

# Small Enterprises, Big Impact

## Why MSMEs Matter More Than Ever

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The micro, small, and medium enterprises (MSME) sector is central to Bangladesh's pursuit of inclusive development and sustainable industrialisation. With high labour intensity and modest capital needs, MSMEs not only drive economic growth but also balance regional development, create jobs, reduce poverty, and promote gender equality. Despite efforts by the government, banks, and NBFIs, the sector faces persistent structural challenges. According to the draft National SME Policy 2025, Bangladesh has around 7.8 million MSMEs employing 21 million people. They make up 99% of all businesses and 80% of the workforce, yet their GDP contribution remains disproportionately low.

## Barriers to Growth

One of the most prominent obstacles is the

misalignment between intended credit allocation and actual disbursement. Dr Mainul Islam, former professor of economics at Chattogram University, explains that the low rate of non performing loans in the SME segment contrasts with far higher bad loan levels in industrial and corporate portfolios. "The extent of loans that is supposed to reach the SME sector is not actually reaching it," he warns. He calls for a legislative mandate compelling banks to allocate at least 25 percent of total lending towards SMEs.

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ILLUSTRATION: SOJIB ROY


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