

Draft Speech by the Special Guest Mr. Md. Sabur Khan, President, Dhaka Chamber of Commerce and Industry (DCCI) at the inaugural ceremony of “2<sup>nd</sup> National SME Business Plan Competition-2013” organized by SME Foundation.

Date: September 25, 2013

Time: 11:00 a.m.

Venue: Ball Room, Pan Pacific Sonargaon Hotel

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BISMILLAHIR RAHMANIR RAHIM,

Honorable Industries Minister and Chief Guest of today’s program Mr. Dilip Barua;

Mr. Moazzem Hossain, Editor, The Financial Express;

Prof. Mr. Mamun Rashid, Eminent Economist and Banker;

Mr. Md. Mujibur Rahman, Managing Director (In Charge), SME Foundation;

Ladies and Gentlemen;

Assalamu A’laikum and very Good Afternoon

At the outset, I would like to express my gratitude to SME Foundation for organizing such an important competition on “2<sup>nd</sup> National SME Business Plan Competition-2013” and inviting me on the occasion.

Distinguished Guests;

Small and Medium Enterprises (SMEs), the life blood of Bangladesh Economy has been contributing about 25% of

GDP to the value addition in manufacturing sector in Bangladesh. It is true that SMEs are very crucial for our future economic prosperity. It is imperative that we listen to the voice of SMEs and ensure putting the right frameworks in right place and structures (legal, regulatory, taxation, competition policy and financing) to encourage entrepreneurship. SMEs are the largest employers and the largest contributors to GDP. SMEs are the major growing force behind the fastest growing economy of China, in terms of contribution to the national GDP (accounting for 40%), scale of assets, diversification of products, and the creation of employment. Similarly, the role of SMEs is well acknowledged in other countries such as Japan, Korea, and all other industrialized economies in terms of creating employment, reducing poverty and increasing the welfare of the society. Ninety-eight percent of all businesses in Australia are SMEs and they provide private sector jobs for nearly 4.8 million Australians.

Distinguished Gathering;

This is the age of globalization where the most challenging component is competition. To survive and grow in this globalized world, each and every aspect of business must consider the fact innovation and creativity at all the stages of activities. It is a universal truth that SMEs are the backbone of all the nations of the world and in Bangladesh the fact is more real. To cope with the fast ever changing world, Bangladeshi SMEs need to be innovative and creative and this task can be done effectively and efficiently through this type of competition program. The creative thinking and models of the youth and the entrepreneurs that will come out of this competition program will help the policy makers

and think tanks to consider those inputs for the overall development of SME sector in Bangladesh.

SMEs are recognized as engine of economic growth and employment generation for sustainable industrialization in both developed and developing countries of the world. In context of Bangladesh, there is no alternative of small and medium enterprises for rapid industrialization and national economic growth through lower capital investment and employment generation.

Ladies and Gentlemen;

Without a few fertilizer factories, pharmaceuticals companies, cement factories, and telecom companies all other business entities in Bangladesh are SMEs. An estimated number of these SMEs in Bangladesh are about 6 million (60 Lac) about 75% of which are located in rural areas. These are producing around 50 per cent of our industrial output each year, generates highest number of employment, producing low cost quality products, and contributing in import substitution and saving foreign currencies. There are a few initiatives visible from the government side to boost SMEs, dealing with their problems and facilitating them. Major achievement of the government for SME support is to establish SME Foundation for advocating in favor of them, to guide them, facilitating SME loan for the poor SMEs etc.

Distinguished Gathering;

The barriers or challenges that SMEs in Bangladesh face are: Poor Infrastructure and utility supply, Unavailability of collateral free bank loan, Limited access to information, Traditional Technology, Low productivity of labor, Lack of entrepreneurship development program, Lack of sector specific skilled manpower, Complicated bureaucratic procedures, Lack of marketing knowledge, High Bank interest rate, Lack of government support to search export market, High competition from cheap Indian & Chinese products due to trade liberalization, Lack of testing facility, Loose imposition of IP law, Absence of skilled channel of distribution to ensure fair price of growers, Absence of SME support centers etc. Government should take initiatives to remove these hurdles to promote SMEs and attract investors from home and abroad in this sector.

Political commitment and regulators' continual support to small and medium enterprises (SMEs) can remove any roadblock to achieving double digit GDP growth rate for Bangladesh. There is a need for more women's participation in SME sector. More SME loans must go to women entrepreneurs. SMEs are spurring the engine of growth despite power crisis. Refinancing of SME loans and diverting remittances to SMEs along with support of commercial banks can keep the growth rate momentum to the goal. Access to strategic financial advice is one of the biggest challenges that SMEs face. SMEs in our country are labor intensive with capital which matches our abundant supply of competitive

labor. But higher costs of funds are deterring this sector to grow to its fullest level.

### Distinguished Guests

In the Sixth Five Year Plan (SFYP) it has been targeted to achieve average GDP growth of 7.3 percent per year, increase the employment share of manufacturing sector to 15 percent by the year 2015. To achieve these targets, Bangladesh needs the creation of at least an additional 6 million jobs in manufacturing sector, additional investment of at least Taka 2 billion and over 1,25,000 new manufacturing SMEs.

You will be glad to know that in order to achieve the employment targets, industrial growth, improved socio-economic structure and keep positive impact to GDP aligned with the targets of the government's announced policies, Dhaka Chamber of Commerce and Industry (DCCI) in association with Bangladesh Bank has come forward with an innovative idea of creating 2000 new entrepreneurs along with a parallel event of an expo titled Entrepreneurship and Innovation Expo. This is an outstanding and unique initiative in the country as the entrepreneurship talent hunting is being carried forward throughout the country to collect talents from every nook and corner of the country. The new entrepreneurs will be given all sorts of assistance to be a successful entrepreneur. They can also be facilitated through DCCI Help Desk which has recently been established at DCCI premises. The desk will provide all sorts of support as a one stop service centre.

I would also like to mention here that DCCI in partnership with SME Foundation and MCCI is implementing a project called Business Initiatives Leading Development (BUILD) which is providing policy advocacy services mostly to the SME sector. DCCI is always in favor of the activities that are necessary for the development of private sector and national economy.

I assure all types of cooperation from DCCI for the true development of SME entrepreneurs in the country.

I do not like to prolong further. Thank you all once again

Md. Sabur Khan  
President, DCCI