Dated: 14 July 2023

# **Media Coverage**

"CCP'S STUDY RECOMMENDS MEASURES TO ENHANCE SMES' ECONOMIC EFFICIENCY"

## The News International

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# Steps to improve economic output of SMEs identified

#### By our correspondent

an extensive study titled lending targets set by the required. "Enhancing Economic Effi- State Bank of Pakistan. ciency of SMEs in Pakmedium (SMEs).

in the study.

The study recommends a more effectively. review of the definition of SMEs in comparison to questionnaire, it was conother regional countries. Policy, 2021, excludes mi- avail of financing facilities croenterprises, which over- from banks, and 80% had looks an important segment not availed of bank financof the policy focus. More- ing. To address this, it is over, startups are addressed recommended that the State in the policy, but their Bank of Pakistan (SBP) may unique characteristics war- consider allocating separate rant separate treatment in SE and ME lending targets line with international best for financial institutions practices. A comparison of (FIs), setting sector-specific definitions across the Com- targets, establishing sepapanies Act, SME Policy, and rate financing facilities for Income Tax Ordinance re- poor districts, and introduc- registered SME sector. It is cial institutions (FIs) to veals varying thresholds for ing standardised pricing of recommended that the tax maintain a certain percentrevenue, innovation, and insurance and evaluation restructure be based on fairage, indicating the need for ports. Public sector comness, efficiency, convenent entrepreneurs. rationalisation. Addition- mercial banks should be enally, it emphasises the es- couraged to take the lead in tablishment of a clear and SME financing, and top-tier transparent legal frame- banks may be given mandawork for startups to define tory credit targets to inthe rights and obligations of crease lending to small enall stakeholders operating terprises within the startup ecosys- Additionally, a framework

access to finance is a signif-icant barrier to SME commerce. growth. Despite policy

efficiency of small and small enterprises (SEs) and turing sector alone, a total fast-tracked. data from 50 financial insti- medium enterprises (MEs), tional and subnational agen- utilised and prioritised. tutions (FIs), 18 focused creates challenges. These cies and departments. To group discussions, and 362 thresholds can hinder SMEs simplify the system of lise women's participation in SMEs across 11 cities. Addiaccess to finance. To encencing and registration, it the labour force in Pakistan tionally, a seminar con- hance access to finance, it is ducted by CCP on women recommended to rationalise stop portals for issuing li-stituting almost 50% of the entrepreneurs was included the SME definition by concences, permits, and regispopulation. The country has sidering annual turnovers

(SEs). needs to be developed by The study highlights that the SBP for greater engage-

The study highlights the measures to increase fi- need to enhance the funds nancing to 17%, the SME available under various SBP sector in Pakistan only re- credit guarantee schemes ceives 6-7% of private sector for micro and SMEs. Nonfinancing. In comparison, bank financial institutions, SMEs in Bangladesh receive leasing companies, crowd-25% financing, and in India, funding, and equity financ-it's 18%. Data from financial ing can play an important skills and training to effi-SMEs is also recommended.

for trations In response to CCP's view of regulatory duties in male various sectors is neces- Women-owned SMEs recluded that 93% of SMEs sary, as they make imported ceived only 3.2% of the total The current National SME found it cumbersome to raw materials expensive for SME lending in 2022, acdownstream businesses.

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the need to safeguard the in- guarantee terests of SMEs in existing women special economic zones should be enhanced. (SEZs) and industrial parks. It is recommended to en- nancial institution specialisgage small chambers on the ing in SME financing and a board of SEZs and ensure dedicated SME banking netthat land is made available to SMEs at affordable rates.

institutions reveals that role in providing credit to ciently conduct their busi-medium enterprises receive startups and SMEs. An im-nesses. To address this, it is ISLAMABAD: The Competiover 80% of the financing, provement in the regulatory recommended that fedtion Commission of Pak- and during 2018-2020, only environment for these alteristan (CCP) has conducted two FIs achieved the SME nate financing channels is invest greater funds in technical and vocational educa-The study points out that tion and training institu-The study also identifies there are at least 12 differtions, with a focus on the istan," which identifies bar- issues with the SME defini- ent categories of general latest learning output, sysriers to competition and tion based on annual regulatory layers applicable tems, and use of technolprovides recommendations turnover criteria. The lack to all firms doing business ogy. Non-operational trainfor improving the economic of differentiation between in Pakistan. In the manufacing institutes should also be Moreover, enterprises microenterprises (MEs) an- of 50 laws and numerous higher education institunual turnover, along with secondary regulations are tions and business incuba-The study is based on the wide benchmark for enforced by over 40 na-tion centres should be

The study points out that is proposed to develop one- is only 24.6%, despite con-SMEs. only 1% female entrepre-Additionally, a critical re- neurs compared to 21% entrepreneurs. cording to SBP data. To ad-Pakistan's business envi-dress this gender disparity, ronment is burdened by a it is recommended to have complex and non-conducive women's departments and tax structure. The study women-led SMEs in the Nadata reveals that SMEs find tional Coordination Comit difficult to comply with mittee (NCC) to propose the existing tax system. concrete measures in policy Withholding tax deductions and legislation for women's from registered SMEs is a inclusion. Enhanced financhallenge due to the exis- cial inclusion can be tence of a large informal/un- achieved by requiring finanstructure be based on fair- age of financing for women more, the maximum limit of The study emphasises SBP's refinance and credit scheme entrepreneurs

Pakistan lacks a key fi-

There is also a lack of Enacting an MSME Act is trained banking staff to deal proposed to provide clarity with SMEs. To promote the in enforcing rights within a growth of the sector, it is framework, taking inspira- proposed to create dedition from the MSME sector cated SME desks across the in international jurisdic- banking network to educate, guide, and facilitate The study data depicts SMEs. Capacity building for that SMEs lack the requisite banking staff dealing with

## **Express Tribune**

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# Lack of funds hamper SME growth: Study

CCP says local SMEs only receive 6-7% of private sector financing

#### **USMAN HANIF**

KARACHI

18 focused group discussions, various stakeholders. and 362 SMEs across 11 cities, as well as a seminar on 93% of SMEs found it cumwomen entrepreneurs.

sues with the SME definition 80% had not utilised bank fibased on annual turnover nancing. Recommendations criteria. The lack of differ- include allocating separate entiation between Small lending targets for SE and Enterprises (SE) and micro- ME, setting sector-specific enterprises' annual turnover, targets, introducing stanalong with the wide bench- dardised pricing of insurmark for Medium Enterprises ance and evaluation reports, (ME), creates challenges. encouraging public sector These thresholds can hinder commercial banks to lead in access to finance for SMEs. To SME financing, and greater enhance access to finance, engagement of small chamit is recommended to ratio- bers of commerce.

nalise the SME definition by considering annual turnovers more effectively.

Union of Small and Medium Enterprises (UNISAME), President, Zulfikar Thaver emphasised the importance of SMEs for Access to finance is a sig- Pakistan's destiny and sugnificant barrier to SME gested measures to promote growth, as highlighted in and support the sector. These a study conducted by the measures include educating Competition Commission SMEs about new technoloof Pakistan (CCP). The study gies, facilitating modernisareveals that despite policy tion and unit replacement, measures aimed at increas- providing law and order | 1 ing financing to 17%, the and protection, improving ( SME sector in Pakistan only infrastructure, addressing receives 6-7% of private sec- the energy crisis, establishtor financing. In compari- ing industrial estates and son, SMEs in Bangladesh Special Economic Zones receive 25% financing, and in (SEZs), adopting fair taxa-India, it's 18%. The findings tion policies, and creating are based on data from 50 dedicated institutions and Financial Institutions (FIs), integrated efforts among

The study also found that | 1 bersome to avail financing The study also identifies is-facilities from banks, and

#### **DAWN**

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### Lack of funds key barrier to SME growth

By Our Staff Reporter

ISLAMABAD: Identifying barriers to competition, a study by the Competition Commission of Pakistan has found that no access to financing is the key barrier limiting the growth of small and medium enterprises (SMEs).

The study titled 'Enhancing Economic Efficiency of SMEs in Pakistan' has noted that despite policy measures to increase financing to 17 per cent, the SME sector only receives 6-7pc of private sector financing, while in comparison, SMEs in Bangladesh receive 25pc financing and 18pc in India.

The study is based on data from 50 financial institutions (FIs), 18 focused group discussions, and 362 SMEs across 11 cities and a seminar conducted by CCP on women entrepreneurs.

In response to the CCP's questionnaire, it was concluded that 93pc of SMEs found it cumbersome to avail financing facilities from banks, and 80pc had not availed of bank financing.

It is recommended that the State Bank of Pakistan should consider allocating separate small enterprise (SE) and medium enterprise (ME) lending targets for financial institutions, set sector-specific targets, set separate financing facilities (for poor districts) and introduce standardised pricing of insurance and evaluation reports.

The CCP study has suggested that non-bank financial institutions (NBFC), leasing companies, crowdfunding, and equity financing can play an important role in the provision of credit to startups and SMEs.

The study points out that there are at least 12 different categories of general regulatory layers that apply to all firms doing business in Pakistan.

#### **Business Recorder**

14 July 2023 | Online

### 93pc of SMEs find availing bank financing cumbersome: CCP

Sohail Sarfraz

ISLAMABAD: The Competition Commission of Pakistan's (CCP) study revealed that 93 percent of the Small and Medium Enterprises (SMEs) found it cumbersome to avail financing facilities from banks and 80 percent had not availed bank financing.

The CCP has concluded an extensive study titled "Enhancing Economic Efficiency of SMEs in Pakistan", identifying barriers to competition, and providing recommendations for improving the economic efficiency of SMEs.

The CCP has recommended that the State bank of Pakistan (SBP) may consider allocating separate Small Enterprises (SE) and Small Enterprises (ME) lending targets for Financial Institutions (FIs), set sector-specific targets, set separate financing facilities (for poor districts), and introduce standardized pricing of insurance and evaluation reports.

In line with international practices, public sector commercial banks should be encouraged to take the lead in SME financing. To increase SE lending the top-tier banks may be given mandatory credit targets. In addition, a framework also needs to be developed by the SBP for greater engagement of small chambers of commerce.

The study highlights that the funds available under various SBP credit guarantee schemes for micro and SEs need to be enhanced. Non-bank financial institutions, leasing companies, crowd funding, and equity financing can play an important role in the provision of credit to startups and SMEs. Improvement in the regulatory environment for these alternate financing channels is required.

Pakistan's business environment faces a complex and non-conducive tax structure which adds a burden on businesses. The study data reveals that SMEs find it difficult to comply with the existing tax system.

The withholding tax deduction from the registered SMEs is a challenge due to the existence of a large informal/unregistered SME sector. It is recommended that the tax structure must be based on fairness, efficiency, convenience, and certainty.

The study is based on data from 50 FIs, 18 focused group discussions, and 362 SMEs across 11 cities and a seminar conducted by CCP on women entrepreneurs.

The study recommends reviewing the definition of SMEs in comparison to other regional countries, as the current National SME Policy, 2021 excludes micro-enterprises, which overlooks an important segment of the policy focus. Additionally, startups are addressed in the policy, but their unique characteristics warrant separate treatment in line with international best practices.

A comparison of definitions across the Companies Act, SME Policy, and Income Tax Ordinance reveals varying thresholds for revenue, innovation, and age, indicating the need for rationalization. Moreover, establishing a clear and transparent legal framework for startups is emphasized to define the rights and obligations of all stakeholders operating within the startup ecosystem.

Access to finance is a significant barrier to SME growth, as highlighted in the study. Despite policy measures to increase financing to 17%, the SME sector in Pakistan only receives 6-7% of private sector

financing. In comparison, SMEs in Bangladesh receive 25% financing, and in India, it's 18%. Data from FIs reveals that MEs receive over 80% of the financing, and only two FIs achieved the SME lending targets set by the SBP during 2018-2020.

The study also identifies issues with the SME definition based on annual turnover criteria. The lack of differentiation between SEs and micro enterprises' annual turnover, along with the wide benchmark for MEs, creates challenges. These thresholds can hinder access to finance for SMEs. To enhance access to finance, it is recommended to rationalise the SME definition by considering the annual turnovers more effectively.

The study points out that there are at least 12 different categories of general regulatory layers that are applicable to all firms doing business in Pakistan. In the manufacturing sector, a total of 50 laws and numerous secondary regulations are enforced by over 40 national and subnational agencies and departments.

It is proposed to simplify the system of licencing and registration and develop one-stop portals for issuing licenses, permits, and registration of SMEs. The data also shows that the regulatory duties in various sectors make imported raw materials expensive for downstream businesses and therefore a critical review of such import duties is paramount.

The interests of SMEs need to be safeguarded in existing Special Economic Zones (SEZs) and industrial parks. Also, small chambers are recommended to be engaged on the board of SEZs and to ensure that land is made available to SMEs at affordable rates.

A review of the MSME sector in international jurisdictions shows that countries have either legislation or master plans to achieve growth in the sector. Enacting an MSME Act is therefore proposed. Legislation may provide clarity in enforcing rights within a framework.

The study data depicts that SMEs lack the requisite skills and training to efficiently conduct their businesses. It is recommended to the federal/provincial authorities invest greater funds in Technical and Vocational Education and Training institutions with the latest learning output, systems, and use of technology and to fast-track the non-operational training institutes. In addition, higher education institutions and business incubation centres should also be focused on and utilised.

Pakistan lacks a key financial institution specializing in SME financing and a dedicated SME banking network. There is also a lack of trained banking staff to deal with SMEs. For the growth of the sector, it is proposed to create dedicated SME desks across the banking network to educate, guide, and facilitate SMEs. Capacity building of the banking staff dealing with SMEs is also proposed.

https://www.brecorder.com/news/40252479/93pc-of-smes-find-availing-bank-financing-cumbersome-ccp

## The Nation

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# CCP study recommends measures to enhance SMEs' economic efficiency

IMRAN ALI KUNDI ISLAMABAD

The Competition Commission of Pakistan (CCP) has concluded an extensive study titled "Enhancing Economic Efficiency of SMEs in Pakistan", identifying barriers to competition, and providing recommendations for improving the economic efficiency of small and medium enterprises (SMEs).

The study is based on data from 50 Financial Institutions (FIs), 18 focused group discussions, and 362 SMEs across 11 cities and a seminar conducted by CCP on women entrepreneurs. The study recommends reviewing the definition of SMEs in comparison to other regional countries, as the current National SME Policy, 2021 excludes microenterprises, which overlooks an important segment of the policy focus. Additionally, startups are addressed in the policy, but their unique characteristics warrant separate treatment in line with international best practices. A comparison of definitions across the Companies Act, SME Policy, and Income Tax Ordinance reveals varying thresholds for revenue, innovation, and age, indicating the need for rationalization. Moreover, establishing a clear and transparent legal framework for startups is emphasized to define the rights and obligations of all stakeholders operating within the startup ecosystem.

Access to finance is a significant barrier to SME growth, as highlighted in the study. Despite policy measures to increase financing to 17%, the SME sector in Pakistan only receives 6-7% of private sector financing. In comparison, SMEs in Bangladesh receive the funds available under 25% financing, and in India, it's 18%. Data from financial institutions reveals that Medium Enterprises receive over

targets set by the State Bank of Pakistan during 2018-2020.

The study also identifies issues with the SME definition based on annual turnover criteria. The lack of differentiation between Small Enterprises (SE) and micro enterprises' annual turnover, along with the wide benchmark for Medium Enterprises (ME), creates challenges. These thresholds can hinder access to finance for SMEs. To enhance access to finance, it is recommended to rationalize the SME definition by considering the annual turnovers more effectively.

In response to CCP's questionnaire, it was concluded that 93% of SMEs found it cumbersome to avail of financing facilities from banks, and 80% had not availed of bank

can play an important role in the provision of credit to startups and SMEs. Improvement in the regulatory environment for these alternate financing channels is required.

The study points out that there are at least 12 different categories of general regulatory layers that are applicable to all firms doing business in Pakistan. In the manufacturing sector, a total of 50 laws and numerous secondary regulations are enforced by over 40 national and subnational agencies and departments. It is proposed to simplify the system of licensing and registration and develop one-stop portals for issuing licenses, permits, and registration of SMEs. The data also shows that the regulatory duties in

2 FIs achieved the SME lending funding, and equity financing the board of SEZs and to enable to SMEs at affordable rates. A review of the MSME sector in international jurisdictions shows that countries have either legislation or master plans to achieve growth in the sector. Enacting an MSME Act is therefore proposed. Legislation may provide clarity in enforcing rights within a framework. The study data depicts that SMEs lack the requisite skills and training to efficiently conduct their businesses. It is recommended to the federal/provincial authorities to invest greater funds in Technical and Vocational Education and Training institutions with the latest learning output, systems, and use of technology and to fast-track the nonoperational training institutes. In addition, higher education institutions and business incubation centers should also be focused on and utilized.

#### SME sector in Pakistan only receives 6-7 percent of private sector financing

that SBP may consider allocating separate SE and ME lending targets for FIs, set sectorspecific targets, set separate financing facilities (for poor districts), and introduce standardized pricing of insurance and evaluation reports. In line with international practices, sector commercial banks should be encouraged to take the lead in SME financing. To increase SE lending the top-tier banks may be given mandatory credit targets. In addition, a framework also needs to be developed by the SBP for greater engagement of small chambers of commerce.

The study highlights that various SBP credit guarantee schemes for micro and SEs need to be enhanced. Nonbank financial institutions, 80% of the financing, and only leasing companies, crowd-

financing. It is recommended various sectors make imported raw materials expensive for downstream businesses and therefore a critical review of such import duties is paramount. Pakistan's business environment faces a complex and non-conducive tax structure which adds a burden on businesses. The study data reveals that SMEs find it difficult to comply with the existing tax system. The withholding tax deduction from the registered SMEs is a challenge due to the existence of a large informal/unregistered" sector. It is recommended that the tax structure must be based on fairness, efficiency, convenience, and certainty.

The interests of SMEs need to be safeguarded in existing Special Economic Zones (SEZs) and industrial parks. Also, small chambers are recommended to be engaged on

The study points out that women's participation in the labour force in Pakistan is only 24.6%, while they constitute almost 50% of the population. The country has only 1% female entrepreneurs compared to 21% male entrepreneurs. SBP data reveals that women SMEs received only 3.2% of the total SME lending in 2022. SMEDA is part of the National Coordination Committee (NCC) to review SMEs' policy and the regulatory framework. It is recommended to have women departments women-led SMEs in the NCC to propose concrete measures in policy and legislation for women's inclusion. For enhanced financial inclusion the FIs should be required to maintain a certain percentage of financing for women entrepreneurs. Further, the maximum limit of SBP's refinance and credit guarantee scheme for women entrepreneurs may also be enhanced.

#### Pakistan Observer

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# CCP's study recommends measures to enhance SMEs' economic efficiency

#### STAFF REPORTER

#### ISLAMABAD

The Competition Commission of Pakistan has concluded an extensive study titled "Enhancing Economic Efficiency of SMEs in Pakistan", identifying barriers to competition, and providing recommendations improving the economic efficiency of Small and Medium Enterprises.

The study is based on data from 50 Financial Institutions (FIs), 18 focused group discussions, and 362 SMEs across 11 cities and a seminar conducted by CCP on women entrepreneurs.

The study recommends reviewing the definition of SMEs in comparison to other regional countries, as the current National SME Policy, 2021



excludes micro-enterprises, which overlooks an important segment of the policy focus. Additionally, startups are addressed in the policy, but their unique characteristics warrant separate treatment in line with international best practices.

A comparison of defi-

nitions across the Companies Act, SME Policy, and Income Tax Ordinance reveals varying thresholds for revenue. innovation, and indicating the need for rationalization. Moreover, establishing a clear and transparent legal framework for startups is emphasized to define the rights and obligations of all stakeholders operating within the startup ecosystem.

Access to finance is a significant barrier to SME growth, as highlighted in the study. Despite policy measures to increase financing to 17%, the SME sector in Pakistan only receives 6-7% of private sector financing.

## **Pakistan Today**

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#### **Limited growth of small** and medium enterprises in Pakistan linked to lack of financing, CCP **study reveals**

**ISLAMABAD** 

GHULAM ABBAS

A recent study conducted by the Competition Commission of Pakistan (CCP) sheds light on the limited growth of small and medium enterprises (SMEs) in the country, identifying access to finance as a significant barrier hindering their development. Titled 'Enhancing Economic Efficiency of SMEs in Pakistan,' the study examines barriers to competition and provides recommendations to improve the economic efficiency of SMEs. The research draws on data from 50 financial institutions, 18 focused group discussions, 362 SMEs across 11 cities, and a seminar conducted by CCP focusing on women entrepreneurs. Despite policy measures aimed at increasing financing for the SME sector to 17 percent, Pakistan's SMEs only receive 6-7 percent of private sector financing. In contrast, SMEs in Bangladesh receive 25 percent financing, while in India, it is 18 percent. Findings from CCP's questionnaire indicate that 93 percent of SMEs find it cumbersome to avail financing facilities from banks, with 80 percent having never utilized bank financing at all. The study recommends that the State Bank of Pakistan (SBP) consider allocating separate lending targets for financial institutions, establish sectorspecific targets, introduce separate financing facilities for economically disadvantaged districts, and standardize pricing for insurance and evaluation reports. Public sector commercial banks should also be encouraged to take the lead in SME financing, aligning with international practices.

The CCP study suggests that non-bank financial institutions (NBFCs), leasing companies, crowdfunding, and equity financing can play vital roles in providing credit to startups and SMEs. However, regulatory improvements are necessary to enhance the environment for these alternate financing channels. The study also highlights the complex regulatory landscape faced by businesses in Pakistan, with at least 12 different categories of general regulatory layers applicable to all firms. Simplifying the licensing and registration system and establishing one-stop portals for SME licensing, permits, and registration are proposed to alleviate these challenges. The data further indicates that excessive regulatory duties on imported raw materials make downstream businesses costly. Consequently, a critical review of import duties is recommended. The study also highlights the need to address the complex and nonconducive tax structure, which poses difficulties for SMEs in compliance. It suggests developing a fair, efficient, convenient, and certain tax system. To support SMEs, their interests should be safeguarded in existing Special Economic Zones (SEZs) and industrial parks. The study proposes engaging small chambers on the board of SEZs and providing affordable land rates for SMEs. Learning from international jurisdictions, the study underscores the importance of having legislation or master plans to foster growth in the MSME sector. Skills and training gaps were identified among SMEs, prompting recommendations for increased funding for Technical and Vocational Education and Training institutions. It further suggests fast-tracking nonoperational training institutes and focusing on higher education institutions and business incubation centers While SMEDA (Small and Medium Enterprises Development Authority) is part of the National Coordination Committee (NCC) for reviewing SME policies and the regulatory framework, the study recommends the inclusion of women departments and women-led SMEs in the NCC to propose concrete measures in policy and legislation for women's inclusion.

#### **Islamabad Post**

14 July 2023 | Online

#### CCP's study recommends measures to enhance SMES' economic efficiency

DNA

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The study recommends reviewing the definition of SMEs in comparison to other regional countries, as the current National SME Policy, 2021 excludes micro-enterprises, which overlooks an important segment of the policy focus. Additionally, startups are addressed in the policy, but their unique characteristics warrant separate treatment in line with international best practices. A comparison of definitions across the Companies Act, SME Policy, and Income Tax Ordinance reveals varying thresholds for revenue, innovation, and age, indicating the need for rationalization. Moreover, establishing a clear and transparent legal framework for startups is emphasized to define the rights and obligations of all stakeholders operating within the startup ecosystem.

Access to finance is a significant barrier to SME growth, as highlighted in the study. Despite policy measures to increase financing to 17%, the SME sector in Pakistan only receives 6-7% of private sector financing. In comparison, SMEs in Bangladesh receive 25% financing, and in India, it's 18%. Data from financial institutions reveals that Medium Enterprises receive over 80% of the financing, and only 2 FIs achieved the SME lending targets set by the State Bank of Pakistan during 2018-2020.

The study also identifies issues with the SME definition based on annual turnover criteria. The lack of differentiation between Small Enterprises (SE) and micro enterprises' annual turnover, along with the wide benchmark for Medium Enterprises (ME), creates challenges. These thresholds can hinder access to finance for SMEs. To enhance access to finance, it is recommended to rationalize the SME definition by considering the annual turnovers more effectively.

In response to CCP's questionnaire, it was concluded that 93% of SMEs found it cumbersome to avail of financing facilities from banks, and 80% had not availed of bank financing. It is recommended that SBP may consider allocating separate SE and ME lending targets for FIs, set sector-specific targets, set separate financing facilities (for poor districts), and introduce standardized pricing of insurance and evaluation reports. In line with international practices, public sector commercial banks should be encouraged to take the lead in SME financing. To increase SE lending the top-tier banks may be given mandatory credit targets. In addition, a framework also needs to be developed by the SBP for greater engagement of small chambers of commerce.

The study highlights that the funds available under various SBP credit guarantee schemes for micro and SEs need to be enhanced. Non-bank financial institutions, leasing companies, crowdfunding, and equity financing can play an important role in the provision of credit to startups and SMEs. Improvement in the regulatory environment for these alternate financing channels is required.

The study points out that there are at least 12 different categories of general regulatory layers that are applicable to all firms doing business in Pakistan. In the manufacturing sector, a total of 50 laws and numerous secondary regulations are enforced by over 40 national and subnational agencies and departments. It is proposed to simplify the system of licensing and registration and develop one-stop portals for issuing licenses, permits, and registration of SMEs. The data also shows that the regulatory duties in various sectors make imported raw materials expensive for downstream businesses and therefore a critical review of such import duties is paramount.

Pakistan's business environment faces a complex and non-conducive tax structure which adds a burden on businesses. The study data reveals that SMEs find it difficult to comply with the existing tax system. The withholding tax deduction from the registered SMEs is a challenge due to the existence of a large informal/unregistered SME sector. It is recommended that the tax structure must be based on fairness, efficiency, convenience, and certainty.

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The study points out that women's participation in the labour force in Pakistan is only 24.6%, while they constitute almost 50% of the population. The country has only 1% female entrepreneurs compared to 21% male entrepreneurs. SBP data reveals that women SMEs received only 3.2% of the total SME lending in 2022. Although, SMEDA is part of the National Coordination Committee (NCC) to review SMEs' policy and the regulatory framework. It is recommended to have women departments and women-led SMEs in the NCC to propose concrete measures in policy and legislation for women's inclusion. For enhanced financial inclusion the FIs should be required to maintain a certain percentage of financing for women entrepreneurs. Further, the maximum limit of SBP's refinance and credit guarantee scheme for women entrepreneurs may also be enhanced.

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https://islamabadpost.com.pk/ccps-study-recommends-measures-to-enhance-smes-economic-efficiency/

#### Pro Pakistani

14 July 2023 | Online

#### CCP Study Recommends Measures to Enhance SMEs' Economic Efficiency

By ProPK Staff |

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Access to finance is a significant barrier to SME growth, as highlighted in the study. Despite policy measures to increase financing to 17 percent, the SME sector in Pakistan only receives 6-7 percent of private sector financing. In comparison, SMEs in Bangladesh receive 25 percent financing, and in India, it's 18 percent. Data from financial institutions reveals that Medium Enterprises receive over 80 percent of the financing, and only 2 FIs achieved the SME lending targets set by the State Bank of Pakistan during 2018-2020.

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The study highlights that the funds available under various SBP credit guarantee schemes for micro and SEs need to be enhanced. Non-bank financial institutions, leasing companies, crowdfunding, and equity financing can play an important role in the provision of credit to startups and SMEs. Improvement in the regulatory environment for these alternate financing channels is required.

The study points out that there are at least 12 different categories of general regulatory layers that are applicable to all firms doing business in Pakistan. In the manufacturing sector, a total of 50 laws and

numerous secondary regulations are enforced by over 40 national and subnational agencies and departments. It is proposed to simplify the system of licensing and registration and develop one-stop portals for issuing licenses, permits, and registration of SMEs. The data also shows that the regulatory duties in various sectors make imported raw materials expensive for downstream businesses and therefore a critical review of such import duties is paramount.

Pakistan's business environment faces a complex and non-conducive tax structure which adds a burden on businesses. The study data reveals that SMEs find it difficult to comply with the existing tax system. The withholding tax deduction from the registered SMEs is a challenge due to the existence of a large informal/unregistered SME sector. It is recommended that the tax structure must be based on fairness, efficiency, convenience, and certainty.

The interests of SMEs need to be safeguarded in existing Special Economic Zones (SEZs) and industrial parks. Also, small chambers are recommended to be engaged on the board of SEZs and to ensure that land is made available to SMEs at affordable rates. A review of the MSME sector in international jurisdictions shows that countries have either legislation or master plans to achieve growth in the sector. Enacting an MSME Act is therefore proposed. Legislation may provide clarity in enforcing rights within a framework.

The study data depicts that SMEs lack the requisite skills and training to efficiently conduct their businesses. It is recommended to the federal/provincial authorities invest greater funds in Technical and Vocational Education and Training institutions with the latest learning output, systems, and use of technology and to fast-track the non-operational training institutes. In addition, higher education institutions and business incubation centers should also be focused on and utilized.

The study points out that women's participation in the labour force in Pakistan is only 24.6 percent, while they constitute almost 50 percent of the population. The country has only 1 percent female entrepreneurs compared to 21 percent male entrepreneurs. SBP data reveals that women SMEs received only 3.2 percent of the total SME lending in 2022. Although, SMEDA is part of the National Coordination Committee (NCC) to review SMEs' policy and the regulatory framework. It is recommended to have women departments and women-led SMEs in the NCC to propose concrete measures in policy and legislation for women's inclusion. For enhanced financial inclusion the FIs should be required to maintain a certain percentage of financing for women entrepreneurs. Further, the maximum limit of SBP's refinance and credit guarantee scheme for women entrepreneurs may also be enhanced.

Pakistan lacks a key financial institution specializing in SME financing and a dedicated SME banking network. There is also a lack of trained banking staff to deal with SMEs. For the growth of the sector, it is proposed to create dedicated SME desks across the banking network to educate, guide, and facilitate SMEs. Capacity building of the banking staff dealing with SMEs is also proposed.

https://propakistani.pk/2023/07/13/ccp-study-recommends-measures-to-enhance-smes-economic-efficiency/

#### **Urdu Point**

14 July 2023 | Online

#### **CCP Recommends For Reviewing SMEs Definition**

APP - Associated Press Of Pakistan

ISLAMABAD, (APP - UrduPoint / Pakistan Point News - 13th Jul, 2023 ): The Competition Commission of Pakistan (CCP) has recommended reviewing the definition of Small and Medium Enterprises (SMEs) in comparison to other regional countries, as the current National SME Policy, 2021 excludes microenterprises, which overlooks an important segment of the policy focus.

The Commission presented its recommendations while concluding an extensive study titled "Enhancing Economic Efficiency of SMEs in Pakistan", identifying barriers to competition and providing recommendations for improving the economic efficiency of SMEs.

The study is based on data from 50 financial institutions, 18 focused group discussions and 362 SMEs across 11 cities and a seminar conducted by CCP on women entrepreneurs, said a press release.

Moreover, establishing a clear and transparent legal framework for start-ups is emphasized to define the rights and obligations of all stakeholders operating within the start-up ecosystem.

Access to finance is a significant barrier to SME growth, as highlighted in the study. Despite policy measures to increase financing to 17 percent, the SME sector in Pakistan only receives 6-7 percent of private sector financing.

The study also identifies issues with the SME definition based on annual turnover criteria.

The lack of differentiation between Small Enterprises (SE) and micro enterprises' annual turnover, along with the wide benchmark for Medium Enterprises (ME), creates challenges.

The study highlights that the funds available under various SBP credit guarantee schemes for micro and SEs need to be enhanced. Non-bank financial institutions, leasing companies, crowdfunding, and equity financing can play an important role in the provision of credit to start-ups and SMEs. Improvement in the regulatory environment for these alternate financing channels is required.

It is proposed to simplify the system of licensing and registration and develop one-stop portals for issuing licenses, permits, and registration of SMEs. The data also shows that the regulatory duties in various sectors make imported raw materials expensive for downstream businesses and therefore a critical review of such import duties is paramount.

The study data depicts that SMEs lack the requisite skills and training to efficiently conduct their businesses. It is recommended to the federal/provincial authorities invest greater funds in Technical and Vocational education and Training institutions with the latest learning output, systems and use of technology and to fast-track the non-operational training institutes.

https://www.urdupoint.com/en/business/ccp-recommends-for-reviewing-smes-definition-1723004.html

# **Daily Jang**

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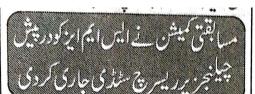
# الیں ایم ایز کی معاشی کارکردگی بہتر بنانے کیلئے تجاویز پر بنی رپورٹ جاری جموی کاروبارکا حصہ 90 فیصد مردار، رپورٹ میں بیان ہیں بیان ہیں جالیں فیصد حصہ دار، رپورٹ اسلام آباد (کامری رپورٹ) مسابقتی کمیشن سٹڑی رپورٹ جاری کر دی، رپورٹ کے مطابق آف پاکتان نے مجموی کاروبارکا 90 فیصد ایس ایم ایز کے فروغ اور در چیش چیلنجوں سے متعلق تجاویز پر بنی باتی صفحہ 6 نمبر 19

بقب ربورے جاری 19

مثل ہے، بہ سیشر یا کستان کی کل برآ مدات کا میں فصداور في وي كا عاليس فيصدكا جصدواري، یا کتان میں ایس ایم ایز کے سکٹر کو بھی شعبے کے قرضوں میں 6سے 7 فیصد فراہم ہوتے ہیں جبکہ ان کو بڑھا کر 17 فیصد تک لانے کی ضرورت ہے، بنگلادیش میں بہ شرح 25 فیصد ، محارت میں 18 فیصد ہے ، تنیث بنک کی ربورث کے مطابق20-201 مالياتي ادارول نے صرف2 فيصد قرضے ايس ايم ايز كوفراہم كيے، اور 80 فيصدايس ايم ايزكوبنكول يحصل كرنے ميں نا کام رے، ربورٹ کےمطابق ملک میں خواتین کی 50 فیصد آبادی میں ہے صرف 24.6 فیصد لیبر فورس سے مسلک ہیں ، جبکہ ملک میں 21 فیصد مرد کاروبار کرنیوالوں کے مقابلے میں ایک فیصد خواتين بين ، 2022 مين خواتين إلين ايم ايزكو صرف 3.2 فيصد قرض فراہم كيے گئے - ريورث میں سٹیٹ بنک آف یا کتان سال اینڈ میڈیم انثر يرائز ذيولېنث اتھارتي اور مالي اداروں سے ڈيٹا اکٹھا گیا گیا،اس کےعلاوہ ملک کے 11 شہروں میں 21 ٹریڈایڈ کامرس باؤیز کے ساتھ 18 مشاور تی بیشنز بھی منعقد کئے گئے پر پورٹ کا مقصد ایس ایم ایز سینٹر میں معاشی کار کردگی کاایسافروغ ہےجس ہے برآ مدات ،روزگار کےمواقع میں مذیداضا فہ کہا جاسکے۔ربورٹ کی اہم سفارشات کے مطابق ایس ایم ایر کی تعربیف میں بہتری لانا ہے اور اس میں وانٹریرائزز کی شمولیت ہے تا کہ نے کاروبار ع كرنے والوں كو برابري كى سطح پر فائنانس تيك رسائی اور لیکل سر مجر مها موسکے ایس ایم ایز کی ی یعنی مالیاتی اُداروں تک رسائی کے لئے شڈی جو پز کیا عما ہے کہ سالا نہ ٹرن اوور کی بنیاد پرایس ایم ای کی تعریف کومعقول بنایا جائے ،ایس ایم ایز يكسسر كرك نظام ميں بہترى بھى جويرزك كى ہے، سٹڈی میں خواتین کو ایس ایم ایر سیکٹر میں یاا ختیار بنانے کے لئے اہم تنجاو پر دی گئی ہیں۔

# **Daily Express**

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اسلام آباد (خصوصی رپورٹر) مسابقتی میشن آف پاکستان (سی سی پی) نے پاکستان میں ایس ایم ایز کو در پیش چیلنجز پرایک جامع ریسرچ سٹڈی جاری کی ہے جس کا عنوان سال اینڈ میڈیم انٹر پرائز (ایس ایم ایڈ) کی معاشی کارکردگی کی بہتری ہے۔سی پی نے ریگولیشنز کو (باقی صفحہ 7 نمبر 6)

# ( ﴿ اللَّهُ مَا لِقَتْنَ كُمِيشِنَ

سریم لائن کرنے اور ایس ایم این کے ریکولیٹری
ماحول کو بہتر کرنے کی تجویز دی ہے جس سے ایس
ایم این کے لئے رجٹریش اور لائسنس کا حصول
آسان بنایا جا سکے سٹڈی میں ایس ایم این کے لئے
میکس سڑ کچر کے نظام میں بہتری بھی تجویز کی گئی۔

## Daily Nawa-i-Waqt

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# نی نے ایس ایم ایز کی معاشی کارکردگی کے فروغ کیلئے تجاویز پر مبنی سٹڈی رپورٹ جاری کردی

اسلام آباد (نمائنده خصوصی) كمپنيش كميش آف جديد پيشه ورانه طريقے منعقد كى كئى ہاوراس سندى رایک جامع ریسرچ سنڈی جاری کی ہےجس کا سنگ آف پاکستان، سال اینڈ میڈیم انٹر پرائز ڈیولپمنٹ ال اینڈمیڈیم انٹریرائز (ایس ایم ایز) کی معاشی اتھارتی اور مالی ادارے شال ہیں۔اس کے علاوہ ملک کے کارکردگی کی بہتری " ہے۔ایس ایم ایز کا پاکتان کی 11شہوں میں 21 ٹریڈ اینڈ کامرس باڈیز کے ساتھ 18 ہے واضح ہوتی ہے کہ پاکستان کے کل کاروبار کانوے فیصد ایس ایم ایز سیکٹر میں معاشی کارکر دگی کا ایسا فروغ ہے جس

ا کتان (سی بی) نے پاکتان میں ایس ایم ایز کودر پیش کے لئے جن زرائع سے ڈیٹا اکٹھا کیا گیا ہے ان میں شیہ معیشت میں کلیدی کردار رہا ہے۔ اس کی اہمیت اس بات مشاورتی سیشنز بھی منعقد کئے گئے۔ اس سٹڈی کا مقصد ایس ایم ایز پر مشتل ہے۔ سیکٹریا کستان کی کل برآ مدات سے برآ مدات، روزگار کے مواقعوں میں ندید اضافہ کیا جا كاتمين فيصد اورجى ذى في كا جاليس فيصد كا حصه مسكيايس ايم ايزكى فائنانس يعنى مالياتى ادارول تك رسائى وارہے۔اوربیکٹرملک میں روزگار کے مواقع بیدا کرنے اور کے لئے سٹڈی میں تجویز کیا گیا ہے کہ سالانہ ٹران اوور کی زرائع آمدن برصانے میں اہم کردارادا کررہاہے۔ بیسٹڈی بنیادیرایس ایم ای کی تعریف کو معقول بنایا جائے۔

# **Daily Asas**

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# سی سی بی کی ایس ایم این کودر پیش چیلنجر برر بیسر چ جاری 11 شهروں بی 21 شرید این گامرس باڈیز کیساتھ 18 مشاورتی سیشنز کا انعقاد اسلام آباد(نامه نگار خصوص) کیٹیشن کیشن آف ہے جس کاعنوان سال اینڈ میڈیم انٹر پرائز (ایس پاکستان (سی پی) نے پاکستان میں ایس ایم ایز کو ایم ایز) کی معاشی کارکردگی کی بہتری ہے۔ ایس ایم در پیش چیلنجز پرایک جامع ریسر چ سٹری جاری کی ایز کا پاکستان کی (باقی صفحہ 4 بقید نہر 2) در پیش چیلنجز پرایک جامع ریسر چ سٹری جاری کی ایز کا پاکستان کی (باقی صفحہ 4 بقید نہر 2)

بقیہ ریسری جاری 2 میں معیث میں کا بھیت اس معیث میں طبیری کردار رہا ہے۔ اس کی اہمیت اس بات ہے واضح ہوتی ہے کہ پاکستان کے کل کاروبار کا نوے فیصد الیس ایم ایز پر مشتل ہے۔ سیکٹر پاکستان کی کل برآ مدات کا تمیں فیصد کل برآ مدات کا تمیں فیصد کا حصد دارہے۔ اور سیکٹر ملک میں روزگار کے مواقع پیدا کرنے اور زرائع آ مدن بڑھانے میں اہم کردار اوا کرنا ہے۔ کردار اوا کرنا ہے۔

## **Daily Ausaf**

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# معاشی کارکردگی کیلئے ایس ایم ایز کی سٹڑی رپورٹ جار

اسلام آباد (اوصاف نیوز) کمپیٹیش کمیشن آف | ہوتی ہے کہ یا کستان کے کل کاروبار کا 900 فیصدایس

پاکتان (ی ی بی) نے پاکتان میں ایس ایم ایم ایز پرمشمل ہے ۔یہ سیٹر پاکتان کی کل ايزكو دربيش جيلنجزيرايك جامع ريسرج سندى برآمدات كاتيس فيصداورجي ذي في كاجاليس فيصدكا جاری کی ہے جس کا عنوان سال اینڈ میڈیم انٹر صددارے۔اوربیکیٹر ملک میں روزگار کے مواقع یرائز (ایس ایم ایز) کی معاشی کارکردگی کی بہتری پیدا کرنے اور زرائع آندن بڑھانے میں اہم کردار ہے۔ایس ایم ایز کا یا کتان کی معیشت میں کلیدی ادا کررہا ہے۔ بیٹڈی جدید بیشہ ورانہ طریقے سے كردارر باب-اس كى اجميت اس بات سے واضح منعقد كى حمى براتى صفحه وبقيه تمبر 45)

وساف سي لا 45

اوراس سنڈی کیلئے جن زرائع ے ڈیٹا اکٹھا کیا گیا بان مين سنيف بنك آف ياكتان سال اينذ ميديم انزيرائز ويولينك أتفارني اور مالي ادارے شال ہیں۔ اس کے علاوہ مک کے 11شروں میں 21 فریڈ اینڈ کامرس باڈیز کے ساتھ 18 مشاورتی سیشنز بھی منعقد کئے گئے۔اس سندى كامقصدايس ايم ايز سيشريس معاشى كاركردكى کاایا فروغ ہےجس سے برآمدات، روزگار کے مواقعول ميل مذيداضافه كياحا سكيداس كعلاوه مطلوبه مهارت محصول كيليج بحويز كيا كما ب وفاقي اورصوبائي حكومتين شيكنيكل اورووليشنل تعليم كي طرف زیادہ ہے زیادہ فنڈنگ کریں۔سٹڈی میں خواتین کوایس ایم ایز سیٹر میں بااختیار بنانے کیلئے اہم تجاویر دی گئی ہیں اور کہا گیاہے کہ ایس ایم ایر کی پالیسی ، قانون سازی ، فائنانس سیت برفورم برخوا تنین کونمائندگی ملنی جاہے۔

# **Daily Nai Baat**

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يديم انٹريرائز (ايس ايم ايز) بان ميں اسٹيٹ بينک آف يا كستان، اسال ايند ی بہتری ہے۔ایس ایم ایز کا میڈیم انٹریرائز ڈیولیمنٹ اتھارتی اور مالی ادارے میں کلیدی کردار رہاہے۔اس کی شامل ہیں۔اس کے علاوہ ملک کے 11 شہروں میں یا کتان کی مجموعی برآ مدات کاتبی فیصداور ایس ایم ایز سیشر میں معاشی کارکردگی کا ایبا فروغ جی ڈی یی کا جالیس فیصد کا حصہ دارہے۔اور سیکٹر ہےجس سے برآ مدات، روزگار کے مواقعول میں

ملک میں روزگار کے مواقع پیدا کرنے اور زرائع مزیداضافہ کیا جاسکے۔

# Daily Al Akhbar

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# معاشی کارکردگی کیلئے ایس ایم ایزکی سٹڑی رپورٹ جاری

# عقدالیسس ایم ایز کی معساشی کارکردگی بهستر بسنانا ہے، سی کی لیا

کارکردگی کا ایما فروغ ہے جس سے برآ مات، کےعلاوہ مطلوبہ مہارت کے حصول کیلئے تجویز کیا گیا میں خواتین کو ایس ایم ایز سیسر میں بااختیار بنانے كسلية اجم تحاديز دى كئي بي اوركها كياب كدايس ايم ایز کی بالیسی ، قانون سازی ، فائنانس سمیت ہرفورم يرخواتين كونمائندكي ملني جاي \_سندى ميس بيتكول ایم ای ہےمتعلقہ بینگنگ سٹاف کی میلاحیتوں میں اضافے کی تجویز بھی دی گئے ہے۔

یا کتان (سی بی)نے یا کتان میں ایس ایم ایز کو دربیش چیلنجز برایک جامع ریسرج سندی جاری کی ایم این) کی معافی کارکردگی کی بہتری ہے۔ایس ایم ایز کا پاکتان کی معیشت میں کلیدی کردار رہا ہے اس کی اہمیت اس مات سے واضح موتی ہے کہ ہاکتان کے کل کاروبار کا 90 فیصد ایس ایم ایز پر شمل ہے۔ سیٹر ماکتان کی کل برآ مات کالیں فیصد ادر جی ڈی ٹی کا جالیس فیصد کا حصہ دارے۔اور بہ سیکٹر ملک میں روزگار کے مواقع بیدا کی منی سےاور اس مٹڈی کیلئے جن زرائع ے ڈیٹا اکٹھا کیا گیا ہان میں سٹیٹ بنک آف باكتان سال ايند ميديم انريرائز ويولمنك