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Aurangzeb announces establishment of SME Finance Task Force



Finance Minister Muhammad Aurangzeb said on Tuesday announced establishment of a dedicated Finance Task Force to expand access to finance for small and medium enterprises (SMEs).

Addressing the Pakistan Banking Summit 2026 in Karachi hosted by Pakistan Banks Association (PBA), Senator Aurangzeb said that various measures were adopted to promote economic activity and build a documented economy.

He stated that the budget includes reductions in advance tax, subsidies, and super tax, while the super tax has been completely abolished for businesses with a turnover of up to Rs500 million.

The finance minister said that SMEs were not getting access to finance, while there is need to SME financing must become an industry-wide priority.

He said the government would continue expanding partial credit guarantee schemes and subsidised financing, particularly for SMEs, small farmers and export-oriented industries, while also deepening debt capital markets to reduce reliance on commercial banks for government borrowing.

Aurangzeb said that Pakistan is preparing to return to international capital markets through launch of Eurobonds, Sukuk and dollar-settled rupee-linked bonds for the first time, while pursuing structural reforms aimed at sustaining economic stability, boosting exports and expanding private-sector-led growth.

He said that Pakistan had successfully re-entered international capital markets for the first time in four years through an inaugural transaction that attracted five times oversubscription of Eurobond, enabling the government to exercise the green shoe option to generate USD 750 million and secure a record-low pricing for a three-year issue.

“The process has initiated and we are now preparing ourselves for Eurobonds and, for the first time, dollar-settled rupee-led bonds because we do want to return to the international capital markets and extend the maturities of our international debt,” he said, adding that the new instruments would largely replace existing debt rather than add to the country’s debt burden.

“The Ministry of Finance has already issued Request for Proposals (RFPs), inviting their proposals from global investment banks, financial institutions and other potential participants on structure of bonds including expected pricing and their expected bid size,” he informed.

Aurangzeb said sustained reforms in finance, taxation and capital markets would be essential for Pakistan’s transition “from stabilisation to sustainable growth,” adding that the government looked forward to working closely with the banking industry to achieve that objective.

He said that government’s economic strategy remains focused on export-led growth, highlighting a series of measures aimed at boosting industrial competitiveness and economic expansion.

The minister said the country’s macroeconomic indicators continued to improve, with workers’ remittances expected to close at around USD 41 billion during the current fiscal year, while value-added exports remained a key priority despite pressures in some sectors, particularly food exports.

Highlighting improvements in the domestic economy, the finance minister said company registrations crossed 300,000 for the first time last year, listings on the Pakistan Stock Exchange reached an 11-year high, investor participation continued to grow and corporate profitability had returned to double digits.

Aurangzeb said the government had used fiscal space created through macroeconomic stability to support growth-oriented measures in the current budget instead of relying solely on revenue considerations.

“The budget was led by tax policy,” he said, noting that the Tax Policy Office had been shifted to the Finance Division to ensure tax decisions were guided by economic value rather than simply meeting revenue targets.

He said the budget focused on export-led growth through a reduction in the super tax, easier access to financing and continuation of the five-year tariff reform programme announced last year. The roadmap envisages a gradual reduction in regulatory duties (RDs), additional customs duties (ACDs) and customs duties (CDs) to lower the cost of raw materials and intermediate goods for industry.

Stressing the importance of policy continuity, the minister said the government would also introduce a medium-term tax strategy to provide businesses with greater certainty over the next four to five years. The strategy, he said, would be developed in consultation with the business community and other stakeholders.

Aurangzeb said the government had also removed duties on agricultural machinery, expanded subsidised financing for small farmers, eased transaction taxes for industry and taken initial steps to reduce the tax burden on salaried individuals while making efforts to bring retailers into the tax net.

He said Parliament had approved a new tax administration model designed to minimise human intervention through artificial intelligence, machine learning and large language models, replacing a system in which extensive powers were concentrated with individual tax officers.

“The new engagement model between tax administration and taxpayers will improve transparency while reducing harassment and corruption,” he said.

Referring to the recent US-Iran conflict, Aurangzeb said Pakistan had managed the immediate economic impact effectively, with no fuel shortages or disruptions in domestic supplies. However, he acknowledged that geopolitical tensions had weighed on economic growth and contributed to a temporary increase in inflation, influencing recent monetary policy decisions.

Aurangzeb identified privatisation, climate finance and technology as three major areas of opportunity for the financial sector. He said the government remained committed to privatising state-owned enterprises, including Pakistan International Airlines and electricity distribution companies, creating opportunities for banks with expertise in project finance, mergers and acquisitions and structured finance.

The minister also highlighted progress on digital finance, noting that Parliament had passed the Virtual Assets Act 2026 and now banks can now open accounts for licensed virtual asset service providers under strict KYC conditions.

Also present on the occasion were Governor SBP Jameel Ahmed, Deputy Governor Saleemullah, Pakistan Banks Association Chairman Zafar Masud, Pakistan Banks Summit 2026 Chairman Atif Bajwa, presidents of leading banks, and representatives of the business and financial sectors.

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