



Exclusive Interview

“The recent devastating floods in Pakistan have affected more than 33 million people and have hit the infrastructure hard. Several assessment reports have been published to assess the impact of floods at the household and infrastructure level; however, no analysis has been done yet on their impact on the small and medium enterprises (SMEs) sector”

Syed Murtaza Mahmud
Federal Minister for
Industries and Production



ICMA: What is the role and contribution of the Ministry in the industrial development of Pakistan?

Murtaza Mahmud: Considering the importance of industrial development, especially for SMEs, as a central pillar for economic development, the Ministry of Industries and Production (MoIP) has been playing an important role in formulating and implementing strategies for promoting industry-led economic growth. Through its various enterprises, the Ministry provides support for technology upgradation, skill development, quality assurance, and productivity enhancement.

The Small and Medium Enterprises Development Authority (SMEDA) has been providing technical guidance and consultancy to industrial sectors in the areas of Productivity Improvement, Quality Assurance, Cost Reduction and Energy Efficiency. Through its Industrial Support Programme, it has been facilitating different industrial sectors including Textiles, Auto Parts, Foundry, Fan, Furniture, Jute, Leather Footwear, Food Processing etc.

ICMA: Investment in manufacturing industries has not picked up, mainly due to frequent energy shortages and the high cost of doing business. What initiatives is the government taking to promote industrialization?

Murtaza Mahmud: To minimize the cost of doing business, the National SME Policy 2021 provides a comprehensive framework through the provision of support in the areas of regulatory procedures and taxation, access to finance, infrastructure development, business development services, entrepreneurship, human resource and skill development, market access, and public procurement.

For instance, in terms of regulatory procedures, to save the cost and time of the entrepreneur, a NO-NOC regime has been introduced in the Punjab province, and other regions will soon follow suit.

SMEDA also introduced its SMEDA One Window (SOW) programme, which aims to reduce start-up costs and increase time efficiency through its business concierge, professional, and technical services.

SOW provides hassle-free, on-demand services from business idea validation to business registration to enable SMEs to fully focus on their business operations. SOW will act as a single-window solution for aspiring start-ups and SMEs to establish and streamline their business operations in Pakistan.

ICMA: At the federal level, there is no industrial policy in Pakistan. Is your ministry working on the Industrial Policy in consultation with all stakeholders to provide a long-term vision for sustained industrial growth?

Murtaza Mahmud: The Ministry of Industries & Production (MOIP) has initiated the process of developing National Industrial Policy. In this regard, MoIP has sought the technical assistance of Asian Development Bank (ADB) and stakeholders have been consulted.

ICMA: What kind of incentives are being provided to the industries to move their production from low-value to high-value products to help gain export competitiveness and enhance their share in global export markets?

Murtaza Mahmud: The following initiatives have been taken by SMEDA to support the production of high-value products to gain export competitiveness and enhance the entrepreneur's share in the global export market:

National Business Development Program:

Under this program, SMEs have been provided support for developing or improving their organizational capacities. Support has been provided to SMEs for improving their manufacturing capacity and organizational systems (accounting, resource planning, tax compliance, financial management, reporting, etc.). It is estimated that for this component, 152 businesses will be facilitated during the tenure of the project. The programme also supports new SMEs who intend to start a technology-oriented business or existing SMEs who desire to add a technology dimension to their current activities. The support includes but is not limited to equipment, hardware, raw materials, software, etc. Under this component of the programme, qualified PhD, MS, etc. students at the technical universities have been provided with the opportunity to work in the supported businesses.



President and Vice President of ICMA met with the Federal Minister of Industries and Production

It is estimated that for this component, 150 businesses will be facilitated during the tenure of the project. Furthermore, existing and new SMEs have been provided support in improving marketing and market linkages. The assistance includes but is not limited to improvements in packaging, the design of marketing campaigns, the establishment and strengthening of distribution systems, the development of franchise networks and dealerships, and participation in local and international trade exhibitions. It is estimated that for this component, 400 businesses will be facilitated during the tenure of the project.

Sports Industrial Development Centre (SIDC) – Sialkot

Sports Industries Development Centre (SIDC) is a project of Small and Medium Enterprise Development Authority (SMEDA) funded by the Ministry of Industries and Production (MoIP), Government of Pakistan, to help the sports goods sector to adopt the new technology of Mechanized Thermo Laminated Balls by providing the production facilities for SMEs, Technical Advisory Services, Mold Making Machinery Services and Training to Manpower.

Entrepreneurs can take advantage of this SIDC project by using the facilities to produce high-quality Bladders, Basketballs, Thermo balls, Hybrid Balls, Volleyballs, American Balls, Rubber Nozzles, and Yarn Winding of Bladders. Furthermore, it offers testing in its labs, as well as workshops, advisory services, and staff training. With the help of SIDC, SMEs have produced around 6.569 million balls, which will help to improve the sector and boost Pakistan's exports.

Agro Food Processing

The project aims to provide the processing/value-added facilities for pulp extraction of various fruits like Mango, Guava, Strawberry, and Tomato Paste/puree etc. AFP Mirpurkhas will be established as a Common Facility Center for fruit and vegetable grading and pulping for farmers and traders to facilitate the trade of processed, value-added fruits and vegetables.

ICMA: The recent floods have devastated agriculture, especially the dairy and livestock industries. Have your ministry made any assessment of the losses and how it would impact the GDP growth?

Murtaza Mahmud: The recent devastating floods in Pakistan have affected more than 33 million people and have hit the infrastructure hard. Several assessment reports have been published to assess the impact of floods at the household and infrastructure level; however, no analysis has been done yet on their impact on the small and medium enterprises (SMEs) sector.

In this regard, SMEDA, being the federal agency responsible for facilitation and promotion of SMEs, has conducted a study titled "Preliminary assessment of impacts of Floods on SMEs", in order to assess losses suffered by SMEs in flood-affected areas. The survey includes the on-ground impact assessment in major affected districts in Khyber Pakhtunkhwa, Sindh, Balochistan, and Punjab. The study specifically focuses on investigating the losses and the support required for the rehabilitation of SMEs. The assessments have been made with a focus on primary and secondary data and other available statistics to ensure the soundness of the estimations.

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Mr. Shehzad Ahmed Malik, President ICMA is presenting a memento to the Federal Minister for Industries & Production. Mr. Ather Saleem, Vice President & Chairman, ICMA Research and Publications Committee is also present

As per SMEDA's assessment, 197,658 economic establishments across Pakistan have been affected by floods, with a total estimated loss of PKR 1.19 trillion (US\$ 5.3 billion) in terms of losses of buildings, premises, equipment, inventory, and stock, etc. As per the assessment, the SME sectors that have been most affected in Sindh include cattle farming, wheat and sugar cane farming, dairy and livestock-related activities, and retail stores. In Punjab, the majority of the SMEs that were surveyed reported losses of transport related livelihood, assets, irrigation infrastructure, agriculture-related tools and machinery, and handicraft supplies. In Balochistan and KP, the flood in these areas destroyed businesses, telecom lines, and road infrastructure.

ICMA: Many smaller countries have increased their export capacities by focusing on SMEs, however, in Pakistan; SMEs are facing hardships to increase their share in global export. How your Ministry is facilitating the SMEs in this regard?

Murtaza Mahmud: Enabling SMEs to exploit emerging opportunities is one of the goals of the SME Policy 2021, which envisions facilitating SMEs' access to international markets through the introduction of the SME Export Readiness and E-Commerce Support Programme. In this regard, SMEDA has launched the e-commerce Initiative to facilitate SMEs under the umbrella of the PSDP Project's "National Business Development Program". The initiative has the following components:

- (a) Awareness and Training Program on E-Commerce: Aims to build the capacity of SMEs for implementing e-commerce solutions and will also provide an overall roadmap to start and grow businesses on e-commerce platforms.
- (b) E-commerce Business Development Support through incubation centres: This component has been providing e-commerce business incubation support to 360 potential entrepreneurs.

Availability of management services includes domain experts, mentors, and trainers to assist e-commerce start-ups in their business development, and provision of fully operational office space with connectivity, utilities, and administrative support will be ensured. The indicative locations for the incubation services are primarily tier-2 cities, including Sukkur, Sialkot, Gujranwala, Attock, Sargodha, Bahawalpur, DG Khan, and Quetta.

SMEDA has also signed a memorandum of understanding with TDAP for joint initiatives, and on February 21, 2022, the E-Tijarat platform was launched to increase SMEs participation in international e-commerce and better facilitate their domestic and international market access.

ICMA: Our industrial sector badly needs applied research to resolve the real-life problems of the market. What initiatives are being taken by our Ministry to bridge the gap between industry and academia?

A national policy needs to be developed to address the issue of academia-industry linkage, backed by the flourishing culture of S&T and R&D in the country. What is your viewpoint in this regard?

Murtaza Mahmud: To establish a strong Academia-Industry linkage to promote applied research to resolve the real-life problems of the market, SMEDA has collaborated with the Higher Education Commission (HEC) to sign a MOU with five universities to implement the National Idea Lab (NIL) initiative. These universities are:

- National University of Sciences and Technology (NUST), Islamabad
- Institute of Management Sciences (IM Sciences), Peshawar
- NED University of Engineering & Technology, Karachi
- National Textile University (NTU), Faisalabad
- Balochistan University of IT, Engineering, and Management Science (BUIITEMS), Quetta

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NIL is envisioned as a platform for continuous knowledge sharing and capacity building through business development services for young and micro entrepreneurs. The project aims to provide a physical as well as virtual environment for generating, developing, and commercializing innovative ideas through training, mentoring, and technology assistance.

Moreover, under the PSDP Project, "National Business Development Program" of SMEDA, technical assistance has been given by academia for the establishment and operation of business incubation centres. The incubation services have been offered to the startup companies that are giving business startup grants to individuals or graduates of the respective academic institution who fulfil the requirements for enrolment under the incubation support programme. There is a special focus on incubation services for female business persons. It is estimated that for this component, 16 business incubation centres will be facilitated during the tenure of the project. This component will have the potential to facilitate around 1,600 technically innovative businesses during the tenure of the project.

ICMA: How ICMA and the Ministry of Industries can join hands to promote Industry-Academia Linkage?

Murtaza Mahmud: MOIP often needs to research different topics, feasibilities, and neighboring country case studies. If ICMA can join hands with MOIP in this regard to fill the missing gap, MOIP will be pleased to welcome ICMA to this national cause.

The Editorial Board thanks Syed Murtaza Mahmud, Federal Minister for Industries & Production for sparing from his precious time to give exclusive interview for Chartered Management Accountant Journal.