

Collateral for Business Loans: Constraints and Conflicts regarding the Indigenous Culture of Bangladesh

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Abstract

This research explores how a financing practice of the dominant society is contested in an indigenous context. Considering a traditional handloom business of indigenous women in a South Asian country, Bangladesh, this article investigates into the collateral practices in accessing bank loans. Based on an extensive literature review, it reveals that the normal practice of providing collateral places constraints for accessing loans and provides a scope for conflicts with dominant society. In so doing, it significantly extends the view beyond the issue of discrimination for the non-dominant society. The broader contribution of the paper is to underscore the impact of historical, traditional and cultural aspects on debt financing for small businesses.

Keywords: Indigenous Business-owners; Bank Loans; Collateral; Culture; Bangladesh.

Introduction

In order to launch and operate small businesses, financial capital is a crucial issue (Cassar, 2002). For accessing loans (Avery et al., 1998; Riding and Haines, 2001), specifically debt finance (Smallbone et al., 2003), a major concern is the appropriate level of collateral. While

different studies (Petersen and Rajan, 1994; Berger and Udell, 1995; Avery, et al. 1998; Cruickshank, 2000) analyze the problems regarding collateral, it is evident that for acquiring business loans, employing land or other properties as collateral is a wide-spread practice. In relation to the discussion of collateral, it is implied that business-owners are required to submit the documents to prove the legal ownership of the property; then bank can consider the property as the security. Hence, providing relevant documents to place land or other property for collateral can be considered as 'normal' (Jaim and Chakma, 2013).

This assumption of normality is, however, conceived from the practice of dominant society (Jaim and Chakma, 2013). It can be contended that the perspective on this issue may be different from other parts of societies. It is already recognized that some cultural values of indigenous business-owners are not compatible with many basic assumptions of the mainstream entrepreneurship theories (Dana, 2015). Within the context of debt financing, in the case of minority groups, although the issue of discrimination is highlighted (Curran and Blackburn, 1993; Jones, et al. 1994; Blanchflower, et al., 2003; Kon and Storey, 2003; Coleman, 2004; Fraser, 2009; Kim, 2011), the role of the socio-cultural aspects of business-owners of the non-dominant society regarding is largely underexplored. The issue of collateral is particularly significant for indigenous people; it is closely related to the land ownership issue whilst they are characterized with the close link to the ancestral territory (World Bank, 2001). Therefore, it is a worthy line of inquiry concerning whether the indigenous people's social, economic and cultural institutions can challenge the basic assumptions of normality of collateral of the dominant society. Insightful findings can be also revealed by raising questions regarding whether the attempt to employ the normal practice can have any special implication for the particular cohort of business-owners.

Therefore, this paper investigates whether or how the 'normality' concerning the collateral of debt finance of the dominant society can be contested in the distinct context of indigenous people. It has already been revealed that in Bangladesh, the women from *Chakma* group (the largest tribe of the country), are confronted with collateral related problems for accessing bank loans for their prospectus businesses of traditional handloom products (Jaim, 2015). As that paper leaves the evidence of the problem without any proper explanation on the basis of the distinct way of living, considering *Chakma* women

business-owners can be particularly important for contributing to the theoretical understanding on the impact of socio-cultural aspects on the debt financing process. Moreover, the heterogeneous nature among indigenous communities is already established (Dana, 2005), which indicates that investigating into under researched indigenous groups can bring to light valuable insights. For researching on entrepreneurship, whereas the western developed nations have received much attention (Bruton, et al., 2008), the socio-cultural or historical understanding of the context of Bangladesh, a South Asian region, can provide an opportunity to significantly, advance the prevailing knowledge. Therefore, this research paper aims at exploring how the normal practice of collateral in the context of indigenous people of Bangladesh is contested.

To address the research aim, the paper considers an extensive literature review. It is broadly divided into three sections. For the in-depth discussion, the first section elucidates that having collateral for loans of small businesses is a normal practice and also explains the business related aspects in relation to indigenous people. The next section discusses the historical, social or cultural features of indigenous group, specifically *Chakma group*, in Bangladesh. Building upon the discussion of the previous sections, the final section relates the collateral issues with the cultural issues to the particular indigenous group, *Chakma*. In relation to this normal practice of collateral, it discloses the constraints of these business-owners for accessing loans and hints at the conflicts with the dominant society.

Collateral for Business Loans

In order to set the background for the discussion on collateral of a particular indigenous people in Bangladesh, at first, it needs to recognize the significance of researching on indigenous business-owners in relation to finance. Specifically, taking into consideration the normal practice of collateral in the dominant society, it requires considering how the distinct aspects of the indigenous group can contribute to the existing knowledge. This section also explains collateral practices in Bangladesh.

Financing Small Businesses of Non-Dominant Society

Financial capital is regarded as one of the essential resources to launch and subsequently operate small businesses (Cassar, 2002). Any

impediment regarding accessing funds results in lasting negative effects on the performance of firms (Marlow and Patton, 2005). Compared to large firms, small businesses are more dependent on loans (Brewer et al., 1996), but these firms confront more obstacles for gaining access to external finance (Storey, 1994; Holmstrom and Tirole, 1997). Whereas studies (Holmstrom and Tirole, 1997; Storey, 1994; Marlow and Patton, 2005; Moro, Mike and Grimm, 2012) have already recognized that financing small firms from credit markets is a crucial, but challenging task for the business-owners of the dominant society, others, who do not belong to that part of society, may experience the access to debt finance in different ways.

Considering the minority business-owners, few studies (Curran and Blackburn, 1993; Jones, et. al., 1994; Blanchflower, et. al., 2003; Smallbone et al. 2003; Kon and Storey, 2003; Coleman, 2004; Fraser, 2009; Kim, 2011) draw attention to the discrimination issues regarding the difference of credit outcomes, particularly in terms of denials of loans, difference of loan interest rates and discouragement across different ethnic groups. It can be contended that the extant literature on minority business-owners revolves around the issue of discrimination. Whereas the culture, history and tradition of the minority group of people is different from that of the dominant society, it is underexplored whether or how there exists any relationship of these socio-cultural aspects of minority groups with loans of their businesses. The investigation on this issue can bring to light valuable insights because what is perceived as normal regarding the financing issue for the dominant society may not be considered in the same way by the non-dominant society. In other words, the normal practice of the dominant society may have different implications on minority people due to their distinct backgrounds. Hence, regarding accessing loans, instead of entirely concentrated on the discrimination aspect, it needs to enquire into historical, traditional and cultural aspects of the people, who do not belong to the dominant society.

Indigenous people are, however, not considered as minorities (Roy, 2009). Like the ethnic minorities (Portes and Bach, 1985), indigenous people have not migrated from other areas; in general, they live in their own places generation after generation and possess their distinct socio-cultural values (Peredo et al. 2004). Nonetheless, it is recognized that they are not a part of the dominant society (Roy, 2009). A major distinguishing factor between the minority groups and the

indigenous people is that although the culture, history and tradition are different for both groups from the dominant society, for indigenous people, they have the right to continue their distinct way of living. Whilst socio-cultural aspects of indigenous people are substantially different from that of the dominant society and these cultural or traditional features are co-existing with the mainstream societal aspects of the same nation for countless generations (ibid), the implication of the normal practices concerning finance of the dominant society in terms of socio-cultural or historical aspects can be more explicitly revealed for indigenous people. Delving into this topic can also provide opportunity to unveil how a group of people governed by its own culture confront issues of the dominant society, while dealing with a conventional financial institution.

While considering the specific issue of finance for the indigenous community, it is also important to note that the extremely limited number of studies on this group of people can be criticized on different grounds. The existing studies (Foley, 2008; Tapsell and Woods, 2008; Ude'n, 2008; Austin and Garnett, 2011; Maria, 2012; Fleming, et al. 2015; Spencer, et al. 2016) on indigenous people are almost solely confined to their own areas. These papers concentrate on their businesses in relation to the impact on the community, the indigenous way of production and the impact of social capital on networking. Hence, indigenous businesses are deemed as distinct ventures without considering relationships with mainstream businesses of the dominant society. It is seldom explored whether or how the business practices of the dominant society have any impact on businesses of indigenous people. Further, concerning indigenous people, while developmental aspects or other business relevant features are analyzed, specifically, finance related issues are overlooked.

In addition, the scant literature on indigenous businesses is appeared to be biased towards certain geographical areas. In general, studies (Foley, 2008; Tapsell and Woods, 2008; Dzisi, 2008; Peter and Andrew, 2008; Austin and Garnett, 2011; Glenice and Marilyn, 2011; Maria, 2012; Fleming, et al. 2015; Spencer, et al. 2016) on this group of people are concentrated on Australia and New Zealand. A few studies are conducted in other regions, for instance, Africa (Dzisi, 2012), Canada (Aldene, et al., 2012) or Sweden (Ude'n, 2008). Therefore, the diversity, complexity and richness of the indigenous community of the Asian context are largely under researched. In general, the body of

entrepreneurship literature is argued to be concentrated on the developed nations, paying less attention to the other parts of the world (Bruton et al., 2008). Therefore, reflecting upon the limitations of the extant literature in this field, it can be argued that there is a potential opportunity to enrich the prevailing knowledge. Researching on conventional bank loan practices for businesses in relation to the historical, traditional or cultural aspects of indigenous people in the relatively under explored research area of a South Asian developing nation, Bangladesh, can offer distinct insights.

In brief, within the context of financing small businesses, regarding non-dominant society, the literature is almost exclusively concentrated on minority business-owners and particularly, on the discrimination issue concerning them. The cultural, historical or traditional aspects of non-dominant society on financing practices are still under researched. Moreover, regarding their access to business loans, indigenous people have not received much attention whilst their distinct culture or history may have significant impact on the financing process. Therefore, in order to analyze how the normal practice of financing businesses is related to the historical and cultural values of the indigenous people is a wealthy line of enquiry. In this regard, specifically, the collateral issue can be considered because it requires the investigation into the ownership of land or other property; historical, traditional or cultural values of indigenous people can have profound impact on the legal system concerning the ownership of property, as their life is mostly governed by informal institutions (Schendel, 1992).

Collateral for Small Business Loans

Bank loans are deemed as a key source of financing small businesses (Binks and Ennew, 1996; Cole, et al., 1996; Cruickshank, 2000). For securing debt finance, placing collateral is revealed as a widely recognized practice (Avery, et al., 1998; Cruickshank, 2000; Riding and Haines, 2001; Smallbone et al., 2003). Nonetheless, the recognition of this conventional practice is considered from the perspective of the dominant society. The implication of the collateral practice is yet to explore in the context of a non-dominant society or specifically, the indigenous group of people.

A number of problems have been already identified in relation to collateral in the dominant society. Literature mostly addresses the hindrance in gaining access to debt finance due to the inadequate level

of security (Avery, et al., 1998; Cruickshank, 2000; Riding and Haines, 2001; Smallbone et al., 2003). Studies in relation to collateral further concentrate on the bank and firm relationship (Berger and Udell, 1995; Petersen and Rajan, 1994), as well as the size and age of firms (Avery, et al., 1998). Nevertheless, particularly while focusing on minority business-owners, collateral emerge as an important issue. For instance, in 1999, the report of Bank of England reveals that the lack of collateral is one reason for the difficulty of raising funds, particularly for the Black Caribbean and Bangladeshi business-owners. Although the problems associated with collateral have been addressed in the extant literature, the cultural, historical or traditional aspects have not been paid with proper attention.

In order to draw the relationships of historical, traditional or cultural aspects with the collateral issue, it needs to afford greater attention to the process. It can be easily grasped that when banks provide loans to business-owners, as a security land or other properties are placed through mortgage. In case of failure of repaying loans, banks can sell the properties and retain the amount of the loans. In general, this is the purpose of having the collateral of business loans. This also implies that to operate this practice, it requires property related legal documents that are acceptable in the wider society. While placing collateral, business-owners have to comply with conventional rules to present the evidence of ownership and possession of the property, as well as to follow regulations of mortgage. Although it is a normal practice, questions can be raised regarding the complication of the process if the business-owner is not from the dominant society, having property in an area that is governed by the culture different from the mainstream society.

In sum, concerning the collateral of business loans, researchers have analyzed the inadequacy of collateral or the characteristics of firms for the eligibility to acquire loans. Again, regarding providing collateral, cultural aspects of business-owners have not received proper attention. Therefore, because of the unique culture of indigenous community, it requires an exploration of how this common practice of collateral is applied in the context of indigenous business-owners, whereas research on this particular group of people regarding financing businesses is currently underexplored. In so doing, before concentrating on the specific indigenous people, for a good understanding, an overview on

the general practice of collateral for business loans in Bangladesh is presented in the next section.

Collateral for Small Business Loans in Bangladesh

Like other countries, in Bangladesh there is also a practice of having collateral for providing bank loans to small business-owners (Jaim and Arefin, 2007; Jaim, 2011). It is also considered as a normal practice to submit necessary legal documents of the property for the purpose of collateral (ibid). In this regard, it is worth noting that in the Government Industrial Policy 2005, small and medium enterprises sector is declared as the priority issue considering its economic prospect. Bangladesh Bank, the central bank of the country, is taking different initiatives to support this sector (Afzal, 2012). While there is an emphasis on flourishing the sector through debt financing, it needs to pay attention to collateral related aspects that are associated with many problems (Jaim, 2011).

In general, the importance of documents for accessing bank loans for small businesses are recognized in the literature (Jaim and Arefin, 2007; Jaim, 2011). Regarding jolting down the debt finance process, Jaim and Arefin (2007) mention that while approaching banks to express the interest for applying a loan, a business-owner will have to provide all necessary documents of collateral. At this stage, the officers consider the scrutiny of collateral related documents by legal advisors to let the business-owner proceed for the application. After the success of the loans application, when the decision of the fund sanctioning is made, the business-owner will have to go for the mortgage of the property. Then the loan is sanctioned and the amount of money is disbursed to the account of the business-owner. The discussion leads to conclude that the documents play significant roles from the very beginning of the process.

Jaim (2011) further reveals that the collection and preparation of documents is considered the most cumbersome problem of the loan undertaking process. A more precise account regarding documents of collateral is found in this study. Bia Deed, CS (Cadastral Survey), RS (River Survey), NOC (No Objection Certificate), NEC (No Encumbrance Certificate), land revenue receipt, approved plan of building and so on are the documents related to collateral. Therefore, it is evident that for acquiring loans, it is crucial to maintain different documents regarding collateral.

It can be concluded that there are studies regarding collateral for business loans from the context of the dominant society of Bangladesh, but researchers have not concentrated from the perspective of indigenous people. To have an understanding of the collateral related issue of the indigenous people, the next section discusses on the context of this cohort of Bangladeshi people.

Indigenous People of Bangladesh and their Land Related Laws

Whilst the previous section concentrates on finance related issues, this section explains the historical, traditional and cultural aspects of indigenous people in order to set the stage to discussion on the implications of the normal practice of collateral in indigenous context. After introducing the particular indigenous community of the specific area, this section presents the emergence of legal aspects of land-ownership in the Indian Sub-continent to explain the practices of the dominant society. Then, the practices for the particular indigenous group are elucidated to illustrate the distinctiveness compared to that of dominant society.

Indigenous People and their Handloom Businesses in Rangamati

While discussing the collateral related issues of the indigenous people of the specific area, there might be several questions: Suddenly why are the problems for the loans of handloom businesses getting attention? Why are the businesses of the indigenous people appearing to be so promising recently? To address these questions, we need to know the background of the indigenous people of the country. Nevertheless, prior to the description of the indigenous people of the particular area of the country, Rangamati, it requires clarification of the term – ‘indigenous’ to have an understanding of how these groups of people are different from that of dominant societies.

The term ‘indigenous’ has no universally accepted definition (Roy, 2009). The ILO Convention No. 107 provides some criteria in terms of the subjective and objective nature of the term for identifying indigenous people. These criteria regarding indigenous people indicate that ‘their pattern of living’ is mostly regulated ‘by social, economic and cultural institutions of historical ancestral groups that they have inherited,’ rather than by the existing contemporary institutions of

dominant communities of the concerned country (Roy, 2009). In Bangladesh, thirteen different tribes, having different cultures, languages and religions, live in Chittagong Hill Tracts (CHT) (Mohsin, 2002). Given the nature of the research, this paper concentrates on Chakma, the single largest tribe of Bangladesh (ibid), who mostly live in Rangamati of CHT (Chakma, 2012).

Rangamati has become a popular tourist spot after 1997 (Chakma, 2012). It is important to note that there were nearly twenty-five years of political unrest and even a guerrilla war between 'Bangalis' (the people of the dominant society) and the indigenous people in CHT (Roy, 2009). Therefore, Bangalis did not get access to a part of CHT that includes a part of Rangamati (Chakma, 2012). In 1997, there was a peace accord to settle the situation (Roy, 2009) and hence, it provided the opportunity to the Bangalis to visit some of the restricted areas, bestowed with natural beauty (Chakma, 2012).

Consequently, in the tourist spots, selling the traditional products, like handloom, has become a potential source of earnings for the local Chakma people (Chakma, 2012). The handloom sector of the Indian Subcontinent has its glorious history from the ancient period. Still the tradition of manually weaving cloth is regarded as one of the richest attributes of the culture and heritage of Bangladesh. The demand of handloom products in Rangamati is not limited to the national market. Therefore, an extensive scale of production is generated from different textile factories in Rangamati. Nevertheless, compared to cloths of textile factories, manually weaved cloths (locally called 'bian') are more expensive because of the quality of cloth, the diversity in design and above all, the reflection of the traditional significance because of the way of production (ibid). It should be noted that with back-strap handloom, in general, women produce traditional dresses (pinon-khadi). Retailers collect the dresses from the business-owners to resell those in the tourist spots. As mentioned earlier, after 1997, after the peace accord, due to the high demand from the tourists, there has been a boom of the business of back-strap handloom products and hence, the women are interested in acquiring bank loans to expand their promising businesses (ibid).

The study of Jaim (2015) is particularly important to consider in relation to the debt financing issue of *Chakma* women's businesses. This research demonstrates that for accessing loans to meet the requirement of the working capital, women rely mostly on NGOs.

According to the women business-owners, the least preferred source of loans is the bank whereas it is the most commonly used one in the country. In this regard, a potential question can be posed regarding the issue that discourages women to access to bank loans. From the accounts of the indigenous group of people it is revealed that there is a difficulty regarding placing collateral related documents due to their social or cultural norms (ibid). As a point of clarification, indigenous women will have to collect loan individually for their small businesses rather than collectively which is the case for micro-credit. Nevertheless, in that article, no in-depth explanation is provided concerning the problem of collateral. To understand the relevance of socio-cultural norms of the indigenous people concerning documentation of property, in the next section, there is a discussion on the emergence of documentation or property rights in the Indian sub-continent and the way of using land as collateral.

Land Ownership and usage of Land as Collateral in the Indian Sub-Continent: A Historical Perspective

The emergence of the documentation of property of the Indian Sub-continent is rooted in the British Colonial history (Swamy, 2010). Although the East India Company started its operation in the Indian subcontinent for the trading purpose, in 1757, it laid its political foundation by winning the Battle of Plassey of Bengal. Initially, there were some client rulers, but in 1757, the company formally acquired the authority. For the East India Company, the first territory of India that came under direct rule was Bengal (comprising present Bangladesh). Gradually the company conquered different regions of India. Consequently, it raised the crucial question regarding collection of land taxes, the fundamental source of government revenue. Nevertheless, taxation is inseparably linked to the 'ownership' of land as well as the complete structure of land rights. As a result, the company formed or adapted legal systems to adjudicate the disputes regarding land right interventions (ibid).

The land tenure arrangement had also a profound impact on credit markets (Swamy, 2010). It was relevant to the degree of security and transferability of land ownership, usage of land as collateral, way of seizing land in case of defaulting repayment of debt or other contractual commitments (ibid). However, although at present, it has been argued that the land transfer was not an innovation of the colonial period

(Guha, 1985), it is widely accepted that in the colonial period, institutional modifications provided scopes for employing land as collateral in order to maintain debt obligations (Swamy, 2010). Primarily, due to the systematic formation of a documented individual property right, this collateral practice was executed (ibid).

To sum-up, the historical perspective demonstrates that the evidence of land ownership was institutionalized in the colonial period. Furthermore, placing land as collateral with documents was a common practice in the Indian subcontinent.

Laws of Indigenous People and Land-Related Laws of Chakma in Rangamati

The land-related laws of Chakma in Rangamati are different from the plain land. To support this statement, a brief discussion is presented regarding the laws of indigenous people across the country to explain their land ownership rights. Against this background, the specific tribal group of Chakma in the particular region is taken into consideration.

In light of the historical perspective, it is evident that in general, during the British Colonial period, the rules concerning the indigenous people were substantially different from that of the dominant society (Roy, 2009). These were responsive to the local culture. By the mid-1760s, most of the plain land of Bangladesh became part of the territory of British East India Company. However, from the initial period of the British rule in South Asia, there were special constitutional dispensations in the areas of indigenous people as the laws employed in other areas were considered to be too complicated to be applied in these areas. Under the Government of India Act (1915), CHT was considered as a 'backward tract' and later on (Government of India Act, 1935), as an 'excluded area'. This area was almost exclusively for tribal inhabitants where the administrative feature was unique and general laws and regulations were occasionally applied (ibid).

After the partition of India, Bangladesh was the part of Pakistan and in the first constitution of Pakistan (1956, Constitution of Pakistan), CHT was retained with its status as 'excluded area' (Roy, et al., 2010). In 1962 Constitution of Pakistan, this area was re-designated as 'tribal area'. In 1971, after the independence of Bangladesh from Pakistan, the excluded area status was not revived properly (ibid). Besides, due to the transfer of Bengali-speaking people to the hilly areas, there was a long-

standing dispute regarding the land possession between hilly people and Bengali people. Consequently, for protecting the rights of the indigenous people, there was an unrest in CHT before the peace accord was signed in 1997 (Roy, 2009). After the peace accord, the CHT Regional Act, 1998 emerged (Act XXII of 1998) that established the provision of a regional council, consisting of tribal people along with some Bengali people. This council has supervisory and coordinating authority over administrative, as well as developmental issues. It can be concluded that although there were several changes over time, the customary laws still dominate the indigenous society.

More specifically, in Rangamati, there is also a system of council. It is explicitly mentioned in the act (Act No. XIX of 1989) that whatever the laws regarding the land, without the consent of the council there should not be any purchasing, selling, leasing and such other activities of any property. Not even the government can seize any land, hilly area or forest area without the discussion and approval of the council. The council can also regulate the activities of the surveyor and assistant commissioner of land. Furthermore, the council is responsible for the tax from the land although the existing laws of the country are different. Therefore, regarding the land related issue, indigenous culture plays a crucial role irrespective of the laws in the other parts of the country.

From the discussion, it is apparent that CHT is considered differently for legislative purposes. Nevertheless, at present, there is an impact of the dominant society in practicing the distinct way of living whereby the indigenous people struggled to protect their own rights in different occasions.

Collateral for the Handloom Business of *Chakma* Women

From the discussion concerning collateral for business loans, it is evident that providing documents for collateral is a normal practice in the context of debt finance. The underlying assumption of this common practice (having legal property documents) in Bangladesh has its rational grounds in the emergence of land ownership rights in Indian Sub-continent (Swamy, 2010). Nevertheless, the indigenous people are governed by customary laws where the land ownership is not maintained in a conventional way (Roy, 2009). The discussion and debate of the previous sections, thus, indicate potential contradictions

while applying the normal practice of collateral for indigenous business-owners.

While considering the context of indigenous society, this study advances the prevailing knowledge on how the lack of documentation puts obstacles in gaining access to debt finance for business-owners. A previous study (Jaim, 2015) reveals the problems of Chakma women for providing documents of collateral in accessing bank loans for their businesses of traditional handloom products. Even though they possess land, they do not have any document of the property. In this regard, it should be noted that there is a way to have documents formally for *Chakma* people but the women business-owners do not consider it worthy to go through the process for taking bank loans for their businesses (ibid). The scenario clearly suggests that it is not the problem of inadequacy of collateral which is widely examined regarding business-owners in the extant literature (Avery, et al., 1998; Cruickshank, 2000; Riding and Haines, 2001; Smallbone et al., 2003). It is an issue of providing the proof of ownership by presenting documents to the banks. Thus, this paper extends the view regarding the problems of collateral from its well recognized issue of inadequacy of the property to a different aspect, related to the lack of documentation of the land.

In order to comprehend the understanding on collateral in relation to the absence of documentation of land, it requires further explanation regarding the impact of customary laws on property ownership. In the dominant society, although documents are essential to prove the ownership of the land, for *Chakama*, such proof is not required. The indigenous society is considered as simple where people live by trusting each other (Chakma, 2012). They do not need to provide any document to prove their ownership of the property. If there is any dispute, it is generally resolved by local leaders (ibid). Within the indigenous society, although the women do not need to maintain any property document, while approaching banks for loans, they face problems for the lack of documentation (Jaim, 2015). The discussion on the impact of customary laws on the property ownership, thus, challenges the rhetoric of normality concerning the document possession in relation to the collateral for the debt financing process.

The study further contributes to the understanding on how the normal practice of collateral of the dominant society can be translated in an indigenous context whereas the extant literature on indigenous

entrepreneurship hardly investigates the business practices of dominant society on this cohort of people. In order to provide precise insights on this aspect, the definition of the indigenous people can be particularly helpful to consider. As per the definition of indigenous people, there is an emphasis on social institutions, cultural patterns and legal systems that are inherited from the historical ancestral groups. Moreover, their pattern of living is not regulated by the contemporary institutions of dominant communities. It is reflected in the report on Discrimination against Indigenous People, Jose Martinez Cobo (as cited by Roy, 2009).

Indigenous communities, people and nations are those forming at present the non-dominant sectors of the society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions and legal systems (Roy, 2009).

In light of this definition, it can be argued that while asking for the documents of the ownership of property, it attempts to disrupt the historical continuity in relation to their land ownership rights. In addition, whereas the concern regarding transmitting their ancestral territories and following that through their respective culture, the social institutions as well as the legal set up is well established, preparing documents for land ownership through the conventional process can be argued to be considered negatively. Whereas the Chakma people are not supposed to prepare documents in the conventional way, the question of legal documents of collateral poses complications for the women business-owners. Thus, it contributes to our understanding on how normal practices of the dominant society can set obstacles for indigenous business-owners due to their cultural, historical or traditional values.

While exploring the influence of normal financing process of the dominant society in the indigenous society, the research further provides valuable insights regarding how an informally governed society can be perceived to be regulated through the financial institutions of the country. While customary laws are practiced in the concerned society in such a way that the government will have to comply with the customary laws regarding land, in banks, there is no scope to have documents from the local authority. The scenario eventually leaves the scope to consider a way of discrimination towards the indigenous people by banks. It can also be argued that the normal practice of collateral of the dominant

society can be considered as the mechanism of control of the indigenous group. The reason is that the conflict of this group with the Bengali people is not a new phenomenon. This collateral issue is imposing the legal framework of the dominant society on the indigenous people by the requirement to comply with the conventional documents for the bank loans.

The discussion leads to conclude that the normal practice of placing collateral of the dominant society cannot be readily applicable to the indigenous context. *Chakma* women have constraints of placing collateral to secure bank loans for their promising businesses of handloom products whilst the obstacles are not associated with the inadequate level of property, but with the lack of conventional documents of the property. The issue of lack of documentation is deeply rooted into the historical, cultural and social aspects of indigenous society and hence, these features challenge the fundamental assumption of document possession regarding collateral for business loans. Further, the implications of such practices in the indigenous society are important to consider. Asking for the property documents might be perceived in a negative manner by the indigenous people particularly given the political conflicts with the people of dominant society. Besides, a conflicting scenario can be inferred from here as banks tend to impose the legal framework of the dominant society on the concerned indigenous people. It contributes to the prevailing knowledge concerning the discrimination of banks towards indigenous people based on their distinct way of living.

Conclusion

The overarching contribution of the paper is to bring to light how the normality of the collateral for small businesses is contested in the context of indigenous culture. In so doing, it extends the view on debt financing of non-dominant society from the perspective of indigenous people, whilst the extant literature on this area is mostly concentrated on minority groups (Curran and Blackburn, 1993; Jones, et. al., 1994; Blanchflower, et. al., 2003; Smallbone et al. 2003; Kon and Storey, 2003; Coleman, 2004; Fraser, 2009; Kim, 2011). Moreover, recognizing differences from dominant societies, these studies on financing small businesses concentrate on discriminatory issues, but the history, tradition or culture of the people, different from that of the dominant group, has not received proper attention. Rather than

revolving around the issue of discrimination of the non-dominant community, this article explores and establishes the significance of cultural, historical and traditional aspects on the bank lending process for an indigenous context. It eventually contributes to the understanding of the impact of socio-cultural aspects on the debt financing process, in general. In addition, the research extends the knowledge of indigenous people of a comparatively under-explored area, i.e. the South Asian context.

The research establishes that within the context of debt financing, what is considered as 'normal' in the dominant society, can be revealed as 'abnormal' for indigenous society on the basis of the historical, traditional and cultural aspects. Asking for relevant documents of the property is a normal practice for collateral of business loans in the dominant society, whilst possessing documents of the property by the owners is also considered as normal. Nonetheless, for the indigenous people, where the society is mostly governed by the customary norms, possessing the documents of the property is non-existent and hence, the question of presenting the documents for collateral is atypical. Thus, the normal practice of debt financing practice of the dominant society is contested in the indigenous society. The paper unveils that due to the non-conformity, rooted in the historical, traditional or cultural issues, the indigenous women can be in a disadvantaged position for securing bank loans.

Furthermore, along with elucidating the constraints for accessing debt finance, this research provides hints of how banks can be engaged in the conflicting issues of the dominant society with the indigenous group. Employing the normal practice of collateral in the indigenous society can be inferred as a control mechanism of this politically vulnerable group of people. Thus, the study contributes to the existing knowledge not only on the discrimination of banks regarding the indigenous people, but also on the way the group is a subject of regulation by the dominant society. In other words, for an indigenous community, within the context of the collateral aspect, this paper clearly articulates the constraints of accessing loans and hints at conflicts with the dominant society.

The paper further has policy practice implications. Even though the *Chakma* women have adequate level of property, because of the lack of documents, they cannot gain bank loans. Consequently, the promising sector of this small business is obstructed. Whereas the small

business sector is considered with due importance for the economic development, banks can pay attention to the cultural and historical perspective of indigenous women. It might provide opportunity to remove the barriers of the collateral by accepting the practice of land ownership according to the customary laws and this potential business sector can be flourished. It eventually highlights the importance of taking into account cultural and historical features of indigenous society in debt financing process for the economic development of the country.

The paper is not without limitations. Although this literature review based research provides an enriched explanation regarding the constraint of the indigenous women business-owners in placing collateral, no empirical evidence is presented to support the issue. In relation to the bank loans process, the indication of the conflict of this indigenous group with the dominant society is rationally derived but cannot be made certain as it is not concluded with the accounts of the concerned people. Nevertheless, with a rigorous literature review, this article provides a strong platform to conduct a qualitative research to investigate the constraints and conflicts of indigenous people in terms of the collateral aspect. This research calls to future scholars to explore into this intriguing area with the empirical evidence.

In sum, this paper starts an interesting debate around employing the normal practices of finance of dominant society in the indigenous society and enlightens the relationships of historical, traditional and cultural aspects with the debt financing process. Building upon this research, future studies can be benefitted by investigating into socio-cultural and historical features in relation to diversified aspects of businesses in the context of different indigenous societies of the world.

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