

ABSTRACT

The prominence of SMEs in the economic growth & development, and increasing employment opportunities has become a well-known fact for both economically developed and underdeveloped countries. The importance of SME sector can be judged from the fact that more than 90% of the businesses register in Pakistan fall into the category of SMEs (SMEDA, 2007), still, the growth & development of this sector lags behind other developing countries in the same locality of South Asia. There is an ongoing debate in the literature on the growth and development of small and medium enterprises (SMEs) in underdeveloped countries on mainly two issues: the survival of SMEs in the course of economic development and the importance of government interventions for the development of SME sector. In this debate the role of government institutions comes out to be very important and key to implementation of the institutions policies for the SMEs and support in their growth and development. Therefore, in this research, *“the researcher wants to examine the role of SME development institutions in growth and development of SMEs while taking evidences through the case study of SMEDA”*. In addition to this, the following research focuses on the small and medium-sized enterprises which are functioning in Pakistan. It has been observed that regardless of all the significant contribution of the small and medium-sized enterprises in Pakistan, the country still lags behind other Asian countries in terms of economy. The literature review of the following research explores that the country (Pakistan) has failed to receive proper attention from the policymakers and professionals. As a result, the growth and development in the commercial sector have failed to show any significant value in the region. For acquiring more information regarding the role of governmental development institutions in the growth of SMEs, a qualitative research design was applied in which interviews were conducted. Moreover, in data analysis, responses acquired from the SME association, SMEDA management and SMEs have been analyzed and evaluated for achieving the aim of the study. The discussions and analysis were considered for the research study in which the relationship between the role of government and SMEs growth and development of the country has been identified. The result obtained from the findings of the literature review and qualitative research indicated that the role of government is significant in increasing the overall value of SMEs which are functioning in the country (Pakistan)