



ARIF HABIB GROUP

“ ICMA Pakistan has a very important role to play in strengthening the corporate sector of Pakistan. It is already producing high standard professionals who become important pillars of companies bringing financial stability”



Mr. Arif Habib Chairman, Arif Habib Group

ICMA Pakistan: What's your take on Pakistan's current economic scenario in the COVID-19 perspective?

AH: Pakistan has been amongst those countries which were least affected with COVID-19 in terms of numbers of deaths and active cases. Economically as well, the loss has not been as huge as we have seen in many other countries of the world. The Government suffered a net loss of Rs. 800 billion due to incremental budget deficit from the year ended in June 2020. There was a shortfall in revenues of FBR by Rs. 1,600 billion whereas there was a surplus of Rs. 800 billion in non-tax revenue. Though the business of retail, hospitality, tourism, and airlines was worst affected due to COVID but the sizes of these businesses in Pakistan have not been very large as compared to other parts of the world. Pakistan has seen a V shape recovery since June 2020 and the 1st quarter of the current financial year has witnessed a remarkable recovery in economic activities in the country.

ICMA Pakistan: How far COVID-19 has negatively impacted the manufacturing sector both LSM and SMEs?

AH: COVID-19 had affected industries across the board during the period from March to June 2020. The most affected sector was export-based industries mainly because of holding of shipments to buyer countries and lockdown locally and internationally.

ICMA Pakistan: What are the impending threats for Pakistan's economy arising from COVID-19?

AH: There has been an economic recovery in the first quarter of the current financial year but the possible risk of a second wave of Corona is impending and Corona itself remains a fact of life. To manage this risk strictly following SOPs should become our routine and it is very critical to do so for Pakistan to be able to sail through the difficult time of Corona.

Exclusive Interview

“ There is a need to leverage the current positive sentiment prevailing in the country by further helping industries, exports, remittances, construction, and agriculture ”

ICMA Pakistan: What emerging opportunities you foresee for the corporate and business sector in the next two years?

AH: During the Corona period, the Government of Pakistan announced several measures supporting the businesses in Pakistan. Interest rates have come down by 6.25 percent to 7 percent, repayment installments have been allowed to be deferred by one year, salary financing facility introduced at 3 percent markup rates, financing facility is available at a markup rate of 1 percent, revolutionary constructing package has been introduced, Roshan Digital Accounts for non-resident Pakistanis and residents having declared foreign assets. The tax-free budget was announced for Financial Year 2021. All these measures have been well-received by the capital market and businesses in the country and an uptick in various areas of the economy is visible. There is a need to leverage the current positive sentiment prevailing in the country by further helping industries, exports, remittances, construction, and agriculture.

“ Members of ICMA Pakistan to ensure the highest professionalism, working at the companies as all companies in Pakistan are national assets. They should encourage their companies to get listed on the Stock Exchange making them national assets in true sense ”

ICMA Pakistan: How do you see the performance of the Pakistani Stock Market in the post-COVID-19 period?

AH: Pakistan Stock Market is very cheap at current levels and has lots of potentials to grow. The Market has not yet fully priced reduction in interest rates, devaluation of PKR, improvement in listed companies' financial performance. I, therefore, see a good opportunity for profitable investment in the stock market at current levels.

ICMA Pakistan: What role the commercial banks and investment companies can play in economic and financial survival of the country?

AH: Commercial banks and investment companies play a very important role in the economic progress of the country. They channelize public savings for investments in the economy, creating jobs for the population, revenues for the

government, producing consumer goods for the people, and for earning foreign exchange through exports. Additionally, they also make available housing finance and agriculture finance.

ICMA Pakistan: How do you see the Government's incentive package for boosting the real estate and construction sector?

AH: The Construction package announced by the Prime Minister of Pakistan is very comprehensive and bound to bring revolution in Construction Industry in Pakistan. No question asked for an investment in construction and purchase of houses, the fixed tax regime for construction companies, availability of 20-year mortgage finance to buyers of houses, offices, and shops, etc. are remarkable incentives for the kick-start of the construction industry in Pakistan.

ICMA Pakistan: What more incentives may be given by the State Bank (SBP) to mitigate the losses of the corporate sector?

AH: Recent incentives announced by SBP are sufficient but the government should not fully rely on banks for their financing needs. There is a need that the Government must make funding available from non-resident Pakistanis, both investment and debt, and through foreign investments. Pursue Privatisations for debt reductions, and public-private partnerships should be explored for the Government's development budget.

ICMA Pakistan: What contribution professional accounting bodies like ICMA Pakistan can play in the economic recovery of Pakistan?

AH: ICMA Pakistan has a very important role to play in strengthening the corporate sector of Pakistan. It is already producing high standard professionals who become important pillars of companies bringing financial stability. Members of ICMA Pakistan must ensure the highest professionalism, working at the companies as all companies in Pakistan are national assets. They should encourage their companies to get listed on the Stock Exchange making them national assets in true sense.

The Editorial Board thanks Mr. Arif Habib, Chairman, Arif Habib Group for giving his exclusive interview for Management Accountant Journal.