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Women Entrepreneurship in Bangladesh: Current Status, Challenges and Institutional Support

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Abstract

This study examines the current status of women entrepreneurship in a developing country like Bangladesh using secondary data from published articles, reports, and statistical sources. Although women constitute nearly half of the country's population, it is unfortunate that their participation in entrepreneurial activities remains disproportionately low. The findings indicate challenges faced by women in entrepreneurship including limited access to formal finance, socio-cultural restrictions, inadequate training opportunities, weak market linkages, and difficulties in balancing business and family responsibilities. Despite these barriers, recent initiatives by the government, Bangladesh Bank, and NGOs have contributed to increasing women's engagement in business. The study concludes that women's entrepreneurial participation can be enhanced by strengthening institutional support, expanding training programs, and improving access to finance. It also highlights the need for future research involving primary data to explore rural urban differences and women's involvement in online and other kinds of business activities.

Keywords: Women Entrepreneurship; Bangladesh; Challenges and Obstacles; Microfinance.

1. Introduction

Entrepreneurship is the most powerful determinant in developed and developing countries. The whole world runs through innovation and businesses. A country cannot prosper without higher entrepreneurial rate. Half of the world's population is made of women. Without women's engagement a country cannot develop. However, this image is often disappointing in developing countries like Bangladesh. Bangladesh is a developing country with a population of 175.7 million. Almost half of this population consists of women. But unfortunately, women are more marginalized. Their involvement in work especially business activities is really poor.

To attain poverty free goal and millennium development goal it is impossible without incorporating women in income generating activities. But in Bangladesh enhancing women participation in business development is a great national challenge because of gender inequality (TANIA AFROZE M. A., 2014). Differences in men

and women still exist in Bangladesh. Women are often busy in household activities. This limits their engagement in country's economy.

Even after facing multiple obstacles such as, limited financial access, low support from family as well as government, poor infrastructure etc. women are doing businesses and country's most of the SMEs are owned by women and run by women. Some establish the businesses and create employment for other women. As a result, women employment rate is increasing day by day.

2. Objective of the Study

The study aims to identify women's entrepreneurial position in Bangladesh while identifying significant challenges faced by them. The study focuses on the current position of women in economy, the governmental and institutional support to increase women entrepreneurial rate. And there are some specific objectives such as:

- To provide an overall insight of women entrepreneurship at a glimpse
- To examine the socio-economic problems faced by women
- To identify the steps taken to improve women employment rate

3. Literature Review

The Oxford Dictionary defines entrepreneur as – person who undertakes an enterprise with chances of profit or loss. "The word *entrepreneur* has taken from the French verb '*enterprendre'* that means *to undertake*" (Desai, 2018).

Bangladesh is a developing country full of resources especially human resource. Half of the total population is women. However, most of them are underprivileged, illiterate and unaware about the rights. Studies show that, despite improvement in women's employment rate in Bangladesh, the entrepreneurial rate is still low. Afsar (2022) notes that only women entrepreneurs account for 7.2% of country's overall business. Similarly, Sinha (2005) highlights that, femal woned SMEs comprise of 24.6% of all SMEs yet women entreprenuers fsce substantial resource challenges. Limited access to finance is a documentaed obstacle to women entrepreneurship. Haq (as cited in Sinha, 2005) argues that women in South Asia receive **less than 10%** of commercial credit, that make them heavily dependent on informal financing such as personal savings and family loans. It limits their participation in businesses.

Capacity related barriers are also important in this study. Afroze (2014) and Rahaman (2010) emphasize the inadequacy of training programs and technical support for women, especially in rural areas where literacy rates are lower. Moudud-Ul-Huq (2013) found that **80%** of surveyed women identified the lack of proper training facilities as a major obstacle to successfully running their businesses. Social norms and gendered expectations further restrict women's economic mobility. Afroze (2014) reports that **66%** of women require permission from husbands or parents to start a business, illustrating the influence of patriarchal values on decision-making and mobility.

Despite all these issues, financial institutions, banks, NGOs have come forward to increase women entrepreneurial rate. Grameen Bank is the pioneer of micro-credit, providing women with collateral-free loans, micro loans, training support. Other prominent NGOS such as BRAC, ASA and some others provide loans and grants with minimum rates, also offer training and development programs, technical support. Government has also taken various steps to increase the women entrepreneurial rate. Thus, the rate has increased than earlier. Overall, the literature underscores that although women face various challenges and obstacles to entrepreneurship but they are enthusiast enough to make involvements. Future research is expected to identify the difference in rural and urban women entrepreneurships

4. Methodology

The study identifies the current position of women entrepreneurship in a developing country like Bangladesh. In order to complete this research secondary data has been used. The secondary data is collected from various published journals, articles and books on this topic.

5. Finding and Analysis

Bangladesh is a densely populated country with scarce resources. About 49.4% of the total population is women. According to Bangladesh Bureau of Statistics (BBS), in 2022 approximately 42.7% women are employed. Even though the employment rate has increased than earlier, women are more involved in informal jobs than entrepreneurial activities. Women are involved in various types of businesses such as, SMEs, handcrafts, clothing, e-commerce, agriculture, and so on. However, female entrepreneurs account for only 7.2 percent of overall business, and the majority of women-owned enterprises are in the fashion and clothing industry (Mahnaz Afsar, 2022). According to data from the Bangladesh Bureau of Statistics (BBS), there were 2.8% million female-owned SMEs in Bangladesh in 2020, or about 24.6% of (Sinha, 2005) all SMEs in the nation.

6. Challenges Faced by Women

Lack of Capital Access: When women want to start their businesses, they face tremendous barriers. The first and foremost barriers is lack of access to capital. Banks, financial institutions hardly provide loans to women especially for small businesses. Women are also reluctant to take loans. Even if they want to, they are provided with minimum loans or formal financings with strong conditions. According to Haq, (Sinha, 2005) women in South Asia are virtually invisible to formal financial institutions, they get paid less than 10% of commercial credits. For this reason, women are more inclined to informal financial support such as, personal savings, loans from relatives etc. As a result, they don't get enough money to start a business on their own.

Lack of Adequate Training and Support: In Bangladesh most of the rural women are illiterate, poor and unaware of their importance in the country's economy. If entrepreneurs get adequate technical support, they can run their businesses more smoothly (TANIA AFROZE, 2014). But unfortunately, there is no training program available to encourage women for business or help them to run their businesses smoothly. According to (Rahaman, 2010)different barriers are also created by the surrounding society to the development of their potentiality (like knowledge and skills) through training both vocationally and technically. Another study (Sinha, 2005) confirm that among the seven countries in South Asia, the percentage of females enrolled in secondary vocational education in Bangladesh is the second lowest position. In this connection Ahammad and Moudud-Ul-Huq (Moudud-Ul-Huq, 2013) in another survey revealed that, 80 percent of them strongly agreed that lack of proper training facility is another hurdle in the development of women entrepreneurship.80 percent strongly agreed, 18 percent agreed, 2 percent disagreed in this regard. Women entrepreneurs of Bangladesh are a backward position because of lack of training.

Social and Cultural Constraint: Due to gender discrimination and male dominance, women in Bangladesh often have to seek permission from their fathers or husbands. According to a research study (Tania Afroze, 2014), around 66 percent of female had to seek permission from parents or their husbands to start-up their business. The male dominated environment often limits mobility, freedom and social support of women. In rural areas, women are more marginalized. Moreover, women need to balance household activities and businesses. They need to look after the children, do household chores these burden on women limit their time and energy to devote in business.

Market Constraints, Networking, Infrastructure Limitation: Women entrepreneurs often have poor access to broader market, supply chain, export opportunities, corporate value chain due to weak networking, poor connections, male dominated business environment.

Challenges as a Parent: A research (Muhammad Ziaulhaq Mamun, 2023) suggests that, 53.9% working mothers' challenges in managing their business. It was noted that in almost all cases, they struggled to provide adequate time for their children and fulfill their needs in terms of upbringing and nutrition due to their focus

on the business. The concept of "work-life balance" emerged as a recurring theme in the responses provided by the respondents.

Tax Regulations and Compliance: Knowledge of tax and compliance is a must for business owners. But unfortunately, women entrepreneurs often have little or no knowledge about it. They mostly reply in lawyers for this activity. According to Haq, (Muhammad Ziaulhaq Mamun, 2023) 67.1% of women entrepreneurs have a valid tax ID number and pay taxes. The remaining 32.9% mostly consist of student-entrepreneurs running small-scale businesses. In terms of awareness of government tax regulations and VAT, 67.9% showed awareness, indicating a relatively positive sense of comprehension among urban women entrepreneurs. When it comes to assessing income tax, most urban women entrepreneurs (35.5%) rely on the services of lawyers. These findings collectively suggest that urban women entrepreneurs are generally informed about government regulations, compliant with standards, and careful about maintaining financial transactions.

7. Current Situation of Women Entrepreneurship

Since women face enormous difficulties to establish a business, government and NGOs have moved forward to mitigate these issues. Several banks, financial institutions now offer easy financial access to women. Other supports are provided as well such as:

Support from Central Bank

Institutional Support: Bangladesh Bank (the central bank) has instructed banks and financial institutions to set up a **"Women Entrepreneurs Dedicated Desk"** under the "Women Entrepreneurs Development Unit (WEDU)" to facilitate easier access to credit for women. Some policies under this unit include:

1. Setting up Women Entrepreneurs Development Unit and Women Entrepreneurs Dedicated Desk

To increase women's participation in financial services Bangladesh Bank (BB) has established Women Entrepreneurs Development Unit (WEDU) under SME and Special Programs Department of its Head office and Branch Offices. BB instructed scheduled Banks and Finance Companies to set up WEDU in their head offices as well as regional offices. BB also instructed the Banks and Finance Companies to set up Women Entrepreneurs Dedicated Desk in all branches (Bank, 2015).

2. Determination of funding cap for women's initiatives

According to the SME financing policy of BB, Banks and Finance Companies must provide 10% of their total CMSME loan portfolio to the women entrepreneurs and the percentage will have to be raised at least 15% by 2024 (Bank, 2019).

3. Reservation of quota for women of Credit Guarantee Fund

10% of the credit guarantee fund will be reserved for women entrepreneurs of the "Credit Guarantee Facility against Term Loan to CMSME Sector under Tk. 25,000 Crore Refinance Scheme" (Bank, 2020,2022).

Support for Market Access, Digitalization, and Trade via Platforms

The Women Entrepreneurs Networking Platform (WENP), run under a national project that connects women entrepreneurs with buyers, suppliers, and service providers. It maintains a large database of more than 25,000 business profiles enabling women-led businesses to reach national and international markets.

Training and Skill Development Support: Government provide vocational and training support to entrepreneurs through Skills for Employment Investment Program. Government also provides training and skill development programs for SME businesses.

8. Support of Microcredit

Grameen Bank

Grameen Bank was founded by Prof. Dr. Muhammad Yunus, pioneered microcredit in Bangladesh with a vision to provide small, collateral-free loans to poor women to start their businesses. The borrowers form small groups with discipline. Loans are repaid weekly and around 95% - 97% of borrowers are women. As of

September 2025, Grameen Bank has about **10.77 million borrower-members**. Through its microcredit operations, GB serves roughly **45 million people** (counting family members) across Bangladesh. Since its inception, the cumulative amount disbursed by GB (microloans) stands at about **US$ 40,793.33 million (≈ BDT 3,444,616.59 million)** as of September 2025. The bank claims a **loan recovery rate of 95.70%** (as of September 2025), which indicates high repayment discipline among borrowers.

Support from NGOs

Notable NGOs such as **BRAC, ASA,** and many other provide various support to women entrepreneurs. They provide financial support, offer training and development programs,

1. Easy Access to Finance: Major NGOs like **BRAC, Grameen Bank, ASA** and others provide **collateral-free microloans** to women so that they can start small businesses such as livestock, sewing, handicrafts, and agriculture-based activities. These NGOs also offer **savings programs** and flexible repayment systems that make finance accessible for low-income women.

2. Skills Training & Capacity Building: NGOs provide various kinds of training such as:

- Business management, with a knowledge of budgeting, bookkeeping, sales
- Technical skills such as tailoring, handicrafts, food processing, ICT skills
- Market-oriented vocational training

These trainings help women run and expand their enterprises effectively.

3. Networking and market Linkage: NGOs help women entrepreneurs access markets by organizing fairs and exhibitions, creating online marketplaces, connection women to various suppliers and buyers easily.

4. Social Empowerment and Awareness: NGOs also launch programs and campaigns to aware women about businesses and their importance in the society. Thus, women become more conscious about their rights, development and progress.

5. Mentorship Support: NGOs provide business advisory support, mentorship programs, and support groups of women in specific sectors.

9. Conclusion

The paper focuses women's current position in entrepreneurship. While women make up half of the population, their participation in entrepreneurship is disproportionately low. Despite gradual improvements in employment, women are still more involved in informal jobs than business ventures. Even though women owned SMEs have notable share in this sector but the barriers limit more participation. Strengthening women's position, easy access to finance, infrastructure support, training and development programs, government rules and regulations can enhance women's engagement in entrepreneurship. However, the paper does not contain research based on primary data. It only focuses women's current position in business and some barriers and taken steps to reduce them. However, future researchers can look further to identify rural and urban women's willingness to engage in business, women's involvement in online business and more suggestions to improve this rate in future.

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