

**AN INTERNSHIP REPORT**  
**ON**  
**Role of Pentagon Group in Small and Medium Enterprise**  
**(SME) Development of Bangladesh**

**SUBMITTED TO**  
**Controller of examinations**  
National University  
Gazipur-1704

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Daffodil Institute of IT



Under National University  
Submission Date: November 14, 2023

## Letter of Transmittal

November 14, 2023  
Controller of Examinations  
National University  
Gazipur, 1704

**Subject: Submission of Internship Report.**

**Dear Sir,**

I have the great pleasure to place before you **Report on Role of Pentagon Group in Small and Medium Enterprise (SME) Development of Bangladesh** to prepare the report, I have tried to devote my best effort to find out study relevant materials. I sincerely hope and believe that my report will secure your approval and its purpose. I will be always available for answering any query about this report. I request you to forgive me for any mistake that may occur in this report despite my best effort.

Yours truly,

.....

Arman Hossain

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## Declaration

I do hereby solemnly declare that the work presented in this internship report titled study on **Role of Pentagon Group in Small and Medium Enterprise (SME) Development of Bangladesh** is an original work done by me under the supervision of Prof. Dr. Mohammed Shakhawat Hossain, Principal, Daffodil Institute of IT (DIIT). No part of this report has been previously submitted to any academic certificate qualification.

The work that I have presented does not breach any existing copyright.

I further undertake to indemnify the department against any loss or damage arising from breach of the forgoing obligation, if any.

Yours truly,

.....

Arman Hossain

Roll No: 2020452

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Session: 2019-2020

Major: Finance

Program: MBA

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## Supervisor's Certificate

This is to certify that the Report on Role of Pentagon Group in Small and Medium Enterprise (SME) Development of Bangladesh has been submitted for the award of the degree of Master of Business Administration (MBA) major in finance from Daffodil Institute of IT, carried out by Arman Hossain under my supervision. To the best of my knowledge, any part of this report has not submitted for any degree, diploma or certificate before.

I wish his every success in life.

.....  
Prof. Dr. Mohammed Shakhawat Hossain  
Principal  
Daffodil Institute of IT

## Acknowledgement

First of all, I would like to thank almighty Allah for his grace in accomplishing my internship report timely.

No study can be performed without the help and assistance of others. My study on “Role of Pentagon Group in Small Medium Enterprise (SME) Development of Bangladesh ‘

In context of Bangladesh would not have been possible without the support of some people.

I would like to express my gratitude to my academic supervisor and Honorable Principal of DIIT Prof. Dr. Mohammed Shakhawat Hossain from the core of my heart for their kind support, guidance, constructive, supervision, instructions and advice and for motivating me to do this report.

I express my heart full thanks to all the members of Pentagon Group Especially thanks to Mr. Md. Shahadat Hossain (Manager Admin) also Mr. Kamal Hossain (Assistant Manager of Corporate Sales) and all other members as well as all the employees from top to bottom of Pentagon Group, who gave me necessary information and excellent guidance. I am very grateful to prepare this internship report.

I am very grateful to M.M. Zahid Mahmood (Chairman), Md. Khairul Karim Antu (Managing Director) & Md. Anwar Hossain (Director) for their co-operation as well as its differences with conventional research about lots of policy in Bangladesh.

## Executive Summary

Small and Medium Enterprise (SMEs) can help to cut poverty to a satisfactory level by eliminating various prejudices against labor intensive industry and creating jobs for the skilled manpower in the SME sector. However, the access to financing is still recognized as the leading obstacle to SME growth in Bangladesh, alike most other developing and under-developed countries. Small and medium entrepreneurship have a tremendous potential in empowering potential entrepreneurs and transforming society. To target this sector with huge potentiality Pentagon Group, play role in SME development.

For the inheriting business risk, SME sector is facing several constrains in terms of growth. Policy level complexity, financial constraints, legal bindings and industry structure are hindering financial institutions to support SME sectors. Lack of SME supporters, poor infrastructure of the country, lack of entrepreneur's skills, huge market competitions are the

Major drawbacks for business support provider. Again, SME sector has tremendously contributed in the economy. Today it has been considered as the engine of country's economy.

The report will be started with a short introduction, objective, methodology and limitations. Then the report will state organizational overview containing history, vision, mission, strategy, hierarchy and role of Pentagon Group. After that different division activities will be discussed including their services and the jobs done by author. In next chapter the report will focus on the general view of SME development provided by the Pentagon Group. There will be an analysis on the findings from the industry review and the contribution of the Pentagon Group in this sector which will also discuss about the potential sector analysis, recommendations and conclusions.

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## ACRONYMS

SME	Small and Medium Enterprise
MDG	Millennium Development Goal
SMEF	Small and Medium Enterprise Foundation
QMS	Quantity Management System
TQM	Total Quantity Management
SAPTA	The Substance Abuse Prevention & Treatment Agency
SAFTA	South Asian Free Trade Area
UNDP	United Nations Development Program
UNCTAD	United Nations Conference on Trade and Development
ITC	International Trade Centre
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
CBI	Chicago Bridge & Iron Company
NTFII	The Netherlands Trust Fund II
IFC	International Finance Corporation
SBA	Small Business Administration
SSI	Small Scale Industries
BSCIC	Bangladesh Small and Cottage Industries Corporation
SMEDP	Small and Medium Enterprises Development project
SMEDA	Small and medium Enterprise Development Authority
NTEVTA	National Technical Education and Vocational Training Authority
ICG	The International Consultancy Group
MIDAS	Micro Industries Development Assistance and Services
GDP	Growth Domestic Product
NGO	Non-Government Organization
IMC	The Integrated Marketing Communication
BFIU	Bangladesh Financial Intelligence Unit
IDA	The Institute for Defense Analyses
WEDU	Women Entrepreneur Development unit
BDS	Business Development Services
PFI	Partner Financial Institutions

BIBM	Bangladesh Institute of Bank Management
BCSIR	Bangladesh Council of Scientific & Industrial Research
RJSC	Registrar of Joint Stock Companies
MOU	Memorandum of Understanding
IDEB	Institute of Diploma Engineers Bangladesh
SCITI	Small and Cottage Industries Training Institute
JCI	Junior Chamber International
NASCIB	National Association of Small and Cottage Industries of Bangladesh
ICT	Information and communications technology

# Chapter: One

## Introduction

## **1.1 Introduction:**

The role of small and Medium Enterprises (SMEs) is indispensable for overall economic development of a country particularly for developing countries like Bangladesh. Since this sector is labor intensive with short gestation period, it is Capable of increasing national income as well as rapid employment generation; achieving Millennium Development Goals (MDGs) especially eradication of extreme poverty and hunger, gender equality and empowerment.

Small and Medium Enterprise (SME) sector has played a vital role in economic development of some prosperous countries of Asia. Our neighboring countries have also given due importance on SME. Terming SME as “employment generating machine” they stressed on SME development for higher economic growth, narrowing the gap of income inequality and poverty alleviation. The present government has also put much emphasis on the development of SME sector considering it as ‘the driving force for industrialization’.

## **1.2 Background of the study:**

Internship is the opportunity for a student to get the practical knowledge based on their studies. It also helps a student to cope with the organizational environment and helps to progress in future.

This report was assigned as a requirement for the successful completion of the internship which itself is part of MBA program of DIIT under the National University. I was assigned to Pentagon Group for SME development. I joined there 1<sup>st</sup> August, 2023 for completing my internship program, it was a 3 (Three) months program. This report has been prepared in the light of practical as well as theoretical knowledge. During the project work, I have got a good idea about the Small and Medium Enterprise (SME) that has been reflected throughout this report.

### **1.3 Objectives of the Report:**

There are two types of objectives of the report. They are:

#### **General Objective:**

1. To know about the role of Pentagon Group in the SME development in our country

#### **Specific Objectives:**

1. To know the Last two years SME performances of Pentagon Group,
2. To learn the recent scenario of SME service is providing.
3. Priority shall be given to small entrepreneurs.

### **1.4 Scope of the Report:**

It was an opportunity to get basic information concerning the organization's policy, strategy and structure, of SME division and the organizations prospective of the department, and how they manage their overall operations in SME division.

The reports develop an insight into the financing policies and practices of Pentagon Group the SME sector of Bangladesh.

This report provides a critical overview about how the Pentagon Group defines SME and what is the overall performance of Bangladesh in the SME sector. This report also provides a brief idea about the SME financing policies and practices followed by some other organizations of the country.

Thus, it tries to identify the potentiality of sub sectors of SME leads to the enlargement of this industry.

## **1.5 Significance of the Report:**

In modern services concept one of the most important concepts of services organizations or any financial institutions is proper management of SME development. A SME is one of the most important and significant sectors of our country development. In this study, a conceptual study has been conducted on the SME development of Pentagon Group. A survey has been conducted to find out the proprietors view on SME service of Dhaka Chamber of Commerce and Industry. This study will help those who want to conduct further research on the prospect of SME development in Bangladesh.

## **1.6 Methodology:**

In conducting the study, the data have been used where collected by using two methods the methods are as follows:

### **1.6.1 Observation method:**

Observation method may be defined as the systematic watching of facts and events occurring in the field of study. The researcher has observed all the activities of SMEs services. Through this method, he has collected some data about small and medium enterprise (SME) services.

### **1.6.2 Interview method:**

Interview is a face-to-face situation where one person asks (The interviewer) a person (The respondent) being interviewed questions to obtain answers pertinent to research problems. To get the real information and data about SME services, researcher asked some respondents and clients directly.



## **1.7 Sources of data:**

This report is based on the information collected from different sources following a specific methodology. The details are as follows

**1.7.1 Primary sources:** in the primary source search for information on the sources are

- Practical desk work
- Discussing with experienced of officers and in-charge
- Discussion with clients
- Personal observation
- Discussion with my organizational supervisors

**1.7.2 Secondary sources:** Sources are-

- Annual report of Pentagon Group.
- Procedure manual of Pentagon Group.
- Pentagon Group website and different journal and related information from internet searching
- Different circulars issued by Head office.
- Different types of books related with SME Foundation.
- Different procedure manual published by SME Foundation.
- Annual reports of SME Foundation.
- Periodicals published by SME Foundation
- Publications obtained from different libraries and from internet

## **1.8 Limitations:**

Some information was not provided because of confidentiality policies of the organization. However, the report does not consist of actual documents used in the financial process of Pentagon Group some limitations are as follows:

- 3 months period is not that much enough for preparing this report as it is based on specific division and their activities. However, I tried my best to seek as much information to present the report.
- The data and information related to that topic on this organization was not easily available.
- Up-to-date data and information about new initiative was another short coming
- The organization maintains some confidential leave while giving information regarding their department so the report is focused on the Limited factors and leaving out some other relevant factors.
- Due to rush organization our it's quite difficult to collect the.

# Chapter: Two

## Company Overview

## **2.1 History of Pentagon Group**

Pentagon Group established in 1998 under Companies Act 1994 is the largest and most vibrant business group in Bangladesh. It works with industrial conglomerates importers, exporters and traders mostly of small and Medium Enterprises (SMEs).

It has been a Pioneer in rendering services for the development of private sector business in Bangladesh for over Twenty-Five years.

A board of directors headed by a chairman supported by a Managing Director and a Director of Pentagon Group.

Pentagon Group is one of the voice of SMEs serves as the first point of business contact for penetration into new markets and vibrant platforms putting forward fact-based opinions, suggestions and recommendations for a brighter tomorrow in the sphere of trade, commerce and the overall economy. It serves as a model of profitable service-oriented organization it has rendered more than twenty-five years of the useful services for the development of business industry in Bangladesh

## **2.2 Board of Director:**

<b>M.M. Zahid Mahmood</b> Chairman	
<b>Md. Khairul Karim Antu</b> Managing Director	<b>Md. Anwar Hossain</b> Director

## **2.3 Policy:**

Pentagon Group is a profit, service oriented, business promotion organization committed to provide various services to its customer's business community, interest groups as well as government.

At Pentagon Group, we never compromise with our quality and all the employees of the Pentagon Group are committed to provide quality products promptly and accurately to all the current end users and future prospective customers.

All officials of Pentagon Group are responsible for familiarizing themselves with Pentagon Group's quality manual and following the established and adopted means of achieving the declared objectives.

Pentagon Group will support all employees by providing proper training and improved work methods through teamwork and active participation of all employees.

Total quality management shall be applied to every aspect of Pentagon Group's activity and quality shall be the responsibility of every one in every activity throughout decision.

## **2.4. Objectives of Pentagon Group**

The main objective of Pentagon Group is to promote Bangladeshi products to all over the world. There are some qualities of objectives:

- To give market-oriented inputs for formulation and implementation of government policies in respect of import, export, industry, investment, banking, insurance, physical monetary and annual budget etc.
- To Fashion as a forum of exchanging views on trade and economy among different chamber members, government agencies, Pentagon Group members are local or foreign business delegations.

- To organize training courses, seminars/workshops/symposia, trade delegations, trade fairs and participation thereof at home and abroad.

## **2.5. Functions of Pentagon Group:**

Pentagon Group aims to promote trade investment and industrialization in the country. It has proven record of contribution towards the development of business sector of Bangladesh.

Some of the important functions of Pentagon Group are:

- To give market-oriented input for formulation and implementation of government policies in respect of import, export, industry, investment, banking, insurance, fiscal measures and annual budget etc.
- To represent trade commerce and industry on various advisory or consultative committees at different Ministries and departments of the government.
- To comment on national and international legislative measures affecting trade commerce and industry.
- To disseminate business related information to the customers.
- To organize training courses, seminars/workshops/symposia, trade or delegations, trade fairs and participation there off at home and abroad.
- To undertake activities like survey research etc. for suggesting favorable business-related policies.
- To help women entrepreneurs to promote and expand their businesses.

## **2.6.Services provided by Pentagon Group:**

### 2.6.1 Pentagon International Limited

Pentagon International Limited is one of the largest & renowned organizations of Bangladesh. The sole distributor channel in Bangladesh of Kodomo Baby Care Products.

#### **The aims of the projects are:**

- Giving best products for baby's health.
- Concerning all the mothers of babies.
- Giving best quality products on reasonable prices.

### 2.6.2 Pentagon Industries

Pentagon Industries is concern about the whole world knows the Bangladeshi products. Especially our Jute & RMG sector.

# Chapter: Three

## Theoretical Framework



### 3.1 Define SME:

“Small industry means an individual establishment or unit which is run mainly by hired labor and not using mechanical motive power but does not normally employ more than 50 workers and whose land, building and machinery does not exceed Tk. 150,00,000 in value in either case.”

#### 3.1.1 Definition of SME in Bangladesh:

Existing definition of SME is recommended by Better Business Forum and accepted as a uniform one by Ministry of Industry and Bangladesh Bank. Criteria of the definition of SME are given below:

#### 3.1.2 Definition of Small Enterprise:

Small Enterprise refers to the firm/business, which is not a Public Limited Company and complies the following criteria:

<b>SL. No.</b>	<b>Sector</b>	<b>Fixed Asset other than Land and Building (TK.)</b>	<b>Employed Manpower (not above)</b>
1.	Service	50,000-50,00,000	25
2.	Business	50,000-50,00,000	25
3.	Industrial	50,000-1,50,00,000	50

Source: [www.smef.com](http://www.smef.com)

#### 3.1.3 Definition of Medium Enterprise

Medium Enterprise refers to the establishment/firm, which is not a public limited company and complies the following criteria:

<b>SL. No.</b>	<b>Sector</b>	<b>Fixed Asset other than Land and Building (TK.)</b>	<b>Employed Manpower (not above)</b>
1.	Service	50,00,000-10,00,00,000	50

2.	Business	50,00,000-10,00,00,000	50
3.	Industrial	1,50,00,000-20,00,00,000	150

Source: Small and Medium Enterprise (SME) Credit Politics & programs, SME & Special Programs Department Bangladesh Bank Head Office.

#### 3.1.4 Definition of SME in around the world:

According to the European Union (2003): SMEs are defined as enterprises, which have at most 250 employees and an annual turnover not exceeding 50 million Euros. Further, there is the distinction of small enterprises- they have fewer than 50 staff members and less than 10 million Euros turnover- and micro-enterprises (less than 10 persons and 2 million Euros turnover).

According to the World Bank (2006), medium enterprises are defined as enterprises, which have at most 300 employees and an annual turnover not exceeding 15 million US dollars, Further, there is the distinction of small enterprises – they have fewer than 50 staff members and up to 3 million US dollar turnover – and micro-enterprises have up to 10 persons and \$100,000 turnover.

In the UK, sections 382 and 465 of the Companies Act 2006 define a SME for the purpose of according requirements. According to this a small company is one that has a turnover of not more than 5.6 million, a balance sheet total of not more than 2.8, million and not more than 50 employees. A medium-sized company has a turnover of not more than 22.8 million, a balance sheet total of not more than 11.4 million and not more than 250 employees. It is worth nothing that even within the UK this definition is not universally applied.

In the USA, the definition of small business is set by a government department called the Small Business Administration (SBA) Size Standards Office. The SBA uses the term ‘size standards’ to indicate the largest a concern can be in order to still be considered a small business, and therefore able to benefit from small business targeted funding. The concern cannot be dominating in its field, on a national basis. It must also be

Independently owned and operated. Unlike the UK and the European Union, which have simple definitions applied to all industries, the US has chosen to set size standards for each individual NAICS coded industry. This variation is intended to reflect industry differences in a better way.

The most common size standards are;

500 employees for most manufacturing and mining industries

100 employees for wholesale trade industries

\$6 million of annual receipts for most general & heavy construction industries

\$12 million of receipts for all special trade contractors

\$0.75 million of receipts for most agricultural industries

**Source 2:** [www.about.com](http://www.about.com)

In India the Small-Scale Industries (SSIs) are industrial undertaking in which the investment in fixed assets in plant and machinery, whether held on ownership terms or on lease or by hire purchase does not exceed Rs. 10 million. The Small-Scale Service and Business (Industry related) Enterprises (SSBEs) are industry related service and business enterprises with investment in fixed assets, excluding land and building up to Rs. 1 million, (Ministry of trade and Industry, Government of India)

According to the SME bank of Pakistan, SME means an entity, ideally not a public limited company, which does not employ more than 205 persons (If it is manufacturing concern) and 50 persons (If it is trading/service concern) and also fulfils the following criteria of either 'a' and 'c' or 'b' and 'c' as relevant; (a) A trading/service concern with total assets at cost excluding land and building up to Rs. 50 million. (b) A manufacturing concern with total assets at excluding land and building up to Rs. 100 million. (c) Any concern (trading, service or manufacturing) with net sales not exceeding Rs, 300 million as per latest financial statements.

**Source 1:** Performance Evaluation of SMEs of Bangladesh, International Journal of Business and Management Vol.4, No 7, July 2009.

### **3.2 Sources of Funds of money for SME**

In general, the sources of funds SME are that:

1. Personal funds-saved or inherited of their own capital.
2. Loans from relatives and friends- It may be able to obtain some money at low or no interest from relative(s) or friend(s).
3. Trade Credit.
4. Loans of credit from equipment sellers.
5. Mortgage Loans.
6. Commercial Loans.
7. Bangladesh Small and Cottage Industries Corporations (BSCIC) loans.
8. Enterprises Growth and Bank Modernization program (EGBMP).
9. Small and Medium Enterprise Development Project (SMEDP).
10. Taking partners.
11. Selling capital stock.
12. Miscellaneous sources (Life insurance policies, Amortized loans etc.)

### **3.3 Importance of SME in Bangladesh:**

Small and Medium Enterprises (SMEs) are the dominant form of business organization in all countries, typically accounting for over 95% of the business population. OECD recognized that SMEs constitute an important dynamic element in all economics as they drive innovation, especially in knowledge-based industries and play a key role in driving sustainable economic growth, employment creation and poverty reduction, especially in developing countries. It also contributes to the social, cultural and environmental capital of nations.

In view of the rapid structural change in the world economy, especially in favor of increasingly weightless, paperless, knowledge-rich industries and remaining relevant as major imperatives for intervention by government and the civil society.

Acknowledging the importance of SMEs and entrepreneurship, the Government of Bangladesh reaffirming their commitment takes initiative to design a SME policies and strategies for its coherent growth. The Government of Bangladesh has constituted a National Taskforce on SME Development as Dr. Kamal Uddin Siddique, Principal Secretary to the Prime Minister as its chairman on 2003.

### **3.4 Role of SMEs in the National Economy of Bangladesh:**

According to UNESCAP, SMEs account for upwards of 90% of all firms in East and South-East Asia, as well as in Japan (Wattanarputtipaisha, 1999). It is also the biggest source of the region's employment, including three-quarters of the region's employment, in particular its women and young workers. The relative share of SMEs in total output and exports is typically much smaller, close to a third, or so. In Bangladesh, large enterprises account only for a small percentage of all business enterprises. The percentage is much smaller in other than manufacturing than in manufacturing percentage.

The manufacturing industry essentially comprises small and medium scale enterprises: by some accounts, 60% and 25%, respectively, of the workforce in manufacturing happen to be hired by small and medium enterprises. It is hardly an overstatement to say that small and medium enterprises are pretty much synonymous with manufacturing industry.

**Table 1: Growth of Small-scale Industry Sector (Year):**

<b>Particulars</b>	<b>No. of Units</b>		<b>Employment</b>	
	Small	Cottage	Small	Cottage
<b>1981</b>	24,590	321,743	322,110	855,200
<b>1991</b>	38,294	405,476	523,472	1,331,032
<b>2001 (End of June)</b>	55,916	511,621	808,959	166,724
<b>Average Annual Growth Rate</b>	6.4%	3.0%	7.6%	4.7%

**Source 4:** Ahmed, 2002

The highlight of table-1 is in the fact that the growth rate, between 1978 and 2001, of employment is somewhat higher than for the number of establishments.

**Table 2: Small-scale industries: how other-than-farming, drives their structure (Industry Sub-sector)**

Particulars	No. of Units, 1978		No. of Units, 1991	
	Number	% of Total	Number	% of Total
Rice Mills	12,242	51.00	13,842	35.21
Bakery	2,157	9.02	2,765	7.22
Flour Mills	1,315	5.42	1,718	4.45
Light Engineering	1,120	4.66	2,252	5.88
Printing and Publishing	995	4.14	1,775	4.64
RMG	757	3.15	2,365	6.18
Saw Mills	713	2.97	1,023	2.67
Soaps	143	0.59	351	0.92
Plastic Products	74	0.31	725	1.89
Automobile servicing & repairing	296	1.23	550	1.44
Total	19,822	82.49%	27,006	70.5%

**Source-4:** Ahmed, 2002

Table-2 shows, on the other hand, is about what drives at least the numerical structure of the SSI with regard to the composition of input and output: in other words, with regard to structural change. Accepting at face value the numbers presented in that table, the proportion of establishments with their roots in agro-processing is seen to fall sharply during the period in question: from 65% to almost 46%. This is a change worth bearing in mind.

### **3.5 Role of SMEs in the export economy:**

A sector can contribute to export receipts in two ways, namely, (a) directly; and (b) through the production of intermediates, processed and semi-processed goods. How important are Bangladesh's SMEs in terms of their contribution to the export's receipts of the country?

No credible information was available to the Taskforce to answer this question convincingly. There is however a lot of stylized evidence for other economies that suggest that SMEs are the mainstay for employment and work opportunities within Asian countries. In India, for example, SMEs account for some 80% of all enterprises, whether registered or not: they account for some 35% of the production of exportable goods of that country. In some of the most export-oriented sectors, such as ready-to-wear apparels, the percentage of the country's exports from SMEs could reach high figures.

Corresponding data are not available for Bangladesh. Our own guesstimate is that for ready-to-wear garments and processed foods, the corresponding percentages would be close to 50-60%, and 65%, respectively. While more numerous data are not available, it will suffice for present purposes to say that SMEs in Bangladesh are also the very backbone of its economy to generate work opportunities especially for young people and female's workers who want to work.

### **3.6 Government Initiative for SME Development:**

- Small and Medium Enterprises Development Authority (SMEDA)
- SME Bank
- Small and Medium Enterprises Center (SMEC)
- Small and Medium Enterprises Foundation (SMEF)
- One Village One Product (OVOP)
- National Technical Education and Vocational Training Authority (NTEVTA)

### **3.7 Present Scenario of SME:**

In 2003 the International Consultancy Group (ICG) of the UK, in collaboration with the Micro Industries Development Assistance and Services (MIDAS), conducted the National Private Sector Survey of Enterprises in Bangladesh. The survey results drew the

conclusion that there were approximately 6 million Small and Medium Enterprises (SMEs), which included enterprises with up to 100 workers employing a total of 31 million people, equivalent to 40% of the population of the country of age 15 years and above. The survey also found that the industrial structure of SMEs consisted of primarily wholesale and retail trade and repairs (40 percent), production and sale of agricultural goods (22 percent), services (15 percent), and manufacturing only (14 percent). Thus, the survey brought out the fact that the large untapped potential for expansion in manufacture and production could be exploited (or contributing more significantly to the national economy. Another viral finding of the survey under discussion was that SMEs contributed BDT 741 (\$12.5) billion i.e., nearly 25 percent of the GDP (BDT 2,996 billion) in 2003. It is also observed that micro enterprises run by more than 21 workers contribute about 7% of total contribution from SME to GDP of Bangladesh. Table-2 provides the information regarding sector wise contribution of SMEs to GDP. It is reflected from the table that manufacturing sector contributes the highest contribution in GDP i.e., 38%. It is also observed from the table that GDP of Bangladesh. Table-3 shows the growth rate was 9.21%. The highest growth was 2006-2007 i.e., 10.28% Table-4 shows the growth pattern of manufacturing sector. It is observed that the average growth during 1972 to 2005 was 6.4%. During 2001-2002 to 2006-2007 the highest growth was in year 2006-2007 i.e., 11.19%. It is also observed that during 2002-2003 to 2005-2006 in every financial year the growth of manufacturing sector was more than 6%.

### **3.8 SME Development in Bangladesh:**

Historically, Bangladesh followed a development strategy in which private investment was controlled through a host of regulations involving investment sanctioning, credit disbursement, import licensing, foreign exchange allocation, etc. while these regulatory barriers thwarted private investment in general; the impact fell unevenly on SMEs'. This was because of the relative inability of the SMEs to cope with the regulations compared to their large-scale counterparts. Thus, the policy regime was largely biased against the SMEs although', paradoxically, promoting SME development was a stated objective of successive governments. In a bid to render its industrial sector internationally competitive and to move towards greater efficiency in its production structure, Bangladesh



Implemented a number of economic reforms during the 1980s, underwritten by the familiar structural adjustment policy. This included deregulation of sanctioning procedure and relaxation of other regulatory barriers, easing of import procedure, reducing trade barriers, following a market-oriented exchange rate policy and implementation of fiscal, monetary and public enterprise reforms. These reforms helped remove a large part of the policy bias positive impacts reflected in a fairly rapid growth of the sector during the past decade.

However, because of their structural weakness, the SMEs may need more pro-active policies for their development in addition to the further removal of the policy basis.

### **3.9 Growth and structure of SMEs:**

Available information suggests relatively rapid growth of SMEs in Bangladesh, especially since the 1990s. The data on the number of establishments show that small enterprises grew by 4.6 % per year over the period FY 78 to FY 03, while medium enterprises grew by 6.4 % during FY 82-FY 03. With special emphasis given to the development of SMEs, it is likely that these growth rates have continued and probably increased in recent years. The number of small enterprises increased to 55,916 in 2001 from 24,590 in 1981. As per economic census 2001 and 2003 (BBS), the number of small enterprises is stored at 74,629 which is 87 % of the total number of enterprises, while the number of medium enterprises is 5,125(6%). For large enterprises the number is 5,673 which is 7% of the total number of enterprises the enterprises are concentrated in 6 board categories: manufacturing including agro-based manufacturing; education; wholesale and retail trade; hotel and restaurant; finance, insurance and business services; and community, social and personal services. The distribution of SMEs over different categories shows that the share of a small manufacturing enterprises in totally small Enterprises is nearly 35% while is similar share of medium manufacturing Enterprises is 45% (table 3). The share within different SMEs is also changing over time (Table-4)

**Table-1: Growth of SMEs in Bangladesh**

Year	Small Enterprise	Medium Enterprise
<b>FY 78</b>	<b>24005</b>	.....
<b>FY 82</b>	.....	<b>1302</b>
<b>FY 03</b>	<b>74629</b>	<b>5125</b>
<b>Growth Rate (%)</b>	<b>4.64</b>	<b>6.43</b>
<b>Source: Ahmed 2001, BBS and Authors Calculation</b>		

### **3.10 SME Policy Issues:**

#### 3.10.1 Public Development Outlay:

Although successive five-year plan documents have mentioned development of small, medium and cottage enterprises as priority area, public development expenditure in this sector has not been commensurate with this declared policy. Thus, in the fourth-five-year plan, the revised public allocation to this sector was Taka 2,016 million which was a meager 0.58 % of the total public development outlay in the plan. What is even worse, only about 69% of this small allocation were actually invested during the plan period? In the current Fourth-Five-Year plan the share of the sector in total public development expenditure has gone down even further. A collaborative effort of the government with business associations, non-governmental organizations NGOs and other development partners is recommended in such public outlays.

#### 3.10.2 Trade Policy:

During the past decade, substantial reforms have been carried out in the external trade reason of Bangladesh. The import procedure has been greatly eased and deregulated. Import tariffs have been lowered and quantitative restrictions virtually eliminated. All these have facilitated greater access of domestic procedures to imported raw materials. This has particularly benefited SMEs as they were affected more adversely by the regulated trade regime. To ensure a level playing field and to enable domestic SMEs to compete effectively with imports, the following policy concerns need to be addressed.

### 3.10.3 Fiscal Policy:

#### ➤ **Value Added Tax:**

The main components of indirect tax in Bangladesh are Value-Added-Tax (VAT), Supplementary Duty and Excise Duty. VAT is imposed on producer, manufacturer, importer, exporter or service renderer under the Value-Added-Tax Act, 1991, on goods or specified services, at the rate of 15% at every stage of transfer.

#### ➤ **Tax Holiday:**

Similarly, there are no differentiated treatments of SMEs either with respect to duty on capital machinery or direct taxes. There are provisions of tax holidays for enterprises of all size categories subject to rules and procedures set by the National Board of Revenue. To avail themselves of tax holiday, enterprises recommended by the relevant sponsoring agencies have to get the approval of the National Board of Revenue which is a cumbersome and lengthy process.

### **3.11 Policy Implication:**

In recent years, SMEs have emerged as a new engine of growth in many developing countries; and factor endowments and development potential show that SME can also play a significant role in Bangladesh in promoting its poverty reduction agenda. This has been acknowledgement in the country's development and poverty reduction strategies; and policies and programs have been initiated to ensure unhindered growth of the SMEs. In this backdrop, this note has examined the growth and contribution of the SMEs to GDP and the national economy using available information.

- The SMEs in Bangladesh cover different sector (mainly livestock, fishing and poultry, industry and services) and the SMEs growing over time. The analysis shows that during FY-78-FY-03, small enterprise grew by 4.6% per year, while medium enterprise grew 6.4% during FY-82-FY-03.

- The important concern relating to the SME sector is to ensure its speedy growth in output, employment and export. For the purpose, the National Task Force has identified 11 sectors to booster sectors.
- The scope of work separate SME windows/dedicated desks for catering to SME loan could be broadened to provide comprehensive SME related one stop services including financial counselling and resource availability.
- In recent Years, SME-centered activities in education, health, information, technology and food processing sectors have expanded rapidly in response to higher demands and there exists more potential for future expansion.
- For accelerating future growth and viability of the SMEs technological innovation and knowledge transfer, product diversification and marketing services are the key areas where special attention are needed.
- Finally, an important issue for SME development in Bangladesh is to set a vision and adopt to pro-active SME promotion policy that would facilitate a rapid transition from traditional to relatively modern product categories along with higher capitalization and use of better production technology.

### 3.12 Industry Review:

**Sector wise contribution of SME in GDP of Bangladesh (Taka) as follows:**

<b>Sector</b>	<b>Total contribution to GDP (in crore)</b>	<b>Percentage of total contribution (%)</b>
<b>Agriculture</b>	<b>177 729 637 637</b>	<b>24</b>
<b>Fishing</b>	<b>32 872 674 464</b>	<b>4</b>
<b>Construction</b>	<b>7 196 460 200</b>	<b>1</b>
<b>Manufacturing</b>	<b>282 344 700 575</b>	<b>38</b>
<b>Wholesale, Retail trade and Repair</b>	<b>171 335 861 390</b>	<b>23</b>
<b>Hotel and Restaurants</b>	<b>28 599 263 975</b>	<b>3</b>
<b>Transport, Storage and</b>	<b>8 950 171 356</b>	<b>1</b>

<b>Communication</b>		
<b>Real state, Renting and Business activities</b>	<b>13 771 436 794</b>	<b>2</b>
<b>Education</b>	<b>151 808 506</b>	<b>1</b>
<b>Health and Social Work</b>	<b>2 743 049 893</b>	<b>1</b>
<b>Other Service Activities</b>	<b>15 632 094 785</b>	<b>2</b>
<b>Total</b>	<b>741 327 159 609</b>	<b>100</b>

**Source:** ICG/MIDAS Survey, 2007

**Note:** US \$ 1 = BDT 69.

Amount of SME financing in different sector as follows:

<b>Sector</b>	<b>SME Amount (In Crore)</b>		<b>Growth</b>
	30.06.12	30.06.13	
<b>Services</b>	1638	2209	34.85%
<b>Trading</b>	2053	27769	37.7%
<b>Manufacturing</b>	10463	11869	13.44%

**Source:** Bangladesh Bank,2013

### **3.13 Problem of SME sector in Bangladesh:**

- Resource Scarcity
- High Employee Turnover
- Absence of modern Technology
- Poor physical infrastructure
- Financial Constraints
- Lack of uniform definition
- Lack of Information
- Lack of Entrepreneurship Skill

- Participation of women entrepreneurs
- Access to Market and lack of awareness regarding the importance of marketing tool
- Bureaucracy
- Absence of transparent legal system
- Lack of commitment to innovation and customer satisfaction
- Lack of quality assurance
- Lack of research and development facilities
- Fierce competition with the chapter foreign goods

**Source 1:** Performance Evaluation of SMEs of Bangladesh, International Journal of Business and Management Vol.4 no.7, July 2009.

### **3.14 Different Organization promoted to SME:**

#### 3.14.1 Bangladesh Bank:

Bangladesh bank is the central bank of Bangladesh and is a member of the Asian Clearing Union. The bank is active in developing green banking and financial inclusion policy and is an important member of the Alliance for Financial Inclusion. Bangladesh Financial Intelligence Unit (BFIU), a department of Bangladesh Bank, has got the membership of Egmont Group.

#### 3.14.2 Functions of Bangladesh Bank:

The major financial areas include:

- Formulation and implementation of monetary and credit policies.
- Regulation and supervision of banks and non-bank financial institutions, promotion and development of domestic financial markets.
- Management of the country's international reserves.
- Issuance of currency notes.
- Regulation and supervision of the payment system.
- Acting as banker to the government.

- Money laundering prevention.
- Collection and furnishing of credit information.
- Implementation of the Foreign Exchange Regulation Act.

#### 3.14.3 Steps/Measures taken by Bangladesh Bank for SME development:

Bangladesh Bank has already introduced several schemes and programs to flourish and expand SME enterprises. Refinance scheme funded by Bangladesh Bank, IDA and ADB has been facilitated for the development of SME Sector. Besides, to ensure institutional financial facilities under easy conditions Bangladesh Bank has taken diverse steps; like opening of “**Dedicated Desk**” for SME and “**SME Service Center**” in the banks and special facilities for the women entrepreneurs. But reality is that expected outcome has not been achieved so far in this sector.

The guidelines formulated by the newly created department for compliance of the banks and financial institutions for the development of SME sector are enumerated below:

- For the first time in Bangladesh, an indicative target for SME loan disbursement has been set for 2010 by the banks and financial institutions considering SME development as one of the most important development agenda of the country.
- Following the ‘Area Approach Method’ banks/financial institutions will try to attain their indicative targets separately by dividing it as branch wise, region wise & sector wise.
- Each bank/financial institution shall follow a separate business strategy in financing SME loan with least formalities in executing documentation to ensure easy and speedy loan sanction and disbursement process.
- Priority shall be given to small entrepreneurs.
- For small entrepreneur’s credit limit will be ranged from Tk. 50,000 (Fifty Thousand) to 50, 00,000 (Fifty lac).

- For more participation of women entrepreneurs in industrial development of the country and for conducting business activities by women entrepreneurs in large number.
- Training programs shall be arranged for the entrepreneurs.

#### 3.14.4 Recent Activities of SME & Special Programs Department

Recently Bangladesh Bank arrange some kinds of programs for SME development.

There are as follows:

- SME promotional Activities Report Comilla
- Banker-SME Entrepreneurs View Exchange meeting & Open Distribution of SME Loan/Investment Ceremony.
- Participation Agreement Signing Ceremony between Bangladesh Bank and IPDC Finance Limited and Bangladesh Infrastructure Finance Fund Limited.
- Meeting with Regional Managers of Commercial Bank & NBFIs and Women Entrepreneur.
- Seminar held on ‘Access to credit facilities for self-employment for the trainees under SEIP project of Bangladesh Bank’.
- Distribution of SME Banking Curricula & Train the Trainers (TTT) List among Banks & NBFIs by SMEBTU, SMESPD.
- Exchange of views meeting with Women Entrepreneur Development Union (WEDU).
- Workshop on RIT related to SME loan
- SME Summary report on Quarterly Meeting with Banks (January-March, 2016)
- Accreditation Certificate giving ceremony under “The New Entrepreneurs’ Refinance Scheme for Cottage, Micro and Small Enterprise Sector”
- Meeting with ADB Fact Finding Mission.
- Signing of MoU between SMESPD of Bangladesh Bank and Skills Development Coordination & Monitoring Unit of Ministry of Finance.
- Formation of Women Entrepreneurs Development Unit.



### **3.15 Small & Medium Enterprise Foundation (SMEF):**

#### 3.15.1 Definition of SMEs:

The Small & Medium Enterprise Foundation, widely known as SME foundation, is a company limited by guarantee and licensed by the Ministry of Commerce as a not for profit organization and registered under the company act (Act XXVIII) of 1994. It is running under the guideline at stated in the Memorandum and Articles of Association. SME foundation established by the Government of Bangladesh under Ministry of Industries as an apex institution for SME development in the country. The major activities of SME foundation are implementation of SME Policy Strategies adopted by the Bangladesh Government, policy advocacy and intervention for the growth of SMEs, facilitating financial supports for SMEs, providing skill development and capacity building training, facilitating adaption with appropriate technologies and access to ICT. The Specific Objectives are:

- Delivery of Business Development Services (BDS) to SMEs to support encourages and strengthens growth and development of SME sector.
- Establishment of a comprehensive data and information based on the SMEs through conducting surveys and studies for use by all SME stakeholders.
- Facilitate SME access to institutional services of finance including provision of credit wholesaling services at concessional interest rates;
- Skill development and capacity building of the SME entrepreneurs through providing training facilities;
- Assist market development, market creation and market expansion at home and abroad for supporting sales promotion and export for SME entrepreneurs.

Sl	Type of Industry	The amount of investment (Replacement cost and value of fixed assets, excluding land and factory buildings)	Number of Employed Workers
1.	Cottage Industry	Below 10 lakh	Number of workers not exceed 15
2.	Micro Industry	10 lakh to 75 lakh	16 to 30
3.	Small Industry	Manufacturing	75 lakh to 15 crore
		Service	10 lakh to 2 crore
4.	Medium Industry	Manufacturing	15 crore to 50 crore
		Service	2 crores to 30 crore
5.	Large Industry	Manufacturing	More than 50 crore
		Service	More than 30 crore

**Source: National Industrial Policy (2016)**

### 3.15.2 Vision:

Promote Small and Medium Enterprises (SMEs) for alleviating poverty, generating employment and thereby accelerating economic growth.

### 3.15.3 Mission

Assist for promoting the growth of small and medium enterprises of all the productive and service oriented enterprises of the national economy for facing the challenges of free market economy and globalization.

#### 3.15.4 SME Development Strategies of SMEF:

**Strategy-1:** Strengthens regulatory and legislative framework in favor of SMEs.

**Strategy-2:** Identify problems & prospects of SMEs/SME sectors/SME cluster for designing appropriate development intervention.

**Strategy-3:** Ensure availability of business support services for SMEs.

**Strategy-4:** Access to institutional finance for SMEs.

**Strategy-5:** Up-gradation and adoption of appropriate technology for SMEs.

**Strategy-6:** Develop human resource for SMEs.

**Strategy-7:** Cluster based SME development.

**Strategy-8:** Institutional linkage for SME development.

#### 3.15.5 Credit Wholesaling program of SME Foundation:

SMEF wholesale credits by channelizing fund to the targeted SMEs through Banks and Non-Banks Financial Institutes (Partner Financial Institutions, PFIs). So it is important as well as a precondition to involve and attract the PFIs on credit wholesaling program. SMEF would offer some incentives to PFIs and main of these are:

1. Single Digit rate of interest for the wholesaling funds so that the PFIs is able enjoy a good margin and at the same time lending rates to SMEs are lowered.
2. Training of PFI staffs on SME related courses. Using various institutions like BIM, BIBM, etc. SMEF may offer relevant training courses to the PFI employees for their skill development in relevant and required areas.
3. Various Technical assistances to PFIS for capacity building and efficiency development. SMEF may offer assistance for capacity building in terms of technology, processes, credit management and product development.
4. Based on PFIs experiencing issues and problems, SMEF would offer advocacy to various relevant authorities with appropriate recommendations.

### 3.15.6 Women Entrepreneurship Development (vision/mission):

The overall objectives is to provide strategic direction for promoting competitive and responsible SME women's entrepreneurship and embedding gender quality in all economic growth in Bangladesh. Therefore, fostering women entrepreneurship and recognizing women as an important economic change agent, source of employment and innovation for building potential economic development. More Specifically:

#### Main objectives of the Department

- Support to women's led trade bodies/associations for their building institutional capacity and competitiveness,
- To ensure full participation of women entrepreneurs in performing their business responsibilities.
- To create favorable environment for women entrepreneurs and bring them in the mainstream of development process.
- To improve efficiency of women entrepreneurs in performing their business responsibilities.
- To strengthen institutional capacities for monitoring and evaluation of gender equality in the area of entrepreneurship development.

#### Main activities of the department:

- Promotion of women entrepreneurship and the issues which are important to them.
- Member support and networking opportunities.
- Training and professional development.
- Effective lobbying and advocacy.
- Institutional Linkage and networking development.

#### Main opportunities and challenges facing the department:

- Social impediments limiting women's entrepreneurs' entrance into mainstreaming business.

- Current policy impediments encouraging gender parity embedded in society which limits women's participation and entitlements.
- Poor access to professional and technical skill development opportunity for building competitiveness.
- Capacity development to enhance technical skill and ensuring standard of quality.
- Advancing women trade body's institutional capacity to be act as alternative financial source for women SMEs.
- Creating women business alliances and connecting to the market.

### **3.16 Other Institutions:**

Over the years' number of semi government and private sector institutions have become active in the SME area. Some of these like the BASIC bank, and just named BCSIR are in the public sector. But more importantly NASCIB, MIDAS, CARITAS, Kumudini, Bangla craft to name a few are some of the organizations, who have appeared in the private sector and are contributing to promotion and development of the SMEs particularly those in the traditional sector.

# Chapter: Four

## Analysis & Evaluation

#### **4.1 Role of Pentagon Group on SME Sector:**

Pentagon Group is one of the largest organizations in Bangladesh. It has so many sectors such as Pentagon International Limited, Pentagon Industries Limited and Distribution Channels. SME sector works in Pentagon Industries. It only focuses RMG and Jute sector. The only vision and mission is to know the Bangladeshi products to all over the world.

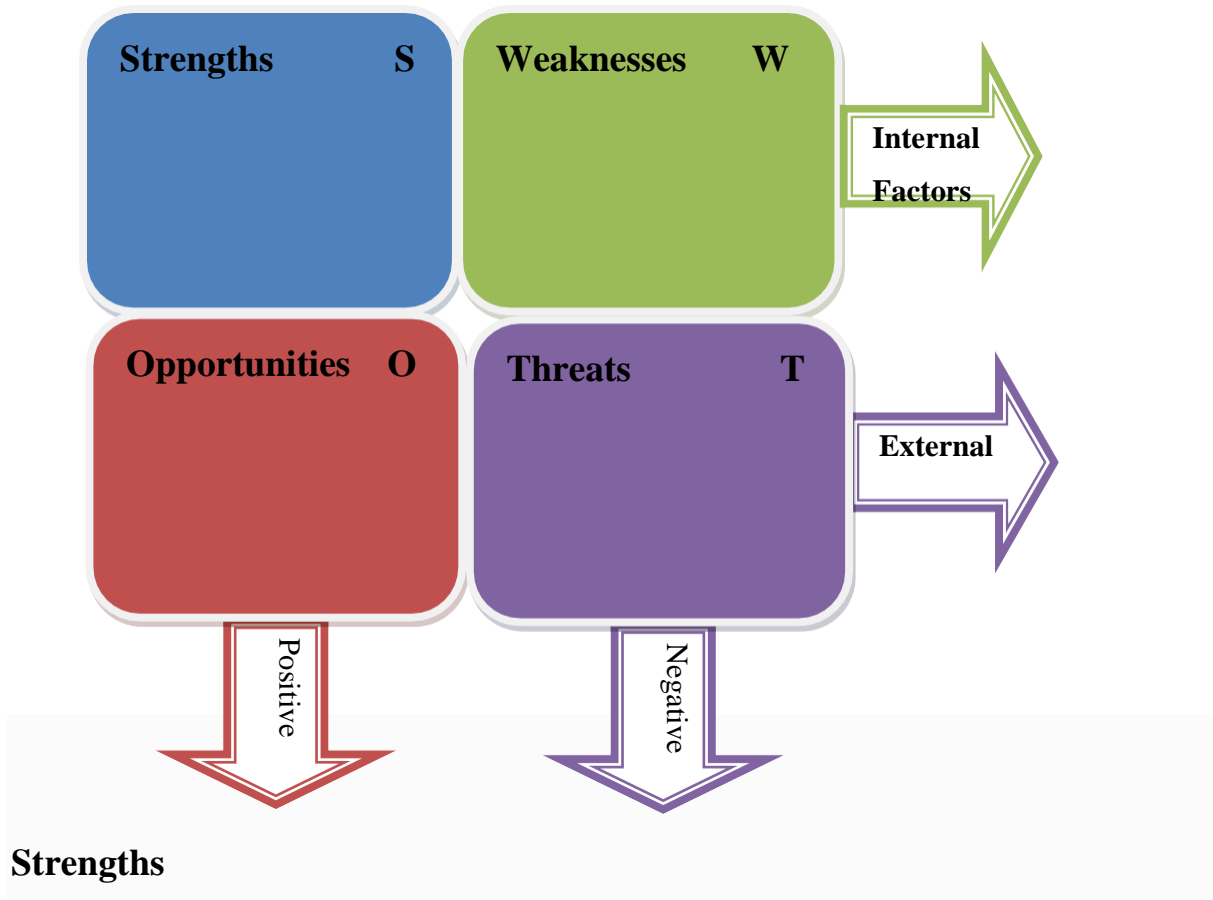
On this vision they focus on SME sector. The only sector can provide the best way to get it. Pentagon Group helps the rural level of people to creating employment. Government takes the best side of this sector. Not only male worker but also focuses on female workers to encourage the development of economic sector of Bangladesh.

Last year Pentagon Group organizes SME trade fair to develop this sector. The only target to get the best thing from this sector.

#### **4.2 SWOT Analysis:**

SWOT analysis is the detailed study of an organization's exposure and potential in perspective of its strengths, weaknesses, opportunities and threats. This facilitates the organization to make their existing line of performance and also foresee the future to improve their performance in comparison to their competitors. As though this tool, an organization can also study its current position, it can also be considered as an important tool for making changes in the strategic management of the organization.

Figure: 4.2 SWOT Analysis



- Pentagon Group has already established a favorable reputation in the Bangladesh, Thailand, UAE & Japan
- Pentagon Group has provided its service with a top leadership and management position.
- Pentagon Group has already achieved a high growth rate accompanied by an impressive profit growth rate. The customers of services are also increasing rapidly.
- Pentagon Group has the reputation of being the provider of good quality products to its potential customers.



## **Weaknesses**

- The main important thing is that Pentagon Group has no any long-term strategies whether it wants to focus on top leading organization in Bangladesh. The path of the future should be determined now with a strong feasible strategic plan.
- The price of products may affect most.

## **Opportunities**

- ❖ In order to reduce the business risk Pentagon Group has to expand their business portfolio. The management can consider options of starting merchant banking or diversify into leasing and insurance sector.
- ❖ A large number of customers are coming into the market in the recent time. In this competitive environment Pentagon Group must expand its product line to enhance its sustainable competitive advantage.

## **Threats:**

- ❖ All sustain foreign, private organization possess enormous threats to Pentagon Group. If that happens the intensity of competition will rise further and Pentagon Group will have to develop strategies to compete against an on slough of foreign organizations.
- ❖ The default risks have to be minimizing in order to sustain in the market. Pentagon Group has to remain vigilant about this problem so that proactive strategies are taken to minimize this problem if not elimination

# Chapter: Five

Findings,  
Recommendations &  
Conclusion

## **5.1 Findings**

Shortage of working capital has been found the top most problem for the top the SMEs from our study, other specific findings of the study are given below:

### **Prospects:**

- They cannot flourish in non-metropolitan / rural areas if they don't decrease the price rate.
- Banks may also consider their moveable assets (say, inventory or receivables) side by side fixed assets as security for providing these loans to this sector.
- Pentagon Group needs to take proper steps to reach the bottom level of market.

### **Barriers:**

- Most of the SMEs do not hold sufficient fixed assets to provide security for taking loans.
- Necessary training is needed for Entrepreneurs. May be this ought to consist selection of projects, project risk analysis and advice to others and soon.
- The small rural enterprises could mobilize untapped resources of capital and skill in the rural areas if bank loans and institutional support back them.

## 5.2 Recommendations:

Microfinance has been considered a good strategy for poverty alleviation. On the other hand, SME has been considered as thrust sector which contributes in to the microeconomic growth. But for overall microeconomic growth and economic development bridging the Microfinance and SME is very important.

- ✓ **Uplifting Microfinance clients:** Although the microfinance sector has been operating successfully over the last three decades and it has been considered as effective tool for poverty alleviation.
- ✓ **Managerial skill development training:** It is true that most of our enterprise clients do not have enough managerial skills. So managerial skill development training for enterprise clients should be organized.
- ✓ **Enhancing Technical Knowledge:** The MFIs should take the responsibility to provide technical knowledge development training the book keeping and accounts keeping, product costing and pricing.
- ✓ **Backward and Forward Linkage:** It is obvious that for any industrial development both backward and forward linkage is essential. In Bangladesh, the backward and forward linkage facilities have not developed substantially to provide support to the large industry as well as SMEs.
- ✓ **SME friendly trade policy to be undertaken:** It is true that to cope with globalization the government has been undertaking various trade policies. But the trade policy should be reformed in such way that SME sector will not be affected.
- ✓ **SME friendly legal and regulatory framework:** The government needs to consider SME sector during enacting any legal and regulatory framework. The government should reduce the legal barriers and create enabling regulatory framework for the SME sector.

### **5.3 Conclusion:**

Pentagon Group is the reputed service organization in Bangladesh. Pentagon Group plays the various roles in different sectors like as SME sector in Bangladesh. In perspective of Pentagon Group various steps to take for SME development. Government must have to take adequate measures to ensure the unentrapped supply of raw materials for SME. Government needs to take appropriate measures to fix the minimum salary/wages of the employees of SME. That will help to minimize the employee turnover. Government and financial institution may provide adequate finance for modernization and technological advancement. Development of infrastructure is essential for the optimum growth of SME. So, government of Bangladesh needs to take appropriate policy strategy for the infrastructure development of Bangladesh. Government, financial institutions and Non-Government Organization (NGOs) may take necessary steps to ensure uninterrupted financial support to the prospective SMEs in Bangladesh. Govt. of Bangladesh should take the initiative to develop web pages exclusively for SME and an integrated SME database. It will reduce the barriers to SME access to global market. In order to ensure the retention of skilled workforce the government should make the entrepreneurial career attractive by minimizing the uncertainty. In order to encourage women entrepreneurship govt. may involve women entrepreneurs in policy formulation and implementation. Arrange funds for women entrepreneurs. Provide necessary training to women entrepreneurs in rural and urban area of Bangladesh. SME foundation may take appropriate marketing tools to popularize their products. For minimizing red tapes and accelerating the growth of SME govt. may provide one roof service under the SME foundation. Appropriate legal framework is necessary to ensure the development of SME of Bangladesh. Research and Development (R&D) is must for the development and growth of SME; therefore, govt. must have to invest in R&D for ensuring the intensification of SME of Bangladesh. Restriction may be imposed on import of SME's products, which are available in Bangladesh.

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