

THE RECOMMENDATIONS

6th Pakistan SME Conference 2012 - Karachi

SPEAKERS and CHAIRPERSONS at the 6th Pakistan SME Conference 2012 organized by **SHAMROCK Conference International** and held in Karachi on 5th September, 2012, in their deliberations presented the following RECOMMENDATIONS:

1. A stronger policy for National Support of the SME sector due to insufficient regulatory support, energy crisis and apathy towards infrastructure development.
2. The government needs to facilitate SMEs with land, finances, infrastructure, technical support, logistics, training and marketing facilities.
3. Importance of Innovation and knowledge-management to stimulate growth, including structural reforms, SME empowerment, and good governance, entrepreneurial culture, global competitiveness, Information Technology and HR Training
4. Simplification of regulatory framework and dynamic revisions in the SME policy 2007, to allow special financial assistance for the SMEs and exploration of new markets.
5. Export Credit Guarantee Insurance to enable SME exporters to export to third world countries and for banks to negotiate letters of credit established by banks of low ranking.
6. SMALL enterprises should be treated and nurtured separately from Medium enterprises, because of the inherent differences in their structures and financial capacity.
7. Smarter warehousing and Logistic Value Chain and establishment of broader business platforms for SMEs to coordinate the initiatives and developmental efforts.
8. Setting up of SME Export House to enable them to export their wares to global destinations, as well as an SME Trade Intelligence cell.

9. Promote SMEs through prudent banking solutions, instead of lending to relatively safer conventionally profitable sectors.
10. Support the fragile manufacturing sector which is the main driver of economic activity.
11. Banks should formulate strategies to overcome the challenges presented by the market as well as by the cyclicity of economic conditions.
12. Banks need to shift from traditional banking approach towards SMEs, to the provision of more customized and differentiated financial products and services to suit different SME segments.
13. There was a great need for banks to develop and implement appropriate credit evaluation techniques used globally such as credit scoring, cash flow based lending, and program based lending.
14. The real ailment in the SME sector is the deteriorating tax culture and ethical decay in society. A realistic personal outreach approach is needed, as most SME's do not have IT literacy or internet access in Pakistan.
15. Present mindset of bankers who tend to avoid lending to SMEs should change and opportunities in the SME sector to be proactively undertaken for national growth.
16. Risks and returns to be managed carefully by banks because SMEs can be a big opportunity for banking growth.
17. Setting up of an exclusive SME bank to closely monitor performance and support this sector. SME Bank should be owned by all commercial banks as partners. Each bank could give 1% of its deposits for this purpose. All employees of SME bank should be local people, who know the local entrepreneurs and their business performance.
18. The 16% Sales Tax on all enterprises, regardless of their size and earnings is unfair. Smaller companies should pay a lower ratio of taxation.
19. The political machinery, bureaucratic structure and law enforcement bodies should make synchronized efforts to control the law and

- order situation in the city/country. Issues of car thefts, kidnapping, extortion and non-verified Cellular SIMs to be addressed and opportunities such as Community Policing and Hi-tech camera surveillance should be promoted.
20. Need to evolve a specialized banking system for SME's with exclusive institutions and with specially trained bankers. Since the corporate bankers are trained to evaluate all transactions in strict monetary terms, we need to produce specialized SME bankers with a vision for social uplift through financial services.
 21. SMEs should also be provided with special Ombudsmen, simplified legislation, credit insurance products, softer laws for foreclosure, and international certifications to rank SME performance.
 22. Stronger Cash-Flow analysis skills should be developed among SME Bankers. We need to change our approach where we have been traditionally helping the rich elite against the talented small entrepreneurs.
 23. More Hydel, Solar, Wind and Coal energy projects should be encouraged to overcome the energy crisis. Transport and Warehousing efficiencies and Supply chain support from government can reduce costs of SME Exports. Training of executives at professional institutions.
 24. In Public Sector procurement, a fixed percentage of purchases should be made from the local SME sector. The Commercial banks may consider lending more to the SMEs if they can build a higher markup rate to cover their additional risks.
 25. A permanent forum should be established to discuss SME issues more frequently and regularly to engage all stakeholders.