borrower is reluctant to pay (voluntary default, or ex-post moral hazard).

Group liability contracts in theory can lead to higher repayment because borrowers have better information about each other’s characters, can better monitor each other’s investment, and may be able to impose
powerful non-financial social sanctions at low cost (Karlan & Giné, 2006, p.07). In addition, BRAC has the highest percentage of locally initiated cases. BRAC’s credit programs (case study-10 in Appendix) indicate that success, as well as a period of ‘learning’ is likely to be important for setting off local initiatives for group formation and participation (Zeller et al., 2001, p.26).

In Appendix, case study 10 demonstrates BRAC’s involvement in micro-credit policy as a group-lending initiative.

4.12. Conclusion

This chapter highlights several important mechanisms in microfinance institutions, through evaluating microfinance performances. The chapter explains the key elements of micro-finance and notes some core elements to improve micro-credit policies. The research critically reflects on recent micro-credit policies followed by the Grameen Bank and attempts to provide some specific solutions. As government’s monitoring channels, NGOS and MFIs provide the most effective instrument to drive micro-credit policy more efficiently for the business development of rural women entrepreneurs in Bangladesh. Moreover, this study compares group lending with individual lending and points out some special
benefits for rural women in terms of loan repayment procedures. It also focuses on poverty eradication issues involving micro-credit in rural women’s enterprise businesses. Furthermore, it tries to find out the interrelation between micro-credit, women’s empowerment and women’s rights issues for women’s entrepreneurship development so far. In this respect, subsidized co-operations by government and donor agencies are also included in this work to improve micro-credit policy. The research also proposes the capital formation concept for rural women rather than loan provision.

In order to provide affordable finance to poor women in Bangladesh, policy makers need to recognize and rectify impediments such as lack of physical, human, and financial infrastructure for re-structuring micro-credit policy, to promote competition and efficacy, and to be more practical in providing an enabling environment for MFIs to develop in a sustainable manner.

The following chapter will discuss the substantial impact of group entrepreneurship development and the necessary role of the Bangladeshi government in rural women’s sustainable entrepreneurship development.
Chapter 5

GROUP ENTREPRENEURSHIP AND BANGLADESHI GOVERNMENT’S INTERVENTION

5.1. Introduction

For women, groups are particularly important in facilitating access to information, and in providing support in implementing new skills, to develop their additional skill and decision-making power in the society. It is also now widely accepted that the difficulties that women have in accessing networks have reduced the range of self-employment opportunities (Amin et al., cited in Khandker et al., 2008, p.02). Although these difficulties have complex causes, when a group initiative by the social organizations facilitates the development of networks which specifically focus on women’s needs, it helps women build businesses. Groups can also mobilize existing social capital and create new forms of social capital, which can potentially support women’s access to the
information and resources they require to implement innovative production methods. Groups can give women an enhanced voice in their community in this way too. Strong group organization at the grassroots level has been a key to ensuring that women’s needs are considered in planning processes at all levels in many extension projects.

This chapter explores women’s entrepreneurship development through group-based efforts and its sustainability in the context of Bangladesh. This first section focuses upon the factual impact of group-entrepreneurship for rural women and observes the positive effect of group-works by united women entrepreneurs.

The second section of the chapter argues that the government’s regulative actions in Bangladesh through small incentives schemes, such as small-scale funding, subsidy or collateralized loan facilities through financial institutions, and even tax relief policy, can reinforce group-entrepreneurial activities in improving women’s skills and self-employability for sustainable development of their business. Moreover, this chapter looks at women, particularly female entrepreneurs, as a group rather than these women entrepreneurs individually.

In addition, this part also includes some proposals for restructuring
government’s recent policies for rural women entrepreneurs and making government intervention more flexible through group-entrepreneurship strategies. This portion of the study identifies some shortcomings in managing sole-entrepreneurship and individual capital accumulation and suggests facilitation by group-entrepreneurship instead.

5.2. Sustainability Within Group-based Entrepreneurship Development

The trust and norms of mutual accountability fostered by close networks of strong relationships, such as those found in groups, can be used successfully to facilitate access to credit. This is vital to overcoming the capital constraints that prevent women entrepreneurs adopting new techniques. On a small scale, savings groups where women members save together and take it in turns to receive a revolving loan provide capital for them which can be used to invest in technology or inputs to support new production methods.

As explained in a previous chapter, microfinance programs commonly aim to enable large numbers of poor women clients to access loans under conditions that are sufficiently attractive to lenders, so that the service is
sustainable. In this arena, groups are collectively and more likely to make steady repayments because individuals within the group are less likely to default on their repayments when their peers are liable for the debt, because group members can be monitored by the group, and because norms of mutuality within groups mean that other members may cover the repayments of individuals who are temporarily unable to meet their repayment obligations (Giné and Karlan, 2007, p.02). As the risk of default is lower, the loans can be advanced to individuals who would not be an acceptable risk on their own. In this way, groups are able to use their relationships as a resource to secure capital loans on better terms and thus higher risk can be diversified.

5.3. Impact of Group-based Entrepreneurship on Rural Women

The group-based organization of rural women entrepreneurs has a significant impact on their enterprise as well as their socio-economic wellbeing. In Bangladesh, as entrepreneurs, rural women have bright prospects to set up their entrepreneurial business to overcome poverty and other basic needs. However, women need proper guidelines to
channel their energies. In this situation, they can be empowered to do different entrepreneurial activities like food processing and handicrafts sectors as described in Chapter 3 and even some other activities like mobile phone service, agro-based service, tailoring, carpentering, pottery making and some others. Again, through removing some obstacles in the operation of micro-credit policy, they can be also facilitated to be more empowered and to eliminate poverty. Further, taking advantage of some new policies and procedures by government and NGOs, and having other aid and donor organizations’ essential support, rural women can have additional benefits to raise their potential in generating income. Such initiatives can have direct and actual impact, when women entrepreneurs join together with the aim of succeeding in their business and achieve profound sustainable development. For this reason, group-based women’s entrepreneurship is an important instrument for rural women to alleviate poverty in Bangladesh.

Group-based women’s work can create more attention at different levels of the society. For example, it can encourage government to concentrate on more productive agenda for women. Also NGOs and MFIs can support women more influentially their group activities. Group-based entrepreneurship can contribute greatly to poverty reduction in
Bangladesh and offer a viable alternative to state and market failures in rural finance. Therefore, continuing public support for the expansion of MFIs appears justifiable. For example, group members are in a better position to assess the reason for loan default and to offer insurance services to those members experiencing distress beyond their control over the loan, while introducing restrictions on intractable defaulters. Nevertheless, to accelerate group entrepreneurial activities, the subsidy for rural women is still quite demanding compared with other capital transfers to the poor women (Zeller et al., 2001, p.12).

Group members are able to access complex and sensitive information, just like informal lenders. Groups may also have a comparative advantage in the enforcement of loan repayment (Zeller et al., 2001, p.31).

5.4. Benefits of Group-entrepreneurship for Rural Women in Bangladesh

Group-entrepreneurship can play an important role in rural development in mobilizing limited resources for rural women and for gender mainstreaming in rural development.
One of the positive contributions for women’s entrepreneurial development that can be made by group-based consultations and cooperation is to emphasize women’s empowerment and help to gather their experiences in decision making, leading, or even managing on others. The scope for leadership and decision making power is influenced either by the structure of the program or by the group’s internal policy. Groups that set policies to rotate their leadership frequently give more women entrepreneurs a new opportunity to acquire leadership skills than ones that do not. But even, groups without a pivotal strategy can allow a few women to develop even stronger and more lasting leadership and decision making ability. Further, whether the emphasis is on leadership, productive decision and organizational skills, it can help to foster a sense of parity among the women and to break down other social constraints such as caste or gender (Cheston and Kuhn, 2002, p.43). Different programs can be arranged to break down society’s traditional notions of being a leader. Rural women from every part of society, whatever their caste or religion, have the potential to be empowered. Apparently, despite the social constraints, those females having ability to access business transactions, can attain sustainable empowerment and that may be sufficient for being a leader or decision maker, because of having
inclusive control of continuing entrepreneurial business with their own policies corresponding with adaptability with existing social and political structures. While initiating praiseworthy policies can help to promote praiseworthy leadership experiences, members should be conscious of preserving each other’s autonomy. Hence, many organizations are engaged in maximizing the empowerment of women entrepreneurs by providing sustainable training (Cheston and Kuhn, 2002, p.39-40) and coaching to their particular client leaders, developing cost effective methods for them to manage their capital and savings, ensuring that women have a better opportunity to lead business enterprise activities and have more scope for making decisions to run their business.

Group-entrepreneurship in business enterprise development contributes to the economic empowerment of poor women living in rural areas. By combining isolated and scattered resources, it can help marginalized women group-entrepreneurs mutually to acquire opportunities for entrepreneurship and to strengthen capacity for self-help.

Group-based enterprises have significant advantages especially for rural women faced with gendered constraints which limit their access to entrepreneurial resources (ICA, UN, cited in UN-ESCAP, 2007, p.11). Providing effective support for women’s businesses is crucial to
promoting women’s group-effort in entrepreneurship development. This includes measures to facilitate the creation of women’s businesses such as training programs, together with providing women with essential entrepreneurship skills, mentoring programs to give women peer support, etc.

The establishment of business incubators is another important way of helping to ensure the survivability of women’s businesses. It is essential that there be “gender awareness in designing and delivering support measures targeted at female entrepreneurs (European Commission, cited in UN-ESCAP, 2007, p.11).

Hence, group-entrepreneurship plays an important role in job creation by directly providing productive self-employment for several rural women entrepreneurs even in the sense of production and service provision in their group-based enterprise association. Enterprise development and particularly the promotion of small and medium enterprises have been adopted as a strategy for job creation and economic growth in a large number of developing countries like Bangladesh. More awareness and knowledge about the group-based form of enterprise, as an option to conduct business, is widely needed by the poor women most likely to
benefit from it.

5.5. Limitations of the Sole-entrepreneurship

Differences between sole-entrepreneurship and group entrepreneurship from the different angles of business movements, show that sole-entrepreneurship has some definite drawbacks compared to group-entrepreneurship. In knowledge-based and planning-based businesses to group-entrepreneurship can draw on a larger pool of knowledge and experiences (Schaper and Volery, 2001, p.05). Also, sole-entrepreneurship suffers from a lack of time, having to perform too many different duties, being too conservative, having difficulty in generating ideas. Similarly, in terms of business capabilities, income generation, the firm’s objectives and interests, the scope of sole-entrepreneurship is much more limited than that of group-entrepreneurship (Carter, 1996, p.140-156).

There are also some internal and external factors constraining sole-entrepreneurship. Among the internal factors are poor quality of goods and services, lack of capital liquidity and failure in sound financial control (Volery, 2000, Schaper, 2001, p.07).
Correspondingly, the external factors affecting women’s sole-entrepreneurship are sudden changes in market demand and technological innovation and changes in the economic environment like recession, rising interest rates and unemployment and so on, which have more direct negative consequences for sole-entrepreneurship than for group-entrepreneurship (Volery, 2000, Schaper, 2001, p.08). In addition, comprehensive competition and the high cost structure of business also obstruct individual business initiatives more, compared to group businesses.

From different perspectives, most theorists suggest that women’s sole-entrepreneurship can suffer a number of general obstructions. For instance, they usually face higher transaction costs for the small-sized enterprises than those for the group-based women’s enterprises (Cromie, 1991, p.43-61). Kim (cited in Schaper and Volery, 2001, p.06) shows that, in the case of sole-entrepreneurship, most women entrepreneurs suffer too much stress, lack of family support and other social problems like prejudice and distrust. Likewise, Rashid and Zabid (1996, p.290-291) find that sole-women entrepreneurs are most likely faced with lack of respect, tension between personal life and career. As a result, women’s sole-controlled business initiatives most often reflect business failure,
losses, bankruptcy or even firm discontinuance.

5.6. Problems Affecting Individual Capital Accumulation

Women entrepreneurs need required levels of capital to mobilize resources in the community in which they live and to achieve their financial objectives. Women face difficulties in obtaining credit and in managing their households because they have no right to own capital in a male-dominated society. Again, lack of ways of saving limits women’s opportunities to accumulate capital. Poor women often lack the ability to save money securely and at a reasonable rate of return, and they rarely accumulate sufficient capital to invest in value creating activities (BSEP, 2010, p.06-07).

Individual women micro-entrepreneurs suffer from poor efficiency and low productivity because of poor quality and unreliable supplies, outdated machinery, unskilled personnel, small size of their business, and limited access to monetary supports from financial institutions, government and non-government agencies in their enterprises. Other studies have explored the situation faced by most women micro-
entrepreneurs and these particular cases admit that they go through significant difficulties in accessing capital, distribution channels, and relevant business supports (Birt et al., 2010, p.38-39). This study further suggests that an individual entrepreneur has unlimited liability which refers to full responsibility for the business debts and any actions. This means that an individual woman entrepreneur could be sued by one of the employees of the business for an act of negligence. If the owner is found guilty of negligence, then he or she has to meet all the costs associated with the case and also the amount of damages paid to the employee. Additionally, the study notes that taxation can be a disincentive to setting up a sole-entrepreneurship business. Sole women entrepreneurs have to pay more tax on enterprise income, because individual income tax scales are often higher than those applying to group-based entrepreneurship business.

Besides, individual women-operated enterprises most often cause the more cost of funds, operating expenses, loan losses and less profit or insolvency compared to women’s group enterprises, that result the loss of capital accumulation and in this way, fund’s expected future growth declines in most of the cases of women’s sole-entrepreneurship business (Fernando, 2006, p. 02). On the contrary, women’s group enterprises
have a greater ability to boost the future growth of the firms in order to sharing capital, funds, efforts and even risk and uncertainty together. Research shows that most of the individual women-oriented enterprises fail to realize their full potential, and inadequate access to finance which is prominent and most commonly cited.

With limited capital base of their own and little or no access to institutional financing they rely on inefficient financing service traditionally from informal sources, which eventually proves unsustainable let alone stimulate growth (Alam and Ullah, 2006, p.62).

Women entrepreneurs can be empowered through extending their power of ownership and autonomy. Women in rural areas of Bangladesh are proud to own their capital and savings through co-operative and supportive groups in the society; for instance, they can deliberately rely on some village banks or solidarity groups to provide minimal external support for better advantages as well as for their business sustainability and reducing poverty. To acquire greater ownership powers, women entrepreneurs who can afford to manage their capital stay in the community, by themselves according to their own needs and interests.
Women are able to charge a lower rate of interest, and a large percentage of that interest goes back to the women in the form of interest on their savings and community projects, owing to the minimal external support costs (Cheston and Kuhn, 2002, p.44-45).

5.7. Government Intervention in Women’s Entrepreneurship Development (WED) Programs

For a developing country like Bangladesh, the government’s responsibility for monitoring the group-entrepreneurship movement is a vital issue. The government should at least understand rural women’s needs at the entrepreneurial development level as a group. Therefore, the power of group formation and training ultimately depends on government legislation to effect change to their entrepreneurial business capacity.

While there has been increasing awareness toward balancing the gender power structure in traditional cooperatives, the gender bias in traditional cooperatives remains difficult to overcome. Transforming in traditional cooperatives, the conditions proliferating gender inequity is a tedious process requiring dismantling entrenched male bias in the governing structure (UN-ESCAP, 2007, p.14).
Therefore, there should be a key focus on government policies in relation to group-entrepreneurship for rural women to assure them opportunities to deal with the gender equality issues in the context of Bangladesh. Moreover, those policies should focus on women’s group-development issues.

It is also worth mentioning that Department of Youth Development in Bangladesh has a project that has been already implemented since 2010 for both the male and female youth. There are 456 non-residential training centers for vocational trade- sewing, tailoring, block-batik, electrical, pisciculture etc. throughout the country. They provide microcredit for trained youths up to 35 years. A significant number of rural female youths have started small enterprises and are self-sufficient now. The National Service Program under the Ministry of Youth and Sports engage 15,000 rural female youths to start small entrepreneurship in Kurigram, Barguna and Gopalgoja districts in Bangladesh since April, 2010. (Source: Annual Report 2010, Department of Youth Development, Ministry of Youth and Sports, Govt. of People’s Republic of Bangladesh).

This approach by the Government of Bangladesh can directly strengthen
women’s group mobility towards entrepreneurship development and can also ensure they better meet the MDGS.

Obviously, the process of group formation depends on regulations and procedures imposed by governmental and non-governmental financial institutions. All such institutions have rules related to the size and structure of a group and the level of entrepreneurial capability of its women members and other eligibility conditions based on landownership and family income levels (Zeller et al., 2001, p.39). Therefore, government intervention to promote group-based entrepreneurship development is a key concern in Bangladesh.

The research attempts to categorize government’s intervention in group-entrepreneurship as well as women’s entrepreneurship development into three sectors, including:

- Government incentives towards group-works,
- Government ‘credit reallocation subsidy programs’, and
- Government tax-relaxation policy.

**i. Government Incentives Towards Group-works:**

The government in Bangladesh has implemented poverty reduction programs, in which a number of small-scale projects have been
undertaken to create jobs in rural areas, to support basic education and to provide technical training for poor women by involving them in income-generating activities (Khanom, 2011, p.122).

Although a number of projects have been implemented, an effective outcome has not been observed among the poor women yet and poverty has deepened. These projects could not protect all rural women from poverty and could not provide adequate support to individuals. One of the reasons the poverty program is inefficient is that, it has attempted to support poor women in general but has not targeted particular vulnerable groups (UN, ESCAP, 2006, p.113).

The emphasis of some government programs providing incentives for rural women entrepreneurs should be mainly on poverty reduction and economic self-reliance through provision of services and the means of income generation, e.g., provision of credit, and education and skill training necessary to meet the basic survival needs of rural poor women. However, the experience of close and continued work with women at the rural level showed that women’s development programs need to address both poverty and patriarchy which marginalize women and excludes them from channels of socio-economic power and decision making. They therefore need to focus on socio-cultural empowerment of women
through ideals, basic education and other moral support services along with skill training and other income-generating activities such as group-work (ADB, 2001, p.38).

Still other organizations have emphasized the need for behavioral change in the society and focused on social consciousness-raising and gender sensitization through extensive information generation, dissemination, and media campaigns for rural women groups. The participants in these groups will be able to come out of poverty by regular earning through utilizing the credit of MFIs or NGOs and even through aid initiated by government-associated donor agencies, which would further protect their families against the vicious cycle of poverty permanently (MOWCA, cited in Khanom, 2011, p.123).

**ii. Government’s ‘Credit Reallocation Subsidy Program’:**

Funders want to know whether programs impacted on poor women participants, financial institutions and economies as expected.

As many of the women loan defaulters may not be able to repay their loans in a certain period, government and other agencies should provide them greater scope through subsidies. This can provide more flexibility in the distribution of credit from banks and financial institutions. When
group-entrepreneurship is introduced, this system can reallocate them credit advantages more quickly and consistently through the government’s strong subsidized program.

In addition to leveraging capital and serving as a source of emergency funds, groups often are required to meet regularly to monitor loan activity, collect repayment of interest and principal, and offer mutual support. This substantially lowers transaction costs, making micro-credit programs more viable (Zalder, cited in Buss, 1999, p.09).

As savings can be used as a kind of self-insurance against default on repayment, savings requirements give groups a sense of ownership, commitment, and responsibility. Government and other donor agencies can also insist rural women to reinvest their savings combined with credit and subsidies or aids having strong group-effort for business profitability.

**iii. Government’s Tax-relaxation Policy:**

In general, tax policies in Bangladesh are too complex to be understood by an average income earner. Tax policy and tax administration are subject to many inconsistencies and denials, which exert an adverse influence, direct and indirect, on investors including women.

For example, a loan amounting to more than TK 50,000 if not taken from
a bank or through a crossed check issued on a bank is treated as income. Loan money is also taxable as income if the borrower is unable to repay the same within 3 years (Paul-Majumder, 2006, p.41). This tax system affects women entrepreneurs more than their male counterparts since they do not have access to bank loans.

At present, value added tax (VAT) is a big source of revenue in Bangladesh. It is imposed on a large number of goods. For women entrepreneurs, there is no special consideration in administering VAT. Thus, this tax curtails the net earnings of women entrepreneurs to a large extent, which in many cases discourages them from continuing their business (Paul-Majumder, 2006, p.42).

Therefore, government policy on tax-relaxation for a certain period can help women’s group entrepreneurship to succeed in their business and can be a means to alleviate poverty. Having combined group-accountability, it can be easier for rural women to pay their tax expenses within a shorter time.
5.8. Proposals for Improving Women’s Entrepreneurship Development (WED) Programs

The women’s entrepreneurship development program can lead to increased mobility among women, the creation of networks of women, and the building of women’s solidarity. Women entrepreneurs face unique barriers in entrepreneurship. Inequities in access to capital, resources and government support make it particularly challenging for women entrepreneurs. Women often cannot obtain loans for their businesses due to lack of status and property rights.

In the small business sector, women entrepreneurs have limited access to business resources and services for profit maximization due to gender inequalities, the double burdens of business activities and family responsibilities, and the lack of social services and government programs to support women (UN-ESCAP, 2007, p.11).

Government’s periodic monitoring and advance development scheme for women’s entrepreneurship development can confirm that increasing access to income and productive resources will improve women’s ability to access services, support themselves and their children, and avoid forceful and high risk activities that increase vulnerabilities. Depending on the issue, some significant proposals are suggested below for the
current stage of WEDP government policies in Bangladesh, they are as follows:

1. Increase more fund allocation for targeted women’s programs and projects in order to emphasize their training and skill development ability to develop enterprises,

2. Ensure safer and more secure environments in the work place for women to be free from violence and sexual harassments,

3. Remove gender and wage rate discrimination,

4. Protect women’s legal and property rights,

5. Ensure the safety of women while using transport facilities, and

6. Encourage technological innovation and provide more conveniences in terms of infrastructure and social supports and services so that women can participate more easily in the labor market (ADB, 2001, pp.16-17 and p.30).
5.9. Government’s Necessary Intention to Group-entrepreneurship

The study proposes the government functions for group-based entrepreneurial movements for rural women from a particular outlook of development process. Within this point of view, if rural women are subsidized and granted funding by different government, non-government and donor agencies on a small scale, but, at frequent intervals with large active group-participation, then it will be much more convenient for rural women to mobilize their resources together and provide a possible way to earn quicker turnover for further capital accumulation. By following such a strategy, poor women will be able to appear less of a burden on society. Simultaneously, government’s allocating funds for rural women will be under-controlled. Such kind of government approach can also diversify the risk among the whole women’s group and can make rural women self-motivated in their business.

Theories suggest that group visibility and contracts in entrepreneurial activities by rural women, can lead to higher return from their business because these entrepreneurs have better information about each other’s financial ability, can better monitor each other’s investment, and may be
able to entail powerful non-economic social sanctions at low cost (Giné and Karlan, 2007, p.07).

Rural women could be motivated to avail finances for starting the entrepreneurial activities. Awareness created about various credit facilities, financial incentives and subsidies through Self Help Groups. As women were found technologically less empowered, they are to be imposed to the technologies which are labor saving, drudgery reducing, income generating and productivity increasing (Sharma & Varma, 2008, p. 51).

5.10. Conclusion

Support for local self-help women’s groups through education and training programs to develop their own collective capacities and trial policy advocacy are the basic requirements for ensuring the sustainability of initiatives for the promotion of women’s entrepreneurship.

Entrepreneurship education and trainings could be introduced at all levels from basic education. It could be helpful in inducing positive self concept, self reliance, self confidence and independence in rural women (Sharma & Varma, 2008, p. 51).
Through group-entrepreneurship and Support for women’s groups by government, NGOs and other donor agencies, women entrepreneurs can undertake initiatives which individually would not be feasible and channel their collective strength. These include undertaking collective marketing, the creation of shared facilities, large-scale purchasing, group lending, etc.

Moreover, in developing countries like Bangladesh, government advocacy is imperative to facilitate and ensure the success of women’s group-based enterprises, particularly in the area of public awareness-raising about their products and services deliveries. It is also important to provide training and extension services to poor rural women along with financial support, and to ensure availability of resources such as consistent capital formation, raw materials, supplies of machinery and technological innovation even in the remote areas of rural Bangladesh.

This chapter attempts to discuss some basic issues related to women’s entrepreneurship development through group activities and suggests reforming some policy initiatives by government for rural women’s business enterprise development targeting poverty reduction.

Considering the underdeveloped infrastructure in developing countries like Bangladesh, government roles should expand to establish a broader
range of support systems ensuring protection for poor and vulnerable women for accessing market participation, and access to processing business technologies. These activities can be supported by external actors such as donor agencies and NGOs. Again, tax-relief policy as in the short terms is a useful option for rural women for sustaining their business is proposed as a new policy initiative by government for eradicating poverty and ensuring the MDGs for rural women in Bangladesh.

To sum up, this chapter suggests ways in which to improve the women entrepreneurship development procedure through group-based entrepreneurial activities and proposes some changes to government policies for women’s entrepreneurship development programs in Bangladesh.

The next chapter will present the main conclusions and key points of the thesis.
Chapter 6

CONCLUSION

6.1. Introduction

The research has been designed to advance our understanding of the entrepreneurial situation of the rural women in Bangladesh in a more sustainable and empowered environment. This thesis shows how rural women’s explicit awareness, self-reliance, determination, development in education and training, technological innovation and infrastructural advancement can positively benefit the rural women entrepreneurs in Bangladesh as well as the entire society—socially, economically, and environmentally.

Meanwhile, the study shows that, by boosting their opportunities and facilities, these women can be empowered and thereby achieve more sustained growth and poverty reduction. Improved women’s entrepreneurship will not only benefit the rural community of Bangladesh, but also will encourage and inspire other developing and underdeveloped countries to overcome the miserable circumstances that afflict poor village women all around the world.

The chapter attempts to focus on some basic findings regarding rural
women’s entrepreneurship development in Bangladesh. It reflects the main objectives and significance of writing the thesis and summarizes the thesis as a whole. The focus of the chapter is how to develop ideas to reform entrepreneurship development for rural women in Bangladesh.

The study focuses upon rural women’s background, socio-economic state and cultural viability from different perspectives of theoretical evidence. It also investigates their actual situation in the rural community and identifies the core impediments and overcome them to sustaining a small or medium business to defeat against poverty. The research also finds some alternative solutions for rural women to perform as potential business actors. Additionally, the thesis reveals that among a number of entrepreneurial works, women’s entrepreneurship in the food processing and handicrafts sectors has huge prospects to advance rural women’s business possibilities and their ability to meet the socio-economic demand. The study also makes recommendations to ensure women’s empowerment and rights, and to protect women from gender discrimination and violence, and investigates the way to achieve the MDGs to improve the vulnerable situation of rural women. Again, the study proposes to improve some current limitations of the micro-credit policy to help women entrepreneurs to sustain their businesses. In
addition, group-based women activities are described here to develop women’s group-entrepreneurial activities to foster better opportunities for women to improve their poor situation. The study also mentions government’s particular and immediate steps to speed up women’s entrepreneurship development and economic growth. Clearly, such progress in entrepreneurial business can bring sustainable development for rural women and help to reach the MDGs.

6.2. Sustainable Outcomes for Future Strategies for Poverty Reduction and Meeting MDGs for Rural Women

Promoting micro and small businesses is increasingly seen as a means of generating meaningful and sustainable employment opportunities, particularly for those at the margins of the economy such as women, the poor and people with disabilities.

Entrepreneurship is an intricate process that calls for drive, creativity and persistence for the development of a business (Chowdhury, 2007). This means that training for women entrepreneurs should be carefully designed to complement their existing skills and address their most pressing needs with the help of market research and mobility as valuable
Micro, small and medium-sized enterprises have been recognized as a crucial way to promote women’s economic empowerment while fighting against poverty and gender inequity. They have been identified as engines of growth by many governments, and their promotion has been adopted as a development strategy by many institutional and regional players to create new jobs for developing countries and to drive innovation and economic dynamism (UN-ESCAP, 2007, p.10-11).

By providing a source of income and increasing access to control over resources such as land and property, women can be helped to obtain more control of their own lives. Economic empowerment has been shown to impact positively on women’s self-confidence, their negotiating position within the household, and their involvement in decision-making processes. The benefits of women’s increased economic empowerment through the promotion of women’s entrepreneurship are multiple. Studies show that with greater independence and self-assertion, women are now be able to stand up to abusive spouses, and can increase the likeliness of serving as role models in the community (UN-ESCAP, 2007, p.11). Thus rural women-initiated micro, small and medium-sized businesses...
can offer stronger benefits for alleviating poverty in rural areas and for rural development to achieve the MDGs in the long run. Achieving the MDGs within the next decade will require Bangladesh to develop and implement ambitious and effective strategies for rural women.

The current poor levels of equality of income and ownership of assets, and possible further deterioration, will determine the poverty outcome. Proper growth and rapid development in women’s entrepreneurial business, therefore, needs to be promoted so that the positive impact of economic growth on poverty reduction is increasingly larger than the adverse impact of income inequality, and the poor are able to participate more actively in the growth process and derive increasingly higher benefits from it (UN, MDGs, 2005, p.09).

Creation of more jobs and opportunities for entrepreneurship and self-employment by poor women will need to be rapidly advanced through skill development programs to reach the MDGs, in order to deal with the massive excess of underemployment and the large annual addition to the labor force, and increase the security of a large proportion of poor women.

Income growth in rural areas by rural women entrepreneurs has proved women’s business efficiency and potentiality in Bangladesh, and its continuation will need to be promoted pro-actively for future poverty.
reduction and sustainable business growth in their enterprises.

6.3. Recommendations and Policy Reformation

The study recommends some definite steps to protect rural women from poverty and an introduction of better ways to motivate rural women to find new openings opportunities to develop themselves both socially and economically through entrepreneurship development. Therefore, the research suggests that social attitudes towards women should be changed as well as raising the social value of women which is crucial, instead of having gender discrimination. Furthermore, in terms of government’s steps, government should be seen to be taking particular steps to support rural women entrepreneurs and to set up the plans and procedures to assist them, but, those plans should be more understandable to them. In addition, more practical and needs oriented training programs should be designed for the village women entrepreneurs.

Again, in terms of operating micro-credit policy, the interest rates of MFIs, i.e. NGOs and commercial banks can be minimized so that rural women can easily access the credit to successfully establish their business. This would be a productive policy reform for rural women.
Under this policy, banks should maintain facilities for easy access by rural women to bank premises, and also banks and other financial institutions should reduce the interest rate of their current working capital to create flexibility for loan provisions. In this regard, the interest rate should be more than or equal to (12%) commercial banks’ rate, but less than MFIs (20%), and the excess interest rates would be between 7% to 8%, which is suggested in this research to government and donor agencies to fill as donations or aids as support for rural women entrepreneurs’ business initiatives. Banks even should help them to understand industrial policies and many big firms or companies can also supply women better quality of raw materials time to time and help to store equipment for future courses of action in their businesses. In addition, fieldworkers should be more flexible and efficient in cooperating with women entrepreneurs in loan sanctioning and business planning.

Policy reformation for the current stage of women’s entrepreneurship development is now a key concern for Bangladesh. The development of women’s entrepreneurship in rural area of Bangladesh can be made possible by taking such necessary initiatives in different sectors of the state through different active policies and actions.
Of course, training programs should be emphasized on e-commerce, internet and other technological systems. Media and communication facilities should be given to village women entrepreneurs to expand their business. Besides, NGOs should be more active in advising on the women entrepreneurs’ business affairs. Additionally, proper initiatives should be taken for accurate marketing of their products both in domestic and foreign markets, with greater range of facilities for transport and other communication incentives for the women entrepreneurs. Finally, it is obvious that, raising public awareness is essential for creating self-confidence and self-determination and, unquestionably, it can economically equip rural women entrepreneurs to attain a higher level of empowerment and to secure more human rights for sustaining into their enterprises.

On this basis as outlined in the previous chapters, it is clear that new female entrepreneur associations should be created by increasing awareness among women about their importance. The mass media should be used to encourage women interested in business to be connected with these associations. Government advocacy and contributions from donor agencies and women’s agencies are fundamental to reform of women’s entrepreneurship development in rural Bangladesh. Existing female
entrepreneur associations can be strengthened through linkages with other women’s associations in group-entrepreneurship development activities. Groups and clubs can link with the national employers’ organizations and chambers of commerce to organize trade fairs and exhibitions for women. Groups also should mobilize funds for future programs to share experiences with other international women’s associations and institutions, and can organize new creative programs for women’s entrepreneurship development for rural advancement (Karim, 2001, p.71). The main target of reforming policies for rural women is to eradicate poverty sooner to meet the MDGs. Thus, the study follows the approach of international organizations like ADB, UNDP, Oxfam, World Bank, ILO and others advocating as reform of policies for advanced women’s entrepreneurship development to ensure MDGs as well.

6.4. Concluding Remarks

Entrepreneurship is, however a key to create new enterprises that will benefit the whole economy. Sustainable economic development can be ensured through the women’s entrepreneurship development process. This process can act as an instrument of industrialization and economic growth. Sustainability in women’s entrepreneurship development
depends on rural women’s dynamic activities supported by social, economic, cultural, and political sectors.

A distinction between access to productive assets and ownership of women’s assets is crucially important for self-reorganization of rural women. Certainly, beyond the direct economic impact, property ownership can protect women against the risk of domestic violence.

The government of Bangladesh has already enacted some regulation relating to the women entrepreneurship development in the rural area of Bangladesh. Due to complications at the period of implementing those policies, several times the support of the government was not available, mostly in the rural areas rather than the urban areas. While such circumstances occur frequently, rural women entrepreneurs continue to be victims of deprivation. Even though there are some initiatives to facilitate access to different micro-credit policies, rural women do not receive sufficient training from different development organizations, which effectively constrains their proficiency capability.

As a matter of fact, lack of widespread basic education, training, and experience; and poverty, inequality, starvation, and poor health condition remain serious obstacles making rural women less self-reliance and more dependent on the male community which causes considerable diminution
of their empowerment level. In other words, lack of recognition of ability and awareness, existing social customs and superstitions, conservativeness, violence, corruption etc. are the reasons for the diminution of women’s rights that substantially restricts their participation in economic activities outside the family boundary. Since entrepreneurship development is essential to improve the difficult conditions of poor pastoral women, it is equally important to enhance women’s empowerment to ensure the required sustainable development, mostly in rural area of Bangladesh.

The paper has investigated how poverty alleviation strategies are integrated with poor women’s sustainable development through the entrepreneurship development programs in rural Bangladesh. It has shown that initiatives for the entrepreneurship development program are the key instruments in the fight against poverty. The study targeted the MDGs needed to be met to overcome many rural women’s vulnerable situations. Additionally, the study particularly concentrated on entrepreneurship development through food processing and handicrafts development activities. The study emphasized the improvement of micro-credit policy through the rural women’s entrepreneurship development programs. Moreover, the group-entrepreneurship program
as a strategy of business development for rural women is also considered as an approach to strengthen women’s empowerment and to facilitate women’s actual entrepreneurial outcomes. Finally, the thesis showed that policies and actions under the government regulatory framework are necessary to foster rural women’s development through the entrepreneurial process.

The evidence shows that entrepreneurship—particularly when provided to relatively poorer women—increases incomes and savings, improves nutrition and health, and empowers women substantially. Therefore, the key significance of the research is how poor women can be privileged through doing entrepreneurship to escape their poverty and find new opportunities in society. The study encourages rural women to be part of advocacy activities which includes: the identification of joint activities as group-entrepreneurship, working in the area of promoting a better environment for the development of women's entrepreneurship in Bangladesh, establishing correlation between government, NGOs, civil society, financial institutions, and international donor community in order to improve the current legal and regulatory environment or framework related to entrepreneurship development for women.

The study also focused on improvements to microcredit policy to
advance women’s access to credit as a positive step towards empowerment, social mobilization and awareness of rights. To attain such steps, the research emphasizes women’s education, training, and skill development. The study demonstrates how technological and infrastructural development provide women entrepreneurs’ with easy access to finance, information and knowledge of business, business networking facilities and other opportunities impacting on women's socio-economic status.

Since entrepreneurship development is extremely important to activate the economic development of Bangladesh, it is of strong importance to ensure the facilitation of women’s development. If properly supported, women have a great opportunity to improve their livelihoods through engaging themselves in various types of income generating activities.

In summary, Bangladesh needs a more sustainable and efficient environment to improve women’s entrepreneurship situation as a tool to reduce poverty in the current state of the economy.
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### Appendix

**Table1: Distribution of enterprise activities supported by PEP in Shariatpur District (as of April 2000)**

<table>
<thead>
<tr>
<th>Type of Enterprise</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food processing</td>
<td>108</td>
<td>40</td>
</tr>
<tr>
<td>Jute craft</td>
<td>37</td>
<td>3</td>
</tr>
<tr>
<td>Tailoring</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Cane work</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td>Dress-making</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Decorative pottery</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Soap making and various other activities</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

*Source: Yu (2002, p.16)*
Table 2: Numbers of Working Days, their involvements and percentages of household works of Most Disadvantaged Women

<table>
<thead>
<tr>
<th>Number of Days</th>
<th>Number of Respondents</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>200-365 days</td>
<td>62</td>
<td>94%</td>
</tr>
<tr>
<td>199-150 days</td>
<td>3</td>
<td>4.5%</td>
</tr>
<tr>
<td>100-149 days</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Unknown</td>
<td>1</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Source: Ahmed (2007)
### Table 3: Grameen Bank Monthly Update in US$: April, 2011

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Million US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Cumulative Amount Disbursed Since Inception</td>
<td>10,631.17</td>
</tr>
<tr>
<td>2.0</td>
<td>Cumulative Amount Repaid Since Inception</td>
<td>9,424.35</td>
</tr>
<tr>
<td>3.0</td>
<td>Amount Disbursed this Month</td>
<td>114.67</td>
</tr>
<tr>
<td>4.0</td>
<td>Amount Repaid this Month</td>
<td>105.17</td>
</tr>
<tr>
<td>5.0</td>
<td>Outstanding Loan</td>
<td></td>
</tr>
<tr>
<td>5.1</td>
<td>Basic Loan</td>
<td>894.30</td>
</tr>
<tr>
<td>5.2</td>
<td>Flexible Loan (a)</td>
<td>55.12</td>
</tr>
<tr>
<td>5.3</td>
<td>Housing Loan</td>
<td>1.47</td>
</tr>
<tr>
<td>5.4</td>
<td>Education Loan</td>
<td>29.49</td>
</tr>
<tr>
<td>5.5</td>
<td>Other Loans</td>
<td>2.78</td>
</tr>
<tr>
<td>5.6</td>
<td>Total (b):</td>
<td>983.17</td>
</tr>
<tr>
<td>6.0</td>
<td>Rate of Recovery (c)</td>
<td>97.06</td>
</tr>
<tr>
<td>7.0</td>
<td>Total Outstanding of Borrowers Missing 5 to 9 Consecutive Instalments (d)</td>
<td></td>
</tr>
<tr>
<td>7.1</td>
<td>Basic Loan</td>
<td>12.34</td>
</tr>
<tr>
<td>7.2</td>
<td>Flexible Loan</td>
<td>10.47</td>
</tr>
<tr>
<td>-----</td>
<td>----------------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>7.3</strong> Total :</td>
<td></td>
<td><strong>22.82</strong></td>
</tr>
</tbody>
</table>
| 8.0 | Overdue Loan
c | |
| 8.1 | Basic Loan\(^{(f)}\) | 6.786 |
| 8.2 | Flexible Loan | 4.461 |
| 8.3 | Housing Loan | 0.047 |
| 8.4 | Other Loans | 0.000 |
| **8.5** Total : | | **11.294** |
| 9.0 | Microenterprise Loan (Cumulative) | |
| 9.1 | No. of Microenterprise Loans | 3,204,246 |
| 9.2 | Amount Disbursed | 1,346.47 |
| 9.3 | Amount Repaid | 1,078.96 |
| 10.0 | Balance of Deposits | |
| 10.1 Members' Deposit | 793.77 |
| 10.2 Non-Members' Deposit | 631.73 |
| **10.3** Total : | | **1,425.50** |
| 11.0 | Deposits to Outstanding | |
| 11.1 Deposits as Percentage of Outstanding Loans | 145 |
| 11.2 | Deposits and Own Resources as Percentage of Outstanding Loans |
| 11.3 | No. of Branches with more in Deposits than in Outstanding Loans |

**12.0** Beggar Members

| 12.1 | No. of Beggar Members | 89,179 |
| 12.2 | Amount Disbursed (Cumulative) | 2.37 |
| 12.3 | Amount Repaid (Cumulative) | 1.86 |
| 12.4 | Amount of Savings (Balance) | 0.11 |

**13.0** Cumulative Number of Village Phones | 402,443 |

**14.0** Cumulative Number of Houses Built with Housing Loans | 688,902 |

**15.0** Life Insurance Fund (Cumulative)

| 15.1 | No. of Deaths Among all Borrowers | 134,119 |
| 15.2 | Amount paid out from Life Insurance Fund | 4.66 |

**16.0** Loan Insurance

<p>| 16.1 | Balance in Loan Insurance Savings | 93.21 |
| 16.2 | No. of Deaths Among Insured Borrowers (Cumulative) | 199,495 |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16.3</td>
<td>Amount of Outstanding Principal and Interest of the Deceased Borrowers paid out from Insurance Fund (Cumulative)</td>
</tr>
<tr>
<td>17.0</td>
<td>Higher Education Loan (Cumulative)</td>
</tr>
<tr>
<td>17.1</td>
<td>No. of Female Students</td>
</tr>
<tr>
<td>17.2</td>
<td>No. of Male Students</td>
</tr>
<tr>
<td>17.3</td>
<td>Total :</td>
</tr>
<tr>
<td>17.4</td>
<td>Amount Disbursed (Female)</td>
</tr>
<tr>
<td>17.5</td>
<td>Amount Disbursed (Male)</td>
</tr>
<tr>
<td>17.6</td>
<td>Total :</td>
</tr>
<tr>
<td>18.0</td>
<td>Scholarship (Cumulative)</td>
</tr>
<tr>
<td>18.1</td>
<td>Scholarship Recipient (Female)</td>
</tr>
<tr>
<td>18.2</td>
<td>Scholarship Recipient (Male)</td>
</tr>
<tr>
<td>18.3</td>
<td>Total :</td>
</tr>
<tr>
<td>18.4</td>
<td>Scholarship Amount (Female)</td>
</tr>
<tr>
<td>18.5</td>
<td>Scholarship Amount (Male)</td>
</tr>
<tr>
<td>18.6</td>
<td>Total :</td>
</tr>
<tr>
<td>19.0</td>
<td>Number of Members (g)</td>
</tr>
<tr>
<td>19.1 Female</td>
<td>8,044,513</td>
</tr>
<tr>
<td>19.2 Male</td>
<td>313,054</td>
</tr>
<tr>
<td><strong>19.3 Total:</strong></td>
<td><strong>8,357,567</strong></td>
</tr>
</tbody>
</table>

| 20.0 Number of Groups | 1,295,397 |
| 21.0 Number of Centres   | 144,288  |
| 22.0 Number of Villages  | 81,379   |
| 23.0 Number of Branches  | 2,565    |
| 24.0 Number of Branches with Computerized Accounting and MIS | 2,565 |

(a) On the last day of each month, 50 per cent provision is made against the outstanding amounts of flexible loans with age of less than two years, and 100 per cent provision is made against the outstanding amounts of flexible loans with age of two years and more. The amount of a flexible loan which completes the third year is written off exactly on the date following its completion.

(b) This figure is not exactly equal to the difference between items 1 and 2 because of difference in conversion rates.

(c) Amount repaid as a percentage of amount due.
(d) If a borrower misses ten consecutive installments, the entire outstanding loan is treated as an overdue loan.

(e) On the last day of each month, 100 per cent provision is made against all overdue loans. Entire outstanding amount of overdue loans are written off one year after they become overdue.

(f) In case of one-year loan, if the borrower fails to repay half the loan amount, with interest, within 26 weeks, entire unrepaid amount becomes overdue. In case of loans with longer duration, if the borrower fails to repay the total principal amount and interest scheduled to be repaid within each segment of 26 weeks, entire unrepaid amount falls overdue.

(g) Number of members includes both Beggar Members and Higher Education Loan recipients mentioned in item no. 12.1 & 17.3 respectively

Note: Current Exchange Rate: 1 US$ = Taka 71.95

Source: www.grameen-info.org

Issue No: 376, Issue Date: May 11, 2011
Table 4: Micro-Finance NGO Interest Rates (Flat Basis) on Loans

<table>
<thead>
<tr>
<th>Range</th>
<th>No. of NGOs</th>
<th>% NGOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 10%</td>
<td>31</td>
<td>5.5</td>
</tr>
<tr>
<td>11-15%</td>
<td>455</td>
<td>80.2</td>
</tr>
<tr>
<td>16-20%</td>
<td>78</td>
<td>13.7</td>
</tr>
<tr>
<td>21-25%</td>
<td>2</td>
<td>0.4</td>
</tr>
<tr>
<td>More than 25%</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>Total</td>
<td>567</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: ADB (2002, p.38)
Table 5: Growth of Micro-finance Coverage as Reported to the Micro-credit
Summit Campaign 1997-2004

<table>
<thead>
<tr>
<th>End of Year</th>
<th>Total Number of Institutions</th>
<th>Total number of Clients reached (millions)</th>
<th>Number of “poorest” clients reported (millions)</th>
<th>Number and percent of women among the poorest clients (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>618</td>
<td>13.5</td>
<td>7.6</td>
<td>-</td>
</tr>
<tr>
<td>1998</td>
<td>925</td>
<td>20.9</td>
<td>12.2</td>
<td>-</td>
</tr>
<tr>
<td>1999</td>
<td>1,065</td>
<td>23.6</td>
<td>13.8</td>
<td>-</td>
</tr>
<tr>
<td>2000</td>
<td>1,567</td>
<td>30.7</td>
<td>19.3</td>
<td>-</td>
</tr>
<tr>
<td>2001</td>
<td>2,186</td>
<td>54.9</td>
<td>26.8</td>
<td>-</td>
</tr>
<tr>
<td>2002</td>
<td>2,572</td>
<td>67.6</td>
<td>41.6</td>
<td>37.7 (79%)</td>
</tr>
<tr>
<td>2003</td>
<td>2,931</td>
<td>80.9</td>
<td>54.8</td>
<td>45.2 (82.5%)</td>
</tr>
<tr>
<td>2004</td>
<td>3,1931</td>
<td>92.3</td>
<td>66.6</td>
<td>55.6 (83.5%)</td>
</tr>
</tbody>
</table>
The **Table 5** represents the growth rates of micro-finance by time series analysis of the Micro-credit Summit Campaign from 1997 to 2004. The report shows, during 2000, there is an impressive involvement of micro-credit institutions in Bangladesh and until 2004; the percentage of poor women participation becomes highest.
Case Study-1:

DriVen Partnerships' target is to provide Bangladeshi entrepreneurs the financing and technical support needed to nurture their enterprise into successful, progressive, and socially-responsible companies. We work to identify great entrepreneurs using local partners, turn their business idea into a business model and, based on growth opportunity and entrepreneurial spirit and innovation, get them access financing. In most promising cases we give them practical, hands-on help to access better networks. We are the mobilizing network to encourage and support the ‘missing middle’ in Bangladesh, the Bangladesh entrepreneur who miss out on growth opportunities for the lack of better access to finances and technical assistance. Using technology we create a market place that potentially matches such entrepreneurs, who are carefully screened, with investors worldwide.

Source: Saleh (BSEP, 2010, p.20)
Case Study-2:
The Productive Employment Project (PEP) aims to provide the rural poor (defined as households having less than half an acre of land and relying mainly on manual labor for sustenance) with sustainable livelihoods. It is working in 27 sub-districts of five districts within Greater Faridpur – Madaripur, Faridpur, Shariatpur, Rajbari and Gopalganj. PEP reaches approximately 160,000 beneficiaries. It supports its target groups through savings and credit facilities, training, marketing assistance, legal aid, and health and nutrition. It supports and monitors about 15 livelihood sectors, categorized broadly into production, service and processing (Yu, 2002, p.16).
PEP realized that many women beneficiaries process food, or could easily do so. While homestead cultivation and livestock rearing sustain many households, food processing is the most common supplementary income generating activity.

Source: Yu, 2002, p.16
Case Study-3:

Rahela Begum is a single mother of five, living in a small village in Dinajpur.

After her husband died in a road accident, she had to take care of two small sons all by herself. Fortunately, her two elder sons and her daughter were already married by then, so she had only two children who depended on her. She had a difficult time, as all the family’s savings had been spent on the treatment of her late husband and she had no work. One and a half years after her husband died, she was selected as a cardholder for the 2003-2004 cycle of the project (FSVD, Europe Aid). In this period, she participated in two Income Generating Activities training sessions, namely soap making and chanachur making (South Asian snack). Currently, she produces 12 kilograms of chanachur per week. She has opened her own small shop in the village, where she weekly sells two kilograms of chanachur she has produced; the other 10 kg she sells off to other shops. At the same time, she is also producing and selling soap. Her sons help her with her business after they finish school and homework. In her shop, she sells rice, biscuits, toiletries and of course her own soap and
In her village, a number of women are involved through this project in cow rearing as an income generating activity and through the women’s network; she also assists them whenever they need her. Two years ago, she had no money, slept on a bed of straw and she and her sons had only one meal per day. Now, she has a real house, goats, chickens, a business and a shop. She and her family have three meals a day and Rahela can dream again of expanding her business and offer her children an even better future.

*Source: FSVGD (Europe Aid, 2011, p. 02)*
Case Study-4

Grameen Danone Foods Ltd. produces a special yogurt called Shakti Doi from pure full cream milk that contains protein, vitamins, iron, calcium, zinc and other micronutrients needed to fulfill the nutritional requirements of children of Bangladesh, thus contributing to improving their health. While ‘Shakti Doi’ (which means 'power yogurt') is primarily intended for children, it is also appropriate for adults. The price of each 80 gram cup of yogurt is kept at an affordable rate of BDT 5 (equivalent to Euro 0.05) and can be bought regularly by even the poorest families (Rahman, BSEP, 2010, p.16).

The business structure is designed such that there are no dividends for the shareholders; the profits are reinvested into the company and the market prices are set with the aim of making the enterprise self-sustaining. All the distribution is done by local female Grameen Bank beneficiaries, who play a significant role in the sales program. A door-to-door selling approach has been adopted, where Danone Yoghurt, produced entirely from local milk supplies, is marketed and sold among friends, families and small groceries. The program has thus been able to generate a lot of
employment in the rural communities.

*Source: Rahman (BSEP, 2010, p.16)*

**Case Study-5**

A non-profit and nonpolitical voluntary organization named the Justice Fazlul Haque Welfare Foundation (JFF) was established in 2002 dedicated to poverty abolition, socio-economic development and establishing a society liberated from all kinds of social prejudice and economic maltreatment. JFF believes that, to overcome the socio-economic situation of underprivileged poor rural women as well as empower them and establish their rights, there is no substitute for developing entrepreneurship and creating alternative income generation opportunities for them. With that aim, at the beginning of 2007, JFF started its journey with its women’s cooperatives to establish and operate a cooperative business with the handicrafts products produced by them like: nakshee khattha, sharees, mats, show pieces, hand embroidered products like; t-shirt, fotua, trouser, skirt, cushion & bed cover, panjabee etc.

This kind of project is expected to be much more successful in future. Following that, the deprived rural poor women would be more capable to amend their socioeconomic situation in order to widen their entrepreneurial proficiency and contribute fruitfully to the nationwide welfare.

*Source: JFF (Justice Fajlul HaqueWelfare Foundation), Bangladesh, 2011, p.02*

[www.ifwf-bd.org/cooperatives](http://www.ifwf-bd.org/cooperatives)
Case Study-6

Hathay Bunano Proshikhan Samity (HBPS) in Bangladesh is a successful organization that produces hand crocheted and hand knitted children’s toys and clothes for ages 0-6. It was established in 2005 by a Bangladeshi-British couple Mr. Golam Morshed and Mrs. Samantha Morshed. In Bangladesh, extreme poverty as a critical issue influences over 135 million people. To eliminate this curse of poverty, they decided to work with rural women to create job opportunities without debt rather than emphasizing loan disbursement and loan repayment strategies like the micro-credit policy followed by Grameen Bank and some other NGOs (non-governmental organizations), as a sustainable solution to alleviate poverty. Their products are made through a hygienic production process meeting international standards. They are sold primarily in international markets through HBPS’ foreign buyers located in the USA, Australia, UK and other parts of Europe such as Scandinavia. As of November 2009, 34 HBPS production centers are in operation across 12 different districts in Bangladesh employing about 3,500 rural poor women. Utilizing its full capacity, HBPS is currently producing 10,000 pieces of 350 different children items per month.

‘HBPS controls all the activities from its head office; a rented one story building located in the capital city Dhaka. Administration, market networking, quality control, packaging and labeling activities are done in separate units in the same office building. Major production units are spread in 34 different rural locations in Bangladesh. These areas are, like other rural areas of the country, characterized predominantly by the
agriculture sector and a high incidence of poverty. Women in these areas have limited opportunities to get involved in any productive activity outside the home. Hathay Bunano, however, prefers to employ disadvantaged women, including women with young children, physically challenged, and socially disadvantaged ethnic people’.

Source: (Rahman, UNDP, 2011, p.04).
Case Study-7

An NGO and a non-profit organization that are self-described as a fair trade company, the two organizations named ‘Hajiganj Handicrafts’ and ‘Dhaka Handicrafts’ export handmade kaisa grass baskets to North American buyers.

Poe and Kyle (2006, p. 04-05) report that these two handicraft organizations provide final cost and other related information of the kaisa grass baskets to the main North American buyers. The purpose of this information is to ascertain what the organizations were actually paying in wages, understand the administrative structure and operating procedures of each organization, and to observe if artisans were actually receiving higher incomes.

Hajiganj Handicrafts

Hajiganj Handicrafts was situated in Nilphamari, northern Bangladesh, and was established to empower and create permanent employment opportunities for women. It is a project of a local NGO that receives orders from Ten Thousand Villages, a large fair trade company in North
America. The women live within walking distance of the project office, and most are involved in farming while their husbands are agricultural day laborers or rickshaw pullers.

Hajiganj Handicrafts was established as a project of the Job Creation Program of the Mennonite Central Committee - Bangladesh in 1995 when 25 women were trained to make baskets for a Ten Thousand Villages order. In 2003, a new manager was hired and the project was restructured. In November 2003, Hajiganj Handicrafts became a project of Prokritee. All expenses relating to rent, salaries, administration etc. average Taka 12,000 (roughly US$ 190) each month. The project exported around 13,000 baskets from 1995 to 2003. Presently, the project is making money. It exported 7,500 baskets during the March 2004-February 2005 year, amounting to Taka 472,000 (roughly US$7,600) in sales to Ten Thousand Villages. Due to this growth, Prokritee gave the project a clean schedule and all previous financial regulations were written off in February 2005 (Poe and Kyle, 2006, p.05).

**Dhaka Handicrafts**

Poe and Kyle, 2006, p.07 state that Dhaka Handicrafts is a non-profit company that was originally established as an NGO by *Enfants du Monde* (EDM), a large international NGO based in Switzerland. It was formed in
1999 when EDM transformed their handicraft project in Bangladesh into a private non-profit company limited by guarantee. There are no shareholders or owners in the company, but an honorary Board of Trustees provides oversight and direction. Currently, there are 26 full-time employees working for the organization. Artisans, organized in independent producer groups, deliver the orders. As the majority of the producer groups are situated in Bogra, in northern Bangladesh, a field office is located there to synchronize orders and communication with the producer groups. Presently, the organization works with approximately 1,200 women in 23 producer groups. Of these, 15 groups, representing around 900 artisans, are in the Bogra area. The main intentions of the organization are to provide a reliable income to the producers throughout the year, maintain superior standards of quality and customer service, and guarantee timely consignment (Poe and Kyle, 2006, pp.07-08).

Another organization is described below which co-operates with rural women to communicate with international markets from local markets.

‘For Profit’ Handicrafts

‘For Profit’ Handicrafts is a private business organization that exports handicrafts to mainstream and commercial buyers in Europe and North
America. Their office is located in Dhaka, but they also operate a large warehouse in Bogra, the area in Northern Bangladesh where most of their producers work and where kaisa grass is readily available.

‘For Profit’ Handicrafts was formed by three partners in 1997 as a company limited by guarantee under the Company Act. The main reason is to produce higher yield for the partners. Around 1,500 producers supply orders and are members of self-regulating groups that are not legally part of the business. ‘For Profit’ Handicraft exports nearly 1,500 types of kaisa grass, cane, bamboo, and hoogla grass handicrafts. According to Poe and Kyle, 2006, pp.07-08, the company exported goods worth around US$600,000 to $800,000 during the past three years. This business provides a wage to producers which the business has established at Taka 70 (approximately US$1.10) per day. The initial step in the process of supplying an order is to provide training to potential producers in the procurement, handling, and storage of raw materials. Workshops are conducted to train key members of a new group in cooperation and organization, raw material selection, and management and skills training to make high quality baskets. These newly trained producers then train the rest of the members of their group.

Kumudini handicrafts, was established in 1976, which has the target of
developing improved quality of handicrafts for the local market as well as export to the international market, through involving rural women entrepreneurs by broadening their scope for socio-economic participation. Rahman, BSEP (2010, p. 09) reports that, ‘Kumudini Handicrafts’ has built a strong network of artisans throughout the country. The beneficiaries of these jobs are 25,000 individuals and their crafts mainly include embroidered nokshikatha, jamdani shari, terra cotta ceramics, baskets and many more, all enriching our traditional rural culture and heritage. In order to run its humanitarian activities Kumudini has set up a range of income producing units located in Narayanganj. The garments segment of the organization is mainly focused on creating employment for women, employing about 850 workers of which 95% are women.

Source: Rahman, BSEP (2010, p. 09)
Case Study-8

Minu Begum: A positive case of Grameen Bank policy:
Minu Begum grew up in miserable poverty. After being abandoned by her husband, Minu Begum started to sell tea and bhapa pithas (rice cake baked in indigenous oven) to make a living and has established herself as an entrepreneur with diversified investments.
In rural Bangladesh, tea stalls are common; however, tea is usually consumed with certain types of biscuits made of flour. Minu Begum’s idea of combining tea and bhapa pitha in her tea stall introduced bhapa pitha as a good substitute good for biscuits and a good complementary good for tea.
As a micro-entrepreneur, Minu Begum adopted new inputs, namely rice powder and salt, to produce a new good. Although bhapa pitha is sold in rural and urban areas of Bangladesh, it was not packaged with tea until Minu Begum did so in her stall.
After opening her stall, Minu Begum found that her entrepreneurial idea of selling tea with bhapa pitha was a successful business venture. In 1990 she heard about Grameen Bank's micro-financing and took a loan of Tk. 3,000 to build a tea stall. This allowed her to experiment with new technology in order to install new hearths to bake bhapa pitha on a large scale. As her business grew, she designed additional fireplaces to bake the bhapa pitha more efficiently.
A tea stall run by a woman in Bangladesh is an act of bravery. Minu
understood that, but she decided to be a ‘front-runner’, because, ‘someday in future, women would be managing all kinds of businesses’. She made innovative and attractive designs around her tea stall which attracted additional customers and enabled her to expand the market.

After one year of operation, Minu Begum took a second loan from Grameen Bank of Tk. 5,000 to expand her quite successful tea stall business. With further loans and by diversifying investment in other income generation activities, she became self-sufficient and diversified her business. She lives alone and has taken the responsibility of educating the seven children of her sister. She now owns a plot of land with two houses on it. Her enterprises extend beyond the tea stall with many employees and include a cow shed, ten cows, 52 chickens and ducks, and cash capital. After 12 years in business, her total assets are valued at Tk. 700,000, which is a remarkable achievement considering she started off with an initial investment which included a tea stall and a loan of Tk. 3,000.

*Source: Mondal, 2002, p.7-8*
Case Study- 9

Bahar: A negative case of Grameen Bank Policy:
Bahar was brought up in a conservative family and always observed purdah. The household owned more than two acres of arable land and Bahar does not qualify for Grameen loans. But, within three to four years of the Bank's operation in the village, a couple of women from neighboring households owning arable land, who also officially did not qualify, joined the bank and received loans. After that Bahar's husband insisted that she join the Bank and get money for him. Bahar refused. Finally, when insults and other pressure had failed, her husband warned her that if she did not join the Grameen group he would send her back to her natal home and he would marry again. In 1989, Bahar joined the group and received her first loan. Until 1993, when her husband migrated to Libya as a manual labourer, the husband used her loans. Now Bahar gives her loans to her brother in a distant village who invests the money in his business and gives a share of the profit to Bahar at the end of each year. Bahar pays the regular weekly installments from her husband's remittance (Rahman, 1999).
Case study-10

A BRAC’s initiated organization; Polli Shomaj:

The main objective of Polli Shomaj is to give a political voice to poor women and therefore ensure that their interests are represented in local bodies (government or local groups such as bazaar, school or mosque committees). Polli Shomaj also mobilizes government resources such as Vulnerable Group Development (VGD) cards, Khash land and ponds, roads and embankments. So far, Polli Shomaj groups have addressed issues such as illegal divorce, dowry, under-age marriage, polygamy, corruption and injustice within the community. Polli Shomaj (PS) members are also participating in greater numbers the resolution of social conflicts through local arbitration (Shalish) and playing an active role in lobbying the Union Parishad for various benefits (VGD cards, old age pension). In the 2002 Union Parishad election, 3,945 Polli Shamaj members voted.

One of the main achievements of the PS groups is the creation of a new cadre of women leaders among the poor. By providing them with various types of leadership training and exposure in different forums (in their own groups, in wider BRAC forums and in community forums), these women are becoming capable of providing leadership within their groups and in the community in general. It is also worth emphasizing that it is still unusual for women to assume such formal leadership positions within the community (unless it is for NGO credit groups) and therefore, this is a new area where BRAC has been able to change gender roles and
divisions of power.

Source: Momen & Begum, 2006, p.1279