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## Editor's Note

Nothing has more profound impact on the business environment in an economy than the prevailing political conditions. In Pakistan, the situation is no different where the precarious political situation is posing serious challenges to the businesses in the country. Rapidly changing foreign exchange rates, sharply increasing discount rate, and mounting inflation are increasing the business risks.

In these challenging conditions, it is the person sitting at the driving seat who can help the organization remain afloat. The managers need to see which steps may keep their profits above the line. Diversifying products, reducing costs, focus on customer retention, and better cash management may help mitigate some of the risks. But in the end taking timely decision is the ultimate winner in such situations.

We wish everyone a blessed month of Ramadan and a very happy Eid.

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Prof. Dr Muqqadas  
Rehman  
**President:**  
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- Ali Asif Gilani
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- Mian Waqas
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## International Conference on Business Administration 2023 Held in IBA, PU

IBA, PU organized the 2<sup>nd</sup> International Conference on Business Administration (ICBA-2023) on 10<sup>th</sup> & 11<sup>th</sup> March 2023 at IBA Greens. During these two days, 142 research papers were presented from researchers belonging to 45 universities coming from Pakistan, UK, Australia, Malaysia, Sweden, Saudi Arabia, UAE, China and Turkey. Distinguished academicians and scholars presented their work.

Professor Dr. Muqqadas Rehman, Director IBA, thanked the participants and distributed certificates and souvenirs among them.

Professor Dr. Ehsan Malik, former Director IBA, was the chief guest.

The Conference was represented by Mr. Mian Waqas, Mr. Raza Saeed, Mr. Ather, Dr. Fozia, Mr. Hamid Raza and Mr. Zain on behalf of the Executive Committee of the IBA-PU Alumni Association.

Speaking on the occasion, Mr. Ather Ehsan, former President, assured the support of the Association to IBA in holding such events. He also expressed his resolve to continue support for other activities at the Institute.

Director IBA expressed her satisfaction over the research papers presented during the conference. The chief guest spoke about the usefulness of such events in bringing a positive change in research activities in the country.



# Fatima Memorial Hospital, Lahore to give Discount to IBA-PU Alumni

21<sup>st</sup> March, 2023: An MoU was signed between Lahore's Fatima Memorial Hospital (FMH) and IBA-PU Alumni Association for provision of various services at discounted rates. According to the MoU, FMH will give discount on selected services related to laboratory tests, consultancy services and operations. These services will be available to members of Alumni Association, current students, and IBA-PU faculty and employees including support staff.

While talking on this occasion, the President stated that it was a proud moment for the Association as it is always ready to assist the alumni, the faculty and students in every possible way.

In order to avail this facility, the members have to present their membership card or reference letter or email from the focal person of the IBA-PU Alumni Association.

## IBA-PU Alumni Association Panel Discount Summary (Cash / Card Terms)

SR #	SERVICES CATEGORY	FLAT Discount on Prevailing Rates
1	OPD CONSULTATION (excluding Visiting Consultants)	
2	PATHOLOGY LAB (excluding No Discount list, Outsourced tests)	
3	RADIOLOGY (excluding CT-Scan tests)	
4	IPD (indoor) SERVICES	
5	DENTAL SERVICES (for Private & Executive category only)	

### Beneficiaries of Services:

- a. IBA Alumni Members (Fellow & Associates both)
- b. IBA Faculty Members (Members by-Virtue)
- c. IBA Students (currently studying in regular prog.)
- d. IBA Employees (incl. permanent support staff)

**IBA Community Members and their Dependents (incl. Parents, Spouse & children only) can avail FMH services!**



## Blast from the Past

DEPARTMENT OF BUSINESS ADMINISTRATION  
UNIVERSITY OF THE PANJAB  
NEW CAMPUS, LAHORE  
Session 1973 - 1975



Photo Credits: Flavian, IBA-PU Alumni Association – Canada Chapter



# Impact of Rising Interest Rate on the Economy of Pakistan

**Syed Zulfiqar Hussain**  
MBA (1981-83)

Pakistan has been witnessing high inflation during the last couple of years. In view of rapidly rising inflation, the central bank has been continuing with the strategy to increase the policy rate with a view to control inflation. The international and multilateral lenders also force the central banks of the borrowing countries to increase policy rate if they deem that the inflation rate is high.

The latest Monetary Policy was issued on 2<sup>nd</sup> March, 2023, 2023 in which the policy rate was increased by 300 basis points to 20 per cent.

## Impact on Economic Activities

When the Policy Rate is increased, it means that the central bank is of the view that the economy is overheated. The inflation is rising due to higher demand for the goods and services (too much money chasing few goods). By increasing the policy rate, the target is to slow down the economic activities by demand side management.

The ultimate goal is to control the inflation. Contrary to this situation,

when the policy rate is cut down, it is considered that the central bank is encouraging higher demand of goods and services to accelerate the pace of production of goods and services which will result in higher investment and employment.

It is worth mentioning here that if a country is confronting with the cost pushed inflation due to high cost of doing business; then the inflation may remain indifferent to the changes made in policy rate to control the inflation.

## Impact on Stock Market

The stock markets normally have converse relationship with interest rates. The high interest rates cause bearish trends in the stock market and low interest rates invites bullish trends. The simple and direct reason is that the equity markets and debt markets are competitors in the overall investment/funds markets. If the investors see the higher returns in the shape of interest than trading in the stock market; then the funds will be diverted from equity/stock markets to the bank deposits and debt instruments and vice versa.

Besides, there is an indirect impact of interest rates on equity/stock markets. The high interest rates increase the burden of cost of borrowed money on corporate structure. Resultantly, the companies are left with lesser amounts of profits and ultimately this phenomenon affects the dividend payouts. Finally, the lower dividend payouts adversely affect the market

value of the shares of the companies. Lower dividend payouts to the shareholders compel the shareholders to move their funds from equity investments to bank deposits to get higher returns. The same is the impact of high policy rate on real estate sector.

## Impact on Financial Sector

Increase in policy rate ideally produces positive results for the banks and financial sector. The quantum of deposits of the banks in saving accounts and fixed term deposits increases. The higher interest rates increase the spreads of the banks and resultantly their profits and dividend payouts increase under high interest rates. This is evident from the financial results of the banks for the year ended December 31, 2022.

## Conclusion

An analytical review of the current situation in Pakistan reveals that the decision to increase policy rate has been counterproductive. The inflation is rising unabated, the economic activity is going down and all other indicators are also pointing towards an economic meltdown. In such a situation, the SBP has to review its rates as more economic activity would definitely send positive vibes.



Mr. Zulfiqar has 37 years' experience of working with various financial institutions, in the areas of corporate finance, credit administration, Islamic banking, risk management, credit administration, corporate governance and central banking. He remained Joint Director State Bank of Pakistan, COO of a Modaraba company, Head Risk Management Division in an Investment Company.

## Business Quote

“Stopping advertising to save money is like stopping your watch to save time.”

Henry Ford

## Obituary

- **Sheikh Muhammad Umar** (MBA 1984-86; PSP 20th CTP; Former CCPO Lahore) passed away on 22<sup>nd</sup> March, 2023 due to cardiac arrest.
- **Mr. Azmat Abbas** (MBA 1985-87) passed away on 4<sup>th</sup> Jan, 2023 after a long battle with his illness.
- **Mother of Mr. Azhar Chaudhry** (MBAE 1997-99; Member IBA PU Alumni Association Canada Chapter) passed away in the first week of January 2023.
- **Mother of Mr. Sheriar Hassan** (MBA 1989-91; Head of Media & Marketing Daewoo Pakistan Bus Service) passed away peacefully on 9<sup>th</sup> March 2023.
- Former Faculty member IBA (Business Mathematics & Statistics) **Prof. Dr. Shahid Kamal**, VC GCU Faisalabad) passed away on 13<sup>th</sup> March 2023 due to a road accident while coming to Faisalabad from Lahore.
- **Mother of Mr. Shaukat Tarin** (MBA 1973-75; Ex. Federal Finance Minister) met with her Creator on 14<sup>th</sup> March, 2023.

## Alumni and Campus News

- An MOU was signed between IBA and "Inspiring Woman" on 17<sup>th</sup> March, 2023. This agreement will bring forth opportunities for the girls of IBA including participation in workshops and internship programs.
- Another MOU was signed between IBA and "Tibbi" on 17<sup>th</sup> March, 2023. "Tibbi" is a patient-centric healthcare platform. This will bring opportunities for IBA students for their healthcare and internship.
- Rauha Hameed (MBAE 2010-12) is new Head of Supply Chain at PARCO.
- Annual Sports Gala 2023 was held by IBA-PU on 25<sup>th</sup> February, 2023.
- Graduation Ceremony of BBA, MBA 3.5 (Session 2018-22), MBA 1.5 & M. Phil (Session 2020-22) was held at IBA on 20<sup>th</sup> January, 2023.
- Graduation Ceremony of BBA, MBA 3.5 (Session 2016-20 & 2017-21), MBA 1.5 & M. Phil (Session 2018-20 & 2019-21) was held at IBA. Both graduation events remained very successful.

## Seminar on Pakistan's Economic Crisis Held

1<sup>st</sup> March, 2023: The Faculty of Business, Economics and Administrative Sciences conducted a seminar on "**Pakistan Economic Crisis and Way Forward**" at IBA. Mr. Shahid Javed Burki (Ex Finance Minister) and Mr. Javaid Jahangir (Ex Auditor General of Pakistan) addressed the audience. Prof. Dr. Mumtaz Anwar, Dean, FBEAS, Prof. Dr. Muqqadas Rehman, and other faculty members participated in the session.

## Recently uploaded videos at YouTube Channel

The screenshot shows the YouTube channel page for the IBA PU Alumni Association. The channel name is 'IBA PU Alumni Association' with a subscriber count of 1,248. The page displays several video thumbnails:

- First Newsletter from IBA PU Alumni Association issued**: 1,248 views · 2 years ago
- VP of the Association Mr Zoraiz Lashari on Decision...**: 97 views · 1 month ago
- Some memories of the Reunion through Newsletter**: 98 views · 2 months ago
- IBA PU Alumni Association Annual Reunion 2022 Lahor...**: 146 views · 2 months ago
- IBA PU Alumni Association 15th Annual Reunion...**: 193 views · 2 months ago

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