

## Press Release: "ACCESS TO FINANCE FOR SME & IMPACT ON JOB CREATION: Based on IDLC by PRI"

Tuesday, Nov 24, 2020

September 24, 2020

To The Editor

SME Led Employment Soars up to 105.7% since Business Inception:

IDLC and Policy Research Institute Study Reveal

- 7% employment growth in all sample enterprises from inception to 2019
- Female-owned sample businesses led employment growth at 146.2 %
- The largest employment growth was in the service sector 174.2 % followed by manufacturing sector 131 %

IDLC Finance Limited and Policy Research Institute (PRI), Bangladesh have jointly conducted quantitative research titled 'ACCESS TO FINANCE FOR SME & IMPACT ON JOB CREATION: EMPIRICAL EVIDENCE BASED ON IDLC FINANCE LTD'. The research assessed 782 IDLC SME clients across the country and covered information from their inception to 2019. The study

reveals 105.7% growth in employment generation by SMEs from its inception time.

Senior Economist, Academician and Member of PRI, Dr Bazlul Haque Khondker presented the findings supported by his analysis over a virtual press conference on 24 November 2020. Dr Ahsan H Mansur, Executive Director, PRI Bangladesh; Arif Khan, CEO and MD, IDLC Finance Ltd; eminent journalists, IDLC and PRI officials were present during the paper presentation followed by an interactive question and answer session. The session was moderated by Dr Sayema Haque Bidisha, Professor, Department of Economics, Dhaka University.

The objective of the study was to assess the employment impacts of IDLC loans to the SMEs considering the following aspects by

- (i) Gender of (female and male) entrepreneurs);
- (ii) Types of enterprises (manufacturing, services, trading and agro-business);
- (iii) Major job categories (labor/worker, skilled workforce, salesperson, and executives);
- (iv) Loan sizes (below 10 lacs, 10 -25 lacs, 25-50 lacs, 50-75 lacs) and
- (v) Locations or regions of their operations.

Growth in employment generation in IDLC assisted SMEs were large - over 100%; the time frame considered here is from inception to 2019. Employment generation in female-owned sample enterprises was significantly higher, 40.5 percentage points above the overall average increase in employment for the whole sample. Highest employment growth was recorded in the service (174.2%) and manufacturing (131%) enterprises over the entire period (i.e. from inception to 2019). The highest growth rate has been found for salaried jobs

with 134% over the period. This form of employment is more stable, creates a predictable income stream for the workers.

On this note, Dr Ahsan H Mansur stressed, “This is an extremely trying time for both the MSMEs and IDLC itself, like all other lending institutions in Bangladesh. Financial institutions including IDLC would need to help the MSME clients to help them get out of the difficult situation. Most MSMEs will need rapid disbursing financial support from the lending institutions, including from IDLC. In this extremely difficult time, all stakeholders must work together in their mutual interest and the interest of the country.”

Arif Khan, CEO and MD, IDLC Finance Limited representing the initiator and sponsor of the project said, “At IDLC along with MSMEs we relentlessly work for Women Entrepreneurs too. We have seen a positive impact in economy for such effort from the research findings. The findings of the study reinstate the fact that funding MSMEs is not only profitable, this also has important macro-economic impact such as employment creation.”

It is important to note that IDLC’s 46% of the portfolio consists of SME business. The empirical evidence from this study is further inspiring for IDLC as a key SME financier.

\*\*\*

IDLC Media Contact

-



Press Release: "ACCESS TO FINANCE FOR SME & IMPACT ON JOB  
CREATION: Based on IDLC by PRI"

Md Ferdousul Islam

Cell: 01717315087

E mail: [Ferdousul@IDLC.com](mailto:Ferdousul@IDLC.com)