

**NATIONAL PRIVATE-SECTOR SURVEY  
OF ENTERPRISES IN BANGLADESH, 2003**

**Prepared by  
Lisa Daniels\*  
International Consulting Group**

**Prepared for:  
Department for International Development  
United States Agency for International Development  
Swiss Agency for Development and Cooperation  
Swedish International Development Cooperation Agency**

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\*Lisa Daniels is a consultant for International Consulting Group. She is also an Associate Professor in the Department of Economics at Washington College.

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Supervisors:

K.A. Haque  
Ms. Laila Meher Sultana  
Md. Rahmatul Al Azad  
Md. Ohidur Rahman  
Md. Ifte Kharul Alam  
Md. Shah Alam Amin  
Md. Nashimul Hassan Shimul  
Md. Abdul Mottalib  
Akmal Mustafa Tipu  
Muhammad Lokman Hossain

---

Data Entry Staff:

Md. Mamun-Al-Rashid  
Mohammad Wahid Iqbal  
Ms. Mastura Khondoker Poply  
Ms. Asma Begum  
Ms. Amita Das  
Md. Golam Rabbani

Enumerators:

Md. Arifur Rahman  
Muhammad Sharforaz Hossain  
Md. Syfuzzaman  
Md. Mahbubar Rahman  
Mohammad Syedur Rahman  
Mohammad Nazrul Islam  
Ahmed Shamsul Huda  
Md. Khorshed Alam  
Md. Abdullah-Al-Masum  
Ms. Shaekh Afroza Bashir  
Mohammed Hafiz Uddin  
Abdur Rahman  
Md. Afzal Hossain Mollah  
Mohammad Nahid Iftekher  
Shah Mohammad Almol Akin  
Refaet Ullah  
Md. Rafiqul Hasan Siddqui  
Md. Nazrul Islam  
Md. Abdus Sattar  
Kazi Sayful Ahmed  
Md. Jahangir Alam  
Md. Abul Kalam Azad  
Md. Monaem Hossain  
Mohammad Abdul Hye  
Muhammad Rafiul Karim  
Tahseen Ahad Galib  
Md. Faisal Rahmetullah Ferdous  
Nazmul Hossain  
Md. Habibur Rahman

---

Md. Tahmidur Rahman  
Md. Kamrul Hasan  
Mohammad Ashiqur Rahman  
Md. Faqrul Islam Majumder  
Mohammad Monzur Hossain  
A.Z.M. Ashrafur Rahman  
Syed Ahrar Ahmed Russel  
Mrs. Forhat Ferdousi  
Ms. Dr. Jannatul Ferdous  
Md. Mizanur Rahman  
Md. Abdullah Al Kayes  
Md. Rashedul Islam  
Ashraf Uddin  
Ahsanul Huq  
Md. Faruk Uddin  
Md. Nuruzzaman Bali  
Shankar Shil  
Md. Ghiasuddin Khan  
K.M.H. Sharif  
M. Abul Kashem  
Md. Rafiquzzaman  
Md. Kabirul Islam  
Shah Al Masud Rana  
Sarfuddin Md. Redwan Patwary  
Md. Rezwan Siddique  
Md. Mojib-Ul-Hasan  
A.K.M. Sajidul Huq  
Md. Shamsuzzaman

Lisa Daniels  
Team Leader

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## ACRONYMS

BBS	Bangladesh Bureau of Statistics
BEPZA	Bangladesh Export Processing Zones Authority
BSCIC	Bangladesh Small and Cottage Industries Corporation
CEQ	Closed Enterprise Questionnaire
DFID	Department for International Development
EA	Enumeration Area
EEQ	Existing Enterprise Questionnaire
GEMINI	Growth and Equity through Microenterprise Investments and Institutions
GDP	Gross Domestic Product
ICG	International Consulting Group
ISIC	International Standard Industrial Classification
LSE	Large-scale enterprises (more than 100 employees)
MIDAS	Micro Industries Development Assistance and Services
MSME	Micro, small, and medium enterprises (100 or fewer employees)
NGO	Non-Government Organization
SDC	Swiss Agency for Development and Cooperation
Sedf	South Asia Enterprise Development Facility
Sida	Swedish International Development Cooperation Agency
SMA	Standard Metropolitan Areas
USAID	United States Agency for International Development

## **EXECUTIVE SUMMARY**

This report summarizes the results of a nationwide survey of the private sector in Bangladesh. The survey was conducted during a 13-week period from March to June, 2003, when 52,036 household or enterprise sites were visited. At these sites, 10,096 enterprises were enumerated. An enterprise was defined as any income-generating activity that markets at least 75 percent of its product.

The objective of the survey was to produce a statistically valid picture of the private sector by providing information on the magnitude, composition, and characteristics of enterprises. Information was also collected to identify constraints, examine business associations, and determine the contribution of enterprises to national income.

### **Results for Micro, Small, and Medium Enterprises**

The survey results show that there are approximately six million micro, small, and medium enterprises (MSMEs), which include enterprises with up to 100 workers. About 31 million people are employed in MSMEs or 40 percent of the population 15 years and older.

About three-quarters of all MSMEs contribute half or more of the household income in both urban and rural areas and over three-quarters of all MSMEs are located in rural areas. The high level of income contribution is not surprising since enterprises operate 11 months a year, 28 days per month, and ten hours per day on average.

The industrial structure of the MSME sector in Bangladesh consists of primarily wholesale and retail trade and repairs (40%), production and sale of agricultural goods (22%), services (15%), and manufacturing (14%). As expected, however, a much larger proportion of enterprises in the rural areas are involved in the sale of agricultural goods and a much larger proportion of enterprises in urban areas are engaged in trade and service

About half of all MSMEs operate out of their homes. Within the rural areas, over half of MSMEs operate out of their homes. In the urban areas, about 30 percent operate from home and close to half are located in commercial shops.

The average age of an MSME is 11 years old and the median age is seven years. About one-third of all MSMEs are less than four years old.

The average size of an MSME is five workers (including the proprietor) and the median size is two. Thirty-six percent of MSMEs are operated by the proprietor alone and 83 percent have one to five workers. More than half of all workers employed in MSMEs are adult paid workers.



One-third of all proprietors have had no formal education and over half of all proprietors have completed primary school or less. Ten percent of proprietors reported that they started their enterprise because they had no other alternative.

The median annual net profit per proprietor and unpaid worker is Taka 18,000 within MSMEs, after subtracting depreciation. The highest median profits are earned in one-person enterprises. Considering individual sectors, the highest profits are earned in transport and service activities based on actual hours worked. Based on the full-time equivalent measure, the highest profits are earned in health and social work followed by fishing.

MSMEs contribute Taka 741 billion to Gross Domestic Product (GDP). Depending on how much of this is already included in the official statistics, MSMEs contribute anywhere from 20 to 25 percent of GDP in Bangladesh. Considering the sector, manufacturing enterprises contribute the greatest portion to GDP followed by agriculture and trade. Considering sectors at a more detailed level, the three leading contributors to GDP are agriculture and related services, chemicals and chemical production, and retail sales and repairs.

Considering the size of the enterprise, the largest contribution to GDP is from enterprises with two to five workers followed by one-person enterprises. Furthermore, 87 percent of the total contribution comes from enterprises with ten or fewer workers. These figures reflect the size distribution of MSMEs. Ninety percent of all MSMEs have ten or fewer workers.

Sixteen percent of all MSMEs belong to some type of business association. The most common type of membership is in a samity. The most common reason to join an association is for security.

Three-quarters of MSMEs either outsource activities or receive embedded services. The most common type of outsourcing is market information followed by repairs or maintenance. The most common reason for outsourcing is that the enterprise could not perform the activity itself.

Responding to open-ended questions about current problems and problems when starting, proprietors cited financial constraints most frequently. When responding to a list of possible constraints read to them, one-third or more of MSME proprietors cited floods and natural disasters, electricity, road conditions, and access to finance as serious problems. Considering the size of the enterprise, electricity, floods and natural disasters, road conditions, and access to finance are reported by at least 25 percent of proprietors in all size categories as serious problems. For some problems, however, the pattern changes. For example, as enterprises get larger, skilled labor availability and access to inputs and raw materials are reported more frequently as a problem. Alternatively, too many competitors become less of a problem in the larger enterprise categories.

Thirty-five percent of MSMEs had received credit from informal sources and 18 percent had received credit from formal sources and 17 percent had received credit from non-government organizations.

Only six percent of MSMEs in Bangladesh are owned by women. Furthermore, they represent only nine percent of the workforce within MSMEs. Female proprietors tend to be most heavily concentrated in manufacturing of clothing, retail sales not in stores, spinning and weaving of textiles, and livestock and dairy production. Female proprietors earn lower profits compared to male proprietors in every sector. There was no statistically significant difference in the percentage of women who had received formal credit compared to men. A greater percentage of women had, however, received credit from an NGO compared to men. A greater percentage of men had received credit from a bank.

The survey also interviewed proprietors of enterprises that had folded over the last five years. Close to two-thirds of the closed enterprises were in wholesale and retail trade. The most frequently cited reasons for closing include financial, personal reasons, and marketing. Eleven percent of the closed enterprises were owned by women. A much greater percentage of women cited personal reasons for closing their enterprise compared to men.

## **Results for Large-Scale Enterprises**

In addition to collecting information on enterprises with 100 or fewer employees, the survey also attempted to collect information on large-scale enterprises (LSEs) with more than 100 employees. Unfortunately, however, many of the LSEs refused to cooperate. Because of the large number of refusals, the sample is not representative since it reflects only 180 enterprises that were willing to answer the questionnaire. For this reason, the results from this section are not extrapolated to the national level. The results reported here reflect the sample only.

Close to three-quarters of the LSEs were sole proprietorships. Within this group, 60 percent reported that the enterprise provides all of the household income and close to 90 percent reported that the enterprise contributed half or more of household income.

Two-thirds of the LSEs were in agriculture followed by manufacturing and fishing. Close to three-quarters reported that they operated out of their home.

The size of the LSEs ranged from 101 workers to 6,000 workers. Approximately half of the LSEs had 101 to 200 workers.

Ninety-five percent of all workers within the LSEs were adult paid workers. Of all of the workers employed by LSEs, one-third were women.

Forty-two percent of proprietors had completed primary school or less. About half of the proprietors took over the business from the family.

The average annual net profits per proprietor and unpaid worker was Taka 1,075,572. The average value added was Taka 8,890, 392. Not all LSEs could provide enough information to calculate profits or value added.

Thirty percent of the LSEs belong to some type of business association. The most common type of membership is in a sector association.

Three-quarters of the LSEs either outsource or receive embedded services. The two most common types of outsourcing are market information and repairs or maintenance.

Financial constraints were cited most frequently as a current problem and when starting the enterprises. The five problems cited most frequently as serious problems when a list of problems was read to the proprietor included electricity, floods, road conditions, transportation to markets, and access to finance.

Fifty-five percent of LSEs had received credit from formal sources. The main source of formal credit was from a commercial bank. Among the LSEs that had not received any type of loan, 56 percent reported that they did not need credit.

## **Conclusion**

This report provides basic statistics on the numbers of enterprises, their contributions to income, the constraints they face, and business associations. As illustrated by the results, MSMEs make a significant contribution to household and national income in Bangladesh. These results should contribute to the design of policies and programs to facilitate the development of a productive and dynamic MSME sector in Bangladesh. Nonetheless, this report only begins to scratch the surface of the data collected by the survey. By making the survey data available to researchers, policymakers, and practitioners, it is hoped that the database will serve as a basis for further analysis on specific sectors, issues, and policies.

## SECTION 1 : INTRODUCTION

This report summarizes the results of a nationwide survey of the private sector in Bangladesh. The survey was conducted during a 13-week period from March to June 2003, when 52,036 household or enterprise sites were visited. At these sites, 10,096 enterprises were enumerated.<sup>1</sup> An enterprise was defined as any income-generating activity that markets at least 75 percent of its product.

The objective of the survey was to produce a statistically valid picture of the private sector by providing information on the magnitude, composition, and characteristics of existing enterprises. Specifically, information was collected to:

- Determine the numbers and distribution of enterprises by location, sector, and gender in terms of International Standard Industrial Classification (ISIC) codes;
- Determine the contribution of different sizes of enterprises and enterprise sectors to national income and to employment;
- Identify constraints to entry, growth, and survival facing enterprises;
- Examine business associations among enterprises including outsourcing and embedded services; and
- Determine the use of, needs for, and access to financial services.

While other studies have examined various issues related to the private sector or a specific subsector within the private sector, recent information about the entire sector in Bangladesh is not readily available. For example, the first census of nonfarm activities in Bangladesh, which estimated that there were 2.2 million enterprises, was carried out in 1986. Based on the list of enterprises generated by the 1986 census, the Bangladesh Bureau of Statistics (BBS) carried out a survey of manufacturing enterprises, which returned to 21 percent of all enterprises with ten or more workers. This same survey was also repeated in 1993, 1994, 1996, and 2000. None of the latter surveys, however, has been published.

In addition to the BBS surveys in the 1990s, the United States Agency for International Development (USAID) and the World Bank used the list of enterprises from the 1986 census to undertake a nationwide survey of manufacturing enterprises in 1992/1993. This survey covered 1,300 private and public enterprises. Although the study provided data in terms of growth trends

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<sup>1</sup> Although 52,036 households or enterprise sites were visited, only 10,096 enterprises were enumerated. The remaining households and sites were divided among households reporting no enterprise activity (33,655), households where no one was home at the time of the survey (3,322), businesses that were closed at the time of the survey (3,471), and businesses that refused to answer the questionnaire (1,762). An explanation of the way closed households were incorporated into the survey is included in Section Two of this report.

and characteristics of the manufacturing sector, it did not cover enterprises with fewer than ten employees and it did not cover any enterprises outside of the manufacturing sector.

A third organization, the Metropolitan Chamber of Commerce and Industry, also used the 1986 census to select 1,200 private and public enterprises with ten or more workers. The data were used to examine constraints within the private sector.<sup>2</sup>

Since the 1986 census, the Bangladesh Bureau of Statistics has conducted a second census of the private sector in two phases. The first phase, in June of 2001, covered the urban areas and the second phase, in July of 2003, covered the rural areas. In this census, all non-agricultural economic activities based at households, fixed locations, temporary locations, and open spaces were included. The full results from this census have not been published, however, the total numbers of enterprises have been released. According to these figures, there are 3.8 million enterprises in Bangladesh.<sup>3</sup>

In addition to the census conducted by the Bangladesh Bureau of Statistics, three studies of the private sector were conducted in 2003. The first study, funded by the Department for International Development, examined competitiveness among industrial and processing sectors in Bangladesh. This study used data from 204 enterprises to determine the level of trade protection and bias within sectors in Bangladesh. The second study, funded by the Asia Foundation and carried out by Data International Ltd., examined the private sector within the city of Mymensingh. The study employed three steps. First, a census of all businesses was undertaken. From the census, a random sample of 437 enterprises was selected for more detailed interviews. Finally, focus-group discussions complimented the descriptive statistics. This study provides useful insights on the general characteristics of enterprises, enterprise finances, impediments to growth, and business relationships. Finally, the third study, which was carried out by the Bangladesh Enterprise Institute and the World Bank, focused on the investment climate in Bangladesh. For this survey, 1,000 manufacturing firms in Dhaka and Chittagong were selected. The results offer an excellent comparison of the investment climate within Bangladesh to several other countries in the region. The study also examines the impact of investment constraints on firm growth.

In order to compliment the Mymensingh study and the investment climate survey mentioned above, several questions from the survey instruments used in those studies were incorporated in this survey. For this reason, the results from this survey will be compared to the Mymensingh study and the investment climate survey in some parts of this report.

This report begins with a description of the survey methods in Section Two, including the sampling methods, data collection methods, and methods to extrapolate the results. Section Three reports the results for all enterprises with 100 or fewer employees. The results for large-scale enterprises are reported in Section Four. Finally, conclusions are offered in Section Five.

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<sup>2</sup> This description of studies on industries in Bangladesh was based on a report produced by Chemonics, "Bangladesh Enterprise Development Assessment Report" (Chemonics, 2001).

<sup>3</sup> Dr. A. K. M. Ghulam Rabbani provided the figures related to the recent census during his presentation at the workshop held to present this report on 22 September, 2003.

## SECTION 2 : SURVEY METHODS

### 2.1 Definition of Enterprises

For the purpose of this survey, an enterprise is defined as any income-generating activity that markets at least 75 percent of its product. This includes both agricultural and non-agricultural activities.

### 2.2 Survey Instruments

The survey used two questionnaires (see Appendix C for samples of each). The Existing Enterprise Questionnaire (EEQ) was used to collect information on all existing enterprises at the time of the survey. It included information related to the type of ownership, number of employees, proprietor characteristics, enterprise constraints, business associations, financial data, and business practices. The Closed Enterprise Questionnaire (CEQ) was used to collect information on all enterprises that had folded within the last five years. This was a much shorter questionnaire that collected information on enterprise size and the reasons why enterprises folded.

### 2.3 Sampling Method

The sample for the national survey was selected by using a stratified, one-stage, cluster-sampling technique. This involved geographically stratifying the country into areas with similar population densities followed by a random selection of enumeration areas (EAs) within each stratum.<sup>4</sup> Stratification by population density is based on the premise that areas with similar population densities will have the same basic structure of enterprise activities. Rural areas with lower population densities, for example, are likely to have a much smaller range of activities than enterprises in urban areas. By maintaining similarity of enterprises within each stratum and diversity among the strata, the survey results are more accurate.

Based on discussions with the Bangladesh Bureau of Statistics (BBS) and other local experts, six strata were identified for the survey. These are illustrated in Table 1 along with the number of enterprises interviewed within each stratum. The first four strata, rural, peri-urban, Standard Metropolitan Areas (SMAs), and other urban areas, are officially defined as part of the national census. Within the rural areas, a proportional number of EAs from each of the six divisions were included in order to have a

**Table 1: Number of enterprises interviewed per stratum**

Rural	3,536
Metropolitan SMA	1,568
Other urban areas	1,041
Peri-urban	763
Industrial	1,093
Commercial	1,623
<b>Total</b>	<b>9,624</b>

This table excludes enterprises with more than 100 workers and rickshaw drivers.

<sup>4</sup> Enumeration areas are geographic areas defined by the Bangladesh Bureau of Statistics for the national census. Each enumeration area has approximately 100 households within its borders.

geographically representative sample from the rural areas. The second stratum, SMA, includes the city corporations of Dhaka, Chittagong, Khulna, and Rajshahi. In each of the SMAs, the BBS identified city corporations at the center and peri-urban areas surrounding the city corporations. The “other urban” stratum refers to urban areas outside of the four SMAs.

The industrial and commercial strata are not defined as part of the national census. For these strata, local experts were employed to identify clusters of industrial and commercial activity. Within the industrial stratum, two substrata were identified. The first substratum is a list of all industrial estates within the Bangladesh Small and Cottage Industries Corporation (BSCIC). According to recent records, there are 2,057 active enterprises within the 52 estates. Seven of the BSCIC estates were randomly selected to be included in the survey.

Defining the second industrial substratum involved the identification of industrial clusters on regional maps by local experts. This was done by marking these areas on the maps, dividing them into one-quarter kilometer lengths along roads, and numbering them sequentially. Thirty-three of these areas were then randomly selected to be included in the survey.

For the commercial stratum, two substrata were identified. Defining the first substratum involved the identification of commercial clusters by local experts. Just as with the industrial clusters, the commercial clusters were identified on maps, divided into one-quarter kilometer lengths along roads, and numbered sequentially. Twenty-five of these areas were then randomly selected to be included in the survey. The second commercial substratum included business house clusters. These clusters include businesses such as export/import, insurance, banking, and shipping. Ten of these clusters were identified and one was included in the survey.

Following the stratification described above, enumeration areas were randomly selected to be included in the survey. Within each enumeration area, every household, place of business, and mobile enterprise was visited. If an enterprise was currently in operation or if an enterprise had folded during the last five years, the proprietor was interviewed.

The stratified, one-stage cluster-sampling technique described above is a standard method of sampling that can be found in many statistical textbooks. Furthermore, this technique has been used in approximately 30 countries to examine the micro, small, and medium enterprise sector. While it is always preferred to do a full census rather than a sample survey, it is usually not financially possible to undertake a full census of every enterprise in a country. When a census is not possible, many surveys use a list of the units to be sampled and then randomly select some units from the list. Because lists are not typically available of all enterprises, it is necessary to do cluster or area sampling as in this case.

## **2.4 Sample Size**

The enumerators visited a total of 52,036 household or enterprise sites from 22 March to 19 June, 2003. At these sites, 10,096 existing enterprises were identified and enumerated. An additional 692 enterprises that had folded over the past five years were also enumerated.

## 2.5 Data Collection Methods

Data collection was carried out by 53 enumerators and 10 supervisors. Enumerators and supervisors were trained for one week, which included pretests of the questionnaire for two days in the field.

To complete the existing and closed enterprise questionnaires, enumerators visited all houses, shops, street vendors, and hawkers within the geographic boundaries of each enumeration area. Questionnaires were then coded and checked for errors each evening by the enumerators and supervisors. Following data entry, the data were again checked for errors by a computer software package designed to identify errors based on appropriate value ranges for each variable and rules written by the project manager. Finally, the data were checked again for errors during the data analysis stage.

## 2.6 Extrapolation of the Survey Results

The data collected in this survey were extrapolated to represent the private sector at the national level. This required estimating weights for each stratum based on the probability of each enumeration area being selected and the probability of a respondent being home to answer the questions. The weights were calculated as follows:

$$WT_i = \left( \frac{HHS_i}{HHE_i} \right) \left( \frac{EOP_i + ECL_i}{EOP_i} \right)$$

Where:

WT	=	weight
i	=	stratum
HHS	=	total number of households in the stratum
HHE	=	total number of households enumerated in the stratum
EOP	=	number of enterprises at households where someone was home
ECL	=	number of enterprises at households where no one was home

The first term in the equation is the reciprocal of the probability of being selected. For example, if there are 100 households in a stratum and 20 households fall into the sample, the probability of being selected is 20/100 or 1/5. The reciprocal, or the first weight factor, is then 5/1. All of the results for that stratum are multiplied by five to extrapolate the sample results to represent the 100 households in the stratum.

The second term in the equation is used to account for closed households. Closed households are defined as households that were visited, but where no one was home at the time of the survey. All households within the geographic boundaries of an enumeration area must be visited. If no one is home on the day that the enumerators are in an enumeration area, then an assumption must be made about whether or not that household operates an enterprise. This assumption was made by returning to all closed households in five percent of enumeration areas



to determine what proportion of closed households operates enterprises. This proportion was then used as the second weighting factor. For example, if there were six enterprises at open households in a stratum and two businesses at closed households, the weight is  $(6+2)/6$  or 1.333. All enterprises in the sample are then multiplied by 1.333 to account for businesses missed at closed households. In other words, for every six businesses at open households, there must be two more businesses that were missed at the closed households.

In the case of the BSCIC substratum, the weight was calculated as the number of businesses within the substrata divided by the number of businesses enumerated. Closed households were also considered in the calculation as described above.

The results from the large-scale enterprises were not weighted because of the large number of refusals among these enterprises. Because of the large number of refusals, the results were not representative of the larger group. Instead, the results are reported based on the sample and can only be interpreted as illustrative of these strata. A more complete description of the survey limitations can be found in Appendix B.

## **SECTION 3 : SURVEY RESULTS FOR MICRO, SMALL, AND MEDIUM ENTERPRISES**

This section of the report describes the survey results for all enterprises with 100 or fewer employees. Results related to the large-scale enterprises with more than 100 employees are reported in Section 4.

### **3.1 Magnitude of the MSME Sector and Income Contribution to Households**

The results of the National Private-Sector Survey of Enterprises in Bangladesh indicate that there are close to six million micro, small, and medium enterprises (MSMEs) in Bangladesh, excluding rickshaws.<sup>5</sup> These enterprises employ approximately 31 million people. Considering only the population that is 15 years or older, 40 percent of this group is employed in the sector and one out of every 13 persons owns an enterprise.<sup>6</sup>

Comparing the overall numbers of enterprises from this survey with the results from the recent BBS census, the results are remarkably similar. As mentioned in the introduction, the BBS census of 2001/2003 indicated that there are a total of 3.83 million non-agricultural activities in Bangladesh. Removing the agricultural enterprises from the results presented in this report, the results of this survey show that there are 4.62 non-agricultural activities in Bangladesh. Part of the difference in the results may be explained by the fact that the rural census was conducted two years earlier than this survey. Also, this survey included all mobile vendors, which were not included in the BBS census.

The number of enterprises and employment by region are illustrated in Tables 2 and 3. Over three-quarters of the enterprises are located in rural areas and the overwhelming majority of employment generated by the MSMEs is also in rural areas. These numbers reflect population densities since 77 percent of the population lives in rural areas and an additional eight percent live in municipalities outside of the main urban areas according to the 2001 census (Bangladesh Bureau of Statistics, 2001).

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<sup>5</sup> For more information on rickshaws, refer to section 3.15.

<sup>6</sup> Using a 1.47 percent annual growth rate since the 2001 census, the current population is 127.7 million. Assuming that 41 percent of the population is under 15 years old, approximately 75 million people are 15 years or older. The 1.47 percent was taken from the growth rate between the 1991 and the 2001 census. The estimate of 41 percent of the population under the age of 15 was taken from the 1999 Statistical Yearbook produced by the Bangladesh Bureau of Statistics (BBS, 2001).

**Table 2: Number of enterprises by region**

Stratum	Number of MSMEs	Percentage of all MSMEs
Rural	4,521,789	76%
Metropolitan SMA	479,988	8%
Other urban areas	493,922	8%
Peri-urban	361,500	6%
Industrial	10,297	0%
Commercial	66,690	1%
<b>Total</b>	<b>5,934,186</b>	<b>100%</b>

**Table 3: Number of people employed in MSMEs by region**

Stratum	Number of people employed	Percentage of total employment
Rural	26,760,997	86%
Metropolitan SMA	1,277,244	4%
Other urban areas	1,506,372	5%
Peri-urban	1,233,822	4%
Industrial	69,816	0%
Commercial	234,161	1%
<b>Total</b>	<b>31,082,412</b>	<b>100%</b>

The importance of MSME activities to household welfare was assessed by the respondent's estimation of income contribution to the household.<sup>7</sup> Table 4 indicates that approximately three-quarters of all MSMEs contribute half or more of household income in both urban and rural areas. Although this level of contribution is high, it is not surprising given that MSMEs in Bangladesh are primarily full-time operations. On average, an enterprise in Bangladesh operates 11 months a year, 28 days per month, and ten hours per day.

**Table 4: Percentage of household income contributed by MSMEs**

	Strata		
	Rural	Urban	Total
Provides all or almost all	41%	45%	42%
Provide more than half	19%	14%	18%
Provides about half	16%	14%	16%
Provides less than half	20%	17%	19%
Provides nothing	4%	9%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>7</sup> This question applied to sole proprietorships only, which represent 93 percent of all MSMEs.

### 3.2 Industrial Structure and Ownership Patterns

Table 5 shows that the vast majority of MSMEs in both the rural and urban areas are sole proprietorships. Regarding private versus public or foreign ownership, close to one hundred percent of all MSMEs reported that they are privately owned.<sup>8</sup>

As illustrated in Table 6, the largest percentage of MSMEs operates in wholesale and retail trade and repairs. If you consider all of the

categories on Table 5 that are services (hotels and restaurants, transport, financial services, real estate, education, health, and other services), then the service sector comprises 15% of all MSMEs and it is slightly larger than the manufacturing sector.

**Table 5: Distribution of ownership type by region**

	Region		Total
	Rural	Urban	
Sole proprietorship	93.77%	92.93%	93.57%
Partnership	5.89%	6.44%	6.02%
Cooperative	.05%	.07%	.06%
Subsidiary		.06%	.01%
Limited liability, publicly traded		.00%	.00%
Limited liability, not traded	.06%	.04%	.06%
Joint Venture – partly foreign owned		.00%	.00%
Franchise		.02%	.01%
Other	.23%	.44%	.28%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>8</sup> The percentage of enterprises that had some foreign ownership was .0003. The percentage of enterprises that was owned partly by the government was .008. Because of the small sample size relative to the population of MSMEs, these statistics may not accurately reflect the level of foreign or government ownership.

**Table 6: Distribution of enterprises by sector (ISIC-1) and region**

Sector	Region				Total	
	Rural		Urban		Total number of MSMEs	% all MSMEs
	Total number of MSMEs	% all MSMEs	Total number of MSMEs	% all MSMEs		
Agriculture	1,242,189	27%	71,617	5%	1,313,806	22%
Fishing	208,661	5%	19,897	1%	228,558	4%
Manufacturing	650,875	14%	206,413	15%	857,288	14%
Construction	64,375	1%	12,768	1%	77,143	1%
Wholesale & retail trade and repairs	1,696,588	38%	684,562	48%	2,381,150	40%
Hotels & restaurants	94,144	2%	183,793	13%	277,937	5%
Transport, storage, & communications	138,730	3%	27,903	2%	166,633	3%
Financial services			314	0%	314	0%
Real estate, renting, & business activities	135,369	3%	43,935	3%	179,304	3%
Education			2,510	0%	2,510	0%
Health and social work	37,942	1%	15,496	1%	53,438	1%
Other service activities	95,250	2%	59,441	4%	154,691	3%
Unidentified	157,666	3%	83,748	6%	241,414	4%
<b>Total</b>	<b>4,521,789</b>	<b>100%</b>	<b>1,412,397</b>	<b>100%</b>	<b>5,934,186</b>	<b>100%</b>

Comparing the rural and urban areas, trade is the most common type of MSME in both areas. As expected, however, a much larger proportion of enterprises in the rural areas are involved in the sale of agricultural goods.<sup>9</sup> In the urban areas, the second largest category after trade is services (23%) followed by manufacturing. Table A-1 in appendix A shows a complete breakdown of enterprises at the ISIC four-digit level.

<sup>9</sup> If an enterprise *produced* agricultural goods and sold at least 75 percent of the goods, it was classified as an agricultural activity. If the enterprise did not sell at least 75 percent of the goods, it was not included in the survey. If an enterprise *purchased* agricultural goods for resale, it was classified as a trade activity.

### 3.3 Location of Enterprises

As illustrated in Table 7, half of all MSMEs are located in the home. This distribution varies, however, by region. In the rural areas, over half of all enterprises are located in the home and close to 20 percent are located in commercial shops. Within the urban areas, close to half of all MSMEs are located in commercial shops and just under 30 percent are located in homes.

**Table 7: Location of MSMEs by region**

Location	Region		Total
	Rural	Urban	
Home	57%	28%	50%
Traditional market (daily)	4%	4%	4%
Shop (in permanent structure)	19%	45%	25%
Roadside/Riverside (kiosk, not permanent)	8%	13%	9%
Mobile enterprise	11%	8%	11%
Industrial site building	0%	1%	0%
Other	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

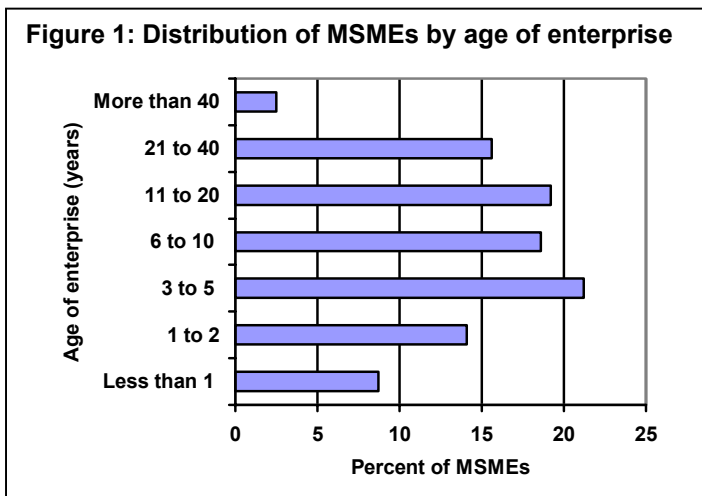
Considering the location by sector, Table 8 shows that over half of all MSMEs are located in the home within all sectors with the exception of wholesale and retail trade and repairs, transport, and other service activities.

**Table 8: Distribution of MSMEs by location and sector**

Sector	Home	Traditional market (daily)	Shop (in permanent structure)	Roadside/Riverside (kiosk, not permanent)	Mobile enterprise	Industrial site building	Other	Total
Agriculture	97%	0%	1%	1%	1%	0%	0%	100%
Fishing	73%	2%	1%	3%	20%	1%	1%	100%
Manufacturing	63%	3%	26%	5%	3%	1%	1%	100%
Construction	54%	1%	9%	6%	29%			100%
Wholesale & retail trade and repairs	17%	7%	40%	17%	19%	0%	0%	100%
Hotels & restaurants	54%	5%	31%	10%	0%	0%		100%
Transport, storage, & communications	23%	3%	16%	10%	41%	0%	6%	100%
Real estate, renting, & business activities	62%	5%	22%	1%	10%			100%
Education			100%					100%
Health and social work	59%	5%	26%	6%	5%			100%
Other service activities	11%	9%	56%	12%	10%	1%	1%	100%

### 3.4 Age of Enterprises

The average age of an MSME in Bangladesh is 11 years and the median age is seven years. As illustrated in Figure 1, about one third of all MSMEs are less than four years old. This large number of young enterprises is very similar to the findings of the Mymensingh study where 28 percent of enterprises were started after 2000 (Asia Foundation and Data International, 2003). The high number of very young enterprises suggests a rapid turnover within the MSME sector. Some of the reasons for enterprise closures are discussed in Section 3.14.



Considering the size of the enterprise, the average age varies significantly. Enterprises with six to 100 workers have an average age of 18 years or more whereas enterprises with one to five workers are ten years old on average.

### 3.5 Size Distribution and Labor Force

The size of an enterprise in Bangladesh was measured by the total number of workers, including working proprietors, unpaid family members, paid workers, and apprentices. By this definition, the average size of an enterprise, considering only those enterprises with 100 or fewer workers, is five workers. The median size of an enterprise is two workers.

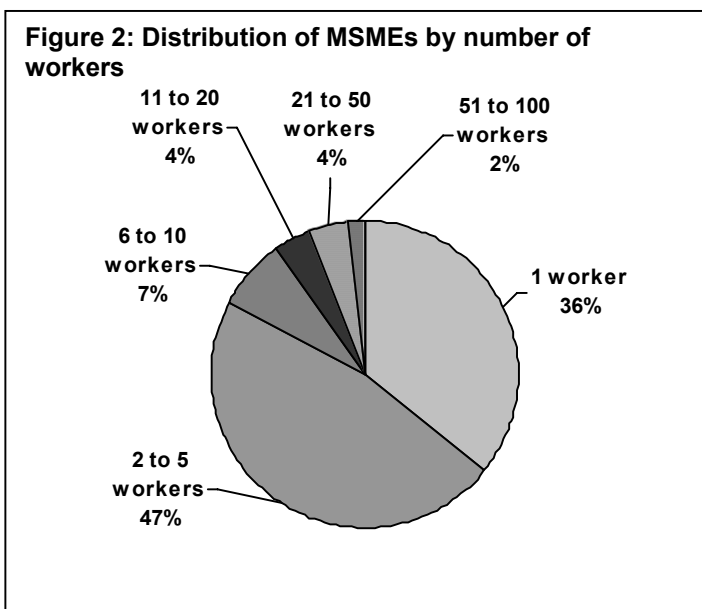


Figure 2 shows the size distribution of enterprises with 100 or fewer employees within Bangladesh. As illustrated, 90 percent of all enterprises have ten or fewer workers. Enterprises with just one or two workers represent 60 percent of all

enterprises.<sup>10</sup> (Appendix Table A-2 shows a complete breakdown of the number of enterprises by sector at the ISIC four-digit level and by size.) These results are very similar to the pattern found in Mymensingh where 67 percent of all enterprises had one or two employees (Asia Foundation and Data International, 2003).

Table 9 shows the average size of MSMEs within different sectors and by region. As illustrated, MSMEs in rural areas have a larger number of workers on average.<sup>11</sup> When agricultural activities are removed from the analysis, the average size of rural enterprises is 3.3 workers compared to 2.7 in urban areas. Although this size difference is much smaller when excluding agriculture, there is still a statistically significant difference between the average number of workers in rural and urban areas. Appendix Table A-3 shows the average size of enterprises by sector at the ISIC four-digit level.

Considering the types of employees that work for MSMEs, Table 10 shows the distribution of worker types. As illustrated, more than half of all workers are paid adults. Working owners and unpaid adult workers are the second and third largest categories, representing one-third of all employee types. The remaining employee types are very limited in number relative to the other types.

**Table 9: Average number of workers per MSME**

Sector	Strata		Total
	Rural	Urban	
Agriculture	12.0	8.6	11.8
Fishing	5.1	3.4	4.9
Manufacturing	6.7	4.9	6.3
Construction	3.9	5.4	4.1
Wholesale & retail trade and repairs	1.8	2.0	1.9
Hotels & restaurants	2.3	2.3	2.3
Transport, storage, & communications	1.6	2.9	1.9
Financial services	.	.	.
Real estate, renting, & business activities	3.4	3.2	3.4
Education	.	2.0	2.0
Health and social work	1.2	3.4	1.7
Other service activities	1.8	2.2	2.0
<b>Total</b>	<b>5.9</b>	<b>3.1</b>	<b>5.2</b>

<sup>10</sup> Using the official Government of Bangladesh definitions, 92 percent of enterprises are categorized as micro (one to nine workers), seven percent are categorized as small (ten to 49 workers), and one percent are categorized as medium (50 to 99 workers).

<sup>11</sup> The difference between the average number of workers in rural and urban MSMEs was statistically significant at the .001 level. The F statistic was used to test the null hypothesis that the means do not vary across sectors. The null hypothesis was rejected at the .001 level.



**Table 10: Distribution of workers by type of worker**

Type of worker	Workers		
	National total	Percentage of total	Avg per enterprise
Adult working owner	6,480,504	21%	1.1
Adult paid family member	339,428	1%	.1
Adult unpaid family member	4,217,395	14%	.7
Adult paid worker	18,637,019	60%	3.1
Adult paid worker in-kind	779,649	3%	.1
Adult apprentice	76,256	0%	.0
Youth working owner	44,578	0%	.0
Youth paid family member	20,351	0%	.0
Youth unpaid family member	296,105	1%	.0
Youth paid worker	124,642	0%	.0
Youth paid worker in-kind	26,071	0%	.0
Youth apprentice	40,414	0%	.0
<b>Total</b>	<b>31,082,412</b>	<b>100%</b>	<b>.4</b>

Table 11 shows the worker types by gender. Among male employees, the most dominant type is adult paid workers followed by working owners. Among female employees, the most dominant type of employee is adult unpaid family members followed by adult paid workers. It should also be noted that the number of women engaged in the MSME sector is quite small relative to men. More issues related to gender are discussed in Section 3.13.

**Table 11: Distribution of workers by type of workers and by gender of owner**

Type of worker	Male employees			Female employees		
	National total	Percentage of total	Avg per enterprise	National total	Percentage of total	Avg per enterprise
Adult working owner	6,109,819	21%	1.0	370,685	14%	.1
Adult paid family member	275,532	1%	.0	63,896	2%	.0
Adult unpaid family member	2,851,097	10%	.5	1,366,298	53%	.2
Adult paid worker	17,980,596	63%	3.0	656,423	25%	.1
Adult paid worker in-kind	731,001	3%	.1	48,648	2%	.0
Adult apprentice	61,842	0%	.0	14,414	1%	.0
Youth working owner	38,482	0%	.0	6,096	0%	.0
Youth paid family member	20,351	0%	.0	0	0%	.0
Youth unpaid family member	243,464	1%	.0	52,641	2%	.0
Youth paid worker	113,650	0%	.0	10,992	0%	.0
Youth paid worker in-kind	26,071	0%	.0	0	0%	.0
Youth apprentice	38,054	0%	.0	2,360	0%	.0
<b>Total</b>	<b>28,489,959</b>	<b>100%</b>	<b>.4</b>	<b>2,592,453</b>	<b>100%</b>	<b>.0</b>

### 3.6 Education and Motivation of Proprietors

As illustrated in Table 12, one-third of all proprietors have no formal education and over half of all proprietors have completed primary school or less. These numbers reflect the illiteracy rate of 58 percent within Bangladesh. Comparing the rural and urban areas, a much larger proportion of proprietors in the rural areas have no education compared to proprietors in the urban areas. Considering the sector, Table 13 shows that proprietors engaged in service activities and renting

**Table 12: Education of proprietors among MSMEs**

	Region		Total
	Rural	Urban	
None	35%	23%	32%
Primary (5 years of schooling)	28%	23%	27%
Vocational Education	0%	0%	0%
High School	26%	29%	26%
Higher Secondary/College/Diploma Engineering	8%	13%	9%
University/Bachelor/Graduate degree/Diploma Comp. Science	3%	8%	4%
Post graduate/Masters degree	0%	3%	1%
Ph.D.		0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

of rooms or flats appear to have the most education. Finally, considering the size of the enterprise, enterprises with 11 to 20 workers have the greatest number of proprietors who have completed at least primary school and the greatest number with university degrees.

**Table 13: Education of proprietors within different sectors (ISIC-1)**

Level of education	None	Primary (5 years of schooling)	Vocational Education	High School	Higher Secondary College Diploma Engineering	University Bachelor Graduate degree Diploma Comp. Science	Post graduate Masters degree	Ph.D.	Total
Agriculture	38%	25%	0%	25%	8%	3%	1%		100%
Fishing	34%	30%		21%	7%	4%	3%		100%
Manufacturing	27%	32%	0%	30%	7%	3%	1%		100%
Construction	38%	31%		20%	5%	6%			100%
Wholesale & retail trade and repairs	34%	26%	0%	25%	9%	4%	1%		100%
Hotels & restaurants	20%	27%	0%	29%	13%	7%	4%	0%	100%
Transport, storage, & communications	43%	35%		16%	4%	1%		0%	100%
Real estate, renting, & business activities	17%	15%	0%	33%	18%	14%	3%		100%
Education					22%	61%	17%		100%
Health and social work		0%	1%	35%	33%	24%	6%		100%
Other service activities	31%	26%	0%	30%	9%	4%	1%		100%

0% = less than one percent.

Despite the low levels of education, when proprietors were asked why they started the enterprise, only ten percent reported that they had no other alternative. As illustrated in Table 14, close to half of all proprietors started their business because they thought that it would be profitable and approximately one-quarter said that they were skilled in the activity required for the enterprise. Although many proprietors thought that their enterprise would be profitable, there is still the chance that the proprietor did not have any other alternative.

**Table 14: Motivation for starting the enterprise**

The founder thought that it would be profitable	45%
The founder was skilled in this activity	23%
The current owner took over the business from his/her family	18%
The only thing founder was able to do; no other alternative	10%
Capital requirements match what founder had available	3%
Other	1%
<b>Total</b>	<b>100%</b>

### 3.7 Profits of Enterprises

Because many small businesses do not keep written records of their financial transactions, profits are extremely difficult to measure. Furthermore, profits or income is a sensitive topic. Proprietors may be reluctant to reveal how much they earn if it could affect their tax liability. In order to estimate profits, this survey used two different methods. The first method was used for sole proprietorships only. This method involved three questions.

- 1) Does your household consume or use any of this business's products or services?
- 2) Do you use part of the money you get from this business for yourself or your household?
- 3) After making purchases for the business and after using some money for yourself or your household, is there usually any money left?

For each of these three questions, the proprietor was then asked for the value in Taka and how often they consumed or used this amount. This method, which was used by the World Bank as part of the Living Standards Measurement Surveys, was found to be the most accurate way of determining profits of small enterprises when it was tested against four other profit measures on a sample of 448 enterprises in Zimbabwe (Daniels, 1999).<sup>12</sup>

The second method of measuring profits, which was used for businesses that were not sole proprietorships, involved asking directly how much the enterprise earned in profits over a time period specified by the proprietor. While neither of these two methods is ideal, they do offer some information about the profitability of enterprises in Bangladesh.

After calculating profits using the two methods described above, profits were divided by the number of working proprietors and unpaid workers. The result, therefore, is the financial profitability per unpaid worker in the enterprise after deducting depreciation. Again, because profits are difficult to measure, these numbers should be treated with caution.

<sup>12</sup> The World Bank has conducted Living Standard Measurement Surveys in several dozen countries. The studies are used to examine household income and expenditure patterns.

Table 15 shows the median profits per enterprise for actual hours worked by the enterprise and for a full-time equivalent.<sup>13</sup> The measure that uses actual hours worked is calculated by extrapolating weekly or monthly profits to an annual estimate based on the actual number of months, weeks, days, and hours that the enterprise was in operation. For example, if an enterprise only operates six months per year and it earns Taka 100 per month, then the annual profit for that enterprise is Taka 600. The full-time equivalent measure is calculated by dividing the annual profits based on actual hours worked by the number of hours in operation per year in order to get an hourly profit rate. This hourly profit rate is then multiplied by 40 hours per week and 52 weeks per year. Using the example above, if the enterprise that earns Taka 600 per year is in operation a total of 100 hours per year, then it earns Taka 6 per hour. Multiplying the Taka 6 per hour by 40 hours per week and 52 weeks per year would indicate that the enterprise earns Taka 12,480 per year on a full-time equivalent basis. By examining the full-time equivalent measure, enterprises from different sectors or sizes can be compared in terms of an hourly profit rate rather than profits based on an unequal number of hours worked. As illustrated, the median profits per enterprise per worker is about Taka 18,000 based on actual hours worked and Taka 12,700 based on a full-time equivalent. This suggests that, on average, enterprises work more than a forty-hour week. Also, as illustrated by Table 15, profits are higher in urban areas.

**Table 15: Median profits per enterprise by region**

Region	Actual hours (Taka/worker/year)	Full-time equivalent (Taka/worker/year)
Rural	16,027	11,915
Urban	28,862	15,440
<b>Total</b>	<b>18,050</b>	<b>12,713</b>

Considering profits by sector, Table 16 shows the median profits per enterprise per worker for each sector at the ISIC one-digit level. Based on actual hours worked, transportation earns the highest profits followed by other services and trade. Based on the full-time equivalent measure, the order changes. Health and social work earn the greatest profit followed by fishing and construction. At the most detailed level of ISIC four-digit, Table A-4 in Appendix A shows that the most remunerative sectors based on actual hours worked are movie theaters, employment services, manufacture of plastic products, courier services, pharmaceutical production, legal services, and retail sale of petroleum.

**Table 16: Median profits per enterprise by size of enterprise**

Sector	Actual hours (Taka/worker/year)	Full-time equivalent (Taka/worker/year)
Number 1	24,510	16,380
of workers	2-5	17,488
	6-10	11,378
	11-20	14,800
	21-50	6,750
	51-100	6,313
<b>Total</b>	<b>18,050</b>	<b>12,713</b>

<sup>13</sup> Because profits measures are unreliable and tend to exhibit extreme values, the median or middle level of profits is more informative than the average level. The average profits earned based on actual hours worked is 54,477 with a standard deviation of Taka 654,875. The average profits earned based on the full-time equivalent is Taka 34,512 with a standard deviation of Taka 178,108.

The median estimate of profits per worker within these sectors was over Taka 100,000. Considering the size of the enterprise, Table 17 shows that the highest profits based on both measures are earned in the one-person enterprises.

### 3.8 Contribution of Enterprises to National Income

This survey attempted to estimate the contribution of MSMEs to Gross Domestic Product (GDP). GDP is defined as the total market value of all final goods and services produced in a given year. It can be measured using an expenditure approach or an income approach. The expenditure

approach is calculated by adding together consumption expenditures by households, investment expenditures by businesses, government purchases of goods and services, and expenditures by foreigners (or net exports). The income approach adds together wages, rents, interest, and profits. The components of this latter approach are also referred to as value added. Value added is defined as the market value of a firm's output less the value of the inputs the firm has purchased and used to produce the product. Because the difference between the market value of the output and the value of the purchased inputs is paid out in wages, rent, interest, and profits, value added can be determined by adding these four together. In order to determine contribution to GDP using the income approach, however, some statistical adjustments must be made. In particular, depreciation, indirect business taxes, and the net foreign factor income must be added to wages, rent, interest, and profits.

To measure the contribution of MSMEs to GDP, value added and annual depreciation are added together. Net foreign factor income is not part of the calculation since it does not affect the contribution of MSMEs.<sup>14</sup> Indirect business taxes should be added, however the survey did not attempt to measure this. Because so many businesses operate informally, it is difficult to obtain an accurate measure of taxes paid. In addition, questions related to taxes are very sensitive. For this reason, the estimates of contribution to GDP may be underestimated. In general, it should be emphasized that the figures on profits and contribution to GDP are not precise.

As described in the previous section, profits are very difficult to measure. Because the survey could not estimate profits for all enterprises, the average annual profit for different types

**Table 17: Median profits per enterprise by sector**

Sector	Actual hours (Taka/worker/year)	Full-time equivalent (Taka/worker/year)
Agriculture	8,846	10,910
Fishing	17,583	19,265
Manufacturing	16,444	12,583
Construction	21,000	18,220
Wholesale & retail trade and repairs	23,125	13,307
Hotels & restaurants	17,525	5,696
Transport, storage, & communications	31,938	17,296
Real estate, renting, & business activities	19,664	13,293
Education	16,436	9,042
Health and social work	21,547	19,560
Other service activities	27,013	14,105
<b>Total</b>	<b>18,050</b>	<b>12,713</b>

<sup>14</sup> Net foreign factor income is the payment of resource income to the other countries minus the receipt of resource income from other countries.

of enterprises was calculated using the information from those enterprises that provided profit information. Approximately 200 enterprise types were identified during the survey. The average profit for each of these 200 enterprise types was then multiplied by the number of enterprises (derived from the survey) of that type in order to include this as one component of the contribution of MSMEs to GDP.

The World Bank estimates that the nominal GDP for the fiscal year ending in June 2003 was Taka 2,996 billion. Results from the survey show that MSMEs contributed Taka 741 billion to GDP in the past year or 25 percent of GDP. It is not clear, however, how much of the Taka 741 billion is already included in the official statistics. Since many MSMEs operate informally, they may be excluded from GDP calculations. If MSMEs are completely excluded from GDP calculations, then GDP for FY 2003 would be Taka 3,737 billion and MSMEs contribute 20 percent of GDP. Since the survey included both formal and informal enterprises, however, the contribution to GDP is probably somewhere in between 20 and 25 percent.

Table 18 shows the contribution to GDP by sectors within the MSME sector. As illustrated, manufacturing contributes the greatest amount followed by agriculture and trade. Combined, these three sectors represent 85 percent of the contribution to GDP. Examining this at the ISIC two-digit level, the three leading contributors are agriculture and related services (24%), chemicals and chemical production (21%), and retail sales and repairs (19%). The remaining sectors all contribute six percent or less. At the ISIC four-digit level, only two sectors contribute more than six percent. Other chemical products, which include only salt production, contribute 20 percent and grain production contributes 17 percent.

As illustrated in Table 19, the largest contribution to GDP is from enterprises with two to five workers, followed by one-person enterprises. Furthermore, 87 percent of the total contribution comes from enterprises with ten or fewer workers. These figures reflect the size distribution of MSMEs. Ninety percent of all MSMEs have ten or fewer workers.

**Table 18: Contribution of MSMEs to GDP by size of enterprise**

Number of workers	Total contribution to GDP (Taka)	
	Total contribution to GDP	Percent of total contribution
1	193,996,555,714	26%
2-5	379,663,897,358	51%
6-10	73,120,983,681	10%
11-20	45,183,240,157	6%
21-50	33,960,498,076	5%
51-100	15,138,922,373	2%
<b>Total</b>	<b>741,064,097,360</b>	<b>100%</b>

**Table 19: Contribution of MSMEs to GDP by sector**

	Total contribution to GDP	Percent of total contribution
Agriculture	177,729,637,673	24%
Fishing	32,872,674,464	4%
Manufacturing	282,344,700,575	38%
Construction	7,196,460,200	1%
Wholesale & retail trade and repairs	171,335,861,390	23%
Hotels & restaurants	28,599,263,975	4%
Transport, storage, & communications	8,950,171,356	1%
Real estate, renting, & business activities	13,771,436,794	2%
Education	151,808,506	0%
Health and social work	2,743,049,893	0%
Other service activities	15,632,094,785	2%
<b>Total</b>	<b>741,327,159,609</b>	<b>100%</b>

### 3.9 Environmental Procedures and Employee Benefits

Proprietors were asked if they had any procedures in place to deal with pollution generated by business activities or if they had any employee benefits. In the case of pollution, 20 percent indicated that they had some type of procedure and half reported that they did not. Among the remaining 30 percent, 28 percent of the respondents indicated that the question was not applicable and the remaining two percent of responses were not filled in because the respondent refused to answer or did not know the answer.<sup>15</sup>

If respondents indicated that they did have procedures to deal with pollution, they were then asked more specifically if they had procedures in place to deal with the pollution types listed in Table 20. As illustrated, the largest percentage of proprietors had pollution procedures related to solid waste. Although this was the largest category, it is important to keep in mind that only 20 percent of all proprietors had any type of pollution procedures. Plus, it is difficult to verify if they actually have the procedures in place or the quality or frequency of the procedures. Table A-5 in Appendix A shows the percent of MSMEs that have pollution procedures by sector.

**Table 20: Percentage of MSMEs that have pollution procedures among those that reported at least one type of procedure**

	Yes	No	Total
Waste Water	37%	63%	100%
Solid Waste	85%	15%	100%
Emissions	6%	94%	100%
Noise	9%	91%	100%
Dust	18%	82%	100%
Other	2%	98%	100%

In the case of employee benefits beyond standard wages, 11 percent of proprietors indicated that they had some type of benefit and 39 percent reported that they did not. Among the remaining half of respondents, 49 percent of proprietors indicated that the question was not applicable, less than one percent refused to answer, and less than one percent indicated that they did not know the answer.

If the respondents indicated that they did have benefits, they were then asked more specifically if they had the benefits listed in Table 21. As illustrated, the largest categories were labor standards, health care facilities, and overtime benefits. As with the case of the pollution results, it is important to note that only 11 percent had any type of employee benefit and it is difficult to verify that the benefits exist or to determine the quality of

**Table 21: Percentage of MSMEs that have employee benefits among those that reported at least one type of benefit**

	Yes	No	Total
Labor Standards	60%	40%	100%
Overtime	18%	82%	100%
Maternity Leave	4%	96%	100%
Health Care Facilities	23%	77%	100%
Safety Clothing	4%	96%	100%
Safety Equipment	4%	96%	100%
Chemical Safety	1%	99%	100%
Other	50%	50%	100%

<sup>15</sup> If the proprietor was not available for an interview, the enumerators interviewed employees working at the enterprise. For this reason, there were some questions that the respondents could not answer.

the benefits. Table A-6 in Appendix A shows the percent of MSMEs that have employment benefits by sector.

### 3.10 Business Associations

According to the survey results, 16 percent of all MSMEs belong to some type of business association. Within this group, 91 percent belong to just one association, eight percent belong to two, and the remaining one percent belongs to three or more. Table 22 shows that the most common type of membership is in a samity, which is an informal organization with permanent or written policies. Samities are registered with the government and they are often used to address concerns related to security and credit. The second most common type of membership was in an informal organization. This was defined as a group of enterprises that join together for certain activities, such as purchasing inputs or selling products, but which has no written policies. The two least common types of memberships were sector associations and the Chamber of Commerce. A sector association is a group of businesses from the same sector, such as electronic components. As illustrated by Table 22, the majority of proprietors found their membership useful in all four types of associations.

**Table 22: Membership in business association and perceived usefulness of business associations**

	Member			Is this association useful		
	Yes	No	Total	Yes	No	Total
Informal	3%	97%	100%	96%	4%	100%
Samity	12%	88%	100%	92%	8%	100%
Sector association	1%	99%	100%	88%	12%	100%
Chamber of commerce	0%	100%	100%	75%	25%	100%

**Table 23: Average number of workers among enterprises that belong to business associations**

Type of Organization	Avg. number of workers
Informal	5.9
Samity	5.0
Sector association	10.4
Chamber of commerce	12.4

One-way analysis of variance indicates that there is a statistically significant difference among the means.

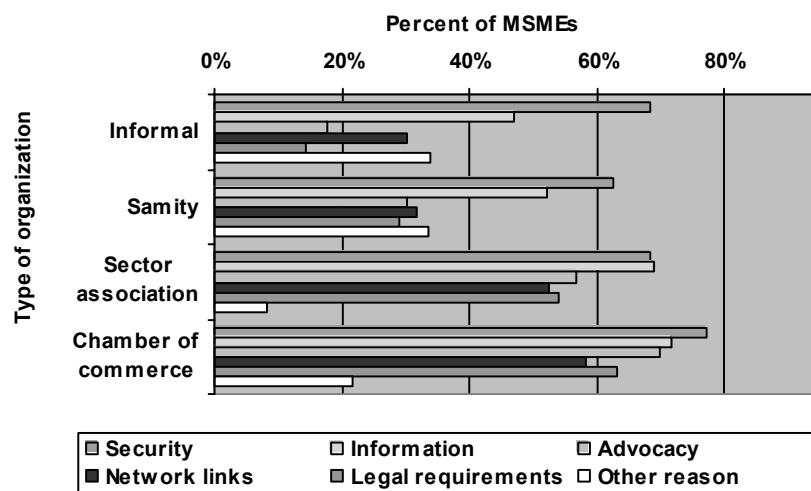
Considering the size of enterprises that join business organizations, Table 23 illustrates that the average number of workers of enterprises in formal associations is much higher than in informal organizations. These results are very similar to the findings of the Mymensingh study on the business environment. According to that study, the Chamber of Commerce is best suited to deal with larger businesses, but collaboration between the samities and the Chamber would lead to a better business

environment (Asia Foundation and Data International, 2003).



Enterprises were also asked why they were a member of the different organizations. As illustrated in Figure 3, the most common reason to join an informal organization or samity was security. Among enterprises that joined sector associations, security and information were the most common reasons to join. Over half of all businesses within sector organizations also reported advocacy and network links as reasons

**Figure 3: Reasons for joining business organization for each type of organization**



to join. Among enterprises that joined the Chamber of Commerce, 70 percent or more reported that they joined because of security, information, and advocacy benefits. Network links were also an important benefit with close to 60 percent reporting this reason for joining.

Among the 84 percent of enterprises that do not belong to a business association, the most common reason for not joining was that it was not relevant, as illustrated in Table 24. The second most common reason was that business associations did not exist in the region where the business was located.

**Table 24: Reasons why MSMEs do not join business associations**

	Yes	No	Total
Not Relevant	48%	52%	100%
No Benefits	13%	87%	100%
Not Renewed	1%	99%	100%
Too Expensive	1%	99%	100%
Obstacles	3%	97%	100%
Do Not Exist	33%	67%	100%
Other reason why not member	4%	96%	100%

In addition to memberships within business organizations, enterprises were asked about their relationships with other enterprises in terms of sharing production or staff, outsourcing, and receiving embedded services.<sup>16</sup> Outsourcing refers to one enterprise employing another enterprise to do some work, such as production of intermediate goods, training, financial management, legal services, etc. In addition to payment for services, outsourcing may also include assistance provided by family or friends without a charge for the service. Embedded services are services that are bundled with other goods and services or delivered as part of business-to-business relationships. For example, when equipment is purchased, training may be offered to operate the equipment. Repairs or maintenance on a piece of equipment may be another type of embedded service.

<sup>16</sup> For limitations related to the data on outsourcing and embedded services, see Appendix B.

Nine percent of enterprises reported that they shared production or staff with another enterprise 79 percent of all enterprises reported that they outsource, and 23 percent reported that they receive embedded services. Table 25 shows percentage of enterprises that use different types of outsourcing or receive different types of embedded services. As illustrated, the two most common types of outsourcing were market information and repairs or maintenance.

Respondents were also asked whether they paid for the outsourced services and from whom they received the services. As illustrated in Table 26, payment for outsourcing varies by activity. For ten of the activities listed, less than one-third of proprietors pay for them. Among the

remaining seven activities, over two-thirds of proprietors pay for them with the exception of advertising, which was paid for by 59 percent of proprietors. Considering the source of outsourcing, Table 27 shows that, again, the primary source varies by activity. Within the 17 outsourcing activities listed, a business friend or partner is listed as the most common source in seven activities and other businesses are listed as the most common source in six of the activities. Proprietors were also asked why they outsource certain activities. As illustrated in Table 28, the most common reason was that the enterprise could not perform the activity themselves. Among the 25 percent of enterprises that did not outsource, over 90 percent reported that they did not need to outsource.

**Table 25: Percentage of all MSMEs that use each type of outsourcing or receive each type of embedded service**

	Outsourced activity	Embedded services
	% of all MSMEs	% of all MSMEs
Outsourced parts of your own production processes	15%	1%
Production advice (productivity, technical, quality control)	20%	6%
Research and development	7%	2%
Distribution of goods	8%	1%
Training (business management, marketing, finance)	6%	3%
Accounting, finance, or taxation advice	3%	1%
Market information	43%	12%
Advertising or public relations	10%	1%
Repairs or maintenance	34%	5%
Personnel management, organizational services	1%	0%
Legal services or advice	5%	1%
Design of product	5%	1%
Technical training	11%	4%
Business security or insurance	1%	0%
Advice in how to operate your computer, data processing	1%	0%
Security	10%	1%
Other	2%	0%

In terms of embedded services, the four most common types of embedded service received were market information, production advice, repairs or maintenance, and technical training. In general, however, most enterprises reported that they did not receive embedded services. This may reflect the fact that the majority of enterprises are quite small and may not have many interactions with other businesses. As described earlier, 90 percent of enterprises have ten or fewer workers, 83 percent have five or fewer, 60 percent have one or two workers, and 36 percent are operated by the proprietor alone. Within the 83 percent that have five or fewer workers, only 0.5 percent of all the workers employed by these enterprises are paid. Within the group that has ten or fewer workers, only one percent of all the workers employed by these enterprises are paid. In general, the vast majority of enterprises are quite small and may rarely use or need legal services, computer training, personnel management, etc.

**Table 26: Payment for outsourcing activities by MSMEs**

Activity	Was service paid for		Total
	Yes	No	
Outsourced parts of your own production processes	84%	16%	100%
Production advice (productivity, technical, quality control)	12%	88%	100%
Research and development	18%	82%	100%
Distribution of goods	69%	31%	100%
Training (business management, marketing, finance)	16%	84%	100%
Accounting, finance, or taxation advice	31%	69%	100%
Market information	3%	97%	100%
Advertising or public relations	59%	41%	100%
Repairs or maintenance	91%	9%	100%
Personnel management, organizational services	27%	73%	100%
Legal services or advice	26%	74%	100%
Design of product	19%	81%	100%
Technical training	19%	81%	100%
Business security or insurance	70%	30%	100%
Advice in how to operate your computer, data processing	19%	81%	100%
Security	85%	15%	100%
Other	93%	7%	100%

**Table 27: Sources of outsourcing**

Activity	From whom services received								Total
	Family member	Personal friend	Business friend/partner	Private consultant	Government	Business association	Other business	Other method	
Outsourced parts of your own production processes	3%	0%	30%	1%	0%	1%	60%	5%	100%
Production advice (productivity, technical, quality control)	15%	20%	29%	2%	15%	1%	13%	6%	100%
Research and development	15%	11%	44%	0%	9%	2%	13%	7%	100%
Distribution of goods	6%	1%	27%	1%	0%	2%	56%	7%	100%
Training (business management, marketing, finance)	26%	3%	35%	2%	14%	0%	13%	7%	100%
Accounting, finance, or taxation advice	37%	9%	11%	8%	23%	2%	5%	5%	100%
Market information	4%	13%	57%		1%	1%	16%	9%	100%
Advertising or public relations	2%	22%	14%	0%	0%	1%	55%	5%	100%
Repairs or maintenance	4%	2%	11%	1%	0%	1%	73%	7%	100%
Personnel management, organizational services	31%	14%	34%	0%	0%	0%	21%	0%	100%
Legal services or advice	8%	38%	13%	12%	11%	8%	2%	8%	100%
Design of product	10%	11%	39%	3%	0%	1%	14%	20%	100%
Technical training	25%	4%	24%	2%	16%	1%	21%	7%	100%
Business security or insurance	0%	0%	20%	0%	9%	18%	47%	5%	100%
Advice in how to operate your computer, data processing	22%	0%	58%		0%	0%	19%	0%	100%
Security	7%	3%	7%	0%	4%	24%	14%	41%	100%
Other			5%	17%	5%		71%	3%	100%

**Table 28: Reasons why enterprises outsource**

	Yes	No	Total
Better Quality	33%	67%	100%
Too Expensive	11%	89%	100%
Can not perform ourselves	67%	33%	100%
Necessary for business management	6%	94%	100%
Increase my client base and market	21%	79%	100%
Competitors use service	5%	95%	100%
Legal necessity	0%	100%	100%
Advised by colleague/friend	3%	97%	100%
Other reason	2%	98%	100%

### 3.11 Enterprise Constraints

Proprietors were asked about constraints using two methods. First, they were asked open-ended questions. In particular, they were asked to name the two most important problems they encountered when they started the business and the two most important problems they currently faced. The enumerators were specifically instructed not to make any suggestions in order to avoid creating a bias towards the suggested problems. After the respondents answered the open-ended questions, the enumerators then read a list of possible constraints to the respondent and asked if each constraint was “no problem,” a “small problem,” or a “serious problem.”

In the case of the open-ended questions, Table 29 shows that financial constraints are cited most frequently as a current problem and a start-up problem. Within the group that reported financial constraints as a current problem, three-quarters of respondents indicated that lack of operating funds was their primary concern, 14 percent indicated lack of investment funds, and eight percent reported that customers were not repaying credit. Table A-7 in Appendix A shows the current and start-up problems listed in greater detail.

**Table 29: Enterprise constraints from open-ended questions**

	First current problem	Second current problem	First problem when starting	Second problem when starting
Finance	41%	9%	50%	5%
Tools/equipment	0%	0%	0%	0%
Marketing	13%	8%	2%	3%
Government problems	1%	1%	0%	0%
Shop/space	2%	1%	1%	3%
Input problems	2%	1%	1%	1%
Transport	3%	3%	1%	2%
Labor	1%	1%	0%	0%
Utilities	1%	1%	1%	0%
Technical problems	0%	0%	1%	1%
Personal problems	2%	1%	0%	1%
Agricultural problems	7%	5%	3%	3%
Other problems	2%	2%	2%	1%
No problems	25%	65%	36%	80%

For more specific types of problems listed under each category, see Table A-3 in Appendix A.

The second most commonly cited current problem is marketing. In particular, respondents who reported this problem cited not enough customers (61%), low prices received (15%), other market problems (10%) most frequently.

It should be kept in mind that when proprietors report “lack of money” or “not enough customers,” there may be other underlying problems. For example, the enterprise may not have enough money or customers because it is a market that is already saturated with too many enterprises, it is not in a good location, or it has an inferior product. The results from GEMINI surveys in various countries have shown that “lack of money” and “not enough customers” are always reported as the two most pressing problems.<sup>17</sup> It is also interesting to note that one-quarter of all proprietors reported no current problem and about one-third of proprietors reported no problem when they started their business.

When examining the current problems and start-up problems by sector, again, financial problems were cited most frequently in all sectors. An examination of problems by the size of enterprise, however, revealed a different pattern for enterprises with 11 to 20 workers. Within this size group, the most frequently cited current problem was related to agriculture. In particular, they reported fertilizer or insecticide, weather, and seeds as problems. About half of the enterprises with 11 to 20 workers are in grain production.

Table 30 shows proprietor responses to the list of possible constraints that were read to them by the enumerator. As illustrated, the constraints that were cited as serious problems by approximately one-third of the proprietors include electricity, road conditions, and access to finance. Other problems that were cited as severe by at least ten percent of proprietors include water availability, transportation to markets, and crime. The same set of problems that were most frequently cited as severe were also cited most frequently as “small problems.”

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<sup>17</sup> GEMINI was a project funded by USAID from 1991 to 1995. During that time, the GEMINI project funded eight national surveys of the small enterprise sector in Africa. Since 1995, there have been several other studies that have used the same survey methods to conduct national surveys of the small enterprise sector.

**Table 30: Enterprise constraints reported by MSMEs**

	No problem	Small problem	Serious problem	Total
Electricity	44%	20%	36%	100%
Water availability	78%	11%	11%	100%
Sewer, rubbish disposal	89%	7%	4%	100%
Natural gas/fuel availability	87%	5%	8%	100%
Telecommunications	88%	6%	6%	100%
Floods and natural disasters	32%	30%	38%	100%
Access to land	80%	11%	9%	100%
Road conditions (quality, lack of roads)	41%	26%	33%	100%
Transportation to market (quality, distance, ease)	61%	22%	17%	100%
Access to appropriate buildings	89%	6%	4%	100%
Access to or use of equipment (owned, rented)	94%	4%	2%	100%
Skilled labor (availability, quality)	91%	7%	3%	100%
Inputs/raw materials (access, quality)	83%	12%	5%	100%
Product development	95%	4%	1%	100%
Too many competitors	75%	18%	8%	100%
Anti-competitive practices	91%	6%	3%	100%
Lack of market information (prices, etc.)	90%	8%	2%	100%
Crime, theft, and disorder	66%	23%	11%	100%
Access to finance	46%	22%	32%	100%
Company registration	99%	1%	0%	100%
Labor regulations	99%	1%	0%	100%
Tax rates, administration of taxes (VAT, bribes)	96%	3%	1%	100%
Copyrights and patents	99%	0%	0%	100%
Macroeconomic instability (inflation, exchange rate)	91%	6%	2%	100%
Corruption – speed money	94%	4%	2%	100%
Political influence (local politicians or other pressure)	94%	4%	2%	100%
Customs and trade regulations (inc. export to India)	99%	0%	0%	100%
Trade, international agreements, standards	100%	0%	0%	100%
Other	99%	0%	1%	100%

Table 31 shows the same list of constraints that were read to the proprietor and the percent of proprietors that reported them as serious within each size category. As illustrated, electricity, floods, and natural disasters, road conditions, and access to finance are reported by at least 25 percent of proprietors in all size categories as serious problems. For some problems,

however, the pattern changes. For example, as enterprises get larger, skilled labor availability and access to inputs and raw materials are reported more frequently as a problem. Alternatively, too many competitors become less of a problem in the larger enterprise categories. Table 31 also shows the percentage of proprietors that reported problem as serious among those enterprises that are registered. As illustrated, there does not appear to be any significant difference in the problems reported by these enterprises compared to the categories.

**Table 31: Percentage of MSMEs that reported each constraint as serious by size categories and for registered enterprises**

Number of workers	1	2-5	6-10	11-20	21-50	51-100	Registered MSMEs
Electricity	31%	38%	43%	42%	37%	24%	35%
Water availability	8%	11%	19%	12%	15%	8%	10%
Sewer, rubbish disposal	4%	5%	3%	2%	1%	1%	6%
Natural gas/fuel availability	6%	8%	9%	10%	6%	10%	6%
Telecommunications	5%	7%	8%	10%	6%	3%	5%
Floods and natural disasters	37%	34%	44%	43%	54%	62%	26%
Access to land	10%	8%	6%	7%	8%	4%	6%
Road conditions (quality, lack of roads)	31%	32%	40%	41%	36%	30%	26%
Transportation to market (quality, distance, ease)	13%	17%	22%	26%	31%	27%	12%
Access to appropriate buildings	6%	5%	2%	1%	1%		4%
Access to or use of equipment (owned, rented)	1%	2%	2%	3%	1%	4%	2%
Skilled labor (availability, quality)	1%	2%	8%	8%	6%	9%	4%
Inputs/raw materials (access, quality)	3%	6%	10%	10%	9%	16%	5%
Product development	1%	1%	2%	1%	0%	1%	1%
Too many competitors	8%	9%	5%	5%	4%	3%	13%
Anti-competitive practices	2%	3%	3%	5%	3%	4%	6%
Lack of market information (prices, etc.)	1%	2%	4%	5%	4%	5%	2%
Crime, theft, and disorder	10%	12%	9%	9%	10%	10%	11%
Access to finance	31%	34%	28%	26%	31%	30%	27%
Company registration	0%	0%	1%	1%	1%		1%
Labor regulations	0%	0%	0%	1%		1%	0%
Tax rates, administration of taxes (VAT, bribes)	1%	2%	3%	1%	1%	1%	4%
Copyrights and patents	0%	0%	0%		0%	0%	0%
Macroeconomic instability (inflation, exchange rate)	1%	3%	3%	3%	2%	6%	3%
Corruption – speed money	1%	1%	2%	3%	2%	3%	3%
Political influence (local politicians or other pressure)	2%	2%	2%	2%	1%	2%	4%
Customs and trade regulations (inc. export to India)	0%	0%	1%	0%	1%	0%	1%
Trade, international agreements, standards		0%	0%	0%	0%	0%	0%
Other	1%	1%	1%	1%	1%	1%	1%



As mentioned in Section 1, some questions from the investment climate survey and the Mymensingh study were included on the questionnaire used for this survey (BEI and the World Bank, 2003; Asia Foundation and Data International, 2003). The investment climate survey interviewed 1,000 manufacturing firms in Dhaka and Chittagong. The Mymensingh study interviewed 437 firms and held focus group discussions. Most of the constraints listed on Table 30 were also ranked or evaluated by the participants in the two surveys.

Some of the results from the two surveys were similar to the results for this survey. Within infrastructure, for example, firms in the investment climate survey reported that electricity was the biggest obstacle. According to that report, firms reported power outages or surges 250 days per year on average. In the Mymensingh study, electricity was not frequently cited as a severe problem. Paved roads, however, were reported as a serious problem by almost one-third of all proprietors. As illustrated in Table 30, exactly one-third of proprietors indicated that road conditions were a severe problem in this survey.

The results from the Mymensingh study were also similar in terms of registration. The results showed that registration was less of a constraint than expected. Out of 18 categories, registration ranked seventeenth. In this study, as illustrated on Table 30, no one reported registration as a severe problem and only one percent of proprietors reported registration as a small problem. Eighteen percent of proprietors reported that their enterprises were registered.

In addition to registration, the results from the Mymensingh study were similar in terms of corruption. Enterprises within Mymensingh appeared to be much less affected by corruption than their counterparts in larger cities. The analysis showed that only 1.4 percent of proprietors had paid a bribe in the past year. Similarly, when asked about extortionists and unstable law and order conditions, the results showed that the proprietors in Mymensingh were better off than proprietors in the larger towns (Asia Foundation and Data International, 2003). As illustrated by Table 30, the results from this survey show that only two percent of proprietors reported corruption as a small problem and 11 percent reported crime, theft, and disorder as a serious problem.

When comparing the responses related to corruption from this survey with the investment climate survey, the results are quite different. In the investment climate survey, more than half of the firms ranked corruption as a major or very severe obstacle. Furthermore, the study reported that small and medium firms were more affected by bribes, government visits, and inspections than the larger firms. In particular, the study reported that small firms are visited ten times more than larger firms and small firms pay about five times more in bribes or unofficial payments.

There may be several reasons why corruption appears to be much less frequently reported in this survey compared to the investment climate survey. First, enterprises with one to ten workers represent 90 percent of all enterprises in this survey. The responses from this group, therefore, dominate all results in this report. In the investment climate survey, less than three percent of the sample had ten or fewer workers. The results of the investment survey, therefore, are more heavily weighted by the experiences of the larger firms. Because of this large difference in the size distribution of enterprises, the results are most likely to be different for many questions. Second, corruption could be under-reported in this survey. This could happen if the

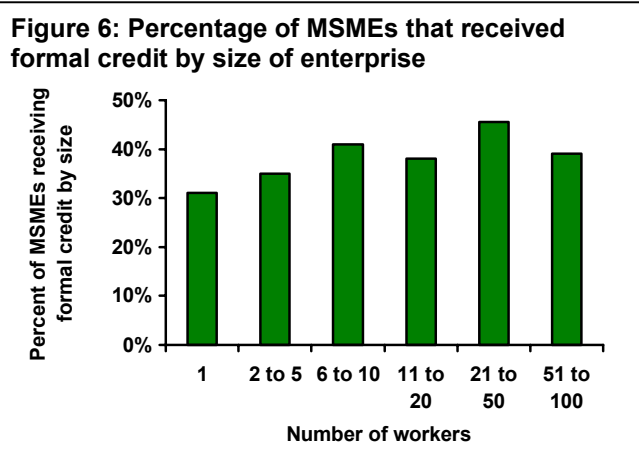
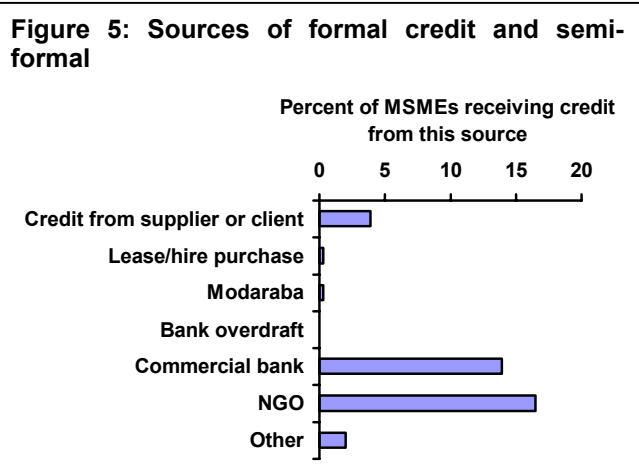
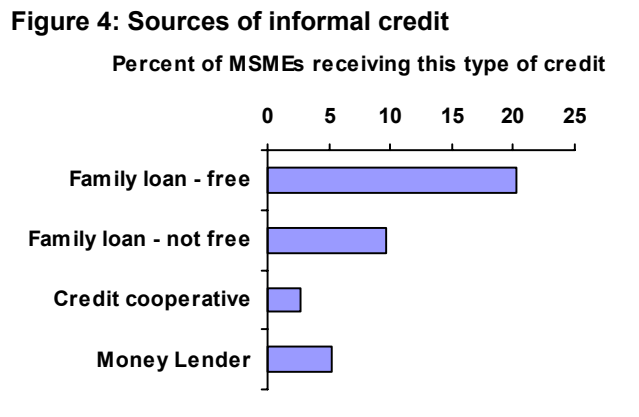
enumerators did not ask the question properly, the proprietor did not understand the question, or the proprietor was hesitant to answer the question truthfully. Finally, respondent fatigue could play a role in answering the questions related to constraints. As illustrated in Table 30, respondents were asked to evaluate 29 different problems. Because respondents may lose interest after responding to so many constraints, they may not properly evaluate each problem that was listed.

### 3.12 Access to Credit

The survey results indicate that 35 percent of MSMEs had received credit from informal sources and 17 percent had received credit from NGOs, or semi-formal sources, and 18 percent had received credit from formal sources. Figure 4 shows the percentage of enterprises that received credit from various informal sources. The pattern identified in Figure 4 is similar when examining enterprises in different sectors or by region. When examining the size of enterprises, the patterns are similar with the exception of enterprises that have 51 to 100 workers. In this case, 17 percent of enterprises have received loans from family members that are not free, and eight percent have received loans from credit cooperatives.

In the case of formal and semi-formal credit, Figure 5 shows that Non-Government Organizations (NGOs) were the most common source of loans followed by commercial banks. Within the group that received loans from NGOs, 28 percent had received them from Bangladesh Rural Advancement Committee, 22 percent from the Grameen Bank, 21 percent from the Association of Social Advancement, eight percent from Prosika, and the remainder from other NGO sources.

Considering formal credit received within each sector at the ISIC two-digit level, the results showed that 30 to 40



percent or proprietors had received credit in most sectors. Exceptions at the upper and lower end included forestry (82%), other machinery and equipment (79%), transport services (53%) leather (1%), and rubber and plastics (1%). Examining formal credit by the size of the enterprise, Figure 6 shows that highest percentage of enterprises that received credit was in the 21 to 50 worker category.

Proprietors were also asked if they had outstanding loans and how much remained to be repaid. Twenty-seven percent of proprietors had an outstanding informal loan with the average amount of Taka 30,409 and the median amount of Taka 10,000. Regarding formal credit, 30 percent had outstanding loans with the average amount of Taka 43,037 and the median amount of Taka 8,000. Table 32 shows the distribution of outstanding debt within formal and informal credit.

Among the enterprises that had not received any type of loan, Table 33 shows that the most common reason was that they did not need credit followed by fear of defaulting and bank forms that are too complicated.

**Table 32: Level of outstanding debt among enterprises**

	Informal debt	Formal debt
	Percent of enterprises	Percent of enterprises
No liabilities	73%	70%
1 to 1,000	2%	2%
1,001 to 10,000	14%	17%
10,001 to 50,000	9%	9%
50,001 to 100,000	1%	1%
100,001 to 1 million	1%	1%
1 million to 5 million	0%	0%
More than 5 million		0%

**Table 33: Reasons why MSMEs did not receive any type of credit**

Do not need credit	41%
Afraid that I cannot pay back so I do not	20%
Bank forms too complicated	10%
I am sure that I would never get credit	6%
No collateral for credit	6%
Interest rates/service charge are too high	6%
Do not know where to apply	5%
Other	4%
Applied, but rejected	2%
<b>Total</b>	<b>100%</b>

### 3.13 Gender of Proprietors

Table 34 shows that only six percent of all MSMEs in Bangladesh are owned by women. Furthermore, women represent a very small proportion of the workforce as illustrated earlier in section 3.5. Considering all proprietors and types of employees, women represent about nine percent of the workforce within MSMEs. Table 34 also shows

**Table 34: Distribution of ownership by gender of owner within MSMEs**

	Percent of all MSMEs	Avg # of workers	Percent of MSME employment
Female	6%	2.3	2%
Male	94%	5.4	96%
Mixed	1%	7.6	1%
<b>Total</b>	<b>100%</b>	<b>5.2</b>	<b>100%</b>

Mixed refers to co-ownership by men and women

that the average size of enterprises owned by women is smaller than enterprises owned by men.<sup>18</sup>

As illustrated in Table 35, there are only small differences in the regional distribution of male- and female-owned MSMEs. Men have a slightly greater concentration of MSMEs in rural areas whereas women have a slightly greater concentration in metropolitan SMAs.

Women tend to be most heavily concentrated in manufacturing as illustrated in Table 36. Trade and agriculture represent the next two highest concentrations. For male proprietors, trade appears to be the most dominant activity followed by agriculture and manufacturing. Examining ownership at the ISIC four-digit level, women are most heavily concentrated in manufacturing of clothing (26%), retail sales not in stores (15%), spinning and weaving of textile (11%), and livestock and dairy production (10%). For male proprietors, the three leading sectors are grain production (18%), retail sales not in stores (15%) and general retail (13%).

**Table 35: Location of MSMEs by gender of owner ratio**

Stratum	Gender			
	Female		Male	
	Number of MSMEs	Percentage of all female-owned MSMEs	Number of MSMEs	Percentage of all male-owned MSMEs
Rural	233,864	71%	4,255,363	77%
Metropolitan SMA	38,862	12%	437,580	8%
Other urban areas	30,336	9%	458,832	8%
Peri-urban	27,018	8%	330,378	6%
Industrial	195	0%	10,644	0%
Commercial	1,363	0%	66,725	1%
<b>Total</b>	<b>331,638</b>	<b>100%</b>	<b>5,559,522</b>	<b>100%</b>

**Table 36: Distribution of MSME ownership by gender of owner and sector**

Sector	Female	Male	Mixed
Agriculture	18%	25%	29%
Fishing	1%	4%	6%
Manufacturing	47%	14%	23%
Construction	0%	1%	3%
Wholesale & retail trade and repairs	23%	42%	25%
Hotels & restaurants	7%	5%	11%
Transport, storage, & communications	1%	1%	0%
Real estate, renting, & business activities	1%	3%	4%
Education		0%	
Health and social work	0%	1%	0%
Other service activities	1%	3%	
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>18</sup> The difference in the number of workers between male- and female-owned enterprises was statistically significant at the .001 level.

As illustrated in Table 37, a much greater percentage of female-owned enterprises are located in the home compared to male-owned enterprises. According to the Mymensingh study, 83 percent of female proprietors reported that the limited number of female-owned enterprises is partly due to the fact that women do not feel safe in a shop (Asia Foundation and Data International, 2003). The high percentage of women who operate out of their homes may also reflect family or household responsibilities that make it more convenient to operate from home.

**Table 37: Location of enterprises by gender of owner**

Location	Female	Male	Mixed
Home	84%	48%	68%
Traditional market (daily)	0%	4%	3%
Shop (in permanent structure)	5%	26%	17%
Roadside/Riverside (kiosk, not permanent)	3%	10%	5%
Mobile enterprise	7%	11%	6%
Industrial site building	0%	0%	2%
Other		0%	
Total	100%	100%	100%

Comparing the age and size distribution, the average age of female-owned enterprises is 7.6 years compared to 11.3 for male-owned enterprises.<sup>19</sup> The size distribution of female- and male-owned enterprises is illustrated in Table 38. The highest concentration of female-owned enterprises is in the one-person enterprises, whereas the highest concentration of male-owned enterprises is in the two to five person enterprises.

**Table 38: Distribution of enterprises by size of enterprise and gender of owner**

Number of workers	Female	Male	Mixed
1	55%	35%	13%
2-5	40%	47%	53%
6-10	3%	8%	22%
11-20	1%	4%	2%
21-50	1%	4%	7%
50-100	0%	2%	3%
Total	100%	100%	100%

Comparing education of proprietors, Table 39 shows that a higher percentage of women had no education compared to men. When asked why they started the enterprise, a higher percentage of women said that they had no alternative compared to men, as illustrated in Table 39. A greater percentage of women, however, said that they were skilled in the activity that they had chosen.

**Table 39: Education of proprietor by gender of owner**

	Female	Male	Mixed
None	40%	32%	17%
Primary (5 years of schooling)	22%	27%	12%
Vocational Education	0%	0%	0%
High School	29%	26%	46%
Higher Secondary/College/Diploma Engineering	5%	9%	10%
University/Bachelor/Graduate degree/Diploma Comp. Science	2%	4%	11%
Post graduate/Masters degree	1%	1%	5%
Ph.D.	0%	0%	
total	100%	100%	100%

<sup>19</sup> The difference in the age of male- and female-owned enterprises was statistically significant at the .001 level.

Table 40 illustrates the median net profits per worker based on actual hours and a full-time equivalent measure for female- and male-owned enterprises.<sup>20</sup> As illustrated by the overall average, female-owned enterprises earn significantly less than male-owned enterprises based on actual hours worked and the full-time equivalent measure. The difference in profits is smaller based on the full-time equivalent measure, indicating that male-owned enterprises operate longer hours. The median hours operated per week by female-owned enterprises is 42 compared to 55 hours per week for male-owned enterprises.<sup>21</sup>

**Table 40: Median net profits per worker per year by gender of owner and sector**

	Gender			
	Female		Male	
	Actual hours (Taka/worker/year)	Full-time equivalent (Taka/worker/year)	Actual hours (Taka/worker/year)	Full-time equivalent (Taka/worker/year)
Agriculture	6,800	10,014	8,917	11,118
Fishing	.	.	17,583	19,265
Manufacturing	6,908	8,350	19,796	13,657
Construction	.	.	21,000	18,220
Wholesale & retail trade and repairs	10,445	6,922	23,742	13,567
Hotels & restaurants	4,646	-567	17,793	6,794
Transport, storage, & communications	13,475	4,197	31,938	18,104
Real estate, renting, & business activities	13,788	13,293	19,850	12,219
Education	.	.	16,436	9,042
Health and social work	12,825	18,692	21,547	19,560
Other service activities	19,370	12,870	27,013	14,671
Overall Average	6,943	7,344	19,000	13,102

Examining profits by sector, Table 40 shows that female-owned enterprises earn consistently lower profits in every sector. Based on the full-time equivalent measure, female-owned enterprises earn less in every sector with the exception of real estate.<sup>22</sup>

The median profits earned by male- and female-owned enterprises within each size category are illustrated in Table 41. Again, male-owned enterprises earn consistently higher profits in all size categories with the exception of enterprises with 21 to 50 workers. In this case, female-owned enterprises earned more profits based on the actual hours worked, but not on a

<sup>20</sup> See section 3.5 for a complete explanation about how profits were measured.

<sup>21</sup> The median hours operated per week was calculated by taking the total number of hours worked per year by the enterprise and dividing by 52 weeks. When asked how many hours they operate a day, the median hours for female and male proprietors were eight and ten, respectively.

<sup>22</sup> Although the median profit is higher for women in real estate, a comparison of the average profits shows that men earn more in this sector. The difference was statistically significant at the .001 level.

full-time equivalent basis. Within the 21 to 50 worker category, the only type of enterprise owned by women is spinning and weaving of textiles.

**Table 41: Median profits of MSMEs by size and gender of owner**

Size		Gender			
		Female		Male	
		Actual hours (Taka/worker/year)	Full-time equivalent (Taka/worker/year)	Actual hours (Taka/worker/year)	Full-time equivalent (Taka/worker/year)
Number of workers	1	8,209	10,108	26,800	17,296
	2-5	5,571	4,795	17,833	11,247
	6-10	21,900	9,456	11,378	15,652
	11-20	10,862	10,418	14,800	12,458
	21-50	12,067	2,449	6,667	7,679
	51-100	.	.	6,313	8,030
<b>Total</b>		<b>6,943</b>	<b>7,344</b>	<b>19,000</b>	<b>13,102</b>

The contribution to GDP by male- and female-owned enterprises is illustrated in Table 42. The three leading sectors are the same for both male- and female-owned enterprises. As illustrated, however, a greater proportion of the contribution is from manufacturing enterprises among female-owned enterprises.

**Table 42: Contribution to GDP by gender of owner and sector**

	Gender			
	Female		Male	
	Total contribution to GDP	Percent of total contribution	Total contribution to GDP	Percent of total contribution
Agriculture	4,993,707,398	18%	171,714,028,592	24%
Fishing	942,807,224	3%	31,618,928,935	4%
Manufacturing	13,973,636,452	50%	266,234,013,577	38%
Construction	75,379,436	0%	6,926,544,161	1%
Wholesale & retail trade and repairs	4,227,377,475	15%	166,372,597,292	23%
Hotels & restaurants	2,370,610,810	8%	25,768,578,662	4%
Transport, storage, & communications	327,717,303	1%	8,499,224,441	1%
Real estate, renting, & business activities	514,195,648	2%	13,055,837,570	2%
Education	.	.	151,808,506	0%
Health and social work	338,145,666	1%	2,400,746,226	0%
Other service activities	308,541,981	1%	15,323,552,803	2%
<b>Total</b>	<b>28,072,119,394</b>	<b>100%</b>	<b>708,065,860,764</b>	<b>100%</b>

Thirteen percent of female proprietors belong to a business association compared to 16 percent of male proprietors.<sup>23</sup> Table 43 shows the percentage of women and men that belong to four types of organizations. The highest percentage of both men and women belong to samities. When asked whether the association was useful, an equal percentage of men and women indicated that the samities were useful to them. A lower percentage of women reported that informal associations were useful.<sup>24</sup> Although there does not appear to be a large difference in membership between male and female proprietors, many female entrepreneurs in the Mymensingh study indicated that they did not feel welcome in business associations (Asia Foundation and Data International, 2003).

**Table 43: Business association membership**

		Member		Total	Is this association useful		
		Yes	No		Yes	No	Total
Informal	Female	2%	98%	100%	82%	18%	100%
	Male	3%	97%	100%	96%	4%	100%
Samity	Female	11%	89%	100%	92%	8%	100%
	Male	12%	88%	100%	92%	8%	100%
Sector association	Female	1%	99%	100%	100%		100%
	Male	1%	99%	100%	87%	13%	100%
Chamber of commerce	Female		100%	100%			
	Male	0%	100%	100%	74%	26%	100%

The average size of male- and female-owned enterprises among those that belong to different business associations is illustrated in Table 44. Female-owned enterprises are significantly smaller, which is consistent with their smaller size on average.

**Table 44: Average size of MSMEs that belong to business associations by gender of owner**

Type of Organization	Female	Male
	Avg. number of workers	Avg. number of workers
Informal	2.5	6.0
Samity	2.4	5.0
Sector association	5.8	9.7
Chamber of commerce	.	11.3
Overall average	2.5	5.5

One-way analysis of variance indicates that there is a statistically significant difference among the means.

<sup>23</sup> A chi-square test showed that there is a statistically significant difference at the .001 level in the percentage of male and female proprietors who belong to business associations.

<sup>24</sup> For a complete discussion of business associations, see section 3.10.



Table 45 shows the percentage of male- and female-owned enterprises that outsource activities or receive embedded services. As illustrated, a smaller percentage of female-owned enterprises outsource most of the activities listed with the exception of training, product design, technical training, and advertising. In general, enterprises owned by both men and women outsource most frequently for market information, repairs or maintenance, and production advice. Regarding payment for outsourcing, Table 46 shows that there is no distinct pattern in the differences among male- and female-owned enterprises. For some types of activities, a larger proportion of male-owned enterprises pay for services and for others, a larger proportion of female-owned enterprises pay for services.

**Table 45: Percentage of enterprises that outsource or receive embedded services by gender of owner**

	Female		Male	
	Outsourced activity	Embedded services	Outsourced activity	Embedded services
Outsourced parts of your own production processes	6%	1%	16%	1%
Production advice (productivity, technical, quality control)	18%	9%	20%	6%
Research and development	5%	2%	7%	2%
Distribution of goods	5%	2%	8%	1%
Training (business management, marketing, finance)	14%	10%	6%	2%
Accounting, finance, or taxation advice	2%	1%	3%	1%
Market information	32%	7%	44%	12%
Advertising or public relations	10%	2%	10%	1%
Repairs or maintenance	31%	5%	35%	5%
Personnel management, organizational services	1%	1%	1%	0%
Legal services or advice	4%	0%	5%	1%
Design of product	14%	2%	4%	1%
Technical training	16%	6%	11%	4%
Business security or insurance	1%	0%	0%	0%
Advice in how to operate your computer, data processing	2%	1%	0%	0%
Security	5%	0%	10%	1%
Other	3%		2%	0%

Regarding embedded services, which were described earlier, Table 45 shows that the only significant difference among male- and female-owned enterprises was in training and market information. Women tend to receive more training on a proportional basis and men receive more market information on a proportional basis. Overall, however, the differences are not that large in any category.

When asked to list the two most important problems they currently face, both male and female proprietors reported finance and marketing most frequently. When asked about problems

**Table 46: Percentage of MSMEs that pay for outsourcing by gender of owner**

Activity	Female	Male
	% of all female-owned MSMEs	% of all male-owned MSMEs
Outsourced parts of your own production processes	80%	84%
Production advice (productivity, technical, quality control)	14%	12%
Research and development	7%	19%
Distribution of goods	48%	70%
Training (business management, marketing, finance)	38%	13%
Accounting, finance, or taxation advice	33%	31%
Market information	1%	3%
Advertising or public relations	25%	61%
Repairs or maintenance	90%	91%
Personnel management, organizational services	50%	25%
Legal services or advice	1%	27%
Design of product	9%	21%
Technical training	30%	18%
Business security or insurance	52%	72%
Advice in how to operate your computer, data processing	0%	24%
Security	56%	86%
Other	100%	92%

when they started their enterprises, again, the pattern was similar for men and women. Both reported financial problems as the most important problem.<sup>25</sup> According to the Mymensingh study, women ranked capital as the first barrier to starting a business, followed by family disapproval (Asia Foundation and Data International, 2003).

As described in Section 3.11, a list of possible problems was read to the proprietor after they listed their most important problems. For each of the problems listed in Table 30 in Section 3.11, proprietors were asked to rank them

as “no problem,” “small problem,” or “serious problem.” As illustrated by Table 47, the only problems for which there was at least a five percentage point difference among those who reported a problem as serious were: floods and natural disasters, road conditions, transportation, and access to finance. Although there was not a large difference in the percentage of men and women who reported corruption or speed money as a serious problem, the Mymensingh study found that women paid extortion tolls two times more than men (Asia Foundation and Data International, 2003).

<sup>25</sup> For a complete discussion of enterprise constraints, see section 3.11.

**Table 47: Enterprise constraints by gender of owner (row percentages within each gender)**

	Gender					
	Female			Male		
	No problem	Small problem	Serious problem	No problem	Small problem	Serious problem
Electricity	45%	21%	34%	44%	20%	36%
Water availability	84%	8%	8%	78%	12%	11%
Sewer, rubbish disposal	87%	7%	6%	89%	7%	4%
Natural gas/fuel availability	91%	4%	5%	87%	5%	8%
Telecommunications	89%	5%	6%	88%	6%	6%
Floods and natural disasters	42%	28%	30%	32%	30%	38%
Access to land	81%	12%	8%	80%	11%	9%
Road conditions (quality, lack of roads)	46%	27%	28%	41%	26%	33%
Transportation to market (quality, distance, ease)	69%	21%	10%	60%	22%	18%
Access to appropriate buildings	87%	7%	6%	90%	6%	4%
Access to or use of equipment (owned, rented)	95%	3%	2%	94%	4%	2%
Skilled labor (availability, quality)	93%	5%	2%	90%	7%	3%
Inputs/raw materials (access, quality)	86%	10%	4%	83%	12%	5%
Product development	95%	4%	2%	95%	4%	1%
Too many competitors	73%	22%	4%	75%	17%	8%
Anti-competitive practices	94%	4%	2%	91%	6%	2%
Lack of market information (prices, etc.)	90%	7%	2%	90%	8%	2%
Crime, theft, and disorder	77%	16%	8%	66%	23%	11%
Access to finance	53%	20%	27%	46%	22%	32%
Company registration	99%	1%	0%	99%	1%	0%
Labor regulations	100%	0%		99%	1%	0%
Tax rates, administration of taxes (VAT, bribes)	97%	2%	1%	96%	3%	1%
Copyrights and patents	99%	1%		99%	0%	0%
Macroeconomic instability (inflation, exchange rate)	94%	5%	1%	91%	6%	2%
Corruption – speed money	96%	3%	1%	94%	4%	2%
Political influence (local politicians or other pressure)	97%	2%	1%	93%	5%	2%
Customs and trade regulations (inc. export to India)	98%	2%	0%	99%	0%	0%
Trade, international agreements, standards	100%	0%		100%	0%	0%
Other	100%		0%	99%	0%	1%

As described in Section 3.12, proprietors were specifically asked if they had received informal or formal credit. Thirty one percent of women had received informal credit compared to 36 percent of men, which is a statistically significant difference at the .10 level. Thirty two percent of women had received formal credit compared to 35 percent of men, but this was not a statistically significant difference. Comparing the percentage of male- and female-owned enterprises that had received formal credit by size of the enterprise, there was no statistically significant difference.

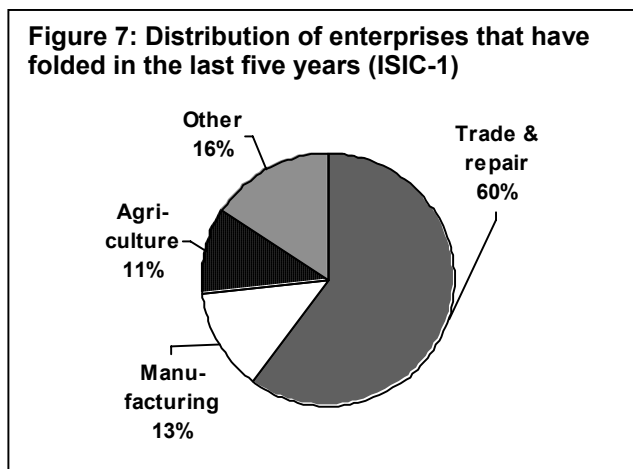
Considering the types of informal credit received, there was no significant difference among male and female-owned enterprises. The most frequently cited type of informal credit received was from family members with no interest charges. Comparing the types of formal credit received, fourteen percent of male proprietors had received a loan from a commercial bank compared to only six percent of female proprietors. A greater percentage of female proprietors, however, had received a loan from an NGO. Twenty-two percent of women had received loans from NGOs compared to 16 percent of men.

Among those proprietors who did not receive credit, the most frequently cited reason among both men (41%) and women (43%), was that they did not need credit. The second most commonly cited reason for both men and women is fear that they would not be able to pay it back.

### 3.14 Closure of Enterprises

As described in Section Two, a second questionnaire was administered to all proprietors who had operated an enterprise that had folded in the last five years. The survey results show that there were 564,658 enterprises that had folded in the last five years. It is important to keep in mind, however, that this figure may be under-reported. Respondents may not recall all enterprises that they have operated in the last five years and they may be reluctant to continue the interview after answering all of the questions on the existing enterprise questionnaire. Although the number may be under-reported, the data still offer some insights into why enterprises close.

The distribution of closed enterprises is illustrated in Figure 7. Close to two-thirds of all closed enterprises were in the trade and repair sector. As illustrated, this was followed by much smaller percentages in manufacturing and agriculture. Comparing the statistics in Figure 7 with the current distribution of enterprises, 40 percent of all MSMEs are in trade and repairs, and 60 percent of the closures were in this sector. This suggests a higher probability of failure within the trade and repair sector. In the agriculture sector, the reverse is true. Twenty-two percent of all MSMEs are



currently in agriculture, but the percent of closures within the agriculture sector was only 11 percent.

The average life span of a closed enterprise was 23 years, with the age at closure ranging from one to 65 years. The median life span was seven years. About one third of all firms that folded were four years old or less and two-thirds were ten years old or less.

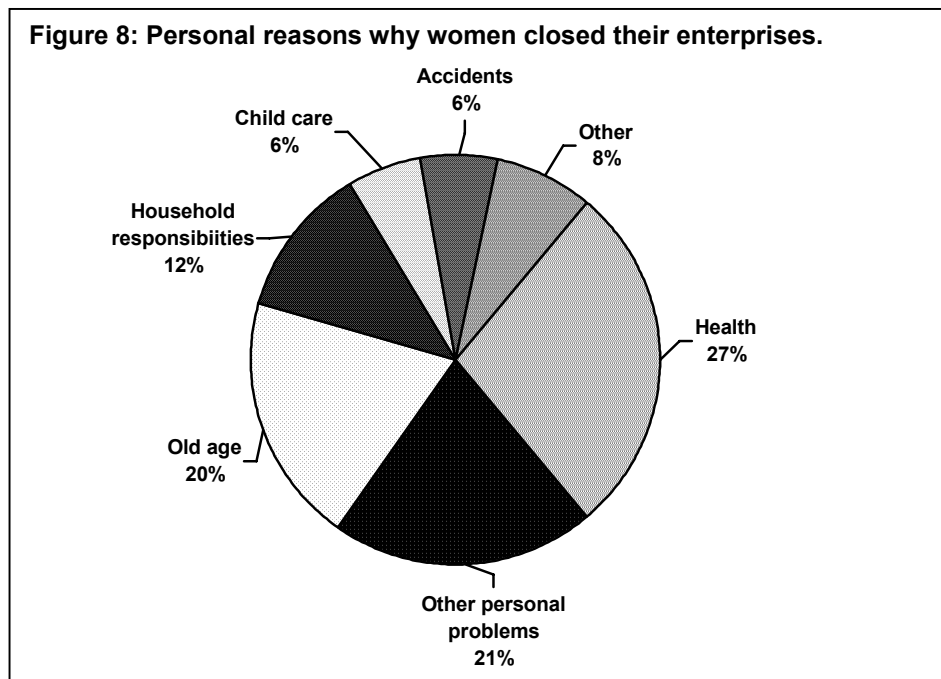
The average size of an enterprise that folded was four workers and the median was one. Forty percent of enterprises that folded were two to five years old.

The most frequently cited reasons for closure include financial (51%), personal reasons (24%), and marketing (10%). Table A-8 in Appendix A shows the reasons for closure in greater detail. As illustrated in Table A-7, lack of operating funds and negative profits were the most commonly cited reasons for closing. It should be kept in mind that not all enterprises close because of business failures. For example, four percent of enterprises closed because the proprietor found new employment and, as noted above, many businesses close for personal reasons.

About one-third of the proprietors are currently running another business and 28 percent are involved in agricultural work. Among the remaining proprietors, 21 percent are doing nothing, 13 percent work for someone else, and five percent said that they were involved in family responsibilities.

Considering the gender of the proprietor, 11 percent of all closed enterprises were owned by women and 89 were owned by men. Because six percent of all current MSMEs are owned by

women, these statistics show that enterprises owned by women may have a higher chance of folding. Examining the reasons for closure, a much larger percentage of women (39%) reported personal reasons for closing compared to male-owned enterprises (22%). Figure 8 shows the types of personal reasons cited by women for closing their enterprise.



### 3.15 Rickshaws

The survey did not attempt to measure the total number of rickshaws in the country. Because of their mobile nature, the exact number of rickshaws within an enumeration area could not be determined and therefore a national estimate would have been incorrect. Furthermore, because the rickshaw drivers could not stop to serve any customers while responding to a questionnaire, many rickshaws may not have been willing to take the time to be interviewed. While it could be argued that many rickshaw drivers rent their rickshaws from someone else and therefore should not be considered as micro-enterprises, the rickshaw renters bear the risk of business highs and lows since they do not earn a wage. Furthermore, other types of enterprises also rent equipment or buildings in order to run their businesses.

Although the survey could not be used to estimate the total number of rickshaw drivers, some estimates within Dhaka do exist. According to the Daily Star on 19 May, 2003, there are three estimates of the number of rickshaws in Dhaka. The first estimate is the official number of licensed rickshaws, which is 87,000. The remaining two estimates are from the Dhaka Chamber of Commerce, which estimates that there are 200,000 rickshaws, and the traffic department, which estimates that there are 500,000. Given that the population in Dhaka is roughly 10.2 million, the three estimates indicate that there is one rickshaw for every 118 people at the low end and one rickshaw for every 21 people at the upper end. Assuming the same ratios for the other three SMAs, Chittagong, Khulna, and Rajshahi, the total number of rickshaws in the four cities could range from 132,000 to 756,000. This large range shows how imprecise the estimates may be. Plus, these estimates do not consider other areas outside of the four SMAs.

While precise estimates of the number of rickshaws could not be determined, enumerators were asked to try to enumerate three rickshaws each so that some information about them would be

**Table 48: Characteristics of rickshaw enterprises**

Percent that contribute all of household income	64%
Percent that provide half or more of household income	95%
Average number of years in operations	8 years
Percent of proprietors with no education	68%
Percent of proprietors with primary school or less	91%
Percent of proprietors who reported that their motivation to start was that they had no alternative	36%
Percent of proprietors who reported that their motivation to start was that they thought it would be profitable	30%
Percent that are members of a business association	28%
Percent that are members of a samity	22%
Percent that received informal credit	22%
Percent that received formal credit from a NGO	25%
Median annual net profit per year based on actual hours worked (Taka)	Tk 24,982
Average annual net profit per year based on actual hours worked (Taka)	Tk 31,684
Standard deviation of annual net profits based on actual hours worked (Taka)	Tk 65,645
Average annual net profit per year based on full-time equivalent (Taka)	Tk 26,188
Standard deviation of annual net profits based on full-time equivalent (Taka)	Tk 57,937

available. During the course of the survey a total of 292 rickshaw drivers were interviewed. Within this group, about half were located in urban areas and half were in rural areas. The most frequently cited current problem among rickshaw drivers was poor road conditions and the most frequently cited problem when starting was lack of investment funds. Table 48 provides some basic information from the rickshaw drivers that were interviewed. It should be kept in mind that the numbers in Table 48 are not representative of the entire population of rickshaws since it was not a purely random sample.

## SECTION 4 : SURVEY RESULTS FOR LARGE-SCALE ENTERPRISES

### 4.1 LSE Sample Size and Description

In addition to collecting information on enterprises with 100 or fewer employees, the survey also attempted to collect information on large-scale enterprises (LSEs) with more than 100 employees. Unfortunately, however, many of the LSEs refused to cooperate. Because of the large number of refusals, the sample is no longer representative since it reflects only 180 enterprises that were willing to answer the questionnaire. For this reason, the results from this section are not extrapolated to the national level and many of the statistics reported for the MSMEs can not be reported in this section. It is important to keep in mind that the results reported here reflect the sample only. Also, because full explanations for measurement of variables and definitions of terms are included in Section Three above, they are not repeated here. All of the definitions and measurements are the same since the same questionnaire was used for both MSMEs and LSEs.

### 4.2 Income Contribution to Households

Close to three-quarters of the LSEs were sole proprietorships. The remainder was divided among private limited liability (18%), partnerships (9%), and publicly traded limited liability (1%). Among the sole proprietorships, 60 percent reported that the enterprise provides all of the household income and close to 90 percent reported that the enterprise contributes half or more of household income.

### 4.3 Industrial Structure

Within the sample of LSEs, Table 49 shows that approximately two-thirds were in the agricultural sector followed by manufacturing and fishing. Examining the sectors at the ISIC four-digit level, the most common type of LSE was in grain production (64%), followed by spinning and weaving of textiles (11%), and fishery services (7%).

### 4.4 Location of Enterprises

Seventy-four percent of the LSEs reported that they operate out of their home. Twenty one percent were in an industrial site building and five percent were located in a shop. The large number of LSEs that operate from the home reflects enterprises involved in agriculture. Ninety-one percent of LSEs that operate from the home produced grains, vegetables, or specialty crops.

**Table 49: Distribution of LSEs by sector (ISIC-1)**

Sector	Number	Percent
Agriculture	122	68%
Fishing	12	7%
Manufacturing	39	22%
Wholesale & retail trade and repairs	1	1%
Hotels & restaurants	1	1%
Transport, storage, & communications	2	1%
Real estate, renting, & business activities	1	1%
Other service activities	2	1%
Total	180	100%



## 4.5 Age of Enterprises

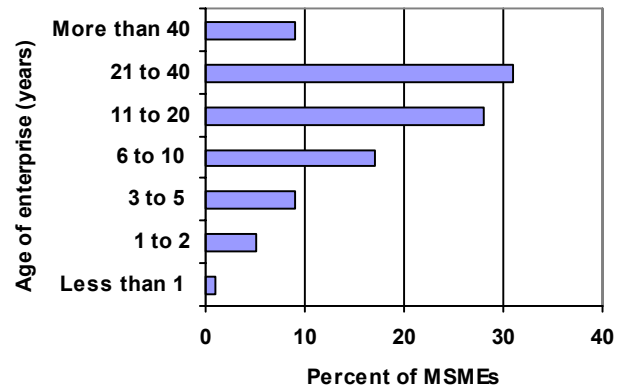
The average age of the LSEs in the sample was 20 years old with a range of less than one year to 103 years old. As illustrated by Figure 9, about two-thirds of the LSEs were at least 11 years old.

## 4.6 Size Distribution and Labor Force

Table 50 shows the location of the 180 LSEs that were included in the survey. Enterprises in this group ranged from 101 workers to 6,000 workers.

Table 51 shows the size distribution. Approximately half of the LSEs had 101 to 200 workers and the remaining half had 201 to 6,000 workers.

**Figure 9: Age distribution of LSEs in sample**



**Table 50: Distribution of LSEs by location**

Rural	122
Metropolitan SMA	5
Other urban areas	5
Peri-urban	8
Industrial	34
Commercial	6
<b>Total</b>	<b>180</b>

**Table 51: Distribution of LSEs by size of LSE**

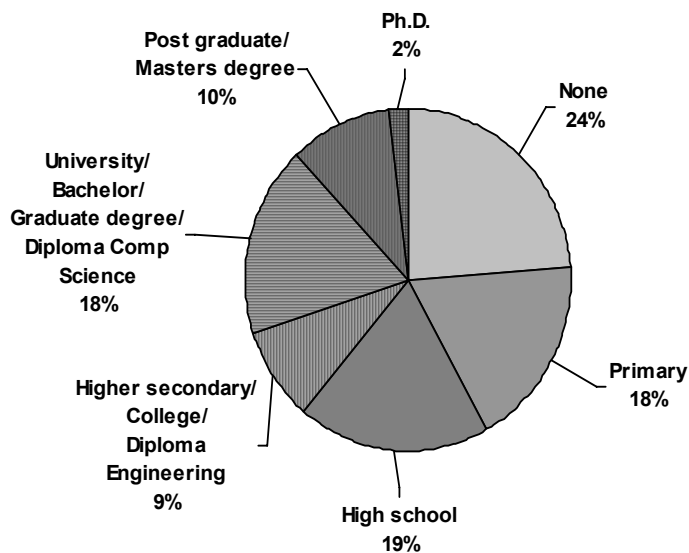
Number of workers	Percentage of LSEs	Number of People Employed	Percentage of all people employed
101 to 150	29%	5,959	9%
151 to 200	18%	5,342	8%
201 to 400	29%	13,695	20%
401 to 6,000	23%	44,011	64%
<b>Total</b>	<b>100%</b>	<b>69,007</b>	<b>100%</b>

Ninety-five percent of all workers within the LSEs were adult paid workers. Adult working owners represented one percent of all workers, adult unpaid family members represented two percent, and adult paid family members represented one percent. Of all of the workers employed by the LSEs in the sample, 33 percent were women. Among the women hired by LSEs, 95 percent were adult paid workers and three percent were adult unpaid family members. Two percent of the LSEs were owned by women and 12 percent were owned by a combination of men and women. The remaining 88 percent were owned by men.

## 4.7 Education and Motivation of Proprietors

Figure 10 shows that one-quarter of the LSE proprietors had no education and 42 percent had completed primary school or less. When asked why they had started the business, about half of the proprietors reported that they took over the business from the

Figure 10: Distribution of LSEs by education of proprietor



family and about one quarter reported that they thought it would be profitable. Only seven percent reported that they had no other alternative.

## 4.8 Profits of Enterprises

Information on profits was obtained from about half of the LSEs. Among those that reported profits, the median annual net profit per worker (proprietors and unpaid workers) based on actual hours worked was Taka 9,182 and the average was Taka 1,468,106. Based on the full-time equivalent measure, the median was Taka 9,381 and the average was Taka 1,075,572. While the median figures are lower than the profits of the MSMEs, it should be kept in mind that the annual depreciation costs of LSEs are much greater than the depreciation costs of the MSMEs. Furthermore, as discussed earlier, profit data tend to be very imprecise.

## 4.9 Value Added

Because of the limited sample size and an even smaller number of enterprises that reported profits, the contribution of the 180 LSEs to GDP is not reported in this section. Examining the value added for those LSEs that did report information to calculate their profits, the median annual value added was Taka 54,250 and the average was Taka 8,890,392 for 126 LSEs.

## 4.10 Environmental Procedures and Employee Benefits

As described in Section 3.9, proprietors were asked if they had any procedures in place to deal with pollution generated by business activities and if they had any employee benefits. In the case of pollution, two-thirds of the LSEs indicated that they had some type of procedures and about one quarter did not. The remaining 11 percent indicated that the question was not applicable.

If respondents indicated that they did have procedures to deal with pollution, they were then asked more specifically if they had procedures in place to deal with the pollution types listed in Table 52. As illustrated, the largest percentage of proprietors had pollution procedures related to solid waste followed by waste water.

In the case of employee benefits beyond standard wages, 63 percent of proprietors indicated that they had some type of benefit and 29 percent reported that they did not. Among the remaining LSEs, seven percent of proprietors indicated that the question was not applicable, and one respondent did not know.

If the respondents indicated that they did have benefits, they were then asked more specifically if they had the benefits listed in Table 53. As illustrated, the largest category was labor standards. As mentioned in Section 3.9, it is difficult to verify if these benefits actually exist or the quality of the benefits.

## 4.11 Business Associations

Within the LSE sample, 30 percent of enterprises belonged to some type of business association. Within this group, 46 percent belong to just one association, 40 percent belong to two, and the remainder belonged to 3 or more. Table 54 shows that the most common type of membership for the LSEs is in a sector association. As also illustrated by Table 54, the majority of LSEs found their membership useful.

**Table 52: Percentage of LSEs that have pollution procedures among those that reported at least one type of procedure**

	Yes	No	Total
Waste Water	54%	46%	100%
Solid Waste	94%	6%	100%
Emissions	16%	84%	100%
Noise	12%	88%	100%
Dust	18%	82%	100%
Other	4%	96%	100%

**Table 53: Percentage of LSEs that have employee benefits among those that reported at least one type of benefit**

	Yes	No	Total
Labor Standards	88%	12%	100%
Overtime	39%	61%	100%
Maternity Leave	30%	70%	100%
Health Care Facilities	42%	58%	100%
Safety Clothing	31%	69%	100%
Safety Equipment	33%	67%	100%
Chemical Safety	24%	76%	100%
Other	40%	60%	100%

**Table 54: Membership and usefulness of business associations among LSEs**

	Member		Total	Is this association useful		
	Yes	No		Yes	No	Total
Informal	2%	98%	100%	100%		100%
Samity	5%	95%	100%	100%		100%
Sector association	22%	78%	100%	95%	5%	100%
Chamber of commerce	17%	83%	100%	90%	10%	100%

Among the 70 percent of LSEs that do not belong to a business association, the most common reason for not joining was that it was not relevant. The second most common reason was that business associations did not exist in the region where the business was located. Twelve percent of LSEs that did not belong to any association reported that business associations offer no benefits.

As described in Section 3.10, enterprises were asked about their relationships with other enterprises in terms of sharing production or staff, outsourcing, and receiving embedded services. Twenty-six percent of the LSEs reported that they shared production or staff with another enterprise and close to three-quarters of the LSEs reported that they either outsourced or received embedded services. Table 55 shows the types of outsourcing and embedded services that were used or received. Similar to the results for the MSMEs, the two most common types of outsourcing were repairs or maintenance and market information. The most common types of embedded services were repairs or maintenance, technical training, other types of training, and production advice.

**Table 55: Percentage of LSEs that use each type of outsourcing or receive each type of embedded service**

	Outsourced activity	Embedded services
	% of LSEs	% of LSEs
Outsourced parts of your own production processes	31%	2%
Production advice (productivity, technical, quality control)	45%	8%
Research and development	14%	2%
Distribution of goods	26%	3%
Training (business management, marketing, finance)	19%	8%
Accounting, finance, or taxation advice	19%	2%
Market information	61%	6%
Advertising or public relations	16%	2%
Repairs or maintenance	68%	11%
Personnel management, organizational services	5%	1%
Legal services or advice	24%	3%
Design of product	14%	2%
Technical training	25%	8%
Business security or insurance	22%	2%
Advice in how to operate your computer, data processing	9%	4%
Security	25%	1%
Other	3%	1%

Respondents were also asked whether they paid for outsourcing and from whom they received the services. As illustrated in Table 56, a greater percentage of the LSEs paid for each type of outsourcing activity compared to the MSMEs with the exception of personnel management. Again, however, the results in Table 56 are not representative of all LSEs.

The most common source of outsourcing for 12 of the 17 activities listed in Table 56 was another business. A business friend or partner was listed as the most common source of outsourcing for three of the activities, government was listed once, and a private consultant was listed once as the most common source. As illustrated in Table 57, the most common reason cited for outsourcing was that the LSE could not perform the activity, followed by better quality.

**Table 56: Payment for outsourcing activities by LSEs**

Activity	Was service paid for		Total
	Yes	No	
Outsourced parts of your own production processes	88%	12%	100%
Production advice (productivity, technical, quality control)	24%	76%	100%
Research and development	28%	72%	100%
Distribution of goods	91%	9%	100%
Training (business management, marketing, finance)	68%	32%	100%
Accounting, finance, or taxation advice	96%	4%	100%
Market information	5%	95%	100%
Advertising or public relations	85%	15%	100%
Repairs or maintenance	95%	5%	100%
Personnel management, organizational services	20%	80%	100%
Legal services or advice	94%	6%	100%
Design of product	65%	35%	100%
Technical training	44%	56%	100%
Business security or insurance	100%		100%
Advice in how to operate your computer, data processing	82%	18%	100%
Security	100%		100%
Other	100%		100%

**Table 57: Reasons for outsourcing among LSEs**

	Yes	No	Total
Better Quality	59%	41%	100%
Too Expensive	22%	78%	100%
Can not perform ourselves	83%	17%	100%
Necessary for business management	11%	89%	100%
Increase my client base and market	15%	85%	100%
Competitors use service	10%	90%	100%
Legal necessity	9%	91%	100%
Advised by colleague/friend	5%	95%	100%
Other reason	2%	98%	100%

## 4.12 Enterprise Constraints

As described in Section 3.11, proprietors were asked about constraints using two methods. For the open-ended questions, financial constraints are cited most frequently as a current problem and when starting a business, as illustrated in Table 58. As mentioned earlier, it should be kept in mind that when proprietors report “lack of money” or “not enough customers,” there may be other underlying problems. It is also interesting to note that 15 percent of all proprietors reported no current problem and 39 percent of proprietors reported no problem when they started their business.

**Table 58: Current and start-up problems of LSEs**

	First current problem	Second current problem	First problem when starting	Second problem when starting
Finance	28%	8%	33%	6%
Tools/equipment	1%	1%	1%	2%
Marketing	8%	3%	1%	2%
Government problems	3%	4%	3%	2%
Shop/space	1%	1%	2%	1%
Input problems	1%	3%	2%	1%
Transport	4%	2%	3%	
Labor	8%	3%	2%	3%
Utilities	6%	4%	2%	1%
Technical problems	1%	1%	3%	2%
Personal problems	1%	1%		
Agricultural problems	18%	16%	6%	7%
Other problems	6%	3%	3%	1%
No problems	15%	51%	39%	72%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Table 59 shows proprietor responses to the list of possible constraints that were read to them by the enumerator. The five problems cited most frequently as serious were electricity, floods, road conditions, transportation to markets, and access to finance. As mentioned in Section 3.11, these results are similar to the investment climate survey where electricity was reported as the biggest obstacle within infrastructure (BEI and the World Bank, 2003).

Although a larger proportion of LSEs reported corruption as a serious problem compared to the MSMEs, 13 percent is still much smaller than the results from the investment climate survey. As reported earlier, more than half of the firms ranked corruption as a major or very severe obstacle in the investment climate study (BEI and the World Bank, 2003).

**Table 59: Enterprise constraints reported by LSEs**

	No problem	Small problem	Serious problem	Total
Electricity	34%	23%	43%	100%
Water availability	61%	22%	17%	100%
Sewer, rubbish disposal	89%	8%	3%	100%
Natural gas/fuel availability	83%	7%	10%	100%
Telecommunications	87%	7%	7%	100%
Floods and natural disasters	31%	29%	40%	100%
Access to land	85%	9%	6%	100%
Road conditions (quality, lack of roads)	48%	19%	33%	100%
Transportation to market (quality, distance, ease)	47%	22%	31%	100%
Access to appropriate buildings	96%	3%	1%	100%
Access to or use of equipment (owned, rented)	81%	11%	8%	100%
Skilled labor (availability, quality)	64%	17%	20%	100%
Inputs/raw materials (access, quality)	62%	27%	11%	100%
Product development	87%	10%	2%	100%
Too many competitors	79%	13%	8%	100%
Anti-competitive practices	87%	6%	7%	100%
Lack of market information (prices, etc.)	84%	12%	3%	100%
Crime, theft, and disorder	53%	28%	19%	100%
Access to finance	46%	25%	29%	100%
Company registration	96%	2%	2%	100%
Labor regulations	89%	7%	4%	100%
Tax rates, administration of taxes (VAT, bribes)	75%	16%	9%	100%
Copyrights and patents	98%	1%	1%	100%
Macroeconomic instability (inflation, exchange rate)	76%	9%	15%	100%
Corruption – speed money	77%	10%	13%	100%
Political influence (local politicians or other pressure)	88%	7%	5%	100%
Customs and trade regulations (inc. export to India)	83%	9%	8%	100%
Trade, international agreements, standards	90%	5%	5%	100%
Other	94%	2%	4%	100%

### 4.13 Access to Credit

Within the sample of LSEs, 36 percent had received credit from informal sources and 55 percent had received credit from formal sources. Informal sources of credit included a loan from a family member with no interest charge (22%), a loan from a family member with interest (8%), and a loan from a credit cooperative (1%). Formal credit sources included commercial banks (45%), client loans (5%), NGOs (5%), and other financial institutions (4%).

Twenty-eight percent of the LSEs reported that they had an outstanding informal loan. The average amount was Taka 30,180 and the median was Taka 10,000. In the case of formal loans, 35 percent had an outstanding loan with the average amount being Taka 14,502,687 and a median of Taka 21,000. Among the LSEs that had not received any type of loan, 56 percent reported that they did not need credit as illustrated in Table 60.

**Table 60: Reasons why LSEs did not receive credit**

Do not need credit	56%
Afraid that I cannot pay back so I do not apply	13%
Bank forms too complicated	9%
Other	6%
Applied, but rejected	5%
Interest rates/service charge are too high	5%
No collateral for credit	3%
Do not know where to apply	3%
<b>Total</b>	<b>100%</b>



## SECTION 5 : CONCLUSIONS

This report summarizes the results of a nationwide survey of the private sector in Bangladesh. The survey was conducted during a 13-week period from March to June 2003, when 52,036 household or enterprise sites were visited. The objective of the survey was to produce a statistically valid picture of the private sector by providing information on the magnitude, composition, and characteristics of existing enterprises. The study focuses on micro, small, and medium enterprises (MSMEs), defined as those with 100 or fewer workers.

This study provides the first nationwide survey of the private sector in Bangladesh since the census of non-farm activities in carried out in 1986 by the Bangladesh Bureau of Statistics. At that time, there were 2.2 million enterprises. Today, the results from this study show that there are about six million MSMEs and they employ 31 million people. This implies that 40 percent of the population 15 years or older are engaged in the sector.

MSMEs clearly play a very important role in the economy of Bangladesh. In addition to employing a large portion of the adult population, MSMEs account for 20 to 25 percent of gross domestic product (GDP). Furthermore, three-quarters of all enterprises provide half or more of household income.

Although it is difficult to draw numerous or detailed policy implications from a baseline survey that combines all sectors, some implications are clear.

- Government policy should prioritize micro and small enterprises as part of its strategy to reduce poverty. Enterprises with up to ten workers clearly dominate the private sector and contribute substantially to both household and national income.
- Small enterprises are not represented in the chambers of commerce and therefore their problems and issues may not be adequately addressed in policy discussions. A mechanism to raise the visibility of micro and small enterprises should be developed.
- Enterprises of all sizes report problems related to electricity, floods, road conditions, and access to finance. Addressing these problems would clearly enable the private sector to be more productive. Among the larger enterprises, skilled labor availability and access to inputs and raw materials should also be examined since these were reported more frequently as serious problems.
- The results from this study show that the universe of enterprises is diverse. As mentioned above, larger enterprises face different constraints compared to smaller enterprises. Policies should, therefore, be carefully developed to address the various needs of different groups rather than standard recommendations for all types of enterprises.

- Unlike other countries where this study has been done, women represent a very small proportion of the enterprise sector. Furthermore, female-owned enterprises appear to have a greater chance of folding than male-owned enterprises. This suggests that further research should be done in this area to determine why so few women enter this sector since it can contribute substantially to household income.
- The heavy use of outsourcing and the large size of the service sector show that there is great potential within this area to improve productivity within the private sector. Again, this suggests that more research in this area should be done to determine which sectors most heavily outsource or use embedded services.

While this report provides some basic policy implications at the national level listed above, it only begins to scratch the surface of the data collected by the survey. By analyzing the data in greater detail, individual sectors can be examined to determine their specific needs or problems. Additionally, individual problems, such as registration or corruption, can be examined to determine which types of enterprises report these issues most frequently or if the problems are more common in certain regions. By making the survey data available to researchers, policymakers, and practitioners, it is hoped that the database will serve as a basis for further analysis on specific sectors, issues, and policies.

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## APPENDIX A: ENTERPRISES BY ISIC FOUR-DIGIT CATEGORIES

**Table A-1: Distribution of MSMEs by region and by ISIC four-digit categories (column percentages).**

Note: This table does not contain all ISIC one-digit categories (for example, C: Mining and Quarrying) since some of these categories were not applicable to this study. For complete information related to each code listed below, visit the United Nations website at: <http://unstats.un.org/unsd/cr/registry/regcst.asp?CI=2>

ISIC CODE	ISIC LABEL	Rural	Urban	Total
<b>A</b>	<b>AGRICULTURE, HUNTING AND FORESTRY</b>			
0111	Grains	19.86%	1.69%	15.53%
0112	Vegetables & specialty crops	2.58%	1.05%	2.21%
0113	Fruit, nuts, beverage & spice crops	.75%	.11%	.60%
0121	Livestock & dairy production	2.00%	1.10%	1.79%
0122	Production of other animal products	.98%	.99%	.98%
0140	Agricultural services	1.23%	.07%	.95%
0200	Forestry services	.08%	.07%	.08%
<b>B</b>	<b>FISHING</b>			
0500	Fishery services	4.61%	1.41%	3.85%
<b>D</b>	<b>MANUFACTURING</b>			
1520	Dairy product processing	.02%	.06%	.03%
1531	Grain milling	2.22%	.63%	1.84%
1533	Animal feed	.04%	.11%	.06%
1541	Bakery products	.16%	.33%	.20%
1543	Chocolate & sugar products	.29%	.11%	.24%
1549	Other food products	.88%	.17%	.71%
1554	Beverages		.02%	.00%
1600	Tobacco products	.02%	.01%	.02%
1711	Spinning & weaving textiles	3.86%	1.42%	3.28%
1730	Knitted & crocheted products		.00%	.00%
1810	Clothing	3.25%	3.62%	3.34%
1911	Leather processing	.02%	.06%	.03%
1920	Shoes & other footwear	.04%	.10%	.05%
2010	Sawmilling & planing of wood	.14%	.55%	.24%
2029	Other wood products	.44%	.58%	.48%
2212	Newspapers, journals, & periodicals	.02%	.02%	.02%
2221	Printing	.02%	.45%	.12%
2411	Basic chemicals		.11%	.03%
2423	Pharmaceutical production	.08%	.06%	.08%
2429	Other chemical products	.41%		.31%
2520	Plastic products	.02%	.16%	.05%
2610	Glass & glass products		.47%	.11%
2691	Ceramic products	.23%	.02%	.18%
2694	Cement, lime, & plaster	.13%	.18%	.14%
2695	Concrete products		.02%	.01%
2731	Iron & steel casting	.08%	1.27%	.36%
2892	Treatment & coating of metals	.16%	.74%	.29%
2893	Hardware products		.14%	.03%
2899	Other metal products		.22%	.05%
2926	Textile machinery	.04%	.13%	.06%
3230	Electronic products		.09%	.02%
3610	Furniture	1.22%	1.38%	1.26%
3691	Jewelry & related articles	.30%	.69%	.39%
3699	Other manufactured goods	.30%	.70%	.40%
<b>F</b>	<b>CONSTRUCTION</b>			
4520	Construction	1.42%	.90%	1.30%
4530	Building installation		.00%	.00%
<b>G</b>	<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTORCYCLES, AND PERSONAL AND HOUSEHOLD GOODS</b>			
5020	Vehicle repair	.02%	.46%	.13%
5030	Vehicle parts	.02%	.17%	.05%
5040	Motorcycle sale & repair	.02%	.06%	.03%

ISIC CODE	ISIC LABEL	Rural	Urban	Total
5050	Retail sale of petrol	.02%	.07%	.03%
5121	Agricultural wholesale sales	1.12%	.21%	.90%
5122	Food wholesale sales	.30%	.51%	.35%
5131	Textile & clothing wholesale sales	.10%	.26%	.14%
5139	Household goods wholesale sales		.07%	.02%
5190	Other wholesale sales	1.06%	.92%	1.02%
5211	General retail sales (esp. food)	12.23%	13.58%	12.55%
5219	Other general retail sales	.18%	.55%	.27%
5220	Food & tobacco retail sales	.08%	.12%	.09%
5231	Pharmaceutical retail sales	1.65%	3.23%	2.03%
5232	Textile & clothing retail sales	.94%	2.75%	1.37%
5233	Household goods retail sales	.15%	.55%	.25%
5234	Hardware retail sales	.23%	.90%	.39%
5239	Other specialized retail sales	2.97%	6.67%	3.85%
5252	Retail sales not in stores	14.88%	14.70%	14.84%
5260	Repair of household goods	1.56%	2.70%	1.83%
<b>H</b>	<b>HOTELS AND RESTAURANTS</b>			
5510	Hotels & other accommodation	.33%	10.29%	2.70%
5520	Restaurants & bars	1.76%	2.72%	1.99%
<b>I</b>	<b>TRANSPORT, STORAGE, AND COMMUNICATIONS</b>			
6022	Taxi service	2.57%	1.77%	2.38%
6023	Freight transport by road	.08%	.10%	.09%
6120	Inland water transport	.41%	.08%	.33%
6302	Storage & warehousing		.00%	.00%
6412	Courier activities		.02%	.00%
6420	Telecommunications		.00%	.00%
<b>J</b>	<b>FINANCIAL INTERMEDIATION</b>			
6603	Insurance (except life)		.02%	.01%
<b>K</b>	<b>REAL ESTATE, RENTING, AND BUSINESS ACTIVITIES</b>			
7010	Real estate purchase & sales	.90%	.04%	.69%
7020	Real estate services		.02%	.01%
7111	Vehicle rental	.31%	.23%	.29%
7121	Agricultural machinery rental	1.01%	.13%	.80%
7250	Office equipment repair		.01%	.00%
7411	Legal activities	.04%	.23%	.08%
7414	Management consulting services	.02%	.59%	.16%
7430	Advertising		.00%	.00%
7491	Employment services	.02%	.01%	.02%
7492	Investigation & security services		.01%	.00%
7494	Photographic services	.08%	.42%	.16%
7499	Other business activities	.61%	1.42%	.81%
<b>M</b>	<b>EDUCATION</b>			
8090	Adult & other education		.18%	.04%
<b>N</b>	<b>HEALTH AND SOCIAL WORK</b>			
8512	Medical & dental services	.66%	.83%	.70%
8519	Other human health activities	.13%	.25%	.16%
8520	Veterinary activities	.04%	.02%	.04%
<b>O</b>	<b>OTHER COMMUNITY, PERSONAL, AND SERVICE ACTIVITIES</b>			
9212	Movie theatre	.02%	.00%	.02%
9301	Cleaning clothing	.24%	1.12%	.45%
9302	Hairdressing & other beauty treatment	.92%	1.73%	1.12%
9309	Other service activities	.92%	1.36%	1.03%
	<b>UNIDENTIFIED BY THE SURVEY</b>			
12000*	Unidentified	3.49%	5.93%	4.07%
<b>TOTAL</b>		<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\*12000 is not an official ISIC four-digit category. This code was used to classify enterprises that were in operation, but no one was available to answer questions or the proprietor refused to answer and the enumerator was unable to identify what type of enterprise it was.

**Table A-2: Distribution of enterprises by size and ISIC four-digit category**

Note: Because many categories within this table had close to zero percent of all enterprises, the absolute numbers are given instead. It should be kept in mind that the absolute figures are estimates of the actual numbers of enterprises in the population.

ISIC Code	ISIC Label	Number of workers (including proprietor)					
		1	2-5	6-10	11-20	21-50	51-100
<b>A</b>	<b>AGRICULTURE, HUNTING AND FORESTRY</b>						
0111	Grains	82,535	393,670	228,321	112,718	124,593	71,384
0112	Vegetables & specialty crops	17,374	51,827	24,429	14,874	33,200	16,284
0113	Fruit, nuts, beverage & spice crops	6,954	17,240	9,223	3,842	2,662	
0121	Livestock & dairy production	37,612	83,915	3,005		1,498	
0122	Production of other animal products	14,689	51,029	2,602	948		
0140	Agricultural services	9,742	36,512	2,344	3,842		
0200	Forestry services	1,284	1,638				
<b>B</b>	<b>FISHING</b>						
0500	Fishery services	77,660	105,018	21,524	8,942	2,344	3,902
<b>D</b>	<b>MANUFACTURING</b>						
1520	Dairy product processing	474	1,960				
1531	Grain milling	39,104	65,046	3,268	11,209	3,733	1,972
1533	Animal feed	483	1,474		24		
1541	Bakery products	474	9,492	1,254	1,228	1,101	24
1543	Chocolate & sugar products	2,687	9,937	1,654			
1549	Other food products	4,637	24,625	2,996	7,057	8,570	6,202
1554	Beverages	306					
1600	Tobacco products	30,630	70,573	28,908	39,407	46,518	6,605
1711	Spinning & weaving textiles				24		
1730	Knitted & crocheted products	100,474	116,625	4,838	1,740	306	
1810	Clothing	1,868	215	474	43		
1911	Leather processing	324	1,857				
1920	Shoes & other footwear	43	7,477	6,240			
2010	Sawmilling & planing of wood	9,378	19,448	4,042			
2029	Other wood products	1,498	349				
2212	Newspapers, journals, & periodicals	2,477	4,533	392	43		43
2221	Printing	43		57	48	339	24
2411	Basic chemicals	1,498	52	363	9		9
2423	Pharmaceutical production	3,568	13,968	1,164	1,164		
2429	Other chemical products	1,180	823	330	546	9	
2520	Plastic products	492	4,204				
2610	Glass & glass products		12,997	1,240			
2691	Ceramic products	3,637	6,269				
2694	Cement, lime, & plaster					474	
2695	Concrete products	1,888	16,308	4,499	837	354	24
2731	Iron & steel casting	948	11,248	5,121	780		
2892	Treatment & coating of metals	474	804		522	9	
2893	Hardware products	52	1,900	917	655	57	
2899	Other metal products	474	474	2,020	1,498		
2926	Textile machinery		517	9		33	
3230	Electronic products	23,256	51,687	4,387	2,587	306	
3610	Furniture	5,298	15,599	517	306		
3691	Jewelry & related articles	14,070	14,403	1,731	103	57	333
3699	Other manufactured goods	474	1,960				
<b>F</b>	<b>CONSTRUCTION</b>						
4520	Construction	21,350	39,355	8,650	4,561	1,207	474
4530	Building installation		18				
<b>G</b>	<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTORCYCLES, AND PERSONAL AND HOUSEHOLD GOODS</b>						
5020	Vehicle repair	1,904	2,296	1,242	330	517	306
5030	Vehicle parts	183	3,382	61			

ISIC Code	ISIC Label	Number of workers (including proprietor)					
		1	2-5	6-10	11-20	21-50	51-100
5040	Motorcycle sale & repair	957	1,275	86			
5050	Retail sale of petrol		483	517		43	
5121	Agricultural wholesale sales	9,526	35,818	3,005	1,972		
5122	Food wholesale sales	5,142	12,313	2,655	1,095	9	
5131	Textile & clothing wholesale sales	2,344	5,446	1,077	1,254		43
5139	Household goods wholesale sales	43	530	43			
5190	Other wholesale sales	24,854	34,916	7,053	2,940	1,339	43
5211	General retail sales (esp. food)	311,635	453,909	541			
5219	Other general retail sales	6,186	8,642	95	306	43	
5220	Food & tobacco retail sales	306	4,590				
5231	Pharmaceutical retail sales	52,939	40,506	517			
5232	Textile & clothing retail sales	31,763	46,181	607	43		
5233	Household goods retail sales	3,833	6,478	129	43		
5234	Hardware retail sales	4,962	16,029	129			
5239	Other specialized retail sales	106,232	130,760	10,014	1,129	1,033	
5252	Retail sales not in stores	605,779	295,911	4,410	43	1,180	
5260	Repair of household goods	78,403	40,728	3,831	86		
<b>H</b>	<b>HOTELS AND RESTAURANTS</b>						
5510	Hotels & other accommodation	98,637	60,170	1,401	349	43	
5520	Restaurants & bars	20,907	96,169	11,381	2,570	95	43
<b>I</b>	<b>TRANSPORT, STORAGE, AND COMMUNICATIONS</b>						
6022	Taxi service						
6023	Freight transport by road						
6120	Inland water transport	36,115	22,030		349	9	
6302	Storage & warehousing	1,654	3,287	1,000			
6412	Courier activities	10,867	6,039	1,180			
6420	Telecommunications		43				48
<b>J</b>	<b>FINANCIAL INTERMEDIATION</b>						
6603	Insurance (except life)						
<b>K</b>	<b>REAL ESTATE, RENTING, AND BUSINESS ACTIVITIES</b>						
7010	Real estate purchase & sales	30,564	15,930	2,996	1,240	2,404	1,498
7020	Real estate services	11,696	9,790	9			
7111	Vehicle rental	6,708	36,169	1,180			
7121	Agricultural machinery rental		43				
7250	Office equipment repair	1,972	1,654	306			
7411	Legal activities	1,698	3,025	1,465	780	86	
7414	Management consulting services			43			
7430	Advertising	1,180		86			
7491	Employment services		306				
7492	Investigation & security services	1,367	6,028	358			
7494	Photographic services	13,252	28,308	2,188	474	474	
7499	Other business activities	30,564	15,930	2,996	1,240	2,404	1,498
<b>M</b>	<b>EDUCATION</b>						
8090	Adult & other education	780	1,591	43			
<b>N</b>	<b>HEALTH AND SOCIAL WORK</b>						
8512	Medical & dental services	28,588	7,158		9	517	
8519	Other human health activities	2,684	3,408	43	43		
8520	Veterinary activities	474					
<b>O</b>	<b>OTHER COMMUNITY, PERSONAL, AND SERVICE ACTIVITIES</b>						
9212	Movie theatre			1,498			
9301	Cleaning clothing	15,447	9,640	86	43		
9302	Hairdressing & other beauty treatment	44,070	38,444	780			
9309	Other service activities	30,375	28,961	3,272	306	52	
<b>TOTAL</b>		2,126,961	2,738,610	441,889	234,961	235,2124	109,261

**Table A-3: Average number of workers per enterprise by sector and region.**

ISIC Code	ISIC Label	Rural	Urban	Total
<b>A</b>	<b>AGRICULTURE, HUNTING AND FORESTRY</b>			
0111	Grains	13.3	13.9	13.3
0112	Vegetables & specialty crops	17.9	12.5	17.2
0113	Fruit, nuts, beverage & spice crops	6.6	2.5	6.4
0121	Livestock & dairy production	2.8	2.4	2.7
0122	Production of other animal products	2.3	3.4	2.6
0140	Agricultural services	3.5	2.7	3.5
0200	Forestry services	2.5	4.3	2.8
<b>B</b>	<b>FISHING</b>			
0500	Fishery services	5.1	3.4	4.9
<b>D</b>	<b>MANUFACTURING</b>			
1520	Dairy product processing	4.0	2.4	3.2
1531	Grain milling	4.9	9.8	5.3
1533	Animal feed	.	1.9	1.9
1541	Bakery products	5.6	9.1	6.8
1543	Chocolate & sugar products	2.8	3.9	2.9
1549	Other food products	14.8	2.4	14.3
1554	Beverages	.	1.0	1.0
1600	Tobacco products	.	.	.
1711	Spinning & weaving textiles	13.6	6.9	12.8
1730	Knitted & crocheted products	.	12.0	12.0
1810	Clothing	2.0	2.5	2.1
1911	Leather processing	1.0	3.6	2.2
1920	Shoes & other footwear	2.0	2.0	2.0
2010	Sawmilling & planing of wood	4.8	6.1	5.2
2029	Other wood products	2.9	4.0	3.1
2212	Newspapers, journals, & periodicals	1.0	3.9	1.5
2221	Printing	1.0	3.3	2.8
2411	Basic chemicals	.	27.3	27.3
2423	Pharmaceutical production	1.0	7.1	2.4
2429	Other chemical products	3.3	.	3.3
2520	Plastic products	1.0	6.8	4.4
2610	Glass & glass products	.	2.7	2.7
2691	Ceramic products	3.5	2.1	3.4
2694	Cement, lime, & plaster	2.2	1.7	2.0
2695	Concrete products	.	47.0	47.0
2731	Iron & steel casting	3.6	4.6	4.4
2892	Treatment & coating of metals	4.5	5.1	4.8
2893	Hardware products	.	8.0	8.0
2899	Other metal products	.	6.7	6.7
2926	Textile machinery	11.8	4.8	9.1
3230	Electronic products	.	6.6	6.6
3610	Furniture	2.8	5.8	3.5
3691	Jewelry & related articles	2.3	3.1	2.7
3699	Other manufactured goods	1.7	5.5	3.2
<b>F</b>	<b>CONSTRUCTION</b>			
4520	Construction	3.9	5.4	4.1
4530	Building installation	.	2.5	2.5
<b>G</b>	<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTORCYCLES, AND PERSONAL AND HOUSEHOLD GOODS</b>			
5020	Vehicle repair	1.0	10.7	8.7
5030	Vehicle parts	2.0	2.5	2.3
5040	Motorcycle sale & repair	2.0	1.7	1.8
5050	Retail sale of petrol	.	6.5	6.5
5121	Agricultural wholesale sales	3.4	4.0	3.4
5122	Food wholesale sales	3.4	4.8	3.8
5131	Textile & clothing wholesale sales	1.8	6.7	4.4



ISIC Code	ISIC Label	Rural	Urban	Total
5139	Household goods wholesale sales	.	3.6	3.6
5190	Other wholesale sales	3.3	4.6	3.5
5211	General retail sales (esp. food)	1.8	1.8	1.8
5219	Other general retail sales	1.5	3.3	2.3
5220	Food & tobacco retail sales	3.0	2.6	2.9
5231	Pharmaceutical retail sales	1.5	1.9	1.6
5232	Textile & clothing retail sales	1.6	2.5	2.0
5233	Household goods retail sales	1.7	2.5	2.1
5234	Hardware retail sales	2.3	2.3	2.3
5239	Other specialized retail sales	2.2	2.3	2.3
5252	Retail sales not in stores	1.5	1.5	1.5
5260	Repair of household goods	1.5	2.0	1.7
<b>H</b>	<b>HOTELS AND RESTAURANTS</b>			
5510	Hotels & other accommodation	1.4	1.7	1.6
5520	Restaurants & bars	2.5	4.4	3.1
<b>I</b>	<b>TRANSPORT, STORAGE, AND COMMUNICATIONS</b>			
6022	Taxi service	1.4	2.4	1.7
6023	Freight transport by road	2.1	5.6	3.3
6120	Inland water transport	2.0	1.0	1.9
6302	Storage & warehousing	.	38.3	38.3
6412	Courier activities	.	5.0	5.0
6420	Telecommunications	.	3.4	3.4
<b>J</b>	<b>FINANCIAL INTERMEDIATION</b>			
6603	Insurance (except life)			
<b>K</b>	<b>REAL ESTATE, RENTING, AND BUSINESS ACTIVITIES</b>			
7010	Real estate purchase & sales	5.5	1.0	5.5
7020	Real estate services	.		
7111	Vehicle rental	1.6	1.7	1.6
7121	Agricultural machinery rental	2.6	2.8	2.6
7250	Office equipment repair	.	2.0	2.0
7411	Legal activities	1.4	3.4	2.1
7414	Management consulting services	.	4.8	4.8
7430	Advertising	.	9.0	9.0
7491	Employment services	1.0	6.0	1.3
7492	Investigation & security services	.	2.0	2.0
7494	Photographic services	2.0	2.4	2.3
7499	Other business activities	2.4	3.2	2.7
<b>M</b>	<b>EDUCATION</b>			
8090	Adult & other education	.	2.0	2.0
<b>N</b>	<b>HEALTH AND SOCIAL WORK</b>			
8512	Medical & dental services	1.2	3.7	1.6
8519	Other human health activities	1.3	3.2	2.1
8520	Veterinary activities	.	1.0	1.0
<b>O</b>	<b>OTHER COMMUNITY, PERSONAL, AND SERVICE ACTIVITIES</b>			
9212	Movie theatre	10.0	.	10.0
9301	Cleaning clothing	1.9	1.5	1.6
9302	Hairdressing & other beauty treatment	1.4	2.3	1.8
9309	Other service activities	2.0	2.8	2.3
<b>TOTAL</b>		<b>5.9</b>	<b>3.1</b>	<b>5.2</b>

**Table A-4: Median profits of enterprises based on actual hours worked and full-time equivalent by ISIC four-digit categories**

ISIC Code	ISIC LABEL	Actual hours (Taka/worker/year)	Full-time equivalent (Taka/worker/year)
<b>A</b>	<b>AGRICULTURE, HUNTING AND FORESTRY</b>		
0111	Grains	9,448	12,556
0112	Vegetables & specialty crops	4,650	11,442
0113	Fruit, nuts, beverage & spice crops	16,114	16,071
0121	Livestock & dairy production	3,400	4,520
0122	Production of other animal products	28,430	21,333
0140	Agricultural services	11,780	10,910
0200	Forestry services	389	-1,344
<b>B</b>	<b>FISHING</b>		
0500	Fishery services	17,583	19,265
<b>D</b>	<b>MANUFACTURING</b>		
1520	Dairy product processing	8,813	6,278
1531	Grain milling	17,366	17,489
1533	Animal feed	83,573	43,694
1541	Bakery products	31,064	21,939
1543	Chocolate & sugar products	37,694	13,457
1549	Other food products	3,190	6,621
1554	Beverages	44,394	64,185
1600	Tobacco products		
1711	Spinning & weaving textiles	864	2,763
1730	Knitted & crocheted products	49,561	39,961
1810	Clothing	14,100	11,375
1911	Leather processing	35,457	333,847
1920	Shoes & other footwear	23,243	10,798
2010	Sawmilling & planing of wood	37,524	41,524
2029	Other wood products	29,333	12,547
2212	Newspapers, journals, & periodicals	36,395	42,073
2221	Printing	22,256	9,812
2411	Basic chemicals	56,718	11,212
2423	Pharmaceutical production	117,600	40,933
2429	Other chemical products	47,444	50,875
2520	Plastic products	178,364	206,364
2610	Glass & glass products	59,867	34,533
2691	Ceramic products	11,895	79,727
2694	Cement, lime, & plaster	344	27,602
2695	Concrete products	39,718	29,564
2731	Iron & steel casting	58,133	34,945
2892	Treatment & coating of metals	17,390	18,890
2893	Hardware products	27,000	30,267
2899	Other metal products	6,525	6,281
2926	Textile machinery	6,525	6,281
3230	Electronic products		
3610	Furniture	45,818	29,605
3691	Jewelry & related articles	23,827	15,234
3699	Other manufactured goods	19,238	19,934
<b>F</b>	<b>CONSTRUCTION</b>		
4520	Construction	21,000	18,220
4530	Building installation	30,127	20,982
<b>G</b>	<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTORCYCLES, AND PERSONAL AND HOUSEHOLD GOODS</b>		
5020	Vehicle repair	27,583	12,867
5030	Vehicle parts	26,625	18,230
5040	Motorcycle sale & repair	80,823	55,063
5050	Retail sale of petrol	105,409	41,100
5121	Agricultural wholesale sales	9,412	9,907

ISIC Code	ISIC LABEL	Actual hours (Taka/worker/year)	Full-time equivalent (Taka/worker/year)
5122	Food wholesale sales	18,846	14,254
5131	Textile & clothing wholesale sales	54,695	47,395
5139	Household goods wholesale sales	86,621	50,029
5190	Other wholesale sales	54,632	30,130
5211	General retail sales (esp. food)	21,818	11,238
5219	Other general retail sales	49,917	21,833
5220	Food & tobacco retail sales	91,039	65,692
5231	Pharmaceutical retail sales	31,045	16,733
5232	Textile & clothing retail sales	38,400	24,761
5233	Household goods retail sales	35,773	24,579
5234	Hardware retail sales	41,608	28,733
5239	Other specialized retail sales	26,408	16,694
5252	Retail sales not in stores	18,175	13,567
5260	Repair of household goods	24,850	16,444
<b>H</b>	<b>HOTELS AND RESTAURANTS</b>		
5510	Hotels & other accommodation	7,333	-213
5520	Restaurants & bars	26,358	13,021
<b>I</b>	<b>TRANSPORT, STORAGE, AND COMMUNICATIONS</b>		
6022	Taxi service	34,833	19,756
6023	Freight transport by road	21,764	20,838
6120	Inland water transport	16,583	8,886
6302	Storage & warehousing	40,333	18,556
6412	Courier activities	117,429	43,651
6420	Telecommunications		
<b>J</b>	<b>FINANCIAL INTERMEDIATION</b>		
6603	Insurance (except life)		
<b>K</b>	<b>REAL ESTATE, RENTING, AND BUSINESS ACTIVITIES</b>		
7010	Real estate purchase & sales	4,586	3,656
7020	Real estate services		
7111	Vehicle rental	29,033	24,400
7121	Agricultural machinery rental	9,379	16,453
7250	Office equipment repair	40,545	68,433
7411	Legal activities	109,545	45,012
7414	Management consulting services	57,608	39,208
7430	Advertising	-19,201	-37,601
7491	Employment services	221,965	189,965
7492	Investigation & security services		
7494	Photographic services	29,357	11,948
7499	Other business activities	18,939	7,250
<b>M</b>	<b>EDUCATION</b>		
8090	Adult & other education	16,436	9,042
<b>N</b>	<b>HEALTH AND SOCIAL WORK</b>		
8512	Medical & dental services	21,547	23,404
8519	Other human health activities	13,914	19,560
8520	Veterinary activities	61,871	44,648
<b>O</b>	<b>OTHER COMMUNITY, PERSONAL, AND SERVICE ACTIVITIES</b>		
9212	Movie theatre	725,036	243,141
9301	Cleaning clothing	22,606	12,870
9302	Hairdressing & other beauty treatment	27,013	15,350
9309	Other service activities	30,795	11,480
<b>Average</b>		<b>18,050</b>	<b>12,713</b>
<b>Overall</b>			

**Table A-5: Percentage of MSMEs that have pollution procedures among those that reported at least one type of procedure**

ISIC CODE	ISIC LABEL	Waste Water	Solid Waste	Emissions	Noise	Dust	Other
<b>A</b>	<b>AGRICULTURE, HUNTING AND FORESTRY</b>						
0111	Grains	26%	83%	55%	2%	23%	44%
0112	Vegetables & specialty crops	32%	86%		8%	8%	
0113	Fruit, nuts, beverage & spice crops	16%	78%			21%	13%
0121	Livestock & dairy production	62%	96%			9%	4%
0122	Production of other animal products	42%	96%	7%	8%	21%	3%
0140	Agricultural services	25%	28%	61%	11%	14%	
0200	Forestry services		96%	4%		100%	
<b>B</b>	<b>FISHING</b>						
0500	Fishery services	66%	79%	6%	9%	3%	
<b>D</b>	<b>MANUFACTURING</b>						
1520	Dairy product processing	100%					
1531	Grain milling	30%	885%	9%	19%	27%	
1533	Animal feed		100%				
1541	Bakery products	40%	99%	18%	1%	17%	
1543	Chocolate & sugar products	72%	99%	1%		1%	
1549	Other food products	56%	78%		0%	49%	
1554	Beverages						
1600	Tobacco products						
1711	Spinning & weaving textiles	21%	90%	2%	14%	6%	
1730	Knitted & crocheted products		100%	100%	100%	100%	
1810	Clothing	5%	93%	2%	8%	18%	2%
1911	Leather processing	85%	8%			8%	85%
1920	Shoes & other footwear		95%	2%		85%	
2010	Sawmilling & planing of wood	12%	98%	11%	20%	22%	
2029	Other wood products		74%	5%			20%
2212	Newspapers, journals, & periodicals						
2221	Printing						
2411	Basic chemicals	93%	93%	67%	83%	83%	
2423	Pharmaceutical production	100%	100%			79%	
2429	Other chemical products		100%				
2520	Plastic products	71%	64%		38%		
2610	Glass & glass products	100%	61%				
2691	Ceramic products		100%				
2694	Cement, lime, & plaster	100%	100%			100%	
2695	Concrete products	20%	60%	17%	71%	25%	
2731	Iron & steel casting	59%	73%	38%	27%	33%	
2892	Treatment & coating of metals		100%	9%	9%	90%	
2893	Hardware products		71%	3%	29%	53%	
2899	Other metal products	24%	24%		76%		
2926	Textile machinery	100%	100%	50%	50%	50%	50%
3230	Electronic products	23%	60%	11%	3%	33%	
3610	Furniture	15%	77%		1%	32%	
3691	Jewelry & related articles	16%	88%	2%	6%	22%	
3699	Other manufactured goods	100%	100%			79%	
<b>F</b>	<b>CONSTRUCTION</b>						
4520	Construction	19%	88%	3%	16%	13%	
4530	Building installation						
<b>G</b>	<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTORCYCLES, AND PERSONAL AND HOUSEHOLD GOODS</b>						
5020	Vehicle repair		3%		94%	94%	
5030	Vehicle parts	100%	100%	100%		100%	
5040	Motorcycle sale and repair			100%		100%	
5050	Retail sale of petrol	60%	100%			0%	

5121	Agricultural wholesale sales	84%	97%			3%	56%
5122	Food wholesale sales	38%	100%			1%	
5131	Textile & clothing wholesale sales	4%	92%	0%	2%	7%	
5139	Household goods wholesale sales		3%		94%	94%	
5190	Other wholesale sales	100%	100%	100%		100%	
5211	General retail sales (esp. food)	34%	89%	4%	13%	16%	1%
5219	Other general retail sales	6%	81%	0%	5%	30%	
5220	Food & tobacco retail sales	50%	100%				
5231	Pharmaceutical retail sales	47%	95%	0%	18%	19%	
5232	Textile & clothing retail sales	28%	99%			4%	
5233	Household goods retail sales		100%		9%		
5234	Hardware retail sales	2%	98%			2%	
5239	Other specialized retail sales	25%	88%	0%	7%	11%	4%
5252	Retail sales not in stores	44%	82%	4%	8%	15%	1%
5260	Repair of household goods	26%	94%	13%	25%	16%	
<b>H</b>	<b>HOTELS AND RESTAURANTS</b>						
5510	Hotels & other accommodation	93%	77%	4%	8%	21%	1%
5520	Restaurants and bars	84%	82%	13%	11%	22%	
<b>I</b>	<b>TRANSPORT, STORAGE, AND COMMUNICATIONS</b>						
6022	Taxi service	11%	66%	31%	35%	12%	
6023	Freight transport by road				100%	100%	
6120	Inland water transport	100%		100%			
6302	Storage & warehousing	50%	100%			50%	
6412	Courier activities						
6420	Telecommunications						
<b>J</b>	<b>FINANCIAL INTERMEDIATION</b>						
6603	Insurance (except life)						
<b>K</b>	<b>REAL ESTATE, RENTING, AND BUSINESS ACTIVITIES</b>						
7010	Real estate purchase and sales	50%	100%				
7020	Real estate services						
7111	Vehicle rental	25%		50%	75%	50%	
7121	Agricultural machinery rental	21%	43%	50%	41%	21%	
7250	Office equipment repair						
7411	Legal activities						
7414	Management consulting services	12%	100%				
7430	Advertising		100%			100%	
7491	Employment services		100%			100%	
7492	Investigation & security services						
7494	Photographic services	55%	96%	3%	3%	3%	
7499	Other business activities	55%	96%	3%	3%	3%	
<b>M</b>	<b>EDUCATION</b>						
8090	Adult and other education					100%	
<b>N</b>	<b>HEALTH AND SOCIAL WORK</b>						
8512	Medical & dental services	60%	100%			8%	
8519	Other human health activities	100%	72%				
8520	Veterinary activities	100%	100%				
<b>O</b>	<b>OTHER COMMUNITY, PERSONAL, AND SERVICE ACTIVITIES</b>						
9212	Movie theatre	100%	100%	100%		100%	
9301	Cleaning clothing	73%	63%	26%		27%	
9302	Hairdressing & other beauty treatment	37%	85%	4%	6%	26%	
9309	Other service activities	53%	88%		13%	4%	

**Table A-6: Percentage of MSMEs that have employee benefits among those that reported at least one type of benefit by ISIC four-digit categories**

ISIC Code	ISIC Label	Labor Standards	Over-time	Maternity Leave	Health Care Facilities	Safety Clothing	Safety Equipment	Chemical	Other
<b>A AGRICULTURE, HUNTING AND FORESTRY</b>									
0111	Grains	60%	13%	1%	12%		1%		61%
0112	Vegetables & specialty crops	41%	4%		11%				64%
0113	Fruit, nuts, beverage & spice crops	15%			47%				38%
0121	Livestock & dairy production	100%			6%				63%
0122	Production of other animal products	55%	23%		42%	32%		14%	71%
0140	Agricultural services	65%	14%		31%				69%
0200	Forestry services								
<b>B FISHING</b>									
0500	Fishery services	59%	29%	4%	26%	4%			47%
<b>D MANUFACTURING</b>									
1520	Dairy product processing	100%							
1531	Grain milling	68%	28%	8%	11%	10%	10%		73%
1533	Animal feed	100%			100%			100%	
1541	Bakery products	39%	20%	21%	51%	21%	39%	19%	60%
1543	Chocolate & sugar products	50%			50%				
1549	Other food products	2%	2%	98%	98%			100%	
1554	Beverages	77%	38%	7%	16%	8%	7%	1%	35%
1600	Tobacco products	100%		100%	100%	100%	100%	100%	
1711	Spinning & weaving textiles	69%	21%	6%	43%	3%	3%		21%
1730	Knitted & crocheted products	8%			92%			85%	15%
1810	Clothing	95%	3%		93%	1%			4%
1911	Leather processing	39%	17%	10%	38%	33%			61%
1920	Shoes and other footwear	78%	22%		3%				49%
2010	Sawmilling & planing of wood	100%							
2029	Other wood products	68%	28%	8%	11%	10%	10%		73%
2212	Newspapers, journals, & periodicals								
2221	Printing								
2411	Basic chemicals	83%	90%	93%	86%	85%	79%	85%	5%
2423	Pharmaceutical production	73%	14%	14%	100%	64%		14%	50%
2429	Other chemical products	25%	13%	13%	50%			100%	
2520	Plastic products	52%	3%	98%	100%	1%	1%	48%	3%
2610	Glass & glass products	100%							
2691	Ceramic products								
2694	Cement, lime, & plaster								
2695	Concrete products								
2731	Iron & steel casting	60%	24%	1%	35%	20%	21%	7%	36%
2892	Treatment & coating of metals	41%	27%	36%	34%	29%	24%		53%
2893	Hardware products	59%	70%	30%	100%	41%	41%	41%	30%
2899	Other metal products	27%	28%		27%	25%	24%		30%
2926	Textile machinery								
3230	Electronic products	100%	100%		8%	6%	2%	2%	

ISIC Code	ISIC Label	Labor Standards	Over-time	Maternity Leave	Health Care Facilities	Safety Clothing	Safety Equipment	Chemical	Other
3610	Furniture	52%	30%		19%	2%	2%		54%
3691	Jewelry & related articles	39%	3%	1%	74%	31%	1%		22%
3699	Other manufactured goods	80%	12%	0%	30%	9%	1%	0%	51%
<b>F</b>	<b>CONSTRUCTION</b>								
4520	Construction	59%	21%		32%	20%	22%	11%	13%
4530	Building installation								
<b>G</b>	<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES, MOTORCYCLES, AND PERSONAL AND HOUSEHOLD GOODS</b>								
5020	Vehicle repair	54%	47%	17%	71%	59%	45%	51%	29%
5030	Vehicle parts	67%	33%		67%				33%
5040	Motorcycle sale & repair				9%	91%	91%		9%
5050	Retail sale of petrol	15%			15%	8%	8%		92%
5121	Agricultural wholesale sales	16%	47%		38%				52%
5122	Food wholesale sales	97%	28%	2%	1%				45%
5131	Textile & clothing wholesale sales	69%	39%		36%		20%		33%
5139	Household goods wholesale sales	75%	7%	1%	11%		5%		26%
5190	Other wholesale sales	45%	2%	3%	56%		6%		34%
5211	General retail sales (esp. food)	97%	6%	5%	5%	2%			5%
5219	Other general retail sales			100%					
5220	Food & tobacco retail sales	57%	14%	15%	49%	7%	10%	10%	25%
5231	Pharmaceutical retail sales	73%	41%	6%	28%		0%		33%
5232	Textile & clothing retail sales	29%			52%	24%	24%		52%
5233	Household goods retail sales	57%	15%		43%	15%	15%		2%
5234	Hardware retail sales	60%	16%	0%	34%	3%	4%		50%
5239	Other specialized retail sales	58%	8%	0%	53%		3%		31%
5252	Retail sales not in stores	37%	7%	6%	17%	7%	6%		51%
5260	Repair of household goods	54%	47%	17%	71%	59%	45%	51%	29%
<b>H</b>	<b>HOTELS AND RESTAURANTS</b>								
5510	Hotels & other accommodation	74%	2%		24%				60%
5520	Restaurants and bars	67%	18%	9%	44%	6%	0%		45%
<b>I</b>	<b>TRANSPORT, STORAGE, AND COMMUNICATIONS</b>								
6022	Taxi service	97%	16%		3%	2%			
6023	Freight transport by road	100%			50%				
6120	Inland water transport	100%							
6302	Storage & warehousing	100%	50%	50%	100%	50%			
6412	Courier activities				100%				
6420	Telecommunications								
<b>J</b>	<b>FINANCIAL INTERMEDIATION</b>								
6603	Insurance (except life)								
<b>K</b>	<b>REAL ESTATE, RENTING, AND BUSINESS ACTIVITIES</b>								
7010	Real estate purchase and sales	23%		22%	40%				78%
7020	Real estate services								
7111	Vehicle rental	23%	100%		1%				
7121	Agricultural machinery	85%	13%		13%	13%	15%		34%

ISIC Code	ISIC Label	Labor Standards	Over-time	Maternity Leave	Health Care Facilities	Safety Clothing	Safety Equipment	Chemical	Other
	rental								
7250	Office equipment repair	52%		48%		48%			48%
7411	Legal activities	100%	100%						
7414	Management consulting services	52%		48%		48%			48%
7430	Advertising	100%	100%						
7491	Employment services								
7492	Investigation & security services								
7494	Photographic services	68%	2%		95%	1%	1%	1%	
7499	Other business activities	58%	15%	11%	50%	29%	30%		1%
<b>M</b>	<b>EDUCATION</b>								
8090	Adult and other education	100%			92%				100%
<b>N</b>	<b>HEALTH AND SOCIAL WORK</b>								
8512	Medical & dental services	62%		62%	25%	61%	24%		38%
8519	Other human health activities	97%			33%	33%	33%		9%
8520	Veterinary activities								
<b>O</b>	<b>OTHER COMMUNITY, PERSONAL, AND SERVICE ACTIVITIES</b>								
9212	Movie theatre	100%							
9301	Cleaning clothing	50%	100%		25%				1%
9302	Hairdressing & other beauty treatment	67%	26%	0%	18%	1%	6%		37%
9309	Other service activities	62%	27%	0%	21%	0%			31%



**Table A-7: Current problems and start-up problem**

Type of problem	First current problem	Second current problem	First problem when starting	Second problem when starting
Lack of Investment Funds	6%	1%	48%	3%
Lack of Operating Funds	31%	4%	1%	0%
High Interest Rate	0%	0%	0%	0%
Unavailable Credit	0%	0%	0%	0%
Customers Not Repaying Credit	3%	3%	0%	1%
Poor fund management	0%	0%	0%	0%
Other Finance Problems	0%	0%	0%	0%
Tools Machinery Unavailable	0%	0%	0%	0%
Tools/Machinery Expensive	0%	0%	0%	0%
Repair Service Expensive	0%	0%	0%	0%
Spare Parts Unavailable	0%	0%		
Spare Parts Expensive	0%	0%		0%
Repair Service Unavailable	0%	0%	0%	0%
Other Tools/ Mach Problems	0%	0%	0%	0%
Not Enough Customers	8%	5%	1%	2%
Customers Do not know about MSE	0%	0%	0%	0%
Do not Know What Customers Want	0%	0%	0%	0%
Number of Larger Competitors Increasing	0%	0%	0%	0%
Number of Same Size Competitors Increasing	1%	1%	0%	0%
Low Prices Received	3%	2%	0%	0%
Shoplifting	0%	0%		0%
Orders Not Picked up	0%	0%	0%	0%
Reduced Customers due to Drought or Flood	0%	0%	0%	
Other Market Problems	1%	0%	0%	0%
Business Taxes	0%	0%		0%
Business Licenses	0%	0%	0%	0%
Foreign Exchange Constraints			0%	
Bribes to Govt officials	0%	0%	0%	0%
Bribes/Tolls to Others	0%	0%	0%	0%
Other Govt Problems	0%	0%	0%	0%
Shop Space Unavailable	1%	0%	1%	1%
Rent Expensive	0%	0%	0%	0%
Shop Space Inadequate	0%	0%	0%	0%
Poor Location	0%	0%	0%	1%
Zoning Problems	0%	0%	0%	0%
Lack of Shelter	0%	0%	0%	0%
Lack of Security	0%	0%	0%	0%
Other Shop/ Space	0%	0%	0%	0%
Raw Materials/ Stock Unavailable	0%	0%	0%	0%
Raw Materials/ Stock Expensive	1%	1%	0%	0%
Raw Materials/ Stock of Poor Quality	0%	0%	0%	0%
Raw Materials Storage problems	0%	0%	0%	0%
Other Input Problems	0%	0%	0%	0%
Public Transport Unavailable	0%	0%	0%	0%
Public Transport Expensive	0%	0%	0%	0%
Public Transport Inefficient		0%		
Need Own Transport Vehicle	0%	0%	0%	0%
Roads Are Bad	2%	2%	1%	2%
Flood problems	1%	1%	1%	0%
Other Transport Problems	0%	0%	0%	0%
Skilled Labor Unavailable	1%	1%	0%	0%
Skilled Labor Expensive	0%	0%	0%	0%
Unskilled Labor Unavailable				0%
Lack of Loyalty	0%		0%	0%
Lack of training facilities	0%	0%	0%	0%
High turnover rate	0%			

Type of problem	First current problem	Second current problem	First problem when starting	Second problem when starting
Other Labor Problems	0%	0%	0%	0%
Water/ Electricity Gas Unavailable	1%	1%	0%	0%
Telephone Service Unavailable		0%	0%	0%
Unreliable Supply	0%	0%	0%	0%
Water/Elec/Gas Expensive	0%	0%	0%	0%
Waste removal	0%	0%	0%	0%
Other Utilities Problems	0%	0%	0%	0%
Access to Training	0%	0%	0%	0%
Did not learn needed skills	0%	0%	1%	0%
Management Problems	0%	0%	0%	0%
Lack of support organization		0%	0%	0%
Other Technical Problems	0%	0%	0%	0%
Personal Health	1%	1%	0%	0%
Old Age	1%	0%	0%	0%
Child Care			0%	0%
Household Responsibilities	0%	0%	0%	0%
Mosquitoes, rats, insects	0%	0%	0%	0%
Theft/robbery	0%	0%	0%	0%
Any Other Problem	1%	1%	1%	1%
Weather	2%	2%	1%	1%
Fertilizer/Insecticide	2%	2%	1%	1%
Seeds	1%	1%	1%	1%
Irrigation	1%	1%	0%	0%
Yield/output	0%	0%	0%	0%
Livestock sickness	1%	0%	0%	0%
No Problems	25%	65%	36%	80%

**Table A-8: Reasons for enterprise closure**

Reason for Closure	Percentage reporting reason
Lack of Operating Funds	19%
Business Losing Money	16%
Customers Not Repaying Credit	8%
Lack of Investment Funds	6%
Personal Health	6%
Not Enough Customers/Lack of Demand	5%
Other Personal problems	5%
Old Age	4%
Low Prices Received	4%
Theft	3%
Started Another Business	3%
Bad Weather	3%
Other Govt Problems	2%
Govt Involvement/Harassment	1%
Household Responsibilities	1%
Other Finance Problems	1%
Management Problems	1%
Got a Job	1%
Other Input Problems	1%
Too Many Competitors	1%
Accidents	1%
Stock Goes Bad	1%
Raw Materials/Stock Unavailable	1%
Shop Space Unavailable	1%
Raw Materials/ Stock Expensive	1%
Skilled Labor Unavailable	0%
Repair Service Expensive	0%
Other Shop/Space	0%
Other Technical Problems	0%
Zoning Problems	0%
Other Market Problems	0%
Public Transport Unavailable	0%
Child Care	0%
Other Tools/ Mach Problems	0%
Being under Priced	0%
No Problems	0%
Poor Location	0%
Prices Fluctuating	0%
Business Licenses	0%
Rent Expensive	0%
Raw Materials/ Stock of Poor Quality	0%

## APPENDIX B: SURVEY LIMITATIONS

There are several limitations of the survey, which should be recognized when interpreting the results. Some of these are listed below.

**Lack of cooperation from large-scale enterprises.** Although the overwhelming majority of proprietors cooperated with the enumerators, many of the large-scale enterprises did not want to participate in the survey. Because of the large number of refusals among these two groups, the results are no longer representative of the larger population. This data was, therefore, analyzed separately from the rest of the data.

**Imprecise estimates of enterprises in commercial and industrial enumeration areas.** As mentioned in Section 2, commercial and industrial enumeration areas are not identified by the BBS. For this reason, the survey had to employ local experts to identify these areas on regional maps. At the time that the survey was designed, commercial and industrial areas were identified in six cities: Dhaka, Khulna, Chittagon, Rajshahi, Jessore, and Bogra. These areas were divided into one-quarter kilometer lengths and numbered sequentially. Some of these areas were then randomly selected to be included in the survey. This method is not precise since some of the industrial or commercial areas in these cities may have been excluded.

Following the data collection, local experts agreed that there are probably many more commercial and industrial areas outside of the six cities mentioned above that should have been included in the survey. Although it was too late to include these since the sample had already been drawn and the data collection had been completed, the number of additional areas was estimated in order to include this in the weighting factors for commercial and industrial areas. This creates a bias since these additional areas did not have the possibility of being selected into the sample. If they were excluded from the weighting factors, however, the weights would underestimate the number of commercial and industrial areas. For this reason, they were included in the weights.

Unlike the first set of commercial areas that were identified on maps, the team of local experts felt that all cities with more than 75,000 people were likely to have commercial areas at their center. Because maps with the exact locations of these centers were not available, however, the average of the number of clusters per person was calculated for the five cities where the maps were marked. This average was then multiplied by the population for each city with more than 75,000 people and the number of commercial clusters was then added together to use in the calculation of the weights. Again, while this is not precise, ignoring these additional commercial centers would lead to underestimates of the total number of enterprises in Bangladesh.

**Enumeration areas that could not be reached.** During the course of the fieldwork, there were seven enumeration areas that were selected as part of the sample, but they could not be reached. In two of the seven cases, the enumerators were denied access to enter an enclosed compound. In two other areas, the enumerators could not reach the designated site because of transportation problems and riverside erosion of the area. In one case, the BBS staff could not locate the map for the selected area. Finally, in the last two cases, the map provided by the BBS was not readable.

**Estimation of enterprises at closed households.** As described in Section Two, no one was at home at 3,322 households on the day that the enumerators visited the enumeration areas. In order to make an assumption about how many enterprises would be at these closed households, enumerators returned to the closed households in five percent of the enumeration areas. When they returned to these areas, 38

percent of households were closed a second time. The assumption was made that these households would have the same number of enterprises as the closed households where someone was home the second time. Because the survey did not return to all closed households and because some of the households were closed a second time, it should be kept in mind that the estimate of enterprises at closed households is not precise.

**Imprecise estimates of profits.** Information on enterprise profits was collected as part of this survey. Because most enterprises do not keep accounting records, it is extremely difficult to obtain accurate profit data from a single-visit survey. Furthermore, when profit data are available, firms are reluctant to reveal this information. All profit data presented in this report should, therefore, be treated with caution.

**Exclusion of the haat activities or weekly markets in rural areas.** Enterprises that only sell goods at the haat or weekly markets in rural areas were not included in the survey. If a weekly market was located within the boundaries of an enumeration area and it was active on the day that the enumerators were conducting interviews, the enumerators asked each seller if she or he was there everyday. If they were, the activity was counted as an enterprise. If they only sold goods on a weekly basis at the haat, they were excluded. Although traders at weekly markets may represent a very small proportion of all enterprise activity in Bangladesh, their exclusion may lead to under-representation of trade and production activities unique to these markets.

**Enumerator misunderstanding of outsourcing and embedded services.** During the training week, enumerators were trained to ask questions on Table 4 related to outsourcing and embedded services. Because of the low number of responses to these questions, the donors who funded the survey felt that the enumerators did not fully understand this table. They therefore held a one-day training period on May 3, six weeks after the survey began. Following this additional training, many more questionnaires were submitted with Table 4 completed. The data from Table 4 that had been completed before the special training period were deleted from the data set. The data in Table 4 that were submitted after the training were, therefore, weighted more heavily to reflect the smaller sample size. Although the larger weight will more accurately reflect the results for this section of the questionnaire, it should be kept in mind that the data from Table 4 are no longer a truly random sample. Instead, these data represent the set of proprietors who happened to be scheduled for interviews following the extra training session.

**Underestimation of illegal businesses.** Lack of cooperation from illegal businesses will also lead to underestimation of the total number of enterprises in Bangladesh. Illegal businesses can be categorized into two groups: (1) enterprises that perform *legal* activities without a required license or permit; and (2) enterprises that perform *illegal* activities forbidden by the law. The first type of enterprise will typically cooperate with the survey. It is difficult to determine, however, how many of the unregistered enterprises are required to have licenses or permits. The latter category of enterprises is more difficult to identify and interview. Enumerators were instructed to interview these enterprises only if the respondent was willing and if the interview would not jeopardize the safety of the enumerator. While some illegal activities were included in the survey, it is impossible to determine how many were missed.

**APPENDIX C: NATIONAL PRIVATE SECTOR SURVEY OF ENTERPRISES  
IN BANGLADESH, 2003  
DFID, USAID, SDC, and Sida**

**EXISTING ENTERPRISE QUESTIONNAIRE  
CONFIDENTIAL!**

*For supervisor and office use:*

Date Proofed: (DD/MM)	Date Entered: (DD/MM)	Date Verified: (DD/MM)	ID #:
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**SECTION A: PROFILE OF ENTERPRISE, EMPLOYMENT, AND PROPRIETOR**

PSU. Village Name \_\_\_\_\_ PSU \_\_\_\_\_

A1. Enumerator Name \_\_\_\_\_ A1 \_\_\_\_\_

A2. Enterprise type \_\_\_\_\_ A2 \_\_\_\_\_  
*(Write out description of enterprise type and enter appropriate code later.)*

**For AGRICULTURAL HOUSEHOLDS: include up to 2 additional crops that are sold: variables A2B, A2C**

A3. How was the enterprise started? A3 \_\_\_\_\_  
 1) The founder was skilled in this activity -1) DNK (Do Not Know)  
 2) The founder thought that it would be profitable  
 3) The current owner took over the business from his/her family  
 4) Capital requirements for this line match what the founder had available  
 5) This is the only thing the founder was able to do; no other alternative  
 6) Other, namely \_\_\_\_\_

A4. Type of ownership A4 \_\_\_\_\_  
 1) Sole proprietorship 5) Limited liability, publicly traded 9) Other  
 2) Partnership 6) Limited liability, not traded -1) DNK (Do Not Know)  
 3) Cooperative 7) Joint Venture – partly foreign owned  
 4) Subsidiary 8) Franchise

*NOTE: do NOT interview division/branch of larger enterprise*

*(A5a + A5b + A5c = 100%)*

A5a.	What percentage of the enterprise is owned by the domestic private sector?	A5a	%
A5b.	What percentage of the enterprise is owned by foreign private sector?	A5b	%
A5c.	What percentage of the enterprise is owned by government?	A5c	%

A6. What is the highest level of education completed by owner/majority shareholder? A6 \_\_\_\_\_  
 1) None 5) Higher Secondary/College/Diploma Engineering  
 2) Primary (5 years of schooling) 6) University/Bachelor/Graduate degree/Diploma Comp. Science  
 3) Vocational Education 7) Post graduate/Masters degree  
 4) High School 8) Ph.D. -1) DNK (Do Not Know)

A7. What is the gender of the owner or majority shareholder? A7 \_\_\_\_\_  
 1) Female, one proprietor 3) More than one female 5) Mixed gender  
 2) Male, one proprietor 4) More than one male

A8. What is the main location of enterprise?

A8 \_\_\_\_\_

- 1) Home
- 2) Traditional market (daily)
- 3) Shop (in permanent structure)
- 4) Roadside/Riverside (kiosk, not permanent)
- 5) Mobile enterprise
- 6) Industrial site building
- 7) Other \_\_\_\_\_

AGRICULTURAL HOUSEHOLDS = "Home"  
-1=DNK

A9.	What year did the enterprise start? For <i>AGRICULTURE</i> : when did current household start making cropping decisions?	A9	
A10.	If started in 2002 or 2003, what month did the enterprise start? (see codes)	A10	
A11.	If more than one year old, how many months per year does the enterprise operate?	A11	
A12.	How many days per month does the enterprise operate? <i>Common answers</i> : All days of month = 30; Six days/week = 25; Five days/week = 20	A12	
A13.	On average, how many hours per day does the enterprise operate?	A13	

A10 codes:            1) January    3) March    5) May    7) July    9) September    11) November  
                         2) February    4) April    6) June    8) August    10) October    12) December

Table 1: How many employees does the enterprise have, including yourself? (*Enter "0" if no workers.*) -1=DNK

		Number of Male Employees	Number of Female Employees
<b>Employees 15 and older:</b>	<b>EMP</b>	<b>MALES</b>	<b>FEMALES</b>
Working owners	1		
Family members – paid	2		
Family members – unpaid	3		
Paid workers – non family	4		
Paid workers – non family in-kind (food)	5		
Apprentices (15 and older)	6		
<b>Youth workers (under 15)</b>			
Working owners (under 15)	7		
Family members – paid	8		
Family members – unpaid	9		
Paid workers – non family	10		
Paid workers – non family in-kind (food)	11		
Apprentices (under 15)	12		
<b>Total number of workers and part-time workers</b>			
Total number of workers (ALL full and part time workers)	13		
Number of part-time workers	14		

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**SECTION B: ENTERPRISE CONSTRAINTS**

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B1a-b. Please tell us 2 of the biggest problems the enterprise encountered while starting business.

(Enumerator: NO SUGGESTIONS – write down the answer and enter appropriate code later.) -1=DNK

a. \_\_\_\_\_ B1a \_\_\_\_\_

b. \_\_\_\_\_ B1b \_\_\_\_\_

B2a-b. Please tell us 2 of the biggest problems the enterprise currently encounters in running business.

(Enumerator: NO SUGGESTIONS – write down the answer and enter appropriate code later.) -1=DNK

a. \_\_\_\_\_ B2a \_\_\_\_\_

b. \_\_\_\_\_ B2b \_\_\_\_\_

Table 2. Please tell us which, if any, of the following problems this enterprise has encountered. (*Do NOT use N/A*)

Type of problem:	TYPE	Problem for enterprise operation
		PROB
Electricity	1	1=no problem -1=DNK 2=small problem -2=Refused 3=serious problem
Water availability	2	
Sewer, rubbish disposal	3	
Natural gas/fuel availability	4	
Telecommunications	5	
Floods and natural disasters	6	
Access to land	7	
Road conditions (quality, lack of roads)	8	
Transportation to market (quality, distance, ease)	9	
Access to appropriate buildings	10	
Access to or use of equipment (owned, rented)	11	
Skilled labor (availability, quality)	12	
Inputs/raw materials (access, quality)	13	
Product development	14	
Too many competitors	15	
Anti-competitive practices	16	
Lack of market information (prices, etc.)	17	
Crime, theft, and disorder	18	
Access to finance	19	
Company registration	20	
Labor regulations	21	
Tax rates, administration of taxes (VAT, bribes)	22	



Copyrights and patents	23	
Macroeconomic instability (inflation, exchange rate)	24	
Corruption – speed money	25	
Political influence (local politicians or other pressure)	26	
Customs and trade regulations (inc. export to India)	27	
Trade, international agreements, standards	28	
Other, namely	29	

B3.	Has the enterprise received informal credit for business? <b>If NO, continue to B4</b> -1=DNK; -2=Refused	1=Yes; 2=No	B3	
	<b>If YES, where did the enterprise receive credit?</b>			
B3a.	Loan (interest free) from family or friends	1=Yes	B3a	
B3b.	Loan (not free) from family and friends	1=Yes	B3b	
B3c.	Credit cooperative	1=Yes	B3c	
B3d.	Money lender	1=Yes	B3d	
B3e.	Are there loans outstanding to be paid?	1=Yes; 2=No; -1=DNK; -2=Refused	B3e	
B3f.	Approximately how much remains to be paid? (Taka); -1=DNK; -2=Refused		B3f	

B4.	Has the enterprise received formal credit for business? <b>If NO, continue to B7</b> -1=DNK; -2=Refused	1=Yes; 2=No	B4	
	<b>If YES, where did the enterprise receive credit?</b>			
B4a.	Loan from clients/suppliers, buyers credit, letters of credit	1=Yes	B4a	
B4b.	Lease/hire-purchase	1=Yes	B4b	
B4c.	Modaraba – Islamic instrument	1=Yes	B4c	
B4d.	Bank overdrafts	1=Yes	B4d	
B4e.	Commercial or Nationalized Bank	1=Yes	B4e	
B4f.	Which bank? <i>(write answer and code later)</i>		B4f	
B4g.	NGOs	1=Yes	B4g	
B4h.	Which NGO? <i>(write answer and code later)</i>		B4h	
B4i.	Other Financial Institution	1=Yes	B4i	
B4j.	Which one? <i>(write answer and code later)</i>		B4j	

B5.	Are there formal loans outstanding to be paid? 1=Yes; 2=No; -1=DNK; -2=Refused		B5	
B6.	Approximately how much remains to be paid? (Taka); -1=DNK; -2=Refused		B6	
	<b>Skip to the next section</b>			

B7. Do you know why the enterprise did not receive credit? B7 \_\_\_\_\_  
 1) Applied, but rejected 6) Afraid that I can't pay back so I don't apply  
 2) Don't need credit 7) I'm sure that I would never get credit  
 3) No collateral for credit 8) Interest rates/service charge are too high  
 4) Don't know where to apply 9) Other, namely \_\_\_\_\_  
 5) Bank forms too complicated -1=DNK; -2=Refused

**SECTION C: BUSINESS RELATIONS**

C1. Does the enterprise share production or staff with other firms? C1 \_\_\_\_\_  
1=Yes; 2=No; -1=DNK

C2. Is the enterprise a member of the chamber of commerce or business associations? C2 \_\_\_\_\_  
1=Yes; 2=No; -1=DNK

**If NO, skip to C4.**

Table 3. Please tell us why you are a member of the chamber of commerce or business associations. -1=DNK

Type of organization	Member 1=Yes; 2=No	Is this association useful? 1=Yes; 2=No	Why is the enterprise a member of this organization? 1=Yes; 2=No					
			Security	Information	Advocacy	Network, links	Legal requirements	Other (record reason)
ORG	MEM	SAT	SEC	INFO	ADV	NET	LEG	OTH
1- Informal								
2- Samity								
3- Sector association								
4- Chamber of Commerce								

C3. How many associations does the enterprise belong to? (number) -1=DNK C3 \_\_\_\_\_

**Now skip to C5, below.**

C4. **If not a member of the chamber of commerce or business association, why not?** 1=Yes; -1=DNK

It is not relevant to our line of business	C4a	
It does not provide tangible benefits to its members	C4b	
My membership was not renewed	C4c	
Membership fee is too expensive	C4d	
Obstacles have been put in the way	C4e	
Associations do not exist in this region	C4f	
Other, namely _____	C4g	

C5. Has the enterprise asked for external advice or services and/or does it outsource or receive services via "embedded services"? 1=Yes; 2=No; -1=DNK; -2=Refused C5 \_\_\_\_\_  
*(Give examples from Table 4 and explain what this means.)*

**If answer is YES, skip to Table 4, next page**

C6. Why don't you subcontract any firms to do work for you? C6 \_\_\_\_\_



My business has become too complicated to manage without it	C7d	
I wanted to increase my client base, and increase my market	C7e	
My competitors had started to use this service	C7f	
I needed to have this service for legal reasons (compliance with a law)	C7g	
I was strongly advised by a friend/colleague to use this service	C7h	
Other, namely _____	C7i	

**SECTION D: FINANCIAL DATA FOR SOLE PROPRIETORSHIPS ONLY**

	1=Yes; 2=No; -1=DNK; -2=Refused		Value (Taka)		How often? (see codes)
Does your household consume or use any of this business' products or services?	D1		D1a		D1b
Do you use part of the money you get from this business for yourself or for your household?	D2		D2a		D2b
After making purchases for the business and after using some money for yourself or your household, is there usually any money left?	D3		D3a		D3b

Time period codes: 1=daily 2=weekly 3=monthly 4=quarterly 5=semi-annually 6=yearly

D4. Considering all sources of cash income for your household including remittances, what proportion of household income does this business provide?

D4 \_\_\_\_\_

- 1) Provides all or almost all
- 2) Provide more than half
- 3) Provides about half
- 4) Provides less than half
- 5) Provides nothing
- 1) DNK
- 2) Refused

**SECTION E: FINANCIAL DATA – FOR ALL TYPES OF ENTERPRISES**

Table5. What were your costs of doing business in the recent past, NOT including the cost of the products that you sold?  
(Record a zero if the business does not have a cost in the listed category)

Cost Category	CATEG	Cost (in Taka) 0 if no cost -1=DNK; -2=Refused	Time period 1=day; 2=week; 3=month; 4=quarterly; 5=semi-annually; 6=year
Cost Category	CATEG	COST	TIME
Paid labor: salaries	1		
Paid labor: piece workers	2		

Paid labor: other	3		
Rent of shop or storage space	4		
Cost of loan (interest costs)	5		
Utilities (gas, electricity, water)	6		
Utilities (stand-by generators)	7		
Telephone bills	8		
Expediting services to deal with authorities (bribes, speed money)	9		

1=Yes; 2=No; -1=DNK

E1.	Does the enterprise rent (hire) any of the following for use in business?	E1a.	Transportation equipment	
		E1b.	Machinery/tools	

E2a. On average, how much were your total sales? (Taka) -1=DNK; -2=Refused E2a \_\_\_\_\_  
*AGRICULTURE: total sales from all crops sold.*

E2b. What time period? 1=day; 2=week; 3=month; 4=quarterly; 5=semi-annually; 6=year E2b \_\_\_\_\_

E3. If more than 5 years old, have your profits increased over the last five years? E3 \_\_\_\_\_  
 1=Yes; 2=No; -1=DNK; -2=Refused; -3=N/A

E4. Do you expect your profits to increase over the next five years? E4 \_\_\_\_\_  
 1=Yes; 2=No; 3=Unsure;  
 -1=DNK; -2=Refused; -3=N/A (not expecting to continue)

E5a. On average, how much were your profits? (Taka) -1=DNK; -2=Refused E5a \_\_\_\_\_  
*AGRICULTURE: total profits from all crops sold.*

E5b. What time period? 1=day; 2=week; 3=month; 4=quarterly; 5=semi-annually; 6=year E5b \_\_\_\_\_

Table 6. Please tell us about the machinery, equipment, hand tools, and buildings that are **owned** by this enterprise that last at least 3 years and worth more than 1,000 Taka each.

*NOTE: Each row for a separate asset*

*NOTE: Purchases of multiple units of the same asset, at the same time, can share one row*

*NOTE: If asset owned less than one year, or business less than one year old, enter LONG=1*

*NOTE: If "Do Not Know" enter -1=DNK*

**AST code:** 1=Machinery or equipment 2=Hand tools 3=Buildings 4=Transportation equipment 5=Furniture 6=Other

*AGRICULTURE:* 7=Working Livestock 8=Productive Livestock

Type of asset	Asset code	How many?	How many years have you had this asset?	How many more years will it last?	How much did it cost to purchase? (Taka/unit)	How much would it cost to replace? (Taka/unit)
Item description	AST	NUM	LONG	LAST	PURCH	REPL



F1e.	Dust generation	1=Yes	F1e	
F1f.	Other, namely:	1=Yes	F1f	

F2.	Does the enterprise have benefits (beyond standard wages) for the well-being of employees? 1=Yes; 2=No; -1=DNK; -2=Refused; -3=N/A		F2	
<b>If NO, continue to next section</b>				
<b>If YES, What types of policies?</b>				
F2a.	Labor standards (contracts, minimum wage, fire regulations)	1=Yes	F2a	
F2b.	Overtime benefits	1=Yes	F2b	
F2c.	Maternity leave benefits	1=Yes	F2c	
F2d.	Health care facilities for employees	1=Yes	F2d	
F2e.	Safety clothing (goggles, gloves)	1=Yes	Fde	
F2f.	Safety equipment	1=Yes	F2f	
F2g.	Chemical safety	1=Yes	F2g	
F2h.	Other, namely	1=Yes	F2h	

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**SECTION G: ENTERPRISE IDENTIFICATION – FOR ALL ENTERPRISES**

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We intend to repeat this survey in five years. To do so, we will want to return to the same enterprises.  
For that reason we would like to know:

G1. Name of proprietor \_\_\_\_\_

G2. Name of enterprise  
\_\_\_\_\_

G3. Is this enterprise registered?      1=Yes 2 = No; -1=DNK; -2=Refused; -3=N/A      G3 \_\_\_\_\_

G4. Address of enterprise or description of physical location (*how can we find this enterprise in five years*).  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FGD: Is this enterprise interested in participating in a Focus Group Discussion?      FGD \_\_\_\_\_  
1=Yes 2=No; -2=Refused; -3=N/A (Not Asked)

