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ASSESSMENT ON SMALL AND MEDIUM ENTERPRISES (SMEs)
LOAN REPAYMENT BEHAVIOR FOR WOMEN IN BANGLADESH

The aim of this bachelor's thesis was to provide an overall analysis of the repayment behavior of the small and medium size enterprises' (SMEs) women loan borrowers in Bangladesh. There has been a lot of effort put into determining the socioeconomic situation factors influencing loan repayment and quantitatively determine the level of intimacy. This thesis was a qualitative and quantitative research. The objective was to conduct a qualitative and quantitative study on the chosen group regarding SME loan repayment behavior for women in Bangladesh.

Using a simple random sampling technique, data were collected from 100 SMEs units. To collect the responses, a structural questionnaire was created from various SMEs units throughout the country. The socioeconomic factors were analyzed using descriptive statistics, and the socioeconomic factors that influence the level of loan repayment were quantified using Multiple Regression Analysis. The in-depth interviews' observations and findings highlight the borrowers' reactions to repayment pressure. This pressure puts borrowers in a precarious financial situation while also disrupting their social and family lives. As a result, this research contributes to a better understanding of the repayment issues. Only a few studies on this topic have been conducted in Bangladesh so far.

This thesis provides results that the average age of the respondents was 46 years old, and the average length of education was 15 years. With a 100 percent collection rate, the loan recovery ratio is high. It has also been discovered that the age of clients, years of schooling, and nature of business have a high positive correlation with loan recovery, whereas client experiences have a moderate correlation.

In the future the research could focus on analyzing the way SME lending is handled, beginning with the sanctioning of loans, and ending of loans and particularly small- and medium-sized women borrowers' behavior.

CONCEPT DEFINITIONS

BB   : Bangladesh Bank

BL   : Bad lose

CIB   : The Credit Information Bureau

CRO : Customer Relationship Officers

FBS   : Frequency Bank System

MBS : Mortgage-backed security

STD   : Special Term Deposit

SMEs : Small and Medium Enterprises

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1 INTRODUCTION

Smaller businesses are one of the most powerful economic forces in the developing world, accounting for the majority of employment and GDP. Small and medium-sized businesses (SMEs) play a critical role in the economy of Bangladesh. In the last five-year average period until 2019 Industrial Development Leasing Company of Bangladesh Limited (IDLC) has turned its focus on the SME sector with the slogan "Small is Beautiful" and has experienced an impressive annual employment growth of 50%. To transform Bangladesh into a middle-income country by 2021, the present government has designated small and medium-sized enterprises (SMEs) as the priority sector. On the other hand, with the pandemic's ongoing ravages, the rosy picture changed dramatically (Bauchet and Morduch, 2013).

Small Medium sized Enterprises (SMEs) are the backbone of any modern society; they are contributing, immensely to the development of the economy. The contribution ranges from providing job opportunities, goods, and services, and serving as a complement to larger businesses, all of which contribute to economic growth and have made SMEs a powerful force. The solutions are based on a combination of actions along these lines. SMEs make up most of the workforce in many developing countries, and they are often the backbone of the local private sector. This means that SMEs are no longer confined to traditional manufacturing and service industries. In fact, small and medium-sized businesses (SMEs) are widely recognized as engines of economic growth. Economic growth must be stimulated to break the cycle of poverty and socioeconomic deprivation.

The aim of the thesis is to increase the understanding of loan repayment behaviour in the SMEs enterprises for women in Bangladesh. The thesis process also aims to identify the present scenario of the SME sector in Bangladesh and highlight the prospects of SME sector in Bangladesh. Furthermore, to identify the problems of the SME sector in Bangladesh and recommend some suggestions to overcome those problems. The main objective of this thesis is to conduct research on the identification of the SMEs loan repayment behavior for women in Bangladesh and to find out the basic assessment of SME loan. On a personal level, the main objective of the thesis is to improve writing skills in the sense that the text produced is fluent and the content is well argued. The findings are analyzed, and further recommendations are made to help SMEs identify the factors that influence their ability to repay loans.

This thesis is conducted by applying the qualitative and quantitative research methods. For the qualitative part, an interview was done with 20 individuals of BRAC Bank LTD. Borrowers to understand the loan repayment behavior in the SMEs for women in Bangladesh. To gain a deeper understanding of the assessment and loan repayment behaviour along with the interviews, the latest annual reports of BRAC bank Limited, journals, web sites and publications are used. To analyze the data, some financial instruments, techniques, and descriptive statistics are used. The quantitative research was carried out with 100 respondents by a questionnaire survey of SMEs borrowers of BRAC Bank LTD. The data obtained from the analysis gives a clear view of the current SMEs loan repayment behavior for women and also to find out basic assessment of SME loan borrowers perspective towards the Bank.

The thesis objective is to gather as much data as possible to provide us with an overview of the various financial institutions and SME women borrowers. For analyzing SME loans and their specific behavior for women, we had to collect adequate information so that we can understand the repayment behavior of SMEs loan for women. These data has made it possible for us to analyze the way SME lending is handled, beginning with the sanctioning of loans, and ending of loans and particularly small- and medium-sized women borrowers' behavior.

The theory part of this thesis covers the topics of assessment on small and medium sized enterprises (SMEs) loan repayment behavior for women in Bangladesh. To depict the actual loan repayment behaviour for the women towards SMEs and to fulfil the research objectives appropriately, the thesis is categorized with the assistance of different headings and sub-headings. In the first chapter, the thesis aims, objective and especially the motivation of the thesis are introduced. Chapter 1 also depicts the overview of the individual's thought about SMEs. The next chapter presents the basic information of the commissioner BRAC bank limited in Bangladesh. In chapters 3 and 4, the way which SMEs enterprises have behaved with the borrower and their loan repayment process is discussed.

2 BRAC BANK LIMITED IN BANGLADESH

The commissioner for this thesis is BRAC Bank Ltd. BRAC Bank Limited is a planned commercial banking company in Bangladesh of the latest generation. It was established as a private limited company in Bangladesh under the Law on Banking Companies of 1991 and was incorporated under the Law of the Companies of 1994, as of 20 May 1999. On 4 July 2001, BRAC Bank Limited began its journey with the intention of leading the market by providing a complete range of banking services suitable for modern and dynamic banking businesses as well as promoting broad-based involvement of the Bangladesh economy through the delivery of high-quality banking services (Sobhani, F.A., Amran, A. and Zainuddin 2009, 167-183).

BRAC Bangladeshi Associate relationship manager, SME banking division is MD Moula Miah. He brings with him a wide range of multi-sectoral experience in senior leadership roles in the private, public, and non-profit sectors, as well as a track record of successfully managing development programming interfaces, operational and financial sustainability, and effective partnership building, both within and outside BRAC. MD Moula Miah has played a key role focusing on new client acquisition while also managing the client portfolio. He responds quickly and efficiently to the needs of the clients to ensure their pleasure. He helps to increase deposit mobilization, cross-selling, and other business opportunities by maintaining customer relationships. He keeps abreast of regulatory, procedural, and other important industry-related macroeconomic factors. He coordinates and ensure that account transactions are compliant with client instructions, bank policies, and gives regulatory guidelines to protect the bank from any money laundering risk and responsibility. He cooperates closely with the relevant stakeholders in order to play a critical role in the achievement of the bank's strategic goals. He was also in charge of BRAC's development (Moula Miah 2021).

Moula Miah was a policy specialist at the Prime Minister's Office before joining BRAC. His work on governance was part of the government's Digital Bangladesh initiative, and he led the effort to expand affordable broadband connectivity across Bangladesh. Moula Miah has a bachelor's degree & MBA from Jatio kabi kazi Nazrul Islam University in Marketing (Moula Miah 2021).

BRAC Bank Limited was the fastest growing Bank in 2004 and 2005 with its institutional shareholdings of BRAC, the International Finance Corporation (IFC) and Shore Cap International. In the context of its "Double Bottom Term" agenda, the Bank works toward a profit-free and enlightened Bangladesh that combines with social responsibility. As provided for by the Bangladesh Bank guidelines, BRAC Bank is expanding its full range of bank facilities. The aim is to establish standards as Bangladesh's absolute market leader by delivering efficient and friendly, fully automated online services on a cost-effective basis. It has been providing fully integrated online banking since its inception to provide all types of banking services from any convenient branch of its own (Sinha 2010).

BRAC Banks is planning to provide mass financing to all individuals and businesses in Bangladesh by increasing their access to financial opportunities with a particular focus on the under-served companies across the rural-urban range. BRAC Bank is the only local bank that provides 100 percent integrated online banking services in the big banking arena through its unique and competitive products (Mamnun 2010).

The Bank has lent over BDT 150000000 crore, which is approximately 1,5 billion euros to nearly 50,000 small and medium-sized enterprises during the last five years of operations. The Bank's management believes that this economic sector can make the most of Bangladesh's rapid job growth. The bank's footprint has grown since the start of its operations in July 2001 to include 36 branches, 392 small business unit offices and 67 ATM sites throughout the country, with the client base expanded to 200,000 deposits and 45,000 forward-looking accounts by 2007 (Islam & MD. Tashbirul 2018).

TABLE 1 . Comparative analysis of BRAC Bank SME products (BRAC Bank 2012)

Product Name	Eligibility	Loan amount	Mortgage	Business type	Overdraft facilities	Special features
ANONNO (Business Loan)	Small enterprises (Production, Trading, Service, Argo based products and others) With a history of at least three years	BDT 3 to 10 lacs.	No	A sole proprietorship, a partnership, or a private limited company is all examples of sole proprietorships		There is no need for security.
PROTHOMA (Term loan)	a small business run by a woman entrepreneur with at least two years of experience in the field	Maximum BDT 1 million	No	Private Company, partnership, or sole ownership		Women entrepreneurs have low interest
ABURBO (Term Loan)	Any type of business that has been in operation for at least three years.	BDT 1 million to 10 million	Property/ land/ Structure		Depending on the requirements of the company	Easy installment.
SHAKTI (Business Loan)	Any type of enterprise having at least one year's worth of bank statements	BDT 1 million to 10 million			Yes	Loan with a portion of the collateral or a fixed deposit
DURJOY (Business Loan)	Any type of business that has a valid trade license and has been in operation for at least three years.	BDT 3 Lacs to BDT 2.5 million		Single ownership, partnership, or private limited enterprise.		Easy monthly payments for up to 5 years

Anonno Rin' is a corporate loan designed to finance small businesses, production and service companies, in particular to help small and medium-sized businesses address their short-term cash flow shortages and bridge fund flow gaps.

Apurbo is a small and medium-sized enterprise loan facility. For businessmen working in trade, manufacture, services, agriculture, non-farm activities, agro-basic industry etc., APURBO is a combination of duration loan and overflow facility.

Aroggo is a term loan for small and medium-sized private health-care providers, such as private clinics, diagnostic centers, and doctors' offices. The product provides fixed asset purchase financing in the form of Equivalent monthly Installments,

This is your double deposit loan. You no longer need to save money; instead, you can get a loan for twice the amount of your deposit to help your business grow.

"PROTHOMA RIN" is an enterprise loan facility operated by women entrepreneurs for small and medium-sized enterprises. For working capital and/or fixed assets, the product provides terminating credit facilities.

Durjoy is a bank facility for small and medium-sized enterprises (combined with a term credit and overdraft for the purpose of working capital and/or fixed asset acquisition without any tangible security).

Trade plus is a composite facility for import-driven small and medium-sized enterprises to meet their requirements for commercial financing. Business loan is a trade loan that can be used by the borrower to lend to the bank with home or enterprise mortgage.

"Proshar" is a small and medium-sized production loan facility. The product offers credit facilities for financing work capital and/or the acquisition of fixed assets.

Provider Finance is an enlisted loan facility for suppliers of different large retailers, marketing firms, distributors, exporters etc. The main objective of this product is to help different providers meet their needs.

This organization immediately after its establishment gained customers' trust. The bank succeeded as a progressive and dynamic financial institution in the country within this short period. The business community is now widely recognized for modern and innovative thinking and financing, from small entrepreneurs to large merchants and conglomerates, including top-class businesses and foreign investors. (Kaiser and Syeda Nabila 2013).

So, BRAC Bank has managed to create a unique image for itself in this short time and obtained a significant solution as a bank with a difference in the banking sector of the country. The establishment of BRAC Bank represents a watershed moment in the country's history. The establishment of BRAC Bank Limited is a significant event in the country's financial sector at the start of financial sector reform. BBL's authorized capital is BDT. 1000 million (10 million euros), while the bank's paid-up capital is Tk. 500,000,000 (5.0 billion euros) (Shimul and Faria Ahmed 2007).

Table 2 Shareholder's percent of BRAC Bank (Hasan and Tahaleea 2018)

Shareholders	Percent
BRAC	31.74%
IFC	9.50%
Shore Cap International	8.76%
General Public through IPO	40%
Non-Residents Bangladeshi's	5%

The bank succeeded as a progressive and dynamic financial institution in the country within this short period. It has been able to create a distinct image for itself and has gained a significant solution vs a difference in the country's banking market. BRAC Bank expects offering several new services and products in the next years, as well as expanding its network of SME unit bureaux, retail industries, and customer support centers around the country. The success of the SME Division is heavily reliant on its performance. BBL provided loans to 70000 clients totaling BDT 2265 crore (0.2265 billion euros) as of April 2007. But the most important thing is that only BDT 17 crore (0.17 billion euros) is a bad loan; this is a fantastic achievement for BBL's SME unit. They currently have 44147 outstanding clients and a total loan amount of BDT 1070 crore (0.1070 billion euros) (Shakir M. 2008).

3 CHARACTERISTICS OF WOMEN SME ENTREPRENEURS

Entrepreneurial capabilities (in establishing and managing a company) help accomplish women's economic independence, overcome poverty by creating assets and improve their well-being and that of their family. From the three ASEAN countries (Malaysia, Thailand, and the Philippines) it is apparent that women company owners employed 17% more women than men (The Asia Foundation and APEC, 2013). The participation of women in the working population in Bangladesh has improved notably from 15.8% in 1995-96 to 35.6% in 2016 (Khatun, Tahmina and Sadia Afroze 2018, 66-79). Since 2009, various government policies and programs including financial assistance policies for SMEs, the women's development policy, the national development policy, and so on have been taken up by governments. The SME foundation has also undertaken a few projects and programs to foster SMEs in general with special attention to women entrepreneurs' development and their efficiency, productivity, and job creation capabilities (Blackburn and Robert A 2016).

All these initiatives are believed to have changed the status of women entrepreneurs in Bangladesh, as well as the characteristics of female entrepreneurship development. As it relates to knowledge, skills, problem-solving abilities and motivation and self-confidence, education is one of the most widely studied endeavors. As a result, entrepreneurship is at odds with cultural values and attitudes (Kelley, Brush, Greene, & Litovsky, 2013). The decision to start a business is more complicated for women. Women's non-monetary incentives are more delicate. The decision to start a business is usually motivated by a desire for more flexibility in terms of hours or location, as well as the type of independence that allows them to balance family and child support obligations (Minniti et al., 2005). Women have qualities that make them feel like they belong to a group. Companies that are perceived to be like men are thought to have strong business intentions (V. K. Gupta, Turban, Wasti and Sikdar 2009).

Peetz' (2013) research found four factors that contained women's own prejudices about themselves, the lack of role modeling, the lack of mentors, and prejudice to their working environment. Goals, motives, women's identity, and personal characteristics affect the orientation of growth. High-growth entrepreneurs are ambitious, risky, energy-intensive, different from others to their own, families and businesses. The obstacles are seen as chances for further growth, open for change and believe they can succeed, although everybody else says they can't (Arasti, Panahi, Zarei and Rezaee 2012).

3.1 SMEs and women entrepreneurs

s (Ahmed, 2009). According to the European Union (2003), SMEs are businesses with fewer than 250 employees and annual revenues of less than 50 million euros. Small and medium-sized enterprises (SMEs) are an important part of the economic structure in developing countries, as they contribute significantly to growth, innovation, and prosperity (Dalberg 2011). Small and medium-sized enterprises (SMEs) are critical components of thriving, globally competitive industries that generate the large numbers of jobs required to alleviate poverty (International Finance Corporation 2019).

The foundations of rapid industrialization and other development goals of developing countries are small and medium-sized enterprises in countries (Alhassan and Sakara, 2014). According to Ahmed (2004), SMEs in Bangladesh have failed to ensure quality due to a lack of a national quality policy and adequate support system, as well as the lack of credibility of the quality certification authority both on the domestic and international markets, the quality of products and services.

The facilities such *as* women entrepreneurs can also be offered sufficient training facilities, grace period are available to potential female entrepreneurs. Their goal is to contribute to the country's socioeconomic development by expanding business and creating employment opportunities. Small and medium-sized enterprises (SMEs) play an important social and economic role in both developed and developing countries, including Bangladesh. In 2010, Bangladesh Bank launched a target-based lending program Banks and NBFIs set their own annual credit disbursement targets for SMEs and women-owned businesses (Bangladesh Economic Review 2016). Bangladeshi businesses are classed by their fixed assets and the number of employees into small and medium-sized ones. "Small or medium enterprise refers to the establishment/firm/business which is not a public limited company and complies the following criteria". (Bangladesh Bank 2018).

TABLE 3. Definition of small enterprise (Bangladesh Bank 2010).

Sector	Fixed Assets other than Land and Building (Tk.)	Employed Manpower (not above)

Service	50,000-50,00,000 (0.6.64) (500-50000 euros)	25
Business	50,000-50,00,000 (0.6-64) (500-50000 euros)	25
Industry	50,000-1,50,00,000 (0.6.192) (500- 150000 euros)	50

Medium-sized manufacturing businesses will have assets of Tk. 100 million (excluding land and industrial buildings but including replacement value) and/or pay employees Tk. 100 (1 euro). A firm that is not a public limited corporation is referred to as a "Medium Enterprise." The European Union (EU) provides more precise criteria, defining a small business as one with fewer than 50 employees and a medium-sized business as one with fewer than 250.

TABLE 4. Definition of medium enterprise (Bangladesh Bank 2010).

Sector	Fixed Assets other than Land and Building (Tk.)	Employed Manpower (not above)
Service	50,00,000-10,00,00,000 (0.06.1,3) (50,00-1000000 euro)	50
Business	50,00,000-10,00,00,000 (0.06.1,3) (50,00-1000000 euro)	50
Industrial	1,50,00,000-20,00,00,000 (0.19-2.6) (150000-2000000 euro)	150

These sector were identified because of the report on the credit policies and programs of Bangladesh Bank, 'Small and Medium Enterprises (SME). Bangladesh Bank categorizes women as women entrepreneurs who engage in business on their own behalf or who own/own more than 50% of shares of a company. Only the SMEs, in which women are involved in daily operations, were included in the sample to include genuine feminine undertakings (Bangladesh Bank 2008).

At the start of the Bangladesh bank study, it was found that almost 20% of the businesses had shut down, only 25% of the companies listed owned, as well as managed, and around 15% of the operating companies

had a loan. In this report, a general corporate report was conducted by 2,000 registered women-owned businesses (Liu, Q. and Lu, Z.J. 2007, 881-906).

In the example of Bangladesh, a developing country where a considerable proportion of the population and small and medium-sized businesses are left outside the banking system due to urbanization, which limits their access to formal finance and harms regional growth prospects. In developing countries, the governments often take various initiatives including guided lending, lower interest-rate re-financing schemes, credit guarantee schemes and other initiatives to enhance banks' access to banking credit for small businesses but in these countries undeveloped financial structures constrain all the advantages of the initiatives (Sanusi 2013).

3.2 The process of SME loan for women

Payment efficiency refers to a borrower's ability to make timely loan payments. After the loan has been disbursed, the borrower is usually required to pay back the loan in monthly installments (Sungwacha et al. 2014, 24-28). It is estimated that the total financial demand for women's SMEs is around BDT 9,975cr (euro 1.25 billion) in Bangladesh. 49 per cent – about 4,851 crore (Euro 0.58 billion) – of this requirement is to provide working capital for daily business (Singh 2016). A new and emerging trend in Bangladesh is financial and development assistance targeted specifically at small and medium-sized businesses. As a result of their economic contribution, small and medium-sized businesses have gained prominence in the financial sector. However, they have limited financial resources because of their economic contribution. Microfinance institutions and banks are both recognizing the market's potential and developing new financial products for it. In 2002, banks began lending to small and medium businesses in recognition of their unique requirements. With this goal in mind, banks were established to assist these small but hardworking business owners with a double bottom line mindset (Das and Paromita 2016).

Banks desire to see individuals grow to their economic potential as a socially responsible bank while also generating a profit by fulfilling the interests of missing middle groups.
Banks' SME Unit is the first of its type, providing financial services to small and medium-sized businesses on a nationwide scale (Ahmed and Md. Foysal 2011, 40).

In Bangladesh banks place a high priority on SME financing to alleviate poverty by increasing the flow of SME loans to economically underdeveloped areas and people. Banks are working to improve the socio-economic status of women and underprivileged entrepreneurs by establishing a priority-based SME credit policy (Sadya 2019).

Furthermore, in 2020, credit conditions remained favorable in Bangladesh for women, for the seventh consecutive year, the median SME interest rate has dropped. Governments focused on the management of payment delays, such as the implementation of payment codes and e-fracturing systems and encouraged public authorities to make prompt payments (Mujeri 2020).

3.3 Criteria for Successful Loan Repayment

Most lenders, according to William (2007), require the business owner to meet certain criteria before they will lend them money. Good credit, equity, experience, a business plan, and collateral are the most common obstacles or requirements. Credibility it is important to have a credit history that isn't just good, but outstanding. Because people come to banks and lenders every day to apply for loans for a variety of reasons, this lender requirement is necessary. Not the loan officer, but rather the institution's depositors and investors, own the funds that are being borrowed. Lenders have an obligation to manage their financial assets in a way that benefits their owners, which are depositors and investors in their bank. As a result, loans should only be given to those who are least likely to default. The first and probably most important requirement for a successful loan is a good repayment history (i.e., good credit) (Fabozzi 2003).

Equity can be compared to a down payment. Lenders want to know that the borrower has a financial commitment to whatever venture he or she is seeking a loan. "No rational lender will loan money to a borrower for the purpose of managing and investing it in a business or venture where the borrower has little to no experience," says William (2007) for both the lender and the borrower, this criterion for successful borrowing should be obvious. If you're a lender, you'll want to make sure that whoever you're lending money to has enough expertise to manage it, and that the business is run in an ethical and responsible manner every single day. As a result of this, the lender will be repaid with interest and on time.

Banks and lenders require a well-thought-out, researched, and constructed business plan as the fourth requirement for a loan. Description of the business, the potential market for the goods and services to be provided, the existing competition, the people who will be employed, and who will lead and manage, as well as how the borrowed funds will be spent are all included. Business plans that are successful will include pro forma (estimated) financial information. The cash flow statement, the income statement, and the balance sheet are three of them. According to William, it is a valuable asset that the borrower(s) offers as security for repaying the loan in full and on time. (2007).

The collateral required to borrow money for a business might be as much as 100% of the loan amount. Once again, this percentage depends on how much risk the lender believes his institution is exposed to from this particular loan and the total of all loans currently in process (Milne & Paul Parboteeah 2016).

3.4 Terms and Conditions of SME Loan

In the case of a developing country, of Bangladesh in particular, a large proportion of the population and small and medium sized businesses are left outside the banking system because of the urban concentration, which inhibits their ability to access formal financing and penalizes regional growth prospects (Cull and Robert 2006, pp.3017-3042).

In developing countries, the governments often take various initiatives including guided lending, lower interest-rate re-financing schemes, credit guarantee schemes and other initiatives to enhance banks' access to banking credit for small businesses but in these countries undeveloped financial structures constrain all the advantages of the initiatives (Microfinance and Micro-credit 2016).

In developing countries, the government is often taking various initiatives, including direct loans, refinancing schemes at lower interest rates, credit guarantee schemes, and other initiatives to encourage banks to provide more access to bank credit to small and medium-sized enterprises. As the sector of SMEs in Bangladesh, for example, notwithstanding various government initiatives aimed at ensuring better access to formal funding, only approximately 38 percent of the SMEs have access to banking financing, and only

a small portion of their funding needs has been met by loan amongst the beneficiary SMEs, respectively (Hossain 2021, 421-432).

The economy of Bangladesh is characterized by small and medium-sized businesses from an economic perspective (Nasima, Ms and Naznin Alam 2014, 53-70). Without involving women in economic activity, no economy can achieve its objectives from a sociological and feminist perspective (Hanson 2009). In accordance with the following conditions, the small business department of BRAC Bank will provide the potential borrower with small loans.

The criteria for selection must be met by potential borrowers and companies. From Tk. 2 lacs to Tk. 3.5 crore, the loan amount varies widely. The loan can be repaid in two different ways, as follows: In the case of equal monthly loan payments, or with one payment at maturity, a quarter-ending residual at maturity, with interest payable Diverse types of validations can be made (e.g. after 3 or 6 or 12 or 15 or 18 or 23 or 36 or more). The creditor must open a bank account with a bank and branch where the SME has an account. According to the check payer account, the loan will be distributed to the borrower in the following manner: the name of the borrower, the name of the account, the name of the banks and the name of the industry. (R&D BRAC bank 2013).

The loan shall be carried out by checks payable to the bank A/C on the first day in each month, from the very next month, regardless of the date of payment. Before any loan is disbursed, the borrower must issue an account payable blank cheque in favor of the Bank Limited, along with all other security. The borrower will place a signboard in a visible location of a manufacturing unit that is financed by the Banks in Bangladesh. (Ahmed 2011).

On micro-credits, banks do not require any kind of collateral. Any borrower is not required to take the debtor to court in the event of non-payment; sign any legal document. There is a requirement for each borrower to join a group of five, but the group does not have to provide any loan guarantees. There's only one person who's responsible for repayment: The borrower, the group, and the center. There is no option for joint liability, i.e., group members. However, they are not obligated to pay the member who has defaulted. (Carling, Kenneth, Tor Jacobson, Jesper Lindé, and Kasper Roszbach 2007, pp 845-868).

The borrower must provide adequate collateral and other securities in accordance with the bank's requirements and procedures. SME, BRAC Bank may be able to provide all the Net Required Working Capital, but not more than inventory and accounts receivables account for 75% of the overall value. Such a loan may be granted for a period of up to 18 months. Loans for shorter periods, such as one-time payments, could also be considered (Bhuyan and Uddin 2015).

3.5 Financing Programs for Women-owned SMEs

The Bangladesh Bank has launched numerous policies to increase access to funding for women. Bangladesh Bank's 'small and medium business (SME) credit policies and programs,' announced in March 2010, was one of the most important steps aimed at providing financial assistance to female SME businesses. (Bangladesh Bank 2014).

TABLE 5. A range of measures to include special measures for women SME entrepreneurs (Bangladesh Bank 2020)

Measure	Description
Creating a separate 'Women Entrepreneurs' Dedicated Desk' in select branches and ensuring a service-oriented approach to women entrepreneurs	Banks and financial institutions are responsible for establishing a separate "women entrepreneurs' dedicated desk" with the appropriate and right workforce, offering SME financial training, and hiring a lady officer as the dedicated desk's head. In addition, within 2 months from the date of policy and programme's declaration, a branch-specific list of the Bangladesh Bank Department of SMEs and Special Programs should receive 'female entrepreneurs' specialized Desks.
The sanctioning, against personal guarantees, of loans up to Tk 25, 00,000 (euro 25 thousand) for women entrepreneurs.	In selecting customers / entrepreneurs, banks and financial institutions can use their own due diligence approach. However, the SMEs and the Special Programs Department of Bangladesh Bank must develop their credit policy in accordance with the central Bank's guidelines. The formulation of such policies can also consider group security or social security.

The bank rate (which is currently 5%) plus a maximum of 5%, i.e., not more than 10% per year, will be the interest rate for women entrepreneurs.	Because of the high operating costs of lending to small businesses, banks must charge higher interest rates. In this context, Bangladesh Bank is offering banks and financial institutions in the SME sector a refinance facility at bank rates (currently 5%). The funds obtained must be disbursed to the client at bank rate plus a maximum of 5% interest (in case of women entrepreneurs). As a result, just a 5% lending rate can be charged to female SME operators in comparison, the current industry range for term loans to small firms is 9 percent to 18 percent.
All types of loan applications from women SME entrepreneurs will be accepted and processed with the highest priority by financial institutions.	According to the Bangladesh Bank, "priority shall have to be given to potential women entrepreneurs in respect of SME credit disbursement for more women entrepreneurs participating in the country's industrial development and women entrepreneurs executing large-scale economic activity."

In 2010, Bangladesh Bank also launched a goal-based loan program. The banks and NBFIs decide their annual loan disbursement targets for SMEs and female SMEs on a standalone basis. The creation of a 3-tier system of surveillance (in BB Head Office, BB branches and banks) for SME lending is the aim of the accountability of banks/financial institutions. This is mainly done by updating banks' quarterly progress and targeting the sex-disaggregated rise of the net bank loan share (Selim and Shahpar 2018, P-7).

4 LOAN REPAYMENT BEHAVIOR IN SMEs

Three literature strands are found in the field of payment behavior for women in commercial banks. The first strand focuses on the difference between business management practices in banks and those in non-bank companies. (Prowse 1997; Furfine 2001; Morgan 2002; Macey and O" Hara 2003) Banks have two related features that inspire a separate analysis of banks management (Furfine 2001).

Tijani, Zakiya, Arifur Rahman & Mohammed (2018, 43-56) investigated the factors that influence SMEs' loan repayment performance. According to their findings, loan size and interest rate have a significant negative impact on loan repayment performance. According to the theorist Lysander Spooner, the origins of microfinance can be traced back to the mid-nineteenth century. As a result, he wrote about the impact of credit schemes on target entrepreneurs as well as farmers and disadvantaged individuals trying to get out of poverty (Nithyanandhan and S. Hemavathy 2014).

Kefale & Chinnan (2012, 21-26) reported that sales or marketing, management of human resources, and general management are the most common obstacles that SMEs face; in particular, promotion, marketing research, and training were mentioned as the most common issues. The problem of marketing is widely recognized as the most important and essential for SMEs' survival and growth of all activities. These problems include the choice of promotional media e.g., local or radio newspapers, direct mail, outdoor, consumer problems, consumers' poor buying ability, ads, the nature of contents and promotional material, market size, locations, and customer addresses (Kefale & Chinnan 2012, 21-26). Besides this some SMEs do not have the ability to modify their products and do not have the enough product layouts (Mezgebe 2012).

4.1 Definition of Determinants of Loan Repayments

The determinants of the repayment of loans in ACSI (The American customer satisfaction index) were examined by Osman & Ramakrishna (2017). Although repayment performance has been used as a dependent variable, the independent variables are gender, age, education, lending size, interest rate, loan tenure, training, and monthly selling. Firafis (2015) looked into the elements that influence loan repayment performance at Hirari microfinance institutions. The size of the loan had a substantial impact on
loan repayment performance, according to the research. In a similar vein, Seyedmehrdad, Andrea, Giorgio, Emanuele, and Paolo (2015) discovered that loan size has a strong link with Indian Institute for Mother and Child loan payback performance. Similarly, Tesfaye, K Tesfatsion & Kiros (2014) also studied the determinants of loan repayments performance of Debit Credit and Saving Institution (DECSI), Ethiopia. Previously, Pasha & Tolosa (2014) found a significant relationship between loan tenure and loan repayment performance.

Meanwhile, Mohammed Yunus, founder of the Grameen Bank in Bangladesh, has pioneered the modern microfinance industry since 1970. Shore Bank, founded in 1974 in Chicago, was the first microfinance and community development bank. Muhammed Yunus enlisted the help of ShoreBank in 1983 when he decided to launch Grameen Bank. A decade earlier ShoreBank had been active in Chicago's South Side, supporting development projects and supplying low- to moderate-income individuals with small business and house loans Prof. Mohammed Yunus and Grameen Banks have said that an improvement in economic and social Protection can be achieved in part by offering microcredits to the needy. (Microfinance and Micro-credit 2016).

Disadvantages of the loan payback term or loan offense, which refers to a failure to repay loans on time due to a number of creditors' factors (Morales Acevedo 2016). Asma (2015) says that marketing skills are the key to SMEs success or failure. There is widespread evidence that in the success of SMEs, marketing plays an important part. Marketing is also one of the major challenges facing small and medium-sized businesses. Due to unstable market value chains and dependence on saturated and locally based markets, the limited micro-small business face is inadequate (Krishnan, Aarti, Anzetse Were, and Dirk Willem te Velde 2019). Customer power is low, transport facilities are poor and most small businesses have they have no market expertise outside of their immediate location (Bowen, Michael, Makarius Morara and M. Mureithi 2009).

The main problem area for small entrepreneurs is marketing based on the different studies above. Sound marketing technology depends greatly on the survival of small entrepreneurs. Low prices, together with credit for buyers, are a key tool for small businesses to promote sales, causing numerous problems in the later stage. Market contact and market awareness are important links in the craftsmanship system chain. Borrower behavior, business characteristics, financial institution features, and policy and regulatory concerns all influence the loan payback process. (Kamunge, Njeru, and Tirimba 2014, pp 1-20)

Borrower behavior, business characteristics, financial institution characteristics, and policy and regulatory issues are thought to have an impact on the entire loan repayment process. For the borrowers to affect the financial institutions' loans there must be a conducive and predictable business environment minimal business risks, business training supplied to loan borrowers, competitive and rotating business environment (Kuzirwa 2002).
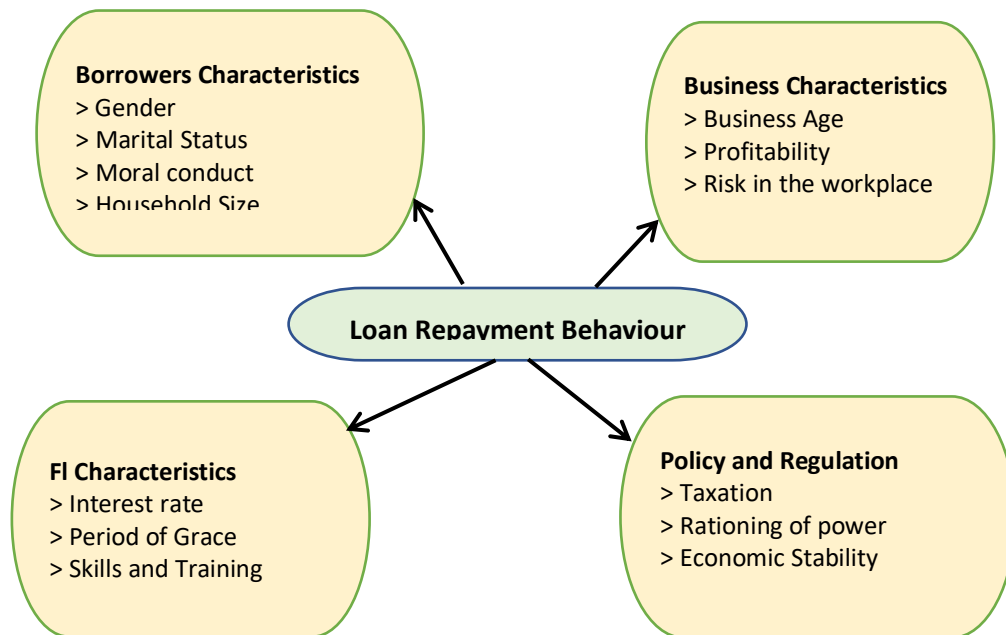
FIGURE: 1 Determinants of Loan Repayment Behavior (adapted from Paxton, Julia, Douglas Graham, and Cameron Thraen 2000, 639-655).

The above figure 1 determinants of loan repayment behavior. As a result, these factors must be properly considered to stimulate and ensure loan repayment conduct. This is because borrowers' behavior, financial institution features, corporate characteristics, rules, and regulations all have an impact on their ability to obtain loans. A borrower's age, marital status, profit margin, business location, household size, moral

hazard, sort of business, electricity rationing, and economic stability can all have an impact on their behavior. In most situations, these parameters are used by financial institutions to decide the amount of loan that will be disbursed to the borrower (Paxton, Julia, Douglas Graham, and Cameron Thraen 2000, 639-655).

4.2 Terms and Conditions of SME Loan Repayment

Some terms and conditions should be followed when making SME loans to potential women borrowers. The selection criteria must be met by potential borrowers and businesses. For small businesses, the credit amount ranges from Tk. 2 lacs to Tk. 30 lacs (euro 2000 to 30000 thousand (Shafiq and Shamprikta 2015).

TABLE 6. SME processing fees for a loan proposal (Annual Report & Daily Affairs 2020)

Loan Amount	Loan Processing Fee
2 lacs to 2.99 lacs (2 thousand to 2,99 thousand euro)	BDT. 5000 (50 euro)
3 lacs to 5 lacs (3 thousand to 5 thousand euro)	Tk. 7500 (75 euro)
5.01 lacs to 15 lacs (5,01 thousand to 15 thousand euro)	Tk. 10,000 (100 euro)
15.01 lacs to 30 lacs (15.01 thousand to 30 thousand euro)	Tk. 15,000 (150 euro)

The loan can be repaid in two ways: Monthly loan installments with monthly interest payments, or a single payment at maturity with interest repayable as a quarter end residual. Loans can be validated for three months, four months, six months, nine months, twelve months, fifteen months, eighteen months, twenty-four months, thirty months, and three years (Afreen and Saima 2011).

The pledger must open a bank account with the same bank where the SME has an account. The approved loan will be paid out to the client via that account-by-account payee cheque. The loan will be repaid on the

first of each month. The borrower will place a signboard in a visible location of the manufacturing unit indicating that this bus is available (Hossain and Muhammad 2013).

4.3 Loan Sanction

If the loan amount is between BDT 1 crore 72 lacs and 43 thousand crores, around (1.8 million to 43 million euro) the respective unit office sanctions the loan and sends the sanction letter, along with all necessary charge documents, to the loan administration division for disbursement (Asfia and Golam 2015).

If the amount is greater than 5 lacs (5000 euro) the proposal is forwarded to the SME, head office for approval. The loan is sanctioned by the head of the SME, who sends the sanction letter and all supporting documents are forwarded to the loan administration division for disbursement, and the loan is sanctioned is notified to the corresponding unit office. In Banks the amount of the loan requested, and the loan approved for a client often differ. The bank uses critical evaluation procedures before sanctioning a loan and is sanctioned based on a recommendation made by the credit officer. The bank usually penalizes the mortgage value for 80 percent of the loan (Amin and Rahul 2016).

In addition, the Banks of Bangladesh sanction rarely takes the form of a denial to other members of future credit. This does not imply, however, that joint liability in other forms is not enforced. Even the Bank staff interview, the group, and center members suggest that the Bank has imposed a punishment prohibiting future credit to the company. When faced with a weekly installment default or abnormalities, the bank employee takes procedures that increase the expenses of transactions for other center members. Such measures include, for example, making all members at the center wait before a solution is found for longer periods in the meeting; not allowing installments for other members until such time as the expenses have been cleared; re-sanction at new members of the center; cutting or not raising other members' loans; not disbursing loans such as housing loans, group credit at that center etc. The effectiveness of all these strategies is highly variable, and they are likely to become ineffective as more borrowers begin to pay weekly installments irregularly. (Dowla and Asif 2006, 102-122).

4.4 Factors Influencing Loan Repayment by SMEs

Different scholars in the past have looked at credit reimbursement and no refund (default). In different studies several factors were identified as affecting loan repayment. Many such factors are known to affect the probability of a failure, such as interest rates, age, marital status, location, high interest rates, small loan size, low appraisal, insufficient control, and the wrong client selector are all factors to consider. Atsmegiorgis (2013), on the other hand, claims that reimbursement variables can be divided into four categories.: individual borrower, company, loan, and institutional/lenders factors. In addition, Nawai and Shariff (2010) suggested that the underlying repayment factors can mainly be divided into four headings: individual/borrower, corporate/institutional/lender, and repayment loan characteristics. The alternative classification of Roslan and Karim (2009), on the other hand, established three major categories: borrower characteristics, company characteristics, and loan features. The characteristic features of the individuals are age of the borrower, gender, educational level, business experience, household size, credit use experience, household income, non-company income, business type and investment amount (Nawai and Shariff, 2010).

Several studies have shown the impact on repayment of loans by individual factors. Nawai and Shariff (2013), for example, established that business factors, lender behavior in relation to their loans. The lender's ability to repay his loans is influenced by debt burden, loan size, company experience, business office formality, and family background. Furthermore, the statistically significant outcomes Njangiru, Maingi and Muathe (2014) have also shown the impact of borrowers' characteristics on loan repayment and durability and indicated that rural borrowers' repayment capacity was highly unclear, owing to issues of high risk and high borrowing costs, as well as intermittent revenue streams.

Loan characteristics include, among other things, loan size, repayment period, collateral value, number of installments, and application fees. Previous research has established the impact of loan factors on loan repayment (Nawai and Shariff 2010). Furthermore, Kibosia (2012) established that loan defaults by SMEs have significantly increased, and that a number of factors, including as interest rates, loan type, repayment time, and economic conditions, have all played a role in SMEs defaulting on their loans.

4.5 Loan Default and Late Payment

The borrower characteristics will be examined in this section, as well as their relationship with repayment behavior. Wilson (2007) defines the term "credit default" as late payment of a loan obligation, granting a bank the authority to charge a penalty "default" interest rate between the due date and the actual payment date. It may also signify something as severe as insolvency and bankruptcy, in which the lender initiates a recovery process to limit losses from collateral loans. Mukono (2015) claims to have delayed payments and that no reimbursement has been received is reported to be defaulting. Borrowed funds may be defaulting under unfavorable conditions which may affect the borrower's ability to repay (Mukono 2015).

Delays in repayment lead to two disruptive effects for financial institutions, including many security borrowers not being refinanced and the loan officer's collection of late installments causes an increase in the loads without compensating for the resources. (Eggert and Kurt 2008). Furthermore, due to a member's delay, other members are encouraged to postpone their payment and even to negotiate with the institution to abandon the final part of the loan (Mukono 2015).

Tedeschi (2006) notes that a strategy default based on a negative economic shock can be caused by the default. The loan contract offers incentives to prevent strategic deficiencies; however, a deficiency is inevitable due to economic shock. Hulme and Mosley (1996), on the other hand, argue that the design characteristics of the loan contribute significantly to its reimbursement.

In effect, a small loan ranging from 2 to 30 small and medium-sized enterprises is not intended for start-ups or long-term asset purchases, but rather for the management of working capital. Any healthy company can apply for this loan after one year of its start up. For BRAC Bank it has been almost unusual for a small and medium-sized even without a guarantee, an enterprise borrower defaults on repaying the loan it receives (Uddin & Shameem 2018). In addition, since Grameen Bank loans are one-year loans, the repayment rate is an excessively stringent condition for non-equivalent loan repayment performance (Shani M. 2018). It seems highly unlikely that a borrower will not receive an outstanding loan at any time the waiting period between the repayment of the loan and receipt of a new loan is no longer than one month and that there are at least two loans that a borrower can obtain (general and seasonal). The SME borrowers hardly fail to pay for several reasons. (Johnson Jr and Samuel Wai 2016).

The loan amount is not so large that repayment would be difficult. Mediocre contractor is not defaulting on repayment of credits. They are aware of their market reputation. Since the loan is used to fund working capital, it can be easily refunded once the revenue from the respective customers has been collected.

However, according to Roy and Mihir Kumar's (2018) assessment of personal and repayment data from 40 people, they identified the following results among SME loan borrowers: Small and medium-sized debtors, on average, are 45 years old and belong to classes IX or X. Most of them receive an average education. The average experience (as the business promoter), together with some extreme values, is 11 years. Average experience of eight years (as an employee in a company) The Entrepreneur receives and expenses approximately TK. 30000 each and TK. 23000 each month. The mean personal and family assets amount to around TK. 150000 and TK. 240000. (Euro 1500 to 2400) Nearly all borrowers are retailers of 55% and an entire seller of 45%. The average number of employees is 3. The amount of loan is approximately BDT. 379729. (30040 euro) The average loan period for repayment is 26 months. The average loan amount due for remediation is TK. per person 6679.62 around (66.0.79 cents) (Roy and Mihir Kumar 2018).

4.6 SME Loan Recovery Procedures

The amount of money the creditor repays against the amount lent is referred to as loan recovered. For a financial institution, loan recovery is a strategic activity (Kiliswa & Bayat 2014). The bank oversees determining the repayment amounts. Bank uses tools called AZZAMORT to repair the installment. Its inputs are the principal sum, which is the amount they approved, the annual interest rate, and the conversion duration (1, 3, 6, or 12), which is whether the money is compounded monthly, quarterly, semiannually, or annually. The number of installments and the maturity time are two other factors to consider. (Khanam & Dilruna 2016).

The repayment process begins immediately after one month of the loan being taken out. However, after the borrower repays the loan installments, a few steps are taken in the SME loan repayment procedure. When a borrower makes a payment on a loan installment, he or she notifies the unit office. The unit office then sends an SMS to the loan management division informing them of the repayment via mobile phone. These SMS are collected by a loan management division, which prints them on paper. The Loan management division

provides information about the payment installment to the FBS banking software. On completion of the entry, all vouchers in a prescribed yellow paper are printed paper by the loan administration division. All entries in the FBS are carried out by loan administration. If an error occurs in the future, the official concerned is liable for the information entered in FBS. It is easy to recognize User ID. They are therefore always aware of ensuring that the entry is correct. When the data is entered, a hardcopy is printed, and the SMS/Fax will be checked. If an error is found, it will be resolved, and the right information entry will be secured. If the official of the loan administration division confirms that all information entered is accurate and there is no mistake, he sends it to FBS. If once written, it cannot be corrected without the higher authority's permission. The management of the loan is also always aware of the SME loan recovery procedures (Reeman and Waleefa Hossain 2016).

5 RESEARCH METHODOLOGY

The research part is the most crucial parameter that will help to produce results on a specific topic. The selection of the best research approach is vital to handle the empirical part of the research. A Qualitative interview is a very effective tool for conducting research. The interview can provide the researcher with

more detailed information, and the researcher can ask a follow-up question to clarify or obtain additional information related to the research question. In a multi-method design, the interview can be combined with other approaches such as questionnaire measures or observation (Brewerton 2001). Monette, Sullivan and DeJong (2010) credit qualitative methods with the acknowledgement of abstraction and generalization. Polonsky and Waller (2011) categorize vision, images, forms and structures in various media, as well as spoken and printed word and recorded sound into qualitative data collection methods. In simple form, qualitative data are a set of emotion or perception of the people. These types of data are exploratory in nature, focusing mainly on depth insight, reasons and motivation.

Quantitative research methods focus on objective measurements and statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, as well as manipulating pre-existing statistical data using computational techniques. Quantitative research is concerned with collecting numerical data and generalizing it across groups of people or explaining a phenomenon (Babbie 2010, pp 85-88). To analyze quantitative data, a questionnaire is used. A questionnaire is an effective tool for gathering data and information. It is currently the most widely used by researchers. Furthermore, the method's low cost, low resource requirements, and potential for large sample capture make it an appealing research method for academics and practitioners (Braun, Clarke, Boulton, Davey and McEvoy 2020, pp 1-14).

5.1 Quantitative Data

According to Kananen (2010a, 74–75), quantitative research follows a specific stage from one phase to the next based on statistical rules. The research process, like other research methods, starts with a research problem. The research problem is transformed into research questions, which are used to gather data to solve the problem. If the questionnaire is incorrect or the sampling is done incorrectly, the entire process must be repeated, increasing costs. The quantitative and qualitative reports have the same structure, but the research starts from different places. The quantitative survey method is appropriate for studies in which the researcher wants to obtain a small amount of data from a large group of people. Surveys, on the other hand, provide a shallower understanding of the subject than interviews. The survey has the advantage of allowing respondents to choose when they want to respond to the questionnaire. Because the respondent usually only fills out the questionnaire once, the researcher is unable to confirm the respondent's opinion (Järvinen and Suomi 2011). It should also be noted that the researcher cannot be certain that respondents have answered the questionnaire honestly and thoughtfully (Hirsjärvi et al. 2009, 195).

This thesis employs both qualitative and quantitative research methods. A questionnaire survey was conducted among a group of 100 borrowers using the quantitative research method. The sample was chosen using stratified random sampling, which involves selecting borrowers based on their loan status. The total number of borrowers listed on the banks in Gazipur branches was 300 as of July 2021. Among 300 borrowers total 100 respondent borrowers were surveyed.

For the quantitative research part of the thesis, a survey questionnaire was prepared, consisting of 19 questions. The questionnaire was prepared with the help of Webropol. The draft version of the questionnaire was presented to the commissioner at a zoom meeting and their deep know-how of entrepreneurs gave an important view on how to construct the final questionnaire. For the research the selected questionnaire was sent to 100 borrowers of BRAC bank LTD. with the help of our commissioner who is the Assistant Relationship manager of the BRAC Bank LTD. An e-mail was sent out by the relationship manager requesting them to share the information with the respondent. An information letter was created, instructing the borrowers on there they can learn more about the study and providing a link and QR-code to the questionnaire. This information letter was attached to the e-mail they received and was ready to distribute to the respondents. We sent the survey question in the middle of July, 2021. It took more than one week to get 100 respondents back from 300 borrowers.

The survey questionnaire was created for the quantitative research portion of the thesis, and the phenomenon's target group consists of SME entrepreneurs from various fields of women loan borrowers in the rural and urban regions. The questionnaire questions were developed based on previous research findings. This thesis' quantitative research method aims to collect numerical data from the target group. The statistical method is descriptive statistics, which is concerned with summarizing the sample using percentages and frequencies. The questionnaire is sent by email to the target group and the collected data will be analyzed using descriptive analysis.

5.2 Qualitative Data

Qualitative methods, according to Monette, Sullivan, and DeJong (2010), acknowledge abstraction and generalization. Vision, images, forms, and structures in various media, as well as spoken and printed word and recorded sound, are all classified as qualitative data collection methods by Polonsky and Waller (2011).

In its most basic form, qualitative data is a collection of people's emotions or perceptions. These data are exploratory in nature, with a focus on in-depth insight, reasons, and motivation.

The qualitative portion of this study was conducted using a semi-structured interview research method. An interview is a very effective tool for conducting research. In qualitative research methods an interview was conducted with 20 respondent's residents of two villages in the Gazipur district in Bangladesh: Paler para and Salna. This study focuses on the loan repayment behavior activities carried out by the BRAC bank Ltd. The aim is to obtain qualitative information about the loan repayment behavior.

The primary data for the qualitative part of the study was collected by organizing an interview with the open-ended question with the help of employees of BRAC bank Ltd. and SME entrepreneur experts of Bangladesh. The interview was done with the help of three employees. The interview was organized individually during the data collection process. The primary data set is critical for achieving the thesis's desired goal and objective. Real-time, authentic data source communicates real-time expertise in the research field (Thomas 2018, 1-8). An interview takes approximately 35 to 40 minutes to complete. Interviews can be conducted in person or via virtual means to gather the opinions of respondents. Virtual interview sessions were conducted in the last week of July with residents of two villages in the Gazipur district in Bangladesh: Paler para and Salna to learn more about the respondents' actual behavior. The interview was agreed upon with a different time schedule for each interviewee depending on their available time.

6 DATA ANALYSIS AND RESULTS

The qualitative and quantitative research findings are explained in this chapter. The content approach analysis is used to analyze the qualitative data, describing every aspect of the collected answer. For the quantitative part a Microsoft Excel spreadsheet were used to analyze the research data or tables and figures.

6.1 Interviews with BRAC Bank borrower

This research was conducted using a qualitative approach that was highly focused. In the beginning, SME loan borrowers provided data. Snowball sampling was used to select twenty borrowers as respondents. We interview borrowers from of two villages in Gazipur district in Bangladesh: Paler para and Salna. During a deliberate selection process, one-on-one interviews were carried out with each candidate. Six open-ended questions were created with the goal of obtaining descriptive statements about respondents' experiences in their own words. An audio recorder was used for all interviews with borrowers, and each session lasted about 35 to 40 minutes. To prepare for the interview, interviewees were informed of the research's purpose and the interviewing process. All respondents were assured of their privacy (or using a pseudo name). Although all questions were originally posed in English, they were later translated into the local language (Bengali).

Interviewers paid careful attention to the borrower's "repayment behaviour" and "loan repayment pressure." That is why certain issues such as loan traps, interest rates and peer pressure were specifically addressed. They also asked about their experiences with the credit program, their opinions on group landing, and their satisfaction or dissatisfaction with the services provided by SME's.

Many of the interviewees were defined as being over 46 years old. All the respondents were married, with three being widowed. Four respondents had post-primary education, seven had primary education, and eight had no formal education, and their literary skills were limited to writing their names. However, one of the interviewees couldn't write her name, so she used her thumbprints for official purposes instead. Except for one, all these borrowers were housewives. Eight of the borrowers reported a monthly income of less than 3,000 Taka, four reported a monthly income of 5,000 Taka, and the remaining two reported a monthly income of 7,000 Taka. Eight-to-ten-thousand-taka was reported as the annual income for the borrowers.

Fifteen borrowers confirmed that they were subjected to extreme mental stress because of the pressure exerted by SMEs. When it came to the unfriendly and disrespectful behaviour of the loan officers who dealt with them, they were unmistakable. It was also condemned as inciting verbal attacks by other members of the group. They attributed their suffering to these unwelcome externalities. During the time of loan repayment, this type of pressure causes social and family tension. However, when loan officers and group members decide to auction off the defaulters' property, payment related tensions escalate even further. Due

to the severity of repayment pressure, four respondents said they couldn't eat properly on the day of loan repayment. They decided that it was preferable to eat less or no food to save money for instalments rather than risk becoming delinquent. Multiple respondents expressed this sentiment in the following quotes:

"Sometimes we go hungry...", said Amina Begum (39). "To save money for repayment, we eat less," Joygon Begum said (32). "Every now and then, our stove goes out...says" Rehala Begum (44). "I kept the empty rice vessel away several times so that others wouldn't notice that I didn't cook on the day of repayment," Shahela Begum said (46).

Female borrowers of SMEs most used the loans for household expenses or to assist their husbands or other male family members in investing in their businesses. Only one respondent, a widow, was discovered using the borrowed funds to start her own cake business. The businesses that these families ran were diverse in many ways. Seven respondents' husbands or family members put the borrowed money into agro-based businesses. One used the money to start a seasonal fruit business, while another used it to start a farming and cattle-raising business. The money, according to another respondent, was used to buy fishing gear for her husband, while four others invested it in consumer goods and services. A rickshaw-renting business was owned by one of the other five respondents, three rickshaw-pullers owned their own rickshaws, and the husband of the fifth was unemployed and prone to drinking. Several factors have been identified in this study that contribute to repayment issues. Borrowing money for non-profit purposes is a major issue. According to the findings, the borrowers do not spend the full amount of money on income-generating activities as they should. As a result, the loan is not fully utilized. In fact, 18 of the respondents said they didn't use the money to its full potential in income-generating activities. Only four borrowers reported that they used the total amount of money as business capital and never had any repayment issues as a result of this use of funds. Losses in business or a decrease in profitability are two other factors that can make it difficult to pay back a business loan. Mismanagement, a sick manager, and some climate-related issues contributed to this unexpected reality for some businesses. The husband's insincerity is also a major contributor to the production and repayment difficulties. Two cases revealed that it is not uncommon for these borrowers' husbands to be irresponsible during the process. One husband was prone to binge drinking, while the other was unwilling to work. For most of the respondents the repayment time schedule was not enough.

The most popular means for women borrowers of small and medium-sized enterprises to employ loans were either to check their home or to assist the investment of their husband or other family members. Only one respondent, a widow, has been discovered to pursue her own cakes by utilizing the funds borrowed. The companies that these family ran were diverse in many ways. Seven respondents' husbands or family members put the loaned money into agro-based companies. One utilized the money to launch a seasonal fruit business, while another used it to start a farming and cattle-raising business. Another responder said her husband used the money to go fishing, and four others said they spent it on consumer goods. One operated a rickshaw rental business; three were rickshaw pullers who had their own rickshaws; and the fifth's husband was unemployed and a heavy drinker.

This qualitative study revealed a number of factors that contribute to repayment issues. One significant issue is the use of borrowed funds for reasons other than successful business. It was discovered that the borrowers do not use the entire amount of money for income-generating activities. As a result, the loan is not being used to its full potential. Eighteen respondents stated that they did not spend the money entirely on income-generating activities. Only four borrowers stated that they utilised the complete amount as business capital and hence never had payback issues. Another reason for having difficulty repaying the loan is business losses or diminished profitability. Various organizations found themselves in this unexpected reality as a result of mismanagement, manager illness, and some climate-related issues. According to the statements of five respondents, their spouses were unable to operate the business properly, two suffered due to adverse weather, and one became ill with a life-threatening ailment (tuberculosis).

The husband's insincerity is also a big contributor to the difficulty un production and repayment. Two incidents demonstrated that it is not uncommon for these borrowers' husbands to be negligent in this process. One husband was prone to alcoholism, while the other was averse to working. When key stakeholders in the process refuse to do their part, repaying loans becomes extremely difficult. Another interfering factor for repayment was discovered to be social corruption. One borrower, for example, was discovered to be responsible for a debt of TK 5,500.00. (USD 62.56). She had taken out that tiny loan to pay a bribe in order to get her husband a job as a janitor at the municipality office. Climate-related vulnerabilities may also impact businesses, resulting in payment default or irregularity. Borrowers who choose agricultural and agro-based businesses may experience seasonal losses as a result of weather effects on their crops. In two cases, severe weather was cited as the primary reason for their company's failure. Borrowers are put under a lot of

stress as a result of the aforementioned concerns, making it extremely difficult for them to generate funds and return the loan on time.

6.2 Analysis of Survey Data

In this chapter, based on the quantitative study, results of the gathered information are shown in figures. Every one of the inquiries of the review are portrayed and studied independently as demonstrated in the figures. The figures which are appeared in the following charts were made in Microsoft Excel depending on the information from the questionnaire.

6.2.1 Basic information of the respondents
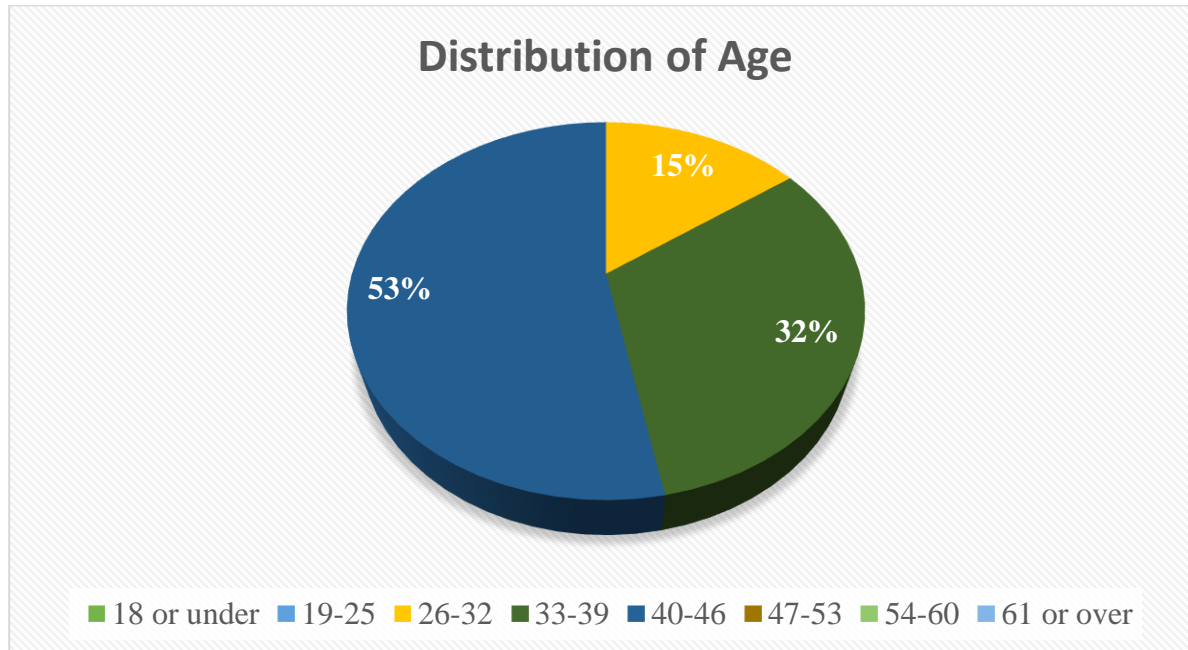
FIGURE 2. Distribution of age

The above pie chart (Figure 2) elucidates that about 15% of borrowers belong to the age group of 26-32, 32% belongs to 33-39 and 53% belongs to the age group of 40-46 distribution of age. This data is very impressive for the BRAC bank LTD. to have a presence of borrowers on the age group between 26-32. According to the research, borrower's that are between 40-46 years old take more SME loan.
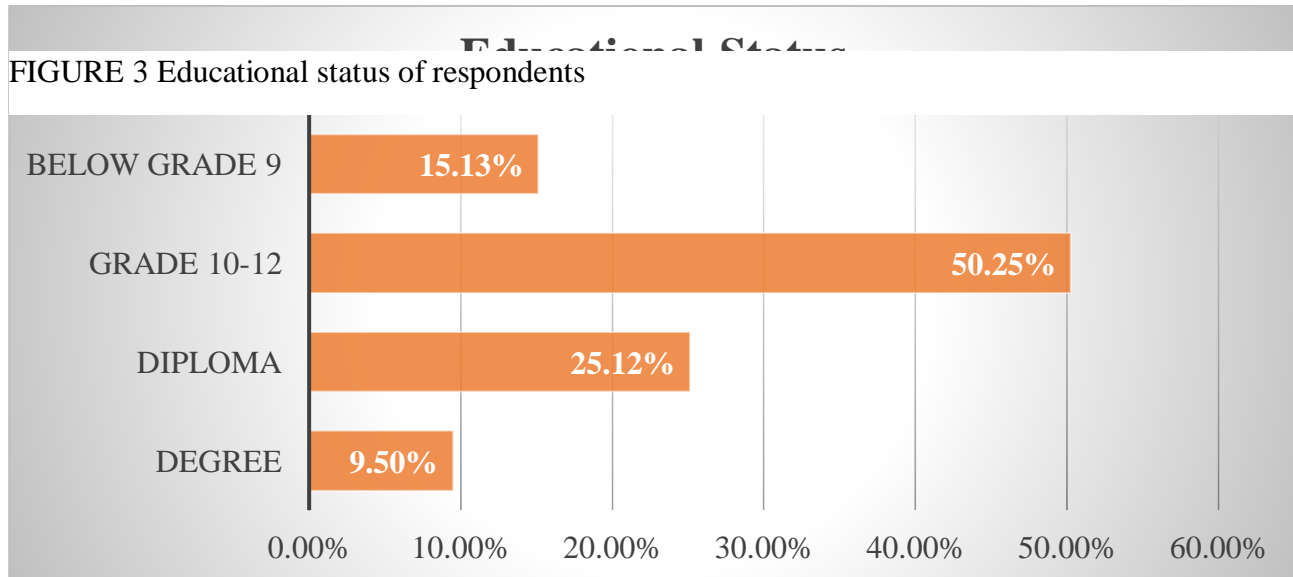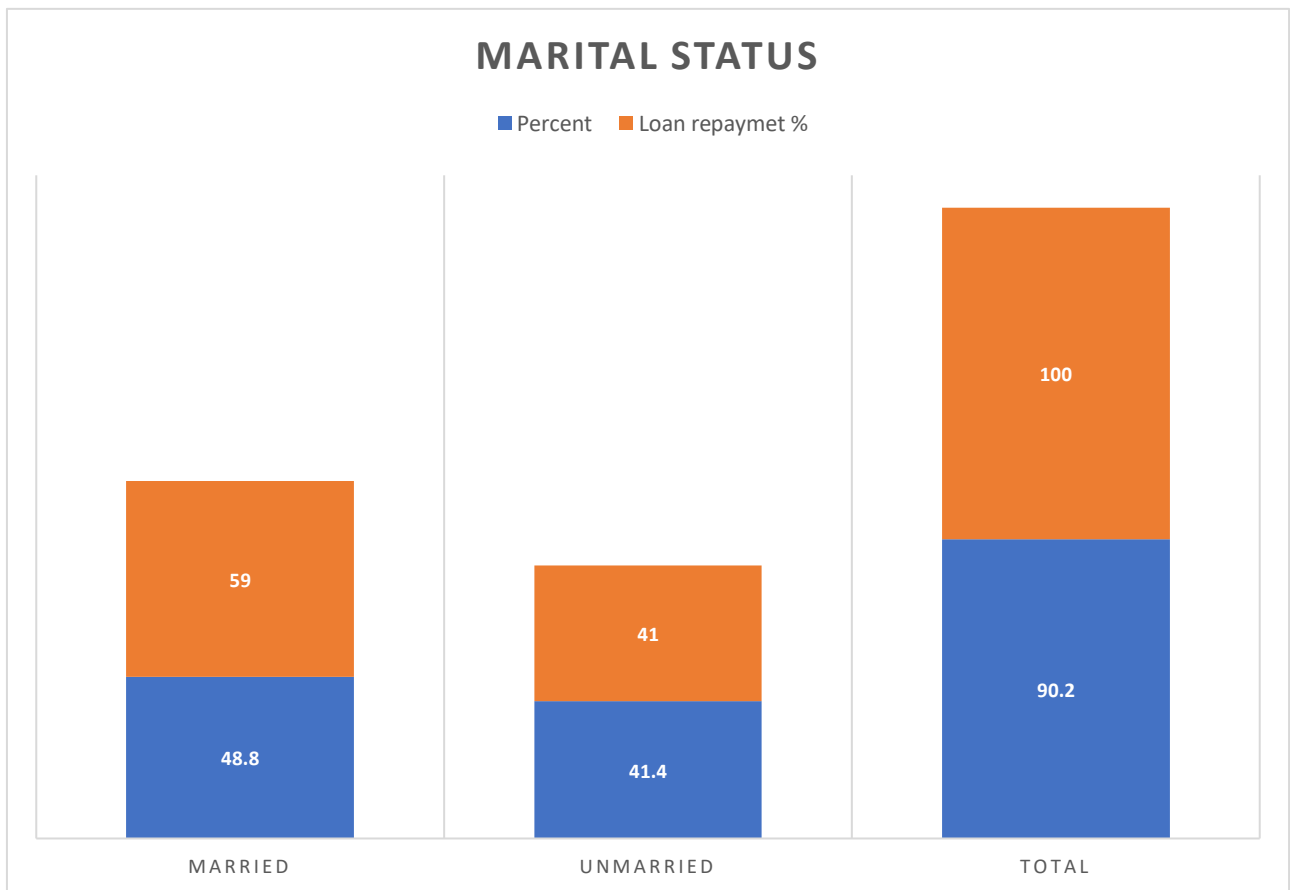
FIGURE 3 Educational status of respondents

Figure 3 above shows the educational status of small and medium enterprise's borrowers. From 100 respondents 15.23% were below grade 9, 50.25% were Grade 10- 12, 25.12% were Diploma holders, and 9.50% of them were Degree holders respectively. This reveals that most of borrower of enterprises have completed Grade 10 and12, and also the Figure indicated that all participants of the study were literate respondents.

The loan repayment performance of the borrowers is relative to their educational level as shown in figure 4 that among the 100% of the borrowers whose educational level is below tertiary, 9.50 % of them repay their loan successfully and among those whose educational level is above tertiary 25.12% repay their loan successfully. Higher educational levels enable borrowers to comprehend more complex information, keep business records, conduct basic cash flow analysis, and make the best business decisions, as shown in this figure. As a result, borrowers with a higher education level may have higher repayment rates.

FIGURE 4 Marital status of respondents

The above Figure 4 helps to identify % loan repayment by married respondents from unmarried respondents because the time of planning and controlling business activities by unmarried was not suitable than married. As indicated in the above figure out of 100 (90.2%), 59 respondents are married and loan repayment percent is 48.8% and 41 respondents are unmarried. The loan repayment percent of the unmarried respondents is 41.4%.

This indicated that the SMEs owners shared their full ideas or thought's to home. In other words, the time of planning and controlling business activities by unmarried respondents are not suitable than married.
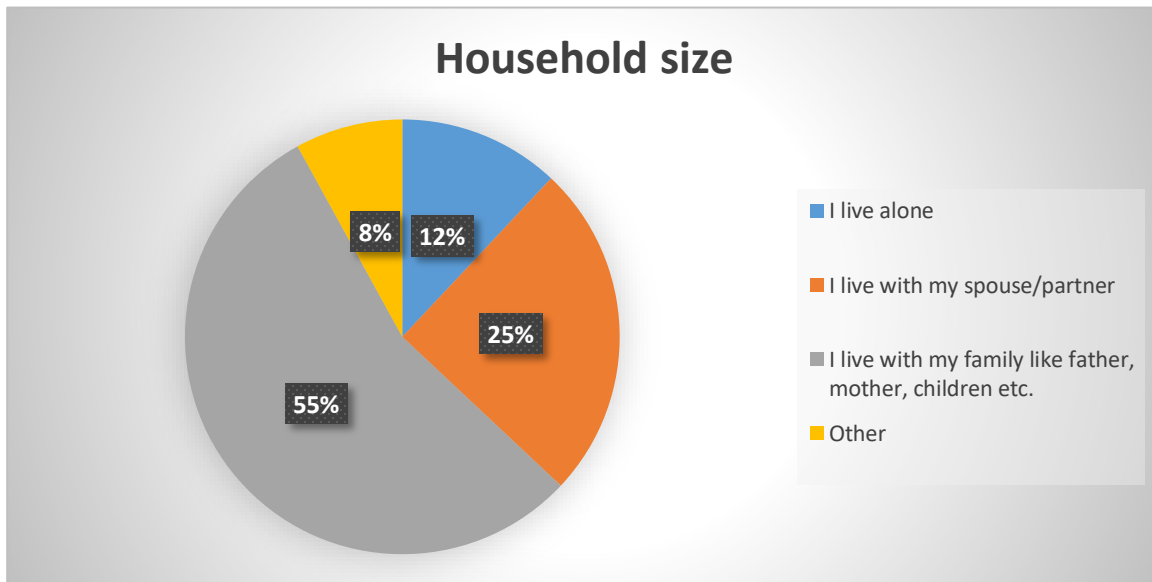
FIGURE 5 Household size of the respondents

The above figure 5 above shows that among the respondents 12% respondents live alone, 25% respondents live with their partner/ spouse. And most of the respondents, around 55%, live with their big family members like their parents, children, grandfather and grandmother etc. The size of the household is a continuous variable, and it is assumed that a larger household will have a negative impact on loan repayment performance due to higher household expenses. Also, the smaller the household size, the better the chances of successfully repaying the loan.
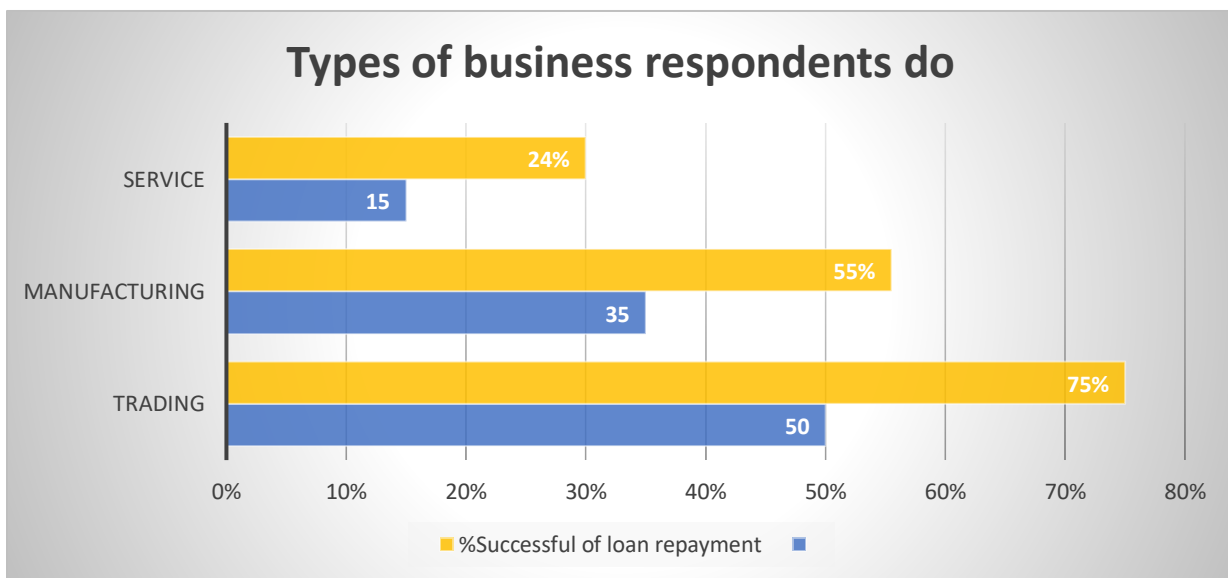
FIGURE 6 Type of business respondents do The

sixth question concern the respondent's nature of business they do. According to the results of the survey, among the 100 respondents, 50 respondents are involved in trading business, 35 of sample respondents are in the manufacturing industry, while only a few 15 are in the service industry. Figure 6 indicates that respondents (50) are involved in trading have the higher rate of successful loan repayment percentage around 75%, respondents involved in manufacturing business have the 55% percentage of successful loan repayment and a lower percentage of respondents around 24% can successfully repay their loan who are involved in service business.
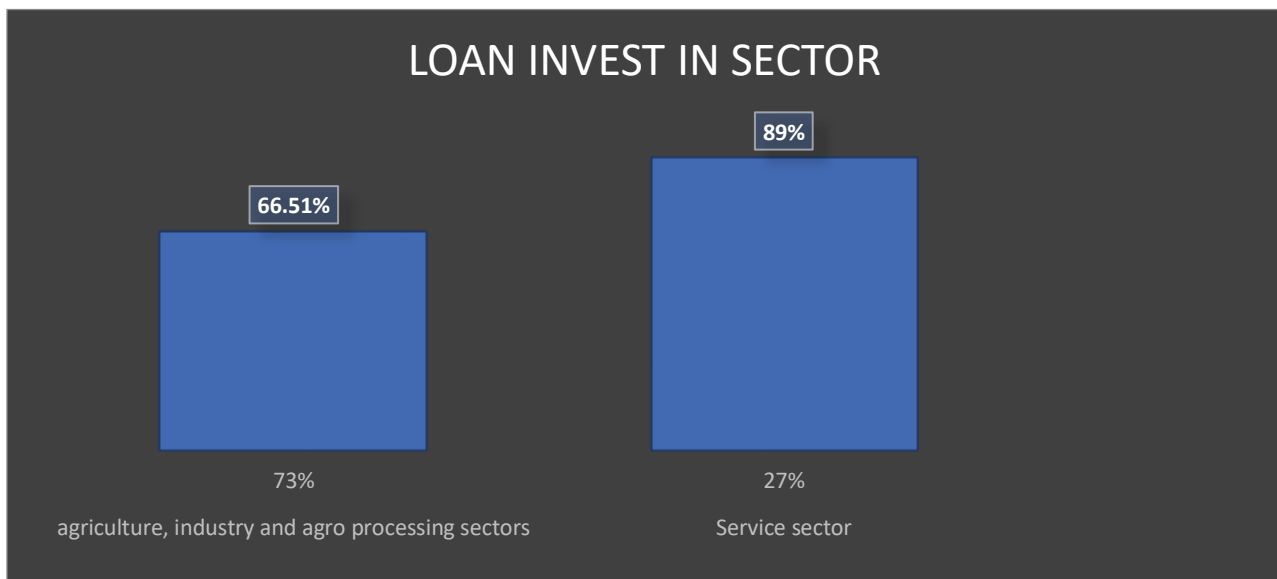

FIGURE 7 Representing the sector in which the respondents invested their loan

The above figure 7 shows in which sector respondents have invested their loan. It is seen that 73% of the sample borrowers invest in agriculture, industry, and agro-processing, while only 27% of the sample borrowers invest in service sectors. From figure 7 above, it is seen that loan repayment performance for borrowers in agricultural, industrial, and food-processing sectors shows 66.51% of them are successful, while 89% of those in the service sector are successful in repaying their loans.
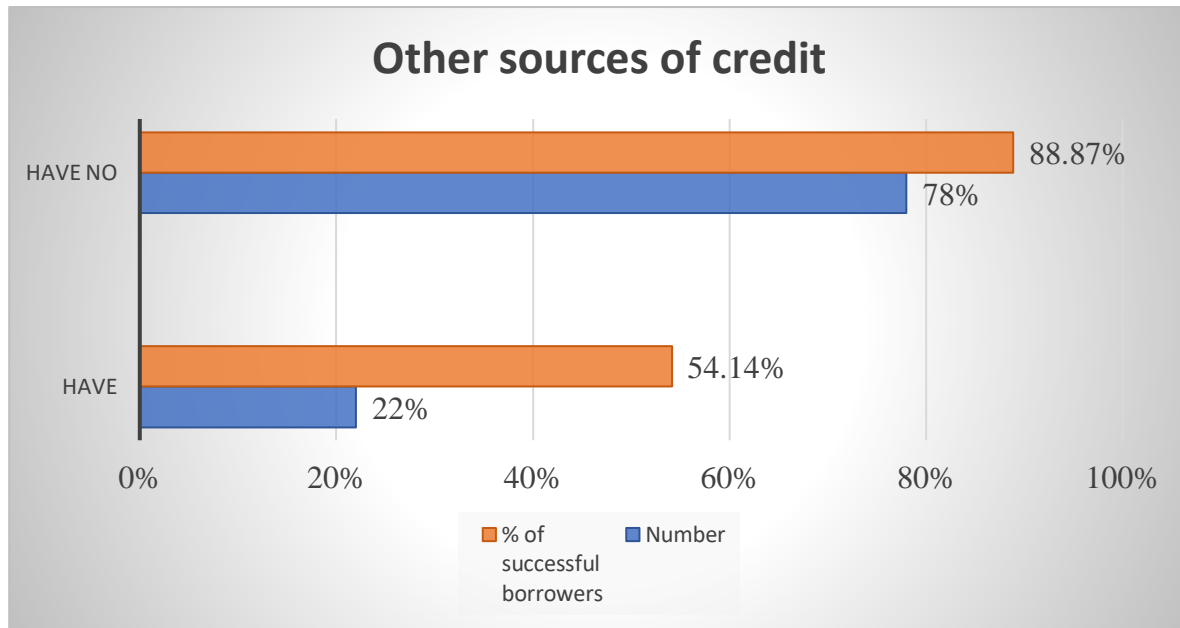
FIGURE 8 sources of credit have the respondents

Among the sample 100 borrowers, as shown in above figure 8: Sources of credits the respondents have the availability of 22% and the rest 78% borrowers do not have the availability of any other source of credit. And, as shown in Figure 8, 58.14 % of the borrowers who have access to other sources of credit successfully repay their loan, while 88.87 % of borrowers who do not have access to other sources of credit successfully repay their loan.
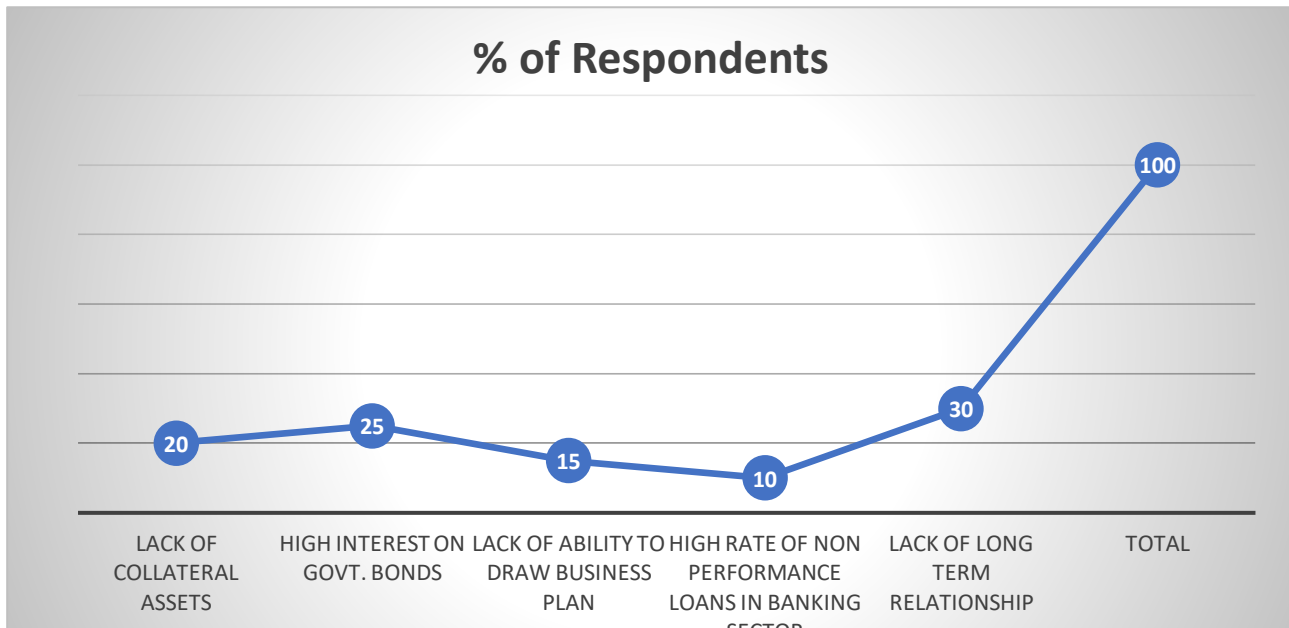
FIGURE 9 Obstacles faced by the SMEs in getting loans

The above figure 9 above shows that among the 100% respondents the main obstacles faced by SMEs in obtaining loans are a lack of long-term relationships with financial institutions, which nearly 30% of clients believe, and the remaining 20% obstacles are a lack of collateral asset, 25% on high interest on the government bonds, 15% of a lack of ability to draw up business plans, and 10% of a high rate of nonperforming loans in the banking sector.
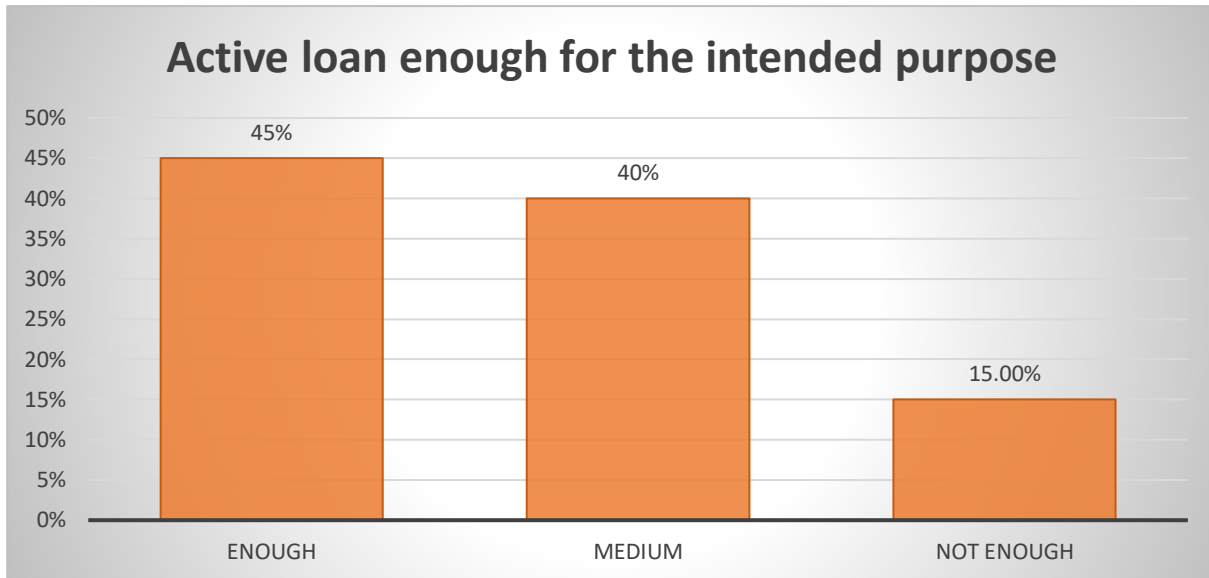
FIGURE 10 Loan enough for the intended purpose of respondents

Figure 10 shows that out of 100 respondents, around 45% can use the SME loan well enough for their intended purposes, 40 % can use it moderately, and 15% can't use it at all. It is stated that having a sufficient loan for the intended purposes is the most important factor in determining a borrower's successful loan repayment performance. The following factors that determine successful loan repayment performance of borrowers are sector, purpose of the loan, loan amount sufficient for intended purpose, repayment period, and other source of income.
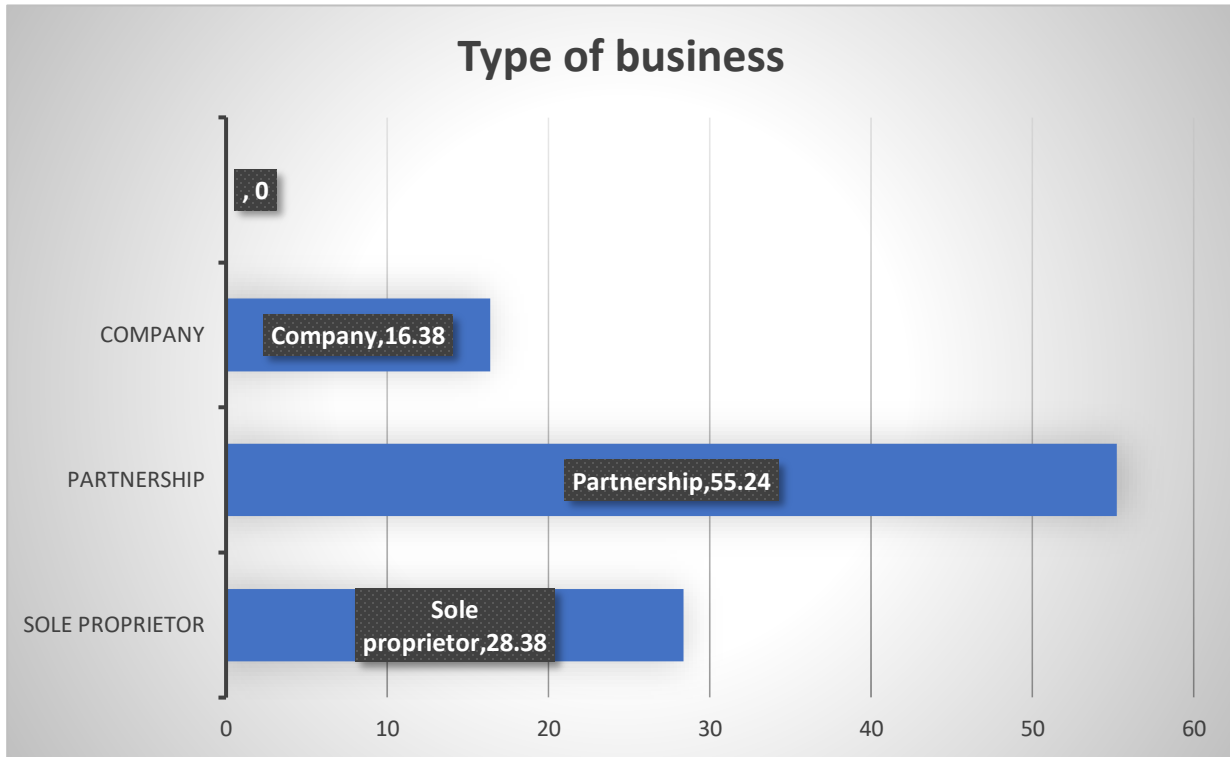
FIGURE 11 business type of respondents

The question is about the type of business they run and how they make good use of their loan. We can estimate that 70% of the respondents are directly involved in her sole proprietorship based on Figure 11. A partnership business accounts for 16 % of respondents, while the remaining 14 % do business with a company. Understanding their loan repayment behavior is a critical subject.
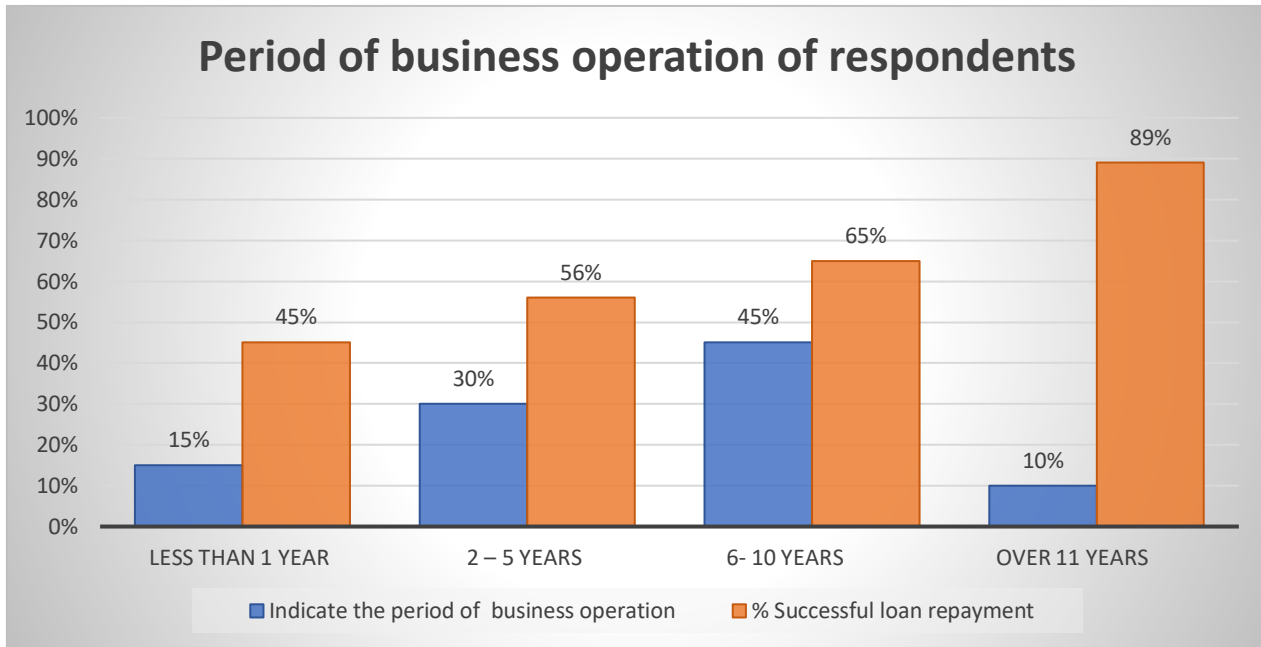
FIGURE 12 Period of business operation of respondents

Figure 12 above shows that among the respondents 45% run the business operation for 6-10 years. Whereas 30% run the business operation for 2-5 years, 15% run the business operation for 15% and only 10% can run the business operation over 11 years. These data indicate those who run the business operation for a longer period of time have a better ability to repay the loan than those who run the business operation for a shorter period.
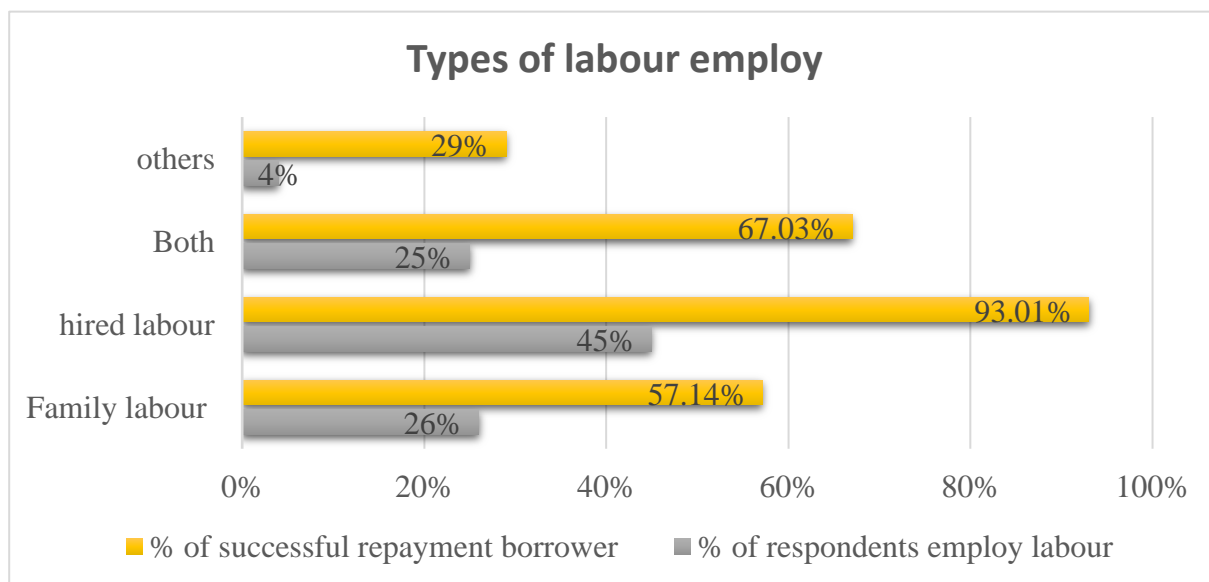
FIGURE 13 What type of labour do respondents employ?

The type of labor employed in the projects, as shown in Figure 13, shows that 26% of the borrower's employ or use family labor and the combination of family labor and hired labor, while the remaining 45% employ or use hired labor, 25% employ both types of labour and 4% respondents employ other labour. Furthermore, in terms of loan repayment performance, 57.14 % of the borrowers who use or employ family labor or a combination of family labor and hired labor repay their loan successfully. Furthermore, 93.01 % of borrowers who use or employ hired labor successfully repay their loan and 67.03 % of borrowers who use both types of lobour successfully repay their loan. Moreover, 29% of the borrowers who employ other labour successfully repay their loan.

If the borrowers work as part of a family, it is expected that their loan repayment performance will be poor. This is due to the fact that most family labor is hired based on family ties rather than qualifications, lowering project productivity and, as a result, the borrower's ability to repay the loan.

Experience on similar business

	0 YEARS	1-5 YEARS	MORE THAN 5 YEARS
% of loan repayment successfully	57.12%	86.23%	87.39%
Experience of respondents	49	37	14

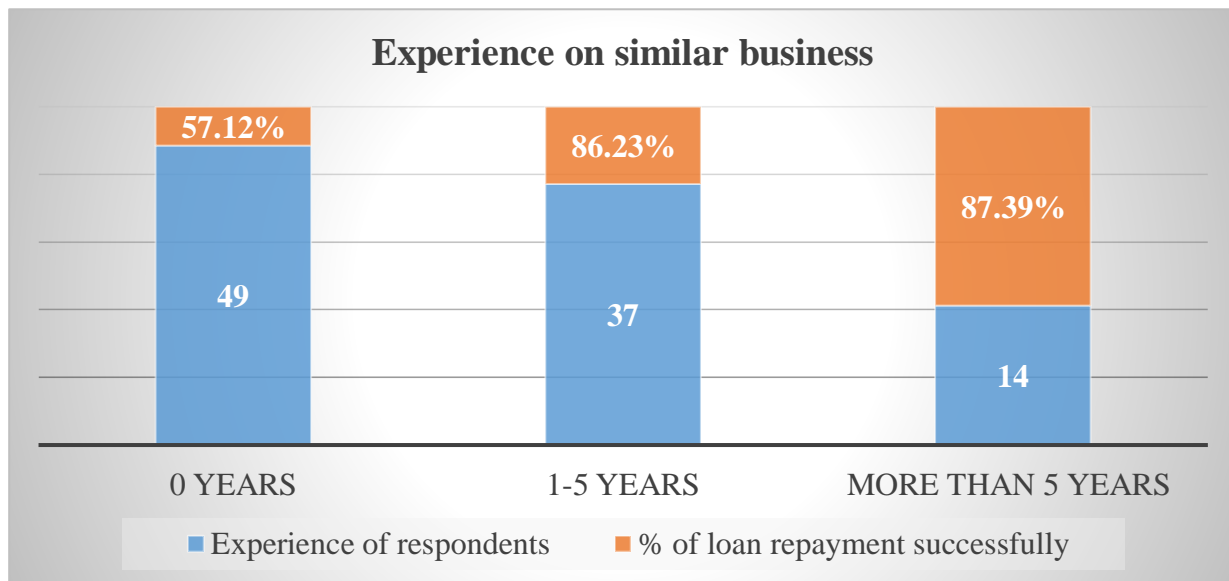■ Experience of respondents ■ % of loan repayment successfully

FIGURE 14 Experience on similar business of the borrowers

Figure 14 shows that there are 49 people with no experience out of the 100 people surveyed. There are also 37 people with 1-5 years of experience, and there are 14 people who have more than 5 years of experience

with the highest percentage of loan repayment success (87.39%). Respondents with 1-5 years of experience successfully repay their loans (86.23%). Those with less or no experience, on the other hand, have a lower loan repayment percentage (57.12%).

Experience is a variable that changes over time. Borrowers who have been in business for a longer time are expected to be more successful. They have more consistent sales and cash flow than those who are just getting started. As a result, those with more experience will have a higher rate of repayment. As a result, it is expected that private borrowers' loan repayment performance will improve as a result of their experience.
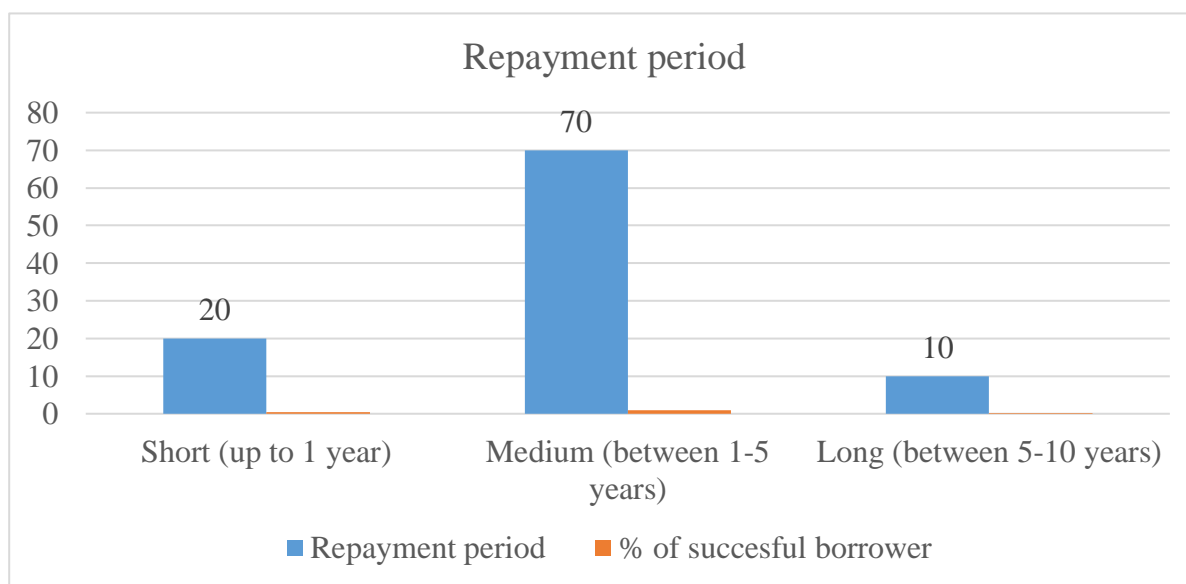

FIGURE 15 Repayment period of the loan of the respondents

According to figure 15, 20 percent of the sample projects have a short repayment period (up to one year) and 10 percent have a long repayment period (between 5-10 years). Furthermore, 70% of the projects have a medium repayment period (between1-5 years). According to Figure 15, 56.67 percent of the projects with short and long repayment periods successfully repay their loans, while 94.29 percent of the projects with medium repayment periods successfully repay their loans.

Due to the short repayment period, the borrower may not have enough income to make loan repayments. Long repayment periods, on the other hand, are disadvantageous to borrowers because they prevent them from accessing future loans until the current loans are paid off. As a result, both short and long repayment

periods can have a negative impact on loan repayment success; however, if the repayment period is medium, the borrower is more likely to repay his or her loan successfully.
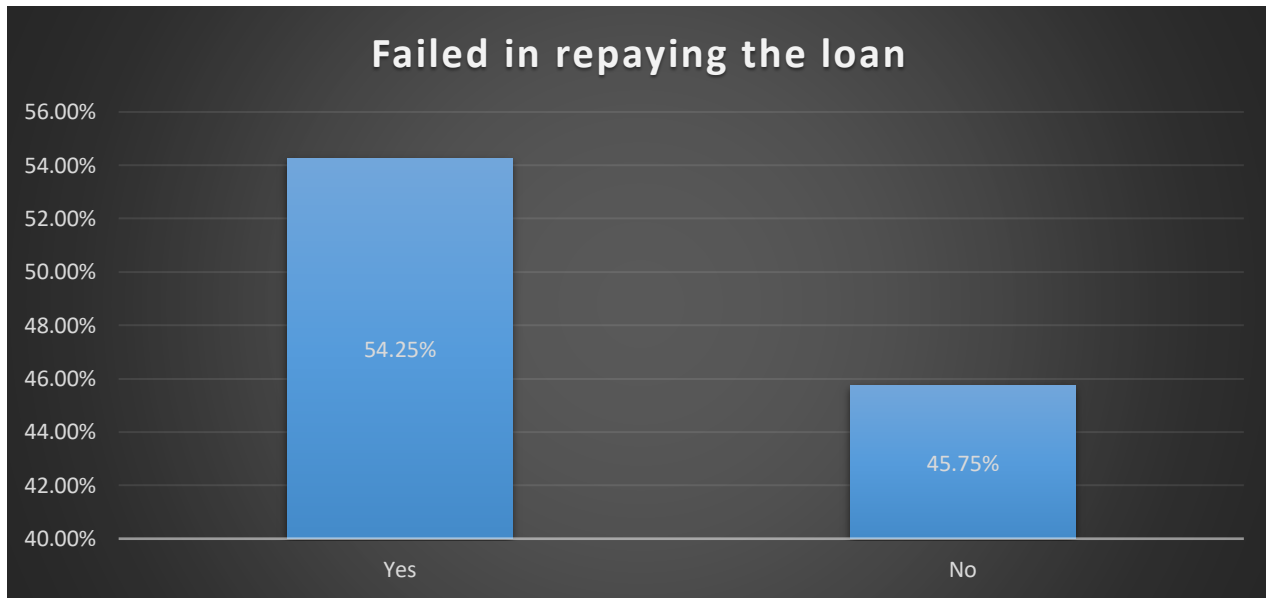

FIGURE 16 Failing in repaying your loan according to the repayment period for more than two times by the respondents.

The 16th question is the most important one in the questionnaire which depicts how many times the respondents failed to repay the loan on due time. Figure 16 above, shows 54.25% have said yes and 45.75% said no. That means 54.25% of the respondents failed to repay their loan according to the repayment period for more than two times and 45.75% respondents did not fail to repay their loan on time more than two times. It can be shown that the majority of the respondents, slightly more than half, have failed to repay the loan according to the repayment schedule for more than two times.

INTEREST RATE SATISFACTORY LEVEL

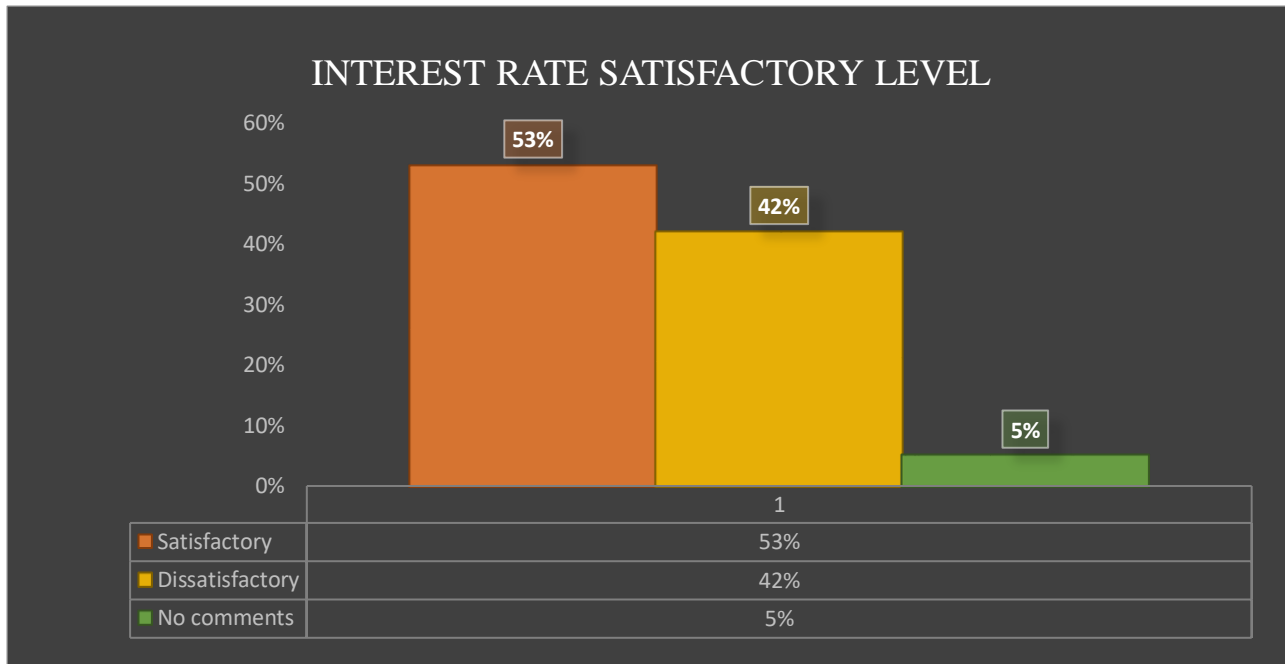|	
■ Satisfactory	53%
■ Dissatisfactory	42%
■ No comments	5%

FIGURE 17: Interest rate satisfactory level of the respondents

From figure 17 above, it is seen that about 53% of the clients are satisfied with the existing interest rate by comparing with other banks in terms of security. The majority of clientele like the BRAC bank's strategy of lowering balances in their favor. 42% of the clients are not happy to get this loan with the charged interest rate. They think the interest rate should be reduced. 5% of the clients disagreed with this regard. If an SME believes that they do not have any hidden costs and are free from bribes and a borrower who is satisfied with the interest has a better ability and willingness to repay the loan successfully than dissatisfied respondents.
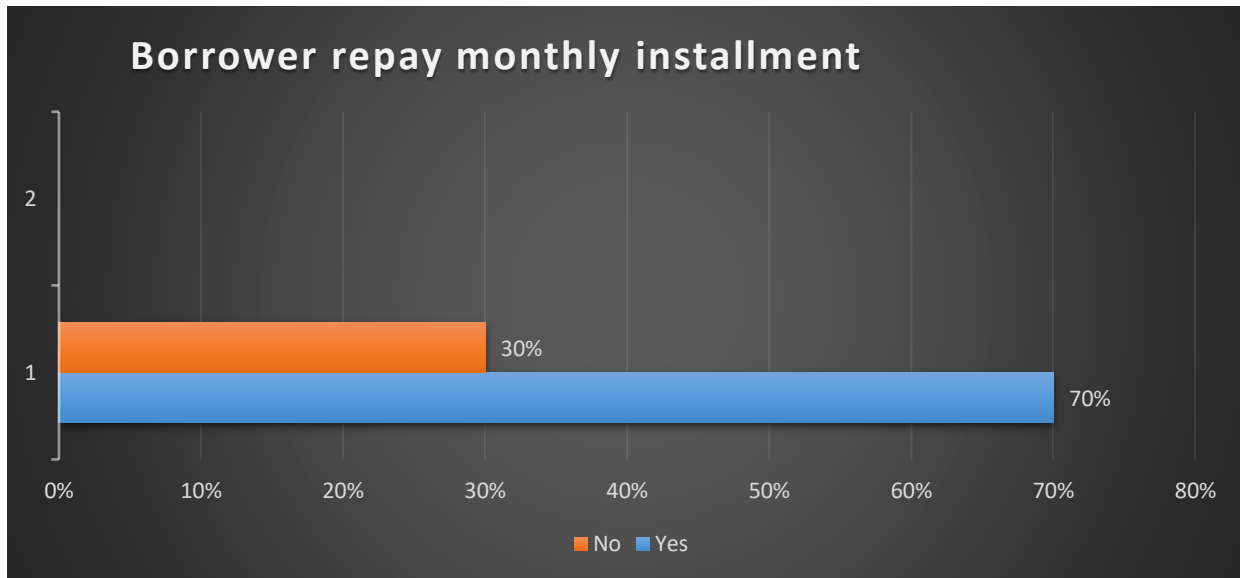
FIGURE 18: Rate of monthly instalment

From the figure 18 above it is seen that 70% of the respondents said yes to the monthly instalment and only 30% of the respondents said no to the monthly instalment. The majority of respondents prefer to repay their loans in equal monthly installments.
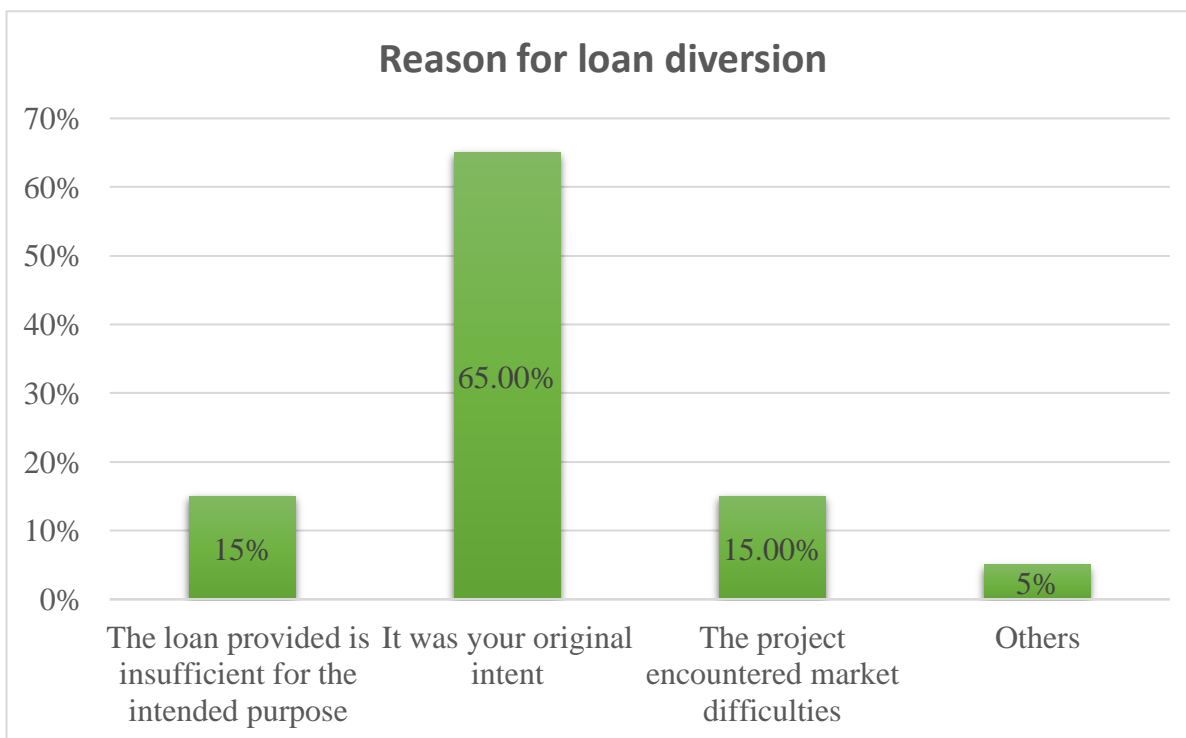
FIGURE 19: The reason for loan diversion of the respondents

Among the 100 sample borrowers, 15% divert their loans insufficiently for the intended purposes, which mostly are related to technical and marketing problems related with the project, and the rest 65% of the sample borrowers invest their loan on the intended and appraised projects. The remaining 15% of the project had market challenges, while 5% had additional issues.

The successful loan repayment performance of the borrowers in relation with loan diversion as, expressed in figure 19 shows that the sample borrowers who divert their project due to various reasons repay their loan more successfully than the sample borrowers who did not divert their loan and successfully repaid their loan.
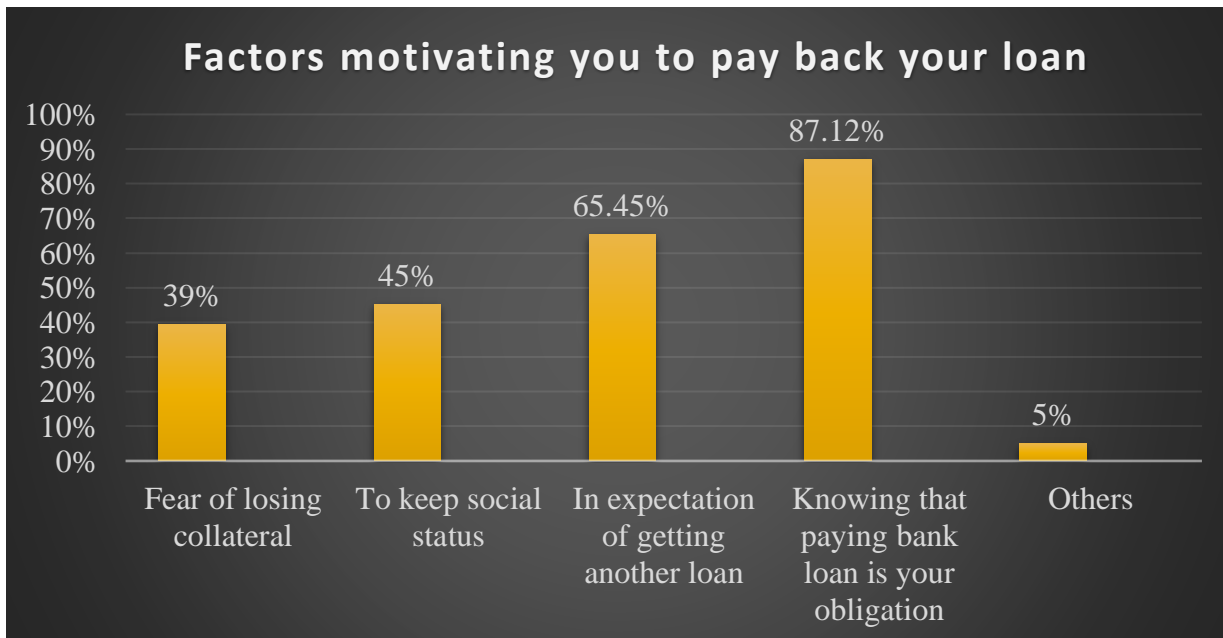
FIGURE 18: Factors motivating a borrower to pay back her loan on time

This question what factors motivating you to pay back your loan was asked to understand the factors which motivate the borrowers most to repay their loan on time. It is an important factor to understand their repayment behavior. From the figure 20 above it is seen that the factor knowing that paying bank loan is their obligation work the best to pay back which is about 87.19% and 65.45% of the respondents have the expectation of getting another loan. It attracts most to repay their loan on time. To keep their social status

45% of the respondents pay back their loan on time. 39% of the respondents have fear of losing collateral assets and 5% of the respondents have other reasons to pay back their loan on time.

6.3 Discussion

As a result of the study, primary and secondary data are used to analyze the factors that influence borrowers' ability to repay their loans and the bank's performance. Data is collected from 100 borrowers in the BRAC through a questionnaire for Bank of Bangladesh North Region and projects that are only financed by the regional branch of the bank in Bangladesh. These questions pertain to the borrower's characteristics, such as age, educational background, gender, household size, and other sources of income and credit available to the borrower. Other questions concern the project itself, such as the borrower's industry and the type of labour employed. Questions about loan characteristics, such as purpose of the loan, repayment period, and refinancing are also included.

Six specified questions were asked of the women through interviews who borrowed from SME enterprises. From their answer the results were analyzed that women who are educated have more income source can repay their loan on due time without any hindrance. But those who are illiterate and have no earning member except herself fall in debt and failed to repay their loan on time.

The interviews results were analyzed by a descriptive analysis. The results of the survey show that the borrowers' ages range from 47 to 53. There is a wide range of household sizes among the borrowers. Borrowers' experience in similar businesses ranges from 1 to 16 years. A few people responded that they have a second source of income, while the majority say they don't have a second source of income. For example, a large majority does not have access to other credit sources, while only a small minority do. The majority of borrowers work in agriculture, industry, and agro-processing, while the rest work in service-related industries. The overwhelming majority of borrower's use hired labour for their projects, while only a small percentage use family labour or a combination of family and hired labour.

The vast majority of borrowers does not divert their projects when it comes to loan diversion. In terms of loan characteristics, the majority of borrowers opt for a loan with a five-year repayment period, while a small percentage opt for a loan with a short or long repayment period. Furthermore, the majority of

borrowers use the loan for fixed investment, while a small percentage use it for working capital or a combination of working capital and fixed investment.

6.4 Validity and reliability

Validity refers to the degree to which a sample of test items accurately represents the content that is being measured, whereas reliability refers to the degree to which the instrument consistently produces the same results on data when used repeatedly (Rotich, Aburi and Kihara, 2014). Validity is the degree to which a score accurately represents a concept, whereas reliability is the degree to which multiple attempts at measuring the same thing converge on the same point (Kothari, 2004).

The survey was sent out to 300 borrowers of BRAC bank Ltd. Out of the 300 borrowers 100 borrowers were respondents. The study's reliability is assessed using validity and reliability. The response rate is important to analyze the validity of the survey.

The study aims to avoid errors, but the results' reliability varies. The ability to reproduce measurement results is referred to as reliability. If two different researchers obtain the same result, for example, the research's reliability can be considered good. The validity of a research method or measurement means that it measures exactly what it is supposed to measure. For example, if the respondents understand the questions in the same way that the researcher does, the study's validity can be considered high (Hirsjärvi 2009, p. 231).

This thesis has a high level of reliability because the research process and results can be replicated by another researcher. The validity is also quite good, despite the fact that one of the questions was set up incorrectly and some of the respondents were required to respond even if the question was irrelevant to them. The findings of this thesis provide answers to the research questions. The research questions were simple to understand, and none of the respondents expressed dissatisfaction with the questionnaire. The total number of observations provides an accurate picture of the phenomenon.

6.5 Recommendation and Policy implication

According to the findings of the study, borrower and firm characteristics are major determinants of loan repayment by SMEs in Bangladesh County. As a result, the study suggests that small and medium sized businesses develop appropriate mechanisms to ensure that they repay their loans within the agreed-upon time frame. This is due to the fact that defaulting on a loan can jeopardize future access to funds from financial institutions.

As a result of the strong correlation between education and loan repayment success rates, banks should consider the educational level of borrowers or their managers in their credit policies and give it a high priority before disbursing a loan to them. The provision of entrepreneurial trainings during follow-up or at a predetermined time will also assist those who have already borrowed money from the bank to pay it back on time.

The findings of the study show that one of the major determinants of loan repayment by SMEs in Bangladesh county is lender characteristics. As a result, the study suggests that financial institutions revise their lending policies in order to reduce loan repayment issues caused by lender characteristics. There is a strong correlation between the type of labor employed on a project and the borrower's ability to repay their loans, and this has important policy implications for the regional bank.

Additionally, the bank's credit policy should take into account the qualifications of the project's workers as a basic requirement for loan provision. However, projects with a short or long repayment period are found to have a higher rate of default, as evidenced by the positive and significant correlation between medium repayment period and successful loan repayment performance. Determining how long it takes to repay the loan depends on the financial viability and market conditions as well as how long it takes to repay it. Furthermore, the findings of the study revealed that loan characteristics have an impact on loan repayment by small and medium sized businesses in Bangladesh. As a result, this study suggests that financial institutions revise the terms and conditions attached to loans in order to reduce loan repayment issues caused by loan characteristics.

6.6 Further research ideas

The scope of this study was limited because it only looked at the determinants of loan repayment by small and medium-sized businesses in Bangladesh. As a result, a follow-up study on the factors that influence loan repayment by small and medium-sized businesses in rural areas is highly recommended. This is due to the fact that SMEs in rural areas operate under different conditions than SMEs in urban areas. The study also sought the opinions of the sampled SMEs' owners and employees in order to investigate the factors that influence loan repayment by SMEs. As a result, additional research on the determinants of loan repayment by SMEs from the supply side (investment banks) is strongly advised. This paper used a set of questions to measure the factors and loan repayment behavior for women in Bangladesh on women SME entrepreneurs which can guide future researchers and reinforce more interest in this research area.

7 CONCLUSION

A modern society's backbone is made up of small and medium-sized businesses (SMEs), which make a significant contribution to the economy. Small and medium-sized enterprises (SMEs) play an important role in economic growth by providing employment opportunities, goods and services as well as complementing large enterprises. However, loan characteristics (tenure and size) are determinants of loan repayment; the length and size of a loan can lead to good or poor repayment performance. Another important factor that can influence loan repayment is the performance of the business. Businesses that are performing well are more likely to repay their loans on time than businesses that are not performing well.

In this thesis, the focus was to understand the loan repayment behaviour for women in Bangladesh. The idea to this thesis rose from the weak economic situation of SME loans for women. Also, our own background and interest in small and medium sized enterprises had an influence on choosing the subject. Women's repayment behavior for SME loans in Bangladesh and basic assessment of SME loans are the main objectives of this thesis. For Bangladeshi women entrepreneurs, the goal of the thesis is to improve understanding of loan repayment behavior. The SME sector in Bangladesh, as well as its prospects, are also

addressed in the thesis. The thesis aimed to provide the commissioner with new and concrete knowledge of the region's SMEs possibilities and barriers towards the loan repayment of their client.

The thesis progressed in accordance with the goals set for ourselves. The theory section was mostly written in the autumn, and the research data collection took about two weeks. The questionnaire's questions were written in such a way that they were simple to understand, and responding was made easier by having ready-to-use answer options. However, after receiving the questionnaire, respondents provided feedback on one of the questions; the socioeconomic characteristics of borrowers. Overall, we pleased with the thesis process because it was completed on time and provided an interesting and informative insight into the loan repayment behaviour of Bangladeshi women. To be successful in this thesis process, it was important to choose a topic that was both interesting and useful in the workplace. A successful thesis was also made possible by our ability to work on a project and our ability to communicate well with the supervisor and commissioners. The thesis process helped us build professional networks that we hope to utilize in the future as we pursue our career goals. The entire thesis process took a little over four months.

This study tried to cover the demographics characteristics, loan characteristics and firm characteristics which affecting loan repayment behaviour of small and medium sized enterprises in Bangladesh. The descriptive analysis was used to identify the factors that influence women's ability to repay their loans successfully. There is also a negative trend in variables such as loan diversion and other sources of credit.

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APPENDIX 1

Questionnaires:

1. What is your age?

☐ 20-30   ☐ 30-40   ☐ 40-50   ☐ 50 and above

2. What is your educational status?

☐ Below grade 9
☐ Grade 10-12
☐ Diploma
☐ Degree

3. What is your marital status?

☐ Married   ☐ Unmarried

4. How many people do you have in your household?

☐ I live alone
☐ I live with my spouse/ partner
☐ I live with my family like father, mother, children etc.
☐ Others.

5. What type of business you do?

☐ Trading
☐ Manufacturing
☐ Service

6. In which sector have you invested loan?

☐ Agriculture, industry & agro-processing sector
☐ Service sector

7. Do you have other sources of credit?
☐ Have   ☐ Have no

8. What are the obstacles you faced by the SMEs in getting loans?
☐ Lack of collateral assets
☐ High interest on govt. bonds
☐ Lack of ability to draw business plan
☐ High rate of non-performance loans in banking sector
☐ Lack of long term relationship

9. Was the loan you took recently (i.e. this active loan) enough for the intended Purpose?

☐ Enough
☐ Medium
☐ Not enough

10. What type of business do you have?
☐ Sole proprietor
☐ Partnership
☐ Company

11. What is the period of your business operation?
☐ Less than 1 year
☐ 2-5 years
☐ 6-10 years
☐ Over 10 years

12. What type of labour do you employ?

- ☐ Family labour
- ☐ hired labour
- ☐ Both
- ☐ Others

13. Do you have experience on similar business? If you have how many the experiences are?

- ☐ 0 year
- ☐ 0-5 years
- ☐ More than 5 years

14. What is the repayment period of loan that you take from the bank?

- ☐ Short (upto 1 years)
- ☐ Medium (between 1-5 years)
- ☐ Long (between 5-10 years)

15. Have you ever failed in replying your loan according to the repayment period for more than two years?

☐ Yes   ☐ No

16. Are you satisfied with the interest rate of the loan?

- ☐ Satisfactory
- ☐ Dissatisfactory
- ☐ No comments

17. Are you happy monthly repay instalment?

- ☐ Yes
- ☐ No

18. What is your reason for loan diversion?

- ☐ The loan provided is insufficient for the intended purpose
- ☐ It was your original intent
- ☐ The project encountered market difficulties.
- ☐ Others (please specify)

19. Which of the following factors is most important in motivating you to pay back your loan on time?

- ☐ Fear of losing collateral
- ☐ To keep social status
- ☐ In expectation of getting another loan
- ☐ Knowing that paying bank loan is your obligation
- ☐ Others (specify

APPENDEX 2

Interview questions:

1. What is your current employment status & how many earning members do you have in your family?
2. Did you get a loan for the financing of your business from any institution or person?
3. Did you use the entire loan for the intended purpose?
4. Have you paid the loan back within the time frame specified?
5. What was the reason behind your failure to pay back the loan on time?
6. Is the repayment period scheduled enough for you?