

Situation of Women CMSME Entrepreneurs and Informal Sector Workers

A rapid assessment and quest for recovery from losses induced by COVID-19 pandemic



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Advocacy for Social Change (ASC)
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Research Team of Advocacy for Social Change (ASC)



Executive summary

COVID-19 pandemic poses impacts on the livelihoods of people in different manners. Some people were able to continue their income opportunities, however, many people had no options but depending on relief and humanitarian assistance. Women in the labour force, already being one of the most vulnerable groups owing to their nature of work and social status, have been affected disproportionately by the heat of the pandemic. Understanding the policy and intervention settings concerned with the economic recovery of the crisis necessitates evidence of the unique challenges that the women workforce faced during the pandemic. The study aimed at understanding the situation of women from two dimensions. The first dimension covered the women entrepreneurs who are self-employed and generate employment for others while the second one covered the women workers who work in the most vulnerable informal sectors. The Gender, Justice and Diversity (GJD) programme of BRAC, with support from Advocacy for Social Change (ASC), conducted a sample survey with 1,589 respondents (589 women-led CMSMEs and 1,000 informal sector workers) from all administrative divisions of Bangladesh. While evidencing the challenges the women faced during the pandemic the study provides some policy and programmatic recommendations.

The findings suggest that the selected women entrepreneurs and informal sector workers significantly contribute to their families with their income. Food expenditure was found to be the primary area of expenditure for both entrepreneurs and workers. More than a quarter of the entrepreneurs (28%) and more than half of the informal sector workers (57%) mentioned food expenses as the primary expenditure. The percentage was even higher for the female-headed households (63%) of the informal workers, compared to the male-headed households. The second common area of expenditure was the education of children for informal sector workers (13%), however, re-investment in businesses for the women entrepreneurs (27%).

The women interviewed, both from the entrepreneurs and informal sector workers, faced social, economic and mental challenges during the pandemic. Most of the entrepreneurs (90%) and informal sector workers (84%) reported that they faced multiple challenges – at the higher rates in urban areas. For informal sector workers, the higher percentage of workers who migrated from rural to urban areas reported more challenges (88%), compared to those who migrated from urban to rural locations (83%). Among the entrepreneurs who



had the businesses on jute products, handicrafts and online shops, all of them reported they faced challenges the most. Among the informal sector workers, women construction workers (95%) were the worst victims of economic hardship that they faced during the pandemic.

The women informal sector workers who head their households reported challenges at higher rates (87%), compared to those who are not the main income earners or decisions makers in their households (80%). The major challenges reported by two-thirds of the entrepreneurs (65%) were having no income, while one-third (33%) of them reported their businesses were not in operation during the pandemic. More than one-third of the entrepreneurs (41%) reported that they had to lay off their employees during the lockdown situation. On the other hand, more than half of the informal sector workers (58%) mentioned having no job and around half of them (49%) mentioned they couldn't go to work due to lockdown. While a majority of the entrepreneurs (86%) mentioned that they could not take any measure to cope with their business-related challenges, more than one-third of informal sector workers (39%) mentioned that they had to borrow money from friends and relatives to survive.

Having no job or no business operation during the lockdown had quite a significant impact on the income of the respondents from both groups. Personal income reduced by 67% for women entrepreneurs and 66% for informal sector workers between February and June of 2020. The beauty parlour workers (80%), jute/other handicraft entrepreneurs (75%) and garments and accessories entrepreneurs (75%) had the highest reduction in income. Besides, the entrepreneurs had a loss of BDT 289,605 in business on average. The amount was BDT 175,320 for cottage, BDT 188,466 for micro, BDT 885,850 for small and BDT 3,433,333 for medium-sized enterprises. Household income also dropped for both groups – the reduction was 45% for women entrepreneurs and 59% for informal sector workers. Again, female-headed households of informal sector workers were more vulnerable as their household income dropped more (63%), compared to the male-headed

households (53%). Migrated workers also reported a higher reduction in both personal and household income (78% and 62% respectively), compared to non-migrated ones (65% and 58%).

The income reduction had an impact on the food expenditure of the households – monthly per capita food expenditure declined. The reduction was higher among the informal sector workers (14%), compared to the women entrepreneurs (5%). Both of the groups mentioned income reduction as the main reason behind the decreased expenditure on food.

Mental strength was significantly impacted by the challenges and resulted in economic distress during the pandemic. Most of the entrepreneurs (90%) and informal sector workers (97%) having reduced income said that their mental health was affected due to the economic tension. The widowed, divorced and married women reported higher mental impact than that of the unmarried respondents experienced. Both the workers and entrepreneurs also reported deterioration of their position in their family, which they realised when their income reduced. Around half (46%) of entrepreneurs and more than two-thirds (72%) of informal sector workers reported problems they faced within the family. The rise in household-level stress was the major problem reported by both of the groups (33% entrepreneurs and 56% informal workers).

Some entrepreneurs (6%) and informal sector workers (5%) reported they encountered incidence of domestic violence – both mental and physical. Although domestic abuse was somewhat under-reported, the distress was reflected in the respondents' mention of family tension and requirement of mental health-related support. More than a quarter of the entrepreneurs (28%) and one-third of the informal sector workers (42%) stated that they would require professional support to deal with their mental impact that COVID-19 brought on to their lives.

Several interventions were undertaken across the country to offset the adverse socio-economic impacts induced by COVID-19, but the impact of the interventions seemed to be meagre. The government declared a notable package of BDT 20,000 for the CMSMEs, but most of the women entrepreneurs were found to be unaware of it. Only 29% of women entrepreneurs knew the package (23% of the cottage and 50% of medium-sized entrepreneurs) and less than half of them tried to avail it. However, the educated entrepreneurs knew about or tried to avail the package more. More than one third (38%) of the women entrepreneurs were found to hold no trade license and two thirds (66%) did not have the experience of dealing with banks and hence they were not much enthusiastic about the package. Most of the entrepreneurs (97%)

argued that they would face multiple challenges in availing the fund and therefore would opt more for informal sector loans. Around half of the entrepreneurs (49%) mentioned that they would go for NGO loans (higher for cottage and micro enterprises).

While the women entrepreneurs did not get many benefits of the stimulus, the social safety net schemes for the informal sector workers also seemed to be inadequate. More than half (57% overall, 72% in rural and 49% in urban areas) of the workers reported that they were not provided with any form of assistance – by the government, NGOs or private donors.

The women entrepreneurs and workers expressed their hope for getting more support, however, beyond the costly credit-dependent stimulus package. A majority (83%) of informal sector workers expressed their hope for getting cash support to retain their livelihoods. On the other hand, the entrepreneurs would opt for getting credit, but at easier terms and lower rates of interest (79%). More than half (56%) of the entrepreneurs also thought that the financial support should come as assistance; not as a credit liability, considering the loss they incurred during the pandemic.

Women's awareness of health and safety issues was found to be encouragingly high. The women entrepreneurs stated their plan to focus on their employees' health and safety (57%) and social distancing (13%) when businesses resume. The informal sector workers also largely prioritised these matters. Interestingly, the rural level respondents mentioned the health safety issues more (42% health safety and 31% social distancing) than the urban (31% health safety and 21% social distancing).

Targeting the informal sector workers for reaching out to them with direct cash transfer or other safety-net benefits was found to be a major issue during the pandemic. A national database of such workers could facilitate the process of targeting. Some formalisation is required in the informal sectors as well for ensuring the basic rights of the workers. Credit disbursements through MFIs should be encouraged more both for entrepreneurs or informal sector workers as they are more comfortable with the mode. The existing mechanisms for gender-based supports need to be made stronger. Newer modalities for providing support considering the changed dimensions should also be introduced.

The COVID-19 pandemic has clearly pointed out some loopholes and weaknesses present in the socio-economic and policy landscape of the country. Such indications can be transformed into opportunities. It has been long since the country is trying to reach the next level of economic empowerment for women by taking them up in the value chain and integrating them into the global value chain.

1. Introduction

1.1 Background

The socio-economic empowerment of women has triggered the overall development pathway of Bangladesh. The country has set praiseworthy examples in improving education, health, food security and economic opportunity for women. In the latest World Economic Forum (WEF) Gender Gap Report 2020, Bangladesh ranks 50th position among 153 countries. Among the South-Asian countries, Bangladesh tops the list in terms of gender parity.

The gender-inclusive development policy landscape in Bangladesh has largely resulted in improved economic solvency for women. Following that, the participation of women in the labour force has increased from 15.8% in the mid-1990s to almost 35.6% in 2016/17¹. However, it is also worth mentioning that although the numbers have increased, the quality of employment has not improved at the same time and women are still found to be engaged mostly in low-paid and non-recognised productive activities. Their access to finance, resources, and information is still very low, compared to their male counterparts and women in Bangladesh are still engaged in low-paid work at the bottom of value chains and mostly in the jobs, which are vulnerable in nature. According to the Bangladesh Bureau of Statistics (BBS), 91.8% of the female workforce are involved in the informal sectors (LFS 2016-17). On the other hand, only 5.9% of all enterprises are owned by 0.43 million women entrepreneurs in the country. The very nature of the cottage, micro, small and medium-sized enterprises (CMSMEs) coupled with the low shock-absorbing capacity of women due to various socio-economic and cultural challenges makes them vulnerable to any crisis or disaster.

As the COVID-19 pandemic has brought on significant socio-economic distress in all spheres of life, it is of no surprise that women would be the hardest-hit owing to their pre-existing inequalities and discriminatory social norms. They are struggling with rising multi-care responsibilities, social distress and beyond that their economic empowerment has also been shattered. A recent report (UN Women, 2020) shows that 53% of women have seen a reduction in paid work hours compared to 31% of men. In terms of savings and properties, two-thirds of women (66%) reported a decrease while it was for 54% of men, during the pandemic. A BRAC study (2020) found that the economic impact of COVID-19 has a gender face. The report shows that women-headed households encountered more income reduction (80%) compared to men-headed households (75%). The economic impact has also influenced the family life of women. The



restrictions in movements and social isolation measures have impacted income opportunities and have left women without any form of economic activity. For small businesses and own-account workers, the supply chain disruptions and reduced market demand have resulted in additional miseries. More importantly, the economic downturn has also created risks for the women labour force, to get re-integrated in the labour market, once the pandemic is over.

In this backdrop, it is of paramount importance that the economic recovery model takes a gender-sensitive approach and keeps gender inclusivity a priority in policymaking. To understand the dynamics of the impact of COVID-19 on women, BRAC Gender, Justice and Diversity Programme, with support from Advocacy for Social Change (ASC), undertook the study to look into the situation of women informal sector workers, the largest contributor to the female labour force, and women-led Cottage, Micro, Small and Medium-sized Enterprises (CMSMEs) who contribute to both gross domestic products (GDP) and female employment generation. Through generating evidence and expert opinions, the study provides recommendations on how policy-level interventions might address the concerns and retain the trend of socio-economic empowerment of women in Bangladesh.

1.2 Objectives of the assessment

- To analyse the present situation of and anticipation about the post-COVID-19 impact on women involved in small businesses, home-based entrepreneurship and working in informal sectors;
- To analyse women's access to the COVID-19 stimulus packages that the government has declared and identify the gaps, if any, to address the development challenges of women during and post-COVID-19 and if those packages are women-friendly; and
- To recommend women-focused stimulus packages and policy recommendations for creating post-COVID-19 enabling economic environment for women and ensuring gender responsiveness in recovery plans.

¹Women Entrepreneurs in SMEs: Bangladesh Perspective, BIDS, 2018

2. Methodology

2.1 Study locations and methods of data collection

Considering the nature of the topic, the research was designed as a mixed-method study where both qualitative and quantitative approaches were used. The quantitative part mostly took an analytical approach while the qualitative part maintained an interpretive approach. To supplement the survey with deeper insights and to reveal the discursive aspects of the phenomenon captured by the survey, a qualitative inquiry was carefully designed. Appropriate qualitative tools were employed throughout the study to get a comprehensive understanding of the context.

In the quantitative part, a telephone survey was used, wherein qualitative part In-depth Interviews (IDIs), Key Informant Interviews (KIIs), and review of literature (newspaper, relevant literature, documents, reports, op-eds etc.) methods were deployed. The survey and most of KIIs and IDIs were conducted over phone maintaining proper research ethics and protocols. The main reason for applying telephone survey was to maintain proper physical distancing and safety measures of COVID-19.

The telephone survey was carried out throughout the country by ensuring representation of all administrative divisions of Bangladesh. Enumerators were given extensive training before the survey was run in the field. The survey was conducted during 8-24 July 2020. Considering that some of the information and questions might include sensitive information, majority of the enumerators were chosen from female (80%). A total of 1,589 women entrepreneurs and informal sector workers were interviewed for the sample survey, of which 589 were women entrepreneurs and 1,000 were women workers. According to the SME Women Enterprise Directory 2015, a total of 7,047 women-led SMEs operate in Bangladesh. With 95% confidence level and 5 confidence interval, the total sample size for the women-led SMEs stands at 364. However, to maintain the rigour and validity, the sample size was increased to 600. During data cleaning, data provided by 11 respondents were found to be incomplete and inconsistent and for this reason, the successful sample size stands at 589. The total number of female informal employment (both in the formal and informal



sector) stands at 17.1 million². However, no authentic report provides the actual number of female workers involved in informal sectors. The sampling procedure of large and unknown population suggests a sample size of 384. The survey took a higher number of respondents than that to ensure more representativeness.

10 sectors for CMSMEs with higher participation of women entrepreneurs were selected for the survey. For the informal sectors, selection of 10 sectors was made based on the vulnerabilities the sectors encountered during the pandemic as no authentic documents are available providing sector-specific employment in these sectors. The definition of CMSMEs followed the Bangladesh Bank criteria³. On the other hand, the sectors that are unregistered and/or unincorporated enterprises with the small-scale operation and mostly include casual employment have been considered as informal⁴.

The districts with the highest COVID-19 positive cases⁵ as a percentage of the total population were given priority while selecting the study locations. Four districts from the bigger divisions having six or more districts (top three and one random) were selected. For the rest of the divisions, two districts having the highest COVID-19 cases were selected from each division. The selection of study locations provides an insight into how the virus has affected the livelihoods of women entrepreneurs and informal sector workers in the hardest-hit areas. Upazilas from the selected districts were randomly selected—a total of 174 upazilas were selected for the survey. The rural-urban ratio of the respondents is 38:62. The respondents also include persons with disabilities (1%), trans-women (0.5%) and ethnic minorities (0.4%).

²Labour Force Survey 2016-17, Bangladesh Bureau of Statistics (BBS)

³Cottage (Manufacturing): investment below tk. 10 lakh, employee maximum 15; Micro (Service): investment below 10 lakh, employee maximum 15; Micro (manufacturing): tk. 10 lakh to below 70 lakh, 16-30 employee; small (manufacturing): Tk. 75 lakh to tk. 15 crore, 31-120 employee; small (service): Tk. 10 lakh to below 2 crore, 16-50 employee; medium (manufacturing): Tk. 15 crore to below 50 crore, 121-300 employee

⁴Labour Force Survey 2016-17, Bangladesh Bureau of Statistics (BBS)

⁵Institute of Epidemiology, Disease Control and Research (IEDCR) data as of 8 June 2020

Table 1: Selected districts

Division	Selected districts
Barishal	Patuakhali, Barguna, Barishal, Jhalokathi
Chattogram	Chattogram, Cox's Bazar, Cumilla, Khagrachhari
Dhaka	Dhaka, Munshiganj, Gazipur, Narayanganj
Khulna	Khulna, Chuadanga, Jhenaidah, Jashore
Mymensingh	Jamalpur, Mymensingh
Rajshahi	Bogura, Joypurhat, Rajshahi, Naogaon
Rangpur	Rangpur, Nilphamari, Dinajpur, Gaibandha
Sylhet	Sunamganj, Sylhet

To get a holistic view, contextualise the overall scenario and to understand the policy-perspectives around the issues, IDIs and KIs were undertaken with relevant respondents, which include academia, sector specialists, beneficiaries, community leaders, government officials, NGO officials, bank officials, leaders of women associations and chambers and entrepreneurs. The preliminary findings of the survey were presented to a panel of discussants through a webinar. Recommendations received from the panellists have been incorporated in the report.

2.2 Limitations of the study

Considering the COVID-19 realities, the survey and KIs were conducted over the telephone. This was the major challenge of the study because a telephone survey and

KIs required a lot of pre-interview schedules. As it was a pandemic time, participants were busy and some of them were reluctant to continue the interviews. Moreover, getting the schedule of higher officials, community leaders and relevant persons were tough and in some cases, they could not be reached despite trying to reach them multiple times. Besides, another major challenge faced during the survey was the absence of a proper database of women entrepreneurs and informal sector workers. Contact details were collected from various sources and for the very nature of the survey, equal representation from each sector could not be ensured. In addition, accessing mobile phones of female informal sector workers was also challenging. Most of the numbers collected through different sources were found to be inactive or possessed by a male family member who sometimes did not cooperate with the enumerators. The study aimed to collect more views from different sources but failed due to the unavailability of contact details.

2.3 Ethical consideration

To ensure the ethical standard, the study ensured complete confidentiality and anonymity of the information provided by the respondents. The data were also collected with the informed consent of the respondents, using a carefully designed structured questionnaire. Considering the sensitivity regarding responses like household-level violence and stress within the family, more female enumerators (80%) were recruited for data collection.

3. Key features of selected women-led CMSMEs and informal sector workers

The survey interviewed 1,589 women—589 entrepreneurs from selected CMSMEs and 1,000 workers from the informal sectors. The average age of the respondents is 35 years. Group-wise, 59% of the respondents were aged between 18 and 35 years, 35% between 36 and 50 years and 6% above 50 years⁶. 26% of the respondents do not have any institutional education, 24% have completed primary education and 11% have education above HSC⁷. Majority of the women entrepreneurs (56%) have an educational background of HSC or above while 84% of the informal sector workers have educational qualifications below SSC.



⁶Considering the broad age group by LFS, among the respondents, 59% are in the age group 18-35 years, 39% are from 36-59 years and 2% are 60 years and above. As per the Labour Force Survey, the shares of employed female in the age groups are 50%, 43.9% and 3.7% respectively. For the analysis purpose, different age groups have been used in the study.

⁷As per LFS 2016-17, within the female labour force, 36% have no education, 24% have primary, 32% secondary, 4% have higher secondary and 3% have the tertiary level of education.

If the respondents are divided into category of sectors, it will show that 10% of the respondents are involved in the primary sector (both workers and entrepreneurs), 21% are in the secondary sector (manufacturing and related) and 69% are in service sector⁸. Since sectors were selected based on the assumed impact during the pandemic (informal sector) and women's level of participation (entrepreneurs), women in service sector comprised a higher percentage in the sample⁹. Regarding their marital status, 84% of the respondents were married, 5% were unmarried and 7% were widow.

One in ten (10%) of the informal sector workers reported that they migrated from their previous locations of work to their ancestral home towns or villages. The secondary sector workers had to migrate more, compared to their counterparts engaged in primary and service sectors. Besides, women-headed households reported more migration than men-headed households (12% vs. 7%).

3.1 Profiles of the selected women-led CMSMEs

The women entrepreneurs came from a diversified background, education, age group and marital status. The average age of entrepreneurs is 37 years. Around one-tenth (9%) of the respondents have no schooling, 19% have completed SSC and 26% have completed the education of HSC level or above. The level of education varies across sectors. Expectedly, IT/software or online entrepreneurs have a higher level of educational attainment compared to the entrepreneurs involved in the agriculture sector. The majority (91%) of the entrepreneurs interviewed are married and 3% are unmarried.

The sectors selected for the study include garments and accessories, agriculture, retail shop, beauty parlour, tailor, jute products, handicrafts, health and related services, electronics/IT and software and online businesses. The selection was based on the participation of women entrepreneurs, as per SME Women Enterprise Directory 2015, and the sectors that were economically impacted during the COVID-19 pandemic.



⁸The primary sector includes agriculture-related activities, secondary sector refers to processing and manufacturing

⁹According to the LFS, in the employed female labour force, 32.9% are in the services sector, 21.6% are in the manufacturing industries and 45.5% are in the agriculture sector.

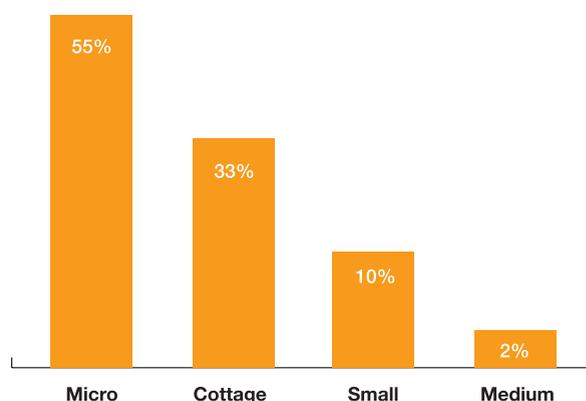
Table 2: Selected CMSME-wise respondents

Sector	% of respondents	% share of women entrepreneurs
Garments and Accessories	19%	6.8%
Beauty Parlour	18%	9.9%
Agriculture	17%	9.3%
Tailoring	17%	13.6%
Retail shop	9%	15.2%
IT/Software/electronics	3%	2.7%
Jute products and other Handicrafts	8%	20.2%
Health and related products	4%	3.4%
Online businesses	5%	--

Among the selected entrepreneurs, 33% are cottage, 55% micro, 10% small and 2% medium-sized entrepreneurs, categorised based on Bangladesh Bank criteria. More than one third (38%) of the respondents do not hold a trade license. If the broad categories are taken into account, it will stand that 17% of the entrepreneurs are from primary production, 28% from secondary and 55% from service sectors.

Most of the small (83%) and medium-sized entrepreneurs (90%) hold trade licenses, compared to the cottage or micro-entrepreneurs (47%). On the other hand, urban entrepreneurs have more tendency to formalising their business that is holding trade licenses, compared to those of rural areas. The women entrepreneurs involved in primary production hold trade licenses the least among others (40%). Age-wise variation is not so significant (Youth: 63%; 36-50 years: 59%; above 50 years: 62%).

Figure 1: Percentage of CMSMEs in the survey by category



The average investments made in the business by the respondents is BDT 2,477,314, which is lower for the female-headed households (BDT 1,848,828 vs. BDT 3,646,679). There is also a rural-urban difference in the level of investment. The average investment for rural area is BDT 473,249, which is BDT 3,938,153 for urban areas. One major reason behind the difference could be that 90% of the medium-sized businesses are run in urban areas whereas the majority of cottage entrepreneurs interviewed (56%) are operated in rural settings.

Literature suggests that social capital works as an important determinant for the success of the business of women entrepreneurs. Women entrepreneurs who have business-oriented family members, rich relatives or have better social connections are likely to earn higher income and profit (BIDS, 2017). The argument seems to hold for the survey respondents. Where the households are economically more solvent (households heads have a large business), personal income of the women entrepreneurs as of February was higher than average (BDT 87,834 vs. BDT 69,285).

Table 3: Category of business vs. educational qualification

Level of education	Cottage	Micro	Small	Medium
Below HSC	81%	63%	20%	20%
Above HSC	19%	37%	80%	80%

The level of investment i.e. the category of businesses has also an educational aspect. More than four in five (81%) of the cottage entrepreneurs and three in five (63%) of micro-entrepreneurs had an educational level below HSC. For small and medium categories where investments are higher, the entrepreneurs were found to be more educated (80% with HSC or above).

Table 4: Mode of sales

Location	Online	Showroom/Malls	Wholesaler	Retail sell	Export	Others
Overall	11%	35%	16%	53%	3%	11%
Rural	2%	18%	24%	65%	2%	14%
Urban	18%	48%	10%	44%	4%	8%

For rural entrepreneurs, informal retail selling and wholesale are the main sales and marketing channel, while showroom or malls are the highest for the urban entrepreneurs. Only 2% of rural entrepreneurs sell their products through online channels. The 84% of entrepreneurs who have online sales channels have the education of HSC or above.

More than one-third (34%) of the entrepreneurs interviewed do not have any employee recruited under them. Those

who have employees were found to be recruiting female employees at a higher percentage (more than two-thirds (69%) of the employees are female). Micro enterprises had a higher percentage of female employees (74%). The average number of employees in the enterprises is 9, which support the findings of other similar studies, which suggest most of the female entrepreneurs have around 1-10 employees recruited. This also reflects that women entrepreneurship not only contributes to employment generation as a whole but is also significant for creating employment for women.

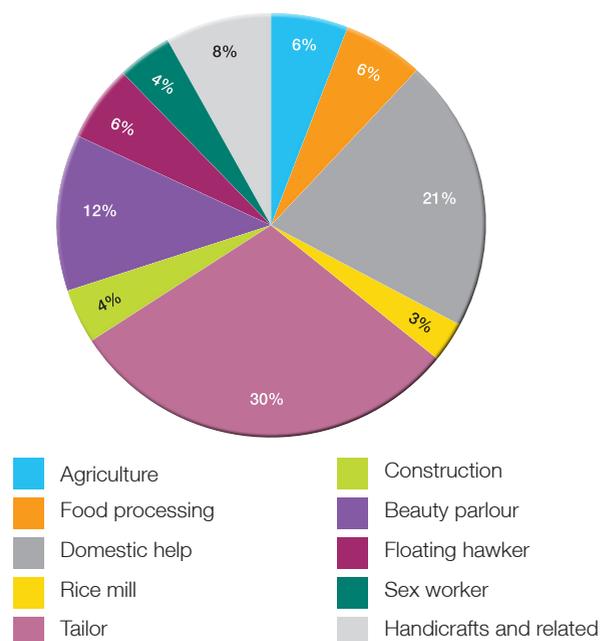
Table 5: Business category-wise percentage of female employees

Category of business	% of female employee recruited
Cottage	65%
Micro	74%
Small	62%
Medium	65%
Overall	69%

3.2 Profiles of selected women informal sector workers

Informal sector workers were among the hardest impacted groups during the pandemic, owing to their undocumented and vulnerable nature of the job. Their work opportunities reduced as the nation went on general holidays declared by the government. Roads were empty, offices were closed causing lower demand of both products and services.

Figure 2: Selected informal sub-sectors where women are involved



The survey captured the situation of informal sector workers from diverse age groups from various social settings. The average age of the respondents is 34 years and the majority (80%) of them are married. One third

(34%) of the workers interviewed have no institutional education. More than half (57%) of the respondents reported that they were the main earning members of their families.

4. Major findings

Women absorbed more shocks during the pandemic: Beyond the multifarious hats worn by women regularly, one of their invisible roles as a shock absorber during a disaster is prominent. They are on the frontline in the battle against not only the coronavirus but also the prevailing attitudinal, environmental and institutional barriers that hinder the development of an ecosystem that can support them to thrive. The COVID-19 pandemic is deepening these pre-existing inequalities, exposing vulnerabilities to social, political and economic systems, which are in turn amplifying the impacts of the pandemic on women.

Women entrepreneurs and informal sector respondents faced multi-dimensional challenges due to the COVID-19 pandemic:

The economic price paid by women entrepreneurs during the coronavirus pandemic is far higher than that paid by their male counterparts. The majority (90%) of the entrepreneurs interviewed faced multi-dimensional challenges due to the COVID-19 pandemic with a significant drop in income and more than two-fifth (41%) of them had to lay off their employees. That being said, female workers in the informal sector have been the worst victims of COVID-19 pandemic. The pandemic rendered unemployment of a large portion of workers involved in the informal sector, leaving them towards facing extreme poverty and food insecurity as the disease intensifies. While the contribution of the informal labour force in Bangladesh amounts for almost 50% of the GDP, they are excluded from the legal and contractual protections of formal workers, making them exceptionally vulnerable to the economic and labour market shocks of the pandemic. The deepened economic and social stress coupled with restricted movement and social isolation measures has increased gender-based violence.

The economic downturn has created risks for the female labour force, however, they show zeal to fight back:

While 2020 marks 25 years since the adoption of the Beijing Declaration and Platform for Action, the story of systematic disempowerment continues to be the reality for many working women. This is especially true for women entrepreneurs, who have had to deal with significant lifestyle changes in the wake



of the pandemic, both personally and professionally. That being said, while the economic downturn has created risks for the female labour force, to get re-integrated in the labour market, once the pandemic is over, it has also successfully exposed the resilience of women. Almost all (99%) of the respondents, including both workers and entrepreneurs have expressed the zeal to re-join the work. The motivation that the women are showing in holding on to their professions portrays that through courage, determination and adequate support, they will win over the crisis.

Most of the entrepreneurs and informal sector workers are main bread earners of their families:

The respondents interviewed were found to be economically empowered and they provide a major contribution to their household income. Around three-fifth (60%) of the respondents interviewed reported to be the household heads¹⁰. For the rest, occupation of household heads varied from wage labour, small and large businesses, government and private jobs etc. The average share of contribution of the women in the family income was 66% in February (71% for entrepreneurs and 63% for workers). Average monthly income of the entrepreneurs was BDT 68,306 in February, which was BDT 8,685 for the workers.

Women entrepreneurs help promote women's employment in the workforce:

Field data suggest that women entrepreneurs recruit female employees more. Average employee of the enterprises was 9 before

¹⁰ Household head in the study refers to the main earning member of the family.

the pandemic and more than two thirds (69%) of the employees were women. Women entrepreneurship thus not only contributes to employment generation as a whole but also is significant in creating employment for women. The average investments made in the entrepreneurs is BDT 2,477,314. Category wise, it is BDT 269,943 for cottage, BDT 623,109 for micro, BDT 3,793,240 for small and BDT 86,100,000 for medium-sized enterprises.

Banking sector not yet friendly for women entrepreneurs: NGOs were found to be the preferred source of finance for the women entrepreneurs. Service sector had the highest level of investment (BDT 3,027,750) and lowest for the primary sector (BDT 650,112). Overall, around half (49%) of entrepreneurs sourced their investment from NGOs (53% in rural and 46% in urban areas). More primary entrepreneurs (agricultural production) took a loan from NGOs (70%) while they were the lowest in availing bank loans. Around a quarter (23%) of the CMSMEs interviewed depended on the banking sector for financing their investment.

Majority of the women entrepreneurs and informal sector workers faced both economic and social challenges during the pandemic: Women mostly work in lower-paid, informal employment, with no income security, not covered under social protection and more prone to any crisis-shock. The pandemic hence has severely threatened the recurrent pace of economic empowerment of women in Bangladesh. Majority (86%) of the respondents reported facing the impact of the pandemic in both of their economic and social arenas. Most of the women CMSMEs (90%) and informal sector workers (84%) reported of facing challenges which is higher for secondary sector entrepreneurs (96%) and informal service sector workers (84%). The reduction in demand of less-essential services during the pandemic brought on the miseries – both to the women entrepreneurs and workers.

Most of the women entrepreneurs and informal sector workers encountered reduction of income: Two-thirds of CMSMEs (65%; 73% in the service sector) reported having no income during the lockdown. One-third (33%) of CMSMEs reported that their businesses were not in operation (34% in the service sector and 27% in the primary). More than two-fifth (41%) of primary producers also mentioned that their products had no demand during the pandemic. Besides, having no job was reported by more than half (58%) of informal sector workers (59% of workers in the service sector). Moreover, around one-third (32%) of the workers in the secondary informal sector mentioned that they received partial payment.

Demands for services like a beauty parlour, tailoring dropped to almost zero. Construction works were also

padlocked during the first two months of the lockdown. Trading of products other than the essential consumption goods did not take place. All these combined reduced the income of the women by 67% (67% for entrepreneurs and 66% for workers). The highest reduction experienced by the women involved in the secondary sector (74% for entrepreneurs and workers combined). Income reduction, both at the personal and household level, was more for the migrated labourers. Besides, women entrepreneurs reported an income loss of BDT 289,605 on average, which is highest for medium entrepreneurs.

Income contribution of women entrepreneurs and workers determines position in the family: Another major consequence of COVID-19 pandemic found through this study is that there was a change in income contribution of the women in their families that largely inform their position in their households. Average contribution share made by women decreased from 66% to 58% between February and June 2020. The reduction was higher for entrepreneurs than informal workers (12 percentage points vs. 6 percentage points). However, their share in the household income was found to be still higher than their male counterparts. Another finding that could also be of interest for overall female employment is that 41% of the entrepreneurs reported that they laid off employees and the average reduction in employed labourers was 16%. More alarmingly, female labourers' lay-off was higher than male employees.

Income reduction contributes to the reduction of necessary expenditures posing an adverse impact in the long-run: Female economic empowerment is always considered to be crucial from the development point of view. Evidence suggests that female earning members of a family devote their income mostly to meet their family expenditures and have a large contribution towards the health, nutrition and education expenses of their children. Around half (46%) of the respondents reported that they spend their income primarily on food for the family and one-fifth (19%) spend on their children. Since the income compositions changed, spending patterns were also likely to be impacted. This may have some long term impacts, especially in the non-food sectors. Food expenditure was reported to be reduced by 9% on average—higher for informal sector workers (14% vs. 5%). Encouragingly, women-headed households' food expenditure on average reduced less than the men-headed households.

Migrated informal labourers also reported less reduction in food expenditure than the non-migrated ones. Women involved in the secondary sectors reported a higher percentage of reduction in food cost. Purchase of food was reported to be reducing, however, an increase was found in the consumption of food items produced by the

household members. Majority of the respondents who had to cut the cost on food mentioned the financial crisis as the reason behind the reduced expenses. Meeting the food demand while dealing with the reduced income might force the entrepreneurs to forgo other important expenses or investment such as education of children, health etc., which could have a long-term socio-economic impact. Besides, these families will also have the risk of falling back to poverty, which they could escape backing on the income of the female household members.

Financial uncertainty is creating social and mental stress: Economic empowerment is largely linked with women's social status and their position in their families. Reduced income and livelihood related tensions deteriorated the position of women in their households, as pointed out by two-thirds (68%) of the respondents—both workers and entrepreneurs. Increase in family tension and household unrest was reported by around half (48%) of the respondents, which is least for the women involved in the primary sector (34%). Some respondents (5%) also reported that they faced physical and mental abuse, owing to the economic tension.

The incidences impacted the mental health of the women and 94% of respondents (90% of the entrepreneurs and 97% of the informal sector workers) said that their mental health was affected due to the economic tension. Among the ones who faced such consequences, 40% of them reported they would require mental health-related support to deal with the issues. This reveals the fact that the issue of social empowerment and gender-based services should also be kept in the priority while designing the recovery interventions.

Workers and entrepreneurs couldn't do much to cope, but remained motivated: Although the challenges mounted out, coping options were inadequate. Majority (86%) of entrepreneurs could apparently do nothing to deal with the losing income. For the informal sector workers where it was more about subsistence, around two-fifth of workers (39%) borrowed money while a quarter of them (25%) depended on other family members' income. Most (94%) of the primary product entrepreneurs reported they could do not do anything to cope, while more secondary production workers depended on borrowed money than the others. Only one in ten (11%) of the informal sector workers reported that they could resort on the relief/assistance provided by government or private organisations.

Overall, only 43% of informal sector workers received any form of support (food or cash assistance) from the government or any other organisations during the pandemic. Average per capita monthly income of the households that received such support was BDT 2,936 in

February which came down to BDT 1,170 in June 2020.

Women in Bangladesh have always been the reflection of perseverance and resilience in an emergency or crisis, despite being the worst victims. The challenges the women faced during the pandemic are not unique considering the level of barriers and constraints they generally have to face irrespective of their roles in the society. On the one hand, they are burdened with multiple responsibilities while on the other hand, their roles are not properly recognised because of the unequal gender norms. The pandemic only amplified the existing constraints. The challenges were felt more acute when reaching out to them was seriously required, but the system was unprepared. Despite the situation, only 1% of respondents reported that they would leave the labour force. However, while more than three-quarters of the entrepreneurs (77%) expressed that they want to remain in their present profession and 16% of the entrepreneurs want to start additional ventures.

Health safety measures would be crucial to resume works: Awareness of the new normal dynamics was also prominent in the responses of the women interviewed. While more than two-thirds (69%) of the informal sector workers opined creation of work opportunities would be the primary need, more than one third (35%) also found the health safety important. Around one third (31%) of entrepreneurs also mentioned that they would focus on ensuring health safety for their employees in the new normal business operation. Moreover, 13% of respondents would focus on ensuring social distancing for their employees within their operations, while more than a quarter of them (26%) mentioned the safety of the employees would be their priority when businesses resume after the pandemic.

Cash and credit support needed for the resumption of the women-led CMSMEs and survival of the informal workers: Although the women were found to be motivated enough to remain in business, as usual, they anticipated challenges on their ways to do so and hence they expressed the need for getting additional support. Both cash and credit support were mostly required by the respondents. Most of the



informal sector workers (83%) opted for cash support while the entrepreneurs mentioned of both easy credits (35% entrepreneurs expressed the need for credit at easy terms and 43% for a reduced rate of interest) and financial grant support or incentives (56%). Financial support was required more by service entrepreneurs while more low-cost credit was mentioned by primary product entrepreneurs.

Government stimulus package does not adequately target realities of women: The government, aiming at facilitating and expediting the economic recovery, came forward with a package worth over BDT 103,117 crore (3.7%¹¹ of GDP), but it has a gap to address the gender dimensions of it. The gap lies in the structural and systemic limitations. Women's share in the policy and fiscal benefits have remained historically low and the traditional design and implementation plan of the pandemic stimulus are likely to repeat the history.

The government declared BDT 20,000 crore for CMSMEs to reach the small businesses with rapid cash injection as working capital to provide support to recover the economic loss the sector has incurred. The result so far is discouraging as only around 10% of the total stimulus has been disbursed so far. Although sex-disaggregated data could not be analysed, it can easily be imagined that the 5% priority fund for women might not be significantly utilised.

Information gaps about the stimulus packages evident among women entrepreneurs: Awareness and easily accessible information regarding the package hold the primary importance for making it reach to the end-users, and this is where the package lags. Only 29% of the CMSMEs (21% of rural and 36% of urban areas) said they heard of the stimulus package declared by the government (23% of the cottage and 50% of medium entrepreneurs). However, knowing only about the declaration did not seem to add much value, since only 44% of the entrepreneurs knowing about the package tried to avail it. Those who did not try to avail the fund mentioned they did not know the procedure (52%).

The entrepreneurs with their previous experiences and perceptions regarding bank credits identified potential challenges in availing the stimulus fund. The first obstacle mentioned by them was the lack of adequate information available to them. Around half (49%) of entrepreneurs who knew about the package mentioned of information as the foremost challenge. The respondents (47%) who did not know about the package also mentioned the same. Interestingly, among the ones who had previous experiences of dealing with banks reported the information gap at a higher percentage (51%).

Both knowledge and interest to avail the package revealed education to be a factor of influence. This also sheds light on the fact that despite the declaration of such huge package during the pandemic, use of improper tools for information dissemination, especially for the non-formalised cottage and micro industries, the benefit could not be gained. The entrepreneurs involved with chambers or associations could get some sort of support while the rest of the entrepreneurs remained largely untouched.

Challenges of accessing fiscal benefits evident for home-based and micro-enterprises with limited formalisation: Women entrepreneurship is skewed towards home-based and micro-enterprises with the limited formalisation of business, which acts as a constraint when fiscal benefits are concerned. Although the situation has improved to a large extent over the past decade, formalisation of their business is still limited. The survey finds that 38% of the respondents have been operating their businesses without a trade license, which is 60% for the primary sector. Proper documentation is pre-requisite for accessing funds from formal sources, which the entrepreneurs often fail to produce. Lack of required documents (11%) and stringent conditions imposed by the banks (21%) also came forward as barriers on the way of availing the stimulus for those who knew about the package.

Besides, the respondents had prior experiences of dealing with banks also reported discriminatory behaviour (7%) and non-cooperation by banks (12%). It is also widely observed that banks are not keen to do business with women entrepreneurs and they often show the required sensitivity. Hence, women entrepreneurs were found to be more interested in getting informal credit for their post-pandemic investment. Overall, around half of the women entrepreneurs (49%) mentioned of NGOs as their choice for credit source and 30% mentioned banks as sources of credit. Among the ones who knew about the stimulus package, choice of the bank was found to be a more prominent option—42% women entrepreneurs mentioned of banks as their potential sources of finance.

Social safety net support not adequately reached all the distressed informal sector workers: The stimulus package did not target the women involved in informal sectors. Most of them were also deprived of getting any social safety net support at the time of their needs. Less than half (43%) of the women informal sector workers reported that they received any form of support from the government or non-government agencies. Among them, 52% of women workers got cash support, while 74% received food. More urban-based workers (54%) received cash support, compared to the workers living in rural areas (44%).

¹¹ Budget Speech, 2020-21

As per government data, 6.74 crore people received government relief support till 15 June 2020 and clear instructions were provided to the concerned authorities to include informal sector workers who lost a job during the pandemic while providing the safety net supports. BDT 760 crore was also allocated for the wage earners who lost jobs in the informal sector. The support provided was clearly inadequate compared to the needs and was

additionally challenging for the women to access to the supports. No regulatory measure was seen to target the women specifically while disbursing the supports. The direct cash transfer made by the government required access to mobile financial services or bank accounts, where the female informal workers lagged behind and thus they failed to get access to the supports.

5. Analysis and discussions

5.1 Impact of COVID-19 on women-led CMSMEs

Women-led CMSMEs in the country run amidst various pre-existing structural challenges like limited access to finance, business in low productive sectors, limited integration with markets, limited representation of women in a socio-cultural context, lack of inspiration from family, kin network and surroundings, etc. The pandemic only amplified the existing discriminations and inequalities. One of the women entrepreneurs stressed:



We the women are more vulnerable. Who cares about us? Nobody. We get zero support from our family and surroundings. Parents say, search for a government job. Neighbours say, concentrate on your family. Husband says you don't give adequate time in household chores. Friends say, do not make your journey towards an uncertain route. What should we do? Where should we go? Who will understand us?

The heat of the pandemic was significantly felt by the women entrepreneurs owing to their lower shock-absorbing capacity resulting from such inequalities. Adding to the misery, the types of products that the women entrepreneurs traditionally deal with were also of limited demand during the lockdown and hence, their businesses suffered.

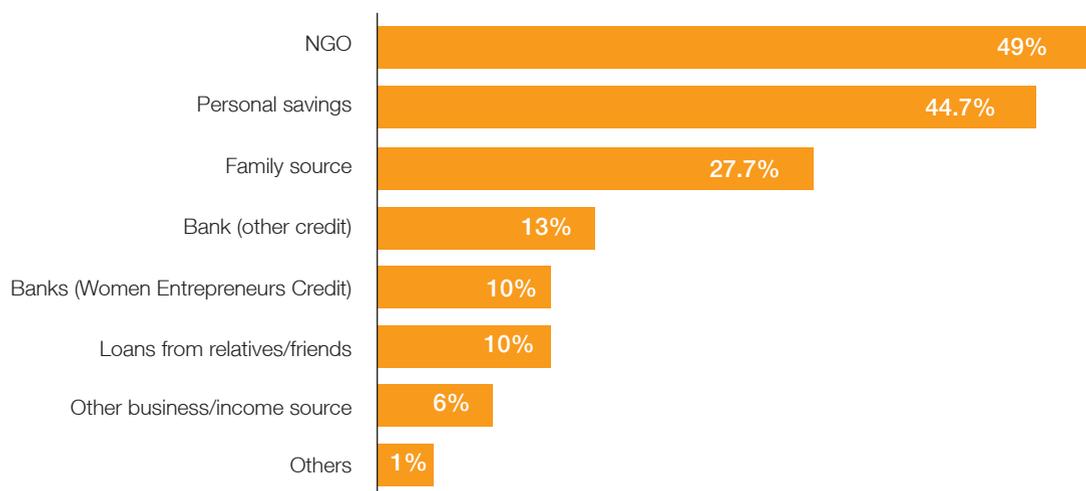
Women-led CMSMEs depend more on informal sector loans and own sources of fund for investment

Women entrepreneurs interviewed in the survey accumulated funds from more than one sources to finance their businesses. Literature suggests that small firms primarily rely on internal funds and informal credits to finance investments (World Bank, 2019). Limited access

to finance is also widely recognised as one of the major obstacles for CMSMEs, especially the women-led ones. The survey also reflects a similar picture where formal channels were a less common response. Only around a quarter (23%) of the CMSMEs interviewed depended on the banking sector for financing their investments and were more inclined towards own or family sources and informal loans. However, around half (49%) of entrepreneurs took credits from NGOs (46% in rural and 53% in urban areas) and one-tenth (10%) of them borrowed money from their family members or relatives. Moreover, around three quarters (73%) of women entrepreneurs also used their own and family savings (81% in urban 61% in rural areas) while 6% invested from other sources. One of the respondents from the peri-urban area mentioned in this regard:

I started my journey with little savings. Soon after getting started, I realised this money is not enough, so I sought help from my kin network and friends. A very few of them helped me which was insufficient. I had no prior idea of what to do. One day, I met someone on Facebook. He suggested me to take a loan from a bank and NGO. The procedure was unknown to me. I applied for a loan in a bank but got rejected. Then, one NGO came forward to help me.

Figure 3: Sources of investment of women-run CMSMEs



*Multiple Responses

Table 6: Category of business vs. investment sources

Type of enterprises	Women entrepreneurs' credit	Bank loan	NGO	Other business/sources	Family members	Personal savings	Loan from relatives/friends	Others
Cottage	9%	14%	57%	4%	23%	41%	9%	1%
Micro	10%	12%	48%	7%	28%	43%	10%	1%
Small	12%	18%	32%	10%	37%	67%	13%	2%
Medium	40%	30%	20%	10%	60%	60%	10%	0%

A higher percentage of the cottage and micro-entrepreneurs were found to be inclined towards NGOs for getting loans to invest in their business. More than half (57%) of the cottage and around half (48%) of micro-entrepreneurs responded that they sourced their investment money from NGO credits. Women entrepreneurs' credit provided by banks was more popular for medium-sized entrepreneurs whose level of investment is the highest among the groups – 40% of them opted for such credit whereas 30% chose other credit schemes from banks. The utilisation of income from other family sources is also higher among medium entrepreneurs (60%), which is less among the cottage level entrepreneurs (23%).

It is also worth mentioning that the policy landscape has significantly improved the financing conditions of the micro and small entrepreneurs in Bangladesh. A key informant argued:

According to the World Bank, CMSME lending from the formal banking nearly tripled from 2010 to 2016. However, the share of women in the total CMSME financing is still insignificant and is only around 2.5%-3%.



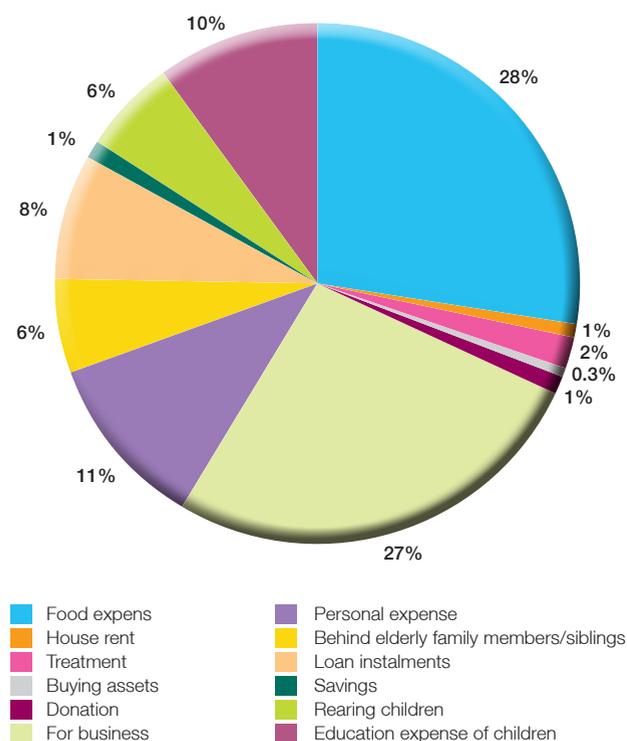
Where do they spend their income?

The study had an aim of understanding the nature of economic involvement of the entrepreneurs in their families. It is generally observed that a female earning member of a family devotes their income mostly for meeting their family expenditures and make a large contribution towards the health, nutrition and education expenses of their children. A reduction in their income and contribution to the household, therefore, can result in an adverse impact on the development indicators such as health, nutrition and poverty.

Food expenditure (28%) was the primary spending area for the entrepreneurs (35% of rural and 22% of urban), followed by 27% entrepreneurs who re-invested

in the business (21% of rural and 32% of urban). Rural entrepreneurs used their income in food (35%) while urban entrepreneurs' majority income went to business-related investments. A good number of entrepreneurs (16%) utilised their earning for their children's education and nurturing. A quarter (25%) of the entrepreneurs with high social capital (household head is a large scale businessman) re-invested their income while around the same percentages (24%) of them spent in personal expenses.

Figure 4: Primary spending/expenditure of personal income



Educated entrepreneurs used their income for further investment in business more (43% of graduate and post-graduate entrepreneurs vs. 11% of who cannot read or write).

The nature of expenditure has also some relevance to the marital status of the entrepreneurs and workers. Unmarried entrepreneurs reinvested their income in businesses more than others – 42% of them reported they utilised their income primarily for their business-related purpose while it was 27% for married and 17% for divorced entrepreneurs. On the other hand, 32% widowed and 28% of married entrepreneurs mentioned they used their income for food expenses of their family, which was 11% for unmarried respondents. For widowed entrepreneurs, the second priority of spending was their children's education.

Age distribution wise analysis says women above 50 years spent their income more on food (43%) while the young entrepreneurs (28%) re-invested in their businesses.

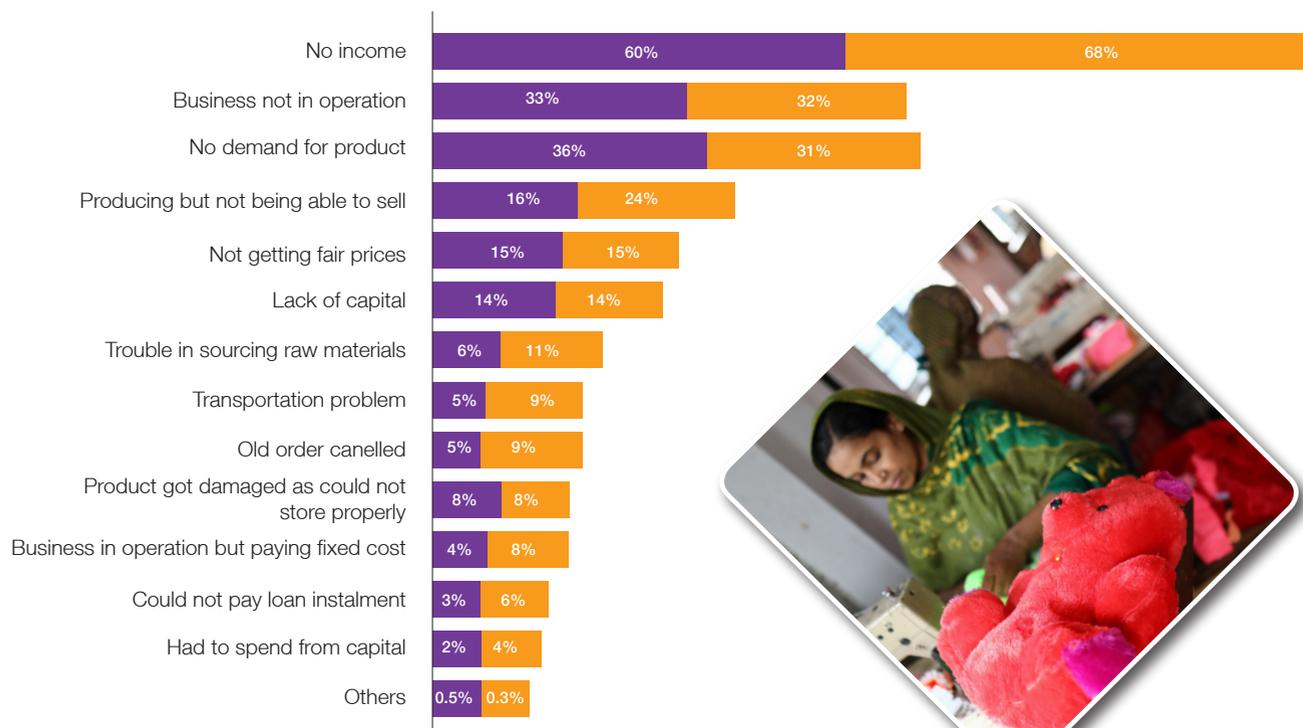
Women entrepreneurs faced multiple distortions in their businesses

Most of the respondents (90%) faced multiple challenges due to COVID-19 pandemic. The percentage is higher among urban entrepreneurs than the rural level entrepreneurs (93.5% vs. 85.7%). The entrepreneurs (100%) involved in the handicrafts, jute products and online businesses faced the challenges most during the pandemic. In terms of types of challenges, the major issue mentioned by the entrepreneurs (65%) was that they could not earn during the time. One-third of the entrepreneurs (33%) said their products did not have demand (36% rural, 31% urban) and another one-third of the entrepreneurs (33%) mentioned that their businesses were not in operation (33% rural and 32% urban). More than one-fifth of the entrepreneurs (21%) said they continued to produce but could not sell their products. Business not in operation was mentioned more by service sector entrepreneurs (34% by the service sector and 27% by primary sector).

If categories of businesses are considered, more than two-thirds of small (72%) and micro enterprises (69%) mentioned that they did not have any income. Moreover, 40% of medium entrepreneurs informed that the orders they previously got were cancelled. Moreover, around two-thirds of the medium entrepreneurs (60%) mentioned that they continued to produce but could not sell their products.



Figure 5: Challenges faced by the women entrepreneurs during COVID-19 pandemic



*Multiple Response



Besides, among the entrepreneurs who had employees working under them, 20% of them mentioned that they either could not at all pay their employees, or had to pay them less than the salaries. Among the ones who replied that their businesses were not in operation, 14% reported they would not be able to resume business easily (4% of rural and 22% of urban).

The challenges faced by the women entrepreneurs were multi-dimensional and hence cannot be analysed in an isolated manner. The very challenge lies in the nature of their businesses. The entrepreneurs who produced or traded items like cloths, handicrafts or were providing services like beauty parlour or tailoring could not manage to continue with their businesses as their products had no demand at all during the pandemic as people had limited income and chose to spend only for the primary needs. As a result, many entrepreneurs had to temporarily stop their operations. For example, 90% of the beauty parlour entrepreneurs reported that they had no income during the time and 32% had to shut their businesses. Again, 43% of e-commerce entrepreneurs (excluding other sectors having online sales modalities) reported that their old orders were cancelled.

Many women entrepreneurs could not bear the fixed expenses like rent, the salary of the employees etc. anymore and had to shut the business. Some entrepreneurs looked for alternative works for earning a

Box 1: How did the online traders perform?

Online business operation in Bangladesh is still an urban phenomenon and managed mostly by educated entrepreneurs. Among the respondents, 91% of the entrepreneurs operating in online sales modalities are from urban areas and 84% of the entrepreneurs have education level of HSC and above. This includes both entrepreneurs whose major businesses are operated through online channels and the ones in other sectors having online sales modalities.

Similar to businesses that trade non-virtually, businesses with online modalities reported various challenges. For example, 40% of them reported that their businesses were not in operation, while 42% said their products did not have demand. Moreover, 31% entrepreneurs reported transportation issues while another 19% reported that their previous orders were cancelled. All these combined caused the income loss of business worth BDT 462,121 on average. Personal income of the entrepreneurs dropped by 67% during the time, as their products were less demanded. Again, two thirds of them (67%) could not take any measure to cope with the reduced income and 19% had to take additional loans. A quarter of them (25%) had to depend on their savings and assets, while 28% laid off their employees. Furthermore, they had to reduce their food expenditure by 8%.

In view of the situation, 60% online entrepreneurs argued that they would plan to remain in the existing businesses, while around two thirds of them (32%) would like to start something new.

living. The entrepreneurs also informed that they had to keep a lot of products in their inventories, which they could not clear and liquidate their investments since shops and markets were closed for a long time. The online delivery mechanism is not popular in areas outside the capital and hence, businesses of women entrepreneurs could not take benefit of this much. Moreover, restrictions of transportation during the pandemic also made barriers to make smooth delivery of non-essential products through online business channels. One of the women entrepreneurs expressed:

Online shopping is still a very urban phenomenon and mostly seen in Dhaka. Online order and delivery capacity in other districts are quite low and as a result potential opportunities couldn't be untapped by the entrepreneurs.

Sub-contracting businesses rendered to smaller firms by large manufacturers were also at a halt as there was no business to offer. Pre-pandemic orders were cancelled as the demands fell. Many entrepreneurs did not get full payment of previous orders owing to the challenges of the procuring entities. Home-based entrepreneurs who produced food items had to deal with product damage.

Relevant experts highlighted that the entrepreneurs who could adapt to the situation by shifting their businesses based on market demand, could survive or even could do better. Others also needed to understand the changed dimensions and strategise their businesses accordingly. However, the entrepreneurs could not understand the market system and quality of business design required for making a transition and repurposing of their businesses. An NGO worker argued:

We are providing training on mask production and hopeful that women entrepreneurs will be able to meet the local demand and generate modest revenue.

Women entrepreneurs faced drop in income but could not do much to cope

Box 2: Story of an entrepreneur

Ms Salma (pseudonym) used to work for a company last year. She used to make jute products as a hobby and side business. The demand for her products encouraged her to start a business formally. She invested all her savings and recruited 10 female workers from the area and started producing jute products and clothing. She used to supply to a shop in Dhaka. The shop was closed during the pandemic and now the owner is planning to shut down the business. Salma and her workers are now passing uncertain times and do not know what to do.

On average, personal income of the entrepreneurs dropped around 67% in June, compared to February – Income dropped from BDT 68,306 to BDT 22,596 on average. The rate of income reduction was highest for micro-entrepreneurs (71%) and lowest for small (61%) ones. Urban entrepreneurs reported higher decrease than rural (68% vs. 61%).

Sector-wise it was highest for jute products and handicrafts and garments and accessories (75%) and lowest for IT/software products (49%).

Moreover, around a quarter of the women entrepreneurs (24% overall, 26% in rural and 23% in urban areas) reported that their income reduced to zero between February and June 2020. The ratio was higher for the households where the female entrepreneurs were the main earning members (26% vs. 21%), reflecting more vulnerability of such households. Household income reduced by 64% for the households where respondents were the household heads.

The share of women's contribution to their family income also reduced significantly during the time from 71% in February to 59% in June. The change was higher in urban areas.

Figure 6: Sub sector-wise reduction in income of women entrepreneurs during COVID-19 pandemic



When asked about the overall income loss¹² in business due to COVID-19, the entrepreneurs reported an average loss of BDT 289,605. The amount was BDT 175,320 for cottage, BDT 188,466 for micro, BDT 885,850 for small and BDT 3,433,333 for medium enterprises. The income losses were estimated for the entire period (March-June 2020). One of the entrepreneurs from Dhaka expressed her concern over remaining in business:

I do not know how to explain this situation. In a blink of eyes, I lost almost everything. I manage a family of four members. Before the pandemic, I used to earn BDT 35,000-40,000 from online and offline platforms. During April, my income reduced by 40%. I got some orders through the online medium but as mobility was restricted I couldn't deliver the products. Courier service facilities were also limited. Many of my entrepreneur friends told me to change my profession. But I love to be an entrepreneur. Life seems to be a struggle for me now but I do not know what to do.

Figure 7: Sub sector-wise income loss in business of women entrepreneurs during COVID-19 pandemic

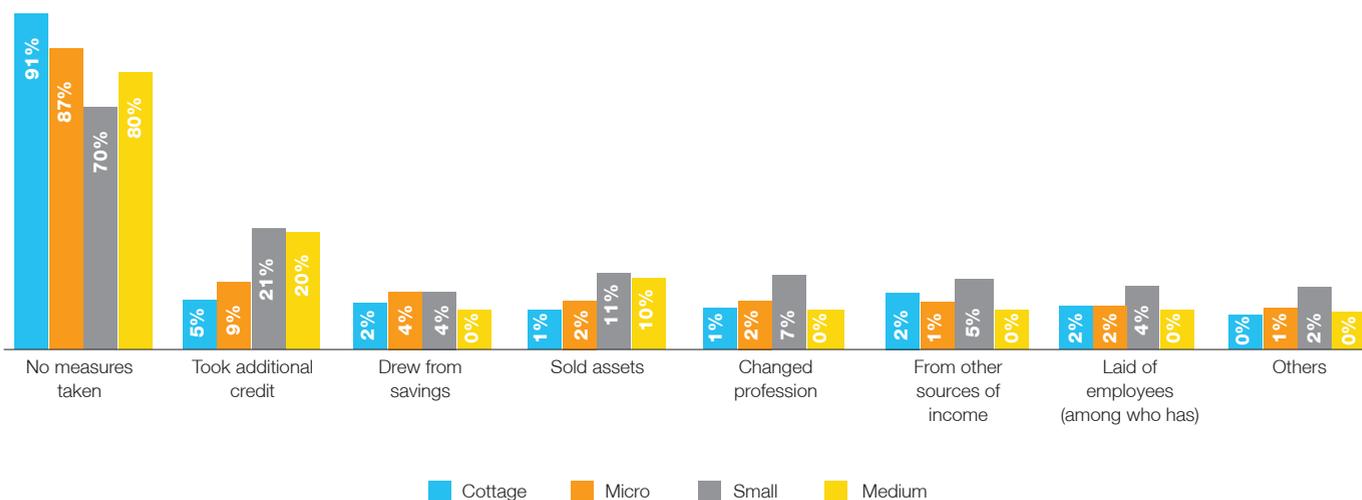
Sub-sector	Average income loss (BDT)
Garments and accessories	414,708
Beauty parlour	231,673
Tailor	89,668
Online business	682,857
Agriculture	90,830
Retail shop	144,840
Health and related services	307,708
IT/Software	928,462
Jute products and other handicrafts	685,875

IT/Software entrepreneurs reported the highest level of income loss followed by handicrafts and other jute products.

The respondents were asked what they did to cope or what coping measures they took to deal with the diversified challenges and income loss and alarmingly majority of them (86%) mentioned that they could not

take any measure (86% of rural and 87% urban). Around one in 10 women entrepreneurs (9%) took additional loans (10% of urban and 8% of rural) during this time. Some entrepreneurs (6%) depended on their assets and 2% mentioned that they changed their professions. Besides, among the one who had employees, 3% of them mentioned they laid off their employees as a coping measure.

Figure 8: Coping measures taken by women entrepreneurs during COVID-19 pandemic (N=564)



*Multiple response

¹²The level of income loss is correlated and has a significant relationship with the level of investment, personal income in February and June and the number of old employees but could only explain the relationship partially, reflecting that income loss was induced by other important factors.

This year the entrepreneurs missed three major occasions, which appeared to them as the business opportunities every year and they utilised significantly to generate their major profits, especially for the sectors such as garments and accessories, handicrafts, online business. They expressed their uncertainty about how the situations would be overcome soon. The pandemic came without any sign and there were not much they could do to cope. One of the entrepreneurs from the clothing sector expressed:

We first thought the situation will come back to normal within a month or two. But it gets prolonged so much that our liabilities have gone beyond control. The workers associated with me are also passing stressful time. I am also unable to pay them since I do not have any order.

Some of the entrepreneurs argued that they did not take additional credits as working capital as they did not know how to repay the loan if the situation prolongs. The investments of the entrepreneurs seemed to be at stake – their savings draining increasing their future vulnerability and capacity to fight back. The entrepreneurs also mentioned that they initially tried to pay their employees partially, but could not continue as the pandemic prolonged. This resulted in a chain of adverse impact and leaving many workers unemployed.

Women entrepreneurs had to lay off their employees

The challenges and negative impacts of COVID-19 pandemic on women entrepreneurs had multi-dimensional effects, and one alarming finding is that 41% of them laid off employees during the time of the pandemic. Among the sectors, lay-off was highest among the tailoring and beauty parlours (55% and 50% respectively) and lowest among the online businesses and health service-related businesses (4% and 6% respectively). Majority of entrepreneurs (82%) of those who laid off their employees mentioned that they were unable to pay salaries to their employees and hence they did not want to take the liability any longer (76% of rural and 84% of urban). The average lay-off of female workers was higher (3 workers), compared to male workers (1 worker). The pandemic induced 16% reduction of labourers among the selected enterprises. One of the entrepreneurs from the peri-urban area argued:

I had no other options but cutting down the salaries of the employees. I work with a group of 10 women. In the first month of lockdown, I paid full salaries. But later since my income reduced and production fell I was bound to

cut their salaries by 20%. The situation got worsened in May. Finding no other alternatives I laid off 50% of my employees but assured them of re-appointment when the situation gets back to normal. I could not give them a festival bonus or any other benefits. It made me sad but I was helpless.

Family food expenditure declined slightly

Overall, the monthly per-capita food expenditure reduced by 5%. On average, the monthly food expenditure was BDT 4,132 in February 2020 which came down to BDT 3,916 in June 2020. The reduction was equal for rural and urban areas (5%).

Food expenditure reduced by 4% for the households where the female respondents were the primary earners of their families, whereas it decreased by 6% where they were not. A quarter of female-headed households (25%) reported a decrease in food expenditure while 59% reported no change.

The overall income of the households of the women entrepreneurs reduced by 45% and hence, the financial crisis was mentioned as the primary reason behind the reduction in food expenditure. Among the ones who reported a reduction in food expenditure alleged financial crisis as the primary reason (82% for female-headed households vs. 75% for male-headed).

Economic distress impacted on the mental health of women entrepreneurs

The income loss and reduced economic capacity of the women entrepreneurs shook their positions in their households. Around half of the entrepreneurs (46%) faced at least one type of family problems owing to their loss of income. One-third of the entrepreneurs (33%) reported that their family tensions increased since they started facing economic stress. Some entrepreneurs (6%) also reported they were victims/ survivors of mental abuse. Urban respondents were higher in reporting such abuse (8%), compared to rural (3%).

The majority of the CMSME entrepreneurs (90% overall and 89% in rural entrepreneurs) who faced economic distress or reduction of both household and personal income induced by COVID-19 reported that the problems impacted their mental health. 20% of the unmarried entrepreneurs reported having no impact, which is the highest (6% of widowed entrepreneurs). A good number of women entrepreneurs found the mental trauma impacted on them to be substantial – 42% of them the mental impact to be significant and 23% extreme. The severity of the mental impact was reported based on how the respondents perceived it. Among the ones who faced some sort of mental stress, one-third (33%) responded

that they would require professional support for resolving their mental impact-induced during the pandemic.

The scenario is almost the same in rural and urban areas. The entrepreneurs from all regions mentioned that they were highly traumatised and their mental health was getting worse day by day. One of them mentioned:

Only the Almighty knows how we are living. My overall income reduced by 70% but expenditure remained the same, in some cases increased too. I am cutting down my personal expenses. I forgot the last moment when my family had a good meal. My family mostly depend on me. My savings are running out. If the situation remains the same I do not know what is waiting for my family in the coming days. I see no light of hope.

Access to government stimulus packages challenging for several reasons

The BDT 20,000 crore package for the CMSMEs did not seem to be popular among the women entrepreneurs. Only 29% of the CMSMEs (21% of rural and 36% of urban) were found to know the stimulus package declared by the government (23% of the cottage and 50% of medium entrepreneurs).

Even those who heard of the package did not show interest in the package and only 44% tried (56% of the cottage, 38% of micro, 43% of small and 60% of medium enterprises) to avail the offer. The majority who did not try to access the fund despite knowing its facilities mentioned that they could not avail as they did not know the procedure (44%). The lack of clear information on availing the stimulation package was evident. Some of the entrepreneurs also showed fear and hesitation as they thought getting the fund would require lobbying and networking, which they did not hold.

A higher percentage of entrepreneurs who are educated knew about the government declared the stimulus package. Around half of the postgraduate (49%) and graduate entrepreneurs (48%) could tell about the stimulus package which was only 9% for the illiterate entrepreneurs. On the other hand, a higher percentage of graduate and post-graduate entrepreneurs who knew about the package tried to avail it (60% and 48%).



Table 7: Knowledge on stimulus package by educational qualification

Educational Qualification	Know about the stimulus package	Do not know about the stimulus package
Cannot read and write	9%	91%
Can read and write but no institutional education	27%	73%
Class five or below	19%	81%
Class nine	28%	72%
SSC	25%	75%
HSC	33%	67%
Went to college/ university but no certification/diploma	38%	62%
Bachelor	48%	52%
Masters	49%	51%

The formalisation of business is a prerequisite for getting institutional support. A good number of entrepreneurs interviewed (38%) were found to operate their businesses without trade license, which is a pre-requisite for availing formal credits and incentives. The holding of a trade license has a relationship with the level of education of the entrepreneurs. A larger percentage of women CMSMEs having educational qualifications above SSC were found to hold trade licenses. This has also a rural-urban dimension. More than three-quarters of urban entrepreneurs (76%) were found to hold a trade license, compared to the entrepreneurs living in rural areas (47%). If broad sectors are concerned, primary producers hold the trade license at least percentages (40%). This also brings out the fact that either a large portion of rural or less-educated women found the process of formalising business to be complex, or they were not aware of the importance of proper documentation. Both of these scenarios can be seen as hindrances in business development for women entrepreneurs.

Table 8: Educational qualification vs. holding trade license

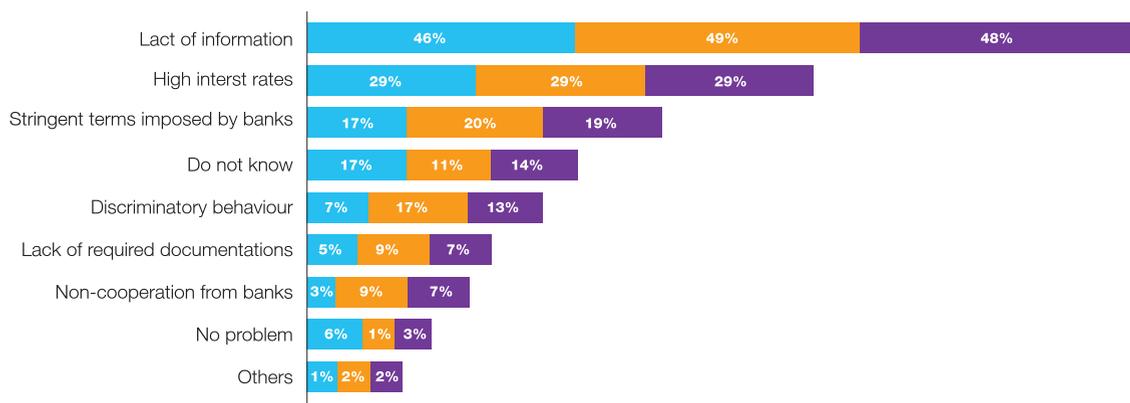
Educational Qualification	Holds Trade License	Does not hold trade license
Cannot read/write	47%	53%
Can read and write but no formal education	45%	55%
Class 5 or below	41%	59%
Class 9	51%	49%
SSC	67%	33%
HSC	67%	33%
Went to college/university but did not complete/No certification	85%	15%
Honours/ Masters	81%	19%

Two-thirds of the women entrepreneurs (66%) never dealt with banks for any service related to their business. Interestingly, this percentage is higher for urban entrepreneurs (69%) than the rural ones (63%). Moreover, when asked what potential problems the women entrepreneurs might face to avail the package, the respondents mentioned multiple issues. Around half of the women entrepreneurs (48%) expressed that they might have difficulty in accessing proper information (49% urban, 46% rural), 29% argued interest rates to be high. 19% of respondents argued that the banks impose stringent conditions that hinder easy access by women entrepreneurs (20% urban and 17% of rural). The results are similar for the entrepreneurs who learned about the declared stimulus package and around half of them (49%) expressed there is a lack of proper information. Moreover, among the ones who had previous experiences of dealing

with banks also reported the lack of information as the major concern for women (51%).

The challenges mentioned by the women entrepreneurs are not new and induced by COVID-19 but these mostly reflect the pre-pandemic realities of women-CMSME financing. Similar findings are evident through other studies on CMSMEs where limited access to collateral, inadequate documentation and weak business cases caused by limited access to information and lack of technical capacity have been mentioned as determinants of financial constraints (World Bank, 2019¹³). During the pandemic, such constraints became more acute, especially in terms of disseminating proper information, when emergency support was required to reach the ones in most need.

Figure 9: Problems that the women entrepreneurs might face to avail the stimulus



*Multiple Response

Alongside the information gap, confidence among the women entrepreneurs regarding the support the government intended to provide them is also crucial to discuss. An assessment of the stimulus in the next chapter also sheds some lights on why these packages might not reach the most eligible beneficiaries. One of the entrepreneurs mentioned:

A few years back at the very initial stage of my business I went to a bank to get a loan. I was a victim of discriminatory behaviour. Some of my friends also applied for a loan. I also applied for the same loan. Two of my friends got the loans as they had a liaison with government officials. I do not think banks are that supportive towards women. I heard about stimulus packages to be provided by the government but I am not getting any interest remembering my experience.

Describing the other side of the coin, a government bank official said:

Getting an SME loan is tough regardless of gender. Most of them do not know the proper approach. Banks also need to follow some rules and regulations. We need to review and scrutinise the documents before we approve the loan. Most of them cannot show the relevant documents. The bank officials are also accountable to senior management and hence cannot do much going beyond what is on paper. So, we sometimes have to regret their application and send them back without any loan.

¹³Financing Solutions For Micro, Small And Medium Enterprises In Bangladesh, 2019

NGOs seemed to be a popular source of investment for all types of entrepreneurs. When asked which source the women entrepreneurs would prefer for new investment after COVID-19 pandemic, the preferences seemed to be similar to the pre-pandemic. Around half of the entrepreneurs (49%) mentioned of NGOs as their choice for further investment. However, 17% entrepreneurs were found to be uncertain about from where to

source funds and 8% mentioned they would not make any further investment. Again, only 15% would opt for women entrepreneurs' credits provided by the banks (18% of cottage entrepreneurs). More medium-sized entrepreneurs would prefer general bank loans. Among the ones who knew about the stimulus package, choice of the bank was higher and 42% mentioned of banks as their potential source of finance.

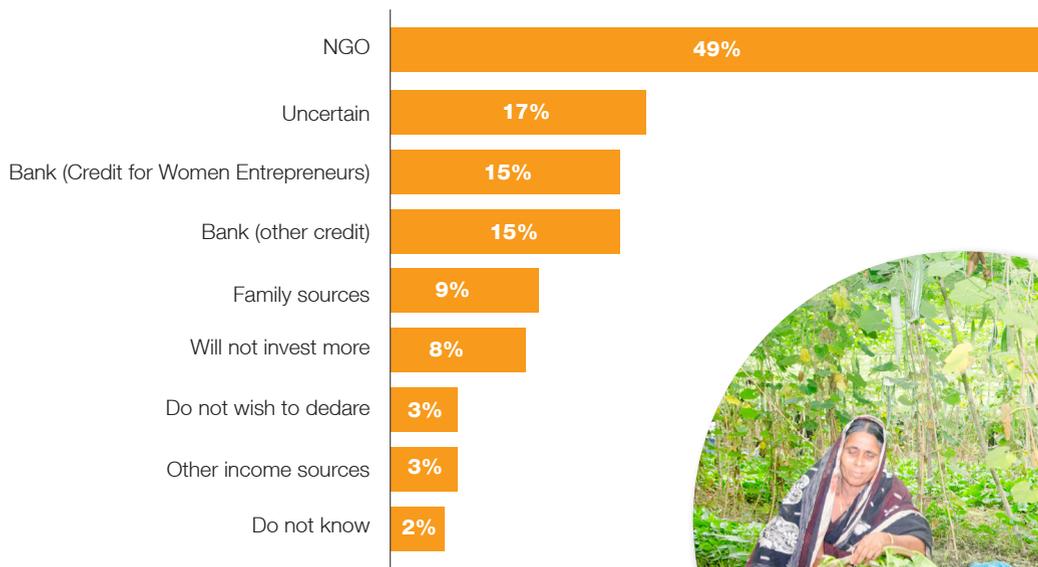
Table 9: Potential investment sources after COVID-19 pandemic

Type of CMSMEs	Bank (General credit)	Bank (Women Entrepreneurs' Credit)	NGO	Income from other business	Family Source	Do not want to disclose	Uncertain	Will Not invest further
Cottage	14%	18%	55%	4%	12%	2%	18%	4%
Micro	15%	14%	50%	3%	7%	3%	17%	9%
Small	18%	13%	30%	0%	12%	8%	15%	15%
Medium	30%	10%	10%	10%	0%	20%	10%	20%

*Multiple Response

More than half of cottage (55%) and half of the micro-entrepreneurs (50%) mentioned of NGOs as their preferred choice of investment source after the pandemic is over which is higher than small and medium entrepreneurs (30% and 10% respectively). Among the ones who would go to banks for investment credit, 41% were graduates and postgraduates.

Figure 10: Potential investment sources after COVID-19 pandemic



*Multiple responses



Women entrepreneurs still holding hopes

Women entrepreneurs were seen to be positive regarding resuming and continuing their businesses beyond the pandemic, even though they faced significant losses. Only 1% of the respondents said they would leave the business.

More than three-quarters of women entrepreneurs (77%) mentioned that they would continue with their existing business and 16% expressed the hope to start new ventures, along with the existing ones. A higher percentage of entrepreneurs above 50 years of age responded that they would do something new in addition to their current business (22%). However, 5% of entrepreneurs were found to be unsure about what they would do. It was also encouraging to see that among the entrepreneurs whose businesses were not in operation during the pandemic, 86% of them expressed their hope to resume when the pandemic is over.

A higher percentage of rural entrepreneurs expressed their plan to stick to their present business (80% rural vs. 75% urban). On the other hand, a higher percentage of urban entrepreneurs stated that they would start something new (18%) compared to the rural ones (12%).

Among the ones who expressed their plan to change business or profession or were still uncertain about resuming business, 40% of them mentioned of lack of

adequate capital to invest as a reason behind such a decision.

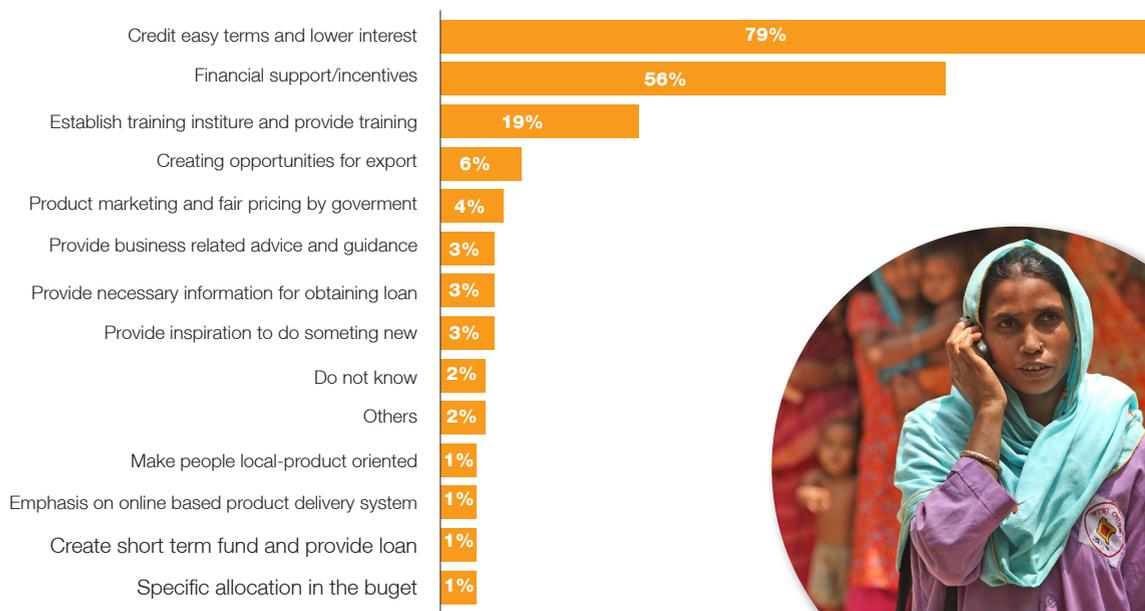
One of the entrepreneurs reacted when asked whether they would leave their business or find any other alternatives to survive:

Why should I leave it? I gave almost everything to it. I can resume the business when the supply-demand chain becomes active. But, this pandemic gave me some experience and ideas too. Now I am planning to produce COVID-19 toolkits alongside my regular production. We only need mental and financial support.

Entrepreneurs demand incentives to cope with incurred losses and resume businesses

When asked what measures need to be taken to deal with the losses and survive in business, 79% of entrepreneurs mentioned that they would require credit at easy terms and affordable rate of interest. More than half of the entrepreneurs (56%) mentioned the need for financial assistance. Around one-fifth of the entrepreneurs (19%) emphasised on training related to productivity, IT and business dimensions in the new normal situation. Some entrepreneurs (6%) expressed their expectation to create and facilitate the scope of exporting their products.

Figure 11: Measures needed for resuming and developing businesses



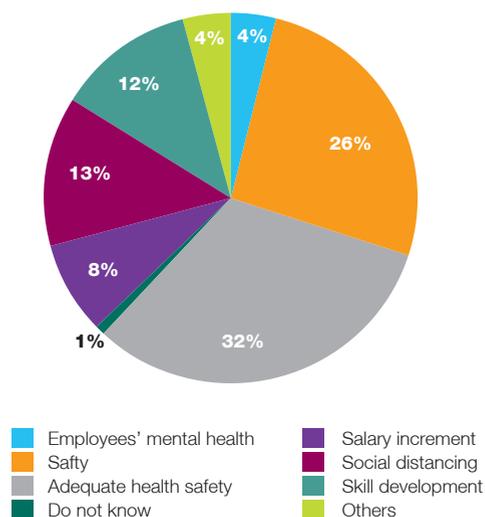
*Multiple Response



Financial support or direct incentives along with credit schemes would be essential to help the entrepreneurs cope with the incurred losses. While credit at low cost was welcomed, cottage and micro-entrepreneurs also mentioned that they are not in a position to enhance their liability by taking more credit as they still are uncertain about generating profits. Some entrepreneurs, therefore, argued for grants as working capitals for the ones who already lost their capital and savings. Financial support or direct incentives were required more by service entrepreneurs while more low-cost credit was mentioned by primary product enterprises. An expert mentioned:

We often get confused regarding the support the government provides. The government is providing the interest subsidy under the package. The rest need to be repaid by the entrepreneurs themselves. The liabilities are too high.

Figure 12: Where will women entrepreneurs focus regarding employees after the COVID 19 pandemic?



The entrepreneurs also seemed to be well aware of the new context of COVID-19 pandemic and the business in the 'new normal' situation. When asked where they would focus or emphasise for their employees (who have), 31% (33% urban; 29% rural) entrepreneurs mentioned they would ensure adequate health safety measures for the people working under them. A quarter of the entrepreneurs (26%) prioritised safety as a whole and 13% would ensure social distancing while production or business in operation (11% urban and 18% rural).

When asked about what would be necessary to resume business, an overwhelming majority (63%) mentioned

of business opportunities. The second most mentioned issue was health and social distancing (36%). One of the women entrepreneurs mentioned:

We have become more cautious now regarding the health of our employees. I will try and maintain health safety regulations even when the situation gets normal. I believe such measures will soon come under compliance requirements if we want to do business with international clients.

The women-led CMSMEs have been dealing with multiple challenges both in terms of economic and social situation. On the one hand, where their economic empowerment is at stake, losing them from the mainstream market could have long-term national impact, on the other hand. Understanding their unique challenges and designing policy interventions based on evidence, therefore, holds paramount importance. The market systems need to be supported so the supply chain restores creating demand for the products the entrepreneurs produce, along with an aggressive cash injection. Support to the market systems and supply chain management for the entrepreneurs could be the key to a so-called 'V' shaped recovery of business and employment. The women-led CMSMEs need to be given special priority in economic recovery planning if the nation requires to hold on to women empowerment, built over the past decades.

5.2 Impact of COVID-19 pandemic on women informal sector workers

The sectors that were selected for this section pose importance in terms of women's participation in the labour force and are assumed to be highly impacted during the pandemic. The informal sectors selected for this study include agricultural labour, floating hawkers, construction labour, sex workers, rice mill workers, domestic help, tailor, beauty parlour workers and workers in food processing. These sub-sectors were badly affected by the lockdown and other restrictions induced by COVID-19 pandemic. A senior official of a local NGO mentioned:

Women are engaged in the informal sector in different ways. They work as sellers, construction workers, hawkers, cleaners and doing many other works that were done by men before. Their role to some extent is invisible as mostly they play a supportive role in the lower value chain and the nature of the work. For example, in the peri-urban area men are selling fish and women are helping to process it. Due to COVID-19 most of the work opportunities stopped or became limited.

Migration during the pandemic was reported by 10% of the women informal workers (8% of rural and 11% of urban). One-fifth of the domestic help (21%) and 16% of tailoring workers reported that they migrated after losing work during the pandemic. The average share of income contribution of the women workers to their household income was 63% before the pandemic (in February).

Women informal sector workers experienced multiple challenges during COVID-19 pandemic

Most of the women informal sector workers (84%) reported that they faced multiple challenges during the pandemic (87% of urban and 79% of rural; 88% of migrated and 83% of non-migrated). The percentage was higher for women-headed households (87% vs. 80%). A negligible number of construction workers (95% suffered) and handicraft sector workers (93% suffered) reported that they did not face difficulties during the time. The challenges faced by them ranged from having no job to reduced income. More than half of the workers (58%) reported (60% urban of 53% rural) that they had no job or work opportunity during this time. Around half of the workers (49%) mentioned that they could not go to work due to lockdown. More than a quarter of workers (26%) expressed that they worked but were partially paid and 22% did not get any payment at all despite they worked. Overall 59% of the service sector workers reported having no job which was 92% of the construction workers.

During the survey, 17% of the women workers mentioned that they did not have food at home which was for 19% of women workers where they are the household heads (female-headed household). More alarmingly, 16% of the ones reporting having no food at home had children in the household and they mentioned they primarily spend their earning for their children.

Besides, those who reported that they had no work or got reduced or no salary, 45% of them reported that they could not go to work due to the lockdown/COVID-19 regulatory measures (57% rural and 39% urban). One-third of the workers (34%) reported that their owners did not have their business in operation or had the business on a limited scale and hence they could not pay to the



workers. More urban informal workers reported having no job (60%) than rural (53%). On the other hand, rural level informal workers reported more that they could not go to work due to lockdown.

Table 10: Location wise challenges faced by the workers

Challenges	Rural	Urban	Overall
No Job	53%	60%	58%
Could not go to work due to lockdown	53%	47%	49%
Getting partial payment	25%	27%	26%
No household income	29%	25%	26%
Working but not getting paid	18%	24%	22%
No food at home	19%	15%	17%
Could not pay house rent	6%	13%	11%
Risk of losing job/ work opportunity	2%	3%	3%
Income opportunities reduced	3%	2%	2%
Not getting necessary health care / treatment	3%	2%	2%
Self/family member Corona infected	1%	0%	1%
Facing oppressive / insensitive behaviour	1%	0%	0%
Others	10%	4%	6%

**Multiple responses*

Around two-thirds of the women workers (63%) who had no work during this time, did not try for a work opportunity. However, more than one-third of the workers (35%) said that they tried but could not get any. One major reason behind not trying for new work could be the increased family and multi-care responsibilities that the women got into within their households. Spending a long-time in the congested environment and inability to deliver proper household care might have induced the domestic stress and mental trauma. The social distancing and lockdown regulations also limited their scopes to explore and hence they had no option but staying home.

When asked about how they managed their household expenses as they had no work during the time, 39% of women workers mentioned that they had to take loans (43% rural 37% urban). A quarter of workers (25%) depended on the income of other family members and 18% drew from their savings or sold assets. Only 11% mentioned that they could resort on the relief/ assistance received from various sources. A few women workers (4% rural and 10% urban respondents) relied on private/ NGO relief while 4% urban and no rural respondent were dependent on government relief.

Two-fifth of the married women workers (40%, compared to 29% unmarried workers) borrowed money and 27% of married workers depended on the income of other family members. More migrated respondents borrowed money than non-migrated ones.

Reduction in both personal and household income of women informal sector workers

The income of the women workers dropped by 66% between February and June, on average. Besides, 40% of workers reported that their income became zero in June. The urban income drop was higher than rural (69% vs. 60%). Where the women workers were the

main family earning members, the reduction was higher (68% compared to 62% otherwise). Moreover, migrated women workers had higher reductions (78% vs. 65%) as well.

Their overall household income also dropped by 59% in June, compared to February and it came down to BDT 6,177 from BDT 14,940. Again, the vulnerability was higher for female-headed households (63% vs. 53%). The reduction was slightly higher in urban areas (59% urban vs. 57% rural). Migrated women workers also experienced higher reduction (by 62% compared to 58% for those who did not migrate).

Figure 13: Reduction of income of women workers involved in informal sector by occupation (percentage)

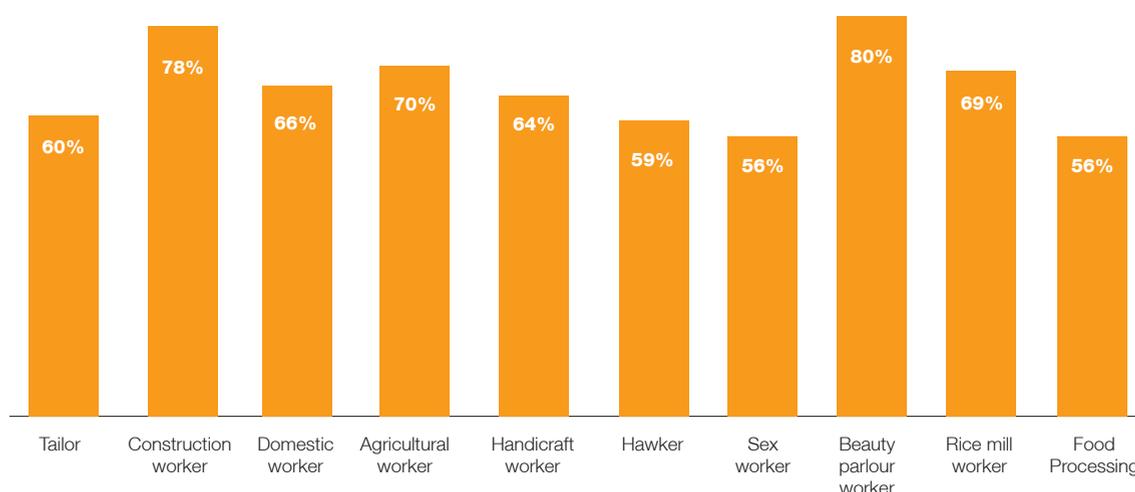


Table 11: Reduction of income of the women involved in informal sector (average amount)

Sub-sector	Average income February (BDT)	Average income June (BDT)
Tailor	7,868	3,121
Construction worker	7,200	1,575
Domestic help	6,677	2,251
Agricultural labour	7,919	2,373
Handicraft	5,966	2,153
Hawker	8,552	3,478
Sex worker	14,643	6,482
Beauty parlour worker	15,668	3,161
Rice mill	4,047	1,261
Food processing	10,415	4,588
Overall	8,685	2,954

Based on the reported income, the sector having the highest reduction was beauty parlour and construction work (80% and 78%). Sex workers and workers of food processing industries seemed to have the lowest reduction of income, as per the information provided by them regarding their income (56%).

Informal sectors workers were forced to stop their economic activities due to the movement restrictions during the pandemic. During the lockdown, markets were closed, construction works were almost stopped, and domestic helps were refrained from engaging in work to avoid the risk of virus transmission. One of the domestic help in the urban area of Dhaka city stressed:

I have no work for the last four months. I used to work for five families and earn BDT 14,000 per month. Most of them told me not to come because I could be the bearer of the virus. Do we poor only bear virus? I have zero income now.

Not only the domestic helps, but also other informal sector workers lost their job at a high rate. Sex workers lost almost all their regular income since hotels were closed, their customers were also under lockdown and such services had less demand. A majority of trans-women used to collect money from shops and malls. Since those were also closed, their incomes were also at stake.

Box 3: Situation of the sex workers

“People are not getting out of their home, who will come to the sex workers?” expressed Salma (pseudonym), a sex worker from Dhaka.

As the pandemic hit the country, demand for services of the sex workers drastically dropped. As hotels and restaurants were closed, their income opportunities were also shattered. Regular customers reduced the demand for such services perceiving the health risk which put the sex workers in utmost misery.

Among the selected sex workers, 71% were within the age group of 18-35 years and 88% were from urban areas. Most of them (80%) mentioned that they are the main earning members of their families.

Around half of the sex workers (48%) reported that they had no work, 26% reported not getting adequately paid and 48% said they had no food during the lockdown. Based on the information disclosed on their income, the sex workers’ income dropped by 56% in June, compared to February 2020. Their per capita food expenditure dropped by 20% owing to the reduced income. This is distressing more considering that 20% of them reportedly have children. The situation severely impacted their mental health. Most of them (87%) reported severe mental impact and one-third of them (34%) further said they would require mental health related support.

The sex workers received some assistance from NGOs and some were included in the government beneficiary list, but facilities were inadequate and 44% did not get any form of support during the time. They had to borrow money for meeting their basic needs (54%) and 23% resorted on relief from the government or private organisations. Having no proper database of sex workers in the country worked as an obstacle in targeting them adequately.

An official from a national organisation working with the informal sectors mentioned:

Women working in the informal sector lost their job more than men. As per government data, the total labour force in Bangladesh is 6 crore 36 lakhs out of which 52% are women. As they have no income, they are being tortured in their family. Those vulnerable women are being victims of extreme violence and discrimination, both in family and society.

A similar statement was also given by a leading official of an NGO that works with the women involved in informal sectors:

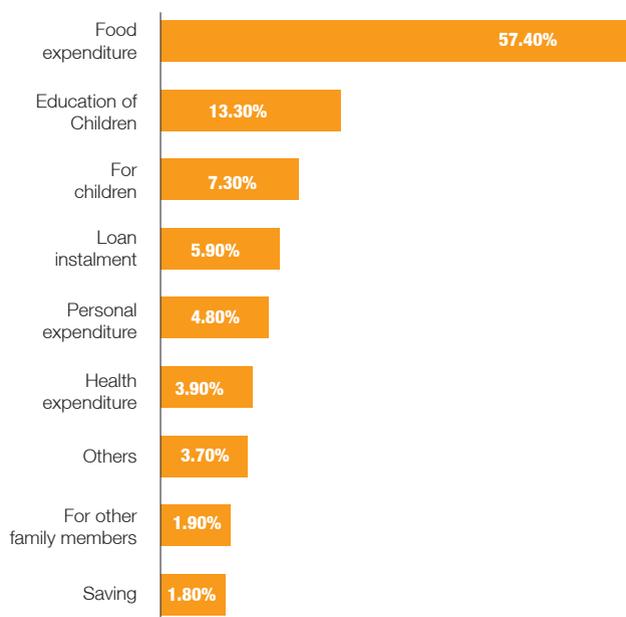
In COVID situation we came to see that those who work at a part-time basis lost their job in most cases. After losing their job they moved to the village where they have no opportunity for work. In normal time they earn BDT 8,000 to 10,000 but now they have zero income. They have high hopes that their community people will help them but most of them did not get any help. Many of them were bound to be back in the city but nobody is accepting them or giving them work due to fear.

Construction and related works were almost closed since the pandemic started and continued till June. When some of the works started resuming, male workers got the preference compared to women with the idea of the higher physical capacity. With the idea that the women construction workers are less skilled and mostly do the support works, it was difficult to resume earning a regular living.

Food security might be at risk owing to reduced income

More than half of the female workers (57%) mentioned that they primarily utilise their income in food expenditure (63% for female-headed household and 50% for others). Such a reduction in income, therefore, would take a toll on their households’ food security.

Figure 14: Where do the families of women informal sector workers primarily spend their income?



More than one-fifth of women workers (21%) reported that they spend their income on their children's education or other expenses. When the income reduced so much, it was likely to forgo this expenditure to meet other more important necessities of the family. Since food consumption is a basic need and could only be compromised up to a level, the major impact would be felt on other expenses that are considered less important. An informal sector expert argued:

The earning women always have the ambition to educate their children so they can get a decent job. Mothers always utilise their money on children's education. This will definitely have an impact if the income-generating opportunities for women are not restored.

The pattern is similar if the marital status of the women workers is considered. More widowed workers used their income for food expenses (71%) than the rest of the necessities. Education of children was the second priority for the women workers having children (married, widowed, divorced) while the unmarried women workers mentioned personal expenses.



Table 12: Primary spending area vs. marital status of the informal sector workers

Expenditures	Unmarried	Widowed	Divorced	Separated	Married	Not Disclosed
Food expense	65%	71%	47%	60%	55%	100%
Education of children	3%	12%	19%	13%	14%	0%
Rearing children	0%	1%	6%	0%	9%	0%
Loan repayment	5%	7%	3%	13%	6%	0%
Personal Expense	14%	1%	9%	0%	4%	0%
Treatment	2%	6%	3%	0%	4%	0%
Savings	0%	1%	0%	0%	2%	0%
For Elderly family members/siblings	5%	0%	3%	7%	2%	0%
Others	8%	1%	9%	7%	3%	0%

On average, households' monthly per capita food expenditure reduced by 14% (16% for rural and 13% for urban). However, 46% of the respondents had no change in food expenditure. On the other hand, for 11% workers food expenditure even increased. On average, per capita monthly food expenditure reduced by BDT 322.

Table 13: Comparison of food expenditure between February and June (BDT)

Location/type of respondents	Monthly food expenditure (February)	Monthly Food Expenditure (June)	Change in food expenditure
Overall	2349	2027	-14%
Rural	2122	1789	-16%
Urban	2465	2148	-13%
Respondent is HH head	2426	2097	-14%
Respondent is not HH head	2248	1934	-14%

Overall, 43% of the women workers reported a decline in the food expenditure of their households. The construction workers had to cut their food expenditure the most (46%), followed by handicraft workers (42%), domestic helps and agricultural workers (37%) and tailor workers (31%). Most of the workers (95%) those who reported a reduction in food expenditure mentioned that reduced income was the primary reason behind the cut of food expenditure. This could have a longer-term impact on women's health and nutrition as a whole. Experts and academicians emphasised on tackling the problem holistically. A sector expert argued:

We need to plan comprehensively. Most of the women have no work. Those who are working are getting less paid. So, scarcity of food is common. They cannot afford house rent too. Daily commodities are getting expensive day by day. The scope of employment getting congested. While most of them can't take daily meals three times a day, they hardly think about their health, safety or social distancing. We cannot expect them to comply with regulations when they are starving.

Reduction of income causing the family crisis and mental trauma in the families of women informal sector workers

Most of the informal sector workers (97%) having low personal or household income during COVID-19 informed that they were shattered by mental distress. More than half of them (54%) informed that the reduction of income impacted their mental health severely while two-thirds of them (34%) perceived it a significant impact on their mental health.

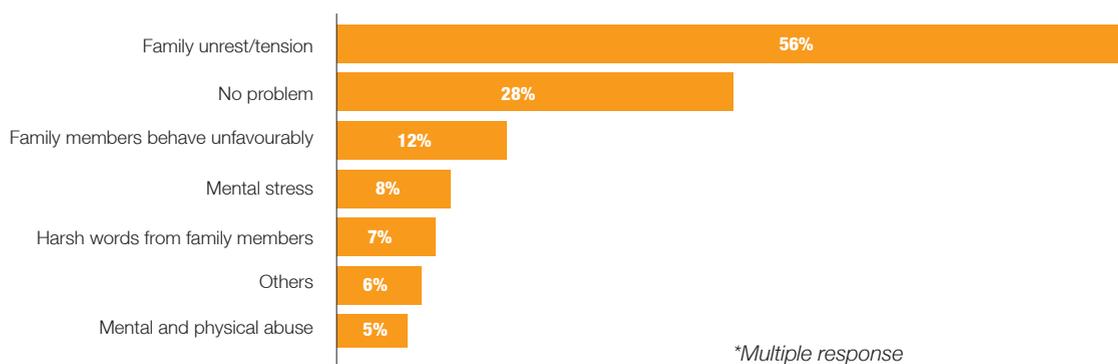
Widowed, divorced and married women had higher mental stress than unmarried and separated women workers, pointing out the fact that family responsibilities could trigger mental impact during a crisis. Urban level workers also dealt with a higher level of mental distress than the rural informal workers (58% vs. 44% facing severe impact). The women workers who played their role as household heads (female-headed households) reported higher impact (58% vs. 49%). Again, the severe impact was reported in a higher percentage by migrated workers (66%) compared to non-migrated workers (52%).

Table 14: Mental stress by marital status and locations

Type of stress	Unmarried	Widowed	Divorced	Separated	Married	Rural	Urban
Severe/ Extreme impact	51%	56%	57%	50%	53%	44%	58%
Quite/ Significant impact	27%	40%	33%	21%	34%	41%	30%
Little impact	10%	3%	3%	14%	7%	8%	6%
Very little impact	8%	1%	3%	0%	2%	2%	2%
No impact	4%	0%	3%	14%	4%	4%	3%

Reduced income also deteriorated the family situation of the female workers and 72% of the workers reported one type of challenges or the other. More than half of the women workers (56%) reported that their family tensions increased (51% rural and 59% urban). A good percentage of women (12%) mentioned that they faced unfavourable behaviour from their family members, though 28% of women mentioned that they did not face any problem due to reduced income opportunity.

Figure 15: Immediate impact of reduction of income in families of the women informal sector workers



*Multiple response

Some women workers (5% overall, 6% rural and 4% urban) reported physical or mental abuse that they faced in their families due to a reduction in their income. One plausible reason behind the low parentage could be that the women often tend to hide such incidence. On the other hand, the perceptions vary in terms of the extent of an incident that can be described as violence and mental abuse. It is also true that violence is still not a very understandable phenomenon in our culture and often is normalised within households. Moreover, the survey was conducted over the phone. Hence, the respondents could

crisis. Due to the lockdown and social distancing, the mechanisms run by the government or other NGOs were also not in operation which put the women in a more vulnerable position. An expert argued:

The violence support systems already were faulty. Reduced or no operation of those have increased the reported cases of violence. We need to revise the existing mechanism to make them effective, especially during such a crisis period.

Box 4: Persons with disabilities mostly excluded from relief support

Dipping demand for the product and non-essential services caused reduced work opportunities overall and persons with disabilities were among the first to become victims of it. While three-quarters of the persons with disabilities (75%) reported having no work, only a quarter of them interviewed (26%) reported getting relief support from the government or private organisations. Around two-thirds of them (63%) could not go to work due to lockdown and 37% had no food at home during the survey. Half of them (50%) further reported having no household income. Movement restrictions also made it difficult for them to operate.

Monthly earning of the workers with disabilities was already low (BDT 4,700 in February) and further came down to 1,659 in June. The contribution of their income to their household income was as high as 83% and came down to 66% in June, but still was unbearable to maintain a family with such level of income. As a result, 100% of the workers with disabilities asked for cash support from the government to sustain their livelihood. More than half of them (58%) required work opportunities.

The women workers with disabilities expressed their plan to remain in the same profession and were found to be well aware of the health and safety measures required to be maintained for fighting COVID. 42% of them argued health and safety are important for re-joining work and 36% mentioned of social distancing.

have hesitated to disclose such information. However, the large report of family unrest is also an indication of some household level misbehaviour towards women. The women workers aged between 36 and 50 reported deterioration of this situation in their families and 71% of them reported such problems, which is however lowest for the women workers aged over 50 years (65%). On the other hand, physical and mental abuse was reportedly highest among the young informal workers aged between 18 and 35 years (7%).

The support services for women violence survivors were also not in full operation during the pandemic, as mentioned by the sector experts. Police officials were also found not to take complaints if the incident was not extreme as they were busier in dealing with COVID-19

All women workers were asked if they required any professional mental health support for dealing with the stress the COVID-19 caused in their lives. More than two-fifth of them (42%) mentioned that they would require such support (48% of the widow and 35% of unmarried; 35% of rural and 45% of urban). It also is encouraging to note that the women workers recognised the fact that such supports would have a positive impact on their mental health. While they did not report for violence much, it is well understood that they went through severe trauma and mental distress.

Relief and external support required for the women informal sector workers to survive

As per government data, 6.74 crore people received government relief support till 15 June 2020 to fight economic distress induced by COVID-19 pandemic. However, the percentage was not very high among the survey respondents.

More than half of the women workers (57% overall, 72% of rural and 49% of urban) reported that they did not receive any form of support or relief from the government, NGOs or private organisations. The women who got some relief, 74% of them received food and 52% received cash support. Reportedly, the women workers aged above 50 years received relief at higher percentages than the young informal workers (52% vs. 39%)

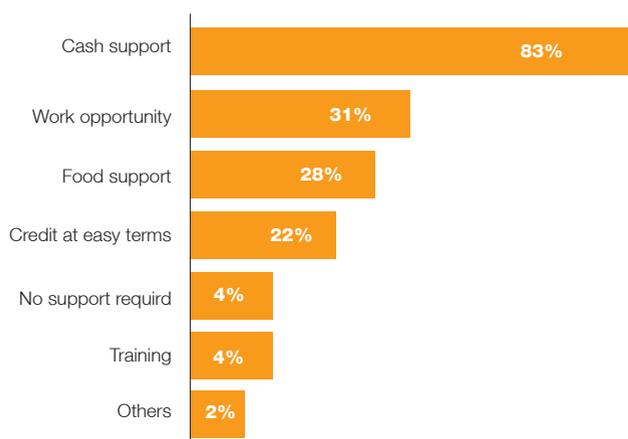
The government depended on the lists developed by the local government institutes and local administrations for distributing relief. The informal sector workers criticised the role of these agencies as they found flaws and irregularities. Moreover, it was also difficult for women workers to personally go for relief collection owing to their household responsibilities and other social factors. Their access to mobile financial services was also limited and as a result, they had limited access to the support in many cases.

The support measures also seemed to be inadequate compared to the demand. 43% of workers who received

any form of relief during COVID-19 mentioned that they ran out of the food or cash received during the survey. Some workers (5%) mentioned they could survive more than a month with the support they had in hand. This again brings the fact that the support provided by the government or other organisations were inadequate to help the workers survive for a long tenure of the pandemic situation.

When asked about what type of supports they would require to survive, 83% of women workers mentioned of cash support, 31% work opportunities and 28% food support. Some women workers (4%) mentioned they did not need any form of external support. However, a higher percentage of rural women asked for credit support at easy terms (28%) than the women in urban areas (19%).

Figure 16: Support needed for the women informal sector workers to survive



*Multiple response

Interestingly, 2% of the women workers who received government relief mentioned that they did not need any assistance.

The distribution process of social safety net support was poor despite the declaration of large commitments by the government. One of the findings shows that in rural and peri-urban area public representatives were largely engaged in corruption during the process of listing. Moreover, there is no database in any government agency that tells who are really marginalised and become vulnerable during any emergency. Political considerations also informed the listing largely. One of the community leader mentioned in this regard:

Almost no one got a government stimulus package properly. There are many migrated workers in the village. Having no ration card and NID, they were excluded from the list. Public representatives played a little role. They were biased and manipulative. The government needs to enforce a crisis team combining army, police, navy, community representatives and other relevant people to ensure monitoring.

Not only the women but also the trans-women were out of stimulus package for many reasons. One of the sector specialist mentioned in this regard:

The stimulus package is limited for the transgender and sex workers. To best of my knowledge, no stimulus package declared by government is available for them. In some areas, sensitive and positive minded public representatives arranged a meal for a few of them. But this is not enough. It is important to pass a transgender bill to ensure their right.

Plan of the women informal sector workers

The women informal sector workers seemed to be comfortable in what they were doing and did not express any planning to switch their current work. When asked about their plan, 79% of women workers mentioned that they would do the same or similar type of work in future (80% urban and 78% rural). Some workers (6%) said they would have a transition from informal to formal sectors and 3% would change their sector but would remain in informal sectors. Around half of the sex workers (49%) mentioned they would change their profession, though it would not be easier for them to win over the unfair social stigma and change the profession. Less than one per cent workers (0.2%) mentioned that they would leave the labour force and all of them were from urban areas.



However, 2% of workers were found to be uncertain about what they would do in future. The unmarried (17%) and divorced (19%) women workers showed higher interest in the transition from informal to formal sectors.

Among the workers who mentioned they would not work in future or were found to be uncertain, 17% of them argued that work opportunities might not be available and 25% of them might have barriers from the family and household chores might increase.

Qualitative findings suggest that informal sector labourers are mostly unskilled and hence have little chance to join the formal sectors. The work opportunities are also getting limited making it difficult for them to find any type of work. As a result, they opt more for similar types of works. The insignificant percentage wanting to leave the labour force is also logical as these women are important earners of the family and need to generate income for feeding their families in whatever situation.

Potential challenges for women in the informal labour market and possible solutions

When asked about what type of challenges or problems the women informal workers might face in terms of joining works, only 10% of workers mentioned they might face no challenge or problem. However, the majority of the workers expressed that there would be reduced work opportunities (62%). More urban respondents (66%) reported not getting work as a potential challenge, compared to rural level workers (54%). A higher percentage of construction workers (72%) and domestic helps (69%) expressed fear of not getting a job. More than one-fifth of workers (21%) mentioned that they have lost mental strength owing to the stress induced by the pandemic. This type of challenge was mentioned by 27% of rural and 17% of urban informal sector workers.

Figure 17: Potential challenges for women in joining the labour market

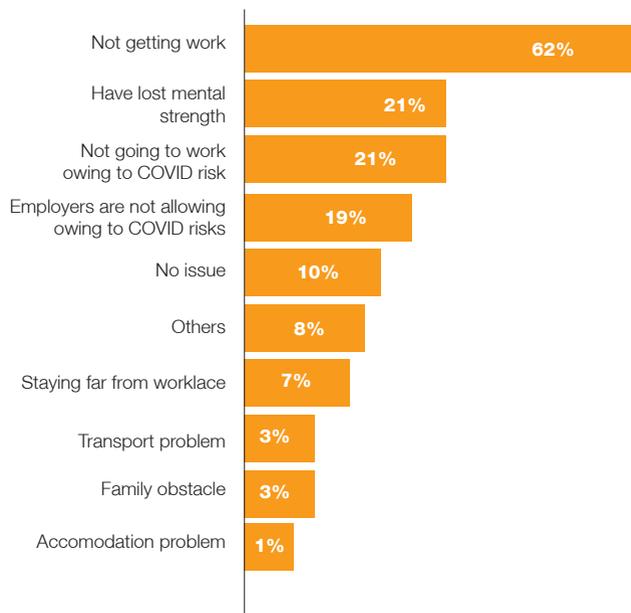
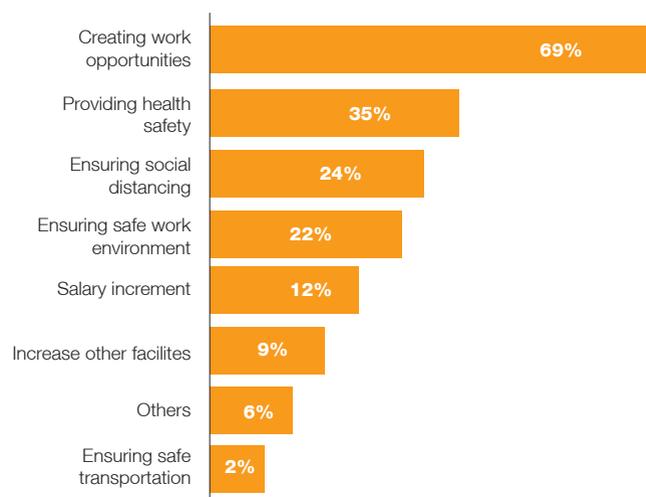


Figure 18: What the women informal sector workers need for joining work?



*Multiple response



Table 15: What the women informal sector workers need for joining work?

What they need	Rural	Urban
Work Opportunities	61%	74%
Increase in salary	12%	11%
Health Safety	42%	31%
Work environment	28%	19%
Social distancing	31%	21%
Other benefits	10%	9%
Transportation facility	2%	1%
Others	6%	6%

The workers were also asked about what needs to be emphasised joining workplace and again more than two-thirds of workers (69%) argued that work opportunities need to be created (74% of urban and 61% of rural level workers). More than one-third of workers (35%) emphasised on health safety measures and around a quarter of workers (24%) put importance on ensuring social distancing at the workplace. The percentage is higher in rural (42% and 31%) than urban (31% and 21%). This shows that the awareness campaigns regarding behavioural changes in the new normal scenario worked moderately well and the workers are somewhat aware of their health-safety measures.

The sector specialists argued that it is a huge challenge to ensure a safe workplace for informal workers. To deal with health risk, comprehensive actions need to be taken. One of the sector specialists mentioned:

We need to create a scope of work and provide them with health safety. Many of the workers are not allowed to join work as many of their employers are still panicking. There is no alternative to skill development to formalise their activities.

5.3 Review of the stimulus packages related to CMSMEs and informal sector and their gender responsiveness

As soon as the impact of COVID-19 started to be felt, the government of Bangladesh declared timely packages for the economy to recover. A total package worth over BDT 103,117 crore, which is 3.7%¹⁴ of GDP was declared so it supports the vulnerable people, formal and informal economy. The packages, if implemented properly, could significantly contribute to cushion the scars of pandemic.

¹⁴Budget Speech, 2020-21

However, how far these packages have focused on gender responsiveness is still of question.

The 20,000 crore package for CMSMEs did not prioritise women entrepreneurs adequately

A package of BDT 20,000 crore was offered to the CMSMEs to be utilised as working capital for the continuation of business operation. As per the regulation of Bangladesh Bank, credits can be disbursed without assessment as per the Guidelines on Internal Credit Risk Rating System for Banks (ICRRS) since the process is time-consuming, and banks can use their own risk assessment criteria and can be disbursed if the banks find them creditworthy. Hence, the assessment and disbursement results now depend on the bank-client relationship. The package, however, restricts the utilisation of the fund for repayment of previous loans and does not allow access to loan defaulters.

The package was designed to provide credit at a 9% rate of interest of which the government would subsidise 5% if the loans are repaid within one year. BDT 10,000 crore of the package was supposed to be provided by the central bank under a revolving refinancing scheme at a 4% rate of interest with quarterly repayment. The fund will be valid for three years.

As per the clauses, banks would have to disburse a minimum 70% of the funds to the cottage, micro and small enterprises and rest 30% to medium enterprises.

The Bangladesh Bank, in its circular, keeps some prioritisation for female entrepreneurs and the clause suggests that a minimum 5% will have to be provided to women entrepreneurs. The circular also mentions prioritising enterprises that have been hardest-hit. The package does not mention how much the category-wise CMSMEs would get the support. A sector expert argued:

Cottage and micro industries cannot be considered with small and medium ones as their realities largely vary. Traditional financing through banks for these enterprises is not feasible. Alternative designs and modalities are required.

The 5% prioritisation quota for women entrepreneurs does not seem adequate from the women entrepreneurs' perspective for encouraging them given the situation that they have been disproportionately affected owing to the pre-existing inequalities. But what is worth higher attention in the package is that the disbursement depends on the

fulfilment of criteria to that is to be decided by the banks. Often it has been observed that given the higher risk and operational costs involved in investing in CMSMEs, especially the women-led ones, banks become sceptical regarding investing on women entrepreneurs. A BIBM report suggests that only 3.01 per cent of the total loans disbursed by banks and NBFIs to small enterprises were given to women entrepreneurs¹⁵. This results in women's preference towards NGOs and informal credit, as also suggested by the study. Moreover, the documentation required during the assessment process is also complex and women entrepreneurs, in most cases, lack the capacity to produce those, even in regular times. The absence of formal financial management and documentation systems of women-led enterprises can be explained by their limited scope of business and inability to engage such technical professionals in the business. Owing to the documentation challenges and the system inherited procedural barriers, they lack financing opportunities, and the challenges also exist for the stimulus package.

Besides, the duration of loan repayment has been set considering the revolving nature of the fund and aims at reaching a maximum number of entrepreneurs with the declared fund. However, this low duration can discourage the CMSMEs from availing, especially the women entrepreneurs, who have encountered massive distortion in operation, and might not be able to generate profit as quickly as it requires to pay the instalments. Credit at this interest rate might be viewed as additional liabilities to the entrepreneurs and hence they might feel discouraged to avail these.

The government, however, is well aware of the scenario. To share the risks with the banks, Bangladesh Bank is working to develop a credit guarantee scheme where the government will share the majority of the risk, so the banks feel encouraged to invest in new and risky clients. Some easy access criteria will be set for the schemes which will also include a special provision for women entrepreneurs. The central bank has so far launched a credit guarantee scheme of BDT 2,000 crore for the Cottage, Micro and Small entrepreneurs to encourage the commercial bank and ensure easy access to finance. Such a scheme is praiseworthy and expected to provide relief for the CMSMEs, but yet again the scheme does not include the gender-specific provision.

Disbursement under this package so far is not satisfactory and the regulatory authority is strengthening the monitoring. Besides, the Ministry of Industries has established a district-wise monitoring mechanism to

monitor and facilitate the process. Disbursements have picked up since July and are likely to increase in August, after the instructions from Bangladesh Bank to fulfil disbursement target by October 2020. Till August 2020, Bangladesh Bank approved BDT 4,100 crore¹⁶, around 21% of the package. The disbursement was even lower, BDT 2,070 crore, as reported.

For ensuring the existing prioritisation in the package requires efficient monitoring. The stimulus circular sets the stage for accountability and monitoring and the central bank has established a special monitoring cell. Bangladesh Bank will take legal actions against banks charging hidden fees to borrowers. Commercial banks are directed to submit monthly progress reports to the SME and Special Programmes Department of the Bangladesh Bank. They are also directed to establish a special team at the headquarter-level to monitor the disbursement process. Banks are also asked to establish help desks at every branch to support the entrepreneurs and these need special focus on women. The overall monitoring of the disbursement needs to be made efficient in partnership with the national and local women-chambers of commerce and sector-related associations. The package mentions co-ordination with chambers and association in the process of assessment, but a monitoring partnership would make the overall process more accountable and conducive to women.

Women-led export-oriented industries do not have additional mention in the package for export-oriented industries

The package for export-oriented industries offers loans to be used only for the payment of three months' wages to workers, except executives and managers. Businesses that export

80% or more of their production and Type B and Type C¹⁷ companies operating in different economic zones of the country are eligible for application. The package provides conditionality that includes clearance of salaries till February 2020 and no-layoff of workers. No specific instructions have been provided for loan defaulters in this package which assumingly allows their access. The package initially was worth BDT 5,000 crore and later the government added another BDT 5,500 crore to the package.

The package restricts transaction of salaries in cash. The loan will be interest-free but includes a one-time administrative fee of 2% of the loan amount that will be

¹⁵ <https://thefinancialexpress.com.bd/editorial/boosting-formal-credit-for-women-entrepreneurs-1572710216>

¹⁶ <https://tbsnews.net/economy/banking/stimulus-packages-disbursement-picks-business-normalises-129760>

¹⁷ **Type - B:** Joint venture between foreign and Bangladesh entrepreneurs resident in Bangladesh; **Type - C:** 100% Bangladesh entrepreneurs resident in Bangladesh.

charged by the commercial banks, and penalty interest of 2% will be imposed if the borrowers fail to repay any instalment. The initial grace period for the loan is six months and must be repaid in 18 instalments over two years.

The package aimed at supporting the export-oriented industries, where RMG takes the major share. Women-related to export does not have any additional mention in the package but tries to capture a large portion of women working in these formal sectors as labour.

Again for this package, the limitations lie in banks' disinterest in processing requests from the women entrepreneurs. A female entrepreneur from the export industry mentioned:

I submitted all my papers to a commercial bank for availing the fund. I am a regular exporter and have most of my documents as per compliance requirements. But banks always want to find a loophole to deny the request. Mentalities regarding female entrepreneurs must be changed.

Another issue from the perspective of women entrepreneurs came regarding the scheme is that the fund necessitates payment of wages in modes other than cash. In reality, many of the small-scale exporters do not transact through banks for salaries. The regulation allows Mobile Financial Services (MFS) which provides some sense of relief, but for small-level exporters, it also adds hassle, which might have worked as a limitation for some entrepreneurs.

Refinancing scheme for the agricultural sector does not provide any prioritised scheme for women farmers or entrepreneurs

The loans are targeted to agricultural business enterprises who directly purchase agricultural products from farmers. Loan defaulters are also eligible to obtain this loan under this package as again no restriction regulations were mentioned. The determination of limit on the credit for enterprises who do not have any previous history of availing bank credit is given on the discretion of banks, for rest, it is 20% of the existing loans for business ventures and BDT five crore for entrepreneurial enterprises. The amount of collateral/ mortgage will depend on the bank-client relationship. The rate of interest determined for the package is 4% which will have to be repaid within 18 months, including a six-month grace period. Total amount under this package is BDT 19,500 crore. The package does not provide any prioritised scheme for women

farmers or entrepreneurs involved in the agricultural sector.

Like many other sectors, the government does not have any database on how many women farmers are involved in this sector, which could be one reason why the government does not consider women separately in agricultural schemes. Farmers in the country overall have a very limited relationship with the banks and hence find it difficult to avail the funds. A BRAC study (May 2020) farmers found that only 20% of the survey respondents had any previous experience of dealing with banks. The situation of women farmers can somewhat be anticipated from this figure. Moreover, the collateral for the package would depend on the bank-client relationship, that would incur additional hassles to the female farmers since practically, their ability to produce such documents are also limited.

Refinance scheme for the low-income professionals, farmers and marginalised businesses

The BDT 3,000 crore refinance scheme for the low-income professionals, farmers and marginalised businesses aim at supporting the losses incurred due to the COVID-19 pandemic and does not allow repayment of existing loans. The mechanism suggests that any scheduled bank will obtain the funds from the central bank and would disburse the funds through an MRA approved micro-finance institution (MFI). The MFIs are allowed to provide the funds to their registered societies, given the beneficiaries are low-income professionals, farmers, marginalised businesses, or poor vulnerable groups, and are not loan defaulters. 75% of the funds will be targeted to microcredit loans and rest 25% for micro-entrepreneurs. The loan repayment period will be one year including a grace period for microcredit programme and two years for micro-entrepreneurship programmes. Under the package, the Bangladesh Bank will charge the commercials banks 1%, banks will charge the MFIs 3.5% and MFIs will charge the final clients 9%.

The package mentions that extreme poor, poor, marginalised community and distressed/ deserted women will be prioritised while disbursing the credit. It should also be noted that many of the MFIs of the country focus on women. Hence, it can be expected that this package will be targeted toward low-income women. One aspect of the stimulus is that beneficiaries come at the fourth level of the package, after the central bank, commercial banks and MFIs and interest rates rise to 9% at the end-beneficiary level.

However, the efficiency in implementation for the package lies in its size and disbursement modalities. The ceiling for

each MFI has been set at 2% of the package or 30% of the last three year's average fund disbursed, whichever is less. While some small MFIs will get the benefits of such funds, for large ones with higher capacities, who per day deals with more than the ceiling itself will not be encouraged to avail the offer. Besides, disbursement of the funds through a commercial bank adds to the interest rate and making the interest rate for MFIs 3.5%. Considering the operation costs and the loan loss cost, these packages do not provide lucrative to the MFIs. A senior official from a leading NGO argued:

MFIs are already struggling with a liquidity crisis. The 3,000 crore fund for MFIs is very much inadequate. We disburse around BDT 200 to BDT 250 crore per day. Availing only 60 crore from the fund is not worth dealing for us. These design level issues always obstruct the intended objective of such financial packages.

Table 16: Stimulus packages of the government and prioritisation for women

Package	Priority for Women
BDT 20,000 crore for CMSMEs	5% (BDT 1,000 Crore) for women entrepreneurs
BDT 5,000 crore for export-oriented industries	No special mention for women
BDT 19,500 core refinancing scheme for agricultural sector	No mention for women farmers or agricultural entrepreneurs
BDT 760 crore for informal sector	No special mechanism or prioritisation for women workers losing jobs
BDT 3,000 crore for professionals, farmers and marginalised businesses	Priorities will be given to extreme poor, poor, marginalised and deserted women

Source: Analysis from the Stimulus Package Circulars by Bangladesh Bank

BDT 2,000 crore package for the creation of employment for youth, economic empowerment of rural poor and for the rehabilitation of the returnee migrants does not mention the jobless women

Three specialised banks i.e., Probashi Kallyan Bank, Karmasangsthan Bank, Palli Sanchay Bank and the Palli Karma Sahayak Foundation (PKSF) have been given BDT 500 crore each aiming at revamping the rural economy through the creation of employment for youth, economic empowerment of rural poor and for the rehabilitation of

the returnee migrants. The specific bail-out mechanisms are yet to be finalised and lenders are preparing individual implementation plans.

Safety net packages targeted towards informal sector workers might face the challenges of targeting

Along with the fiscal packages for facilitating business operations, safety-net programmes were also strengthened nation-wide. The Prime Minister of Bangladesh declared a BDT 760 crore package for wage earners losing jobs in the informal sector. The fund disbursement took the medium of one-time direct cash transfer via banks and MFS. Recipients' selection is facilitated by city-corporation/ upazila/ pourasava-level administration and later is verified. The programme for Direct Cash Transfer (DCT) aims to provide BDT 2,500 to 50 lakh families nation-wide which also is following proper targeting mechanism. The rollout plan of the package does not include any special or priority mechanism for women but focuses on efficient targeting. A senior official from the Ministry of Social Welfare argued:

The government in principle tries to prioritise government while developing the beneficiary lists and local offices are instructed accordingly.

The government is distributing support through bank accounts and MFIs in order to ensure transparency and is also supporting the listed beneficiaries by opening the 10-Taka accounts for them. Overall, during this fiscal year, apart from the special packages, the government also planned to increase the safety net coverage for women.

However, the packages designed for the informal sector workers have their own limitations regarding both targeting and disbursements. The listing process has some loopholes. The ration-card initiative declared by the government has failed to get implemented. A sex worker from Dhaka mentioned:

I have contacted my area's ward commissioner several times to include my names in the relief recipients' list. I provided my name and ID in due time but he later refused me saying that the list has already been made and my name cannot be included now.

While any policy-level interventions need to focus on the gender aspect to ensure equal and equitable impact for both the genders, a gender-blind approach to a fiscal

stimulus might result in inefficient allocation of resources and leaving behind a major vulnerable group, adding to the pre-existing inequalities. The package declared so far did not take the unique challenges faced by the women-led CMSMEs and women informal sector workers under special consideration, how it could have.

To enable the packages and the facilities rendered by the government yield desired impact for the women in these sectors, a dedicated action plan would be necessary. The existing 4% or 9% rate of interest also might not work for the women entrepreneurs who have already lost their capital and considering the given situation of the local market would take a much longer time to generate profit. The women-led CMSMEs and women informal sector workers are mostly involved in the lower value chain and low-level business and hence would require additional time even if they want to repurpose their business as per market demand. A similar package like the one for the export-oriented industries with no interest and only service charge could be thought of as a special incentive for the women CMSMEs. Moreover, as discussed earlier, it also needs to be strictly monitored that the women can avail the existing stimulus, without additional hassle.

Global good practices

Targeting the women entrepreneurs in the fiscal stimulus is always a concern world-wide. National organisations work together to develop models to mitigate the unique challenges of women. International organisations are also providing support to the government to address

the gender face of the pandemic. Some good practice in this respect can be mentioned. For example, in Mali, UN Women is providing support to the women-owned enterprises and co-operatives by procuring goods from them. In South Africa, a database of women entrepreneurs has been developed with support from the UN-Women to facilitate government's procurement opportunities from women-entrepreneurs.

Canada declared a dedicated fund of \$15 million to provide support to women entrepreneurs during the crisis. In addition, the country increased its funding to address gender-based violence. \$6.46 million has been allocated for women's shelters and sexual assault centres.

The government of Indonesia, as part of its National Economic Recovery Programme, has injected Rp 1 trillion (\$68 million) for state-owned enterprise PT Permodalan Nasional Madani, which provides micro-loans to women. Malaysian government dedicated RM50 million (USD 12 billion) to women entrepreneurs.

In addition, as part of the effort to revive enterprise operations, different countries initiated different SME Revival Strategies to ensure that MSMEs are operating both in the formal and informal sectors smoothly. One of the key strategies followed by most of the developed countries to revive the sector was to provide cash stipend and temporarily reduce and waive loan interests for SMEs and MSMEs that were directly affected by COVID-19 pandemic.

6. Conclusions

The study was aimed at understanding the COVID-19 induced socio-economic impact on women of different economic context and how they are planning to fight through the situation. Understanding the fact that the crisis has the potential to roll back on whatever progress was made before in addressing inequalities, the study also tried to assess a few of the recovery packages to conclude whether those could meaningfully support the women leading CMSMEs and involved in informal sectors as workers.

The study draws the following conclusions:

Firstly, both women entrepreneurs and informal sector workers, irrespective of their age, sector or educational



background, significantly felt the heat of the pandemic and their income opportunities were lost to a great extent. While both of their personal and household income dropped significantly, they could spend less on food and

other basic needs. Informal sector workers had to borrow money from different sources but entrepreneurs could not opt for credit as it would have further increased their liabilities.

Secondly, reduction in income also induced the reduction of the contribution of women to their household earning, which forced them to sacrifice some of the non-food expenditures like education of children, expenditure on health etc. Impact of these necessary items might not be felt immediately, but could have long term adverse effects.

Thirdly, additional disadvantages of being women were also visible through their deteriorating status within the households, as their income reduced. Unfavourable behaviour towards them by the family members, unrest within the households were largely reported. Their mental status was shattered owing to the increased economic burden.

Fourthly, both women entrepreneurs and informal sector workers have a good understanding of the situation alongside the upcoming realities. On the one hand, they are motivated to join the workforce as soon as

they get the opportunity, they are well aware of the new normal health and safety measures, on the other hand. Increased awareness of women can leverage to promote good health and hygiene practices at the workplace and communities.

Fifthly, the support rendered for the economic recovery was found to be inadequate and somewhat ineffective for women. Where a limited number of respondents received any form of support until now, the large stimulus declared by the government has not yielded desired results. Lack of proper information seems to be the key constraint for women in availing the incentives rendered to them. The channels being used to disseminate the support-related information have not worked much for the women involved in the labour force. The allocations given to the MFIs are quite inadequate and will not be attractive for the large MFIs to deal with. These limitations might limit the efficiency and impact of the packages.

Finally, cash and low-cost-easy-term credits are the need for women to help them overcome the situation. Specifically, targeting the women in need with transparent and inclusive efforts will be needed to address the COVID-19 impact.

7. Policy recommendations

As it is of no debate that women have been affected disproportionately by the socio-economic distress of COVID-19 pandemic, the mechanisms and measures for their recovery require additional attention. While many of the interventions taken by the government or other organisations yielded effective results for male in various sectors, the same might not be true for the women involved in CMSMEs and informal sectors. The pandemic has pointed out the number of loopholes and weaknesses in several areas, which can be minimised by using the knowledge and learnings generated through this assessment. Based on the findings, some concrete recommendations have been proposed below:

1. Revisit the stimulus package and make it familiar and popular among the women entrepreneurs by doing the following actions:

- Disseminate the information clearly to the women entrepreneurs; NGOs and commercial banks along with the government need to work together in this regard.



- Introduce a tailor-made package for women entrepreneurs, with reduced or no interest rate and flexibility of a longer repayment period, with special and additional focus on the cottage and micro-enterprises.
- Provide clearer instructions to the banks to ensure women's access to credit schemes.
- Introduce credit-wholesaling and work-order based financing for women-led CMSMEs.

- Allocate large funds to MFIs and utilise their capacities to reach the ones in the most needs, especially the cottage and micro enterprises, considering their preference towards NGOs.
- 2. Introduce insurance for the women-led CMSMEs so that they can be insured for absorbing losses induced by any disaster.**
 - 3. Declare gender-based supports as essential services and integrate into any response plan so these can continue during any crisis period.**
 - 4. Cover the distressed informal sector workers through social safety net support by doing the following actions:**
 - Identify the most distressed women informal sector workers, especially the migrated, female-headed, and most affected informal sector workers and take them under the coverage of safety net support.
 - Use 100% digital financial services to reach the distressed women informal sector workers with safety net support.
 - Ensure complaint mechanism to minimise the problems of targeting and fair distribution of safety net supports.
 5. Restore livelihood options of the most distressed women informal sector workers by doing the following actions:
 - Provide training and credit support to the women so they can start micro-enterprises; MFIs can play a vital role in this regard.
 - 6. Create and strengthen platforms of women CMSMEs to promote their collective rights and regain individual business opportunities by doing the following actions:**
 - Create a strong platform of women CMSMEs to monitor the implementation of stimulus packages and provide feedback to the policy-makers.
 - Create a digital platform to connect with buyers and sellers.
 - Connect the CMSMEs with e-commerce and marketing agencies so that they can continue to sell their products even in a disastrous situation.
 - Create a facilitating platform of NGOs, business associations, SME Foundation and relevant

ministries to create business opportunities for the women-led CMSMEs.

7. Build the capacity of the women-led CMSMEs by doing the following actions:

- Capacitate the women-led CMSMEs on e-commerce and digitisation so that they can continue their businesses even in a disastrous situation.
- Develop the capacity of the women entrepreneurs on the value chain of businesses.
- Provide support to the CMSMEs in formalising and expanding their businesses.

8. Bring informal sectors under certain regulations by doing the following actions:

- Formulate necessary laws and policies to formalise the informal sectors to protect the labour rights of the informal sector workers.

9. Develop a comprehensive national database for both women entrepreneurs and informal sector workers.

10. Establish a counselling mechanism dedicated to women to provide support to the mentally distressed women entrepreneurs and informal sector workers.

11. Build awareness, attitudes and sensitivity towards women entrepreneurs and workers by doing the following actions:

- Provide orientation to the banks, license providing agencies, MFIs and other relevant agencies so that they provide support to the women entrepreneurs and distressed informal sector workers to regain their livelihood opportunities.

