

Review of: "Determinants of Internal Financing: Small and Medium Enterprises in Pakistan"

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Potential competing interests: No potential competing interests to declare.

This paper focuses on the determinants of Internal Financing for small and medium enterprises listed on Pakistan Stock Exchange (PSX). The study includes 324 firms listed on PSX for analysis using panel least square method covering a period of six years 2016 to 2021. Following issues need to be addressed and hopefully will make the paper more meaningful. **The author comments that the share of SMEs in employment is more than 80% while in exports, their share is 80% (OIC;2008). The data fact is too old and needs to be updated.**

Literature Review:

The literature review is too old and hence need to be updated. More recent studies should be referred in the literature review.

Data:

The author has selected 398 listed firms and included 324 firms for analysis on pretext of consistency and data availability. **However, out of total firms only 116 are small and medium enterprises based on the definition of SMEDA. The SMEs listed on Pakistan Stock Exchange are also public limited companies so they can raise capital through trading their shares on PSX. They are also allowed to raise capital through public offering, though they may have the limited capacity. Can the results of 116 SMEs be generalized, although there are thousands of Small and Medium Enterprises in Pakistan. The author is recommended to increase sample size and include some more SMEs in the study. The author has not provided any justification for selecting SMEs on Pakistan Stock Exchange.**

Internal Financing primarily comes from retained earnings and thus firms have little profit for payment of dividend. There are various SMEs other than those listed on PSX which fall in the definition of SMEs as provided by SMEDA.