

## **SMEs are the backbone of corporate sector**

ISLAMABAD, October 6: The SECP fully recognizes the significance of a growing SME sector of the economy and considers it the backbone of the corporate sector. A large segment of SMEs is operating as informal and unstructured non-corporate entities and there is a dire need that they should get incorporated to become a part of the documented, structured and formal corporate sector.

Mr Nazir Shaheen, Executive Director (Registration), SECP, expressed these views while delivering the keynote address at the 5th Pakistan SME Conference held on Thursday in Gujranwala.

The theme of the conference was ‘The mandate for SMEs in Pakistan’. The conference was organized by Shamrock Communications (Pvt.) Limited and partner organizations were SBP, SMEDA, UNISAME, IFC-World Bank Group, Business Support Fund (BSF) of the Ministry of Finance and the Gujranwala Chamber of Commerce and Industry.

Highlighting the SECP’s past reforms for healthy growth of SMEs, he mentioned that the concept of single-member companies was introduced in 2003, after observing that most of the SMEs in the country functioned as sole proprietors. He mentioned that FBR also provided some tax incentives to small companies in 2005, upon SECP’s recommendation, including reducing their income tax rate to 20%. Recently, registration fees for offline incorporation of a company with nominal capital up to Rs10 million has been reduced by the SECP, to encourage SMEs to corporatize, he added. He encouraged the SMEs to benefit from SECP’s eServices, as it is more convenient mode of registering companies and filing documents.

As a way forward, Mr Shaheen shared the SECP’s future plans that the idea is being explored with the Ministry of Finance to establish a one-stop shop, providing all facilities under one roof, from registering the company to formally setting up of business. The SECP is also endeavouring to initiate Think Small First Initiative approach for revamping legal framework and making regulations easier for small and private companies. Further, efforts will be continued to encourage non-corporate SMEs to adopt corporate legal status.

The conference was well attended. The business community appreciated the SECP's vision, reforms and future agenda for developing the SME sector.